

GROUP FINANCIAL STATEMENTS

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

YEAR ENDED 31 MARCH 2015

COMPANY NO. 04655675

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2015

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Company registration  
number: 04655675

Registered office: The Helicon, 4th Floor  
1 South Place  
London, EC2M 2RB

Directors: Paul Thomas CB (Non-executive Chairman) resigned as Chairman  
from 05 March 2015 and Non-executive Director from 31<sup>st</sup> March  
2015  
Anna Bradley (Non-executive from 08 December 2014, Chairman  
from 06 March 2015)  
Chris Fenton (Chief Executive)  
Anson Jack (Executive) resigned 30 June 2015  
Jeremy Candfield (Non-executive)  
Neil McDonald (Non-executive) resigned 13 March 2015  
Paul Kirk (Non-executive)  
Malcolm Brown (Non-executive)  
Alan Emery (Non-executive)  
Charles Horton (Non-executive)  
Gareth Llewellyn (Non-executive) resigned 10 March 2015  
Steve Murphy (Non-executive)  
Geoff Spencer (Non-executive) from 14 March 2015  
Dolores Byrne (Non-executive) from 01 April 2015  
Graham Hopkins (Non-executive) from 01 June 2015

Secretary: Elizabeth Fleming

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2015

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Bankers:	HSBC 100 Old Broad Street London EC2N 1BG
Solicitors:	Winckworth Sherwood Solicitors and Parliamentary Agents Minerva House 5 Montague Close London SE1 9BB
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 2015

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## Principal activity

The principal activity of RSSB is to help the industry understand risk, guide standards, manage research, development and innovation and collaborate to improve.

The rail industry in Britain is made up of many different organisations, but they all form a system and share a common purpose, to move people and freight safely and efficiently by rail. RSSB brings all parts of this system together to support shared decisions, products and services, to help industry drive out unnecessary cost, improve business performance and develop long-term strategy.

Our activities involve:

**Understanding risk** – Using data and safety intelligence from across the rail industry and elsewhere with the latest risk modelling to inform members and support safe decision making.

**Guiding standards** – Creating, reviewing and simplifying GB standards to align with European requirements; managing the Rule Book and making it easier for the railway to deliver efficiently and safely.

**Managing research, development and innovation** – Undertaking, commissioning and managing research and innovation programmes to address current needs, provide knowledge for decision making now and for the future, and promoting step changes to deliver the Rail Technical Strategy.

**Collaborating to improve** – As an independent cross-industry body with a critical mass of technical expertise, supporting activities which require collaboration. These range from supplier assurance schemes (RISQS, RISAS) to confidential reporting (CIRAS), from health and wellbeing strategies to sustainability principles.

The principal activity of the subsidiary company, Railways Documentation and Drawing Services Limited (RDDS), is to act as custodian of the library of the British Railways Board's Traction and Rolling Stock drawings and documents and to provide copies of such to persons and organisations entitled to receive them.

## Business Review

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### System Safety

The System Safety Risk Group reports to the RSSB Board and looks at system safety risk. It is supported by four risk groups looking at specific elements of risk.

These are the Level Crossing Strategy Group (LCSG), the National Suicide Prevention Steering Group (NSPSG), the People on Trains and in Stations Risk Group (PTSRG) and the Train Operations Risk Group (TORG). The first two are evolutions of existing groups and became fully operational in their enhanced role in 2014. The latter two replace earlier groups including the Community Safety Steering Group, the Rail Personal Security Group, the Station Safety Group and the Operations Focus Group. In addition the new Data and Risk Strategy Group looks at the industry's mechanisms for capturing and processing risk information.

#### *Taking Safe Decisions*

RSSB launched a new version of the publication *Taking Safe Decisions* in July 2014. An update was required because the legislative environment changed since the document was first published. In particular, railway-specific regulations defining Common Safety Methods have come fully into force.

*Taking Safe Decisions* sets out the consensus view of how the GB rail industry understands; monitors and manages risk in this new environment. It describes railway companies' safety-related responsibilities and explains how these help to ensure the safety of the railway system as a whole. The requirements around which the framework is built relate to technical, operational and organisational matters.

#### *Safety Risk Model*

A full Safety Risk Model (SRM) update was carried out in 2014, comprising data taken up to 30 September 2013 and the remodelling of some hazardous events (including those relating to platform-train interface risk). Version 8 of the SRM was the first to fully incorporate the risk from hazardous events in yards, depots and sidings.

The latest revision, SRMv8.1, includes a subsequent partial update of trespass and suicide-related hazardous events to take into account new information that British Transport Police made available about specific

fatalities. The full Risk Profile Bulletin and definitions of hazardous events and precursors was published on RSSB's Rail Risk Portal in August 2014.

Rail continues to be the safest form of land transport in Britain and the industry's performance continues to meet the requirement of ensuring that safety is generally maintained and, where reasonably practicable, continuously improved. During the last 10 years the number of passenger journeys has increased by 53% and rail continues to attract more passengers and freight on to its network.

### *Safety performance reporting*

On behalf of the industry, RSSB takes a key role in the monitoring and reporting of safety performance on Great Britain's mainline railway. In 2014, the risk associated with train accidents, resulting in passenger and workforce fatalities, remains low, with no such accidents occurring for the seventh consecutive year. There were 17 fatalities recorded in 2014, excluding those related to trespass or suicide. Three were passengers – all occurred at stations, three were members of the workforce, and 11 were members of the public. The primary purpose of the Annual Safety Performance Report (ASPR) is to provide safety intelligence and risk information to RSSB members. However, it is also intended to inform rail employees, passengers, the government and its agencies, and the public at large. A full analysis of statistics for 2014-15 will be published at the end of June.

### *Learning from operational experience*

Near misses and accidents, and the investigations and the recommendations that follow, hold valuable information about event causes. RSSB produces a monthly Rail Investigation Summary which includes a brief incident synopsis, along with the main causes and recommendations from worldwide events.

The Learning from Operational Experience Annual Report was published in June 2014. Industry co-operative initiatives are outlined and key learning points are drawn. Key sources include the RSSB research programme, periodic safety reports, strategic risk papers, publications on incidents inside and outside the railway, Close Call System and Safety Management Information System (SMIS) data, facilitation of the RED DVD series, Right Track magazine, and the analysis and support we provide to national stakeholder groups.

In addition, we play a part in the accident investigation process by providing statistics to help the Rail Accident Investigation Branch (RAIB)

set incidents into context, by offering RAIB expert knowledge from staff with extensive industry experience, and by bringing cross-industry groups together to tackle industry-wide issues.

In 2014 RSSB published an update to its accident investigation guidance.

*Right Track Magazine and RED*

There were three issues of Right Track published in 2014-15 aimed at front-line staff. Features included shunting, (both passenger and freight), learning points from the Rail Accident Investigation Branch reports into Arley, Norwich and at Bridgeway Crossing, safety training and competence, speed restrictions, signals passed at danger (SPADs), managing suicide, platform-train interface, road driving risk, health policies, mobile device usage, wet rails and adhesion.

There were four RED DVD briefing packages in 2014-15 featuring the scenarios; what 'driving at caution' really means especially within possessions, emergencies using the right procedures and safety critical communication, how ready rail staff are in deciding to take emergency action, and a SPAD at a semaphore signal narrowly missing two track workers. These continue to provide learning.

*Close Call*

The Close Call reporting system was launched across Network Rail and its Principal Contractors in 2012 as a fundamental element of Network Rail's 'Transforming Safety and Wellbeing' strategy.

Since its introduction Network Rail has experienced a significant increase in the number of Close Calls it receives. Most still relate to unsafe conditions, but a rise in the reporting of unsafe behaviour is now being seen, showing that culture change is underway.

The system was adopted by the South Western Railway in June 2014 and this experience is being used to evolve it to increase its benefits for use within the train operating community. RSSB hosted an event in October 2014 to introduce the Close Call System to the wider rail industry. The system allows businesses to better understand and manage situations that can be precursors to accidents, and has the ability to record and analyse Close Call incidents.

*SMIS +*

SMIS + will combine Close Call and the current cross-industry Safety Management Information System (SMIS) into a single system for data capture, safety reporting and help the industry understand risk.



The Data and Risk Strategy Group approved the strategy to implement a Safety Management Enterprise (SME) System to assist the industry in meeting their Safety Management System responsibilities. Following the capture of high level requirements for phase 1 – Migrating SMIS into new SME software, the focus is now on capturing the high level requirements for Close Calls which will be integrated within SMIS+.

#### *R2*

Currently, information on rolling stock is held in two separate systems known as the Rolling Stock Library (RSL) and the Rail Vehicle Records System (RAVERS). A new web-based version, known as R2, will provide a one-stop shop for all information related to trains running on the GB mainline rail network.

The development of the R2 application is progressing to plan. R2 functionality was successfully presented to the industry at a workshop on the 17 April 2015. User Acceptance Testing is due to start on 23 June. The original transition plan was a staged approach over a 6 month period starting on 6 August 2015. However due to technical issues it will not be possible to run the new R2 application in parallel with the old RSL/RAVERS applications. The new plan will see a 1 month period for familiarisation and validation for R2 starting on 6 August with all users transitioning to use of R2 at the same time on 7 September 2015.

#### *Platform Train Interface Strategy*

The platform-train interface continues to be a key area for industry risk management bringing multi-functional industry parties together. Given an initial lack of data, the development of the strategy has proved to be a complex cross-industry initiative. We adopted a whole-system, risk-based approach, which included workstreams in human factors, operations, engineering, and data analysis. Critically, it has been driven and sponsored by rail companies working together – both train operators and Network Rail as the infrastructure manager.

Areas for learning, included the dispatch procedure, the role of the driver, the behaviour of passengers, and door design and maintenance.

Roadshows were held during 2014 to gain feedback from the wider industry and fed into the creation of the strategy. The accompanying plan outlines actions that the industry now needs to complete. To ensure implementation is embedded throughout industry, steering group members were keen to continue to meet for an additional year. The Platform Train Interface Strategy was published four months ahead of the original schedule.

*Road driving risk*

Road transport plays a crucial role in keeping the railway running, by enabling round-the-clock maintenance and development. This brings with it a risk to rail staff and others. A cross-industry Road Driving Risk Steering Group reporting to the System Safety Risk Group is leading a project to highlight the wider risks associated with driving for work, including road transport operated by suppliers, and improve overall understanding and management.

*SPAD Strategy*

The accident at Ladbroke Grove (1999) was caused by a Signal passed at Danger (SPAD), and resulted in the death of 31 people. Since then, the industry has focused on reducing the risk from SPADs through a range of initiatives, including the Train Protection and Warning System (TPWS). After a period of decline, the number of SPADs in 2014 was 2% higher than the 285 occurring in 2013.

The January 2015 board discussed and agreed the need to develop a forward strategy for the risk management of SPADs which although relatively low in frequency, have the potential for high consequence loss. The strategy has also been initiated in response to an increasing number of signals being passed at danger over the past two years. It will be delivered through three key phases, consider the need for new controls and mitigations in the short, medium and long term, and capture existing good practice.

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**Knowledge**

*Academic research*

Rail Research UK Association (RRUKA) celebrated its third year of operation on 5 November 2014 at its Annual Conference, with the keynote presentation by Network Rail CEO Mark Carne. Topics ranged from bridge scour, vibration, and passenger crowd management, to improved understanding of SPAD risk and managing the risks of slips, trips and falls.

RSSB sponsored a competition to promote innovative ideas and the winner was a bid for £300k to develop an active pantograph. The cross industry panel of judges said it had significant potential application across the spectrum of railway operations.

The pantograph measurement device competition received six entries. The successful proposal will result in two test systems, one at the University of Birmingham and one at Bounds Green Depot.

RSSB and the Engineering and Physical Sciences Research Council (EPSRC) jointly funded three academic research projects on new materials which aim to reduce the whole-life costs of railway assets. They were:

- Whole-life cost Assessment of Novel materials Railway Drainage Systems, University of Nottingham:

The potential advantages of lightweight materials for drainage systems include ease of transport, handling and installation, as well as whole-life costs.

- Rail-energy knowledge exchanges on emerging materials (ALCHEMy), University of Sheffield:

This project aims to enable a step change in the life of high value track components.

- Designing steel composition and microstructure to better resist degradation during wheel rail contact, Consortia involving University of Huddersfield, Cranfield University, University of Cambridge and University of Leeds:

This project aims to provide a better understanding of the characteristics of the steel which are important to resist the key degradation mechanisms.

Once completed, the successful feasibility studies may be considered for further trial and demonstration funding.

#### *Developing competence*

Research reviewing driver training has led to a generic industry training course to enable delegates to become qualified competent (novice) train drivers. The course currently being piloted with delegates from Southeastern embraces innovation through iBooks, eLearning and use of iPad technology. It builds upon good practice from previous research and is competence based, demonstrated by formative assessment. The course is 17 weeks shorter than the current industry average, enabling driver shortages to be addressed far more rapidly. If adopted by all train and freight operators savings are projected to be in the region of £25-30m per annum.

### *Health and Wellbeing*

Diversity in both geography and tasks performed means that different roles are exposed to different health hazards and employers face different challenges. Proactive management of workforce health and wellbeing is an important part of business performance and workforce engagement. Over 100 people from within and outside the industry participated in the development of a health and wellbeing vision and its supporting roadmap which was endorsed by the RSSB Board in March 2014. The roadmap covers activities including industry leadership, clinical knowledge, reporting and monitoring, employee engagement and behavioural change.

In October 2014, RSSB hosted the first Railway Health and Wellbeing conference bringing together human resources managers, occupational health specialists, health and safety managers, health experts and practitioners. It is estimated that working collaboratively across the industry to address health and wellbeing could save the industry up to £32million per annum. As a result, industry has invigorated its approach to workforce health and wellbeing.

### *Saving energy*

Training has started to get stakeholders using the rail industry embodied carbon tool [www.railindustrycarbon.com](http://www.railindustrycarbon.com). The Rail Carbon Tool has been developed to calculate, assess, analyse, report and reduce the carbon footprint of any rail project by evaluating low-carbon options using verified, centrally-available carbon factor data.

### *System interfaces*

The five System Interface Committees (SICs) continue to support a broad base of activity within the RSSB managed cross-industry research and development programme

'Track-Ex' is a unique tool for assessing rolling contact fatigue (RCF). The number of users has increased over the year. 'Track-Ex' has been used to support a number of track projects including the Midland Main Line linespeed improvement programme and the Crossrail project.

The Vehicle/Train Control and Communications SIC supported the development of the next generation of Radio Electronic Token Block (RETB) signalling and has continued to monitor Global System for Mobile Communications – Railways (GSM-R), RETB, Train Protection and Warning System (TPWS), and the Automatic Warning System (AWS).

Research project *T906 – Integration of TPWS/AWS with ERTMS/ETCS (including development of requirements for an integrated DMI)* provided design options to support the retrofit of ERTMS/ETCS Driver Machine Interface (DMI) onto trains for the next four or five deployments in accordance with the proposed ERTMS National Implementation Plan. Through rationalising DMI design, the expected saving to the industry will be £450k over a 25 year period due to the reset and continue risk being mitigated. The outcomes of the project are expected to result in significant savings to the industry.

Vehicle/Train Energy SIC has focussed on, investigating electrical corrosion of wheel bearings, the AC/DC changeover and monitoring the development of energy storage technologies and knowledge searches into biofuels.

### *SPARK*

SPARK, the Sharing Portal for Rail Knowledge now has 20,000 records sourced from RSSB and knowledge sharing partners around the world. With over 5,400 users, the portal has established itself as the place to seek out rail related research knowledge.

In 2014-15, RSSB has published 49 research reports.

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## **Innovation**

Continuous improvement in the railways is supported by our research, development and innovation activities. RSSB manages a range of programmes and schemes funded by government and industry to inform the knowledge base and ultimately improvements in business performance.

The Future Railway programme enables the delivery of the Rail Technical Strategy (RTS), by attracting innovation in the rail industry and its supply chain and has 92 live contracts, 21 completed and 24 under negotiation. Competitions aiming to reduce the cost and carbon, but increase the capacity and customer satisfaction in the railways of the future in Britain.

### *Competitions*

RSSB has been encouraged by the number of attendees at its launch events and workshops and the interesting and diverse entries submitted to competitions.

The highlights from the Future Railway Programme in 2014 – 15 were; Aesthetic Overhead Line Equipment design, Independently Powered Electric Multiple Unit testing, Radical Train developments following the 2013 launch and Tomorrow's Train Design Today.

- In March 2014, a £2m Future Ticket Detection competition was launched to find alternatives to the existing gate-line and ticket detection system in order to cope with increased passenger flows within the same floor space.
- Funding worth £3million was announced for nine winning proposals to reduce the cost of electrification schemes by avoiding the need to reconstruct bridges and tunnels. Altering and reconstructing bridges and tunnels is roughly 25% of the cost of electrification schemes and so this was a smart area for investment in new ideas to reduce the costs involved. The competition attracted nine successful proposals which will be shortlisted to proceed to the demonstrator phase.
- The Remote Condition Monitoring competition launched in October 2013 resulted in 26 contracts being issued. Three innovations have successfully completed their feasibility studies and are now preparing draft demonstrator proposals in preparation for the next phase of the competition process. These are:
  - Monitor Optics Systems' crack propagation feasibility study laboratory tests
  - Zircon Software human incursion study
  - Red Viking Rail live simulation of their flood detection feasibility study.
- The competition to design a Pantograph Dynamic Behaviour Measurement Device for use in Rolling Stock Maintenance Depots with the overall objective of reducing the variability in pantograph performance was launched at Bounds Green Depot in March 2014.
- In a competition with the Royal Institution of British Architects, DfT and HS2, the Future Railway Programme aimed to identify and demonstrate design solutions for aesthetic overhead line structures that are more visibly appealing to line side neighbours, do not exceed current construction and installation costs, and are easy to install.

- The Tomorrow's Train Design Today competition launched in 2014 announced three finalists in March 2015. Held in association with the Department for Transport (DfT) and the Royal Institute of British Architects (RIBA) it sought new design solutions to improve passenger rolling stock across the GB rail network and offered up to £3.5 m of grant funding under the Small Business Research Initiative model. The competition had two challenge themes:
  - 4Cs Train Challenge - Long-term designs for rolling stock matched to the industry's high-level objectives of reducing costs and carbon emissions whilst increasing capacity and customer satisfaction.
  - Next-Gen Train Interiors - Medium-term designs for rolling stock interiors with a focus on flexibility and adaptability to meet different service requirements.

From 48 entries, 10 were shortlisted and three have been taken forward to the next stage of development.

- A 100% funded £4m competition on Predictable and Optimised Braking for Rail Vehicles. The competition attracted 18 entries of which eight projects will go forward to the feasibility stage. The competition aims to develop braking systems that may be fitted to new and suitable existing UK trains. The aim is that such trains will be fitted with systems which may be used on the GB mainline network without modification to the existing track and signalling infrastructure.
- The Rail Operator Challenge Competition encouraged innovative solutions between the supply chain and the rail operating companies with the following aims:
  - Increasing patronage and identifying new revenue opportunities of the railway
  - Improving the customer experience
  - Improving the level and consistency of train operations performance
  - Enhancing the efficient delivery of services
  - Reducing energy use and carbon emissions

- Reducing the cost of train operations
  - Proposals must be led or supported by a passenger or freight rail operator licensed as a railway undertaking to operate on the GB network.
- The industry's current electrification programme aims to install electric power supply to approximately 50% of the total network covering approximately 80% of the passenger traffic. The Powertrain competition announced in November 2014 is seeking technical solutions that can provide improved energy efficiencies for self-powered vehicles with on board power generation or stored energy to operate on rural or non-electrified lines.
- RSSB and Transport Minister Claire Perry launched the Train Operator Competition 2015 (TOC'15) offering £6m to co-fund innovative proposals to address key challenges faced by UK train operating companies. The competition is intended to increase train operators' awareness and ability to design an innovation strategy and to put the mechanisms in place to enable its delivery. The scope of this delivery includes services, processes, designs and technology from proof of concept, to working operational prototype, and beyond.
- The 100% funded COMbined Positioning Alternative Signalling System (COMPASS) competition, with a value of £4 million, launched in spring 2015. COMPASS is a system that is being developed to keep trains moving when there is a signal failure. It will also provide signallers with an alternative and more accurate view of a train's position, speed and direction of travel. The competition will find successful applicants to carry out an initial feasibility study to investigate the technical and commercial viability of their proposed solutions.
- Bridges and tunnels pose a major challenge for an electrification scheme since catenary may not fit underneath some bridges. The Future Railway programme, Network Rail and the Department for Transport launched a £3m competition to help develop technology enabled solutions which increase the clearance below the bridge avoiding the need for bridge reconstruction.



- The Future Railway Programme and Innovate UK are to invest up to £6m to support business innovation in digital technologies that improve the customer experience in UK and international rail markets. In a competition launched in early 2015, proposals must be business led and contribute to the Customer Experience portfolio of the Rail Technical Strategy.

RSSB continues to advise the Department for Transport (DfT) on policy and the design of the Innovation in Franchising Funding Scheme (IIF\_FS) mechanism. A small team has been created to administer the scheme and mobilisation will now commence following the East Coast franchise announcement.

### *Championing the Rail Technical Strategy*

The Vehicle/Train Control and Communications System Interface Committee (SIC) has taken responsibility for being the Portfolio Champion of the Control Command and Communication chapter of the Rail Technical Strategy 2012.

Vehicle/Train Energy SIC has focussed on delivery of the Rail Technical Strategy Energy Portfolio.

Vehicle/Vehicle SIC has published issue three of the Key Train Requirements document. This document has captured experience that has emerged from historic rolling stock projects and highlights new developments taking place that will potentially need to be considered when requirements are being specified for new build, refurbishment or life extension projects. The SIC is the Portfolio Champion for the Rolling Stock chapter in the Rail Technical Strategy 2012 and has created a Working Group to develop route maps to support delivery of the rolling stock vision described in the RTS.

### *Battery powered train*

The Independently Powered Electric Multiple Unit (IPEMU) electric/electric hybrid successfully completed its test running at Network Rail's test track (RIDC Melton), and has now been tested in passenger service between Harwich and Manningtree receiving significant positive media interest.

### *Innovation Capability Maturity Model*

In the Innovation Academy Pilot completed with Staffordshire Alliance, 12 companies expressed an interest or have undertaken the Innovation Capability Maturity Model (ICMM) self-assessment.

The assessment allows companies to determine their capabilities and behaviours for innovation and considers culture, organisation, activities, strategic alignment and competitive environment.

A new email bulletin dedicated specifically to research, development and innovation called 'The Knowledge' was published in September 2014.

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## Standards

RSSB has continued to support with a secretariat and chair many of the Mirror Committees established by the British Standards Institute to follow development of Euronorms. These committees provide a mechanism for the GB industry to input to these European standards and vote on their approval as well as through active participation in the European meetings.

The review of Infrastructure Technical Specifications for Interoperability (TSIs), Group Standards, Company Standards and Euronorms between RSSB and Network Rail has now completed phase 1 on plain line track. Work has now started to consider switches and crossings and structures and bridges. The intention behind this review is to consider whether there are any difficulties that will be created when Railway Group Standards are simplified to align with the TSIs that came into effect in January 2015 and to enable direct use of the Euronorms wherever possible.

RSSB is leading a process to learn lessons and make recommendations for the future. A workshop was hosted at RSSB on the 10 December 2014, to consider the experience of influencing and shaping the future versions of TSIs. Around 80 people attended from all parts of the industry, DfT and the Office of Rail and Road (ORR) and a significant number of lessons learned and recommendations are being assembled for Industry Standards Co-ordination Committee (ISCC) to consider.

A significant standards change project is being undertaken supported by the Vehicle/Structures System Interface Committee and four standards committees to modernise the gauging and clearance requirements set out in a series of Railway Group Standards (RGSs). This is intended to deliver the following benefits:

- Give vehicle manufacturers clear requirements for the maximum build envelope for vehicles.

- Give projects clear requirements for the position of new or altered infrastructure relative to the track, and for new or altered tracks relative to adjacent tracks.
- Integrate existing methods and criteria for assessing gauging compatibility between infrastructure and rolling stock into the suite of documents.

The breadth of the work covers pantograph sway and stepping distances amongst other issues and has brought industry experts together to learn from each other as well as find solutions from the consultation process. This involved industry engagement pre-consultation as well as workshops to hone the four group standards and a supporting guidance note, which will be presented to the respective standards committees in 2015. This will make it easier (and hence more cost effective) to establish if a vehicle (either new or cascaded) has clearance on any particular route.

The AC electrification standard has been signed off by the Energy Standards Committee and will be published in time to be notified as a national technical rule under the Interoperability Directive. This is an important development to enable Network Rail projects to comply with EU regulations in the context of the legacy configuration of the network. V/TE SIC has been involved in the development of the Energy Technical Specification for Interoperability Implementation Strategy, this follows the in-force date of 1 January 2015, as well as contributing to Network Rail's development of a TSI-compliant electrification design for Great Western.

A new proposal for Plant Acceptance on the railway has been accepted in principle between the affected industry parties, namely RSSB, Network Rail, London Underground, Plant Standards Committee and UKAS. The three stage process will be Statutory Requirements, Engineering Assessment followed by Product Acceptance. RSSB has drafted a Rail Industry Standard RIS-1710-PLT describing the new plant certification process and RIS-1530-PLT describing the technical requirements for each type of machine. These documents are now out for consultation.

### *Common Safety Method for Risk Evaluation and Assessment*

An important addition to the regulatory regime is the introduction of the Common Safety Method on risk evaluation and assessment (the CSM RA). This common European risk management process has applied

since 1 July 2012 to all significant changes to the mainline railway system – ‘technical’ (engineering), operational and organisational.

RSSB research (project T955) developed methods, guidance and tools to support the management of change and help the industry to meet the requirements of the CSM RA in an efficient and effective way. This resulted in the publication in 2014 of six Rail Industry Guidance Notes (GNs).

#### *ERTMS and GSM-R*

The Global System Mobile Communication – Railway (GSM-R) Programme that RSSB has supported for many years has completed the roll out across the network with effect from the end of June allowing resources to concentrate on delivering the European Rail Traffic Management System (ERTMS) programme.

Work started on developing a strategy on train positioning to support information sharing across diverse information and control systems and commencement of the process to manage the Network Rail GSM-R voice communications.

RSSB hosted ERTMS Education Day in October attended by industry and project specialists. The aim was to educate and build valuable knowledge within the industry of how ERTMS will be rolled out throughout the GB rail network and discussing the effects and huge changes it will make to both engineering and operations.

It is expected that delivery of ERTMS will sit within Network Rail’s Digital Railway programme.

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### **Industry Schemes**

#### *CIRAS*

In April 2014 the CIRAS scheme was expanded to include all main contractors following agreement reached with Network Rail and London Underground. At the end of March 2015 membership stood at 1300 organisations. In parallel with this, and following a public commitment by The Mayor of London, work is now underway to implement CIRAS across all Transport for London transport modes and events have been held with all the bus operators.

The National Audit Office (NAO) recently consulted with CIRAS as part of a project they are undertaking on whistle blowing schemes in the public sector. They were impressed with the CIRAS approach which,

seeks a positive resolution of a raised concern. CIRAS has been invited to become a member of a good practice exchange forum which they are going to establish.

*Supplier Assurance*

GB rail's supply chain is both national and international, comprising some 250 buyers procuring from a common supplier base in excess of 3,000 companies, whilst some suppliers to industry are of course also buyers in their own right too. However, in the absence of a common strategy this leads to overlap and duplication.

RSSB has published a guidance document to define the role and purpose of existing schemes and arrangements to improve stakeholder understanding. The full range of products and services procured by GB rail has been catalogued.

Control over the registration and qualification of suppliers, together with ownership of Intellectual Property Rights and supplier data has been transferred back to industry ownership from third party commercial interests, with a scheme manager appointed and the RISQS board established to provide governance.

RSSB has signed an agreement, on behalf of the rail industry, with Achilles Information Ltd, securing provision of pre-qualification and audit services via an online portal for the Railway Industry Supplier Qualification Scheme (RISQS).

A joint sponsor group has been formed by the RISQS and Railway Industry Supplier Approval Scheme (RISAS) Boards to introduce new supplier assurance arrangements for GB rail in 2017.

*RISAS*

Under the direction of the RISAS board, the scheme is designed to efficiently support Safety Management System (SMS) holder management of supply chain risk through the rigorous assessment of critical suppliers' capability to reliably meet contractual requirements. RISAS certification has been secured by the following companies in 2014-15;

- Derby-based rolling stock specialists, Railway Vehicle Engineering Limited (RVEL), underpinning the company's engineering capabilities for running gear, electrical traction equipment and transmissions at their Derby workshops

- Northern Rail Ltd - Newton Heath Traction Maintenance Depot
- ZF services for delivery of overhaul and repair of both ZF and non-ZF Traction & Rolling Stock transmissions, including Final Drives and Gearboxes at its Nottingham base

26 companies were re-certified during 2014-15

In response to eleven national incidents reported (NIR) relating to axle bearings in the first half of 2014, the RISAS Board asked RSSB to investigate and identify the underlying causes, reducing the likelihood of recurrence and the consequences of any local actions. The report, published in August 2014 highlighted design and workshop practice on secondary locking of axle end cap bolts, human factors development on definitions associated with workshop practice, as well as reducing errors during axle box assembly and review of risks from intermediate attention to axle boxes.

## Principal risk

The directors have judged that the principal risk to RSSB is events that could harm the reputation of the company for impartiality, independence and competence. To manage this risk there are a number of governance and management arrangements including the board, its sub-committees and the various committees that supervise and direct RSSB work and which ensure RSSB's work ties in with industry needs.

## Employee matters

### *Diversity*

RSSB is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications of employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment, training, career development and promotion of disabled persons employed by the Company. If a member of staff becomes disabled during employment, the company continues employment, either in the same role or offers an alternative position, with appropriate retraining being given if necessary.

### *Employee Involvement*

The company recognises the importance of its employees and is committed to effective two way communication and consultation on matters impacting employees directly. There is a single union agreement in place with the Transport Salaried Staffs' Association (TSSA) and the company recognises the rights of every employee to join a trade union and participate in its activities. An employee survey is also completed on an annual basis to seek feedback. Employees are encouraged to contribute to the company's performance through the management bonus scheme which recognises and rewards both individual and overall company performance.

Staff are kept up-to-date on a wide range of subjects that affect the business, including progress on business projects, impact of regulatory issues and wider financial and economic issues that may affect the company. Information is provided using a variety of communication channels including briefing sessions, staff newsletter (All Aboard) and the company intranet.

## Financial performance and year end position

### Income

RSSB's operating income arises from a mix of membership levies, grants from the Department for Transport and miscellaneous receipts from various goods and services.

Operating income grew by 25% during 2014/15 to £45.5m (2013/14 £36.2m).

The main driver for this increase was grant income for Innovation which rose to £11.8m (2013/14 £4.5m). In accordance with Statement of Standard Accounting Practice (SSAP) 4, grant funding for this activity is recognised in the Income and Expenditure Account when the corresponding expenditure is incurred.

Membership income rose by 13 % to £21.7m (2013/14 £19.1m) due to a combination of increases to existing levies as set out in RSSB's constitution, a decision to fund work on New Systems (European Rail Traffic Management System) via the Network Rail levy and slightly increased membership.

Details on other sources of income are set out in Note 1.

### Expenditure

Operating expenditure rose by 20% to £47.2m (2013/14 £39.1m); a breakdown of expenditure is provided in Note 1.

For the first time in 2014/15 expenditure incurred on non-member funded activities exceeded that of the member funded business. Innovation and Research and Development activities each incurred expenditure approaching £12m.

Staff costs remained the most significant single element of RSSB's cost base with payroll and other staff costs totalling £22.1m (2013/14 £21.4m) but for the first time this made up less than 50% of total operating expenditure.

The cause of these changes is the wider scope of activities undertaken by RSSB largely, but not only, driven by Innovation work. Expenditure directed towards external parties totalled just under £18m up from around £11m in 2013/14. Some of this consists of the well-established use of third party consultants to provide expertise across the business, particularly in Research and Development. However Innovation activity is driving novel arrangements such as collaborations and competitions.



## Loss on ordinary activities

Overall there was an operating loss of £1.7m (2013/14 £2.9m) which was partially reduced by non-operating income such as bank interest and pension related adjustments. The Group loss before tax on ordinary activities was £1.25m (2013/14 £2.34m).

The main driver for this loss was the planned use of previously recognised grant surpluses in Research and Development. This contributed £2.3m to the deficit which was partially offset by modest surpluses in other business areas.

## Balance sheet

The Group Balance Sheet showed negative net assets of (£2.2m) at 31/3/2015 compared to a positive position of £1.8m at 31/3/2014.

## Assets

The cost of tangible fixed assets rose to £9.7m (2014 £8.0m) with just over £1m incurred on software largely for industry facing items (principally the Rolling Stock Library and Rail Vehicle Records system, (R2), the Requirements Management Database and a Carbon Measurement Tool) plus £0.4m of fit out costs on the new office premises and £0.2m on laptops. The net book value of tangible fixed assets rose to £3.1m (2014 £2.3m). Details are given in Note 6.

Group current assets rose to £63.0m (2014 £56.3m) due to an increase in cash balances to £54.3m (2014 £48.3m). This increase is largely driven by cash received for Innovation activity in the last two years which has yet to be spent.

## Liabilities

The rise in creditors to £52.5m (2014 £44.2m) was driven by an increase in accrued expenditure to £8.2m (2014 £5.0m) and in deferred income to £41.6m (2014 £36.7m). Deferred income is partly made up of membership levies invoiced in advance and cash received chiefly for Innovation activity but not yet recognised as income which rose to £34.6m (2014 £29.7m).

The combination of these factors led to a fall in net current assets to £10.5m (2014 £12.2m).

The value of provisions remained unchanged at £0.9m but the composition altered. The three main items were the dilapidations provision on Angel Square and the new office premises, onerous lease arrangements and some re-organisation costs. Details are given in Note 9.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## STRATEGIC REPORT

For the year ended 31 March 2015

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A major impact on the Group Balance Sheet arises from the annual valuation of the RSSB section of the Railway Pension Scheme carried out under Financial Reporting Standard (FRS) 17. This showed a net liability of £15.0m (2013/14 £11.8m).

By convention RSSB only accounts for 60% of the net liability in line with the shared cost basis of the scheme which had a total net deficit of £25.1m. Strong growth in asset values could not offset the historic low levels of return on financial instruments which saw the applicable discount rate, used to calculate the value of future liabilities, fall from 4.30% to 3.35%.

Note 14 provides greater detail and shows that whereas section assets have risen over the last five years from £47.2m to £73.3m liabilities have also increased from £54.9m to £98.3m

### Income and expenditure reserve

Note 10 breaks down the group income and expenditure reserve. Principally it aims to show the recognised surpluses arising on R&D, Innovation (bank interest only) and CIRAS activities.

### Other items

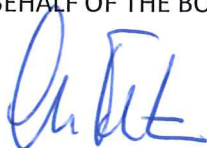
The Statement of Recognised Gains and Losses, which takes account of the net change in the pension liability, showed a total loss of £4.0m (2013/14 £1.3m).

RSSB did not receive the expected £18.9m in cash from Network Rail for Innovation activity during 2014/15. This was based on an arrangement for funding Innovation work up to the end of 2018/19 involving RSSB, Network Rail, the Regulator and the Department for Transport. Details are given in Note 18.

### Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

ON BEHALF OF THE BOARD



Christopher Fenton

Chief Executive

Date: 2 July 2015

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 March 2015

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### Directors

The membership of the Board is set out below.

The following directors served during the year:

#### Executive Directors:

- Chris Fenton, (Chief Executive)
- Anson Jack, Executive Director (resigned 31 May 2015)

#### Industry nominated non-executive directors:

- Jeremy Candfield, nominated by suppliers, Director General, Railway Industry Association
- Neil McDonald, nominated by non-passenger train operators, Managing Director (Industrial Business Segment), DB Schenker Rail (UK) Ltd, resigned 13 February 2015)
- Paul Kirk, nominated by infrastructure contractors, Paul Kirk and Associates Ltd
- Malcolm Brown, nominated by rolling stock owners, Chief Executive, Angel Trains Ltd
- Charles Horton, nominated by passenger train operators, Chief Executive Officer, Govia Thameslink Railway Ltd
- Gareth Llewellyn, nominated by Network Rail and other infrastructure managers, Director of Safety and Sustainable Development, Network Rail (resigned 10 March 2015)
- Graham Hopkins, nominated by Network Rail and other infrastructure managers, Group Safety, Technical and Engineering Director of Network Rail joined as director on 01 June 2015
- Steve Murphy, nominated by passenger train operators, Chief Operating Officer, European Business, MTR Ltd
- Geoff Spencer, nominated by non-passenger train operators, Chief Executive Officer, DB Schenker Rail (UK) Ltd

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 March 2015

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### Independent non-executive Directors:

- Paul Thomas – Board Chairman (resigned as Chair 5 March 2015 and non-executive Director 31 March 2015)
- Anna Bradley (non-executive Director from 08 December 2014 and Board Chairman from 06 March 2015)
- Alan Emery
- Dolores Byrne (appointed 01 April 2015)

### 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. All three committees shall consist solely of non-executive directors of the company.

### Audit Committee

The membership of the Audit Committee consists of not less than three non-executive directors of the company. The Audit Committee reviews the accounting policies and procedures of the company; its internal control systems, including risk management; and its compliance with statutory requirements. It may also consider any matter raised by the external auditors.

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

- Paul Kirk (Chairman)
- Neil McDonald (resigned 13 February 2015)
- Jeremy Candfield
- Malcolm Brown
- Charles Horton

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 March 2015

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### Remuneration Committee

The membership of the Remuneration Committee consists of not less than three non-executive directors of the company. 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 £120,000 per annum increased annually from 2013 in line with published inflationary indicators or members of the senior management team and usually associated with the title of 'Director'.

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

- Alan Emery (Chairman)
- Paul Thomas (resigned 31 March 2015)
- Anna Bradley (from 08 December 2014)
- Jeremy Candfield
- Charles Horton

### Appointments Committee

The membership of the Appointments Committee consists of not less than three non-executive directors of the company (at least two of whom shall be non-industry directors). 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 £120,000 increased annually from 2013 in line with published inflationary indicators.

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

- Paul Thomas (Chairman) (resigned 05 March 2015)
- Anna Bradley (Chairman) (appointed 06 March 2015)
- Alan Emery
- Neil McDonald (resigned 13 February 2015)

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 March 2015

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

### 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.

### 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 and 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

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

For the year ended 31 March 2015

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auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

### Auditors

UHY Hacker Young were reappointed as the auditors at the Annual General Meeting held on 06 November 2014 special notice pursuant to Section 485 having been given.

ON BEHALF OF THE BOARD



Christopher Fenton

Chief Executive

Date: 2 July 2015

# **RAIL SAFETY AND STANDARDS BOARD LIMITED**

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

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We have audited the financial statements of Rail Safety and Standards Board Limited for the year ended 31 March 2015 which comprise the Consolidated Income and Expenditure Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Gains and Losses and the related notes. 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 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 page 27, 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 and express an opinion on 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 Practice Board's (APB'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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## RAIL SAFETY AND STANDARDS BOARD LIMITED

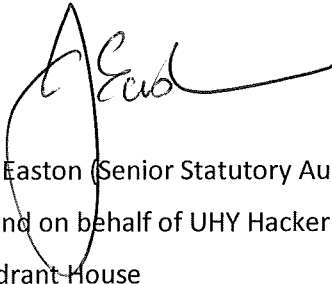
### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF RAIL SAFETY AND STANDARDS BOARD LIMITED

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#### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Jack Easton (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young, Statutory Auditor

Quadrant House

4 Thomas More Square

London

E1W 1YW

2 July 2015

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2015

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### **BASIS OF PREPARATION**

The group financial statements consolidate those of the company (RSSB) and of its subsidiary undertaking Railway Documentation and Drawing Services (RDDS) and are drawn up to 31 March 2015.

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

The principal accounting policies are set out below.

### **BASIS OF CONSOLIDATION**

The group financial statements include the results of the company and those of its subsidiary RDDS. The net assets of both entities have been consolidated into the group results using acquisition accounting.

### **INCOME**

Income comprises members' levies, grants from the Department for Transport, and various items of miscellaneous income.

The Constitution Agreement of the company sets out the funding arrangements for members and levies are recognised in the year to which they relate.

RSSB receives several grants from the Department for Transport and their treatment reflects the conditions relating to each grant. For example the Research and Development grant has been recognised fully in the year whereas, the Innovation grant is treated as deferred income until the matching expenditure occurs.

The total amount receivable by the company for goods supplied and services provided, excludes VAT and trade discounts.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2015

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### TANGIBLE FIXED ASSETS AND DEPRECIATION

#### Capitalisation

Expenditure on assets, except software in excess of £500 is capitalised.

Expenditure on software is expensed except for major items over £10k which may be capitalised. The internal costs, when measurable, are taken into account in assessing the cost of software assets.

#### Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all fixed assets over their expected useful economic lives. A straight line method of depreciation is used for all assets. The useful economic lives generally applicable are:

Servers	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	Four years on a straight-line basis
Safety Management Information System (SMIS) (Software)	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 is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2015

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### PROVISIONS

Provisions are recognised when the Group has a present obligation arising from a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### 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. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

### RESERVE

RSSB's reserve arises from prior surpluses. The funding of these surpluses has different sources which would affect the way the reserve would be allocated if a decision was taken to run it down.

For example the RSSB Board decided in 2005 that part of the reserve would be clearly linked to Research and Development. Also surpluses arising from DfT grants and CIRAS are restricted in use.

All elements of the reserve are impacted by those transactions which affect the valuation of the pension fund and which under Financial Reporting Standard 17 are required to be taken directly to the reserve (see note 10).

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	Note	Group Year ended 31 March 2015 £'000	Group Year ended 31 March 2014 £'000
Operating income	1	45,453	36,175
Operating expenses	1/3	(47,170)	(39,113)
<b>Operating (loss) attributable to ordinary activities</b>		<b>(1,717)</b>	<b>(2,938)</b>
Interest receivable		208	337
Other finance income	2/14	260	260
<b>(Loss) on ordinary activities before taxation</b>		<b>(1,249)</b>	<b>(2,341)</b>
Tax	4	(55)	(86)
<b>(Loss) for the year</b>	5/10	<b>(1,304)</b>	<b>(2,427)</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 2015

		Group	Company	Group	Company
	Note	31 March 2015	31 March 2015	31 March 2014	31 March 2014
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible fixed assets	6	3,108	3,108	2,329	2,329
		<b>3,108</b>	<b>3,108</b>	<b>2,329</b>	<b>2,329</b>
<b>Current assets</b>					
Debtors	7	8,678	8,662	8,035	8,001
Cash at bank	12/13	54,337	54,249	48,277	48,147
		<b>63,015</b>	<b>62,911</b>	<b>56,312</b>	<b>56,148</b>
Creditors: amounts falling due within one year	8	(52,467)	(52,488)	(44,151)	(44,107)
<b>Net current assets</b>		<b>10,548</b>	<b>10,423</b>	<b>12,161</b>	<b>12,041</b>
<b>Total asset less current liabilities</b>		<b>13,656</b>	<b>13,531</b>	<b>14,490</b>	<b>14,370</b>
Provision for liabilities and charges	9	(874)	(818)	(863)	(810)
Pension liability	14	(15,030)	(15,030)	(11,830)	(11,830)
<b>Net assets</b>		<b>(2,248)</b>	<b>(2,317)</b>	<b>1,797</b>	<b>1,730</b>
<b>Reserve</b>					
Income & expenditure reserve	10	(2,248)	(2,317)	1,797	1,730
		<b>(2,248)</b>	<b>(2,317)</b>	<b>1,797</b>	<b>1,730</b>

The financial statements were approved by the Board of Directors on 2<sup>nd</sup> July 2015.



Christopher Fenton

Chief Executive



Anna Bradley

Chairman

Company registration number 04655675

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## GROUP CASH FLOW STATEMENT

For the year ended 31 March 2015

		Group	Group
	Note	31 March 2015	31 March 2014
		£'000	£'000
<b>Net Cash Flow from operating activities</b>	11	7,638	10,581
<b>Taxation</b>			
UK Corporation tax paid		(83)	(75)
<b>Returns on Investments and servicing of finance</b>			
Interest received		193	337
<b>Capital Expenditure</b>			
External and internal costs	6	(1,688)	(886)
<b>Increase in cash</b>	13	<u>6,060</u>	<u>9,957</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 2015

	Note	Group Year ended 31 March 2015 £'000	Group Year ended 31 March 2014 £'000
(Loss) for the year		(1,304)	(2,427)
Gain/(Loss) on pension assets	14	3,600	(710)
Gain/(Loss) on pension liabilities	14	(6,340)	1,810
<b>Total loss recognised</b>		<b>(4,044)</b>	<b>(1,327)</b>

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



# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 1 INCOME AND EXPENDITURE ON OPERATING ACTIVITIES

Income	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Membership Levy*	21,650	19,102
New Systems*	115	1,158
Department for Transport grant for R&D	9,728	9,955
Department for Transport grant for Innovation (Future Railway programme)	11,753	4,546
CIRAS membership levy	895	676
RDDS activities	152	161
Close call safety system funding	336	-
RGS Online	152	127
RISAS Services	201	9
**Funding from European Union	-	52
***Miscellaneous income	471	389
Total income from operating activities	<b>45,453</b>	<b>36,175</b>

\* During 2014/15 most of New Systems was funded through the membership levy to Network Rail. Previously this was funded directly by invoicing Network Rail.

\*\* In 2013/14 £15k was attributable to Research and Development activities.

\*\*\* This comprises income arising from running training courses, conferences and other ad hoc activities. Some £132k (2014: £118k) of miscellaneous income is attributable to Research and Development.

All income arose from UK operations.

Expenses by activity	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Member funded activities	22,299	21,748
Research and Development	11,998	11,805
Innovation (Future Railway programme)	11,753	4,546
CIRAS	970	867
RDDS	150	147
Total expenses from operating activities	<b>47,170</b>	<b>39,113</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### INCOME AND EXPENDITURE ON OPERATING ACTIVITIES (Continued)

Expenditure by function	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Staff payroll costs	20,069	19,905
Other staff costs and staff travel	2,054	1,465
Technical support (non-Innovation/R&D)	2,304	1,135
Technical support (Innovation)	3,454	3,236
Investments and Grants (Innovation)	5,895	465
Technical services (R&D)	6,274	6,119
Property costs including rent	2,337	2,189
Loss on write off of fixed assets	8	161
IT external expenditure (includes cost of Safety Management Information System)	2,218	1,803
Professional fees including insurance/legal/accountancy/tax	405	456
Publications/events/other media	878	689
Miscellaneous goods and services	184	254
Non-property lease rentals	39	95
Depreciation	901	994
RDDS	150	147
Total	<b>47,170</b>	<b>39,113</b>
Auditors' remuneration included above:		
Fees payable for the audit of the group's annual accounts	28	28
Other audit related services including taxation service	17	15
	<b>45</b>	<b>43</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 2 OTHER FINANCE INCOME

Analysis of the amount credited/(charged) to other finance income

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interest on pension liabilities	(2,200)	(2,130)
Expected return on pension assets	2,460	2,390
Net profit on other finance income	<u>260</u>	<u>260</u>

### 3 DIRECTORS AND EMPLOYEES

Staff payroll costs during the year were as follows:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Salaries	15,011	14,861
Social security	1,571	1,559
Pension contributions	3,487	3,485
	<u>20,069</u>	<u>19,905</u>

	2015 Number	2014 Number
Staff employed	<u>252</u>	<u>252</u>

The average number of staff employed is calculated using the actual numbers of employees at the end of each period and using the total number of periods as the base for calculating the year's average.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Emoluments	732	737
Amounts paid to third parties in respect of Directors' services	107	88
Pension contributions	34	37
	<b>873</b>	<b>862</b>

During the period one director participated in the company defined benefit pension scheme.

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Emoluments	339	361
Pension contributions	20	29
	<b>359</b>	<b>390</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 4 TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
UK corporation tax at 21% (2014: 23%)	55	86
Adjustments in respect of prior years	-	-
Total current tax charge	<b>55</b>	<b>86</b>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained as follows:

Profit on ordinary activities before tax	(1,249)	(2,341)
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 21% (2014: 23%)	(262)	(538)
Effect of:		
Adjustment for results from not-for-profit activities	318	628
Adjustments in respect of prior years	-	-
Tax losses utilised (RDDS)	-	(1)
Difference in tax rates	(1)	(3)
Current tax charge for period	<b>55</b>	<b>86</b>

### 5 HOLDING COMPANY PROFIT/(LOSS)

Of the £1,304k group loss for the financial year (2014: Group loss of £2,427k), £1,306k (2014: Loss of £2,439k) is dealt with in the account of the company itself.

RDDS made a profit of £2k for the financial year (2014:£12k).

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement for the company alone.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 6 TANGIBLE FIXED ASSETS

Group and company	Servers	Leasehold Improvement	Desktops & Laptops	Software	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	951	1,217	302	5,197	16	348	8,031
Additions	12	447*	182	1,038**	-	9	1,688
Disposals	-	-	(1)	-	(14)	-	(15)
<b>Total as at 31 March 2015</b>	<b>963</b>	<b>1,664</b>	<b>483</b>	<b>6,235</b>	<b>2</b>	<b>357</b>	<b>9,704</b>
<b>Depreciation</b>							
At 1 April 2014	(830)	(1,011)	(213)	(3,294)	(8)	(346)	(5,702)
Eliminated on Disposal	-	-	-	-	7	-	7
Depreciation expense for the year	(52)	(203)	(60)	(582)	(1)	(3)	(901)
<b>Total as at 31 March 2015</b>	<b>(882)</b>	<b>(1,214)</b>	<b>(273)</b>	<b>(3,876)</b>	<b>(2)</b>	<b>(349)</b>	<b>(6,596)</b>
<b>Net Book value at 31 March 2014</b>	<b>121</b>	<b>206</b>	<b>89</b>	<b>1,903</b>	<b>8</b>	<b>2</b>	<b>2,329</b>
<b>Net Book value at 31 March 2015</b>	<b>81</b>	<b>450</b>	<b>210</b>	<b>2,359</b>	<b>-</b>	<b>8</b>	<b>3,108</b>

\* Leasehold Improvement additions relate to fit-out works on the new office premises.

\*\*Software additions relate to work on R2, Requirements Management Database and the Carbon measurement tool projects.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 7 DEBTORS

	Group 31 March 2015 £'000	Company 31 March 2015 £'000	Group 31 March 2014 £'000	Company 31 March 2014 £'000
Trade debtors*	7,304	7,288	6,738	6,711
Other debtors	161	161	163	163
Prepayments and accrued income	1,213	1,213	1,134	1,127
	<b>8,678</b>	<b>8,662</b>	<b>8,035</b>	<b>8,001</b>

\*Trade debtors include £6.7m of invoiced member levies relating to 2015/16 (2014/15: £6.7m)

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

	Group 31 March 2015 £'000	Company 31 March 2015 £'000	Group 31 March 2014 £'000	Company 31 March 2014 £'000
Trade creditors*	2,158	2,158	1,436	1,405
Corporation tax	66	65	94	92
Other taxation (VAT) and social security	384	384	903	903
Inter-company creditor	-	23	-	12
Accruals	8,231	8,230	4,983	4,960
Deferred income	41,628	41,628	36,735	36,735
	<b>52,467</b>	<b>52,488</b>	<b>44,151</b>	<b>44,107</b>

\*The increase reflects a large invoice related to the fit-out of new office premises that was received close to year end.

Accruals and deferred income comprises:

- Accruals for cost of work done but not yet invoiced £6,483k (2014: £3,169k) and staff pay £1,748k (2014: £1,814k). The increase is largely due to accrued expenditure in the Innovation area.
- Cash held on behalf of third parties £74k (2014: £121k) and deferred income £41,554k (2014: £36,614k). The increase is largely due to grants received but not yet recognised on Innovation activity.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Deferred income relates to member funding for 2015/16 that has already been invoiced (£6.7m). This arises because funding is payable quarterly in advance so invoices relating to the first quarter of 2015/16 were invoiced in the last quarter of 2014/15.

Deferred income also includes £34.6m (2014: £29.7m) of DfT grant funding for Innovation and R&D received but not yet recognised as the corresponding expenditure, though planned, has yet to occur.

### 9 PROVISIONS FOR LIABILITIES AND CHARGES

	Company £000	RDDS Library £000	Group £000
At 1 April 2014	810	53	863
Provision in the period	8	3	11
As at 31 March 2015	818	56	874

#### Dilapidations

RSSB is set to leave its current premises in Angel Square early in 2015/16. The estimated liability arising from the make good requirement in the lease for Angel Square is £300k. RSSB has also started to provide for the potential cost of the make good requirement in the lease of the new office premises. The lease commenced on 1 January 2015 and £10k has been recognised.



# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

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### **Property liabilities**

The requirement to leave Angel Square was unexpected since negotiations to extend the lease on the property were well advanced. The late notice required RSSB to take swift steps to secure a new location and consequently there is a period of approximately six months when RSSB will rent both locations but only be present in one. The incremental cost of vacant premises, £278k, has been provided for in 2014/15.

Some £30k of other property related provisions have been made.

### **Re-organisation**

Some £200k of re-organisation costs initiated in 2014/15 have been provided for. The cash impact will occur in early 2015/16.

### **RDDS Library**

The provision raised represents the RDDS directors' best estimate of the costs of closing the RDDS 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 ACCOUNT

For the year ended 31 March 2015

### 10 RESERVE

The profit on ordinary activities retained in the reserve is to be allocated as follows:

	Member funded	R&D	R&D Grant	Innovati on	CIRAS	RDDS	General	Total Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2014</b>	<b>2,023</b>	<b>3,000</b>	<b>7,207</b>	<b>128</b>	<b>541</b>	<b>26</b>	<b>(11,128)</b>	<b>1,797</b>
Profit/(loss) for the year	739	-	(2,138)	165	(73)	2	-	(1,305)
Increase in pension liability	-	-	-	-	-	-	(2,740)	(2,740)
<b>Retained reserves carried forward at 31 March 2015</b>	<b>2,762</b>	<b>3,000</b>	<b>5,069</b>	<b>293</b>	<b>468</b>	<b>28</b>	<b>(13,868)</b>	<b>(2,248)</b>

The table provides information on the composition of the income and expenditure reserve. RSSB receives funding for different activities and these are displayed in the table.

- "Member funded" relates to activities funded by RSSB members.
- "R&D" is a reserve created by the RSSB board in case of a shortfall in funding for R&D activities.
- "R&D grant" consists of surpluses arising on funds provided by the Department for Transport for R&D activities.
- "Innovation" consists of the interest on cash balances held by RSSB for Innovation activities.
- "CIRAS" consists of surpluses arising on CIRAS member funded activities.
- "General" consists of items of a RSSB-wide nature which cannot be allocated to a particular business area chiefly the liability on the pension scheme (see Note 14).

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 11 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Group 31 March 2015 £'000	Group 31 March 2014 £'000
Operating loss	(1,717)	(2,938)
Depreciation	901	994
Loss on write off of fixed assets	8	161
Increase in debtors	(628)	(6,091)
Increase in creditors	8,344	17,170
Difference between pension charge and cash contributions	720	790
Increase in provisions	11	512
Miscellaneous adjustments	(1)	(17)
<b>Net cash inflow from operating activities</b>	<b>7,638</b>	<b>10,581</b>

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

	Group 31 March 2015 £'000	Group 31 March 2014 £'000
Increase in cash in the year	6,060	9,957
Net funds at 1 April	48,277	38,320
<b>Net funds at 31 March 2015</b>	<b>54,337</b>	<b>48,277</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 13 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2014	Cash inflow	31 March 2015
	£'000	£'000	£'000
Cash in hand	48,277	6,060	54,337

#### Cash

Group cash balances of £54,337k (2014: £48,277k) include cash received in advance of £34.6m (2014: £31.6m)

### 14 RETIREMENT BENEFIT SCHEMES

#### Information about the 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 defined benefit final salary scheme and is open to new members.
- The Scheme is a shared cost arrangement whereby the Company is only responsible for a share of the cost (60%).
- Employer contributions are 15% of Section Pay (60% of the long-term future service joint contribution rate determined at the 31 December 2010 valuation).

#### Financial assumptions

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

	31 March 2015	31 March 2014
	% pa	% pa
Discount rate	3.35	4.3
Price inflation	2.95	3.35
Increases to deferred pensions (CPI measure)	1.95	2.35
Pension increases (CPI measure)	1.95	2.35
Salary increases *	1.95	3.35

\* plus 0.40% pa promotional salary scale at 31 March 2015 and 0.75% at 31 March 2014

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	At 31 March 2015		At 31 March 2014	
	Fair value £'000	Long-term rate of return expected	Fair value £'000	Long-term rate of return expected
Equities	71,250	n/a	60,830	6.6
Government Bonds	560	n/a	460	3.4
Non-Government Bond	1,200	n/a	1,080	4.3
Other assets	250	n/a	310	2.85
<b>Total</b>	<b>73,260</b>	<b>n/a</b>	<b>62,680</b>	<b>6.5</b>

#### Pension scheme liability at the end of the year

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Actuarial valuation of pension liabilities	(98,310)	(82,400)
Members' share of deficit	10,020	7,890
<b>Adjusted value of section liabilities</b>	<b>(88,290)</b>	<b>(74,510)</b>
Closing value of section assets	73,260	62,680
<b>Pension scheme liability to be recognised in the balance sheet</b>	<b>(15,030)</b>	<b>(11,830)</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### RETIREMENT BENEFIT SCHEMES (CONTINUED)

#### Reconciliation of Pension Scheme Liability

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Opening pension scheme liability	(11,830)	(12,400)
Employer contributions	1,630	1,590
Employer's share of service cost	(2,350)	(2,380)
Interest on pension liabilities	(2,200)	(2,130)
Expected return on pension assets	2,460	2,390
Actuarial (loss)/gain recognised in the STRGL	(2,740)	1,100
<b>Closing pension scheme liability</b>	<b>(15,030)</b>	<b>(11,830)</b>

#### Components of defined benefit cost

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Current service cost	2,350	2,380
<b>Total charged to operating profit</b>	<b>2,350</b>	<b>2,380</b>

#### Analysis of the amount charged to other finance charge:

Interest on pension liabilities	(2,200)	(2,130)
Expected return on pension assets	2,460	2,390
<b>Net credit/(debit) to other finance charge</b>	<b>260</b>	<b>260</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of return on assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Expected Return on Section Assets	2,460	2,390
Gain/(Loss) on Section Assets	3,600	(710)
<b>Actual Return on Section Assets</b>	<b>6,060</b>	<b>1,680</b>

The following two tables show the movement in the assets and the liability of the Section as a whole. Some of the figures therefore differ from those in the other disclosures, which reflect the Company's share of the costs and liabilities associated with the Section

Reconciliation of Section liabilities	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Opening Section liabilities	82,400	79,410
Service cost	3,880	3,920
Interest cost	3,660	3,550
Interest cost	10,630	(2,950)
(Gain)/loss on Section liabilities	(2,260)	(1,530)
Actual benefit payments		
<b>Closing Section liabilities</b>	<b>98,310</b>	<b>82,400</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of value of assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Opening value of Section assets	62,680	58,740
Expected return on assets	4,100	3,980
Gain/(Loss) on assets	6,000	(1,170)
Employer contributions	1,630	1,590
Employee contributions	1,110	1,070
Actual benefit payments	(2,260)	(1,530)
<b>Closing value of Section assets</b>	<b>73,260</b>	<b>62,680</b>
 <b>Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)</b>	 <b>Year ended 31 March 2015 £'000</b>	 <b>Year ended 31 March 2014 £'000</b>
Gain/(Loss) on pension assets	3,600	(710)
Gain/(Loss) on pension liabilities	(6,340)	1,810
<b>Total gain/(loss) recognised in STGRL</b>	<b>(2,740)</b>	<b>1,100</b>



# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### RETIREMENT BENEFIT SCHEMES (CONTINUED)

#### Historic information

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
<b>Section liabilities</b>	(98,310)	(82,400)	(79,410)	(63,070)	(54,850)
<b>Section assets</b>	73,260	62,680	58,740	53,000	47,230
<b>Deficit</b>	(25,050)	(19,720)	(20,670)	(10,070)	(7,620)
<b>Experience (gain)/loss on Section liabilities</b>	3,630	(280)	(100)	2,610	(1,110)
<b>Experience (gain)/loss on Section assets</b>	(3,600)	710	(690)	1,460	170

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

### 15 LEASING COMMITMENTS

The annual cost of operating leases classified by expiry date is:

	Year ended 31 March 2015		Year ended 31 March 2014	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	-	-	3	911
Between one and five years	20	-	-	-
More than five years	-	906	-	-
	<b>20</b>	<b>906</b>	<b>3</b>	<b>911</b>

### 16 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

RSSB is a member owned company set up to provide services to the GB rail industry. Many of RSSB's transactions are with its members, particularly with Network Rail. Most board members are appointed from within the industry and hence work for companies with which RSSB transacts again particularly Network Rail. However our board members from member companies play no role in selecting suppliers in the award of contracts to particular parties.

The Directors are confident that sufficient governance is in place to ensure an objective process in the selection of suppliers.

Directors are also asked to declare their interests at Board meetings and to keep the company secretary informed of any likely interests which may affect their legal duty to act in the best interests of RSSB.

### 17 CAPITAL COMMITMENTS

As at 31 March 2015, RSSB had entered into capital commitments of approximately £1,550k relating to the new office premises and £937k relating to R2.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2015

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### **18 CONTINGENCIES**

RSSB expected to receive up to £18.9m in cash from Network Rail for Innovation activity during the year. This was based on an arrangement for funding Innovation up to the end of 2018/19 between RSSB, Network Rail, the Regulator and the Department for Transport. At year end this money had not been received so is disclosed as a contingent asset. Due to the likely treatment of the cash receipt according to SAAP 4, the amount would not have been recognised in the Income and Expenditure account but treated as deferred income. There have been no post balance sheet events to report.

### **19 POST BALANCE SHEET EVENTS**

There have been no post balance sheet events to report.

