

GROUP FINANCIAL  
STATEMENTS

**FOR THE RAIL SAFETY AND  
STANDARDS BOARD LIMITED**

YEAR ENDED 31 MARCH 2010

COMPANY NO. 04655675

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2010

---

Company registration  
number:

04655675

Registered office:

Block 2, Angel Square  
1 Torrens Street  
London EC1V 1NY

Directors:

Paul Thomas CB (Non-executive Chairman)  
Len Porter (Chief Executive)  
Anson Jack (Executive)

Jeremy Candfield (Non-executive)  
Iain Coucher (Non-executive)  
Alan Emery (Non-executive)  
Tim Dugher (Non-executive)  
Neil McDonald (Non-executive)  
Paul Kirk (Non-executive)  
Richard Profit CBE (Non-executive)  
Adrian Shooter CBE (Non-executive)

Secretary:

Elizabeth Fleming

Bankers:

HSBC  
100 Old Broad Street  
London EC2N 1BG

Solicitors:

Winckworth Sherwood  
35 Great Peter Street  
London SW1P 3LR

Auditors:

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2010

<b>INDEX</b>	<b>PAGE</b>
Report of the directors	2 – 8
Report of the independent auditors	9 – 10
Principal accounting policies	11 – 13
Consolidated Income and expenditure account	14
Balance sheets	15
Cash flow statement	16
Statement of recognised gains and losses	17
Notes to the financial statements	18 - 33

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their report together with the audited financial statements for the year ended 31 March 2010.

### **Principal activity**

The principal activity of Rail Safety and Standards Board (RSSB) is working with industry partners to:

- Continuously improve the level of safety in the rail industry;
- Drive out unnecessary cost; and
- Improve business performance.

The company performs this activity by building industry-wide consensus and facilitating the resolution of difficult cross-industry issues. The company provides knowledge, analysis, a substantial level of technical expertise and powerful information and risk management tools. This delivers a unique mix to the industry across a whole range of subject areas.

RSSB does this at the same time as seeking to continuously drive down its own costs whilst striving to deliver better value for money to its members.

### **Business review and key performance indicators**

RSSB published a strategic business plan for the 5 years from 1 April 2009 to 31 March 2014 which was approved by the Board on 5 February 2009. The budget for 2009-10 (year two of the new business plan) was also unanimously approved by the board on 5 February 2009 in accordance with section 5.3 of the Constitution Agreement.

The directors consider that the results for 2009-10 are in line with the approved budget. This is considered by the directors to be the most important financial key performance indicator (KPI). Overall member-funded costs have been about 1% lower than the approved budget and the savings have been applied as a reduction in the 2009-10 funding requirements. The other financial KPI that is important is in relation to the funding streams. RSSB has to ensure that all levies are collected fully from members and this has been achieved with no bad debts experienced.

RSSB continues to manage an R&D programme, which is funded by the Department for Transport.

It will help the industry achieve the challenging long term goals set out in the Rail Technical Strategy, and support the rail industry and its stakeholders in the delivery of 'step changes' on the rail network over the next 30 years.

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **REPORT OF THE DIRECTORS**

### **Charitable donations**

RSSB made charitable donations totalling £1,352 (2009: £5,278) through the matched fundraising scheme which allows money raised by staff for a registered charity through sponsored or fundraising events or activities to be matched by the company.

### **Result for the year**

The directors consider both the profit for the year and the year-end financial position to be satisfactory.

### **Directors**

The membership of the Board is set out below.

Non Executive Chairman: Paul Thomas

The following directors served during the year:

#### **Executive Directors:**

- Len Porter, Chief Executive
- Anson Jack, Director of Policy, Research and Risk

#### **Industry nominated non-executive directors:**

- Iain Coucher, Chief Executive of Network Rail
- Jeremy Candfield, Director General of the Rail Industry Association (Re-appointed 1<sup>st</sup> April 2009)
- Adrian Shooter, Chairman of Chiltern Railways (Re-appointed 1<sup>st</sup> April 2009)
- Paul Kirk, Paul Kirk & Associates Ltd
- Keith Heller, Chief Executive Officer of DB Schenker Rail (UK) Limited (Resigned 31<sup>st</sup> January 2010)
- Tim Dugher, Chief Operating Officer, Angel Trains (Appointed 1<sup>st</sup> April 2009)
- Neil McDonald (appointed 22<sup>nd</sup> February 2010)

Tim Gilbert Resigned as Non Executive Director on 31<sup>st</sup> March 2009.

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **REPORT OF THE DIRECTORS**

### **Independent non-executive Directors:**

- Richard Profit, former Group Director of Safety Regulation for the Civil Aviation Authority
- Alan Emery, former Global Head of Health, Safety and Environment for Rio Tinto plc

### **Risk Management**

The process of corporate risk management is that the executive directors together with the executive management team of RSSB meet annually in a workshop to review the existing corporate risk log and to incorporate appropriate changes.

All areas of corporate risk are considered, including reputation, technical competence, financial, staff retention, leadership, the influence of emerging legislation, and the validity of Railway Group Standards, IT and corporate memory, data accuracy, effectiveness of Research & Development, funding and insurance. Each area of risk is recorded in a risk log.

Existing and new controls that mitigate each risk area are considered to ensure that the residual risk is controlled to an acceptable level, and assessed in terms of likelihood and consequence. Both likelihood and consequence are scored on a scale of one to five for each risk area, and the scores are added so that the risk areas can be ranked in terms of their significance. The most significant risk areas are identified for special consideration.

The results of this review are summarised in papers that are submitted to the Audit Committee and to the RSSB Board. Any changes deemed necessary following discussions at these meetings are introduced into the risk log. Should any new or enlarged risk arise during the intervening period the director level workshop is re-convened. The controls are reviewed frequently to ensure they are operating effectively to keep levels of risk as low as practicable.

### **Health and safety compliance**

The company issues and complies with a Health & Safety Policy Statement.

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **REPORT OF THE DIRECTORS**

### **Employee welfare and safety**

RSSB regularly monitors managers' performance against their objectives and annually reviews the RSSB health and safety policy statement.

Where it is essential, staff have the safety competency to perform their jobs; to this end RSSB ensures that appropriate safety training is provided.

All employees have a responsibility to take care of their own safety, and by setting a good example by their own approach, to encourage good practice throughout the industry. RSSB encourages and welcomes suggestions from staff and contractors that will assist the company in improving its management of health and safety.

In addition the company seeks to ensure the personal safety of its staff during emergencies and so maintains a set of policies covering business continuity and disaster recovery.

### **Corporate governance**

The Board considers that good corporate governance is central to achieving the company's objectives and safeguarding stakeholder interests. The company is also committed to the highest standards of business behaviour.

The Constitution Agreement requires the Board to appoint and maintain an Audit Committee, a Remuneration Committee and an Appointments Committee having the membership and duties as set out below.

### **Audit Committee**

The membership of the Audit Committee consists of four non-executive directors of the company. The Audit Committee reviews the accounting policies and procedures of the company, its internal financial control systems and its compliance with statutory requirements and may also consider any matter raised by the external auditors.

Membership of the Audit Committee during the year is as follows:

- Jeremy Candfield
- Paul Kirk
- Richard Profit
- Keith Heller (Resigned 31<sup>st</sup> January 2010)
- Tim Dugher (Appointed on 14<sup>th</sup> March 2010)

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

### **Remuneration Committee**

The membership of the Remuneration Committee consists of five non-executive directors of the company (a majority of whom are non-industry directors). The Remuneration Committee considers and makes recommendations to the Board on the remuneration of all executive directors of the company and all senior employees of the company who are not directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) is in excess of £100,000 per annum.

Membership of the Remuneration Committee during the year is as follows:

- Richard Profit (Chairman)
- Adrian Shooter
- Paul Thomas
- Jeremy Candfield
- Alan Emery

### **Appointments Committee**

The membership of the Appointments Committee consists of five non-executive directors of the company. The Appointments Committee considers and makes recommendations to the Board on the appointment of all directors of the company (other than industry directors) and all senior employees of the company who will not be directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) will be in excess of £100,000 per annum.

Membership of the Appointments Committee during the year is as follows:

- Paul Thomas (Chairman)
- Iain Coucher
- Richard Profit
- Alan Emery

The Audit Committee meets regularly and the Remuneration and Appointments Committees meet as required. All Committees report to the Board.

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **REPORT OF THE DIRECTORS**

### **Financial instruments**

RSSB seeks to minimise its financial risk and so does not use any complex financial instruments. The cash balance is held with HSBC and The Royal Bank of Scotland (RBS) and the investment income is earned through HSBC and RBS placements on the money market. No other treasury activity is undertaken.

Given the nature of the business being primarily member-funded and government-funded, the directors do not consider that there is a credit or liquidity risk. The company has very limited exposure to foreign exchange movements as all income is generated in the UK. In addition, very few costs are incurred overseas.

### **Directors' responsibilities for the financial statements**

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

United Kingdom Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards 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 business.

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

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

### STATEMENT OF DISCLOSURE TO AUDITORS

In so far as the directors are aware:

- There is no relevant audit information of which the company's auditors are unaware.
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

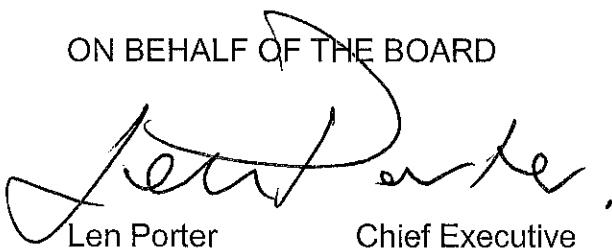
The maintenance and integrity of the Rail Safety & Standards Board Ltd website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### Auditors

UHY Hacker Young were appointed as the new auditors at the Annual General Meeting held on 12<sup>th</sup> November 2009, special notice pursuant to Section 485 having been given. A resolution to reappoint UHY hacker Young LLP as auditors will be proposed at the next Annual General Meeting on 11th November 2010.

ON BEHALF OF THE BOARD



Len Porter                      Chief Executive

9<sup>th</sup> July 2010

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RAIL SAFETY AND STANDARDS BOARD LIMITED**

We have audited the group and parent company financial statements (the 'financial statements') of Rail Safety and Standards Board Limited for the year ended 31 March 2010 set out on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

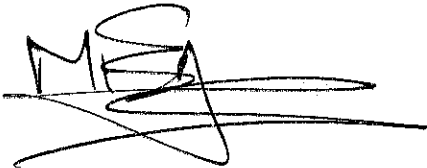
**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE MEMBERS OF RAIL SAFETY AND STANDARDS BOARD LIMITED**

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

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

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



**Michael Egan (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young**

*9 July 2010*

**Chartered Accountants  
Statutory Auditor**

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The group financial statements consolidate those of the company (RSSB) and of its subsidiary undertaking (RDDS) and are drawn up to 31 March 2010.

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Constitution Agreement of the company sets out the funding arrangements.

The principal accounting policies are set out below and remain unchanged this year.

### **Basis of consolidation**

The group financial statements include the results of the company (RSSB) and those of its subsidiary (Railway Documentation and Drawing Services Limited - RDDS). The net assets of both entities have been consolidated into the group results using acquisition accounting.

### **INCOME**

Funding comprises membership income and amounts receivable from the Department for Transport; both are recognised in the year to which it relates.

Income from third parties is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. In addition RSSB provides services to Network Rail on the New Systems programme; accreditation of Vehicle Acceptance Bodies; and other technical work such as the sale of publications. This income is recognised in line with the costs incurred.

### **EXPENDITURE**

In accordance with the VAT agreement with HMRC, expenditure is shown including the irrecoverable element of VAT.

The Constitution Agreement mandates RSSB, in consultation with its Members, representatives of other stakeholders, the Health & Safety Executive and the Department for Transport and within the constraints imposed by funding available to develop and implement a programme of research and development.

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

This research and development expenditure is charged to the income and expenditure account in the period in which it is incurred.

## **TANGIBLE FIXED ASSETS AND DEPRECIATION**

### **Investments**

Investments in subsidiaries are reflected in the company's accounts at cost initially. The cost of acquisition is the amount of cash paid, together with the expenses of the acquisition. The only investment held is in respect of a subsidiary (RDDS).

### **Fixed Assets**

Expenditure on fixed assets in excess of £500 is capitalised and then depreciated over their expected future economic life. Items under £500 are charged through the income and expenditure account in the period in which the expenditure is incurred. However where the asset is a minor part of larger infrastructure which has not been capitalised then it is also charged to the income and expenditure account in full.

### **Depreciation**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Information technology	Five years on a straight-line basis
Desktop and laptop computers	Three years on a straight line basis
Fixtures and fittings	Five years on a straight-line basis
Software applications	Five years on a straight-line basis
Plant and machinery	Five years on a straight-line basis
Leasehold improvements	Over the life of the lease on a straight-line basis

## **LEASED ASSETS**

All leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

## **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

## **RETIREMENT BENEFIT SCHEMES**

### **Defined Benefit Scheme**

The company has adopted the full provisions of FRS 17 Retirement Benefits. Scheme assets are measured at 'fair values'. Scheme liabilities are measured on an actuarial basis using the 'projected unit' method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases are vested. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

## **RESERVES**

### **R&D reserve**

The letter from the Office of Rail Regulation (dated 16 March 2005) approving the RSSB 2005-2006 budget requested that the company should create a £3m reserve for R&D from the underspend in the R&D function in 2004/05. This remains in place. In addition, any underspend on R&D activities is carried forward for sole use on future R&D activities. This is confirmed in a letter from the Department of Transport (dated 28 May 2008).

### **CIRAS reserve**

Under the deed of gift from the CIRAS Charitable Trust (CIRAS) made in March 2008 the assets acquired are for the sole use of future CIRAS activities.

Both of these reserves are disclosed separately in the note 12 of the accounts.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 MARCH 2010

	Note	Group Year ended 31 March 2010 £'000	Group Year ended 31 March 2009 £'000
Income	1	31,910	28,419
Operating expenses	1	(31,314)	(33,311)
<b>Operating profit / (loss)</b>	13	<b>596</b>	<b>(4,892)</b>
Interest receivable		28	716
Other finance (charge) / income	2/18	(250)	320
<b>Profit / (Loss) on ordinary activities before taxation</b>	1	<b>374</b>	<b>(3,856)</b>
Tax on profit / (loss) on ordinary activities	5	(5)	(200)
<b>Profit / (Loss) on ordinary activities after taxation retained and transferred to reserves</b>	6	<b>369</b>	<b>(4,056)</b>

All transactions arise from continuing operations.

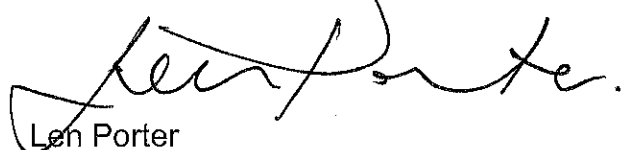
The accompanying accounting policies and notes form an integral part of these financial statements.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

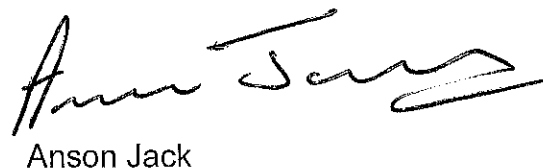
GROUP BALANCE SHEET AS AT 31 MARCH 2010

	Note	Group 31 March 2010 £'000	Company 31 March 2010 £'000	Group 31 March 2009 £'000	Company 31 March 2009 £'000
<b>Fixed Assets</b>					
Investment in Subsidiary	7	-	-	-	-
Tangible fixed assets	8	3,950	3,950	4,050	4,050
		<b>3,950</b>	<b>3,950</b>	<b>4,050</b>	<b>4,050</b>
<b>Current assets</b>					
Debtors	9	5,625	5,605	6,021	5,986
Cash at bank and in hand		13,475	13,379	13,337	13,233
		<b>19,100</b>	<b>18,984</b>	<b>19,358</b>	<b>19,219</b>
<b>Creditors: amounts falling due within one year</b>	10	(13,293)	(13,253)	(13,060)	(13,000)
<b>Net current assets</b>		<b>5,807</b>	<b>5,731</b>	<b>6,298</b>	<b>6,219</b>
<b>Total asset less current liabilities</b>		<b>9,757</b>	<b>9,681</b>	<b>10,348</b>	<b>10,269</b>
<b>Provision for liabilities and charges</b>	11	(44)	-	(984)	(943)
<b>Net asset excluding pension liability</b>		<b>9,713</b>	<b>9,681</b>	<b>9,364</b>	<b>9,326</b>
<b>Pension liability</b>	18	(13,010)	(13,010)	(6,530)	(6,530)
<b>Net assets</b>		<b>(3,297)</b>	<b>(3,329)</b>	<b>2,834</b>	<b>2,796</b>
<b>Reserves</b>					
Income & expenditure account	12	(3,297)	(3,329)	2,834	2,796
		<b>(3,297)</b>	<b>(3,329)</b>	<b>2,834</b>	<b>2,796</b>

The financial statements were approved by the Board of Directors on 9<sup>th</sup> July 2010

  
Len Porter

Chief Executive

  
Anson Jack

Executive Director

Company registration number 04655675

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## GROUP CASH FLOW STATEMENT

For the year ended 31 March 2010

	Note	Group 31 March 2010 £'000	Group 31 March 2009 £'000
<b>Net Cash Flow from operating activities</b>	13	1,067	(934)
<b>Taxation</b>			
UK Corporation tax paid		(65)	(386)
<b>Returns on Investments and servicing of finance</b>			
Interest received		28	716
<b>Capital Expenditure</b>			
Purchase of tangible fixed assets	8	(892)	(3,125)
<b>Increase/(decrease) in cash</b>	14	<u>138</u>	<u>(3,729)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2010

---

	Note	Group Year ended 31 March 2010 £'000	Group Year ended 31 March 2009 £'000
Profit / (Loss) for the year		369	(4,056)
Gain / (Loss) on pension assets	18	4,940	(8,370)
(Loss) / Gain on pension liabilities	18	(11,440)	1,080
<b>Total loss recognised</b>		<b>(6,131)</b>	<b>(11,346)</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 1 INCOME AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The income and loss on ordinary activities before taxation is attributable to:

<b>Income</b>	<b>Year ended 31</b>	<b>Year ended 31</b>
	<b>March 2010</b>	<b>March 2009</b>
	<b>£'000</b>	<b>£'000</b>
Funding from members	17,505	15,003
Funding from Department for Transport	12,030	11,000
Funding from CIRAS members	731	910
Funding from RDDS activities	247	315
Books and publications	18	90
Income from New Systems	1,002	779
Conferences	1	99
Contribution to special projects	201	-
Miscellaneous income	175	223
	<b>31,910</b>	<b>28,419</b>

All income arose from UK operations.

Operating expenses are analysed as follows:

	<b>Year ended 31</b>	<b>Year ended 31</b>
	<b>March 2010</b>	<b>March 2009</b>
	<b>£'000</b>	<b>£'000</b>
Members	18,226	20,539
Department for Transport	11,059	10,854
CIRAS	838	798
RDDS	252	290
New Systems	939	830
	<b>31,314</b>	<b>33,311</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### INCOME AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

The profit / (loss) on ordinary activities before taxation is stated after:

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Auditors' remuneration:		
Fees payable for the audit of the company's annual accounts	25	35
Other audit related services	-	12
Taxation services	-	25
Due diligence	-	-
Hire of plant and machinery under operating leases	83	-
Operating lease rental payments on property	683	1,285
Other operating lease rentals	29	20
Loss on disposal of fixed assets	5	-
Depreciation	987	443

## 2 OTHER FINANCE (CHARGE) / INCOME

Analysis of the amount charged to other finance income

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Interest on pension liabilities	(1,750)	(1,620)
Expected return on pension assets	1,500	1,940
<b>Net (loss) / profit to other finance charge</b>	<b>(250)</b>	<b>320</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Wages and salaries	14,968	12,648
Social security costs	1,500	1,289
Other pension costs	1,517	1,381
	<u>17,985</u>	<u>15,318</u>

The average number of employees of the company during the year was as follows:

	2010 Number	2009 Number
Staff employed	<u>244</u>	<u>223</u>

Three employees were made redundant in the year at a cost of £149K (2009: £140K for three employees).

Remuneration in respect of directors was as follows:

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Emoluments	695	762
Amounts paid to third parties in respect of Directors' services	61	101
Pension contributions to defined benefit pension schemes	33	30
	<u>789</u>	<u>893</u>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

---

During the period two directors participated in the defined benefit pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Emoluments	347	330
Pension contributions to defined benefit pension schemes	17	15
	<hr/> <b>364</b> <hr/>	<hr/> <b>345</b> <hr/>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 5 TAX ON SURPLUS ON ORDINARY ACTIVITIES

The tax charge is based on the surplus for the period and represents

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
UK Corporation tax at 28% (2009: 28%)	5	200
Adjustments in respect of prior years	-	-
<b>Total current tax charge</b>	<b>5</b>	<b>200</b>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained as follows;

Effect of:

Profit/(Loss) on ordinary activities before tax	374	(3,856)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2009: 28% )	105	(1,080)
Adjustment for results from not-for-profit activities	(100)	1,287
Adjustments in respect of prior years	-	-
Tax losses arising (RDDS)	-	-
Tax losses utilised	-	(7)
Difference in tax rates (RDDS)	-	-
<b>Current tax charge for period</b>	<b>5</b>	<b>200</b>

### 6 HOLDING COMPANY PROFIT

Of the £369K group profit for the financial year (2009: Group loss of £4,056K), £375k (2009: Loss of £4,084K) is dealt with in the accounts of the company itself.

RDDS made a loss of £4.5k for the financial year (2009: profit of £28K).

The Directors have taken the advantage of the exemption available under section 230 of the Companies Act 2006 and not presented an income statement for the company alone.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 7 INVESTMENTS

The investment represents an existing 100% equity interest in Railways Documentation and Drawing Services Limited (RDDS), a company incorporated in Great Britain.

### 8 TANGIBLE FIXED ASSETS

Group	Information Technology	Leasehold Improvement	Computers	Software	Plant & Machinery	Fixtures & Fittings	Total
Cost	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	770	1,195	255	2,295	11	287	4,813
Additions	6	11	89	732	2	52	892
Disposals	-	-	-	-	(11)	-	(11)
<b>Total as at 31 March 2010</b>	<b>776</b>	<b>1,206</b>	<b>344</b>	<b>3,027</b>	<b>2</b>	<b>339</b>	<b>5,694</b>
<b>Depreciation</b>							
At 1 April 2009	(160)	-	(155)	(439)	(4)	(5)	(763)
Disposal	-	-	-	-	6	-	6
Depreciation expense for the year	(132)	(199)	(100)	(487)	(2)	(67)	(987)
<b>Total as at 31 March 2010</b>	<b>(292)</b>	<b>(199)</b>	<b>(255)</b>	<b>(926)</b>	<b>(-)</b>	<b>(72)</b>	<b>(1,744)</b>
<b>Net Book value at 31 March 2010</b>	<b>484</b>	<b>1,007</b>	<b>89</b>	<b>2,101</b>	<b>2</b>	<b>267</b>	<b>3,950</b>
Net Book value at 31 March 2009	610	1,195	100	1,856	7	282	4,050

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 9 DEBTORS

	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 March 2009 £'000</b>	<b>Company 31 March 2009 £'000</b>
Trade debtors	4,980	4,940	5,318	5,265
VAT debtor	46	46	161	161
Other debtors	143	143	241	241
Inter-company debtor	-	20	-	18
Prepayments and accrued income	456	456	301	301
	<b>5,625</b>	<b>5,605</b>	<b>6,021</b>	<b>5,986</b>

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group 31 March 2010 £'000</b>	<b>Company 31 March 2010 £'000</b>	<b>Group 31 March 2009 £'000</b>	<b>Company 31 March 2009 £'000</b>
Trade creditors	405	368	739	683
Corporation tax	13	13	73	73
Other taxation and social security	-	-	-	-
Other creditors	-	-	-	-
Accruals and deferred income	12,875	12,872	12,248	12,244
	<b>13,293</b>	<b>13,253</b>	<b>13,060</b>	<b>13,000</b>

Accruals and deferred income comprises accruals £4,599K (2009: £4,200K), cash held on behalf of third parties £286K (2009: £396K) and deferred income £7,987K (2009: £7,652K). Deferred income relates to member funding that has been invoiced but which relates to the financial year 2010-11. This arises because funding is payable quarterly in advance so invoices relating to the first quarter of 2010-11 would be invoiced in the last quarter of 2009-10. The increase relates to the increase in overall funding from members from £17,500K in 2009-10 to £18,500K in 2010-11. The increase is also due to the timing of the invoices which are dependent on members authorising their issue by way of a purchase order.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 11 PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations £000	Closure costs £000	Company £000	RDDS library £000	Group £000
At 1 April 2009	611	332	943	41	984
Amounts utilised	(316)	(332)	(648)	-	(648)
Provision in the period	(295)	-	(295)	3	(292)
As at 31 March 2010	-	-	-	44	44

Dilapidations - these are in respect of the potential liabilities arising from the company's obligations when its leases terminate.

Closure costs - these relate to the rent, rates and service charges payable on offices no longer in use. These are the final costs payable until the leases terminate.

RDDS Library - on 30 March 2007 RDDS (RSSB's subsidiary) entered into a Deed of Covenant with BRB (Residuary) Limited which placed an obligation on RDDS for the costs associated with disposal of the drawings and documents held within the library when they are no longer required. The provision raised represents the directors' best estimate of the costs of closing the library which is expected to include the proper packaging and orderly transportation of the drawings and documents to a third party and / or their destruction. This is not expected to be before 2031.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 12 RESERVES

The loss on ordinary activities retained in reserves is to be allocated as follows:

	<b>R&amp;D Reserve £'000</b>	<b>CIRAS Reserve £'000</b>	<b>Other reserves £'000</b>	<b>Group £'000</b>
At 1 April 2009	<b>3,000</b>	<b>811</b>	<b>(977)</b>	<b>2,834</b>
Profit /(Loss) on ordinary activities after tax	-	(106)	475	<b>369</b>
Gain/(Loss) on pension assets	-	-	4,940	<b>4,940</b>
Experience gain/(Loss) on pension liabilities	-	-	(11,440)	<b>(11,440)</b>
<b>Retained reserves carried forward at 31 March 2010</b>	<b>3,000</b>	<b>705</b>	<b>(7,002)</b>	<b>(3,297)</b>

As noted in the principal accounting policies, an R&D reserve and a CIRAS reserve have been created as the funds for these activities are separately funded.

During the course of the year, £1.25m and £0.2m have been set aside from R&D funding for Engineering Physical Science Research Council (EPSRC) and Rail Research UK Association (RRUK) respectively. This will be drawn over the 3 years to 2013.

The CIRAS result for the year is a loss of £ (106K) (2009: £130k). This has been deducted from the CIRAS reserve.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### 13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 31 March 2010 £'000	Group 31 March 2009 £'000
Operating Profit	596	(4,892)
Loss on disposal of fixed assets	5	-
Depreciation	987	443
(Increase) /Decrease in debtors	396	(432)
(Increase)/Decrease in creditors	293	3400
Difference between pension charge and cash contributions	(270)	170
Decrease in provisions	(940)	377
<b>Net cash outflow from operating activities</b>	<b>1,067</b>	<b>(934)</b>

### 14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	Group 31 March 2010 £'000	Group 31 March 2009 £'000
Decrease in cash in the year	138	(3,729)
Net funds at 1 April	13,337	17,066
<b>Net funds at 31 March</b>	<b>13,475</b>	<b>13,337</b>

### 15 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2009 £'000	Cashflow £'000	31 March 2010 £'000
Cash in hand	13,337	138	13,475

### 16 CAPITAL COMMITMENTS

The company had a capital commitment of £nil at 31 March 2010 (2009: £25k).

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

---

### 17 CONTINGENT LIABILITIES

The directors understand a third party may initiate a claim against the company relating to a dispute over a property transaction which was terminated. The directors have taken legal advice and are of the opinion that any such claim is misplaced and could be successfully resisted. It is not practical to estimate the financial effect of any such a claim as no formal claim for damages has been received. Therefore no provision has been made in the accounts due to it being a) impractical to estimate the potential liability and b) because our legal advice is that we would successfully defend the claim in court. This is the same contingent liability as at the prior year (31 March 2009).

### 18 RETIREMENT BENEFIT SCHEMES

Information about the Scheme

- Defined Benefit (Final salary scheme). The Rail Safety and Standards Board Section is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme.
- The Scheme is a shared cost arrangement whereby the Company is only responsible for a share of the cost.
- Employer contributions for the period ending 30 June 2009 were 14.46% of Section Pay. At 1 July 2009 this rate increased to 15.48% of Section Pay (60% of the long term joint contribution rate determined at the 31 December 2007 valuation). In addition the company made a payment of £68,100 on 1 July 2009 to meet the entire funding shortfall reported at the formal actuarial valuation at 31 December 2007. The Section is open to new members.

The increase in the pension deficit over the year to 31 March 2010 from £6.53 million to £13.01 million is due to an increase in expectations for future inflation and a fall in the yield on AA corporate bonds increasing the value placed on the pension liabilities. The impact has been partially offset by the positive returns made on the section assets over the year,

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

### Financial assumptions

The assumptions provided and used by the actuaries are set out in the table below.

	31 March 2010 % pa	31 March 2009 % pa
Inflation	3.8	3.1
Rate of increase in salaries *	5.3	4.6
Rate of increase in pensions in payment	3.8	3.1
Rate of increase in deferred pensioners	3.8	3.1
Discount rate	5.5	6.9

\* plus 0.75% pa promotional salary scale

### Fair value of assets and expected rate of return

	At 31 March 2010		At 31 March 2009	
	Fair value £000	Long- term rate of return expected	Fair value £000	Long- term rate of return expected
Equities	36,440	8.3	24,810	8.4
Bonds	2,260	4.5	1,400	6.9
Property	3,290	7.6	2,800	7.6
Other	360	3.8	100	3.9
<b>Total</b>	<b>42,350</b>	<b>8.0</b>	<b>29,110</b>	<b>8.2</b>

### Pension scheme (liability)/asset at the end of the year

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Actuarial valuation of pension liabilities	(64,030)	(40,000)
Members' share of surplus/(deficit)	8,670	4,360
<b>Adjusted value of section liabilities</b>	<b>(55,360)</b>	<b>(35,640)</b>
Closing value of section assets	42,350	29,110
<b>Pension scheme (liability)/ asset to be recognised in the balance sheet</b>	<b>(13,010)</b>	<b>(6,530)</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

---

### Reconciliation of Pension Scheme (Liability) / Asset

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Opening pension scheme liability	(6,530)	610
Employer contributions	1,700	1,300
Employers share of service cost	(1,430)	(1,470)
Interest on pension liabilities	(1,750)	(1,620)
Expected return on pension assets	1,500	1,940
Actuarial (loss) /gain recognised in the STRGL	(6,500)	(7,290)
<b>Closing pension scheme (liability) /asset</b>	<b>(13,010)</b>	<b>(6,530)</b>

### Components of defined benefit cost

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000
Current service cost	1,430	1,470
<b>Total charged to operating profit</b>	<b>1,430</b>	<b>1,470</b>

Analysis of the amount charged to other finance income:

Interest on pension liabilities	(1,750)	(1,620)
Expected return on pension assets	1,500	1,940
<b>Net (debit)/credit to other finance charge/income</b>	<b>(250)</b>	<b>320</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

<b>Reconciliation of return on assets</b>	<b>Year ended 31 March 2010 £000</b>	<b>Year ended 31 March 2009 £000</b>
Expected Return on Section Assets	1,500	1,940
Gain/(Loss) on Section Assets	4,940	(8,370)
<b>Actual return on Section Assets</b>	<b>6,440</b>	<b>(6,430)</b>
<b>Reconciliation of Section liabilities</b>	<b>Year ended 31 March 2010 £000</b>	<b>Year ended 31 March 2009 £000</b>
Opening Section liabilities	40,000	36,660
Service Cost	2,320	2,400
Interest Cost	2,910	2,690
Gain /(loss) on Section liabilities	18,970	(1,780)
Actual benefit payments	(170)	30
<b>Closing Section liabilities</b>	<b>64,030</b>	<b>40,000</b>
<b>Reconciliation of value of assets</b>	<b>Year ended 31 March 2010 £000</b>	<b>Year ended 31 March 2009 £000</b>
Opening value of Section assets	29,110	37,670
Expected return on assets	2,500	3,240
Gain/(Loss) on assets	8,230	(13,970)
Employer contributions	1,700	1,300
Employee contributions	980	840
Actual benefit payments	(170)	30
<b>Closing value of Section assets</b>	<b>42,350</b>	<b>29,110</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

<b>Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)</b>	<b>Year ended 31 March 2010 £000</b>	<b>Year ended 31 March 2009 £000</b>
Gain/(loss) on pension assets	4,940	(8,370)
Gain /(loss) on pension liabilities	(11,440)	1,080
<b>Total gain /(loss) recognised in STGRL</b>	<b>(6,500)</b>	<b>(7,290)</b>

### Historic information

	<b>Year ended 31 March 2010 £000</b>	<b>Year ended 31 March 2009 £000</b>	<b>Year ended 31 March 2008 £000</b>	<b>Year ended 31 March 2007 £000</b>	<b>Year ended 31 March 2006 £000</b>
Section liabilities	64,030	40,000	36,660	37,390	35,350
Assets	42,350	29,110	37,670	37,280	32,100
Surplus/(deficit)	(21,680)	(10,890)	1,010	(110)	(3,250)
Experience (gain)/loss on Section liabilities	(1,140)	(1,400)	470	470	1,050
Experience (gain)/loss on Section assets	(4,940)	8,370	3,000	(1,430)	(2,260)

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

---

### 19 LEASING COMMITMENTS

Operating lease which expires:

	Year ended 31 March 2010		Year ended 31 March 2009	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	9	-	-	209
Between one and five years	21	911	32	30
More than five years	-	-	-	242
	<u>30</u>	<u>911</u>	<u>32</u>	<u>481</u>

### 20 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The funding for RSSB for 2009-10 was approved by the Members of RSSB and was paid by them as individual subscriptions. The Constitution Agreement of RSSB requires it to be independent of any one Member. In the directors' opinion, there are no related parties for this purpose.

### 21 CONTROL

RSSB is a not-for-profit company. The company is limited by guarantee and is governed by its Members, a Board and advised by an Advisory Committee. It is independent of any single railway company and of their commercial interests.

