

# Annual Report and Accounts of **East West Railway Company Limited**

2019/20



HC 831

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**west**  
RAIL



# **East West Railway Company Limited**

Annual Report and Accounts  
for the year ended 31 March 2020

Accounts presented to the House of Commons pursuant to  
Section 7 of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 4<sup>th</sup> February 2021



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# 01. Welcome from the Chair



1. Bedford Market, Bedford  
2. Cardington Airfield, Bedford



01.

## Welcome from the Chair

“

**Looking back over the East West Railway Company's first full year of operation, I see a company already delivering at pace and growing in confidence. We have established innovative processes and systems while drawing together talented teams who will, in delivering the Oxford-Cambridge railway, not only connect millions of people, but also be a real force for change in the rail industry.**



**The drive behind our team comes from the unique remit we were given by the UK Government: to pioneer a new business model which brings the delivery of both rail infrastructure and customer experience under the same controlling mind and the same point of accountability.**

Creating the Customer Vision was a critical priority for EWR Co this year. Produced with input from stakeholders from diverse backgrounds and ratified by our board, this work articulates EWR Co's ambition to provide a new benchmark for customer experience and provides a framework to ensure that the direction of the organisation – in terms of customer outcomes and the associated design, delivery and operation of the infrastructure – has community and customer at its core.

In January 2020 the Secretary of State for Transport, Grant Shapps MP, announced the Preferred Route Option for the section of EWR between Bedford and Cambridge. The chosen route was the favourite among people who responded to our 2019 consultation on route options, and the decision was firmly rooted in the environmental data gathered to support the choice, while providing the most benefit for every pound of taxpayer money spent, and supporting much needed housing in the area.

The publication in March of our Invitation to Tender for an interim fleet of rolling stock marked us out as a new kind of organisation, bringing Infrastructure and Operations under the same control and point of accountability at the earliest possible stage. It also further demonstrated our commitment to Customer Experience by protecting the earliest possible entry into service date for the first phase of EWR while we explore sustainable technologies for the operation of the completed line.

The impact of the Covid-19 crisis was just beginning to be understood as the financial year drew to a close in March. In the weeks that followed we all watched the world change. The strategic importance of EWR and the role it can play in supporting and accelerating economic recovery became extremely clear.

In the short term, as planning develops and construction starts, billions of pounds will pour into the local economy through our supply chain and thousands of jobs will be created. Longer term, EWR will create an unrivalled knowledge arc by linking internationally renowned science parks and world-beating universities, in an environment where high-tech industries cluster and organisations such as AstraZeneca are at the cutting edge of medical collaboration between private research and academia.

## 01. Welcome from the Chairman

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I feel immensely privileged to chair EWR Co and work with the team Simon has put together over the past year. The resilience, drive and skill the team has shown is extraordinary, and I look forward to continuing to work with them in the year ahead to deliver this exciting project to the benefit of both the national economy and those who will live and work along the Oxford-Cambridge Arc.

This financial year represented a pivotal point for EWR Co as the focus shifted from being a small start-up company to an innovative, focused organisation with the structure, plans and expertise needed to deliver this essential new connection.

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Signed: Rob Brighthouse



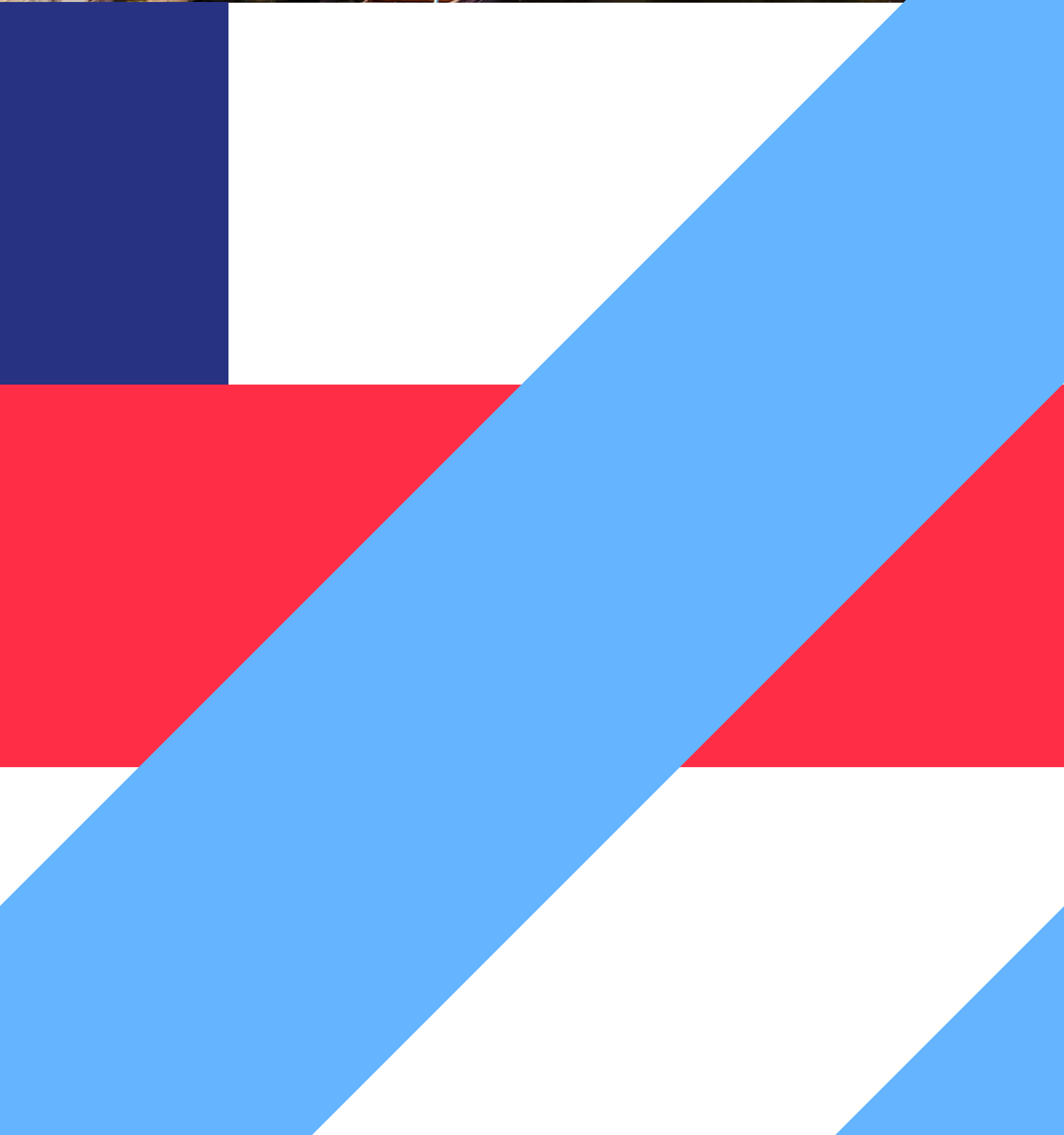
# 02.

# CEO Review



1. Mathematical Bridge, Cambridge  
2. Cyclist, Cambridge





**02.**

## **CEO Review**

**“**

**The year 2019-20 was a remarkable one for the East West Railway Company. The team made significant progress across an extensive range of activities, driving forward the design and development of the East West Railway scheme.**

**In January 2020 we were delighted when the Government chose to take forward our Preferred Route Option for the section of East West Rail between Bedford and Cambridge for further development. Our recommendation was based on extensive work by the team to analyse and consider thousands of responses to our non-statutory consultation held in 2018/19, undertake environmental studies, and carry out further cost benefit analyses of the options.**

After receiving Government backing for the Preferred Route Option, we have begun to develop options for the route alignments, which we plan to consult upon further in the year ahead. We remain grateful to every stakeholder and member of the public who has engaged with us to date – their input has been central to the way we developed our plans.

Other progress on this section of the route saw the submission of our Strategic Outline Business Case, and the onboarding of an Engineering Partner to work alongside our Capital Delivery team as they develop the scheme's design.

This year we also set ourselves – and the East West Rail Alliance – an ambitious Target Cost Challenge for the section of the route between Bicester and Bedford. Our commitment to doing the right thing for the communities we serve must extend to responsible management of taxpayer money, and I was glad to see cost efficiencies identified which will inform the basis of the Full Business Case due to be submitted in 2020/21.

Corporately, we have continued to progress through capability testing and introduced a number of critical tools, including Finance and HR systems, to underpin our day-to-day operations as the business headcount (combination of permanent and Contingent Labour staff) rose from 48 at the end of 2018/19 to 87 at the end of 2019/20. This increase was achieved whilst ensuring the company kept within the permanent headcount limit of 80 staff, set by H.M.Treasury.

Despite being a young company, we are conscious that we have the power to create a distinctive legacy for the industry in the kind of organisation we establish. The considerable work undertaken this year to define our capital delivery and commercial models will form the foundation of that legacy. We will continue to refine and evolve the models in 2020/21, with support and input from key stakeholders including the Department for Transport with whom we have continued to develop and strengthen our working relationship.

As we begin to consider what implications Covid-19 will have for our customers and our team, I am acutely aware that the adaptability and agility I have seen across the team this year will be our greatest strength as we look to deliver this critical connectivity for the communities we serve.



The last year has been transformational for EWR Co, and the team will undergo further change as we adapt our structure to improve the oversight of the whole EWR project. Delivery teams have been set up to focus on specific sections of EWR, led by an overarching team responsible for the integration of these sections. To support our teams we'll continue to work alongside key supply chain partners in the development and delivery of the scheme. We will also continue our work to find organisations – big and small – who are as passionate as we are about building EWR and want to partner with us to deliver the right railway for the people living between Oxford, Milton Keynes, Bedford and Cambridge.

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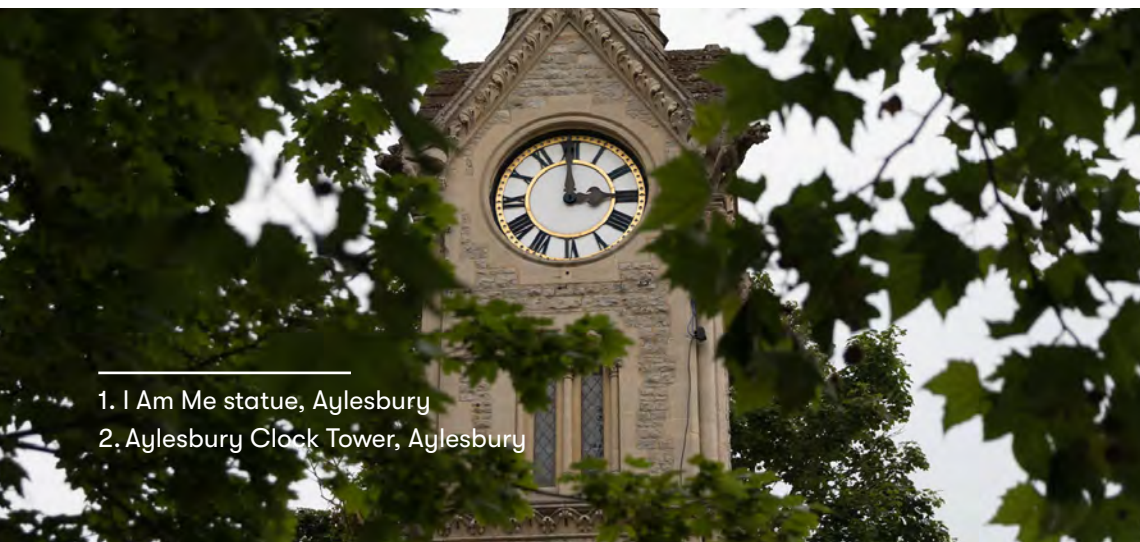
A handwritten signature in black ink, which appears to read 'Simon Blanchflower'.

Signed: Simon Blanchflower





# 03. Strategic Report



- 
1. I Am Me statue, Aylesbury
  2. Aylesbury Clock Tower, Aylesbury



## 03.

# Strategic Report

### 3.1 Status

**EWR Co is a limited company with a single share in issue. This share is owned by the Secretary of State for Transport. EWR Co is also an arm's-length body (ALB) of the Department for Transport.**

### 3.2 Purpose

Established by the UK Government as a non-departmental public arm's-length body in September 2018, EWR Co has been set up to accelerate delivery of the railway, bring new drive and focus, and pioneer a business model that combines delivery of both rail infrastructure and customer experience for a new direct rail connection between Oxford and Cambridge.

**The East West Railway Company (EWR Co) was established with a purpose:**



**To be a force for industry change, for the people and communities we serve.**

**Industry change focuses on the need to address two key challenges for the UK railway industry:**



UK railway programmes have a mixed record for delivery on time and within budget



The UK railway is associated with inconsistent customer experience and variable operational performance

**Considering these two challenges, EWR Co has set two clear objectives for the company as it delivers the East West Railway scheme:**



Optimise and Outperform the Business Case



Set a New Benchmark for Customer Experience

### 3.3 Delivery Model

EWRCo has identified four key areas where integration between disparate organisations and/or bodies of work are required to ensure that the East West Railway scheme achieves these objectives:

- Business Case and Scheme Development
- One Delivery Programme to Entry into Service
- Infrastructure and Operations
- Business Services

Combining the twin needs of integration within the four areas, and centralised accountability for the delivery of an overarching vision, points clearly to a single organisation. EWRCo is this organisation for the East West Railway scheme.

EWRCo's unique proposition is to be the single organisation that will concentrate on end-to-end integration. This means that a single organisation has the ability to identify the key interdependencies between the entirety of the EWR scheme programme - from business case and benefit articulation, through to operation and benefit realisation. This means that East West Rail Co acts as the Single Controlling Mind for the scheme.

### 3.4 Delivery Model

The organisation is structured around five Directorates and a small set of professional service functions that represent groups of coherent capabilities and support the achievement of EWRCo objectives.

**The five core Directorates encompass:**

**1 - Strategy and Sponsorship:** Owns the definition and delivery of the Company's strategy, in order to deliver the objectives established by the Strategic Sponsor (DfT) and the needs of our future customers.

This team acts as the Single Controlling Mind to ensure the Company is innovative and competitive in its approach, and also provides a clear focal point for all sponsorship, industry change, and stakeholder engagement, ranging from government to local stakeholders

**2 - Corporate Services:** Manages the Company's finances and associated financial planning, management, accounting and control processes, as well as procurement and IT activity. It provides the oversight and financial guidance necessary to help protect value for money in programme delivery and operations management

**3 - Engineering:** Owns the development and maintenance of appropriate engineering standards. This includes establishing asset and asset information management strategies and requirements for all parties, monitoring design compliance, and approving designs through a review and assurance process. It has responsibility across all engineering disciplines as well as systems engineering and technical requirements management



**4 - Programme Delivery:** Assumes all delivery obligations for the EWR Scheme, ensuring consistency of delivery, ongoing learning of delivery lessons, and continuous improvement encompassing:

- **Western Section Delivery:** Inherits the obligation to oversee and assure the work delivered by Network Rail through the EWR Alliance (who are taking forward the construction of this Section) to time, cost and quality requirements. It reports to the DfT on the progress, adherence to safety, technical and construction standards, and the manner in which the Alliance is meeting good industry practice on safety and infrastructure.
- **Central Section Delivery:** Leads and manages the delivery of the Central Section including the development of the scheme design, Development Consent Order (DCO), and managing processes for private sector involvement. It is responsible for ensuring that the Company meets or exceeds industry good practice on safety and infrastructure

**5 - Customer Service Delivery:** Owns the integrated operations strategy for the Network and Train Operations and is responsible for setting out how the Company will meet industry good practice. It will develop; the operational concept, entry into service plans, the development of the operational contract and the ongoing role of the Company during the operational phase of the project

The organisation is further supported by a small group of professional services functions:

**Health, Safety, Security and Quality:**

Establishes the health and safety systems and processes for the organisation that meet or exceed regulatory requirements and industry best practice. This includes setting standards for physical security and providing and overseeing the quality management system for the business. This function trains the Company workforce in its health and safety practices, managing reporting on the health and safety performance of the Company and its suppliers as a key input into the Company's governance mechanisms. The function also provides document control capacity in support of the quality management system

**Human Resources:** Establishes and implements HR strategies and policies, acting as the leadership focal point for HR. Recruits, develops and supports the retaining of staff through organisational and geographic change, and puts in place the mechanism for managing the performance of our people

**General Counsel & Company Secretary:**

Provides legal advice and ensures that EWR Co is compliant with all relevant legal and regulatory requirements while delivering its mission.

### 3.5 Achievements during 2019/20

In the year since 1 April 2019, EWR Co has made significant progress in the design and development of the EWR scheme. Below is a short summary of highlights from the year:

**Central Section Preferred Route Selection:**

Following extensive cost benefit analysis of the five route options and a review of consultation responses, EWR Co recommended that Route Option E be taken forward for development. This was agreed by Government and announced at the end of January 2020.

**Western Section Target Cost Challenge:**

The Target Cost for the Western Section was challenged by an Independent Target Cost Assurance Team (TCAT) appointed by NR and EWR Co to identify further efficiencies in the estimates provided by the EWR Alliance. These costs will form the basis of the Full Business Case being submitted in 2020/21.

**Engineering Partner:** EWR Co awarded a contract for the Engineering Partner to support the Central Section team with further development of the scheme design.

**Rolling Stock Approach Approved:** The Department for Transport approved the Company's proposed approach of procuring an interim fleet for the Western Section before transitioning to a new fleet for the full opening of the railway to Cambridge. This approach forms the basis of the rolling stock and depot procurement that will take place in 2020/21.

**Capability Testing:** EWR Co undertook a further round of Capability Testing which was completed at the end of October. The tests showed no major gaps in capability.

**Strategic Outline Business Case:** The Strategic Outline Business Case for the Central Section was submitted and approved by Government subject to HMT approval of the Management Case in 2020/21.

**Move to the Route:** Originally planned to take place during 2019/20, a site for the company's headquarters has been selected in Milton Keynes and approved by Government. This followed several months of detailed work to identify the best solution for the company. Fit out is underway with a target move date during the Autumn of 2020 due to the impact of Covid-19.

**Enterprise Model:** EWR Co has spent much of FY19-20 determining the most appropriate Capital Delivery and Commercial model for the delivery and operation of the EWR Co infrastructure, integrating input from across the business. A final recommendation will be made in 2020/21, with further work to be undertaken during the year to gain key stakeholder endorsement of the proposed approach.

**Customer Vision:** EWR Co agreed its Customer Vision, which sets the ambition for the Customer Experience that the company will deliver, thereby aligning activity across the entire business throughout the design, delivery, and operation of the infrastructure.

**Corporate Systems:** The Corporate Services team oversaw the introduction of an integrated finance and procurement system and a new HR system, supporting the business as its headcount increased to fulfil the organisation's delivery needs.



### 3.6 Business planning for 2020/21

As part of the 2020/21 Business Planning process, activities and workstreams for the coming year have been articulated in detail. These activities contribute to both delivery of the scheme and also to corporate enabling activities that further mature the Company's capability. These have been captured under five key themes:

#### **1 - Becoming a more integrated, intelligent and customer-centric client:**

In 2020/21, EWR Co will continue the transformation of the business; further develop the customer strategy; establish a Sponsorship function providing support, challenge and assurance; and continue to develop a collaborative, coherent and trusted relationship with key stakeholders across Government. This will improve EWR Co's ability to act as the guiding mind and single point of accountability for the entire EWR Scheme.

**2 - Driving forward the next steps of the design and delivery of the EWR scheme:** The delivery programme remains the principal focus for EWR Co for 2020/21. Colleagues from enabling functions in Engineering, Strategy & Sponsorship, Customer Service, and Corporate Services will be drawn on to ensure that decisions are made in an integrated manner that consider the implications on business cases, customer strategy, and the enterprise model, amongst other matters.

The Western Section focus will be to move the delivery programme from feasibility and enabling works into delivery. To do this, the team will need to secure FBC approval, followed by an agreed Target Cost Contract for the EWR Alliance.

The Central Section will undertake further design development and route alignment work in preparation for Consultations and Development Consent Order applications.

More broadly there will be a focus on resolving wider issues that affect the delivery of the entire scheme, such as capacity constraints, electrification, and signalling decisions.

#### **3 - Guiding and articulating EWR Co's conscious difference for industry, the community and the EWR scheme:**

EWR Co was established as a company to be a force for industry change for the benefit of the people and communities that we serve. In order to drive this change with clarity and focus, EWR Co will work on several areas over the course of the year that concentrate on our conscious difference. These are the areas that we have identified as having high potential for delivering real change to the design, delivery and operation of railway infrastructure in Great Britain. This will be driven through an innovation programme; sustained focus on the benefits that are included in the business cases, as well as their ongoing management; and the development of a strategy for summarising EWR Co's impact that shares our experience with other industry bodies.

#### **4 - Establishing the best enterprise model to serve EWR Company customers and deliver a successful Entry into Service:**

Following extensive work during 2019/20 to develop the end-state enterprise model for the EWR Scheme, 2020/21 will be dedicated to establishing the detailed implications of this model for the delivery and operation of the railway, and how this will need to evolve as different sections of the railway are brought into service.

This work will be led by our Customer Service and Strategy teams, with critical input from Engineering and Programme Delivery. By the end of this financial year, the company will have an agreed contracting strategy for operations, and a roadmap for the evolution of the different bodies involved in the design, delivery and operation of the infrastructure over time.

**5 - Ensuring that EWR Co is equipped to deliver the 2020/21 Business Plan with confidence:** In order to deliver the 2020/21 Business Plan, EWR Co requires a high-performing Corporate Services organisation to ensure that the teams have the right capability, tools, training, and support in order to deliver against their plans for the year.

This includes further development of capability to ensure that the company is prepared for the large procurements that will be undertaken over 2020/21 and 2021/22, developing our health & safety and quality capabilities in line with the Company's development, and investing in the development of our people to leave a lasting skills legacy.

### **3.7 Measuring performance in 2019/20**

The Company's primary source of performance management is through its monthly Programme and Corporate reporting, which supports a regular review of progress by EWR Co Management Board, EWR Co Board, and DfT against all programme and business plan milestones, addressing:

- Central Section (Bedford to Cambridge)
- Western Section (Oxford to Milton Keynes/Bedford)
- System Wide (Whole Scheme)
- Corporate (EWR Co Development)
- Business Plan (FY19/20 Consolidated Critical Milestones)

The Company has also put in place a Programme Board which meets quarterly, bringing together a range of stakeholders to act as a strategic steering body. It is chaired by the EWR Co Chief Executive, with representatives from the Local Authorities, Network Rail, Department for Communities and MHCLG, HM Treasury, and the Infrastructure and Projects Authority.

In addition to regular reporting and governance of company performance in meeting programme milestones and corporate performance, the Company has undertaken a series of independent capability testing, two of which occurred in the 2019/20 financial year during April 2019 and October 2019. The Company substantially passed these capability tests, aimed at providing confidence on the maturity of Company capability, before moving into each major phase of the programme.

The company agreed a Corporate Scorecard with the DfT EWR Shareholder Board. This scorecard contains a range of KPIs against which EWR Co's performance was assessed during 2019/20. These KPIs, and EWR Co's performance in year, are summarised below:

### 1 - Programme Delivery Metrics & Milestones



Explanation:

- EWR Co and the DfT agreed to delay the submission of the Western Section Final Business Case, and the Central Section preferred route announcement by government was later than anticipated. These were the primary causes of milestone slippage and consequential financial underspends. Further time is also being invested in determining the appropriate development, delivery and operating models for the railway.

### 2 - Corporate Objectives



Explanation:

- This is formed from the following five objectives:
  - Staff Engagement - 80%
  - Finance Forecast Accuracy - 68%
  - Brand Awareness - 100%
  - Vacancies - 100%
  - Diversity - 50%
- The lowest score was achieved against Diversity. The EWR Co. Diversity and Inclusion plan was approved and in place by the year end but only 90% of the objectives within this plan had been delivered by 31st March 2020. The People and Culture Manager has been tasked to improve the company's performance.

### 3 - Corporate Milestones



Explanation:

- The Integrated Management System was implemented by year-end, but not fully implemented by the July target date.
- The Corporate Plan was completed in November rather than September, in order to allow the Integrated Programme plan to be included.
- A defined Benefits Management Measurement System should have been delivered in 2019/20 but was delayed (this work was linked to the delayed Western Section Final Business Case). The strategy and management plan were completed in 2019/20, but the full measurement system was still in development.

### 3.8 Review of Financial Performance

The Company's financial performance for the year ended 31 March 2020 is detailed in the financial statements on page 78-81.

During 2019/20 the Company was entirely funded by capital contributions from the Department for Transport. No income was generated from any other source. In this financial year the Company incurred a combined capital and resource expenditure total of £23.3 million (2018/19: £8.3m).

- Capital expenditure in year was £1.3m (2018/19: £0.1m). This cost primarily arose from the acquisition of IT assets (2019/20 £0.09m, 2018/19 £0.1m); the purchase of a new office lease (2019/20 £0.73m, 2018/19 £0.0m) capitalised under IFRS 16 (offset by corresponding lease liability of £0.74m); and the fit-out of this new office (2019/20 £0.48m, 2018/19 £0.0m)
- Resource expenditure was £22m in 2019/20 compared with £8.2m in 2018/19. This significant year on year increase is due to two things; EWR Co became operational in September 2018, having been dormant for the first part of the year, and the Company has increased in activity as it has grown. In this financial year resource expenditure was focussed on pay (2019/20 £7.9m, 2018/19: £3.0m), Consultancy (2019/20 £6.5m, 2018/19: £3.3m) and IT (2019/20 £1.7m, 2018/19: £1.0m)

### 3.9 Greening Government Commitments

The Company received an exemption from reporting under the Greening Government Commitments due to its size in 2019/20.

### 3.10 Non-financial information

#### Human Rights:

EWR Co is aware, when being the customer, that empathy and consideration needs to be shown to all parties within our supply chain, respecting and protecting human rights.

As an employer, EWR Co is aware that it must ensure no one is exploited. It upholds the rights of all those who work for or with the company and of the communities in which we operate. The company will refuse to do business with any individual, company or organisation that fails to uphold the standards and principles of basic human rights or which give EWR Co cause for concern.

EWR Co has adopted procedures which seek to ensure modern slavery does not occur in our business or supply chains, and expects the organisations with whom the company does business to adopt and enforce policies to comply and support:

- The United Nations Universal Declaration of Human Rights;
- The Modern Slavery Act 2015;
- The International Labour Organisation's standards regarding child labour and minimum age;
- National legal requirements regarding wages and working hours.



### **Anti-corruption & Anti-bribery:**

EWB Co is committed to operating in an open and honest way, promoting anti-corruption and anti-bribery behaviour.

All staff are made aware of the company's code of conduct during their induction. This document contains a chapter on what is required of staff with regard to; Gifts and Hospitality, Conflicts of Interest and Anti-bribery and Anti-corruption.

If a member of staff becomes aware of a colleague, worker or subcontractor who is potentially doing something which doesn't seem right, in the first instance they are advised to discuss this with their manager. If they feel unable to do so they are asked to contact the Head of HR.

If the individual wishes to discuss the issue with someone external to the company they are advised, via EWB Co's Speak-up Policy, to contact DfT's whistleblowing hotline by email or by phone. EWB Co's Speak-up Policy makes it clear that any individual raising an issue internally or externally will not be at risk of losing their job or suffering any form of retribution or harassment as a result.

During this period 0 formal cases were raised.

### **Our Community Engagement:**

In building the railway, the EWB Co is seeking to work closely with the communities it will serve. In doing this we are mindful of the impact our operations can have on local people and their environment and we will listen to people's concerns and act on them wherever and whenever we can.

EWB Co will engage with our communities to understand how we can help them to improve their wellbeing. We will proportionately address community needs as part of our project work, giving consideration to disruption, noise, and always keep the communities affected by our projects regularly updated and informed.

### **3.11 Going-concern basis**

EWB Co was set up as dormant company in November 2017, becoming operational on 10th September 2018. The company has been supported by successive Chancellors of the Exchequer since this date. Phillip Hammond provided additional funds to support the Central section in the 2018 Autumn Budget and Sajid Javid provided further support via the one year Spending Review which was completed for the year 2020-21. H.M. Treasury is currently at an advanced stage of a multi-year, Government wide spending review, which will determine funding allocations across Government for the next three years for resource spending and for the next four years for capital. EWB Co has made a comprehensive but realistic funding request as part of this review, which the DfT has fully supported. The results of this Comprehensive Spending Review were announced by Rishi Sunak, the current Chancellor of the Exchequer, in November 2020. Continued support was given to EWB Co.

Grant Shapps became the Secretary of State for Transport in July 2019, taking over from Chris Grayling who had supported the initial setting up of EWR Co. Grant Shapps, together with his Ministers, has given his full backing to the East West Rail project since becoming the Secretary of State. The following are a examples of this support:

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30th January 2020 – George Freeman –  
The Minister of State at the Department for Transport stated:

**“The Government are completely committed to the east-west innovation corridor, the arc, and the Varsity line—one of the most exciting pieces of corridor infrastructure in the country. We are committed to the rail link....”**

17th March 2020 – Grant Shapps –  
Secretary of State for Transport stated:

**“The Minister of State, my hon. Friend the Member for Daventry (Chris Heaton-Harris), has kickstarted work on reversing the Beeching cuts, which have so blighted the nation in decades past and prevented people from being interconnected. In January we announced the preferred route for the east-west rail link that will connect Oxford and Cambridge, which will increase access to jobs and make it easier and cheaper to travel...”**

As at the Balance Sheet date, there has been no indication of any change in ongoing ministerial support for this project.

In addition to this political support the Government has made a number of significant announcements since 1st April 2019 for example:

- **September 2019** - the Government declared the section between Bedford and Cambridge (Central Section), as a Nationally Significant Infrastructure Project (NSIP).
- **January 2020** - the Secretary of State announced the preferred route for the Central section
- **February 2020** - the Secretary of State for Transport approved Network Rail's Transport and Works Act Order application, granting permission for work to begin on the final phase of Western section.
- **March 2020** - H.M. Treasury supported the recommendation by the Secretary of State for Transport to commence the procurement of the interim rolling stock for East West Rail

In addition to the significant project milestones noted above, the DfT has given EWR Co the authority to enter into a number of 'corporate' commitments to help it grow. These commitments include permission to commit to a five-year office accommodation lease in Milton Keynes, the authority to move the Senior Management Team off of Contingent Labour contracts and onto Permanent employment contracts and agreement to initiate the recruitment of a permanent chairman.

The DfT has approved funding for 2020/21. This is specified in HMT's Main Estimate for 2020/21 on page 226 (row S) where the Company was voted £35.3m of Resource Budget, £0.9m of Capital Budget and £0.6m of Admin budget. The Company's statement of financial position at 31 March 2020 reports negative taxpayers' equity of £4,482k. This predominantly reflects accrued expenditure that will fall due to be settled early in 2020-21. The Directors expect, on the basis of the framework agreement with the Department and specific assertions about funding to be made available in 2020/21, that the Department will provide sufficient funding to enable payment of these liabilities alongside the Company's other commitments, emerging in 2020-21 and beyond.

The Company's accounting policy – which in applying IFRS adopts the interpretations of the Government Financial Reporting Manual (FReM) – is to recognise this funding as a shareholder contribution at the point of payment. As a result, the timing difference between expenditure being incurred and funding being received results in a liability; this has driven an overall net deficit. The Directors have been assured by the NAO that this is not an unusual situation in Government Arm's Length Bodies at the level of maturity that this company has achieved, and believe that, in light of the assurances given by the Department, the outstanding liabilities will be met by capital contributions to be received from the Department in 2020/21.

Whilst the Government's Comprehensive Spending Review is still in progress there is considerable uncertainty around government departmental spending limits. In light of the COVID pandemic there is likely to be significant downward pressure on these limits, however, in view of the political support the project has received, the milestones that have been

achieved, the commitments the company has been allowed to enter into, the financial support that has been made available to date together and the support the DfT has given to the ongoing multi-year spending review and the company's ability to react swiftly to economic and political changes, the Directors have a reasonable expectation that sufficient resources will be available to meet the Company's operational plans and budgeted expenditure.

The Strategic Report is signed on behalf of the Board



Simon Blanchflower – EWR Co Chief  
Executive and Accounting Officer

Signed on 28 January 2021



# 04. Directors' Report



- 
1. St Edburg's Church, Bicester
  2. Bicester Village, Bicester

## 04.

# Directors' Report

### 4.1 Background

**The Company was incorporated at Companies House on 20 November 2017 and filed dormant accounts through to the end of 2017/18.**

The Company remained dormant at the beginning of 2018/19 becoming operational on 10 September 2018. EWR Co laid its first set of accounts in Parliament on 24 October 2019 and these were submitted to Companies House on 8 January 2020.

**At the year end the Board comprised the following members:**

Rob Brighthouse (Chairman)  
Simon Blanchflower (CEO)  
Diane Crowther (NED)  
Anne Baldock (NED)  
Simon Murray (NED)

The names and tenures of all Board Directors are set out in the Remuneration and Staff Report (see Section 7).

The Board sets the Company's strategic direction and oversees the management of performance and risk, financial management, planning, and overall governance. It is supported by the Investment Committee, the Audit and Risk Committee, the Remuneration and Nomination Committee, and the Safety, Health and Environment Committee.





Sheep farmer, Buckinghamshire



## 4.2 Directors' attendance at Board

		Board Dates & Attendance						Total
	Job Title	23/04/19	25/06/19	27/08/19	07/11/19	19/12/19	04/03/20	
<b>Rob Brighthouse</b>	Chairman	■	■	■	■	■	■	6
<b>Simon Blanchflower</b>	CEO	■	■	■	■	■	■	6
<b>Tom Cooper*</b>	NED	■	■	■	■	■	■	3
<b>Simon Murray</b>	NED	■	■	■	■	■	■	6
<b>Anne Baldock</b>	NED	■	■	■	■	■	■	5
<b>Diane Crowther</b>	NED	■	■	■	■	■	■	3

Cavendish Elithorn, Director of Major Rail Projects at the Department for Transport, attended all of the EWR Co Board Meetings in 2019/20 as an observer. He held no voting rights.

\*(Left 08/10/19)

During 2019-20, EWR Co's first full year of operation, some of the dates of the Board meeting, which had initially been agreed, were changed. In addition, extra meetings had to be added. This made it difficult for Diane Crowther to attend all Board meetings.

## 4.3 Conflicts of interest

Procedures are in place to ensure Directors comply with their duties in relation to conflicts of interest. Board Directors are obliged to provide details of any direct or indirect interests that conflict with or may conflict with the Company's interests. These are recorded on a register of interests and updated as required. At the start of every Board and Sub-Committee meeting, the Chair asks for any interests to be declared.

## 4.4 Remuneration report and Governance statement

The Remuneration Report (page 60) and Governance Statement (page 48) are required under the FReM and form part of these financial statements. The Governance Statement addresses the Company's risk and control framework.

#### 4.5 The Company's policy on payment of creditors

Government policy on prompt payment is that scope organisations such as the Company should pay 80% of all undisputed invoices within five days, with the remaining undisputed invoices paid within 30 days.

EWR Co became operational on 10 September 2018. In the period between 10 September 2018 and 31 March 2019 the Company used the Department for Transport's finance system to manage its financial activity. This meant that during this period the Company did not have its own set of prompt payment figures but instead reported those figures which were recorded by the Department for Transport.

For the year 2019/20 these figures were:

- 93% of undisputed invoices received were paid within five working days
- 99% of undisputed invoices received were paid within 30 working days

From 1 April 2019 the Company migrated to its own finance system. Some payment issues were experienced at the beginning of the 2019-20 financial year but these were largely resolved by October, with the five day payment target achieved in each of the last four months of the year.

The results for each month of the year, together with the overall performance for the year, is summarised below:

Date	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	Performance for financial year 2019-20
Undisputed invoices paid within 5 days	28.3	39.6	35.6	41.4	37.6	52.8	55.5	69.8	91.1	97.0	88.7	97.0	60.9
Undisputed invoices paid within 30 days	100	99.1	92.2	94.5	95.7	95.5	94.6	97.7	98.9	98.9	100.0	99.4	97.1

#### 4.6 Dividends

No dividends will be distributed for the year ended 31 March 2020.

#### 4.7 Political and charitable contributions

During the year the Company made no charitable or political donations.

#### 4.8 Staff pensions

The Company's staff may participate in a Stakeholder (defined contribution) pension scheme, which became operational in April 2019.

Seconded staff may be members of the unfunded Principal Civil Service Pension Scheme or the scheme operated by their host organisation. EWR Co responsibility for seconded staff's pension contributions is limited to the periodic recharge by the host organisation for the cost of the seconded staff's time. As a consequence of these arrangements, pension liabilities do not rest with the Company for seconded staff.

#### 4.9 Personal data-related incidents

No protected personal data-related incidents have arisen which have required reporting to the Information Commissioner's Office.

#### 4.10 Auditor

The company appointed the Comptroller and Auditor General (National Audit Office) during the year under the Companies Act 2006. An audit fee of £70,000 (excluding VAT) was charged, and no non-audit work was carried out by the NAO.

#### 4.11 Other material issues

There have been no material events that have or are expected to affect the Company since the end of this report period.

#### 4.12 Contingent liabilities

EW R Co recognised nil contingent liabilities in this financial period.

#### 4.13 Impact of Covid-19

EW R Co became operational in September 2018 and through to 17th March 2020, all staff were based in a London office. On 17th March 2020, the day after the Prime Minister advised all office workers to work from home if they were able to, the full EW R Co team began to do just that.

EW R Co's move to home working was relatively seamless. Before the situation around Covid-19 began to unfold, the team were already working exclusively from laptops, using 'cloud based' IT systems and communicating via EW R Co issued mobile phones rather than landlines. With the whole company working from home, the team were able to continue to deliver work as agreed with no changes to programme or targets.

At this stage of EW R Co's maturity our main suppliers were consultants and technical partners. These companies have also been able to develop effective working from home practices and their delivery has continued to be to the required deadlines and standards. **EW R Co has achieved the following prompt payment statistics during this period:**

	April 2020	May 2020	June 2020	July 2020	Total
<b>Total number of invoices paid</b>	124	109	142	139	514
<b>Invoices paid within 5 working days</b>	95.2%	86.2%	88.7%	97.1%	91.8%
<b>Invoices paid after 5 working days but less than 30</b>	100.0%	100.0%	98.6%	100.0%	99.7%

At the time of the message from Government, EWR Co were just over halfway through a series of in-community information sessions, visiting village halls in the Central Section in the area between Bedford and Cambridge. The team had started contingency planning in mid-February, so following the announcement were swiftly able to follow up with the community and stakeholders.

As plans for a second non-statutory consultation begin to pick up pace, we have begun work with local stakeholders – including Parish Councils and Local Authorities – to understand how we can safely and effectively talk to communities throughout the unfolding Covid-19 situation. We envisage enhancements to our online activity, balanced by increased access to printed materials, and have begun planning on that basis. An example of how EWR Co is enhancing its use of online activity is provided by an online community hub which EWR Co has recently launched on its website: as a space to host both formal consultation and ongoing engagement activity. Those conversations – and our plans – will continue to evolve throughout the planning process.

The East West Rail Alliance, which is delivering the Western Section works, has maintained their progress on the enabling works whilst operating in accordance with Covid-19 site operating procedures.

Covid-19 has required changes to working practices, particularly around virtual meetings and virtual engagement, but the company has not been significantly impacted. While no consensus has formed about long-term rail demand in the UK, EWR Co has started testing the possible impact a long-run rise in working from home could have on the route.

Prior to the pandemic the company had been in the advanced stages of a plan to move from its London office to a new office in Milton Keynes. A phased relocation was to have been completed by September 2020. Whilst the majority of staff have worked from home, a few staff were tasked with transferring the office to Milton Keynes. As staff begin to return to work post lock down, it is to a new office in Milton Keynes that they will return.

#### 4.14 Website

The Annual Report and Financial Statements for the year ended 31 March 2020 are available on the Company's website: [www.eastwestrail.co.uk](http://www.eastwestrail.co.uk)

The Directors' Report is signed on behalf of the Board



Simon Blanchflower – EWR Co Chief Executive and Accounting Officer

Signed on 28 January 2021



- 
1. Bedford River Festival, Bedford
  2. Harpur Shopping Centre, Bedford

# 05. Statement of Directors' and Accounting Officer's responsibilities



## 05.

# Statement of Directors' and Accounting Officer's responsibilities

### 5.1 Directors' responsibilities under the Companies Act

## Company law requires the Directors to prepare financial statements for each financial year.

**Directors are required to follow the principles of the Companies Act 2006 and International Financial Reporting Standards (IFRS), and in line with the framework document make additional disclosures under HM Treasury's financial reporting manual (FReM) where this would improve understanding.**

Under company law, the Directors must not approve the financial statements unless they are satisfied that they are prepared on an accrual basis and give a true and fair view of the Company's state of affairs and of the Company's surplus or deficit, application of resources, changes in equity and cash flows for that period.

In preparing financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent

- state whether applicable accounting standards as set under IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in operation

The Directors are responsible for keeping proper accounting records that disclose at any time and with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the IFRS. They are also responsible for safeguarding the Company's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.



## 5.2 Accounting Officer's responsibilities

As a Non Departmental Public Body (NDPB) of the Department for Transport the Company also requires an Accounting Officer to be appointed. The Permanent Secretary of the DfT appointed Simon Blanchflower as the Accounting Officer for the Company. He shares, on an individual basis, many of the Directors' responsibilities listed above, as well as being accountable to Parliament for:

- safeguarding the public funds which have been allocated
- ensuring propriety and regularity in the handling of those public funds
- the day-to-day operations and management of the company
- satisfying themselves that the Annual Report and Accounts are fair and balanced
- taking responsibility for the judgements used in the accounts

The Accounting Officer is required to ensure that the Company as a whole is run on the basis of the governance, decision-making, and financial management standards set out in HM Treasury's Managing Public Money.

The Governance Statement within this document sets out how these responsibilities have been discharged in the Company's first period of operation.

The Accounting Officer is responsible for signing the financial statements, supported by the Board and Audit and Risk Committee (ARC), and ensuring that proper records are kept, and that the accounts are properly prepared and presented in accordance with Companies Act 2006. The Accounting Officer also signs the Strategic Report, the Directors' Report, and the Remuneration and Staff Report, on behalf of the Board following Board approval.

Statement by the Accounting Officer:

**"I am able to confirm that, as far as the Directors and I are aware, there is no relevant audit information of which the auditors are unaware. The Directors and I have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.**

**I am able to confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable."**

The Statement of Directors and Accounting Officer's responsibilities is signed on behalf of the Board.



Simon Blanchflower – EWR Co Chief Executive and Accounting Officer

Signed on 28 January 2021



# 06.

# Governance Statement

- 
- A photograph of a large, white, conical sculpture on a grassy hill in Milton Keynes. The sculpture is a stylized cricket stumps. A person is standing near the base of the sculpture. The background shows a flat landscape under a blue sky with some clouds.
- 1. Campbell Park, Milton Keynes
  - 2. Cricket sculpture, Milton Keynes

## 06.

# Governance Statement

### 6.1 Development of the Company

**The Company was established in November 2017, though remained dormant until 10 September 2018.**

Although recognised as dormant during this period it remained subject to all relevant Companies Act requirements for management and control. The Company became operational on 10 September 2018.

**A brief establishment timeline for the Company is outlined below:**

- **December 2016** – The Secretary of State for Transport announces the creation of a new Company to oversee and accelerate the delivery of the programme as part of his speech on Rail Reform
- **Easter 2017 onwards** – Shadow Company is involved in Western Section and Central Section activities
- **November 2017** – The DfT Board Investment and Commercial Committee (BICC) endorses the business case to create the Company under the condition to approve later detailed delegations and governance, and authorises the mobilisation of the Company, under the umbrella of DfT
- **November 2017** – Secretary of State announcement as part of Budget that ‘East West Rail’ has been created. In effect the Company is registered at Companies House but with no formal power or delegation. The shadow Company is mobilised
- **November 2017 onwards** – Company mobilisation
- **March 2018** – BICC paper submitted outlining role of the Company and delegations required from the start of operations
- **March – June 2018** – Capability development and testing
- **September 2018** – Framework document agreed and Company became operational
- **December 2018** – Appointment of Simon Blanchflower as CEO
- **March 2019** – Company Target Operating Model (TOM) established
- **January 2020** – Central Section announcement of route option E

Effective decision making is a critical success factor for the Company and the delivery of the EWR project. Operating in a highly complex stakeholder and regulatory environment, the Company operates within a layered governance hierarchy as expected by all Tier 1 Major Programmes within the UK.

These governance arrangements cover two major areas:

- **Programmatic governance:** referring to decision making and monitoring of activities related to Scheme delivery
- **Corporate governance:** referring to decision making and monitoring of other activities associated with the general running of the organisation

During 2019/20 the Company adopted its Governance policy which sought to fulfil the requirements set out in the Framework Agreement established between the Company and the DfT. This policy has, where possible, been aligned with the UK Corporate Governance Code (drafted by the Financial Reporting Council, July 2018). This alignment activity will continue into 2020/21 as the Company and project continues to mature.

To address Corporate Governance matters more explicitly, the Company Governance policy and supporting Terms of Reference seeks to address the five principles outlined below:

#### **Board leadership and company purpose:**

The Company Board was established in September 2018 and fully constituted with Non-Executive Directors in January 2019. The terms of reference and composition for the Board have been established to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board is tasked with

establishing the Company's purpose, values and strategy, and does this through engaging closely with the management team and other stakeholders.

**Division of responsibilities:** Appropriate divisions of responsibilities have been applied when establishing the Company Board and its committees. The Chairman leads the board and is responsible for its overall effectiveness in directing the Company. Board and committee compositions have been constituted in line with recommendations from the code, reflected within appropriate terms of references, which are kept under annual review. Non-Executive Directors are encouraged to provide constructive challenge, strategic guidance, offer specialist advice, and hold management to account.

#### **Composition, succession and evaluation:**

The Company board appointments have, and will continue to be, subject to a formal, rigorous and transparent procedure. The Nominations Committee is charged with oversight of succession planning for both the Board and the Management Team. Succession plans are based on merit and objective criteria promoting diversity. The Board is also subject to annual evaluation to consider composition, diversity and how effectively members work together to achieve objectives.

**Audit, risk and internal control:** Formal and transparent policies are in place across the Company to ensure an independent and effective discharge of internal and external audit activities that satisfy the integrity of financial and narrative statements. The Company is supported by the National Audit Office (NAO) and Government Internal Audit Agency (GIAA) to execute these duties.





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Skateboarder, Oxford



Controls and policies appropriate to the size and level of maturity of the Company are implemented across the Company to manage risk in a proportionate manner that enables the Company to achieve its long-term strategic objectives.

The Board meets every two months and receives appropriate information in relation to staff numbers, financial activity, and organisational performance to support effective decision making.

**Remuneration:** The Company's remuneration policies and practices are designed to promote long-term sustainable success. The Company's Remuneration and Nomination Committee sets the overall remuneration policies for the company and is empowered to provide independent challenge to the Management Team to ensure these policies are duly implemented and are transparent and appropriate.

## 6.2 The Board

The Company's Board is specifically responsible under the terms of the Framework Document drawn up and agreed between the Company and the Secretary of State for:

- holding the Company's Executive Management Team to account for the effective and efficient operation of the company, and in particular its business plans from year to year
- establishing and taking forward the Company's strategic aims and objectives for delivery of the EWR project
- ensuring that the Secretary of State is kept informed of any changes which are likely to impact on the Company's strategic direction or on the attainability of its targets, and determining the steps needed to deal with such changes

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board considers guidance issued by the Department
- ensuring that the Board receives and reviews regular financial information concerning the management of the Company; is informed in a timely manner about any concerns about the activities of the Company; and provides positive assurance to the Department that appropriate action has been taken on such concerns
- demonstrating high standards of corporate governance always, including by using the independent Audit and Risk Committee to help the Board to address key financial and other risks
- appointing the Chief Executive in consultation with the Secretary of State and setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources

The Company's aim, in accordance with the provisions of the Framework Document, is to create a Board composed of at least seven members, including:

- Chair
- CEO
- three to four Non-Executive Directors appointed by the Chair, in conjunction with the DfT
- One Non-Executive Director nominated by the Shareholder (Secretary of State)
- Finance Director

The Board was at year end composed of five statutory directors, being the Chair, CEO and three Non-Executive Directors. Tom Cooper, the Non-Executive Director nominated by the Shareholder (Secretary of State), completed his term of office on 8 October 2019 and was not reappointed.

Names of the Board members, dates of the Board meetings held during the year ended 31 March 2020, and Board members' attendances at those meetings are provided in Sections 4.2. Standing items at Board meetings typically included:

- Health and Safety Performance
- Review of previous minutes and actions
- Committee updates
- Forward planning
- CEO update (incorporating risk and financial reporting)
- Financial performance

### 6.3 The Chair

Communications between the Board and the Secretary of State normally take place through the Chair who is responsible for ensuring that policies and actions support the Secretary of State's (and where relevant other ministers') wider strategic policies and that the Company's affairs are conducted with probity.

The Chair has the following specific leadership responsibilities under the terms of the Framework Document:

- formulating the Board's strategy
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or the Department
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and probity
- representing the views of the Board to the public
- reporting annually on performance including that of the Board, supported by feedback, including peer review, to the Secretary of State or as delegated, and to share this with the Department

## 6.4 Non-Executive Directors

The Framework Document provides that the Company's Non-Executive Directors should collectively possess "broad business and commercial skills and experience from the rail and other relevant industry sectors."

The Non-Executive Directors bring valuable skills from the rail, legal, engineering and finance sectors and collectively have considerable experience in delivering and operating major infrastructure projects.

## 6.5 Board Committees

Four Board Sub-Committees have been established:

### **Remuneration and Nomination Committee:**

This Committee sets the remuneration policies and reviews and advises on the Company's remuneration arrangements for staff and senior executives. The Chair is Rob Brighouse. The other Board members on the Committee are Anne Baldock, Diane Crowther, and Simon Blanchflower. Tom Cooper was a member of this committee until his departure on 8th October 2019. It met four times during the year ending 31 March 2020, with a primary focus on ensuring that the Company had adequate remuneration policies in place. Each meeting was fully attended.

**Audit and Risk Committee:** This Committee considers and monitors the Company's arrangements for risk management, governance and internal control. It is also responsible for validating the integrity of the Company's financial statements and its Annual Report. The Chair is Anne Baldock. The other Board members on the Committee are Diane Crowther, Simon Murray and Simon Blanchflower, the Chief Executive Office. The Committee met four times during the year ending 31 March 2020 with a primary focus on establishing the Company's risk and internal control processes. Two absences were noted

during the year; Simon Murray missed the May 2019 meeting and Diane Crowther missed the January 2020 meeting.

**Investment Committee:** This Committee considers major expenditure and investment items in accordance with the Company's procurement policy and corporate delegations of authority. The Chair is Simon Murray. The other Board members on the sub-committee are Anne Baldock, Rob Brighouse, and Simon Blanchflower. Tom Cooper was a member of this committee until his departure on 8th October 2019. It met seven times during the year ending 31 March 2020, with a primary focus on ensuring that the Company was carrying out procurement activity in accordance with its policies and delegated authorities. Only one absence was noted during the year; Anne Baldock missed the February meeting.

### **Safety, Health and Environment**

**Committee:** This Committee is responsible for ensuring the Company maintains a safe, healthy and secure working environment across the organisation and complies with relevant statutory requirements. The Chair is Diane Crowther. The other Board members on the sub-committee are Simon Murray, Rob Brighouse, and Simon Blanchflower. It met twice during the year ending 31 March 2020, with a primary focus on ensuring that the Company had an established Health and Safety function in place. Each meeting was fully attended.

## 6.6 Board Evaluation

The Chair oversees and reviews the work of the Board and its members to ensure they are working effectively. The first annual self-assessment of the Board will be carried out during the year ending 31 March 2021. This self-assessment was delayed from year ending 31 March 2020 due to changes in Board composition and to enable a full year of Committee meetings to be held.

### 6.7 Internal Audit activity

The Board received independent assurance from internal audit work undertaken in year by the Government Internal Audit Agency (GIAA). In 2019/20 GIAA undertook the following audits:

- Procurement review
- Governance review
- HR and Payroll review
- Key Financial Controls review

The GIAA audit opinion for each of these audits was Moderate, and the Head of Internal Audit gave an overall Moderate assurance opinion in their annual report for the 2019/20 financial year. A Moderate assurance is the second highest level of four possible opinions.

The Head of Internal Audit opinion means that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management, and control. GIAA made recommendations to enhance internal controls in each of the review areas which have been or are in the processes of being implemented. The Company will work to address these issues in line with the timescales agreed with the GIAA.

GIAA has worked with the EWR Co Audit and Risk Committee to agree a plan of Internal Audit work for 2020/21 which addresses the risks and challenges the Company faces.

### 6.8 Risk Management

EWR Co has adopted an Enterprise Risk Management (ERM) approach aligned to HM Treasury Guidance, the Cabinet Office Framework for the Management of Risk in Government, and ISO31000, to support effective risk management and communication across the Company.

The Company aspires to have a best-in-class approach to risk management supporting the business vision and objectives, while deploying exemplar practices in health and safety, equality, diversity and inclusion, community relations, and environmental control.

The Company puts safety at its very heart and therefore has no tolerance for any risks that could result in loss or injury to the public, passengers or our workforce.

During 2019-20 EWR Co developed and implemented the following:

- A Corporate Risk Policy;
- A Risk Appetite Statement; and
- A Risk Management Strategy

This risk framework is supported by the deployment of tools and the development of capability to build an effective risk management culture within the Company. This has included the onboarding of key risk management staff, the deployment of an Enterprise Risk Management System to centralise and systemise the capture and control of risks and the deployment of risk training.

During 2019-20, risks to delivery and business objectives have been identified through workshops, reviews and one-to-one meetings. Responses to these risks have been developed by the business teams and managed by an embedded governance process. Regular review cycles have been implemented to support the ongoing capture, management, review and reporting of risk. These reviews lead into quarterly risk reporting to the Audit and Risk Committee.

## 6.9 Strategic risks

The Company uses its Enterprise Risk Management (ERM) Framework to integrate and monitor its strategic risks with emerging delivery risks and inherent business risks such as business disruption, fraud and bribery, governance and process compliance.

The Company's main strategic-level risks are listed below:

Strategic Risk	Mitigation & Controls
Underlying political uncertainty and its potential economic, legislative and statutory framework impacts could hinder achieving the Company's and programme's objectives	Regular engagement and working with senior stakeholders' groups locally and across government to support development of the scheme. Preferred route announcement for Central Section represents a significant step for the scheme.
External stakeholder perceptions of EWR Co, the scheme and strategic decisions could affect the Company's reputation and delivery of its objectives	Regular engagement with key stakeholders including the sponsor and government as part of wider communications & engagement strategy, ongoing business case work for the scheme including wider economic benefits.
Cost and schedule pressures make it difficult to deliver the programme within the timescale and budget	External stakeholder engagement and development of sponsorship, governance and assurance controls to support scheme development and delivery.
COVID 19 and the potential impact on long term rail demand in the UK.	<p>EWR Co is monitoring and accessing what impact there could be upon the route from COVID 19 and the increased popularity of working from home.</p> <p>Going forward the Board and the Management Team will regularly assess potential impacts to cost and delivery, and future revenue streams, which arise directly or indirectly from COVID 19. .</p>





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Tradesperson, Cambridge



### 6.10 Information assurance and security

Considerable milestones were passed during the financial year 2019/20 to maintain the security and integrity of the Company's Information Assets.

The cloud environment, mature design, and strong role-based security structure supported a smooth and secure entry into Covid-19 lockdown. Previous commitments within the IT Roadmap to pass an independent audit for Cyber Essentials Plus certification, maintaining alignment with PAS1192:5, and providing quality training tailored to individuals' roles, were all achieved.

Internally, the Accounting Officer and Senior Information Risk Owner completed bespoke training courses; at the same time Information Asset Owners completed classroom-based training. Mandatory courses on Cyber Security & GDPR were provided to all staff and contractors. All training was certified by GCHQ.

The Company's Information Asset Register was reviewed quarterly within the Information Asset Owner's forum. In the final quarter of the year, recommendations on a refreshed risk appetite to secure Business-Critical Information Assets were approved by the Audit & Risk Committee.

Externally, the Company completed Cyber Essentials and subsequently invited external auditors to test security across the whole organisation. Ultimately, the Company was awarded the Cyber Essentials Plus Certificate of Assurance.

On-going commitments to securing Information Assets held by the Company will be reviewed following the GIAA audit in the first quarter of 2020/21 and incorporated within the IT Roadmap.

The Governance Statement is signed on behalf of the Board



Simon Blanchflower – EWR Co Chief Executive and Accounting Officer

Signed on 28 January 2021

# 07. Remuneration Report





## 07.

### Remuneration Report

# The Remuneration and Nomination Committee meets three times a year (every two to four months).

#### 7.1 Directors' remuneration

##### **No Director is involved in deciding his or her own individual remuneration.**

Levels of remuneration for the non-governmental Non-Executive Directors (NEDs) reflect the time commitment and responsibilities of the role. The shareholder nominated or governmental Directors are not paid by the company. The NED nominated by the shareholder left in October 2019 and the position has not yet been filled.

#### **7.2 Procedures for developing policy and determining remuneration**

The Committee is required under its framework document to comply with Cabinet Office rules relating to the level of Director and staff remuneration. The shareholder's consent is required for any increase in excess of the level specified in the Cabinet Office rules.

In deciding its policy, the Committee assesses where to position the Company in respect of remuneration matters relative to other companies and the requirements of the Company's business and operations.

#### 7.3 Statement of remuneration policy

##### **The remuneration policy is to:**

- provide a compensation package to attract, motivate and retain high quality employees in furtherance of the mission and strategy of the Company
- assess remuneration relative to other arm's-length bodies and other organisations (including in the private sector) engaged in functions or operations of similar size and complexity
- set the performance targets to incentivise and reward sustainable business performance while not encouraging inappropriate business risks to be taken.

The Company ensures that the levels of compensation are appropriately benchmarked against external organisations.

#### **7.4 Pay review**

The Company pay award for 2020/21 is yet to be determined.

## 7.5 Executive directors (Audited)

The Executive Directors' remuneration has been designed to promote the long-term success of the Company. Their respective earnings consisted of a base salary, a defined contribution pension scheme, and an incentive bonus. The bonus links corporate and individual performance with an appropriate focus on delivery targets, and the balance between short and long-term elements.

EW R Co has only had one Executive Director during the year 2019/20 – Simon Blanchflower (Chief Executive). Rob Brighthouse was the Non-Executive Chair throughout 2019-20, though he was the Executive Chair for part of 2018-19. See Directors' Report section 4.

	2019/20 Salary	2019/20 Performance Related Pay (Bonus)	2019/20 Taxable Benefits	2019/20 Pension Payments	2019/20 Total
<b>Simon Blanchflower</b>  <b>CEO</b> 03/12/2018	£224,400 (2018/19: £72,151)	£ Nil (2018/19: Nil)	£ Nil (2018/19: Nil)	£ Nil (2018/19: Nil)	£224,400 (2018/19: £72,151)
<b>Rob Brighthouse</b>  <b>Chair</b> 03/09/2018 to 02/12/2018 3 days / week	N/A (2018/19: £46,075)	N/A (2018/19: Nil)	N/A (2018/19: Nil)	N/A (2018/19: Nil)	N/A (2018/19: £46,075)

The annual salary of the CEO was £224,400 (2018/19: annualised salary was £220,000). EWR Co did not have an Executive Chair in 2019/20. In 2018/19 the Company had an Executive Chair until 02 December 2018. The Executive Chair's annualised salary at this time was £200,000 for a three day week.

## 7.6 Non-Executive Director fees

Fees are payable to all Non-Executive Directors, with the exception of the Director nominated by the Shareholder. Tom Cooper held this role in 2018/19, until October 2019 when his term in office ended.

The level of remuneration paid by the Company to the non-governmental Non-Executive Directors reflects the time commitment and responsibilities of the role. The Company does not pay any remuneration to the Shareholder nominated Directors.

	2018/19 Fees £	2019/20 Fees £	Principal position held elsewhere at 31 March 2020
<b>Anne Baldock</b> (from 01/02/19)	£3,333	£20,000	NED
<b>Diane Crowther</b> (from 01/02/19)	£3,333	£20,000	NED
<b>Simon Murray</b> (from 01/02/19)	£3,333	£20,000	NED
<b>Rob Brighthouse</b> Chairman (from 03/12/2018. On 01/02/2019 this role reduced from 3 days to 1.5 days per week)	£48,925	£100,000	N/A
<b>Tom Cooper</b> NED nominated by the Shareholder (left 11/10/19)	Nil	Nil	N/A
<b>Cavendish Elithorn</b> (17/05/18 to 26/02/19)	Nil	Nil	N/A
<b>Matthew John Lodge</b> (01/04/18 to 17/5/18)	Nil	Nil	N/A

Each NED receives a fee of £15,000 pa plus an additional £5,000 for chairing a Sub-Committee.

The NED nominated by the Shareholder (Secretary of State) does not receive a fee as he receives a salary from his role at UK Government Investments.

Cavendish Elithorn and Matthew Lodge are civil servants in the Department for Transport. They did not receive a fee as they received a salary from their roles within the DfT.



## 7.7 Pension Entitlements

Employees of the Company are eligible to participate in a defined contribution pension scheme, in which the company matches the employee contributions rate on a 2:1 basis to a maximum of 6%, which means the maximum employer contribution is 12%. The Company's pension scheme is managed on the Company's behalf by Royal London. For the year ended 31 March 2020, employers' contributions for the year were £0.3m (2018/19: £0.087m). Monthly payments, totalling this amount, were made throughout the financial year.

Staff on secondment from DfT and other Government entities are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme is an unfunded defined benefit scheme and liability rests with their employer, and not the Company.

Staff on secondment from other commercial entities are covered by the provisions of that entity's scheme, where applicable and liability rests with the seconding company and not the Company.

## 7.8 Performance Related Pay

All staff, except for the CEO, are eligible for a contractual performance related payment, which is based on a maximum of up to 20%.

With the exception of the financial year in which he started with EWR Co, which was 2018/19, the CEO is eligible for a performance related payment of up to 10%. No decision has yet been taken regarding performance related pay for the CEO in 2019/20.

The performance related pay award for the year 2019/20 is yet to be decided (2018/19: £79,116).

## 7.9 Fair pay disclosures (Audited)

Public sector reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce. An annualised figure has been used to better reflect contractual salary. The annual remuneration of the highest paid Director is £333,333 (2018/19: £333,333). This is 4.26 (2018/19: 4.17) times the median remuneration of the Company's workforce, which is £78,264 (2018/19 £80,000). The remuneration of the workforce was between £27,540 and £224,400 (2018/19 £20,000 to £220,000). No employees receive salary in excess of the highest paid Director. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

### 7.10 Staff numbers and costs (Audited)

The table below details the average of whole-time equivalent persons employed in the year. This was 73 persons (2018/19: 41). The combined staff cost was £7.855K (2018/19 £2,971K). At the year end the whole-time equivalent persons employed was 87.

			Year ended 31/03/20	Year ended 31/03/19
Fulltime equivalent persons employed: average for the year	Direct employees	Other personnel	Total	Total
	51	22	73	41
<b>Staff costs comprise:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,725	2,253	6,978	2,657
Social security costs	430	-	430	105
Other pension costs	300	-	300	86
Chairman and Non-Executives fees	147	-	147	123
<b>Total staff costs</b>	<b>5,602</b>	<b>2,253</b>	<b>7,855</b>	<b>2,971</b>
<b>Total staff costs in statement of net expenditure</b>			<b>7,855</b>	<b>2,971</b>

### 7.11 Consultants

Total expenditure made to external consultants during the financial year amounted to £6,671K (2018/19 £3,318K).

## 7.12 Off-payroll engagements

### Off-payroll engagements as 31 March 2020 for more than £245 per day and lasting for longer than six months

2019/20

#### Number of existing engagements that have existed for:

less than 1 year at the reporting date	3
between 1 and 2 years at the reporting date	7
between 2 and 3 years at the reporting date	0
between 3 and 4 years at the reporting date	0
more than 4 years at the reporting date	0

<b>Total engagements at the reporting date</b>	<b>10</b>
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### New off-payroll engagements, or those that reached six months duration, during the reporting period, for more than £245 per day and lasting for longer than six months

2019/20

Number assessed in scope of IR35	10
Number assessed as out of scope of IR35	0
Number engaged directly (via a personal service company contracted to the organisation) and on the organisation's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of new engagements, or those that reached six months duration, during the reporting period	<b>10</b>

### 7.13 Redundancy payments

There were no exit packages agreed in year.

### 7.14 Staff composition

The average overall proportion of female employees in 2019/20 is 32% (2018/19: 27%). Male employees therefore represented 68% of the organisation (2018/19: 73%). As noted in sections 1.16 and 1.17 the Company is fully committed to the principles of diversity and equal opportunity. The composition of staff at the Company at 31 March 2020 was as follows (based on headcount):

Grade	Male	Female	Total
Director	3	2	5
Senior Manager	22	5	27
Employee	34	21	55
<b>Totals</b>	<b>59</b>	<b>28</b>	<b>87</b>

The following should be noted:

- Directors are any Executive or Non-Executive Directors who are a member of the Company board
- Senior managers are those staff who are in a senior team leader or Director role who do not attend Company board meetings
- Employees are all other staff not identified as either Directors or senior managers

Staff composition covers the following categories of EWR Co staff – payrolled, agency, secondee, and Non-Executive directors.

### 7.15 Sickness absence date

Employee absences were recorded when staff were sick for two or more days concurrently. This amounted to 14 individuals (2018/19: 2) and 231 days (2018/19: 43).

### 7.16 Disability statement

The Company recognises that it has clear obligations towards all its employees and the community at large to ensure that people with disabilities are afforded equal opportunities to enter employment, and progress within the organisation. In addition to complying with the requirements of the Equality Act 2010, the organisation will follow procedures designed to provide for fair consideration and selection of disabled applicants, and to satisfy their training and career development needs. When an employee becomes disabled in the course of their employment, reasonable steps will be taken to accommodate their disability by considering adjustments to working practices and arrangements, or by considering redeployment and appropriate retraining to enable them to remain in employment with the organisation wherever reasonably possible.

### 7.17 Equality and diversity

The Company is committed to the principles of diversity and equal opportunity for all.

Our aim is to eliminate all forms of discrimination, actively promote equality of opportunity, and to embrace a climate where difference is accepted and valued. We are committed to comply fully with the Equality Act 2010.

EWR Co is confident that only in an environment that supports and celebrates diversity can people and customers feel engaged, empowered and embraced.

In 2019-20 EWR Co delivered the following:

- 6-months' training programme for leaders with a Diversity & Inclusion focus.
- Participation in 4 major female empowered events and training.
- 5 inspirational workshops.
- Employee Assistance Programme.
- Rewards & Recognition programme.
- Internal Diversity & Inclusion workshop for everyone.
- Career development programme.
- WorkWise (smart working) programme.

### 7.18 Equality and diversity

The company undertook company wide staff surveys in June 2019 and March 2020

96% of respondents said they were committed to the success of EWR

### 7.19 Employee Consultations

All employees were consulted on the EWR Co Head Office move from London to Milton Keynes. 3 rounds of consultations were successfully conducted, and addendums were signed.



### 7.20 Health and Safety leadership

EWB Co.'s Board and senior management team are collectively responsible for providing health and safety leadership across the company and for promoting the company's health and safety principles: these are described in the company Health and Safety Policy, which is approved by the Board.

A Safety, Health and Environment (SHE) Committee has been established to provide strategic oversight of health and safety management in EWB Co. The SHE Committee reports to the Board, is chaired by a non-executive director and meets three times a year. The SHE Committee approves the company Health and Safety Management Strategy.

### 7.21 Health and Safety management System (HSMS)

EWB Co. is currently developing its HSMS in accordance with the ISO 45001:2018 standard: a key objective is to achieve certification during 2021. The HSMS underpins and describes EWB Co.'s roles and responsibilities as a duty holder under general and railway-specific health and safety legislation.

### 7.22 Health and Safety performance

We are pleased to report that there have been no lost-time or reportable employee or supply-chain related accidents or safety-related incidents to date in connection with EWB Co.'s physical site activities are currently limited to non-intrusive survey works, for which EWB Co. is the Client.

### 7.23 Health and Safety - Covid 19 Response

Following government advice, all employees are currently working from home. All employees have been subject to individual Display Screen Equipment (DSE) home-working assessments as part of EWB Co.'s strategy of ensuring suitable home working arrangements are in place for everyone: where appropriate, new and re-purposed office furnishings (e.g. task chairs) and IT equipment (e.g. screens, ancillaries etc.) have been provided, fully supported by a suitable collaborative software tools and resources.

Fit-out of EWB Co.'s new offices in Milton Keynes was completed during September 2020. The office is certificated as 'Covid-19 Secure' in accordance with government guidelines and has been made available for individual employee use upon request, dependent upon the prevailing government restrictions.

### 7.24 Mental health and wellbeing

EWR Co. has implemented a suite of individual and collective measures to ensure that employee welfare is robustly addressed: regular, informal, interactive weekly and periodic verbal and written communications supplement day-to-day team and line management interactions. Pulse surveys have been deployed to monitor employee wellbeing and provided feedback. Over a dozen mental health first aiders have been trained within the business and EWR Co. has recently secured 'Great Place to Work' certification.

### 7.25 Remote Contingent Liabilities

There are no Remote Contingent Liabilities to disclose in the financial year 2019/20. Refer to Note 13 in the Annual Accounts.

### 7.26 Losses and special payments

EWR Co reported no losses or special payments in 2019/20. Refer to Note 15 in the Annual Accounts.

The Remuneration Report is signed on behalf of the Board



Simon Blanchflower – EWR Co Chief Executive and Accounting Officer

Signed on 28 January 2021



# 08. Independent Auditor's Report



- 
1. Hertford Bridge, Oxford
  2. Radcliffe Square, Oxford

## 08.

### Independent Auditor's Report

# Independent Auditor's to the members of East West Railway Company Limited

#### **Independent Auditor's to the members of East West Railway Company Limited**

##### **Opinion on financial statements:**

I have audited the financial statements of East West Rail Company Limited for the year ended 31 March 2020 which comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Internal Financial Reporting Standard as adopted by the European Union. I have also audited the information in the Remuneration Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

##### **Opinion on regularity:**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.



**Basis of opinions:**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of East West Railway Company Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Conclusions relating to going concern:**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the East West Railway Company Limited's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the East West Railway Company Limited have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the East West Railway Company Limited's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Responsibilities of the directors for the financial statements:**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines 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, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements:**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East West Railway Company Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the East West Railway Company Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the East West Railway Company Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause East West Railway Company Limited to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Other Information:**

Directors' are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006:**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act and the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and

- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

**Matters on which I report by exception :**

have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

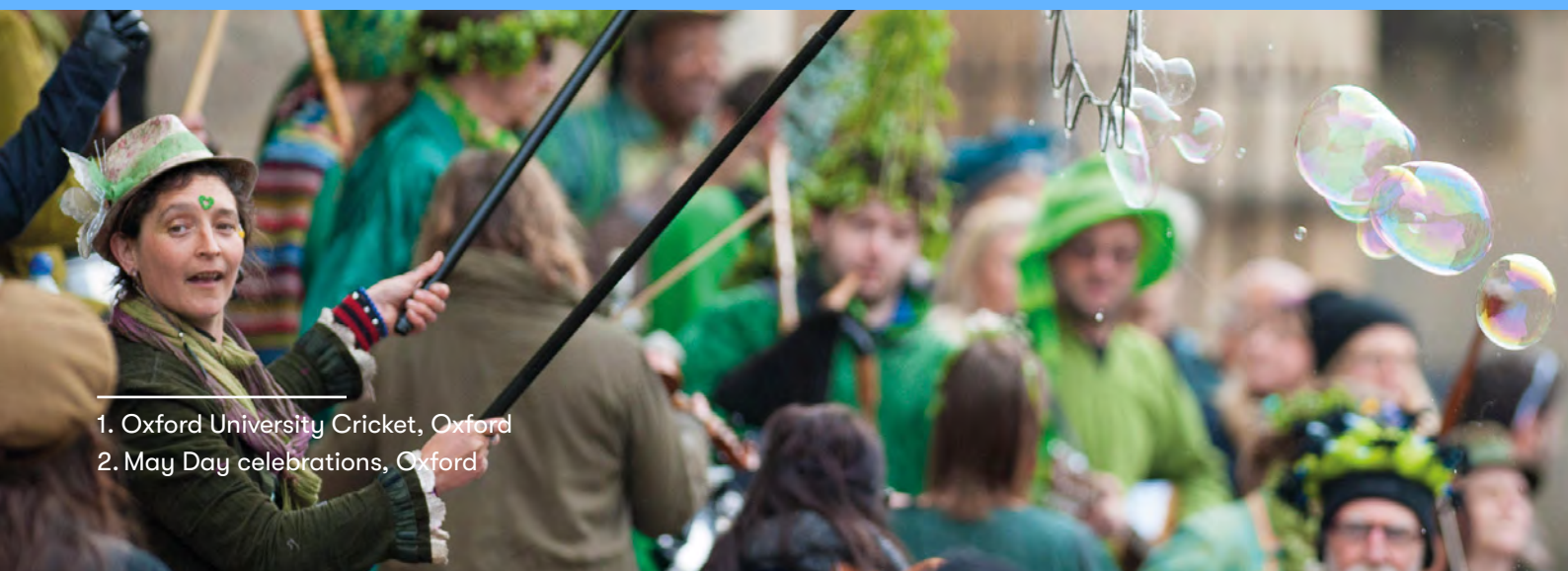
- adequate accounting records have not been kept by the company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Matthew Kay (Senior Statutory Auditor)  
29 January 2021

For and on behalf of the  
Comptroller and Auditor General  
(Statutory Auditor)

National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP



1. Oxford University Cricket, Oxford
2. May Day celebrations, Oxford

# 09. Annual Account





## 09.

## Annual Account

		Year ended 31/03/20	Year ended 31/03/19
<b>Statement of comprehensive net expenditure</b>	Note	£'000	£'000
<b>Expenditure</b>			
Staff Costs	3	7,855	2,971
Other expenditure	4	14,065	5,175
Depreciation & amortisation	4	80	9
<b>Total Expenditure for the year</b>		<b>22,000</b>	<b>8,155</b>
Finance Expense		2	-
<b>Net Expenditure for the year</b>		<b>22,002</b>	<b>8,155</b>
<b>Other Comprehensive Income</b>			
Items which will not be reclassified to net operating costs			
<b>Comprehensive net expenditure for the year</b>		<b>22,002</b>	<b>8,155</b>

		31 Mar 2020	31 Mar 2019
<b>Statement of financial position</b>	Note	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	5	609	91
Right of use assets	6.1	708	
<b>Total non-current assets</b>		<b>1,317</b>	<b>91</b>
<b>Current assets</b>			
Trade and other receivables	7	367	62
Cash and cash equivalents	8	1,083	-
<b>Total current assets</b>		<b>1,450</b>	<b>62</b>
<b>Total assets</b>		<b>2,767</b>	<b>153</b>
<b>Current liabilities</b>			
Trade and other payables	9	5,215	3,273
Lease liabilities	6.2	143	-
<b>Total current liabilities</b>		<b>5,358</b>	<b>3,273</b>
<b>Non-current liabilities</b>			
Lease liabilities	6.2	601	
<b>Total net assets / (liabilities)</b>		<b>(3,192)</b>	<b>(3,120)</b>
<b>Taxpayers' equity</b>			
Revaluation reserve		-	-
General reserve		(3,192)	(3,120)
		(3,192)	(3,120)

Signed by the Accounting Officer


Simon Blanchflower – EWR Co Chief  
Executive and Accounting Officer

Signed on 28 January 2021

		31 Mar 2020	31 Mar 2019
<b>Statement of cash flows</b>	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net operating cost per Expenditure Statement		(22,002)	(8,155)
(Increase) / decrease in trade and other receivables	7	(305)	(62)
Increase / (decrease) in trade and other payables	9	1,943	3,273
Depreciation & amortisation	4	80	9
<b>Net cash outflow from operating activities</b>		<b>(20,284)</b>	<b>(4,935)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(575)	(100)
<b>Net cash outflow from investing activities</b>		<b>(575)</b>	<b>(100)</b>
<b>Cash flows from financing activities</b>			
Capital Contribution from Shareholder		21,930	5,035
Proceeds from borrowings and leasing liabilities		30	
Repayment of borrowings and leasing liabilities		(20)	
Lease interest		2	
<b>Net cash inflow from financing activities</b>		<b>21,942</b>	<b>5,035</b>
Net increase / (decrease) in cash and cash equivalents	8	1,083	-
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>1,083</b>	<b>-</b>

	General Reserve	Total
<b>Statement of changes in Taxpayers' equity for the year ended 31 March 2020</b>	£'000	£'000
<b>Balance at 31 March 2018</b>	-	-
<b>Changes in Taxpayers' equity for 2018-19</b>		
Net operating cost for the year	(8,155)	(8,155)
Capital Contribution from Shareholder	5,035	5,035
<b>Balance at 31 March 2019</b>	(3,120)	(3,120)
<b>Changes in Taxpayers' equity for 2019-20</b>		
Net operating cost for the year	(22,002)	(22,002)
Capital Contribution from Shareholder	21,930	21,930
<b>Balance at 31 March 2020</b>	(3,192)	(3,192)

## Notes to the Financial Statements

### Note 1: Statement of Accounting Policies

East West Railway Company Limited (the Company) is a private company limited by shares (company registration number 11072935) domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006. The Secretary of State for Transport is the registered holder of the single ordinary share, fully paid. The registered office is Great Minster House, 3/13 33 Horseferry Road, London, England, SW1P 4DR, and principal place of business of the Company is Albany House, 94-98 Petty France, London, SW1A 9EA, and the Company's principal activities are to develop proposals, design, build and operate a railway network between Oxford and Cambridge. The period covered by these accounts is 12 months to 31 March 2020.

#### A) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations, and with the requirements of the Companies Act 2006 applicable to companies reporting under IFRSs. As a Non-Departmental Public Body (NDPB) and as specified in the framework agreement with DfT, the Company also adopts the interpretations of IFRS and additional disclosure requirements contained in the Government Financial Reporting Manual (FReM) for 2019/20, where these are compatible with the requirements of the Companies Act.

Where this framework permits a choice of policy, the accounting policy judged to be most appropriate to the particular circumstances of the Company for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Company are described below and have been applied consistently in dealing with matters considered material to the accounts.

The period covered by these accounts is the 12 months to 31 March 2020.



## B) Measurement convention

These accounts have been prepared under the historical cost convention. The accounts have been prepared on a going-concern basis for the reasons set out in the Directors' Report.

## C) New accounting standards and interpretations applied for the first time

The company adopted IFRS 16 Leases in 2019-20. IFRS 16 established revised principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. The objective is to ensure that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 requires lessees to account for all leases on their balance sheets (as a right-of-use asset and a commensurate liability to pay for it), including those which were previously treated as operating leases under the previous leasing standard (IAS 17) and accounted for in the Statement of Comprehensive Net Expenditure as an in-year expense. This aligns the treatment of all leases in the financial statements of lessees in a way that is similar to the accounting for finance leases under the previous standard.

A key change introduced by the new standard is the concept of embedded leases. IFRS 16 requires us to consider whether our contracts contain lease elements which should be separated out from the host contract and brought on balance sheet; for example, managed service agreements for telecommunications and multi-functional devices often contain embedded leases.

We have reviewed our contracts signed during the year and we have not identified any embedded leases as part of this process.

The Company elected to restrict the application of IFRS 16 to contracts that were previously identified as leases under IAS 17. Contracts not identified as leases under IAS 17 were not reassessed to determine whether there is an embedded lease. The definition of a lease under IFRS 16 was therefore applied only to contracts entered into or changed on or after 1 April 2019. For the related disclosures, see notes 1H and note 5.1.

The Company had no leases at 31 March 2019 and therefore there was no impact on transition to IFRS 16 at 1 April 2019. The company policy for Leases accounting policy is set out on page 86-88 of this report.

There were no other new standards issued that would materially affect the Company's financial statements as at 31 March 2020. Other changes due to come in effect after 31 March 2020, are considered to have no material impact on the Company.

## D) Going Concern

Directors are content in their view that the Company is a going concern. The basis for this can be reviewed in the Strategic Report.

### E) Estimation techniques used and changes in accounting estimates

The Company applies the following significant estimation techniques.

The recognition and valuation of accrued expenditure, where specific information is not available, is based on the Company's best estimate of the cost. For consultant expenditure, this is based on the Company's knowledge of time worked and rates agreed in advance. Where invoices differ from the estimates made, the difference is credited back to the relevant service.

### F) Financing

The Company is funded by capital contributions from the DfT, representing the Secretary of State as its sole controlling party. In line with IAS 1, since these contributions are made by the Secretary of State in their capacity as an owner, capital contributions from the Shareholder are presented directly in reserves (equity) rather than as income.

Funding from the DfT is recognised when the cash is received.

### G) Property, plant and equipment

#### Recognition:

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit flows to the company and the cost of the item can be measured reliably. Assets are held as assets under construction until the point at which the asset is brought into service.

A capitalisation threshold of £1,000 is applied to all asset classes. Expenditure

below this value is charged as an expense in the SoCNE.

Property, plant and equipment is based on the identification of single assets and aggregate groups of similar items with a threshold value greater than £1,000. Where an item includes material components with a significantly different UEL, those components are capitalised separately and depreciated over their specific UEL.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as incurred.

#### Measurement:

Property, plant and equipment, including assets under construction are valued in accordance with IAS 16 Property, Plant and Equipment and initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the same manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located where an obligation to dismantle or remove the asset arises from its acquisition or usage

Assets are thereafter carried in the balance sheet at fair value. All property, plant and equipment is valued on the basis of depreciated historic cost as an approximation of fair value.

**Impairment:**

Property, plant and equipment are monitored throughout the year as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised in the SoCNE.

Where an impairment loss is subsequently reversed, the reversal is credited in the SoCNE, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Depreciation:**

Depreciation is provided on all non-current assets, apart from assets under construction, from the date at which they are available for their intended use at rates calculated to write off the cost of each asset (less any estimated residual value) on a straight-line basis over its UEL; see below. Assets that are under construction are not depreciated until such time as they are available for their intended use.

Asset Class	Depreciation method	Depreciation rate
Computer equipment	Straight line	36 months
Fixtures and fittings	Straight line	36 months

The Company reviews and updates the remaining UEL of all its assets each year. This is the period for which the asset provides economic benefits that will flow to the Company from its use.

**Disposals:**

When scrapping or disposing of a property, plant and equipment asset, a loss (or gain), calculated as the carrying value net of any disposal proceeds, is recognised in the SoCNE.

## H) Leases

### Scope and classification:

In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases. Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

The Company excludes contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Company is reasonably certain to exercise and any termination options that the Company is reasonably certain not to exercise).

### Initial recognition:

At the commencement of a lease, the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the payments, net of value added tax, for the remaining lease term (as defined above), discounted either by the rate implicit in the lease, or, where this cannot be determined, the Company's incremental cost of borrowing. The payments included in the liability are those that are fixed or in-substance fixed, excluding changes arising,

for example, from future rent reviews or changes in an index. The company does not undertake external borrowing and is instead funded annually by the Department for Transport which draws down its funding from the Exchequer. The company's incremental borrowing rate is therefore advised by and aligned to the Treasury rate.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

### Subsequent measurement:

Right-of-use assets are carried in the balance sheet at fair value. The Company considers that depreciated historic cost is a reasonable approximation of fair value for leases of items other than land and property, and for leases of land and property with regular rent reviews. For other leases, the asset is carried at a revalued amount. The liability is adjusted for the accrual of interest, repayments, reassessments and modifications.

Reassessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure as follows:

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure as follows: Scenario	<b>Discount rate</b>	<b>Asset or expenditure</b>
Reassessment		
The Company becomes or ceases to be reasonably certain to exercise an extension or termination option, due to a significant event or change in circumstances	Revised	Asset*
The non-cancellable period changes	Revised	Asset*
The amount payable under a residual value guarantee changes	Original	Asset*
There is a movement in an index or rate that will alter the cash flows (except for floating-rate arrangements)	Original	Asset* (with an adjustment to any revaluation surplus where a change in the liability has already been reflected in the value of the asset)
There is a change in the variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred.	Original	Expenditure
Modification		
Other leased assets are included, priced on a standalone basis	New	Asset (this is presented as the creation of new right-of-use assets and lease liabilities, discounted by a new rate)
The scope is decreased	Revised	Asset and Expenditure (the asset is remeasured proportionate to the reduction in scope; any difference between the change in the value of the asset and liability is recognised as a gain or loss)
The lease term is increased	Revised	Asset*
The consideration is changed	Revised	Asset*

\* Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

**Lease expenditure:**

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

**I) Land and property acquisitions**

The company provides for any property acquisition at the point when the present obligation test in IAS 37 is satisfied. The company is currently at a relatively early stage of the compulsory acquisition process and does not consider the corridor-based PRA to have deprived EWR of a practical possibility of withdrawal from acquisition, should that be in line with future government policy; the present obligation test is therefore currently not met.

**J) Cash and cash equivalents**

Cash and cash equivalents comprise bank balances held with the Government banking service and commercial bank accounts.

**K) Corporation Tax**

The Company is registered for Corporation Tax. By using the tax rates that have been enacted or substantively enacted at the balance-sheet date, the Company has not incurred any tax liability during this reporting period.

**L) Value Added Tax**

Many services received by public sector bodies are liable to VAT and where they are acquired for 'non-business' purposes, any irrecoverable VAT can act as a disincentive to contracting-out a supply of services. In such cases many public sector bodies would attempt to perform the services in-house.

A refund mechanism was introduced under section 41(3) of the VAT Act 1994. HM Treasury ("HMT") produces a list of qualifying bodies that are eligible to use this refund mechanism to recover the VAT they incur on certain services that are attributable to their non-business activities. The mechanism is commonly referred to as the contracted-out services (COS) provisions. This mechanism has also been granted to bodies named under s33E, VATA 1994.

EWR is registered for VAT and has been awarded S33E status which entitles it to use the COS provisions introduced for qualifying bodies.



### **M) Provisions**

The Company makes provision for liabilities and charges in accordance with IAS 37 where a legal or constructive liability (i.e. a present obligation arising from past events) exists, the transfer of economic benefits is probable, and a reasonable estimate can be made. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. When the discount is unwound, the adjustment is recognised as an interest expense.

### **N) Ultimate controlling party**

The ultimate controlling party is considered to be the Secretary of State for Transport.

### **O) Ultimate controlling party**

The ultimate controlling party is considered to be the Secretary of State for Transport.

Notes to the Financial Statements:

**Note 2: Statement of expenditure  
by operating segment**

Year ended 31 Mar 2020			
	Capital expenditure	Resource expenditure	Total
	£'000	£'000	£'000
Western Section	-	1,095	1,095
Central Section	-	5,133	5,133
Scheme Wide	-	2,170	2,170
Corporate	1,307	13,522	14,829
Depreciation and Finance cost	-	82	82
<b>Total net expenditure</b>	<b>1,307</b>	<b>22,002</b>	<b>23,309</b>
Analysed as to	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Programme Costs	1,307	21,803	23,110
Administrations Costs	-	199	199
<b>Total net expenditure</b>	<b>1,307</b>	<b>22,002</b>	<b>23,309</b>

Year ended 31 Mar 2019			
	Capital expenditure	Resource expenditure	Total
	£'000	£'000	£'000
Western Section	-	1,444	1,444
Central Section	-	1,850	1,850
Scheme Wide	-	497	497
Corporate	91	4,355	4,445
Depreciation only	-	9	9
<b>Total net expenditure</b>	<b>91</b>	<b>8,155</b>	<b>8,246</b>
Analysed as to	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Programme Costs	91	8,039	8,130
Administrations Costs	-	116	116
<b>Total net expenditure</b>	<b>91</b>	<b>8,155</b>	<b>8,246</b>

Notes to the Financial Statements:

### Note 3: Staff numbers and costs

	Year ended 31/03/20		Year ended 31/03/19	
	Direct employees	Other personnel	Total	Total
<b>Fulltime equivalent persons employed - average for the year</b>	51	22	73	41
<b>Staff costs comprise:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,725	2,253	6,978	2,657
Social security costs	430	-	430	105
Other pension costs	300	-	300	86
Chairman and Non-Executive's fees	147	-	147	123
<b>Total staff costs</b>	<b>5,602</b>	<b>2,253</b>	<b>7,855</b>	<b>2,971</b>
<b>Total staff costs in statement of net expenditure</b>			<b>7,855</b>	<b>2,971</b>

Other personnel costs include costs for contractors and secondees. These cannot be broken down further.

Notes to the Financial Statements:

**Note 4: Other expenditure**

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Non-staff expenditure includes:</b>		
Professional services	3,745	88
Consultancy	6,507	3,318
IT/Comms technology	1,662	974
Communications and publicity	245	76
Accommodation and office services	651	293
Legal costs	613	-
Travel & subsistence	74	19
Insurance	17	24
Internal Audit fee	33	14
External Audit fee	84	42
Recruitment fees	132	233
Other costs	302	94
	<b>14,065</b>	<b>5,175</b>
<b>Depreciation &amp; amortisation:</b>		
Depreciation of tangible assets	56	9
Depreciation of right of use assets	24	-
	<b>80</b>	<b>9</b>
<b>Finance Expense</b>		
Lease interest	2	-
	<b>2</b>	<b>-</b>
<b>Total other expenditure</b>	<b>14,147</b>	<b>5,184</b>

The significant increase in expenditure is because the year ended 31 March 2019 was for 7 months of activity. The Company became operational in September 2018, having been dormant for the first five months of the year.

Excluding VAT, the auditor's fee of the Comptroller and Auditor General for the year ending 31 March 2020 is £70k.

Notes to the Financial Statements:

## Note 5: Property, plant and equipment

Year ended 31/03/20	Assets under construction	Fixtures & Fittings	Information technology	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
<b>At 1 April 2019</b>	-	-	100	100
Additions	479	4	92	575
Disposals	-	-	-	-
Reclassification	-	-	-	-
Revaluations	-	-	-	-
<b>At 31 March 2020</b>	<b>479</b>	<b>4</b>	<b>192</b>	<b>675</b>
<b>Depreciation</b>				
<b>At 1 April 2019</b>	-	-	9	9
Charged in year	-	1	56	57
Disposals	-	-	-	-
Reclassification	-	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>1</b>	<b>65</b>	<b>66</b>
<b>Net book value at 31 March 2020</b>	<b>479</b>	<b>3</b>	<b>127</b>	<b>609</b>
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>91</b>

The assets under construction balance relates to the fit-out costs for the Company's newly leased office in Milton Keynes.

Year ended 31/03/19	Assets under construction	Fixtures & Fittings	Information technology	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
<b>At 1 April 2019</b>	-	-	-	-
Additions	-	-	100	100
<b>At 31 March 2020</b>	-	-	<b>100</b>	<b>100</b>
<b>Depreciation</b>				
<b>At 1 April 2019</b>	-	-	-	-
Charged in year	-	-	9	9
<b>At 31 March 2020</b>	-	-	<b>9</b>	<b>9</b>
<b>Net book value at 31 March 2019</b>	-	-	<b>91</b>	<b>91</b>
<b>Net book value at 31 March 2018</b>	-	-	-	-



Notes to the Financial Statements:

### Note 6.1: Right of use assets

Year ended 31/03/20	Land and Buildings	Total
	£'000	£'000
<b>Cost or valuation</b>		
<b>At 1 April 2019</b>	-	-
Additions	732	732
Disposals	-	-
Reclassification	-	-
Revaluations	-	-
<b>At 31 March 2020</b>	<b>732</b>	<b>732</b>
<b>Depreciation</b>		
<b>At 1 April 2019</b>	-	-
Charged in year	24	24
Disposals	-	-
Reclassification	-	-
<b>At 31 March 2020</b>	<b>24</b>	<b>24</b>
<b>Net book value at 31 March 2020</b>	<b>708</b>	<b>708</b>
<b>Net book value at 31 March 2019</b>	-	-

Notes to the Financial Statements:

**Note 6.2: Lease liabilities**

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Amounts falling due</b>		
Not later than one year	184	-
Later than one year and not later than five years	584	-
Later than five years	-	-
	<b>768</b>	-
Less: Unaccrued interest	(24)	-
<b>Balance at year end</b>	<b>744</b>	-
<b>Of which:</b>		
Current	143	-
Non-current	601	-
	<b>744</b>	-
<b>Amounts recognised in expenditure</b>		
Depreciation	24	-
Interest expense	2	-
	<b>26</b>	-
<b>Cash flows</b>		
Interest expense	-	-
Repayments of principle	-	-
	-	-

Notes to the Financial Statements:

### Note 7: Trade receivables and other current assets

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other receivables	65	15
Prepayments	302	47
	<b>367</b>	<b>62</b>

The prepayments balance at 31 March 2020 was much higher than at the end of the previous financial year, reflecting a significant increase in operational activity. In the year ended 31 March 2019 EWR Co was active for only seven months, having been dormant for the first five months of the year. Non-staff costs in the year ending 31 March 2019 were primarily for consultancy services, and paid for mainly in arrears.

Notes to the Financial Statements:

### Note 8: Cash and cash equivalents

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Balance at 1 April</b>	-	-
Net change in cash and cash equivalent balances	1,083	-
<b>Balance at 31 March</b>	<b>1,083</b>	-

For the financial period ending 31 March 2019, EWR Co completed its accounting and banking activities via access to the DfT's accounting system and bank account. This approach ensured that at the year end the grant in aid allocated to EWR Co matched exactly the expenditure incurred and that EWR Co had a zero cash and cash equivalents balance at 31 March 2019. From 1 April 2019 EWR Co moved onto its own accounting system and had access to its own bank account. The balance held in the bank account at the end of this financial year was £1,068k.

**Note 9: Trade payables and other current liabilities**

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade payables	264	-
Staff costs accrual	726	621
Accruals	4,225	2,652
	<b>5,215</b>	<b>3,273</b>

**Note 10: Financial Instruments**

EWB Co Ltd has no borrowings and is funded by capital contribution from the DfT. The Company aims to maintain minimal holdings of cash equivalents appropriate to its short-term needs.

**Note 11: Financial commitments**

The Company confirms there are none to disclose in the financial year 2019/20

**Note 12: Contingent liabilities**

A contingent liability arises where an event has taken place that gives the Company a possible obligation that will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Company's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of

resources will be required, or the amount of the obligation cannot be measured.

Contingent liabilities are not recognised in the statement of financial position but are disclosed in a note to the accounts. The Company confirms that there are none to disclose in the financial year 2019/20

**Note 13: Remote Contingent liabilities**

In addition to contingent liabilities reported within the meaning of IAS 37, the company also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Company confirms that there are none to disclose in the financial year 2019/20.

Notes to the Financial Statements:

### Note 14: Related-party transactions

The Company is an Executive Non-Departmental Public Body sponsored by the Department for Transport (DfT), which is a related party. All of the transactions with the DfT are carried out on an arm's-length basis.

	Year ended 31/03/20	Year ended 31/03/19
	£'000	£'000
<b>Transactions between the Company and DfT</b>		
Capital contribution received from the DfT	21,930	5,035
Expenditure incurred with the DfT	(612)	(142)
<b>Amounts included in note 9 as payable at end of year</b>	<b>172</b>	<b>142</b>
	£'000	£'000
<b>Transactions between the Company and Network Rail</b>		
Expenditure incurred with Network Rail	(415)	-
<b>Amounts included in note 9 as payable at end of year</b>	<b>133</b>	<b>-</b>

Other than their remuneration as business-related expenses, none of the Board members or key management staff has undertaken any material transactions with the Company or its related parties during the year, except as disclosed

below, and none has a financial interest in the activities of the Company such as to influence their work with the Company. All figures are VAT-inclusive.

The Company's Chairman, Rob Brighthouse, is also a Non-Executive Director for Network Rail.



Notes to the Financial Statements:

### Note 15: Losses and special payments

Managing Public Money requires EWR Co Limited to provide a statement showing losses and special payments by value and by type where they exceed £300,000 in total and those that, individually, exceed £300,000. No losses exceeded the threshold value individually.

Losses statement	Year ended 31/03/20	Year ended 31/03/19
<b>Total number of cases</b>	-	-
Total amount (£000)	-	-

Special Payments	Year ended 31/03/20	Year ended 31/03/19
<b>Total number of cases</b>	-	-
Total amount (£000)	-	-

### **Note 16: Post balance sheet events**

The Covid-19 pandemic required EWR Co to adopt new working practices in order to meet the objectives it had been set. The Company benefitted from being set up on a 'cloud' based platform which allowed staff to work effectively from home. Covid-19 has not had a significant impact on EWR Co's performance. Further information about how EWR Co has dealt with the Covid-19 challenge can be read in the Directors Report on page 40.

There have been no events between 31 March 2020 and the date on which the financial statements were authorised for issue requiring an adjustment to the financial statements.

Authorised for issue - These financial statements are laid before the Houses of Parliament. The International Accounting Standards (IAS10) require the Company to disclose the date on which the accounts are authorised for issue. This is the date of the signature of the Independent Auditors' Report.





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