

COMPANY NO. 04655675

RAIL SAFETY AND STANDARDS BOARD LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2013

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)
Neil McDonald (Non-executive)
Paul Kirk (Non-executive)
Malcolm Brown (Non-executive)
Alan Emery (Non-executive)
Tony Collins (Non-executive)
David Higgins (Non-executive)
Charles Horton (Non-executive)
Peter Henderson (Resigned 19th July 2012)
Gareth Llewellyn (Non-executive) from 20th July 2012

Secretary:

Elizabeth Fleming

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 2013

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Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2013.

Principal activity

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

- Where reasonably practical, 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 carries out this work whilst seeking to continuously drive down its own costs and deliver better value for money to its members.

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.

Financial Performance

Overview

RSSB made a pre-tax surplus of £2.9m (2011/12 £4.3m) and net assets fell to £3.1m (2011/12 £6.5m).

The various business segments performed in line with budget with the surplus largely arising from unspent grant income.

Changes in the profile of RSSB's business and the pension valuation significantly affected RSSB's financial performance in 2012/13 and the year-end position.

During 2012/13 the Department for Transport granted RSSB cash of £16.7m to create a team to enable innovation within the Rail industry. RSSB has recognised £0.7m of the grant and £0.7m of corresponding expenditure. The balance of £16m is held as deferred income in the Balance Sheet.

REPORT OF THE DIRECTORS

For the year ended 31 March 2013

This new area of expenditure has contributed to increased staff and staff related costs in 2012/13 and the grant payment has bolstered RSSB's cash position.

The net pension liability rose due to a drop in the market based discount rate used to calculate the pension liability. This more than offset a healthy rise in the value of the assets held by the scheme.

Income

Group operating income rose to £33.3m (2011/12 £31.7m). Membership income was £19.1m (2011/12 £18.5m) and government funding rose to £11.5m (2011/12 £10.8m).

Other income arose from work on the European Rail Traffic Management System (New Systems) £1.1m, and the separately funded Confidential Incident Reporting Analysis System (CIRAS) £0.7m.

Miscellaneous income rose to £0.5m (2011/12 £0.2m) due to conference fees arising from RSSB sponsored events during the year.

Finance income totalled £0.5m (2011/12 £0.5m) split evenly between interest and the effects of the pension valuation (see note 14).

Expenditure

Group operating expenditure before exceptional items rose to £30.9m (2011/12 £29.5m).

The increases arose largely in payroll and other staff costs which rose £1.1m and £0.4m respectively on 2011/12 respectively due to extra staff and associated recruitment and redundancy costs. Property costs also rose chiefly due to an increase in the service charge. These increases were offset by a £0.5m reduction in depreciation.

Balance Sheet

Cash balances rose to £38.3m (2011/12 £19m), creditors (including deferred income) also rose to £27m (2011/12 £11.2m) and the pension liability rose to £12.4m (2011/12 £6m).

Review of Activities

Introduction

Throughout this year RSSB has continued to deliver products and services that support our members and build on their strengths to deliver a transport system that is efficient and offers good value for money. RSSB's core activities of standards, risk modelling and safety intelligence data,

research and network-wide initiatives covering Britain's rail network continue to be of increasing value to the industry.

The company has forged partnerships with the academic and business community to share knowledge and tap into innovation from many industry sectors. Some of this has been possible through government grants and by using smarter technology, seeking entrepreneurs to deliver a transformational change for the railway. In turn this will bring growth for the British economy in the medium to longer term, helping to realise the Rail Technical Strategy for the next 30 years.

One of RSSB's roles is to bring the industry together to work on difficult cross-industry issues. RSSB co-hosted two major international conferences bringing rail safety professionals from around the world, together with road-rail interface experts, enforcement and regulatory authorities to exchange information and share good practice.

The Rail Value for Money Study called for the industry to tighten its financial belt and with RSSB coming up towards its 10th Anniversary in 2013, the board of directors initiated a strategic review which commenced in July 2012. The objective of the review is to confirm the role of RSSB within industry, and to help the company to shape itself to deliver that role efficiently going into its second decade.

The cross-industry groups RSSB facilitates continue to work with our in-house technical experts to come up with smarter and more efficient ways to save the industry money and improve performance without compromising safety.

Strategic Review of RSSB

During the year the board established a subcommittee which included directors, three members of the Rail Delivery Group (RDG) and representatives from the Department for Transport (DfT) and Office of Rail Regulation (ORR) to oversee a strategic review of the company.

Work has progressed and a consultation document was issued in November 2012 asking members and other stakeholders for their views on proposed changes to the

RSSB Constitution Agreement. These changes would better reflect the company's primary objective, the principles of operation and functions. It is expected there will be an incremental implementation of the outputs of the review with the front end being more focussed on the 'what' RSSB does, followed by 'how' it is done. By March 2014 the company expects to have in place a new five year strategic business plan.

Standards and Stakeholder Engagement

As a consequence of work done over the past few years, the GB mainline railway is in a reasonably strong position in terms of the need for standards that support the European legislative framework. Railway Group Standards perform the functions of national rules, and their structure and content are already fairly well matched to what is required. However, understanding of what the European framework means in practice is evolving within the European Railway Agency and European Commission, some notable steps forward having been taken in the past two years. In 2012 further work on GB standards, included amending the scope of RGSs in a revised RGS Code and Standards Manual, so that it aligns fully and explicitly with the European framework. Building on recent analysis, which established that requirements in RGSs are necessarily either notified technical rules (NTRs) or national safety rules (NSRs), RSSB has begun to develop and deliver a programme of work to ensure RGSs correctly reflect this status. Continued input to Euronorms, often in parallel with work on RGSs, is making sure that a common European approach can be used in GB wherever this makes economic sense.

RSSB has developed and circulated to stakeholders briefing materials on standards in an easy to digest format in order to achieve a better understanding across the industry of standards and how to use them, and to obtain practical feedback from those who use standards.

The 'New Approach' to the Rule Book programme has continued to progress with significant milestones being reached in June 2012 and December 2012. Surveys carried out post implementation have shown the new documents to

be easy to read, set out in logical steps and using understandable words.

Additionally RSSB has engaged stakeholders in discussions about their experience of applying and interpreting Railway Group Standards (RGSs) to ensure they remain fit for purpose and meet the working practices of the railway as it evolves.

In April 2012, the first of a regular series of magazines *Right Track* aimed at front-line staff was launched. *Right Track* is designed to help companies share initiatives and perspectives in an accessible and down-to-earth way, directly to operational staff.

Supporting ERTMS and GSM-R programmes

RSSB has continued to support the roll-out of ERTMS and GSM-R programmes. During the course of the year a range of relevant documents and standards were published and risk assessment work undertaken in support of the programme.

Systems Interfaces

The five System Interface Committees (SICs), facilitated by RSSB continue to work to develop efficiencies, explore new opportunities and reduce the industry's costs.

A number of research projects were initiated by the five SICs including work on DRACAS (in full), energy saving, train protection, vehicle track dynamics and satellite navigation.

Funding and enabling innovation

Enabling innovation continues to be a fundamental theme promoted by the cross-industry Technical Strategy Leadership Group (TSLG), managed by RSSB.

TSLG led the cross industry development of the *Rail Technical Strategy (RTS 2012)* which was published in December. RSSB facilitated the industry in working together, to research the evidence base for RTS 2012 and provide TSLG with the platform to develop and launch it.

The strategy will help realise industry's 30-year vision, to double capacity and maximise customer satisfaction of rail while halving cost and carbon. Rail industry leaders have outlined their shared long-term 30-year vision of the GB railway which can be found on the Future Railway website – www.futurerailway.org - informing industry's planning for the years ahead.

The Enabling Innovation Team (EIT) hosted by RSSB was established in the autumn of 2012 to accelerate innovation in the GB railway with particular focus on moving business solutions and technologies from prototype through to demonstration and eventual implementation.

The EIT has backing from across the industry at the highest levels, including the Rail Delivery Group (RDG), Technical Strategy Leadership Group (TSLG), Planning Oversight Group (POG), and the Department for Transport (DfT). Activities will be supported through investing the Rail Innovation Fund - a £16.7m grant from the DfT for 2012/13 with a further grant expected in 2013/14. Work has started to confirm what and where the priority business challenges are.

Partnerships

RSSB has been working with Network Rail to bring about greater alignment with other industry and academic research and development activities. This has included industry research workshops and funding (in partnership with Network Rail) of the Rail Research UK Association (RRUKA). RSSB is working to deepen these relationships and to align the GB effort on influencing and shaping the EU research agenda recognising the significance of EU projects and the considerable funding available.

One of the key aims of RRUKA is to remove the barriers between academia and the railway industry through better focusing research effort towards solutions for real-world problems and also through a better understanding within industry of what university research can offer and how it can be supported.

In July 2012, RSSB signed a Memorandum of Understanding with the International Union of Railways (UIC) to share

knowledge more proactively and efficiently. The UIC considered *SPARK (Sharing Portal for Access to Rail Knowledge)*, as the best platform to create its international knowledge sharing capability for research. *SPARK* will link to a new 'Railway Research' web portal hosted by UIC on behalf of the International Rail Research Board (IRRB). A knowledge sharing agreement was signed with the Australian rail research body (the Rail Co-operative Research Council) which gives access to each other's research databases and the potential to collaborate on individual research projects.

Performance and risk

RSSB has renewed its contract with IBM for a further five years from January 2013 to host the industry's Safety Management Information System (SMIS). SMIS which holds the raw data and supports much of RSSB's analysis will move to a 'cloud hosting' environment.

Following a review of Quantitative Risk Assessment (QRA) models at London Underground and RSSB, the ORR now uses RSSB's models to determine their strategic risk priorities and also understand how risk is affected by changes in the railway, by changes in company safety performance, and by ORR's own activities in influencing safety management.

Taking Safe Decisions was first published and briefed out to the industry in 2008. Since then, there have been a number of new senior industry leaders. Although the information remains sound, RSSB has been updating the document to include the influence of the European Common Safety Method on Risk Evaluation and Assessment. It is expected the revised document will be published during 2013.

RSSB has also initiated work to support industry on managing road driving risk. This included analysis work in the autumn to gain a broader understanding of road driving risk across the various rail operations and support activities. Work in this area is expected to continue into 2013/14.

Confidential reporting

CIRAS, the industry's confidential reporting scheme operated by RSSB, continues to support subscribing organisations and

provide a safety net for concerns that might otherwise go unresolved and create both safety and reputational risk.

Long term security for railway assets

Railway Documentation and Drawing Services Limited

Agreement was reached during the year with BRBR (who will be disbanded in April 2013) for ownership of the drawings and documentation currently in the RDDS library, to be passed to RSSB.

Rolling stock legacy systems

Following agreement by industry in July 2012 RSSB initiated work on a major upgrade to the Rolling Stock Library and Rail Vehicle Records System under a project titled R2. This is expected to save the industry around 30% on hosting and support services compared to the 2012/13 level.

Suppliers to the rail industry

A RSSB facilitated project to modernise and improve current supplier assurance arrangements practiced by GB rail commenced practical implementation. The first stage was a single new supplier product/service classification catalogue for the whole industry based on international standards; the development of a new supplier product/service category risk assessment tool to determine the level of supply chain imported risk to the railway; the specification of universally recognised assurance requirements for the assessed level of supply chain risk for each product/service category and the definition of assurance interventions that will satisfy the identified requirements. Roll-out to the industry commenced in June 2012.

To help embed this modern, risk based approach including recognition and adoption of the associated tools, the long standing Railway Group Standard, Qualification of Suppliers of Safety Critical Products and services is to be replaced by a new Rail Industry Standard.

Valuing the future

The industry asked RSSB to develop a Sustainable Development Assessment Tool. Working in a similar way to the Safety Culture Toolkit, it provides a user-friendly, consistent, web-based system for rail organisations to measure their immersion into sustainable development.

The GB rail industry also agreed a set of Sustainable Development Principles that reflect both the challenges and opportunities of sustainable development for rail. A more formal adoption of these Principles into the Initial Industry Plan and into the specifications for awarding rail franchises has now taken place.

Hosting industry conferences

RSSB played host to a number of industry conferences in 2012 including the Community Safety Forum, Risk Management Forum, and Vehicle/Track SIC Seminar being annual events.

The International Rail Safety Conference held in October 2012 attracted 152 delegates from 23 different countries including 114 from overseas, the first time that in excess of 100 overseas delegates have attended the IRSC in its history. The Global Level Crossing and Trespass Symposium held at the same time attracted 90 delegates, 67 of which were from overseas.

This was the first time that the two conferences had been held concurrently and the opportunity was taken for the delegates to come together for one half day to specifically discuss level crossing safety. Involvement in the IRSC and GLXS has further enhanced the profile and standing of the GB rail industry, in particular the hosts, within the international community, who recognise that much of the work we do and products we develop are ground breaking and 'best in class'.

RSSB also organised and facilitated two Industry Safety Meetings during the year which provided an opportunity for industry leaders to debate relevant and important topics with their peers. At the September meeting the topic centred upon

*change developments in the industry. At the March meeting the agenda included a number of presentations and discussion topics under the title **Taking Safe Decisions – Risk today and tomorrow***

For further information visit www.rssb.co.uk

Risk Review and Going Concern

RSSB's main objective is to deliver its 2009/14 Business Plan, agreed with stakeholders, within budget and to a specified quality.

We manage the risks associated with this by employing suitably qualified staff and utilising appropriate governance processes. We have in place governance groups with business plans, departmental delivery plans, company and personal objectives. The company is adequately funded, with substantial cash balances.

RSSB maintains a risk register which is regularly updated by management and reviewed by the Audit Committee.

The Board of Directors has considered whether RSSB is a going concern for the twelve months following the publication of these financial statements. It concluded that there were no substantial reasons not to view the company as a going concern.

Charitable donations

RSSB made charitable donations totalling £890 (2012: £750) 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.

Directors

The membership of the Board is set out below.

The following directors served during the year:

Executive Directors:

- Len Porter, Chief Executive
- Anson Jack, Deputy Chief Executive

Industry nominated non-executive directors:

- Peter Henderson, nominated by Network Rail and other infrastructure managers, Director of Asset Management, Network Rail (Resigned 19th July 2012)
- David Higgins, nominated by Network Rail and other infrastructure managers, Chief Executive, Network Rail

REPORT OF THE DIRECTORS

For the year ended 31 March 2013

- Gareth Llewellyn, nominated by Network Rail and other infrastructure managers, Director of Safety and Sustainable Development, Network Rail (Appointed 20th July 2012)
- Tony Collins, nominated by passenger train operators, Chief Executive, Virgin Trains
- Charles Horton, nominated by passenger train operators, Managing Director, Southeastern
- Neil McDonald, nominated by non-passenger train operators, Managing Director (Industrial Business Segment), DB Schenker Rail (UK) Ltd
- Malcolm Brown, nominated by rolling stock owners, Chief Executive, Angel Trains Ltd
- Jeremy Candfield, nominated by suppliers, Director General, Railway Industry Association
- Paul Kirk, nominated by infrastructure contractors, Paul Kirk and Associates Ltd

Independent non-executive Directors:

- Paul Thomas – Board Chairman
- Alan Emery

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
- Jeremy Candfield
- Tony Collins

REPORT OF THE DIRECTORS

For the year ended 31 March 2013

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.

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

- Alan Emery (Chairman)
- Paul Thomas
- 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)
- Alan Emery
- Neil McDonald
- David Higgins (Appointed 6th September 2012)

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:

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2013

- 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:

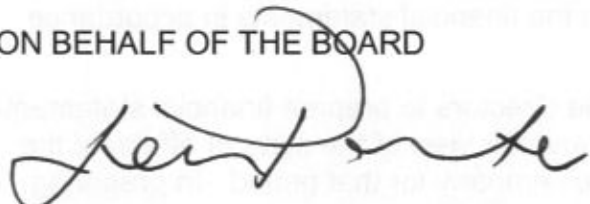
- There is no relevant audit information of which the company's auditors are unaware.
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 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 10 November 2012, 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 in November 2013.

ON BEHALF OF THE BOARD



Len Porter

Chief Executive

4/7/13

Date:

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 2013 set out on pages 17 to 40. 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 13 to 14, 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 (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 web-site at 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 the parent company's affairs as at 31 March 2013 and of the profit of the group 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

4 July 2013

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

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 2013.

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 receivable from the Department for Transport, and 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.

Grants from the Department for Transport are recognised in the year to which they relate. In Practice, 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.

RSSB provides services to Network Rail on the New Systems programme; this income is recognised in line with the costs incurred.

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

EXPENDITURE

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

Fixed Assets

Expenditure on fixed assets in excess of £500 is capitalised. These are then depreciated over their expected future economic life.

Expenditure on software is expensed except for major items which are over £10k may be capitalised.

Items under £500 are charged through the income and expenditure account in the period in which the expenditure is incurred.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all fixed assets on a straight line basis over their expected useful economic lives. 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.

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 costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

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.

RESERVES

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 reserves 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 reserves (see note 10).

RAIL SAFETY AND STANDARDS BOARD LIMITED

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 MARCH 2013

	Note	Group Year ended 31 March 2013 £'000	Group Year ended 31 March 2012 £'000
Operating income	1	33,295	31,682
Operating expenses		(30,898)	(29,538)
Exceptional Items:			
3rd party litigation		-	1,611
Total expenses		(30,898)	(27,927)
Operating profit attributable to:			
Ordinary activities		2,397	2,144
Exceptional items: 3rd party litigation		-	1,611
	1	2,397	3,755
Interest receivable		320	117
Other finance income	2/14	150	380
Profit on ordinary activities before taxation		2,867	4,252
Tax	4	(72)	(19)
Profit for the year	5	2,795	4,233

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 2013

		Group	Company	Group	Company
	Note	31 March 2013 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2012 £'000
Fixed Assets					
Tangible fixed assets	6	2,592	2,592	2,378	2,378
		2,592	2,592	2,378	2,378
Current assets					
Debtors	7	1,944	1,900	2,605	2,590
Cash at bank and in hand		38,320	38,240	18,924	18,808
		40,264	40,140	21,529	21,398
Creditors: amounts falling due within one year	8	(26,981)	(26,963)	(11,179)	(11,142)
Net current assets		13,283	13,177	10,350	10,256
Total asset less current liabilities		15,875	15,769	12,728	12,634
Provision for liabilities and charges	9	(351)	(300)	(199)	(150)
Pension liability	14	(12,400)	(12,400)	(6,040)	(6,040)
Net assets		3,124	3,069	6,489	6,444
Reserve					
Income & expenditure reserve	10	3,124	3,069	6,489	6,444
		3,124	3,069	6,489	6,444

The financial statements were approved by the Board of Directors on 4th July 2013.



Len Porter
Chief Executive



Anson Jack
Deputy Chief Executive

Company registration number 04655675

RAIL SAFETY AND STANDARDS BOARD LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2013

	Note	Group 31 March 2013 £'000	Group 31 March 2012 £'000
Net Cash Flow from operating activities	11	20,284	(581)
Taxation			
UK Corporation tax paid		(22)	(11)
Returns on Investments and servicing of finance			
Interest received		320	117
Capital Expenditure			
Purchase of tangible fixed assets	6	(1,186)	(452)
Increase in cash	13	<u>19,396</u>	<u>(927)</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 2013

	Note	Group Year ended 31 March 2013 £'000	Group Year ended 31 March 2012 £'000
Profit for the year		2,795	4,233
Gain/(Loss) on pension assets	14	690	(1,460)
Loss on pension liabilities	14	(6,850)	(3,770)
Total loss recognised		(3,365)	(997)

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 2013

1 INCOME AND EXPENDITURE ON OPERATING ACTIVITIES

Income	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Membership Levy	19,102	18,534
Department for Transport grant for R&D	10,899	10,770
Department for Transport grant for Innovation	670	-
CIRAS members levy	676	677
RDDS activities	164	145
Books and publications	110	102
New Systems	1,062	1,075
*Funding from European Union	118	200
*Miscellaneous income	494	179
Total income from ordinary activities	33,295	31,682

* £103k of miscellaneous income was attributable to Research and Development.

All income arose from UK operations.

Expenses	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Member funded activities	19,628	18,913
Research and Development Innovation	8,655	8,806
CIRAS	670	-
RDDS	785	673
New Systems	155	136
Operating expenses	1,005	1,010
	30,898	29,538
Exceptional items:		
3 rd Party claim	-	(1,611)
Total expenses from operating activities	30,898	27,927

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

INCOME AND EXPENDITURE ON OPERATING ACTIVITIES (Continued)

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Staff payroll costs	18,060	16,954
Other staff costs including travel	1,487	1,115
Bought in technical services	5,097	5,378
Property costs including rental	1,837	1,571
IT expenditure (includes cost of Safety Management Information System)	1,317	1,309
Professional fees including insurance/legal/accountancy/tax	381	397
Communication and event management	1,225	454
Miscellaneous goods and services	263	615
Non-property lease rentals	104	104
Depreciation	972	1,505
RDDS	155	136
Litigation provision	-	(1,611)
Total	30,898	27,927
Auditors' remuneration included above:		
Fees payable for the audit of the company's annual accounts	35	30
Other audit related services including taxation service	12	11
	47	41

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

2 OTHER FINANCE INCOME

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Interest on pension liabilities	(2,000)	(1,910)
Expected return on pension assets	2,150	2,290
Net profit on other finance income	150	380

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Wages and salaries	13,719	13,671
Social security costs	1,481	1,394
Other pension costs	2,860	1,889
	18,060	16,954

	2013 Number	2012 Number
Staff employed	234	225

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 2013

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Emoluments	706	659
Amounts paid to third parties in respect of Directors' services	81	72
Pension contributions	26	36
	<u>813</u>	<u>767</u>

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:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Emoluments	341	345
Pension contributions	26	18
	<u>367</u>	<u>363</u>

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

4 TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
UK corporation tax at 24% (2012: 26%)	72	23
Adjustments in respect of prior years	-	(4)
Total current tax charge	<u>72</u>	<u>19</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained as follows:

Profit on ordinary activities before tax	<u>2,867</u>	<u>4,252</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 24% (2012: 26%)	688	1,106
Effect of:		
Adjustment for results from not-for-profit activities	(609)	(1,074)
Adjustments in respect of prior years	-	(4)
Tax losses utilised (RDDS)	(2)	(2)
Difference in tax rates	(5)	(7)
Current tax charge for period	<u>72</u>	<u>19</u>

5 HOLDING COMPANY PROFIT

Of the £2,795k group profit for the financial year (2012: Group profit of £4,233k), £2,786k (2012: Profit of £4,223k) is dealt with in the accounts of the company itself.

RDDS made a profit of £9.1k for the financial year (2012:£9.8k).

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 2013

6 TANGIBLE FIXED ASSETS

Group	Servers	Leasehold Improvement	Desktops & Laptops	Software	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	963	1,217	358	3,824	16	348	6,726
Additions	1	-	26	1,159	-	-	1,186
Disposals	-	-	-	-	-	-	-
Total as at 31 March 2013	964	1,217	384	4,983	16	348	7,912
Depreciation							
At 1 April 2012	(604)	(605)	(344)	(2,582)	(2)	(211)	(4,348)
Eliminated on Disposal	-	-	-	-	-	-	-
Depreciation expense for the year	(131)	(203)	(12)	(554)	(3)	(69)	(972)
Total as at 31 March 2013	(735)	(808)	(356)	(3,136)	(5)	(280)	(5,320)
Net Book value at 31 March 2013	229	409	28	1,847	11	68	2,592
Net Book value at 31 March 2012	359	612	14	1,242	14	137	2,378

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

7 DEBTORS

	Group 31 March 2013 £'000	Company 31 March 2013 £'000	Group 31 March 2012 £'000	Company 31 March 2012 £'000
Trade debtors	1,482	1,447	1,746	1,722
VAT debtor	-	-	-	-
Other debtors	161	161	152	152
Inter-company debtor	-	-	-	9
Prepayments and accrued income	301	292	707	707
	1,944	1,900	2,605	2,590

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 March 2013 £'000	Company 31 March 2013 £'000	Group 31 March 2012 £'000	Company 31 March 2012 £'000
Trade creditors	571	570	436	403
Corporation tax	80	80	30	30
Other taxation and social security	756	756	814	814
Other creditors	-	-	-	-
Accruals and deferred income	25,574	25,557	9,899	9,895
	26,981	26,963	11,179	11,142

Accruals and deferred income comprises:

- Accruals for cost of work done but not yet invoiced and staff pay £3,978k (2012: £3,809k).
- Cash held on behalf of third parties £165k (2012: £182k) and deferred income £21,408 (2012: £5,366k).

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

Deferred income relates to member funding for 2013/14 that has already been invoiced (£5.3m). This arises because funding is payable quarterly in advance so invoices relating to the first quarter of 2013/14 were invoiced in the last quarter of 2012/13.

Deferred income also includes £16m of DfT grant funding for Innovation received but not yet recognised as the corresponding expenditure has yet to occur.

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Company £000	RDDS Library £000	Group £000
At 1 April 2012	150	49	199
Provision in the period	150	2	152
As at 31 March 2013	300	51	351

In 2011/12 RSSB began to provide for the potential costs of the 'make good' clause in the lease of our current premises. The lease expires in April 2015.

RDDS Library - on 30 March 2007 RDDS 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 RDDS 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 ACCOUNT

For the year ended 31 March 2013

10 RESERVES

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

	General Company £'000	R&D £'000	DfT Grant £'000	CIRAS £'000	RDDS £'000	Other £'000	Total Group £'000
At 1 April 2012	2,271	3,000	6,452	829	5	(6,068)	6,489
Profit for the year	415	-	2,472	(101)	9	-	2,795
Increase in pension liability (payment)	-	-	-	-	-	(6,160)	(6,160)
Retained reserves carried forward at 31 March 2013	2,686	3,000	8,924	728	14	(12,228)	3,124

11 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Group 31 March 2013 £'000	Group 31 March 2012 £'000
Operating profit	2,397	3,755
Depreciation	972	1,505
Decrease/(Increase) in debtors	661	(728)
Increase/(Decrease) in creditors	15,752	(275)
Difference between pension charge and cash contributions	350	(3,380)
Increase/(Decrease) in provisions	152	(1,458)
Net cash inflow/(outflow) from operating activities	20,284	(581)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	Group 31 March 2013 £'000	Group 31 March 2012 £'000
Increase/(Decrease) in cash in the year	19,396	(927)
Net funds at 1 April	18,924	19,851
Net funds at 31 March 2013	38,320	18,924

13 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2012 £'000	Cash inflow £'000	31 March 2013 £'000
Cash in hand	18,924	19,396	38,320

Cash

Group cash balances of £38,320k (2012: £18,924k) include cash received in advance of £22m (2012: £5.36m)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

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 2013	31 March 2012
	% pa	% pa
Discount rate	4.3	5.1
Price inflation	3.4	3.2
Increases to deferred pensions (CPI measure)	2.5	2.2
Pension increases (CPI measure)	2.5	2.2
Salary increases *	3.65	3.95
* plus 0.75% pa promotional salary scale		

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Fair value of assets and expected rate of return

	At 31 March 2013		At 31 March 2012	
	Fair value £'000	Long-term rate of return expected	Fair value £'000	Long-term rate of return expected
Equities	57,120	6.8	51,440	6.8
Government Bonds	680	2.8	1,320	3.1
Non-Government Bond	680	4.1	-	-
Property	-	-	-	7.5
Other assets	260	2.4	240	2.4
Total	58,740	6.7	53,000	6.7

Pension scheme liability at the end of the year

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Actuarial valuation of pension liabilities	(79,410)	(63,070)
Members' share of surplus	8,270	4,030
Adjusted value of section liabilities	(71,140)	(59,040)
Closing value of section assets	58,740	53,000
Pension scheme liability to be recognised in the balance sheet	(12,400)	(6,040)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of Pension Scheme Liability

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Opening pension scheme liability	(6,040)	(4,570)
Employer contributions	1,490	5,050
Employer's share of service cost	(1,840)	(1,670)
Interest on pension liabilities	(2,000)	(1,910)
Expected return on pension assets	2,150	2,290
Actuarial loss recognised in the STRGL	(6,160)	(5,230)
Closing pension scheme liability	(12,400)	(6,040)

Components of defined benefit cost

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Current service cost	1,840	1,670
Total charged to operating profit	1,840	1,670

Analysis of the amount charged to other finance charge:

Interest on pension liabilities	(2,000)	(1,910)
Expected return on pension assets	2,150	2,290
Net credit/(debit) to other finance charge	150	380

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of return on assets	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Expected Return on Section Assets	2,150	2,290
Gain/(Loss) on Section Assets	690	(1,460)
Actual Return on Section Assets	2,840	830

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 2013 £'000	Year ended 31 March 2012 £'000
Opening Section liabilities	63,070	54,850
Service cost	3,020	2,740
Interest cost	3,330	3,180
Gain on Section liabilities	11,460	3,920
Actual benefit payments	(1,470)	(1,620)
Closing Section liabilities	79,410	63,070

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of value of assets	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Opening value of Section assets	53,000	47,230
Expected return on assets	3,580	3,820
Gain/(Loss) on assets	1,150	(2,430)
Employer contributions	1,490	5,050
Employee contributions	990	950
Actual benefit payments	(1,470)	(1,620)
Closing value of Section assets	58,740	53,000
 Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)	 Year ended 31 March 2013 £'000	 Year ended 31 March 2012 £'000
Gain/(Loss) on pension assets	690	(1,460)
Loss on pension liabilities	(6,850)	(3,770)
Total loss recognised in STGRL	(6,160)	(5,230)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

RETIREMENT BENEFIT SCHEMES (CONTINUED)

Historic information

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Section liabilities	(79,410)	(63,070)	(54,850)	(64,030)	(40,000)
Assets	58,740	53,000	47,230	42,350	29,110
Deficit	(20,670)	(10,070)	(7,620)	(21,680)	(10,890)
Experience (gain)/loss on Section liabilities	(100)	2,610	(1,110)	(1,140)	(1,400)
Experience (gain)/loss on Section assets	(690)	1,460	170	(4,940)	8,370

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNT

For the year ended 31 March 2013

15 LEASING COMMITMENTS

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

	Year ended 31 March 2013		Year ended 31 March 2012	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	83	-	-	-
Between one and five years	-	911	83	911
More than five years	-	-	-	-
	<u>83</u>	<u>911</u>	<u>83</u>	<u>911</u>

16 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

Member funding for RSSB in 2012/13 was approved by the Members of RSSB and paid by individual subscription. The Constitution Agreement of RSSB requires it to be independent of any one Member. In the Directors' opinion, there were no transactions with related parties in 2012/13.

17 CONTROL

RSSB is independent of any single railway company and of its commercial interests.