

Network Rail Infrastructure Limited
Regulatory Financial Statements

Year ended 31 March 2008

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Directors' Review

The Directors of Network Rail Infrastructure Limited ("the Company") are pleased to present the Regulatory Financial Statements for the year ended 31 March 2008. These are the fourth Regulatory Financial Statements produced in the five year Control Period covered by the Office of Rail Regulation ("ORR") Access Charges Review 2003 Final Conclusions ("ACR 2003").

The basis of preparation of these financial statements has differences to that used to prepare the statutory financial statements which are explained in detail below and in the Accounting Policies note.

The following commentary of the Financial Performance, Regulatory Asset Base, Capital Expenditure and Debt refers to Great Britain only.

Financial Performance

The year ended 31 March 2008 has seen a high degree of stability, with consistent revenues and controllable costs continuing on a downward trend. The reduction in the controllable costs of the railway has been delivered by our regime of strong budgetary control, together with our improved understanding of the cost bases and cost drivers.

Whilst great progress has been made in reducing costs in many areas (with operating expenditure and maintenance ahead of target), it is clear that the pace of efficiency in the area of renewals is behind schedule and has caused us, for the first time, to fall behind our targeted efficiencies. Consequently it looks likely that we will miss the ORR's overall challenge of 31 per cent cost reductions by 31 March 2009.

Although it is disappointing that not all the regulatory cost targets will be met, we remain committed to building on the strong foundations that have been put in place to produce an increasingly cost effective railway. Our recently published Strategic Business Plan update set out how we intend to continue to manage a reliable, punctual, safe and expanding railway network in a financially efficient and viable manner.

Statement 1 details the Company's financial performance against the ORR's, post-efficiency, determination for the years ended 31 March 2008, 31 March 2007, 31 March 2006 and 31 March 2005 and the aggregate for the Control Period to date ("CPTD"). All results are stated in 2007/08 prices unless stated otherwise.

Operating expenditure

Operating expenditure totalled £1,179m (2006/07: £1,273m). This was £13m more than the determination for the year of £1,166m. In total, costs are £73m lower than the ORR's, post efficiency, determination CPTD total of £5,060m. The ACR 2003 splits operating expenditure into controllable and non-controllable costs and it is the latter that has cost more than the determination in the year.

Indeed the controllable operating expenditure saw savings against the determination in the year despite the imposition of ORR fines for the Christmas and New Year overruns and the Portsmouth resignalling licence breach. The good results overall are partly as a result of continuing to keep the pressure on discretionary expenditure such as staff related expenses and agency staff, lower insurance costs, partly off-set by the related increase in staff costs.

Non controllable operating expenditure costs remains higher than the determination but was lower than 2006/07. Indeed costs were 16.7 per cent more than the ORR determination for the year. This is primarily due to costs being higher than envisaged in the

ACR 2003 through the increased costs of electricity and additional expenditure on British Transport Police as part of a programme to make stations safer for the travelling public. However the performance in the year was much better and costs fell back, in total, by £57m in real terms in comparison to the previous year. The largest reduction, from last year's results, was in electricity costs for traction which reduced by £42m in real terms.

Maintenance

Maintenance costs of £1,118m (£5,014m CPTD) were £1m (£83m CPTD) less than the ORR's determination of £1,119m (£5,097m CPTD). Maintenance costs continue to reduce in real terms, a 6.4 per cent saving in the year, with more maintenance work being delivered for less money than in prior years. Expenditure has contracted through the favourable commercial terms negotiated in recent years, particularly on plant, vehicles and materials. Significant benefits were derived from improved labour utilisation as the capital investment portfolio delivered by the maintenance team increased by a further 37 per cent compared to 2006/07 with 10 per cent of total investment now delivered in-house by the maintenance function. Further improvements in labour productivity were secured through the depot improvement programme. This enabled further release of contingent labour and specialist contractors.

Schedule 4

Total Schedule 4 costs were £112m (£352m CPTD), £18m in excess of the ORR's determination of £94m, and CPTD costs are £8m more than the determination of £344m.

This represents a modest adverse variance CPTD. This has largely been the result of a pattern of longer possessions than originally anticipated when the ACR 2003 was set five years ago. The adverse variance in the year arises from increased levels of investment in the network in comparison with the ACR 2003.

Total Schedule 4 revenues were £93m, in line with the determination of £94m.

Schedule 8

There has been a significant reduction in train delays attributable to Network Rail this year. Train Delay Minutes fell from 10.5m minutes to 9.5m minutes. This performance was better than the ORR's target of 9.8m minutes. This has resulted in Schedule 8 income receivable of £82m (£345m CPTD) compared to the ORR determination which assumed costs of £15m (£65m CPTD), an overall saving of £97m (£410m CPTD). This performance can be attributed both to the improvements in asset condition and also to initiatives such as integrated control centres working closely with train operators. The latter has streamlined day to day decision making in the interests of passengers.

Other income

Total single till income of £811m (£3,252m CPTD) was £12m less than assumed in the ACR 2003 for 2007/08 and was £33m less than assumed in the CPTD. Over the control period relatively small shortfalls in income from stations, depots and freight have been partly offset by additional open access income.

Grant and rebate

Actual grant income and deferred grant income from the Department for Transport and Transport Scotland totalled £3,283m (£11,079m CPTD). The current year is £833m more than the original ORR determination but the CPTD figure is significantly less than that initially assumed in the ACR 2003. This is because some of the allowed income for 2004/05 and 2005/06 was reprofiled to later years. The shortfall in these two years was financed through additional borrowings.

The additional grant received in the current year was offset by a £600m rebate paid by the Company to the train operating companies in respect of fixed track access charges. The amount payable matched an identical sum Network Rail received from the Department for Transport.

Last year Network Rail started to repay the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date. As a result, a rebate of £105m was paid to the Department for Transport in the year.

Variable track access charges

Variable track access charges for the CPTD are £223m higher than the determination mainly due to increased usage charges arising from greater network traffic.

Regulatory Asset Base ("RAB")

The RAB at 31 March 2008 totalled £27,942m and this figure is provided in Statement 2a. This has been calculated and presented in the format laid out in the Regulatory Accounting Guidelines. The closing RAB from last year's regulatory accounts (£25,266m in 2006/07 prices) is uplifted to 2007/08 prices (£26,346m). Amortisation on the opening RAB at the start of the Control Period of £1,172m is provided on a 7 per cent reducing balance basis.

There is also an adjustment to the opening RAB for the year to reflect the impact of the signalling review published in December 2005 and agreed adjustments to the associated capitalised financing. This resulted in an increase of £111m in the RAB for 2007/08.

Capitalised financing movements with regard to the EC4T adjustment of £2m and a further £26m with regard to the capex outturn in 2003/04 were also made to the RAB.

The allowances for renewals (£2,546m) and enhancements (£277m) from the Final Conclusions are added to the RAB (in 2007/08 prices), and amortisation is provided on additions in this Control Period over 30 years resulting in a £461m reduction to the RAB. The underspend variance on emerging cost enhancements (Power Supply Upgrade, Southern Region New Trains Programme and CTRL Blockade) is added to the value of the RAB in accordance with the policy set out in paragraph 3.31 of the Regulatory Accounting Guidelines ("RAGs"). The impact of this year's emerging cost overspend was £12m (excluding the effect of capitalised financing). This was offset by adjustments made to the capitalised financing relating to the prior years of the Control Period resulting in a net decrease of £6m to the RAB value. Further schemes totalling £333m (including the effect of capitalised financing) of enhancements not funded in the ORR determination have been proposed for logging up in the RAB, although the ORR has yet to give its approval to all of these schemes.

The net addition to the RAB in respect of renewals and enhancements for 2007/08 was £2,689m (including the effect of capitalised financing) giving a closing RAB valuation of £27,942m.

This valuation is reconciled to the Railway Network fixed asset valuation presented in the statutory accounts for the year ended 31 March 2008 in Appendix A. The full value of the remaining deferred revenue grant (£3,692m) is included in the statutory railway network fixed asset valuation at 31 March 2008 and is disclosed here as an addition to the RAB to take effect on 31 March 2009.

Network Rail's right to the economic benefit from the deferred revenue grant is outlined in both the ACR 2003 and also in the 23 December 2003 Review Notice in respect of

potential grant dilution. These documents demonstrate ORR's intention that the deferral will be rolled up in the RAB at 31 March 2009.

Investment

Statement 3 contains detail of capital expenditure against the ORR determination. Actual renewals totalled £2,894m, £237m more than the ORR determination. Enhancement expenditure was £649m, comprising £341m of enhancements within the ACR 2003 (£64m more than the 2007/08 determination) and £308m outside the determination to give a net overspend of £609m (excluding the effect of capitalised financing) compared to the determination.

Overall renewal efficiencies have reduced over the year and are now at 18 per cent against an ORR four year target of 26 per cent. Aside from track renewals improvements in signalling, electrification and plant, civils and estates are needed. Our focus is firmly on delivering improvements, both in the final year of this Control Period and going forward. We reported last year that we would struggle to meet the ORR target on track renewals. The year under review has borne this out. Whilst significant progress has been made in improving the track renewals performance delivered by the Company and its supplier base, it is recognised that further steps need to be taken to continue to drive performance onwards. These steps will build on some of the initiatives introduced over the past four years, such as high output mechanisation and future planned initiatives, such as modular switches and crossings.

For the year ahead we are committed to deliver the outputs of the West Coast Route Modernisation project aimed at improving travelling times, reliability and punctuality of the route. We have engaged the train operators in agreeing a revised plan for delivery of the December 2008 timetable for the West Coast. There is added pressure on the project budget and we are working through the final cost implications. It is evident though that the final project cost will be in excess of the £8.45bn as set out in our Strategic Business Plan.

In addition to the expenditure noted above we have spent a further £74m this year on enhancements schemes financed by our Outperformance Fund to improve the rail network.

Debt

Net Debt, as defined by the Regulatory Accounting Guidelines, at 31 March 2008 was £19,381m. The debt to RAB ratio at 31 March 2008 was 69.4 per cent and reflects the reprofiling of grant income discussed above. The Network Rail Strategic Business Plan update published in April 2008 forecasts further increases in debt in 2008/09.

Network Rail's principal financing vehicle is Network Rail Infrastructure Finance PLC ("NRIF"), a special purpose financing company, which acts as the issuer under Network Rail's Debt Issuance Programme ("DIP") and is not a member of the Network Rail group. Although for accounting purposes NRIF is treated as a subsidiary in the consolidated accounts of Network Rail Infrastructure Limited ("NRIL") it is not consolidated into these Regulatory Financial Statements. Net debt referred to in these statements reflects the amounts lent to NRIL by its financing vehicles.

The DIP is supported by a financial indemnity from the Secretary of State for Transport which expires in 2052.

At the start of the year Network Rail launched a new programme of RPI index-linked bond issuance under the Company's Debt Issuance Programme. The majority of Network Rail's revenues are linked to inflation so aligning debt cost to income is a prudent, cost effective way of financing the railways over the long term. During the year ended 31 March 2008, £3.4bn of index-linked bonds have been issued under the DIP with maturities through to

2052.

All non-sterling public issuances under the programme are swapped into sterling before amounts are transferred to NRIL.

The Company had £5bn of undrawn committed facilities available at 31 March 2008 through the DIP working capital facility (£1bn) and the Secretary of State for Transport standby facility A (£4bn). The Secretary of State for Transport standby facility is undrawn and will only be called upon as a last resort.

Statement under Condition 29 of the Network Licence

Under Condition 29 of Network Rail's network licence, the licence holder shall provide, from time to time as requested by the ORR and in any event every year in the regulatory financial statements it prepares pursuant to Condition 22, confirmation that, in respect of the financial year to which the statements relate, it has complied, and, in respect of the following financial year, it is likely to comply, with Condition 29.1 and (where applicable) with Condition 29.2 of this Condition and, if so requested by the ORR, evidence in support of that confirmation.

In this regard, the debt to RAB ratio at 31 March 2008 of 69.4 per cent complies with the limits set out in Condition 29 of our network licence. We can also confirm that, as forecast in the aforementioned Business Plan, the debt to RAB ratio is likely to remain compliant in the current financial year.

The directors' report and the regulatory financial statements were approved by the Board of Directors on 23 June 2008.

Signed on behalf of the Board of Directors:

The image shows two handwritten signatures in blue ink. The signature on the left is 'Iain Coucher' and the signature on the right is 'Ronald Henderson'. Both signatures are written in a cursive, flowing style.

Iain Coucher Director

Ron Henderson Director

Statement of Directors' Responsibilities

The directors are responsible for preparing regulatory financial statements in accordance with Condition 22 of the Network Licence dated 31 March 1994, as amended.

In preparing those regulatory financial statements, the directors are required by Condition 22 to:

- prepare the regulatory financial statements in respect of the financial year ended 31 March 2002 and (save as otherwise provided in Condition 22 or the Regulatory Accounting Guidelines) on a consistent basis in respect of each financial year;
- prepare the regulatory financial statements such that, insofar as reasonably practical, the definition of items in primary statements; the valuation of assets and liabilities; the treatment of income and expenditure as capital or revenue; adjustments in respect of the provision, utilisation, depreciation and amortisation of assets and liabilities; and any other relevant accounting policies shall be consistent with:
 - (i) the ORR's valuation of the Regulatory Asset Base for the purpose of determining access charges; and
 - (ii) the Determination Assumptions for the corresponding period as defined in Condition 22; (and so that where the presentation of an item in the primary statements departs from the basis for the Regulatory Asset Base or the Determination Assumptions, a reconciliation shall be included by way of a note);
- include, as a primary statement, a statement of regulatory financial performance comparing income, expenditure, profits and losses for the period with the Determination Assumptions;
- include all details reasonably necessary to reconcile items included in the primary financial statements with any corresponding items in annual statutory accounts for the same period;
- include narrative explaining the material variances from the previous year and from the Determination Assumptions; and
- include the confirmation required under Condition 29.3 that the licence holder shall provide, from time to time as requested by the ORR and in any event every year in the regulatory financial statements it prepares pursuant to Condition 22, confirmation that, in respect of the financial year to which the statements relate, it has complied, and, in respect of the following financial year, it is likely to comply, with Condition 29.1 and (where applicable) with Condition 29.2 and, if so requested by the ORR, evidence in support of that confirmation.

In addition the directors are responsible for selecting suitable accounting policies where these are not directed by Regulatory Accounting Guidelines and for making judgements and estimates that are reasonable and prudent.

The board of directors is also required to approve formally the regulatory financial statements by signing the directors' report on the regulatory financial statements.

In accordance with the Regulatory Accounting Guidelines the statutory financial statements are included as an attachment to these regulatory financial statements to enable a comparison. It should be noted that these statutory financial statements, which do not form a part of the regulatory financial statements, are covered by a separate audit engagement and opinion and are included for information only.

Independent Auditors' Report to the company and the ORR

We have audited the regulatory financial statements of Network Rail Infrastructure Limited for the year ended 31 March 2008 which comprise the statement of financial performance, the statement of RAB adjustments and accruals, the statements analysing capital expenditure, operating, maintenance and renewals expenditure and income, the accounting policies and the related Appendices A, B, C, D and E for Great Britain. The statements of financial performance, the statements of RAB adjustments and accruals, the statements analysing capital expenditure, operating, maintenance and renewals expenditure and income for Scotland and England & Wales have also been audited.

This report is made, in accordance with our terms of engagement dated 18 June 2008, solely to the Company and the Office of Rail Regulation ("ORR"), in order to meet the requirement of Condition 22.9 of Network Rail Infrastructure Limited's network licence dated 31 March 1994 as amended on 2 July 2004 and 12 April 2007 ("Condition 22"). Our audit work was undertaken so that we might state to the Company and the ORR those matters we are required to state to them by Condition 22 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the ORR for our audit work, for this report or for the opinions we have formed.

Basis of Preparation

The regulatory financial statements are separate from the statutory financial statements and have been prepared under the accounting policies set out herein which differ from International Financial Reporting Standards ("IFRS"). Financial information other than that prepared on the basis of IFRS or UK Generally Accepted Accounting Principles ("UK GAAP") does not necessarily represent a true and fair view of the financial performance or financial position of a company as shown in financial statements prepared in accordance with the Companies Act 1985.

Respective responsibilities of directors and auditors

The nature, form and content of the regulatory financial statements are determined by the requirements of the ORR. It is not appropriate for the auditors or the directors to assess whether the nature of the information being reported upon is suitable or appropriate for the ORR's purposes. Accordingly, we make no such assessment.

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the regulatory financial statements in accordance with Condition 22 and the Regulatory Accounting Guidelines issued thereunder on 31 March 2008. Our responsibility, as set out in our terms of engagement, is to audit the regulatory financial statements in accordance with those terms, relevant International Standards on Auditing (UK & Ireland), and having regard to the guidance contained in Audit 05/03 'Reporting to Regulators of Regulated Entities', Condition 22 and the Regulatory Accounting Guidelines.

We report to you our opinion as to whether the regulatory financial statements present fairly the regulatory financial performance of Network Rail Infrastructure Limited for the year ended 31 March 2008 and the regulatory financial position as at that date in accordance with the requirements of Condition 22 and the Regulatory Accounting Guidelines and have been prepared in accordance with those same requirements. We also report to you if, in our opinion, the Company has not kept proper accounting records, the regulatory financial statements are not in agreement with the underlying accounting records and regulatory returns, or if we have not received all the information and explanations we require for our

audit.

We read the Directors' Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the regulatory financial statements.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the regulatory financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the regulatory financial statements. It does not include an assessment of whether the accounting policies are appropriate to the circumstances of the Company where these are laid down by the Regulatory Accounting Guidelines. Where the Regulatory Accounting Guidelines do not give specific guidance on the accounting policies to be followed, our audit includes an assessment of whether the accounting policies adopted in respect of the transactions and balances required to be included in the regulatory financial statements are consistent with those used in the preparation of the statutory financial statements of Network Rail Infrastructure Limited.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the regulatory financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated whether the presentation of information in the regulatory financial statements was adequate overall to comply with the Regulatory Accounting Guidelines.

Our opinion on the regulatory financial statements is separate from our opinion on the statutory financial statements of the Company on which we reported on 27 May 2008, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory" audit) was made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a Statutory auditors' report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our Statutory audit work, for our Statutory audit report, or for the opinions we have formed in respect of that Statutory audit.

Opinion

In our opinion the regulatory financial statements fairly present, in accordance with the Regulatory Accounting Guidelines, the regulatory financial performance of Network Rail Infrastructure Limited for the year ended 31 March 2008 and the Regulatory Asset Base as at that date, and have been prepared in accordance with the requirements of Condition 22 and the Regulatory Accounting Guidelines.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
23 June 2008

Accounting Policies

Basis of preparation

Regulatory financial statements are required to be prepared by Network Rail Infrastructure Limited under the terms of its Network Licence dated 31 March 1994, as amended ("the Licence"). The form of the regulatory financial statements is specified in Condition 22 of the Licence and the statements must be prepared in accordance with detailed Regulatory Accounting Guidelines issued by ORR under Condition 22 on 31 March 2008.

The accounting policies adopted in presenting these regulatory financial statements are consistent with the Regulatory Accounting Guidelines issued by the ORR on 31 March 2008. These are consistent with those detailed in the Company's statutory financial statements for the year ended 31 March 2008 which were approved by the Directors on 27 May 2008 and will be filed with the Registrar of Companies in July 2008 with the following exceptions:

Inflation

Each year the opening Regulatory Asset Base ("RAB") is inflated to bring its valuation up to current prices. The statutory accounts are prepared on an historical cost basis modified to include fixed assets at valuation and no adjustment is made to opening balances at the start of each financial year to reflect inflation.

Depreciation and amortisation

In the statutory accounts the average railway network fixed asset valuation is depreciated on a straight line basis over its estimated remaining weighted average useful economic life (currently 25 years). No depreciation is provided in these regulatory financial statements. The RAB is amortised as detailed in the ORR Access Charges Review 2003 Final Conclusions. The opening RAB at 1 April 2004 is subject to amortisation on a 7 per cent reducing balance basis while additions to the RAB in respect of renewals and enhancements subsequent to 1 April 2004 in the Control Period are amortised over 30 years.

Reactive works on structures and operational property

Certain reactive and cyclical works on structures and operational property are recorded in the ACR 2003 as renewals. Therefore, in these regulatory financial statements they have been disclosed as renewals to give the most appropriate comparison with the ACR 2003. In the statutory accounts, such amounts are recorded as maintenance within operating costs as they do not represent capital expenditure in accordance with IAS 16 '*Property, Plant & Equipment*'. An adjustment has also been made for WCRM feeder stations which are treated as operating expenditure in the determination and as fixed asset additions in the statutory accounts.

Debt

In accordance with the RAGs Condition 29.4, debt is calculated by reference to the principal amount outstanding of any such financial indebtedness. No mark to market value is used to calculate its amount. Where financial indebtedness is denominated in a foreign currency, hedged by a derivative, the principal amount is calculated by reference to the sterling amount payable under the relevant derivative.

Accounting Policies continued

Capitalised interest

Interest is capitalised into the cost of projects in the statutory accounts in accordance with IAS 16 '*Property, Plant & Equipment*' and IAS 23 '*Borrowing Costs*'. In these regulatory financial statements capitalised interest is excluded from all balances and where appropriate capitalised financing is added in the calculation of the RAB.

Basis of disaggregation

No segmental analysis is provided in the statutory financial statements because Network Rail operates one class of business, that of managing the national rail infrastructure, and undertakes that class of business in one geographic location, Great Britain.

However, a proportion of Network Rail's expenditure on operating, maintaining, renewing and enhancing the network is directly attributable to specific geographical areas, including Scotland. Other costs are incurred centrally. These other costs have been allocated to Scotland on the basis outlined in Annex E of the Regulatory Accounting Guidelines.

No ACR was performed separately for Scotland for Control Period 3. Instead, the ORR have supplied Indicative ACR 2003 data against which to evaluate the performance of the Scottish operations.

Statement 1: GB Regulatory financial performance

in £m 2007/08 prices

	Actual	2007/08 ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure (see Statement 4c)	1,179	1,166	(13)
Maintenance expenditure (see Statements 4b & 4c)	1,118	1,119	1
Schedule 4 costs	112	94	(18)
Schedule 8 (income)/costs	(82)	15	97
Return on the RAB (as per ACR 2003)	1,736	1,736	-
Amortisation	1,633	1,633	-
Gross revenue	5,696	5,763	67
Other income	(811)	(823)	(12)
Net revenue	4,885	4,940	55
Variable charge income including Schedule 4 and 8 access charges	(536)	(450)	86
Total net revenue recovered through fixed track access charges and grants	4,349	4,490	141
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	536	450	86
Fixed charges ¹	1,432	2,046	(614)
Total track access charges	1,968	2,496	(528)
Grants ^{1, 2}	2,915	2,450	465
Total revenue	4,883	4,946	(63)
C) Reconciliation to total income:			
Other income	811	823	(12)
Deferred grants ³	368	368	-
Schedule 4 costs	(112)	(94)	(18)
Schedule 8 income/(costs)	82	(15)	97
Total income (see Statement 5)	6,032	6,028	4

¹ Actual Fixed charges for 2007/08 are calculated net of £600m rebate. This is exactly offset by an additional £600m of income included in Grants.

² Actual Grant income received for 2007/08 is net of a £105m rebate paid by Network Rail to reflect the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

³ Actual Grants received for 2007/08 includes £132m of deferred grants from earlier in the Control Period and £236m capital return on the outstanding value of the grant.

Statement 1: GB Regulatory financial performance

in £m 2007/08 prices

	Actual	2006/07 ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	1,273	1,213	(60)
Maintenance expenditure	1,195	1,217	22
Schedule 4 costs	98	92	(6)
Schedule 8 (income)/costs	(91)	16	107
Return on the RAB (as per ACR 2003)	1,659	1,659	-
Amortisation	1,628	1,628	-
Gross revenue	5,762	5,825	63
Other income	(811)	(832)	(21)
Net revenue	4,951	4,993	42
Variable charge income including Schedule 4 and 8 access charges	(514)	(448)	66
Total net revenue recovered through fixed track access charges and grants	4,437	4,545	108
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	514	448	66
Fixed charges ¹	1,420	2,061	(641)
Total track access charges	1,934	2,509	(575)
Grants ^{1, 2}	2,989	2,487	502
Total revenue	4,923	4,996	(73)
C) Reconciliation to total income:			
Other income	811	832	(21)
Deferred grants ³	376	376	-
Schedule 4 costs	(98)	(92)	(6)
Schedule 8 income/(costs)	91	(16)	107
Total income	6,103	6,096	7

¹ Actual Fixed charges for 2006/07 are calculated net of £600m rebate (2006/07 prices). This is exactly offset by an additional £600m of income (2006/07 prices) included in Grants.

² Actual Grant income received for 2006/07 is net of a £105m rebate paid by Network Rail to reflect the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

³ Actual Grants received for 2006/07 includes £131m of deferred grants from earlier in the Control Period and £245m capital return on the outstanding value of the grant.

Statement 1: GB Regulatory financial performance continued

in £m 2007/08 prices

	Actual	2005/06 ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	1,224	1,296	72
Maintenance expenditure	1,291	1,323	32
Schedule 4 costs	77	84	7
Schedule 8 (income)/costs	(92)	16	108
Return on the RAB (as per ACR 2003)	1,672	1,672	-
Amortisation	1,630	1,630	-
Gross revenue	5,802	6,021	219
Other income	(827)	(827)	-
Net revenue	4,975	5,194	219
Variable charge income including Schedule 4 and 8 access charges	(484)	(440)	44
Total net revenue recovered through fixed track access charges and grants	4,491	4,754	263
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004			
ORR statement			
Variable charges	484	440	44
Fixed charges ¹	731	996	(265)
Total track access charges	1,215	1,436	(221)
Grants ^{1, 2}	2,148	3,759	(1,611)
Total revenue	3,363	5,195	(1,832)
C) Reconciliation to total income:			
Other income	827	827	-
Deferred grants	-	-	-
Schedule 4 costs	(77)	(84)	7
Schedule 8 income/(costs)	92	(16)	108
Total income	4,205	5,922	(1,717)

¹ Actual Fixed charges for 2005/06 are calculated net of £250m rebate (2005/2006 prices). This is exactly offset by an additional £250m of income (2005/06 prices) included in Grants.

² Grant income as stated in the ACR 2003 for 2005/06 includes £1,894m of deferred grants that were not received in that financial year.

Statement 1: GB Regulatory financial performance continued

in £m 2007/08 prices

	Actual	2004/05 ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	1,311	1,385	74
Maintenance expenditure	1,410	1,438	28
Schedule 4 costs	65	74	9
Schedule 8 (income)/costs	(80)	18	98
Return on the RAB (as per ACR 2003)	1,507	1,507	-
Amortisation	1,608	1,608	-
Gross revenue	5,821	6,030	209
Other income	(803)	(803)	-
Net revenue	5,018	5,227	209
Variable charge income including Schedule 4 and 8 access charges	(459)	(432)	27
Total net revenue recovered through fixed track access charges and grants	4,559	4,795	236
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004			
ORR statement			
Variable charges	459	432	27
Fixed charges ¹	698	983	(285)
Total track access charges	1,157	1,415	(258)
Grants ^{1, 2}	2,283	3,815	(1,532)
Total revenue	3,440	5,230	(1,790)
C) Reconciliation to total income:			
Other income	803	803	-
Deferred grants	-	-	-
Schedule 4 costs	(65)	(74)	9
Schedule 8 income/(costs)	80	(18)	98
Total income	4,258	5,941	(1,683)

¹ Actual Fixed charges for 2004/05 are calculated net of £250m rebate (2004/2005 prices). This is exactly offset by an additional £250m of income (2004/05 prices) included in Grants.

² Grant income as stated in the ACR 2003 for 2004/05 includes £1,803m of deferred grants that were not received in that financial year.

Statement 1: GB Regulatory financial performance continued

in £m 2007/08 prices

	Actual	Cumulative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	4,987	5,060	73
Maintenance expenditure	5,014	5,097	83
Schedule 4 costs	352	344	(8)
Schedule 8 (income)/costs	(345)	65	410
Return on the RAB (as per ACR 2003)	6,574	6,574	-
Amortisation	6,499	6,499	-
Gross revenue	23,081	23,639	558
Other income	(3,252)	(3,285)	(33)
Net revenue	19,829	20,354	525
Variable charge income including Schedule 4 and 8 access charge supplements	(1,993)	(1,770)	223
Total net revenue recovered through fixed track access charges and grants	17,836	18,584	748
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	1,993	1,770	223
Fixed charges ¹	4,281	6,086	(1,805)
Total track access charges	6,274	7,856	(1,582)
Grants ^{2, 3}	10,335	12,511	(2,176)
Total revenue	16,609	20,367	(3,758)
C) Reconciliation to total income:			
Other income	3,252	3,285	(33)
Deferred grants ⁴	744	744	-
Schedule 4 costs	(352)	(344)	(8)
Schedule 8 income/(cost)	345	(65)	410
Total income	20,598	23,987	(3,389)

¹ Actual Fixed charges for the Control Period to date are calculated net of £1,700m of rebates (nominal prices). This is exactly offset by an additional £1,700m of income (nominal prices) included in Grants.

² Grant income as stated in the ACR 2003 for 2004/05 and 2005/06 includes £1,803m and £1,894m of deferred grants respectively that were not received in those financial years.

³ Actual Grant income received for both 2006/07 and 2007/08 is net of a £105m rebate paid by Network Rail to reflect the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

⁴ Actual Grants received for 2006/07 and 2007/08 includes £131m and £132m of deferred grants respectively from earlier in the Control Period and £245m and £236m capital return on the outstanding value of the grant respectively.

Statement 2a: GB RAB (Regulatory financial position)

in £m 2007/08 prices unless stated

	Movements in the year 2007/08			
	Indexation	Adjustment	Capitalised financing (return)	Total as at 31/03/08
A) Calculation of the regulatory accounts GB				
RAB at 31 March 2008				
Opening RAB for the year (2006/07 prices)				25,266
Indexation	1,080			1,080
Opening RAB (2007/08 prices)				26,346
Amortisation on 1 April 2004 RAB		(1,172)		(1,172)
Opening RAB after amortisation		(1,172)		25,174
Adjustments				
Signalling review		111	(8)	103
Capex outturn 2003/04			(26)	(26)
EC4T adjustment			2	2
RAB after prior year adjustments				25,253
Renewals and enhancements (see Statement 3 for more detail)				
Renewals in ACR 2003	2,546		-	2,546
Enhancements in ACR 2003	277		-	277
Variance on emerging cost enhancements	12		(18)	(6)
Investments not funded in ACR 2003	308		25	333
Total enhancements	597		7	604
Total renewals and enhancements	3,143		7	3,150
Amortisation on post April 2004 investment in ACR 2003	(461)		-	(461)
Net addition to the RAB from renewals and enhancements		2,682	7	2,689
Closing RAB at 31 March 2008				27,942
B) Adjustments to the RAB at 1 April 2009¹				
Revenue deferral				3,561
Asset stewardship index forecast for 1 April 2009				353
Volume incentive forecast for 1 April 2009				383
Total adjustments				4,297

¹ Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

Statement 2b: GB RAB and net debt analysis (Regulatory financial position)

in £m 2007/08 prices unless stated

	2004-05	2005-06	2006-07	2007-08	Total
A) Calculation of the regulatory accounts GB RAB at 31 March 2008					
Opening RAB for the year ¹ (2006/07 prices)	19,970				
Indexation	854				
Opening RAB (2007/08 prices)	20,824	22,703	24,943	26,346	20,824
Amortisation on 1 April 2004 RAB	(1,458)	(1,357)	(1,261)	(1,172)	(5,248)
Opening RAB after amortisation	19,366	21,346	23,682	25,174	15,576
Adjustments					
Signalling review	-	(150)	40	103	(7)
Capex outturn 2003/04	(352)	-	(50)	(26)	(428)
Opening net debt at 1 April 2004	(384)	384	-	-	-
Investments disallowed by ORR	-	(17)	-	-	(17)
EC4T adjustment	-	-	34	2	36
RAB after prior year adjustments	18,630	21,563	23,706	25,253	15,160
Renewals and enhancements (see Statement 2a for more detail)					
Renewals in ACR 2003	3,327	3,071	2,530	2,546	11,474
Enhancements in ACR 2003	1,204	465	340	277	2,286
Variance on emerging cost enhancements	(365)	91	(14)	(6)	(294)
Investments not funded in ACR 2003	57	26	151	333	567
Total enhancements	896	582	477	604	2,559
Total renewals and enhancements	4,223	3,653	3,007	3,150	14,033
Amortisation on post April 2004 investment in ACR 2003	(150)	(273)	(367)	(461)	(1,251)
Net addition to the RAB from renewals and enhancements	4,073	3,380	2,640	2,689	12,782
Closing RAB at 31 March 2008	22,703	24,943	26,346	27,942	27,942
B) Adjustments to the RAB at 1 April 2009²					
Revenue deferral					3,561
Asset stewardship index forecast for 1 April 2009					353
Volume incentive forecast for 1 April 2009					383
Total adjustments					4,297
C) Net debt analysis					
Net debt³	17,360	19,487	19,366	19,381	
Net debt to RAB ratio	76.5%	78.1%	73.5%	69.4%	

Statement 2b: GB RAB and net debt analysis (Regulatory financial position) continued

¹ The opening RAB at 1 April 2004 (2003/04 prices) was £18,143m.

² Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

³ Of the total net debt balance at 31 March 2008 detailed above, £15,366m is owed to Network Rail Infrastructure Finance PLC, the special purpose financing vehicle that Network Rail has established to facilitate its long term Debt Issuance Programme and £3,924m is owed to Network Rail MTN Finance PLC.

Statement 3: GB Analysis of RAB capital expenditure

in £m 2007/08 prices unless stated

	Net spend in the year		
	Actual	ACR 2003	Difference
A) Renewals included in ACR 2003	2,894	2,657	(237)
B) Enhancements included in ACR 2003			
<i>Health and safety schemes</i>			
Train protection schemes - ERTMS	29	51	22
Light Maintenance Depot pollution prevention	26	24	(2)
Passenger security initiatives	15	-	(15)
Other Safety & Environment plan schemes	27	67	40
<i>Total health and safety schemes</i>	97	142	45
<i>Emerging cost enhancements (transition schemes)</i>			
Power Supply Upgrade (PSU)	2	-	(2)
Southern Region New Trains Programme (non-PSU)	8	-	(8)
CTRL blockade	2	-	(2)
<i>Total emerging cost enhancements</i>	12	-	(12)
Telecoms enhancements	12	42	30
West Coast Route Modernisation enhancements	220	93	(127)
Total enhancements in ACR 2003	341	277	(64)
C) Investments not included in ACR 2003			
<i>Government sponsored schemes</i>			
Disability Discrimination Act compliance	33	-	(33)
Kings Cross	17	-	(17)
St Pancras	72	-	(72)
Thameslink	62	-	(62)
<i>Total government sponsored schemes</i>	184	-	(184)
Network Rail sponsored schemes	33	-	(33)
Network Rail Discretionary Fund	60	-	(60)
Schemes promoted by third parties	31	-	(31)
Total investments not included in ACR 2003 allowance¹	308	-	(308)
Total renewals and enhancements	3,543	2,934	(609)

¹ Separate reports are provided to the ORR in addition to the Regulatory Financial Statements, showing the break down between schemes and outputs.

Statement 4a: GB Summary analysis of operating, maintenance & renewals expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	ACR 2003	Difference
Renewals			
Non-WCRM renewals			
Track	923	774	(149)
Structures	383	410	27
Signalling ¹	478	488	10
Telecoms	189	297	108
Electrification	94	105	11
Plant and machinery	92	62	(30)
Operational property	225	221	(4)
Other (inc IT)	150	110	(40)
Total non-WCRM renewals	2,534	2,467	(67)
Total WCRM renewals	360	190	(170)
Total renewals	2,894	2,657	(237)
Total maintenance (see Statements 4b & 4c)	1,118	1,119	1
Operating expenditure (see Statement 4c)			
Controllable operating expenditure	878	908	30
Non-controllable operating expenditure	301	258	(43)
Total operating expenditure	1,179	1,166	(13)
Total operating, maintenance and renewals expenditure	5,191	4,942	(249)

¹ The signalling allowance in the ACR 2003 is stated after taking account of the ORR's signalling review published in December 2005. This has the effect of increasing the ACR 2003 by £111m (£103m including the impact of capitalised financing) for 2007/08.

Statement 4b: GB Analysis of maintenance expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	ACR 2003 ¹	Difference
Analysis of maintenance expenditure			
Permanent way ²	421		
Signalling and telecoms ²	144		
Electrification and plant ²	60		
Structures inspections ²	36		
Other ³	457		
Total maintenance	1,118	1,119	1

¹ ACR 2003 did not break down maintenance expenditure. Therefore, no detailed comparatives to actual expenditure are included.

² These costs only include direct costs.

³ This includes costs such as maintenance delivered outside of the maintenance department and other direct costs as well as certain overheads.

Statement 4c: GB analysis of operating expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Operating expenditure	Maintenance expenditure	Total
Total payroll costs	887	640	1,527
Other controllable operating expenditure			
Contracted services			
- agency	82	1	83
- contractors and consultants	17	2	19
- maintenance contractors	-	246	246
Total contracted services	99	249	348
Employee related expenses	67	18	85
Accommodation and corporate office expenses	60	19	79
Plant	50	161	211
Materials	-	183	183
IT	39	1	40
Other ¹	136	90	226
Total other controllable operating expenditure	451	721	1,172
Less:			
Other operating income	(104)	(24)	(128)
Own work capitalised	(356)	(219)	(575)
Total controllable operating expenditure²	878	1,118	1,996
Non-controllable operating expenditure			
Traction electricity costs	147	-	147
Cumulo rates	68	-	68
BT Transport Police costs	65	-	65
Rail Safety and Standards Board levy	3	-	3
ORR licence fee	18	-	18
Total non-controllable operating expenditure	301	-	301
Total operating expenditure	1,179	1,118	2,297

¹ Other controllable operating expenditure includes Network Rail Insurance Limited's total loss from operations of £11m.

² Controllable operating expenditure includes £198m of signallers/LX keeper costs, £31m of operation delivery costs and £30m of control costs.

Statement 5: GB analysis of income

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	ACR 2003	Difference
Franchised track access income			
Fixed charges	1,432	2,046	(614)
Gross variable charge income			
- usage charge	244	200	44
- capacity charge	8	-	8
- traction electricity (incl. electrification usage charge)	186	141	45
- Schedule 4 net income	(19)	-	(19)
- Schedule 8 net income	87	-	87
- other contractual receipts	-	-	-
Total gross variable charge income	506	341	165
Total franchised track access income	1,938	2,387	(449)
Grant income	2,915	2,450	465
Deferred grants	368	368	-
Total grant income	3,283	2,818	465
Total franchised track access and grant income	5,221	5,205	16
Other single till income			
Property income	290	277	13
Freight income	90	104	(14)
Open access income	67	33	34
Stations income	310	322	(12)
Depots income	52	58	(6)
Other	2	29	(27)
Total other single till income	811	823	(12)
Total income	6,032	6,028	4

Statement 6: GB Other information

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	ACR 2003 ¹	Difference
Analysis of Schedule 4 net income			
Income	93	94	(1)
Costs	(112)	(94)	(18)
Net costs	(19)	-	(19)
Analysis of Schedule 8 net income			
Income	5	15	(10)
Costs ²	82	(15)	97
Net income	87	-	87
Analysis of freight income			
Variable track access	90		
Capacity charge	4		
Performance regime	(11)		
Cancellations	-		
Traction electricity	5		
Other	2		
Total freight income	90	104	(14)

¹ ACR 2003 did not break down freight income. Therefore, no detailed comparatives to actual expenditure are included.

² Actual costs are amounts receivable due to performance exceeding the ACR 2003 determination.

Appendix A: Reconciliation of RAB to Statutory Railway Network Fixed Assets Valuation

At 31 March 2008

	£m	£m
RAB valuation at 31 March 2008 (Statement 2a)		27,942
Differences between RAB valuation and statutory railway network fixed assets valuation		
Capital grants carried as deferred income in statutory accounts	1,317	
Adjustment to recognise deferred revenue grant	3,692	
Reported as investment properties in statutory accounts	(949)	
Adjustment to reflect differences in the projected net cash flow to that stated in the determination	(1,172)	
Impact of achieving Asset Stewardship Incentive Index target	353	
Impact of achieving Volume Incentive target	270	
Other	(10)	
		3,501
Railway network valuation per the statutory accounts at 31 March 2008		31,443

Appendix B: Reconciliation of Operating and Maintenance Expenditure between Regulatory Statements and Statutory Accounts

Year ended 31 March 2008

	Operating expenditure £m	Maintenance expenditure £m	Total £m
Operating and maintenance expenditure for year ended 31 March 2008 per the regulatory statements (Statement 1)	1,179	1,118	2,297
Differences between regulatory expenditure and statutory expenditure			
Depreciation	1,195	-	1,195
Reactive maintenance expenditure ¹	-	100	100
Capital grants amortised	(36)	-	(36)
Outperformance fund expenditure	-	19	19
Wayleaves	(10)	-	(10)
West Coast feeder stations	(13)	-	(13)
CTRL	(4)	-	(4)
	1,132	119	1,251
Operating and maintenance expenditure for year ended 31 March 2008 per the statutory accounts	2,311	1,237	3,548

¹This includes £48m stations maintenance and £52m operational property maintenance.

Appendix C: Reconciliation of Regulatory Income to Statutory Turnover

Year ended 31 March 2008

	£m	£m
Regulatory income for year ended 31 March 2008 (Statements 1 and 5)		6,032
Differences between regulatory income and statutory turnover		
Property sales	(62)	
Wayleaves	(10)	
		(72)
Turnover per the statutory accounts for year ended 31 March 2008		5,960

Appendix D: Reconciliation of Regulatory Debt to Statutory Net Debt

At 31 March 2008

	£m	£m
Regulatory debt at 31 March 2008 (Statement 2b)		19,381
Differences between regulatory debt and statutory net debt		
Impact of IAS32 and IAS39:		
Change in fair value of debt	31	
Foreign exchange differences	237	
Net investment in CTRL	94	
		362
Net debt per the statutory accounts at 31 March 2008		19,743

Appendix E: Reconciliation of Regulatory Capital Expenditure to Statutory Capital Expenditure

Year ended 31 March 2008

	£m	£m
Regulatory capital expenditure for the year ended 31 March 2008 (Statement 3)		3,543
Differences between regulatory capital expenditure and statutory capital expenditure		
Third party funded enhancements	319	
Reactive maintenance	(100)	
Capitalised interest	92	
Outperformance funded enhancements	74	
Enhancement expenditure not meeting ORR criteria	20	
West Coast feeder stations	13	
Investment property schemes	(9)	
		409
Capital expenditure per the statutory accounts for the year ended 31 March 2008		3,952

DISAGGREGATED FINANCIAL INFORMATION

Statement 1: Scotland Regulatory financial performance

in £m 2007/08 prices

	Actual	2007/08 Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure (see Statement 4c)	103	113	10
Maintenance expenditure (see Statements 4b & 4c)	102	104	2
Schedule 4 costs	6	9	3
Schedule 8 income	(5)	-	5
Return on the RAB (as per Indicative ACR 2003)	177	177	-
Amortisation	172	172	-
Gross revenue	555	575	20
Other income	(63)	(62)	1
Net revenue	492	513	21
Variable charge income including Schedule 4 and 8 access charges	(29)	(31)	(2)
Total net revenue recovered through fixed track access charges and grants	463	482	19
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	29	31	(2)
Fixed charges	144	138	6
Total track access charges	173	169	4
Grants ¹	328	345	(17)
Total revenue	501	514	(13)
C) Reconciliation to total income:			
Other income	63	62	1
Deferred grants	32	32	-
Schedule 4 costs	(6)	(9)	3
Schedule 8 income	5	-	5
Total income (see Statement 5)	595	599	(4)

¹ Actual Grant income received for 2007/08 is net of a £7m rebate paid by Network Rail to reflect Scotland's assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 1: Scotland Regulatory financial performance

in £m 2007/08 prices

	Actual	2006/07 Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	112	118	6
Maintenance expenditure	113	112	(1)
Schedule 4 costs	3	9	6
Schedule 8 income	(3)	-	3
Return on the RAB (as per Indicative ACR 2003)	172	172	-
Amortisation	173	173	-
Gross revenue	570	584	14
Other income	(62)	(61)	1
Net revenue	508	523	15
Variable charge income including Schedule 4 and 8 access charges	(27)	(31)	(4)
Total net revenue recovered through fixed track access charges and grants	481	492	11
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	27	31	(4)
Fixed charges	139	139	-
Total track access charges	166	170	(4)
Grants ¹	340	354	(14)
Total revenue	506	524	(18)
C) Reconciliation to total income:			
Other income	62	61	1
Deferred grants	21	21	-
Schedule 4 costs	(3)	(9)	6
Schedule 8 income	3	-	3
Total income	589	597	(8)

¹ Actual Grant income received for 2006/07 is net of a £7m rebate paid by Network Rail to reflect Scotland's assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 1: Scotland Regulatory financial performance

in £m 2007/08 prices

	Cumulative (06/07 & 07/08)		
	Actual	Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	215	231	16
Maintenance expenditure	215	216	1
Schedule 4 costs	9	18	9
Schedule 8 income	(8)	-	8
Return on the RAB (as per Indicative ACR 2003)	349	349	-
Amortisation	345	345	-
Gross revenue	1,125	1,159	34
Other income	(125)	(123)	2
Net revenue	1,000	1,036	36
Variable charge income including Schedule 4 and 8 access charges	(56)	(62)	(6)
Total net revenue recovered through fixed track access charges and grants	944	974	30
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	56	62	(6)
Fixed charges	283	277	6
Total track access charges	339	339	-
Grants ¹	668	699	(31)
Total revenue	1,007	1,038	(31)
C) Reconciliation to total income:			
Other income	125	123	2
Deferred grants	53	53	-
Schedule 4 costs	(9)	(18)	9
Schedule 8 income	8	-	8
Total income	1,184	1,196	(12)

¹ Actual Grant income received for both 2006/07 and 2007/08 is net of a £7m rebate paid by Network Rail to reflect Scotland's assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 2a: Scotland RAB (Regulatory financial position)

in £m 2007/08 prices unless stated

	Movements in the year 2007/08			Total as at
	Indexation	Adjustment	Capitalised financing (return)	31/03/08
A) Calculation of the regulatory accounts				
Scotland RAB at 31 March 2008				
Opening RAB for the year (2006/07 prices)				2,624
Indexation	112			112
Opening RAB (2007/08 prices)				2,736
Amortisation on 1 April 2004 RAB		(131)		(131)
Opening RAB after amortisation		(131)		2,605
Adjustments				
Capex outturn 2003/04			(3)	(3)
RAB after prior year adjustments				2,602
Renewals and enhancements (see Statement 3 for more detail)				
Renewals in Indicative ACR 2003	243	-	-	243
Enhancements in Indicative ACR 2003	-	-	-	-
Variance on emerging cost enhancements	-	-	-	-
Investments not funded in Indicative ACR 2003	12	1	1	13
Total enhancements	12	1	1	13
Total renewals and enhancements	255	1	1	256
Amortisation on post April 2004 investment in Indicative ACR 2003	(41)	-	-	(41)
Net addition to the RAB from renewals and enhancements	214	1	1	215
Closing RAB at 31 March 2008				2,817
B) Adjustments to the RAB at 1 April 2009¹				
Revenue deferral				398
Asset stewardship index forecast for 1 April 2009				39
Volume incentive forecast for 1 April 2009				36
Total adjustments				473

¹ Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

Statement 2b: Scotland RAB (Regulatory financial position)

in £m 2007/08 prices unless stated

	2006-07	2007-08	Total
A) Calculation of the regulatory accounts			
Scotland RAB at 31 March 2008			
Opening RAB for the year¹ (2006/07 prices)	2,550		
Indexation	109		
Opening RAB (2007/08 prices)	2,659	2,736	2,659
Amortisation on 1 April 2004 RAB	(141)	(131)	(272)
Opening RAB after amortisation	2,518	2,605	2,387
Adjustments			
Capex outturn 2003/04	(6)	(3)	(9)
EC4T adjustment	2	-	2
RAB after prior year adjustments	2,514	2,602	2,380
Renewals and enhancements (see Statement 2a for more detail)			
Renewals in Indicative ACR 2003	252	243	495
Enhancements in Indicative ACR 2003	-	-	-
Variance on emerging cost enhancements	-	-	-
Investments not funded in ACR 2003	2	13	15
Total enhancements	2	13	15
Total renewals and enhancements	254	256	510
Amortisation on post April 2004 investment in Indicative ACR 2003	(32)	(41)	(73)
Net addition to the RAB from renewals and enhancements	222	215	437
Closing RAB at 31 March 2008	2,736	2,817	2,817

B) Adjustments to the RAB at 1 April 2009²

Revenue deferral	398
Asset stewardship index forecast for 1 April 2009	39
Volume incentive forecast for 1 April 2009	36
Total adjustments	473

¹ The opening RAB at 1 April 2006 (2005/06 prices) was £2,455m.

² Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

Statement 3: Scotland Analysis of RAB capital expenditure

in £m 2007/08 prices unless stated

	Net spend in the year		
	Actual	Indicative ACR 2003	Difference
A) Renewals included in Indicative ACR 2003	276	243	(33)
B) Enhancements included in Indicative ACR 2003			
<i>Health and safety schemes</i>			
Light Maintenance Depot pollution prevention	10	-	(10)
Other Safety & Environment plan schemes	2	-	(2)
<i>Total health and safety schemes</i>	12	-	(12)
Telecoms enhancements	12	-	(12)
West Coast Route Modernisation enhancements	(13)	-	13
Total enhancements in Indicative ACR 2003	11	-	(11)
C) Investments not included in Indicative ACR 2003 allowance			
<i>Government sponsored schemes</i>			
Disability Discrimination Act compliance	5	-	(5)
<i>Total government sponsored schemes</i>	5	-	(5)
Network Rail sponsored schemes	1	-	(1)
Network Rail Discretionary Fund	6	-	(6)
Total investments not included in Indicative ACR 2003 allowance¹	12	-	(12)
Total renewals and enhancements	299	243	(56)

¹ Separate reports are provided to the ORR in addition to the Regulatory Financial Statements, showing the break down between schemes and outputs.

² The expenditure in Scotland during the year under the categories: Emerging cost enhancements and Schemes promoted by third parties, was less than £1m and so are not presented in the table above.

Statement 4a: Scotland Summary analysis of operating, maintenance & renewals expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	Indicative ACR 2003	Difference
Renewals			
Non-WCRM renewals			
Track	83	74	(9)
Structures	59	39	(20)
Signalling ¹	58	36	(22)
Telecoms	31	29	(2)
Electrification	5	10	5
Plant and machinery	4	6	2
Operational property	12	21	9
Other (inc IT)	17	10	(7)
Total non-WCRM renewals	269	225	(44)
Total WCRM renewals	7	18	11
Total renewals	276	243	(33)
Total maintenance (see Statements 4b & 4c)	102	104	2
Operating expenditure (see Statement 4c)			
Controllable operating expenditure	79	88	9
Non-controllable operating expenditure	24	25	1
Total operating expenditure	103	113	10
Total operating, maintenance and renewals expenditure	481	460	(21)

¹ The signalling review published in December 2005 has no impact upon the Indicative ACR 2003 allowance.

Statement 4b: Scotland Analysis of maintenance expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	Indicative ACR 2003 ¹	Difference
Analysis of maintenance expenditure			
Permanent way ²	36		
Signalling and telecoms ²	14		
Electrification and plant ²	4		
Structures inspections ²	6		
Other ³	42		
Total maintenance	102	104	2

¹ Indicative ACR 2003 did not break down maintenance expenditure. Therefore, no detailed comparatives to actual expenditure are included.

² These costs only include direct costs.

³ This includes costs such as maintenance delivered outside of the maintenance department and other direct costs as well as certain overheads.

Statement 4c: Scotland analysis of operating expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Operating expenditure	Maintenance expenditure	Total
Total payroll costs	82	60	142
Other controllable operating expenditure			
Contracted services			
- agency	7	-	7
- contractors and consultants	1	-	1
- maintenance contractors	-	15	15
Total contracted services	8	15	23
Employee related expenses	6	2	8
Accommodation and corporate office expenses	7	-	7
Plant	4	14	18
Materials	-	13	13
IT	4	-	4
Other ¹	11	19	30
Total other controllable operating expenditure	40	63	103
Less:			
Other operating income	(9)	(2)	(11)
Own work capitalised	(34)	(19)	(53)
Total controllable operating expenditure²	79	102	181
Non-controllable operating expenditure			
Traction electricity costs	9	-	9
Cumulo rates	7	-	7
BT Transport Police costs	6	-	6
Rail Safety and Standards Board levy	-	-	-
ORR licence fee	2	-	2
Total non-controllable operating expenditure	24	-	24
Total operating expenditure	103	102	205

¹ Other controllable operating expenditure includes the Scotland share of Network Rail Insurance Limited's total loss from operations of £1m.

² Controllable operating expenditure includes £17m of signallers/LX keeper costs, £2m of operation delivery costs and £2m of control costs.

Statement 5: Scotland Analysis of income

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	Indicative ACR 2003	Difference
Franchised track access income			
Fixed charges	144	138	6
Gross variable charge income			
- usage charge	12	13	(1)
- capacity charge	-	-	-
- traction electricity (incl. electrification usage charge)	9	9	-
- Schedule 4 net income	2	-	2
- Schedule 8 net income	5	-	5
- other contractual receipts	-	-	-
Total gross variable charge income	28	22	6
Total franchised track access income	172	160	12
Grant income	328	345	(17)
Deferred grants	32	32	-
Total grant income	360	377	(17)
Total franchised track access and grant income	532	537	(5)
Other single till income			
Property income	22	19	3
Freight income	9	11	(2)
Open access income	-	-	-
Stations income	26	25	1
Depots income	6	7	(1)
Other	-	-	-
Total other single till income	63	62	1
Total income	595	599	(4)

Statement 6: Scotland Other information

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	Indicative ACR 2003 ¹	Difference
Analysis of Schedule 4 net income			
Income	8	9	(1)
Costs	(6)	(9)	3
Net income	2	-	2
Analysis of Schedule 8 net income			
Income	-	-	-
Costs ²	5	-	5
Net income	5	-	5
Analysis of freight income			
Variable track access	9		
Capacity charge	-		
Performance regime	(1)		
Cancellations	-		
Traction electricity	1		
Other	-		
Total freight income	9	11	(2)

¹ Indicative ACR 2003 did not break down freight income. Therefore, no detailed comparatives to actual expenditure are included.

² Actual costs are amounts receivable due to performance exceeding the Indicative ACR 2003 determination.

Statement 1: England & Wales Regulatory financial performance

in £m 2007/08 prices

	Actual	2007/08 Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure (see Statement 4c)	1,076	1,053	(23)
Maintenance expenditure (see Statements 4b & 4c)	1,016	1,015	(1)
Schedule 4 costs	106	85	(21)
Schedule 8 (income)/costs	(77)	15	92
Return on the RAB (as per Indicative ACR 2003)	1,559	1,559	-
Amortisation	1,461	1,461	-
Gross revenue	5,141	5,188	47
Other income	(748)	(761)	(13)
Net revenue	4,393	4,427	34
Variable charge income including Schedule 4 and 8 access charges	(507)	(419)	88
Total net revenue recovered through fixed track access charges and grants	3,886	4,008	122
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	507	419	88
Fixed charges ¹	1,288	1,908	(620)
Total track access charges	1,795	2,327	(532)
Grants ^{1, 2}	2,587	2,105	482
Total revenue	4,382	4,432	(50)
C) Reconciliation to total income:			
Other income	748	761	(13)
Deferred grants	336	336	-
Schedule 4 costs	(106)	(85)	(21)
Schedule 8 income/(costs)	77	(15)	92
Total income (see Statement 5)	5,437	5,429	8

¹ Actual Fixed charges for 2007/08 are calculated net of £600m rebate. This is exactly offset by an additional £600m of income included in Grants.

² Actual Grant income received for 2007/08 is net of a £98m rebate paid by Network Rail to reflect England & Wales' assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 1: England & Wales Regulatory financial performance

in £m 2007/08 prices

	Actual	2006/07 Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	1,161	1,095	(66)
Maintenance expenditure	1,082	1,105	23
Schedule 4 costs	95	83	(12)
Schedule 8 (income)/costs	(88)	16	104
Return on the RAB (as per Indicative ACR 2003)	1,487	1,487	-
Amortisation	1,455	1,455	-
Gross revenue	5,192	5,241	49
Other income	(749)	(771)	(22)
Net revenue	4,443	4,470	27
Variable charge income including Schedule 4 and 8 access charges	(487)	(417)	70
Total net revenue recovered through fixed track access charges and grants	3,956	4,053	97
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	487	417	70
Fixed charges ¹	1,281	1,922	(641)
Total track access charges	1,768	2,339	(571)
Grants ^{1, 2}	2,649	2,133	516
Total revenue	4,417	4,472	(55)
C) Reconciliation to total income:			
Other income	749	771	(22)
Deferred grants ³	355	355	-
Schedule 4 costs	(95)	(83)	(12)
Schedule 8 income/(costs)	88	(16)	104
Total income	5,514	5,499	15

¹ Actual Fixed charges for 2006/07 are calculated net of £600m rebate (2006/07 prices). This is exactly offset by an additional £600m of income (2006/07 prices) included in Grants.

² Actual Grant income received for 2006/07 is net of a £98m rebate paid by Network Rail to reflect England & Wales' assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 1: England & Wales Regulatory financial performance

in £m 2007/08 prices

	Cumulative (06/07 & 07/08)		
	Actual	Indicative ACR 2003	Difference
A) Comparison of overall performance			
Operating expenditure	2,237	2,148	(89)
Maintenance expenditure	2,098	2,120	22
Schedule 4 costs	201	168	(33)
Schedule 8 (income)/costs	(165)	31	196
Return on the RAB (as per Indicative ACR 2003)	3,046	3,046	-
Amortisation	2,916	2,916	-
Gross revenue	10,333	10,429	96
Other income	(1,497)	(1,532)	(35)
Net revenue	8,836	8,897	61
Variable charge income including Schedule 4 and 8 access charges	(994)	(836)	158
Total net revenue recovered through fixed track access charges and grants	7,842	8,061	219
B) Comparison of track access charges and grants			
Split of track access charges as per 10 March 2004 ORR statement			
Variable charges	994	836	158
Fixed charges ¹	2,569	3,830	(1,261)
Total track access charges	3,563	4,666	(1,103)
Grants ^{1, 2}	5,236	4,238	998
Total revenue	8,799	8,904	(105)
C) Reconciliation to total income:			
Other income	1,497	1,532	(35)
Deferred grants ³	691	691	-
Schedule 4 costs	(201)	(168)	(33)
Schedule 8 income/(costs)	165	(31)	196
Total income	10,951	10,928	23

¹ Actual Fixed charges for the Control Period to date are calculated net of £1,200m of rebates (nominal prices). This is exactly offset by an additional £1,200m of income (nominal prices) included in Grants.

² Actual Grant income received for both 2006/07 and 2007/08 is net of a £98m rebate paid by Network Rail to reflect England & Wales' assumed share of the difference between the level of opening net debt as at 1 April 2004 assumed in the ACR 2003 and the actual net debt at that date.

Statement 2a: England & Wales RAB (Regulatory financial position)

in £m 2007/08 prices unless stated

Movements in the year 2007/08

	Indexation	Adjustment	Capitalised financing (return)	Total as at 31/03/07
A) Calculation of the regulatory accounts				
England & Wales RAB at 31 March 2008				
Opening RAB for the year (2006/07 prices)				22,642
Indexation	968			968
Opening RAB (2007/08 prices)				23,610
Amortisation on 1 April 2004 RAB		(1,041)		(1,041)
Opening RAB after amortisation		(1,041)		22,569
Adjustments				
Signalling review		111	(8)	103
Capex outturn 2003/04			(23)	(23)
EC4T adjustment			2	2
RAB after prior year adjustments				22,651
Renewals and enhancements (see Statement 3 for more detail)				
Renewals in Indicative ACR 2003	2,303		-	2,303
Enhancements in Indicative ACR 2003	277		-	277
Variance on emerging cost enhancements	12		(18)	(6)
Investments not funded in Indicative ACR 2003	296		24	320
Total enhancements	585		6	591
Total renewals and enhancements	2,888		6	2,894
Amortisation on post April 2004 investment in Indicative ACR 2003	(420)		-	(420)
Net addition to the RAB from renewals and enhancements	2,468		6	2,474
Closing RAB at 31 March 2008				25,125
B) Adjustments to the RAB at 1 April 2009¹				
Revenue deferral				3,163
Asset stewardship index forecast for 1 April 2009				314
Volume incentive forecast for 1 April 2009				347
Total adjustments				3,824

¹ Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

Statement 2b: England & Wales RAB (Regulatory financial position)

in £m 2007/08 prices unless stated

	2006-07	2007-08	Total
<u>A) Calculation of the regulatory accounts England & Wales RAB at 31 March 2008</u>			
Opening RAB for the year ¹ (2006/07 prices)	21,370		
Indexation	914		
Opening RAB (2007/08 prices)	22,284	23,610	22,284
Amortisation on 1 April 2004 RAB	(1,120)	(1,041)	(2,161)
Opening RAB after amortisation	21,164	22,569	20,123
Adjustments			
Signalling review	40	103	143
Capex outturn 2003/04	(44)	(23)	(67)
EC4T adjustment	32	2	34
RAB after prior year adjustments	21,192	22,651	20,233
Renewals and enhancements (see Statement 2a for more detail)			
Renewals in Indicative ACR 2003	2,278	2,303	4,581
Enhancements in Indicative ACR 2003	340	277	617
Variance on emerging cost enhancements	(14)	(6)	(20)
Investments not funded in ACR 2003	149	320	469
Total enhancements	475	591	1,066
Total renewals and enhancements	2,753	2,894	5,647
Amortisation on post April 2004 investment in Indicative ACR 2003	(335)	(420)	(755)
Net addition to the RAB from renewals and enhancements	2,418	2,474	4,892
Closing RAB at 31 March 2008	23,610	25,125	25,125

B) Adjustments to the RAB at 1 April 2009²

Revenue deferral	3,163
Asset stewardship index forecast for 1 April 2009	314
Volume incentive forecast for 1 April 2009	347
Total adjustments	3,824

¹ The opening RAB at 1 April 2006 (2005/06 prices) was £20,573m.

² Adjustments to the RAB refer to the forecast amount earned over the entire Control Period to be added at 1 April 2009.

Statement 3: England & Wales Analysis of RAB capital expenditure

in £m 2007/08 prices unless stated

	Net spend in the year		
	Actual	Indicative ACR 2003	Difference
A) Renewals included in Indicative ACR 2003	2,618	2,414	(204)
B) Enhancements included in Indicative ACR 2003			
<i>Health and safety schemes</i>			
Train protection schemes - ERTMS	29	51	22
Light Maintenance Depot pollution prevention	16	24	8
Passenger security initiatives	15	-	(15)
Other Safety & Environment plan schemes	25	67	42
<i>Total health and safety schemes</i>	85	142	57
<i>Emerging cost enhancements (transition schemes)</i>			
Power Supply Upgrade (PSU)	2	-	(2)
Southern Region New Trains Programme (non-PSU)	8	-	(8)
CTRL blockade	2	-	(2)
<i>Total emerging cost enhancements</i>	12	-	(12)
Telecoms enhancements	-	42	42
West Coast Route Modernisation enhancements	233	93	(140)
Total enhancements in Indicative ACR 2003	330	277	(53)
C) Investments not included in Indicative ACR 2003 allowance			
<i>Government sponsored schemes</i>			
Disability Discrimination Act compliance	28	-	(28)
Kings Cross	17	-	(17)
St Pancras	72	-	(72)
Thameslink	62	-	(62)
<i>Total government sponsored schemes</i>	179	-	(179)
Network Rail sponsored schemes	32	-	(32)
Network Rail Discretionary Fund	54	-	(54)
Schemes promoted by third parties	31	-	(31)
Total investments not included in Indicative ACR 2003 allowance¹	296	-	(296)
Total renewals and enhancements	3,244	2,691	(553)

¹ Separate reports are provided to the ORR in addition to the Regulatory Financial Statements, showing the break down between schemes and outputs.

Statement 4a: England & Wales Summary analysis of operating, maintenance & renewals expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	Indicative ACR 2003	Difference
Renewals			
Non-WCRM renewals			
Track	840	700	(140)
Structures	324	371	47
Signalling ¹	420	452	32
Telecoms	158	268	110
Electrification	89	95	6
Plant and machinery	88	56	(32)
Operational property	213	200	(13)
Other (inc IT)	133	100	(33)
Total non-WCRM renewals	2,265	2,242	(23)
Total WCRM renewals	353	172	(181)
Total renewals	2,618	2,414	(204)
Total maintenance (see Statements 4b & 4c)	1,016	1,015	(1)
Operating expenditure (see Statement 4c)			
Controllable operating expenditure	799	820	21
Non-controllable operating expenditure	277	233	(44)
Total operating expenditure	1,076	1,053	(23)
Total operating, maintenance and renewals expenditure	4,710	4,482	(228)

¹ The signalling allowance in the ACR 2003 is stated after taking account of the ORR's signalling review published in December 2005. This has the effect of increasing the ACR 2003 by £111m (£103m including the impact of capitalised financing) for 2007/08.

Statement 4b: England & Wales Analysis of maintenance expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Actual	Indicative ACR 2003 ¹	Difference
Analysis of maintenance expenditure			
Permanent way ²	385		
Signalling and telecoms ²	130		
Electrification and plant ²	56		
Structures inspections ²	30		
Other ³	415		
Total maintenance expenditure	1,016	1,015	(1)

¹ Indicative ACR 2003 did not break down maintenance expenditure. Therefore, no detailed comparatives to actual expenditure are included.

² These costs only include direct costs.

³ This includes costs such as maintenance delivered outside of the maintenance department and other direct costs as well as certain overheads.

Statement 4c: England & Wales analysis of operating expenditure

in £m 2007/08 prices unless stated

	Spend in the year		
	Operating expenditure	Maintenance expenditure	Total
Total payroll costs	805	580	1,385
Other controllable operating expenditure			
Contracted services			
- agency	75	1	76
- contractors and consultants	16	2	18
- maintenance contractors	-	231	231
Total contracted services	91	234	325
Employee related expenses	61	16	77
Accommodation and corporate office expenses	53	19	72
Plant	46	147	193
Materials	-	170	170
IT	35	1	36
Other ¹	125	71	196
Total other controllable operating expenditure	411	658	1,069
Less:			
Other operating income	(95)	(22)	(117)
Own work capitalised	(322)	(200)	(522)
Total controllable operating expenditure²	799	1,016	1,815
Non-controllable operating expenditure			
Traction electricity costs	138	-	138
Cumulo rates	61	-	61
BT Transport Police costs	59	-	59
Rail Safety and Standards Board levy	3	-	3
ORR licence fee	16	-	16
Total non-controllable operating expenditure	277	-	277
Total operating expenditure	1,076	1,016	2,092

¹ Other controllable operating expenditure includes the England & Wales share of Network Rail Insurance Limited's total loss from operations of £10m.

² Controllable operating expenditure includes £181m of signallers/LX keeper costs, £29m of operation delivery costs and £28m of control costs.

Statement 5: England & Wales Analysis of income

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	Indicative ACR 2003	Difference
Franchised track access income			
Fixed charges	1,288	1,908	(620)
Gross variable charge income			
- usage charge	232	187	45
- capacity charge	8	-	8
- traction electricity (incl. electrification usage charge)	177	132	45
- Schedule 4 net income	(21)	-	(21)
- Schedule 8 net income	82	-	82
- other contractual receipts	-	-	-
Total gross variable charge income	478	319	159
Total franchised track access income	1,766	2,227	(461)
Grant income	2,587	2,105	482
Deferred grants	336	336	-
Total grant income	2,923	2,441	482
Total franchised track access and grant income	4,689	4,668	21
Other single till income			
Property income	268	258	10
Freight income	81	93	(12)
Open access income	67	33	34
Stations income	284	297	(13)
Depots income	46	51	(5)
Other	2	29	(27)
Total other single till income	748	761	(13)
Total income	5,437	5,429	8

Statement 6: England & Wales Other information

in £m 2007/08 prices unless stated

	Receipts in the year		
	Actual	Indicative ACR 2003 ¹	Difference
Analysis of Schedule 4 net income			
Income	85	85	-
Costs	(106)	(85)	(21)
Net costs	(21)	-	(21)
Analysis of Schedule 8 net income			
Income	5	15	(10)
Costs ²	77	(15)	92
Net income	82	-	82
Analysis of freight income			
Variable track access	81		
Capacity charge	4		
Performance regime	(10)		
Cancellations	-		
Traction electricity	4		
Other	2		
Total freight income	81	93	(12)

¹ Indicative ACR 2003 did not break down freight income. Therefore, no detailed comparatives to actual expenditure are included.

² Actual costs are amounts receivable due to performance exceeding the Indicative ACR 2003 determination.