

## Annex 1

### Summary of Submission

The following is a summary of comments submitted in respect of the Office of Rail Regulation's November 2004, Consultation for a Balanced Scorecard for Network Rail (the "Consultation"):

1. Quarterly Balanced Scorecard combined with Annual report is satisfactory reporting periodicity
2. It is suggested that quarterly, summary Income Statement, Balance Sheet, and Cash Flow be provided along with the Scorecard
3. It is suggested that a suite of financial metrics, i.e. ratios, familiar to investors in other UK regulated sectors such as Water, be added to the quarterly Scorecard

Below is a summary of suggested financial ratios:

#### ***Funds from operations interest coverage***

- a. Funds from operation plus net interest expense
  - i. Net income plus add back of non cash items such as Depreciation, Amortisation and Deferred Taxes, less any Extraordinary Income or plus any Extraordinary Expenses, plus Net Interest Expense

Divided by,

- b. Net Interest Expense

#### ***Adjusted interest coverage ratio***

- a. EBITDA less the amount of capex required to sustain RAB in real terms

Divided by,

- b. Net interest expense

#### ***Post maintenance interest coverage ratio***

a. EBITDA less the maintenance capex

Divided by,

b. Net interest expense

***Debt / RAB***