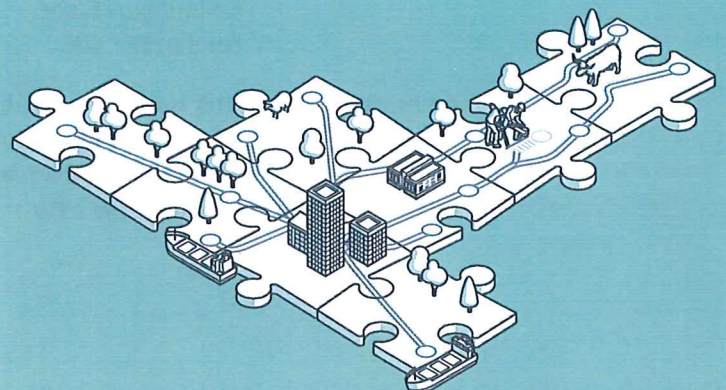
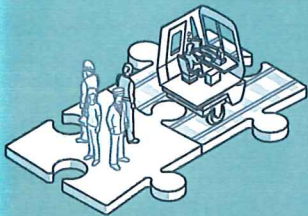




A Better,  
Safer  
Railway

RSSB

Annual Report  
2019



## Company information

Company registration number: 04655675

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

Directors: Barbara Moorhouse (Chairman) appointed 1 January 2019  
Mark Phillips (Executive Director and CEO)  
Paul Marchant (Executive Director and CFO) appointed 1 November 2018  
Steve Murphy (Non-Executive Director)  
Geoff Spencer (Senior Independent Non-Executive Director)  
Philip Hoare (Non-Executive Director) resigned 13 June 2019  
John Clarke (Non-Executive Director)  
Caroline Fawcett (Non-Executive Director) appointed 1 September 2018  
Chris Rayner (Non-Executive Director) appointed 1 January 2019  
Andy Course (Non-Executive Director) appointed 1 January 2019  
Steve Cocliff (Non-Executive Director) appointed 1 March 2019  
Gary Cooper (Non-Executive Director) resigned 31 January 2019  
Anna Bradley (Non-Executive Director) resigned 31 December 2018  
Lee Jones (Non-Executive Director) resigned 1 November 2018  
Graham Hopkins (Non-Executive Director) resigned 13 August 2018  
Dolores Byrne (Non-Executive Director) resigned 31 July 2018  
Malcolm Brown (Senior Independent Non-Executive Director) resigned 30 July 2018

Secretary: Tracy Gwatkin (appointed 28 February 2019)

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

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## Statement by Board Chair

I joined the Board as the company was closing out a busy year and finalising its strategic business plan for Control Period 6. It is also an important time for the Rail sector as a whole with the Williams Review examining the options for the future management and structure of the industry.

Within the CP6 strategic business plan, the Board will have a particular focus on improving engagement with members, supporting significant technical developments within the industry and ensuring that the standards regime is responsive and effective to enable the industry to embrace new technology at pace as we enter the new digital era. We will provide the industry with research and guidance to implement its decarbonisation agenda, and continue to actively monitor safety performance as the industry enters a period of significant change. RSSB will also respond to the outcomes of the Williams review, support Network Rail's Passengers First plan, and address any issues arising between UK and European standards as Brexit is enacted.

The RSSB Board brings together a range of industry experts from across the Rail sector. The organisation will continue to benefit from their knowledge and experience in delivering the strategic business plan outcomes and responding to changes within the industry in the coming year.



Barbara Moorhouse  
Chair of the RSSB Board

## Chief Executive Officer's review

2018-19 has been a year of implementation and planning for RSSB. We have been reorganising and reshaping so that we can deliver what our members need throughout CP6. I would like to thank Anna Bradbury for her excellent work as Chair of the RSSB Board for the past four years, and to welcome Barbara Moorhouse, who joined us in January 2019. Barbara has already set a clear direction for the Board to provide RSSB with effective governance, oversight and leadership.

We have continued to focus on how we can improve your experience of RSSB as a customer. Staff from across the company have been involved in improving your customer journey, both when you visit us at The Helicon and when you visit our website. We have refreshed how we present our products to be more relevant to those who need to use them and have enrolled some 60 members of staff as Engagement Champions to extend our reach and impact into the industry. They will be getting out of the office regularly to meet members, to find out what's important to them, and how we can deliver even greater value.

In 2018 we carried out an extensive survey on fatigue. This will act as a baseline for the industry and individual companies to assess how well they are managing fatigue risk, one of the main contributors to accidents. It will also help determine what steps they might take to manage issues that are highlighted by the data. We have produced twenty-four research projects covering topics as wide as freight vehicle suspension, safety critical training and the accessibility of the railway, as well as those directly related to how we manage safety on the railway. This year we have issued over 70 new and revised standards and guidance notes. Our work to introduce new operating rules to allow Emergency Special Working provides the means to get trains moving in minutes rather than hours when signalling systems fail, delivering a huge benefit to passengers and freight businesses.

Also, our research to improve train performance during autumn when leaves on the line can result in train braking and acceleration problems, will deliver big benefits to passengers who are frustrated at the industry's failure to tackle what may appear a simple problem. Our research programme will investigate subjects as diverse as the science of railhead contaminants, magnetic track brakes and driver advisory systems. Understanding what causes poor adhesion and being able to predict and mitigate the effect better will enable operators to reduce train delays and improve customer experience.



Mark Phillips  
Chief Executive Officer



## Delivering a Better, Safer Railway

RSSB's objective is to help our members deliver a better, safer railway for passengers, freight businesses, members of the public, and railway staff. We seek to improve safety, reduce costs, reduce carbon emissions, increase capacity and improve the customer experience.

During financial year 2018-19, RSSB has led the industry on a range of projects to fund research, develop standards and monitor safety trends to help achieve these goals. These are some of the highlights.

### Safety

We've introduced new, more efficient ways of working to reduce delays, including those caused by signalling issues and adhesion. [Emergency Special Working](#), an alternative to Temporary Block Working, can be set up in a matter of minutes, enabling the network to keep moving and so reduce the risks posed by delays and overcrowding. The [new guidance for sanding equipment](#), considered to be the biggest advance in 20 years, is set to reduce adhesion-related incidents in autumn and winter. The potential benefits include a 98% reduction in signals passed at danger (SPAD) and 96% reduction in station overruns. We have also updated the standards for [Automatic Train Protection System](#) and [Automatic Warning System](#); and improved our accident investigation standard. We have provided support to improve passenger safety, including an improved Platform Train Interface Risk Assessment Tool and the [Respect the Edge](#) campaign.

We have improved the way members can get data from the industry's Safety Management Intelligence System. This will enable companies to run reports for their own safety KPIs more easily. We have raised awareness of the Risk Management Maturity Model (RM3) model and how it supports effective safety management. For the freight sector, we have provided risk analysis and safety insights, and delivered indicators to monitor precursor incidents. Looking at the wider risks posed to staff working on the railway, we have worked with Highways England to produce Driving for Better Business and created a [Road Risk Resource Centre](#) on our website to reduce the risk posed to staff faced when travelling on the road.

Significantly, we have begun to offer training courses to our members, allowing them to learn about best practice and take that learning back to their organisations. Training courses this year have included human factors and non-technical skills (NTS), improving the profile of NTS across the industry; and [accident investigation](#).

We continue to monitor the industry's safety performance data, delivering regular analysis in quarterly updates and our Annual Health and Safety Report. These paint a

picture of how industry is implementing the Leading Health and Safety on Britain's Railways strategy. Looking to the future, we are producing a new tool to monitor the frequency and risk of SPADs.

For details of our ongoing work read the Safer Rail System section and Appendix A.1 of the [RSSB Strategic Business Plan 2019-2024](#).

## Health and Wellbeing

We have worked with our members to raise the profile of health and wellbeing across the entire workforce. Our popular RED briefing videos had one issue devoted entirely to the topic of mental health issues for the workforce, which was very well received. We have published new guidance on [helping staff following traumatic incidents](#). We have provided occupational health support to our members on a variety of issues, from train driver eye tests to medical implant safety.

We've improved access to relevant information with dedicated sections on our website. Our [Health by Design](#) pages give companies the tools, resources and case studies to manage health risk. The [Fatigue and Alertness](#) topic area includes information on how to manage fatigue risk; which complements the [fatigue survey and forum](#) we ran. We have also provided channels for the industry to come together to discuss health and wellbeing matters, including a conference, a specialist advisory group and a quarterly briefing.

We will continue to work towards improving health and wellbeing across the sector. With the Institute for Employment Studies, we are developing content to improve [mental health training for line managers](#); and with the Department for Work and Pensions, the [With You in Mind](#) campaign to support rail staff struggling with mental health to stay in work. We're doing final reviews on updates for rail industry guidance on diabetes and CBD oil.

For details of our ongoing work read the Healthier Rail System section and Appendix A.2 of the [RSSB Strategic Business Plan 2019-2024](#).

## Sustainability

We are growing our work to help industry meet its sustainability targets. Our Rail Carbon Tool now has almost 1000 users; it will be mandatory for Network Rail projects over £20m to help it meet its CP6 requirements. We have increased awareness of and engagement with this issue for industry leaders with a series of courses and events.

Work in this area will continue to ensure industry remains environmentally and socially sustainable. And in support of this, we have produced a report on improving air quality to be used to develop the industry's upcoming Air Quality Strategy. We are piloting a tool to improve accessibility across the network for passengers with mobility and other impairments, in line with customer expectations and government policy.

For details of our ongoing work read the Sustainable Rail System section and Appendix A.5 of the [RSSB Strategic Business Plan 2019-2024](#).

## More Efficient, Effective and Harmonised Railway

RSSB continues to be the place where industry meets to discuss the key matters it is facing. We deliver secretariat and technical support and advice to [British, European and international standardisation](#) activities. We support a range of cross-industry groups and committees, looking at topics that will improve the industry's safety and standards. And we have provided ongoing support to our members and the Department for Transport (DfT) to prepare for [all possible Brexit outcomes](#), including preparing [National Technical Specification Notices](#) to replace EU standards in a 'no-deal' scenario.

We have created and updated a range of Guidance Notes and Standards, both British and European, on behalf of industry. This includes a new standard that details [requirements for station platforms designs](#), and one for the development and design considerations of [passenger rolling stock depots](#), which will reduce the likelihood of sub-optimal designs which need re-engineering, and ensure that depots meet the needs of their users. We have produced standards for [permissive working](#) and [onboard despatch](#).

We have also produced a standard to improve communications between infrastructure managers and railway undertakings. This lays out a common approach to [Driver Advisory Systems](#), which can be used to provide drivers with real time updates to improve train performance, increase capacity, and enable the network to return to normal working as quickly as possible after an incident.

We have updated the standards for [station platforms and concourses](#), to make them easier to implement, and reduce the need for deviations; as well as updating the standard for [internet access on trains](#). We have updated a suite of European and GB standards for on-track machine suppliers, reducing costs for industry and clarifying the assessment processes to provide competition and reduce costs.

We are also helping industry improve their own levels of customer experience; a new seat comfort specification is already attracting a lot of positive attention.

We will continue to improve the efficiency and harmonisation of the railway through standards. We have already started work on a standard that will define the Sprinter differential, so industry can easily assess whether a multiple unit (or design of multiple unit) can be permitted to operate at SP differential speeds.

For details of our ongoing work read the Harmonised Rail System section and Appendix A.3, and the Efficient Rail System section and Appendix A.4s of the [RSSB Strategic Business Plan 2019-2024](#).



## Innovation

With funding from the Department for Transport (DfT), we continue to deliver our research programme in collaboration with industry and academia. We continue our research into emerging technologies, which we share through our [Over the Horizon](#) series, giving industry insight into potential future disruptors and enablers, which members can then incorporate into their own strategic business plans.

For details of our ongoing work read the Innovative Rail System section and Appendix A.5 of the [RSSB Strategic Business Plan 2019-2024](#).

## Business performance

Our business performance in 2018-19 has been measured in five areas:

- Delivering the business plan
- Customer centricity
- Growth
- Financial sustainability
- Organisational agility

### Delivering the business plan

Our business plan identified 68 discrete items to be delivered within the financial year. Of those, 54 were fully delivered, with near complete achievement in the areas of Health and Wellbeing, Safety, and Sustainability.

### Customer centricity

During 2017-18 member companies completed customer satisfaction scorecards, which gave us an average customer centricity rating of 3.0. We set ourselves a target to improve that rating by 0.5. Our overall achievement was a score of 4.2 in 2018-19.

Early in 2018-19 we introduced the Net Promoter Score (NPS) as a new satisfaction measure. We have had over 500 responses to the NPS survey, which have given us a current score of 39.0.

As a membership organisation, we constantly strive to improve the experience of our key stakeholders. To this end, we have published a membership charter which our members now sign up to. This confirms the roles and responsibilities of both RSSB and its members. We've also put in place internal systems and processes so that we can engage with individuals to deliver the information and content that is most relevant to them.

For details of our future plans read the section on Our Strategic Objectives in the [RSSB Strategic Business Plan 2019-2024](#).



## Growth

The Rail Industry Supplier Qualification Scheme (RISQS) and rolling stock database R2 are two non-levy income streams which are providing reliable income. We set a target to bring in £0.5m of non-levy income and this year we have achieved £0.6m.

## Financial sustainability

Our financial sustainability not only safeguards the business in the short-term, but also helps provide the platform for long-term security and further business growth in CP6.

We achieved our reserves targets for 2018-19 to protect against existing business risk and deliver the right financial conditions for CP6 investment in technology and commercial capability.

## Organisational health

In March 2018, we identified 95 key capabilities needed to deliver the tasks in the business plan and to develop the business for the longer term. We identified that increases in the maturity level of 40 of these capabilities would be most beneficial. We set a target of increasing from 2.2 to 2.7 on the maturity scale within the year.

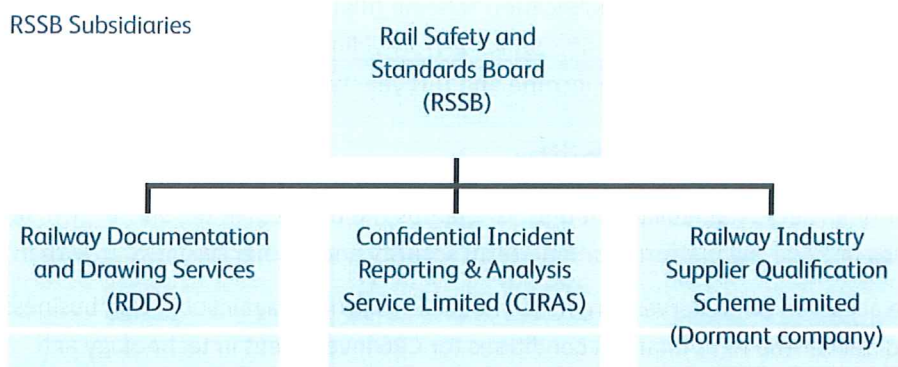
Our end-of-year assessment showed an improvement among the prioritised 40.

## Our ongoing delivery strategy

Over the course of CP6, our members and the wider industry will face a range of challenges which we will endeavour to support. Those challenges will include:

- continued demographic change impacting transport demand and customer expectations, with a growing focus on providing a good value and reliable services, while keeping costs down for taxpayers
- a different relationship with Europe which, while having a limited impact on rail standards and protocols, will create some uncertainty across all industries and organisations, including the railways
- structural reform with the anticipated recommendations from the Williams Rail Review, Network Rail's deeper devolution agenda, and alternative structures in the event of a different administration
- technology advances as the industry migrates into digital architecture and uses technology to transform areas such as customer experience, ticketing, train operations and asset management, while managing the challenges around systems integration and competency development
- tighter environmental regulation and a drive towards new power sources, energy management and light weight technologies, to enable greater resource efficiency across the industry.

## RSSB subsidiaries



### Railway Documentation and Drawing Services Limited

Railway Documentation and Drawing Services Limited (RDDS) is registered in England under Company Number 03128142 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB and is a wholly owned subsidiary of RSSB. RDDS has two principal functions:

- It acts as the custodian of the former British Railways Board library of Traction and Rolling Stock drawings and other associated documents (also known as RMD).
- It provides copies of such documentation to persons and organisations entitled to access them, including to the public in many cases.

### Confidential Incident Reporting & Analysis Service Limited

Confidential Incident Reporting & Analysis Service Limited (CIRAS) is registered in England under Company Number 10513501 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB is a wholly owned subsidiary of RSSB.

CIRAS has continued to provide an independent confidential reporting route for employees within its member companies.

## Railway Industry Supplier Qualification Scheme Limited (dormant)

Railway Industry Supplier Qualification Scheme Limited is registered in England under Company Number 10584618 with registered office address of The Helicon, 1 South Place, London, England, EC2M 2RB and is a wholly owned subsidiary of RSSB. This company has remained a dormant company since its incorporation on 26 January 2017.

## Financial review

The company's operating income arises from a mix of membership levies, grants from the DfT and Network Rail and a range of receipts from various goods and services and commercial income.

Operating income rose by 13% during 2018-19 to £57.9m (2017-18 - £50.8m)

The increase in income was mainly due to RSSB taking over direct running of the RISQS from the previous service provider.

Membership income increased by 3% to £23.8m (2017-18 - £23.0m) due to a combination of increases to existing levies as set out in RSSB's constitution and slightly increased membership. In July, an Affiliate scheme was launched and seven companies have become affiliates, including three from overseas.

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

## Expenditure

Operating expenditure increased by 8% to £57.5m (2017-18 - £52.3m); a breakdown of expenditure can be seen in Note 1. The significant change from the prior year are the RISQS service provider costs of £2.7m (2017-18 – nil).

Innovation activity expenditure increased slightly to £12.2m compared to £12.1m in 2017/18.

Expenditure in relation to Research and Development activities amounted to £9.0m compared with £9.2m in 2017-18.

Staff costs remained the most significant element, with payroll and other staff costs totalling £29.7m compared to the previous year of £28.6m, representing an increase of 3%. Average headcount has increased to 293 from 291 in the prior year.

## Profit on ordinary activities

At year end the Group's operating profit (before tax and interest) was £0.5m compared with a £1.5m loss the in the previous year.

This profit figure was offset by the net impact of non-operating income and expenditure such as bank interest and the charge for the year relating to the employers' share of net interest on the defined benefit liability of the pension scheme.

Subsequently the Group's profit before tax on ordinary activities was £2,000 (2017-18 - £2.0m loss).

## Statement of Financial Position

The Group Statement of Financial Position shows a net liability position of £9.5m at 31 March 2019 compared to a net liability position of £7.0m at 31 March 2018. The variance was driven by the valuation of the net defined benefit pension liability (see Note 14).

## Assets

The cost of fixed assets (tangible and intangible) increased to £13.8m (2017-18 - £12.5m) after £1.3m of additions on developing our finance systems to better control the cost of projects, and the implementation of a new website, which in particular will support our future commercial activity. Further information can be found in Notes 6 and 7.

The Group's current assets decreased to £58.2m (2017-18 - £62.5m) mainly due to a decrease in cash balances to £49.1m (2017-18 - £53.8m). The decrease in cash was due to the lower Innovation and Technical cash balance as the Innovation Programme is due for completion in 2020-21.

## Liabilities

Creditors decreased at year end to £48.7m compared to £55.6m in 2017-18; this was driven by a decrease in deferred income to £33.5m (2017-18 - £42.3m). Deferred income is made up of membership and R2 levies invoiced in advance and cash received chiefly from Innovation activity but not yet recognised as income. The latter decreased to £23.4m (2017-18 - £35.9m), as the programme is due for completion in 2020-21.

The combination of the above factors led to an increase in net current assets to a year end value of £9.5m (2017-18 - £6.9m).

The value of provisions increased to £0.97m (2017-18 - £480,000), due to an organisational restructure on-going around year-end. Further details are given in Note 11.



A major impact on the Group Statement of Financial Position arises from the annual valuation of the Company's section of the Railway Pension Scheme carried out under FRS 102. This showed a net liability position of £25.8m at year end (2017-18 - £21.7m). The increase in the liability was mainly due to the decrease in the discount rate, as a result of the fall in corporate bond yields. The applicable discount rate, used to calculate the value of future liabilities has decreased from 2.70% to 2.45%.

A feature of the RPS is that the Company only accounts for 60% of the net pension liability, in line with the shared cost basis of the scheme which had a total net liability of £42.9m (2017-18 - £36.2m).

Note 14 provides greater detail and shows that whereas section assets have increased over the last five years from £73.3m to £96.9m, the liabilities have increased at a greater rate from £96.9m to £139.8m.

## Income and expenditure reserve

The Statement of Changes in Reserves breaks down the Group's income and expenditure reserve. Principally, it aims to show the recognised surpluses arising on the activities of both RDDS and the divisions of R&D, Innovation (bank interest only) and CIRAS. During the year, a transfer was made between the main R&D Grant and ring-fenced R&D reserves to account for an increase in the estimated wind-down costs for R&D.

The negative net assets, of £9.5m are due to the accumulated actuarial losses on the defined benefit scheme. The Directors are satisfied that this is not a going concern issue as the Group has adequate cash balances to meet its liabilities that fall due in the next 12 months and has agreed a funding package with its members for the next control period.

## Other items

The Statement of Other Comprehensive Income, which takes account of the net change in the pension liability, shows a total loss of £2.5m (2017/18 gain of £5.2m).

## Viability statement

### Assessment of prospects

The Group considers the development of the business and the industry in which it operates over a number of time horizons:

- Departmental budgets and external audit operate on a one-year period.
- The Group's strategic plan covers a five-year period from 1 April 2019 to 31 March 2024 and is reviewed by the directors on an annual basis. This ties in with the industry's five-year control period (CP6).

- The funding for the new control period was agreed through consultation with membership in August 2018.

The directors have chosen to assess the Group's viability to the end of the five-year period to March 2024.

While there may be a reasonable expectation of securing work beyond that there are a number of uncertainties arising in consideration of longer time periods. Consequently, there is a greater degree of certainty in the early years of the Group's strategic plan.

### Assessment of viability

In assessing the Group's viability, the directors have carried out a robust assessment of the principal strategic risks to the business.

A number of scenarios have been considered, including the associated potential impact of each risk on the Group's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

The existing business model has been thoroughly reviewed and adequate reforms are in place to mitigate future risk during the assessment period stated. A long-term finance strategy has been developed to ensure the Group continues to be financially sustainable up to the end of the next control period CP6 (2024) and beyond.

### Confirmation

In the context of the inherent uncertainties of a multiple-year period of evaluation, the directors confirm that, based on this analysis, there is a reasonable expectation of the Group continuing in operation and meeting its liabilities as they fall due in the period to 31 March 2020.

### Going concern

The directors have identified no material uncertainties about the ability of the Company to continue as a going concern for the foreseeable future.

## People

### Head count

As at 31 March 2019, the Company employed 289 staff with 56% males and 44% females.

To be efficient and effective, an organisation must attract and retain high quality leaders and staff. Our organisation has set high standards of staff recruitment, retention and training. We provide strong, clear leadership and a supportive environment where members of staff are encouraged to learn and improve.

## Rewards

The Company operates a discretionary bonus scheme available for all permanent and fixed-term employees. Specific objectives are set for RSSB and employees at the beginning of each bonus year.

The final bonus payment is calculated based on both the company's and the individual's delivery against the objectives set. In addition, individual performance is monitored throughout the year. Full details of each year's scheme, including terms and conditions, along with targets and measures, will be personally communicated to eligible employees annually, usually at the beginning of each financial year.

Further benefits provided by RSSB include private health and dental care, and a season ticket subsidy and interest free loan.

## Diversity and inclusion

RSSB is committed to equality and valuing diversity within its workforce. People are at the core of what we do and therefore to us diversity means understanding and reflecting the community in which we operate, building loyalty with our colleagues, candidates and clients. Age, gender, marital status, ethnicity, religion, sexual orientation, education and beliefs are all valued, and everyone has the opportunity to contribute to our success as a business and fulfil their potential. Our aim is to create an open, honest and unprejudiced working environment and to ensure that all our colleagues feel part of RSSB and are respected as individuals.

Furthermore, RSSB staff actively participate in the Women in Rail programme, including staff both mentoring and being mentored through the programme.

## Employee engagement

Ensuring our people feel valued and motivated at work underpins our ethos and supports our strategy. Striving for continuous improvement in this area, we ask our colleagues to tell us what they think and involve them in our action plans for change.

We ask our colleagues to complete an employee survey each month. This survey comprises a series of themed questions, aligned to a pre-defined engagement model which measures our colleagues' relationship with management and how they really feel.

Results are shared with employees through briefings and team meetings, as well as being published on our intranet along with action plans to tackle the key themes. This is designed to assure our people that key issues will be addressed. In addition, the results are discussed with the Board.

We had a 91% response rate in our January 2019 survey (slightly up from last year at 88%) and overall engagement was, on a scale of 0 to 10, scored at 6.8.



## Employee involvement

The Company recognises the importance of its people and is committed to effective two-way communication and consultation on matters impacting them directly. There is a single union agreement in place with the Transport Salaried Staff's Association (TSSA) and the company recognises the rights of every employee to join a Trades Union and participate in its activities. We update our people about 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 disseminated using a variety of forums, including: briefing sessions, a staff newsletter, the CEO's blog, and the company intranet.

## Modern Slavery Transparency Statement

We are required to publish an annual statement on the steps we have taken to ensure that modern slavery is not present in RSSB's supply chains or operations. We are committed to upholding the letter and spirit of the Modern Slavery Act; and our Modern Slavery Transparency Statement is published on our website. This sets out what steps we have taken to prevent modern slavery from occurring within RSSB and our supply chains, along with future plans in this area.

## Gender Pay Gap

RSSB, like all organisations with over 250 employees, is now required to publish information about gender pay differences. The gender pay gap is the difference in average pay between men and women in the workforce. RSSB is committed to reducing our gender pay gap and we are working with our employees to identify practical ways in which we can do this.

We have calculated the mean and median gender pay gaps to be 22% and 23% respectively. The national average for gender pay gap is 17.9% (April 2018) (McGuinness & Pyper, 2018).

The pay gap at RSSB can be explained mainly by an under representation of women in senior roles. Men account for 49% of the lowest paid quartile and 78% of the highest paid quartile. This reflects the national trend that men are more likely to hold senior positions, which is a particular challenge within the rail sector.

RSSB is committed to reducing its gender pay gap and establishing itself as an employer of choice within the rail industry. RSSB has made positive strides towards achieving a gender balanced workforce. Of our workforce, 44% are female compared to 16% in the wider rail sector. RSSB recognises that reducing the gender pay gap is a long-term goal, we have undertaken various initiatives which will reduce our gender pay gap:



- Working Practices – We recognises that a healthy work life balance is important to all our employees.
- Remuneration - Our remuneration framework is gender neutral.
- Development - We encourage continuous professional development for all our employees.
- Diversity and Inclusion - RSSB has two groups, Diversity and Inclusion Advisory Group and Women at RSSB.
- Recruitment - RSSB continues to broaden our reach to attract and recruit a diverse workforce.

For further information, please read the full Gender Pay Gap Report available on our website <https://www.rssb.co.uk/Pages/about-rssb/gender-pay-gap.aspx>.

## Directors' Report

The directors present their report, as well as the audited financial statements for the year ended 31 March 2019 that are reflected on pages 45 to 49.

### Directors

The names of the current directors are listed on page 18, together with the names of directors who resigned in the year under review.

### Treasury operations and financial instruments

The Group operates a treasury function which is responsible for managing the interest and liquidity risks associated with the Group's activities.

Details of the associated risks and how they are managed are set out in the Strategic Report under the heading 'Principal Risks and Uncertainties' on page 30.

The Group's financial instruments comprise various financial assets and financial liabilities such as trade debtors, cash, trade creditors and deferred income. The Group does not use derivative financial instruments.

### Future developments

The Directors have no plans to significantly change the nature of the Group's activities.

### Annual General Meeting

The Company's AGM will take place in 7 November 2019 at the office of RSSB, The Helicon, 1 South Place, London, EC2M 2RB. All Members have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM can be found on our website: <https://www.rssb.co.uk/about-rssb/governance/annual-general-meetings>. The Notice of AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

### 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 adequate 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 Company's 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.

### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Auditors

UHY Hacker Young were reappointed as the Auditors at the Annual General Meeting held on 1 November 2018, special notice pursuant to Section 485 having been given.

ON BEHALF OF THE BOARD



Mark Phillips

Chief Executive Officer

Date:

July 4 2019

# GOVERNANCE

## Introduction

This section sets out key features of the Company's governance structure.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts. It has considered and endorsed the arrangements to enable it to confirm the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy.

## Board of Directors

### Barbara Moorhouse Independent Non-Executive Chairman

Committee Membership: Appointments Committee (Chairman) and Remuneration Committee.

Barbara Moorhouse is the Chair of the Board at RSSB, taking up the position on 1 January 2019.

Barbara is a non-executive director at Balfour Beatty plc, Microgen plc and Agility Trains. She is also a Trustee of Guy's and St Thomas' Charity.

Her executive career encompasses Board appointments in international IT companies, Director General positions at the Ministry of Justice and Department for Transport and as Chief Operating Officer for Westminster City Council.

Barbara brings a broad range of expertise in commercial leadership and public service delivery to the role at RSSB.

### John Clarke Independent Non-Executive Director

Committee Membership: Appointments Committee and Remuneration Committee (Chairman)

John worked in the nuclear industry for more than 35 years up to 2017. He has held a number of executive positions including Head of Environment, Health, Safety and Quality at the Sellafield plant in Cumbria, Director of Production for Sellafield Ltd, Managing Director of International Nuclear Service Ltd and most recently CEO of the Nuclear Decommissioning Authority.

John has held a number of non-executive roles over the past 10 years, as well as national and international advisory roles. He joined the RSSB Board on 1 July 2017.

John is a Fellow of the Institution of Chemical Engineers and of the Nuclear Institute.



## Steve Cocliff Non-Executive Director

Committee Membership: N/A

Steve has been with VolkerRail since 2009 having previously worked in a number of infrastructure sectors including rail, civil engineering, telecoms, utilities and nuclear. He has held a number of senior positions within the industry including those of Managing Director of First Engineering (power & civil engineering), Managing Director of the Utilities business for Alfred McAlpine and Managing Director of Utilities business for Carillion.

As well as being on the Board of VolkerWessels UK Steve is also on the Board of the Institute of Rail Operators and the Railway Industry Association and is actively engaged in a number of initiatives to improve and increase the level of training within the rail industry. Steve joined the RSSB Board on 1 March 2019.

## Andy Course Non-Executive Director

Committee Membership: Audit and Risk Committee

Andy served in the Royal Navy for 25 years as an Engineer Officer holding various appointments at sea in warships and ashore in the Ministry of Defence. Before joining the rail industry Andy was a Director at PricewaterhouseCoopers, helping clients with their strategy, business planning and financial management.

Andy has been the Chief Operating Officer at Eversholt Rail since 2013, and oversees all its asset management activities, including safety management, enhancement and maintenance work across its fleets as well as the oversight of their new build train deliveries. Andy joined the RSSB Board on 1 January 2019.

## Caroline Fawcett Independent Non-Executive Director

Committee Membership: Audit and Risk Committee (Chairman)

Caroline has spent over 25 years in marketing and customer experience roles in the financial services industry, in both the UK and USA.

For the last ten years Caroline has been leading customer driven change programmes across a wide range of public and private sector organisations. These include the Department for the Environment, Food and Rural Affairs, Serco, the Care Quality Commission and Essex County Council. Caroline was also Customer Advocate for Prudential Assurance.

Caroline is an experienced non-executive director, having served on the Boards of organisations in both the financial services industry and the public sector, chairing both Remuneration and Audit and Risk Committees. Currently she holds non-executive director positions with Co-Op Insurance, Cambridge and Counties Bank, and LifeSight, Willis Towers Watson's multi-company pension scheme. Caroline joined the RSSB Board on 1 September 2018.

### Philip Hoare Non-Executive Director

Committee Membership: Audit and Risk Committee

Philip is President of Atkins, SNC-Lavalin's Engineering, Design & Project Management sector. He is responsible for the company's infrastructure engineering and design services around the world. He is a member of the Executive Committee of SNC-Lavalin.

Since joining the Atkins business in 1997, Philip has held several senior positions and previously led the transportation division as well as operations across Europe.

Philip sits on the Board of the National College for High Speed and is also the senior leadership sponsor of Atkins' LGBT network. Philip joined the RSSB Board on 8 April 2016.

As a chartered civil engineer by profession, Philip is a member of both the Institution of Civil Engineers and the Chartered Institution of Highways and Transportation. He is a member of the Rail Supply Group Council, a Director of the Railway Industry Association and a recently appointed member of the Defence Growth Partnership Steering Committee.

Philip resigned from the Board on 13 June 2019.

### Paul Marchant Chief Financial Officer and Executive Director

Paul joined RSSB in 2014 and was appointed Chief Financial Officer in February 2018. Paul works to ensure that RSSB remains financially sustainable and shapes RSSB's long term financial strategy in order to meet the changing needs of its membership and key stakeholders.

Paul gained a BSc in Accounting and Finance from the University of Warwick, and qualified as a chartered accountant (ACA) with Clement Keys (now PKF Cooper Parry) in Birmingham. He previously worked at the Conservative Party Campaigning Headquarters in Westminster, before joining RSSB. Paul joined the RSSB Board on 1 November 2018.

## Steve Murphy Non-Executive Director

Committee Membership: N/A

Steve has held a number of senior positions in the Rail industry, including Managing Director of Chiltern Railways and General Manager of Irish Rail. In 2007, Steve set up LOROL as a brand-new business and was responsible for transforming the Railway.

In 2014 Steve took on the role of Managing Director at MTR Crossrail, where he is responsible for turning Europe's biggest project into a highly successful train service. Steve joined the RSSB Board on 11 November 2013.

## Mark Phillips Chief Executive Officer and Executive Director

Mark was appointed Chief Executive Officer in 2016. He joined the RSSB Board on 14 November 2016.

Mark is the deputy chair at British Transport Police Authority and member of the Transport for London Board. He is also a member of the Department for Transport's Transport Research and Innovation Board.

After graduating with a B.A. (Hons) in Economics from the University of York, Mark joined British Rail later joining the privatisation team. He worked for Railtrack as Head of Operational Planning and Engineering, for Network Rail as Regional Director Anglia, and Deputy Managing Director for London Eastern Railway (Anglia).

Mark is a Fellow of the Institute of Railway Operators and of the Institute of Logistics and Transport.

## Chris Rayner Non-Executive Director

Committee Membership: N/A

Chris Rayner joined High Speed Two (HS2) Ltd in April 2015 and holds the position of Director of Infrastructure Management.

Chris has extensive experience of railway engineering and operations in the UK and various other countries.

Joining Network Rail in 2001, he was Managing Director of the Network Rail subsidiary business responsible for the operations and maintenance of HS1 infrastructure. In 2011, Chris became Transportation Director for Serco's Middle East operation. He joined the RSSB Board on 1 January 2019.

## Geoff Spencer Senior Independent Director

Committee Membership: Appointments Committee and Remuneration Committee.

Geoff is a non-executive director of Direct Rail Services and the former CEO of DB Cargo (UK) Limited (formerly DB Schenker Rail UK). He has held various managerial and directorial posts within DB Schenker Rail UK, including Head of European Resource Management in Germany. Geoff joined the RSSB Board on 14 March 2015.

Geoff's professional development was achieved through the Institute of Directors (London); the Cranfield University Business School of Management; the Richard Ivey School of Business (Canada) and the Ashridge College School of Management (England). Geoff is also a Non-Executive Chair of The National Freight Safety Group.

## Group Executive Committee

The Group Chief Executive Officer, Mark Phillips is supported by an experienced and capable executive management team, with extensive industry experience and organisational knowledge. The continued growth of RSSB is testament to the strong management team and their ability to successfully execute the Group's strategy.

The biography of Mark Phillips, Chief Executive Officer is on page 21 of this Annual Report, and that of Paul Marchant, Chief Financial Officer, is on page 20.

## Johnny Schute - Chief Operating Officer

Johnny joined RSSB in May 2018 as Chief Operating Officer. He was formerly the Deputy Chief Inspector of Railways and Deputy Director, Railway Safety at the Office of Rail and Road having assumed the appointment in January 2017. He had responsibility for health and safety regulation of the mainline rail network, all operating companies (both train and freight), light rail, metros (including TfL) and heritage.

He served for 34 years in the British Army as an infantry soldier, undertaking operational tours. Johnny has an MBA from the Open University and a MSc in Design of Information Systems from Cranfield University. He was appointed OBE in the Queen's Birthday Honours in 2005.



### Keith Hanlon-Smith- HR Director

Keith joined RSSB as Head of HR in April 2017 with responsibility for HR, Company Secretariat and Facilities teams. Keith heads the team that is responsible for ensuring that RSSB's people are able to provide the very best service to its members.

Keith has over 20 years' experience in Human Resource Management gained in both the commercial and not-for-profit sectors. He has worked for the Carbon Trust, Norland Managed Services (now CBRE Global Workplace Solutions) and prior to that the media and retail sectors.

Keith is a Member of the Chartered Institute of Personnel and Development, a graduate of Brighton University and a business mentor for Teach a Man to Fish.

### Paul McLaughlin - Business Development and Engagement Director

Paul joined RSSB in February 2018 from BESA, a trade association within the construction industry. As its chief executive, he led the organisation to deliver value and benefit to members.

Paul has 10 years' experience in membership organisations, and spent 12 years at The Coca-Cola Company in a number of operational, quality and technical roles including Commercialisation Director for North West Europe.

Paul gained a first-class honours degree in electronic engineering from the University of Glasgow, and also holds a diploma in company direction from Durham University Business School.

### Nizar Awad - Director of Projects

Nizar joined RSSB as Director of Projects in November 2017. He is responsible for leading the Projects team to ensure its members and stakeholders benefit from timely delivery of high quality, 'fit for purpose' outputs within the critical budgetary and time constraints.

With almost 30 years' experience developing and delivering complex major infrastructure projects and programmes, Nizar has held various senior roles within the rail industry, working with both contractors and consultants in the UK and overseas.

Nizar is a Chartered Engineer with a BEng in Civil Engineering, MSc in Construction Management, DIC and MBA from Imperial College; and is a Member of the Institution of Civil Engineers, the British Tunnelling Society and the Association for Project Management.

## The Board and its Committees

The Board is responsible for the effective oversight of the Company. It also agrees the strategic direction and governance structure that will help achieve the long-term success of the Company and deliver stakeholder value. The Board takes the lead in areas such as strategy, financial policy and making sure we maintain a sound system of internal control.

The Board delegates authority to its committees to carry out certain tasks on its behalf, so that it can operate efficiently and give the right level of attention and consideration to relevant matters.

### Board composition, qualification and independence

The composition, experience and balance of skills on the Board are regularly reviewed to ensure that there is the right mix on the Board and its committees, and they are working effectively. There are currently 11 Directors on the Board, which comprises an independent Chair (who, was independent on appointment), two Executive Directors, two independent Non-executive Directors and seven Non-executive Directors who are considered by the Board not to be independent. The current members of the Board have a wide range of skills and experience.

### Role of the Chair

The Board is chaired by Barbara Moorhouse. The Chair is responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The Chair promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive directors.

### Role of the Chief Executive Officer

Mark Phillips is the Group Chief Executive Officer. Through delegation from the Board he is responsible for executive management of the group and is supported by a Group Executive Committee and Senior Leadership Team

### Role of the Senior Independent Director

The Senior Independent Director (SID) is Geoff Spencer, who is available to Members if they have concerns that cannot be addressed through normal channels. The SID also acts as an internal sounding board for the chairman and serves as intermediary for the other directors with the chairman when necessary. Neither the chairman nor the SID are employed as executives of the group

### Non-Executive Director independence

The Board considers and reviews the independence of each Independent Non-Executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character,

judgement, commitment and performance on the Board and relevant committees and their ability to provide objective challenge to management.

### Appointment and tenure

All Directors serve on the basis of letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the expected time commitment of Non-Executive Directors who, on appointment, undertake that they will have sufficient time to meet what is expected of them.

The Company places a fixed three-year term limit on each Non-Executive Director's service appointment. However, each Non-Executive Director may not serve more than three fixed terms or nine years' service as a Director.

### Director induction and training

The Chairman, with the support of the Company Secretary, is responsible for the induction of new Directors and ongoing development of all Directors. New Directors receive a full, tailored induction on joining the Board.

### Information and support available to Directors

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate and timely, and of succinct quality to enable the Board to discharge its duties. As well as the support of the Company Secretary, there is a procedure in place for any director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

### Director election

Following recommendations from the Appointments Committee, the Board considers all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. Accordingly, all Directors will seek election at the Company's first AGM as set out in the Notice of AGM.

### Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.

All potential conflicts approved by the Board are recorded in an Interests Register, which is reviewed by the Board at least quarterly to ensure that the procedure is working effectively.

## Board Evaluation and effectiveness

Harvey Nash were engaged to conduct an external Board evaluation in the Spring of 2018. Harvey Nash duly observed the May 2018 Board Meeting and facilitated a questionnaire to each Board Member. Their resultant findings were presented to the Board.

## Board and Committee attendance

The table below summarises attendance at Board and Committee meetings held during the year.

April 2018 – March 2019				
	Board Meeting (6)	Audit & Risk Committee (3)	Remuneration Committee (3)	Appointments Committee (1)
Barbara Moorhouse <sup>1</sup>	2/2		1/1	
Mark Phillips	6/6			
Paul Marchant <sup>2</sup>	3/3			
Steve Murphy	6/6			
Geoff Spencer	6/6		3/3	1/2
Philip Hoare	6/6	3/3		
John Clarke	6/6		3/3	1/2
Caroline Fawcett <sup>3</sup>	2/4	2/2		1/1
Chris Rayner <sup>4</sup>	2/2			
Andy Course <sup>5</sup>	2/2	1/1		
Steve Cocliff <sup>6</sup>	0/1			
Gary Cooper <sup>7</sup>	4/5	1/1		
Anna Bradley <sup>8</sup>	4/4		2/2	1/1
Lee Jones <sup>9</sup>	3/4	0/1		
Graham Hopkins <sup>10</sup>	1/2			
Dolores Byrne <sup>11</sup>	1/2	1/1		
Malcolm Brown <sup>12</sup>	1/2	1/1		



- \*1 Barbara Moorhouse was appointed to the Board effective 01 January 2019.
- \*2 Paul Marchant was appointed to the Board effective 01 November 2018.
- \*3 Caroline Fawcett was appointed to the Board effective 01 September 2018.
- \*4 Chris Rayner was appointed to the Board effective 01 January 2019.
- \*5 Andy Course was appointed to the Board effective 01 January 2019.
- \*6 Steve Cocliff was appointed to the Board effective 01 March 2019.
- \*7 Gary Cooper resigned from the Board effective 31 January 2019.
- \*8 Anna Bradley resigned from the Board effective 31 December 2018.
- \*9 Lee Jones resigned from the Board effective 01 November 2018.
- \*10 Graham Hopkins resigned from the Board effective 13 August 2018.
- \*11 Dolores Byrne resigned from the Board effective 31 July 2018.
- \*12 Malcolm Brown resigned from the Board effective 30 July 2018.

## Appointments Committee

### Composition

The Appointments Committee will be chaired by Barbara Moorhouse, and its other members are John Clarke and Geoff Spencer. The majority of the Committee members are deemed to be independent.

### Role of the Appointments Committee

The Appointments Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise.

The Appointments Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and makes appropriate recommendations to the Board on such matters. Furthermore, the Appointments Committee considers and makes recommendations to the Board on the appointment of all Directors of the Company (other than industry directors) and certain senior employees of the Company.

## Remuneration Committee

### Composition

The Remuneration Committee is chaired by John Clarke, and its other members are Barbara Moorhouse and Geoff Spencer.

### Role of the Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, including setting the over-arching

principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors.

It should be noted, that no Executive Director or other attendee is present at any Committee meeting during any discussion regarding his or her own remuneration.

### Fees for the Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors remuneration is determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees. The Chairman and Non-Executive Directors receive no other benefits.

## Audit & Risk Committee

### Composition

The Audit and Risk Committee is chaired by Caroline Fawcett, and its other members are Philip Hoare and Andy Course. It is consistent with the Constitution, that the Membership of the Committee consists of not less than three Non-Executive Directors of the Company. The Board is satisfied that the combined knowledge, skills and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner.

### Role of the Audit & Risk Committee

The Audit & Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, internal auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control review function.

The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

The Audit & Risk Committee receives reports from external advisers and from the senior management team, as required, to enable it to discharge its duties. The Chief Financial Officer attends its meetings, as does the external auditor, who has the opportunity to meet privately with the Audit & Risk Committee chairman, in the absence of Senior Management. The Chief Executive Officer and other members of the Senior Leadership Team are also invited to attend Audit Committee meetings as required.

### Internal audit

The Committee receives regular reports on the control environment. These reports highlight key improvement themes and recommend areas for focus. In addition, the committee has visibility of management responsiveness in addressing audit actions. The internal audit charter contains mandatory, risk-based and cyclical reviews.

In April 2019, Grant Thornton were appointed as new independent internal auditors on a two-year agreement.

### External auditor independence and effectiveness

It is the committee's responsibility to monitor the performance, objectivity and independence of the external auditor. During the year, the committee held a number of meetings with the external auditors without management being present.

The effectiveness of the external auditors is evaluated by the audit committee each year.

### Provision of non-audit services

Non-audit services provided by the external auditors are approved in accordance with the Company's policy on non-audit services.

# Risk Management, Principal Risks and Uncertainties

The Board is ultimately accountable for the Group's risk management process and system of internal control. In terms of mandate by the Board, the Audit & Risk Committee monitors the risk management process and systems of control of the Group. The Board oversees the activities of the Audit & Risk Committee, the Group's external auditors and the Group's risk management function as delegated to the Company's Audit & Risk Committee.

The following key or strategic risks to the organisation have been identified:

## Strategic risks

### Cybersecurity

#### Description

Business systems subject to cyber attack leading to operational disruption and potential loss or corruption of data.

#### Mitigation

Regular staff training and briefing about adherence to business cyber policy and internal audits commissioned to identify system and process vulnerabilities.

### Financial sustainability

#### Description

Failure to secure planned income, cost savings not secured.

#### Mitigation

New financial controls established. Dedicated business engagement and business development introduced to ensure new planned income is secured.

### Loss of key staff members

#### Description

Inability to attract and retain top talent may limit our ability to achieve operational targets.

#### Mitigations

Creation of succession plans to ensure that talent is retained and attracted. New emerging leaders programme introduced.



## Third party supplier failure

### Description

Selection of wrong suppliers, not being able to integrate them or not managing them appropriately.

### Mitigations

Regular monitoring of supplier performance during contract operation.  
Comprehensive suite of procurement controls implemented to minimise risk at contract award.

## Failure of RSSB product or service

### Description

An RSSB standard, safety model, research report is a contributory factor leading to safety incident or accident.

### Mitigations

Comprehensive QA process to check products and services prior to release. Our collaboration model requires relevant industry Standards Committee to approve Railway Group Standards before publication.

## Major political decision or change in industry structure

### Description

A change in government rail policy or review of industry structure that could have a major impact to RSSB.

### Mitigations

Grow and maintain strong relations with government and key stakeholders.

## Annual General Meeting

The AGM is the company's principal forum for communication with its Members. In addition to the formal business, there will be a presentation on the performance of the Group and its future development. The Chairman of the Board and the Chairman of the Committees, together with senior management will be available to answer shareholders' questions at the AGM.

The current Constitution Agreement requires the Board to establish and maintain the following committees (i) Appointments Committee, (ii) Remuneration Committee and (iii) Audit & Risk Committee. Each Committee is entitled to co-opt persons with relevant professional skills and expertise as members of the Committee for the purposes of providing advice to the committee on matters under consideration. All Committees report to the Board.

## Opinion

We have audited the consolidated financial statements of Rail Safety and Standards Board Limited for the year ended 31 March 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Reserves, Company Statement of Financial Position, Company Statement of Changes in Reserves and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 March 2019 and of its result 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company's ability to continue to adopt the going concern basis of accounting for a period of

at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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



RAIL SAFETY AND STANDARDS BOARD LIMITED  
INDEPENDENT AUDITORS REPORT  
TO MEMBERS OF THE RAIL SAFETY AND STANDARDS BOARD LIMITED  
FOR THE YEAR ENDED 31 MARCH 2019

- 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.

## Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

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 auditor's 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.



Subarna Banerjee (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young

Chartered Accountants

Statutory Auditor

31/7/19

## Group Financial Statements

### Company information

Rail Safety and Standards Board Limited (RSSB) is a company limited by guarantee, domiciled and incorporated in England and Wales. The registered office is The Helicon, 4<sup>th</sup> Floor, 1 South Place, London, EC2M 2RB.

### Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company and the group. Monetary amounts in these financial statements have been rounded to the nearest £'000.

The principal accounting policies adopted are set out below.

The group financial statements consolidate those of RSSB (the company) and of its subsidiary undertakings Railway Documentation and Drawing Services Limited (RDDS) and Confidential Incident Reporting Analysis Service Limited (CIRAS).

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual statement of comprehensive income.

### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquire, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

### Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the

group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

## Income

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

### Membership Fees

Membership levy: the Constitution Agreement of RSSB sets out the funding arrangements for full members. Levies are charged at either i) the start of the financial year, or ii) quarterly (determined on the value of the levy). Income is recognised in the year to which it relates, where there is no uncertainty as to collectability. Members who join part way through the year have a pro-rata levy calculated from the date they join.

Affiliate membership fees: fees are charged when a company becomes an affiliate, and on the anniversary of membership thereafter; income is recognised evenly across the year of membership.

### Grants

Grants are recognised based both on the performance model and the accrual model, applied on a class-by-class basis. Treatment reflects the conditions relating to each grant.

The Research and Development grant is based on the performance model. The grant does not impose specified future performance conditions on the recipient and therefore is recognised fully in the year of receipt and the year to which it relates

The Innovation and Technical grants are based on the accrual model relating to revenue. Grants under the accrual model relating to revenue shall be recognised on a systematic basis over the period in which the entity recognises the related costs for the grant. The grants are treated as deferred income until the matching expenditure occurs.

Other miscellaneous grants may be received and are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

### Railway Industry Supplier Qualification Scheme (RISQS)

RISQS Membership Fees: membership fees are charged when a company joins the scheme, and on the anniversary of membership thereafter; income is recognised evenly over the year, from the period of receipt.

RISQS Audit Fees: Audit income is recognised once the audit has been completed and the first audit report has been produced.

### Other revenue streams

CIRAS membership levy: Levies are charged at the start of the financial year. Income is recognised in the year to which the levy relates and where there is no uncertainty as to collectability.

RDDS: Revenue from the sale of drawings is recognised when the significant risks and rewards of ownership of the drawings have passed to the customer, usually on dispatch of the drawings, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably and where no uncertainty as to the collectability.

R2: Levies for use of the R2 Industry System are charged either i) the start of the financial year, or ii) quarterly (determined on the value of the levy). Income is recognised in the year to which it relates, where there is no uncertainty as to collectability.

Close call: Funding for Close Call for hosting and support from Network Rail is recognised when it is received and in the year to which it relates.

Online Digital Rulebook: Revenue from license subscriptions to the Digital Rulebook are recognised on receipt of a signed license agreement and is recognised in the year to which it relates, where there is no uncertainty as to collectability.

Training courses and conferences: Revenue from training courses is recognised once the obligation has been discharged and for conferences once the event has occurred.

Other consultancy: Commercial income from consultancy for a single performance obligation is recognised on an hourly basis, when the service has been provided. Fixed fee consultancy revenue is recognised when the stage of completion can be reliably measured using a percentage of completion method.

Interest: Revenue is recognised as interest accrues using the effective interest method.

Dividend income: recognised when the Group's right to receive payment is established.

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



## Tangible fixed assets and depreciation

### Capitalisation

Expenditure on assets in excess of £500 is capitalised.

### 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
Plant and machinery	Five years on a straight-line basis
Leasehold improvements	Over the life of the lease on a straight-line basis

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their estimated useful lives, as follows.

Software applications	Between four and ten years on a straight-line basis
Safety Management Information System (SMIS) (Software)	Ten years on a straight-line basis

Where factors, such as technological advancement or changes in market price, indicate the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

### Capitalisation

Costs associated with maintaining computer software are recognised as an expense as incurred. Expenditure on software is expensed except for major items over £10,000 which may be capitalised.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it; or make available for our members and/or industry;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

The internal costs, when measurable, are taken into account in assessing the cost of software assets.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Costs associated with maintaining computer software are recognised as an expense as incurred. External expenditure on software is expensed except for major items over £10,000 which may be capitalised. Incremental costs below £10,000 but which accumulate to be in excess of £10,000 will be capitalised if there is a long-term economic benefit.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 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.

### Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

## Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

### Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

### Deferred Tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

## 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 statement of financial position date, and are discounted to present value where the effect is material.

## Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit pension plans.

### Short-Term Benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

### Annual Bonus Plan

The group operates a bonus plan for employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

### Defined Benefit Scheme

Scheme assets are measured at 'fair value'. 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, past service cost adjustments 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 expenses. Actuarial gains and losses are reported in the statement of comprehensive income.

## Financial instruments

The group has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

### Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying



amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, and deferred income on grants received, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



## Reserves

RSSB's reserves arise 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.

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.

The group separates the income and expenditure reserve into the following activities:

- '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).

## Key accounting estimates and assumptions

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

### Impairment of Intangible Assets (Note 6)

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

### Provisions (Note 11)

Provision is made for asset retirement obligations, onerous contracts, other employment obligations, dilapidations and contingencies.

These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

#### Defined Benefit Pension Scheme (Note 14)

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, pension increases (CPI measure), increases to deferred pensions (CPI measure), price inflation (RPI measure), asset valuations and the discount rate. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

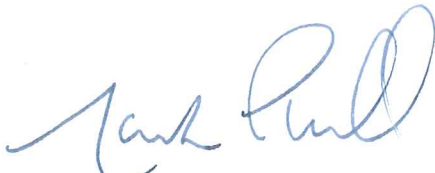
RAIL SAFETY AND STANDARDS BOARD LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group Year ended 31 March 2019 £'000	Group Year ended 31 March 2018 £'000
Operating income	1	57,915	50,816
Operating expenses	1	(57,459)	(52,347)
Operating profit/(loss) attributable to ordinary activities		456	(1,531)
Interest receivable		116	158
Other finance expenses	2/14	(570)	(590)
Profit/(loss) on ordinary activities before taxation		2	(1,963)
Tax	4	(61)	(31)
Loss for the year	5	(59)	(1,994)
Other comprehensive income			
Remeasurement of net defined benefit scheme	14	(2,450)	5,180
Other comprehensive (expense)/income for the year		(2,450)	5,180
Total comprehensive (expense)/income for the year		(2,509)	3,186

RAIL SAFETY AND STANDARDS BOARD LIMITED  
GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2019

		Group	Company	Group	Company
	Note	31 March 2019	31 March 2019	31 March 2018	31 March 2018
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Intangible assets	6	6,549	6,429	6,448	6,273
Tangible fixed assets	7	1,165	1,165	1,876	1,876
		<b>7,714</b>	<b>7,594</b>	<b>8,324</b>	<b>8,149</b>
<b>Current assets</b>					
Debtors	9	9,043	9,106	8,642	12,421
Cash at bank	13	49,149	46,979	53,848	47,889
		<b>58,192</b>	<b>56,085</b>	<b>62,490</b>	<b>60,310</b>
Creditors: amounts falling due within one year	10	(48,661)	(47,045)	(55,602)	(53,637)
<b>Net current assets</b>		<b>9,531</b>	<b>9,040</b>	<b>6,888</b>	<b>6,673</b>
<b>Total asset less current liabilities</b>		<b>17,245</b>	<b>16,634</b>	<b>15,212</b>	<b>14,822</b>
Provision for liabilities and charges	11	(974)	(914)	(482)	(422)
Retirement benefit schemes	14	(25,780)	(25,780)	(21,730)	(21,730)
<b>Net liabilities</b>		<b>(9,509)</b>	<b>(10,060)</b>	<b>(7,000)</b>	<b>(7,330)</b>
<b>Reserves</b>					
Income & expenditure reserve		(9,509)	(10,060)	(7,000)	(7,330)
		<b>(9,509)</b>	<b>(10,060)</b>	<b>(7,000)</b>	<b>(7,330)</b>

The financial statements were approved and authorised for issue by the Board of directors on 4 July 2019.

  
Mark Phillips  
Director

Barbara Moorhouse  
Director



Company registration number 04655675



RAIL SAFETY AND STANDARDS BOARD LIMITED  
GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019

		Group	Group
	Note	31 March 2019	31 March 2018
		£'000	£'000
Cash outflow from operations	12	(3,498)	(11,541)
Taxation paid		(36)	(63)
<b>Net cash outflow from operating activities</b>		<b>(3,534)</b>	<b>(11,604)</b>
<b>Investing activities</b>			
Interest received		116	158
Purchase of intangible fixed assets	6	(1,188)	(1,305)
Purchase of tangible fixed assets	7	(93)	(83)
<b>Net cash outflow from investing activities</b>		<b>(1,165)</b>	<b>(1,230)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,699)</b>	<b>(12,834)</b>
Cash and equivalents at the beginning of the year		53,848	66,682
<b>Cash and cash equivalents at the end of the year</b>		<b>49,149</b>	<b>53,848</b>
<b>Cash and cash equivalents consists of</b>			
Cash at bank and in hand		49,149	53,848
<b>Cash and cash equivalents</b>		<b>49,149</b>	<b>53,848</b>

RAIL SAFETY AND STANDARDS BOARD LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 MARCH 2019

Group	Member funded £'000	R&D £'000	R&D Innovation Grant £'000	£'000	CIRAS £'000	RDDS £'000	General £'000	Total £'000
At 1 April 2017	4,778	2,000	3,239	596	254	15	(21,068)	(10,186)
(Loss)/profit for the year	(2,365)	-	300	40	30	1	-	(1,994)
Decrease in pension liability	-	-	-	-	(10)	-	5,190	5,180
<b>At 31 March 2018</b>	<b>2,413</b>	<b>2,000</b>	<b>3,539</b>	<b>636</b>	<b>274</b>	<b>16</b>	<b>(15,878)</b>	<b>(7,000)</b>
(Loss)/profit for the year	(857)	-	530	47	212	9	-	(59)
Increase in pension liability	-	-	-	-	-	-	(2,450)	(2,450)
Transfer of reserves	-	2,200	(2,200)	-	-	-	-	-
<b>Retained reserves carried forward at 31 March 2019</b>	<b>1,556</b>	<b>4,200</b>	<b>1,869</b>	<b>683</b>	<b>486</b>	<b>25</b>	<b>(18,328)</b>	<b>(9,509)</b>

The transfer of reserves between R&D and R&D Grant of £2.2m represents an updated estimation of the costs to close the R&D programme.

RAIL SAFETY AND STANDARDS BOARD LIMITED  
COMPANY STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 MARCH 2019

Company	Member funded	R&D	R&D Grant	Innovation	CIRAS	General	Total Company
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2017</b>	4,738	2,000	3,239	596	254	(21,068)	(10,241)
(Loss)/profit for the year	(2,365)	-	300	40	56	-	(1,969)
Decrease in pension liability	-	-	-	-	-	5,190	5,190
Transfer of reserve	-	-	-	-	(310)	-	(310)
<b>At 31 March 2018</b>	2,373	2,000	3,539	636	-	(15,878)	(7,330)
(Loss)/profit for the year	(857)	-	530	47	-	-	(280)
Increase in pension liability	-	-	-	-	-	(2,450)	(2,450)
Transfer of reserves	-	2,200	(2,200)	-	-	-	-
<b>Retained reserves carried forward at 31 March 2019</b>	1,516	4,200	1,869	683	-	(18,328)	(10,060)

The transfer of reserves between R&D and R&D Grant of £2.2m represents an updated estimation of the costs to close the R&D programme.

RAIL SAFETY AND STANDARDS BOARD LIMITED  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

**1. INCOME AND EXPENDITURE ON OPERATING ACTIVITIES**

Income	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Membership levy	23,818	23,021
Affiliate fees	69	-
R2 Subscription levy	1,822	1,586
Department for Transport grant for R&D	9,600	9,443
Department for Transport grant for Innovation	12,224	12,199
Innovation in Franchising	-	379
Department for Transport grant for Technical	3,502	1,755
CIRAS membership levy	1,480	1,427
RDDS activities	86	91
Close call safety system funding	220	188
Rulebook	86	59
Supplier assurance services (excl. RISQS)	160	146
RISQS	4,048	163
Miscellaneous income	800	359
Total income from operating activities	<b>57,915</b>	<b>50,816</b>

Miscellaneous income comprises income arising from running training courses, conferences and other commercial activities.

All income arose from UK operations.

Expenses by activity	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Member funded activities	31,585	27,504
Research and Development	9,041	9,176
Future Railway programme	12,204	12,147
Technical	3,502	1,750
Innovation in Franchising	-	379
CIRAS	963	1,211
RDDS	164	180
Total expenses from operating activities	<b>57,459</b>	<b>52,347</b>



RAIL SAFETY AND STANDARDS BOARD LIMITED  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

**INCOME AND EXPENDITURE ON OPERATING ACTIVITIES (CONTINUED)**

<b>Expenditure by function</b>	<b>Year ended 31 March 2019 £'000</b>	<b>Year ended 31 March 2018 £'000</b>
Staff payroll costs (Note 3)	23,889	24,211
Other staff costs and staff travel	5,761	4,424
Technical support (non-Innovation/R&D)	1,493	1,282
Technical support (Innovation)	171	20
Investments and Grants (Innovation)	10,922	9,933
Technical services (R&D)	3,077	3,597
RISQS service provider costs	2,651	-
Property costs including rent	2,142	2,218
Loss on write off of fixed assets	12	-
IT external expenditure (includes cost of Safety Management Information System and R2)	3,598	3,250
Professional fees including insurance/legal/accountancy/tax	478	426
Publications/events/other media	951	710
Miscellaneous goods and services	266	204
Non-property lease rentals	5	15
Amortisation	1,522	1,477
Depreciation	357	400
RDDS	164	180
<b>Total</b>	<b>57,459</b>	<b>52,347</b>
	<b>Year ended 31 March 2019 £'000</b>	<b>Year ended 31 March 2018 £'000</b>
Auditors' remuneration included above:		
Fees payable for the audit of the group's annual accounts	36	28
Other related services including taxation services	30	20
	<b>66</b>	<b>48</b>

## 2. OTHER FINANCE EXPENSES

Analysis of the amount charged to other finance expenses

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Net interest on net defined benefit liability	(570)	(590)
	<u>(570)</u>	<u>(590)</u>

## 3. DIRECTORS AND EMPLOYEES

Staff payroll costs during the year were:

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Salaries	16,935	17,831
Restructuring cost	1,079	276
Social security	2,172	2,029
Pension contributions	3,703	4,351
	<u>23,889</u>	<u>24,211</u>

	2019	2018
	Number	Number
Staff employed	<u>293</u>	<u>291</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.

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**DIRECTORS AND EMPLOYEES (CONTINUED)**

Remuneration in respect of directors was:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Emoluments	458	334
Amounts paid to third parties in respect of Directors' services	167	228
Pension contributions	9	-
	<u>634</u>	<u>562</u>

One director participated in the defined benefit pension scheme during the year (2018: none).

The amounts above include remuneration in respect of the highest paid director set out below.

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Emoluments	348	334
Pension contributions	-	-
	<u>348</u>	<u>334</u>

#### 4. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
UK corporation tax at 19% (2018: 19%)	52	31
Adjustments in respect of prior years	9	-
Total current tax charge	<u>61</u>	<u>31</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained as follows:

Profit/(loss) on ordinary activities before tax	2	(1,963)
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	-	(373)
Effect of:		
Adjustment for results from not-for-profit activities	52	409
Adjustment for tax charge in respect of previous period	9	-
Tax losses utilised	-	(5)
Current tax charge for period	<u>61</u>	<u>31</u>

#### 5. HOLDING COMPANY PROFIT/(LOSS)

Of the £59,000 group loss for the financial year (2018: group loss of £1,994,000), £280,000 loss is dealt with in the accounts of the company itself (2018: loss of £1,969,000).

RDDS made a profit of £9,000 for the financial year (2018: profit of £1,000).

CIRAS made a profit of £212,000 (2018: profit of £30,000). The 2018 result included both, the period from 1 April 2017 to 18 September 2017, when it was a division of the parent company and the post-hive down period to 31 March 2018 as a new subsidiary.

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.



## 6. INTANGIBLE FIXED ASSETS

<b>Group</b>	<b>Software</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2018	9,450	9,450
Additions	1,188	1,188
Transfer from tangible fixed assets (see below)	447	447
Disposals	(28)	(28)
<b>Total as at 31 March 2019</b>	<b>11,057</b>	<b>11,057</b>
<b>Amortisation</b>		
At 1 April 2018	(3,002)	(3,002)
Amortisation expense for the year	(1,522)	(1,522)
Disposals	16	16
<b>Total as at 31 March 2019</b>	<b>(4,508)</b>	<b>(4,508)</b>
<b>Net Book value at 31 March 2019</b>	<b>6,549</b>	<b>6,549</b>
<b>Net Book value at 31 March 2018</b>	<b>6,448</b>	<b>6,448</b>

Software additions relate to enhancements to SMIS+ (upgrade of the Safety Management Information System), Digital Rule Book, Digital Website Content, R2, Platform Train Interface Tool and Phase 2 (Project Accounting) of the finance system (NAV).

Software disposals relate to operational software assets which were identified as not in use.

The transfer between intangible and tangible assets relates to R2 additions that were reclassified.

**INTANGIBLE FIXED ASSETS (CONTINUED)**

<b>Company</b>	<b>Software</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2018	9,085	9,085
Additions	1,188	1,188
Transfer from tangible fixed assets (see below)	447	447
<b>Total as at 31 March 2019</b>	<b>10,720</b>	<b>10,720</b>
<b>Amortisation</b>		
At 1 April 2018	(2,812)	(2,812)
Amortisation expense for the year	(1,479)	(1,479)
<b>Total as at 31 March 2019</b>	<b>(4,291)</b>	<b>(4,291)</b>
<b>Net Book value at 31 March 2019</b>	<b>6,429</b>	<b>6,429</b>
<b>Net Book value at 31 March 2018</b>	<b>6,273</b>	<b>6,273</b>

The transfer between intangible and tangible assets relates to R2 additions that were reclassified.

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**7. TANGIBLE FIXED ASSETS**

Group	Servers	Leasehold Improvement	Desktops & Laptops	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	536	1,822	343	5	355	3,061
Additions	26	6	61	-	-	93
Transfer to intangible fixed assets (see below)	-	(447)	-	-	-	(447)
<b>Total as at 31 March 2019</b>	<b>562</b>	<b>1,381</b>	<b>404</b>	<b>5</b>	<b>355</b>	<b>2,707</b>
<b>Depreciation</b>						
At 1 April 2018	(346)	(392)	(267)	(3)	(177)	(1,185)
Depreciation expense for the year	(90)	(139)	(50)	(1)	(77)	(357)
<b>Total as at 31 March 2019</b>	<b>(436)</b>	<b>(531)</b>	<b>(317)</b>	<b>(4)</b>	<b>(254)</b>	<b>(1,542)</b>
<b>Net Book value at 31 March 2019</b>	<b>126</b>	<b>850</b>	<b>87</b>	<b>1</b>	<b>101</b>	<b>1,165</b>
<b>Net Book value at 31 March 2018</b>	<b>190</b>	<b>1,430</b>	<b>76</b>	<b>2</b>	<b>178</b>	<b>1,876</b>

The transfer between intangible and tangible assets relates to R2 additions that were reclassified.

**TANGIBLE FIXED ASSETS (CONTINUED)**

Company	Servers	Leasehold Improvement	Desktops & Laptops	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	529	1,822	343	5	355	3,054
Additions	26	6	61	-	-	93
Transfer to intangible fixed assets (see below)	-	(447)	-	-	-	(447)
<b>Total as at 31 March 2019</b>	<b>555</b>	<b>1,381</b>	<b>404</b>	<b>5</b>	<b>355</b>	<b>2,700</b>
<b>Depreciation</b>						
At 1 April 2018	(339)	(392)	(267)	(3)	(177)	(1,178)
Depreciation expense for the year	(90)	(139)	(50)	(1)	(77)	(357)
<b>Total as at 31 March 2019</b>	<b>(429)</b>	<b>(531)</b>	<b>(317)</b>	<b>(4)</b>	<b>(254)</b>	<b>(1,535)</b>
<b>Net Book value at 31 March 2019</b>	<b>126</b>	<b>850</b>	<b>87</b>	<b>1</b>	<b>101</b>	<b>1,165</b>
<b>Net Book value at 31 March 2018</b>	<b>190</b>	<b>1,430</b>	<b>76</b>	<b>2</b>	<b>178</b>	<b>1,876</b>

The transfer between intangible and tangible assets relates to R2 additions that were reclassified.



## 8. FINANCIAL INSTRUMENTS

	Group 31 March 2019	Company 31 March 2019	Group 31 March 2018	Company 31 March 2018
	£'000	£'000	£'000	£'000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	56,748	54,645	61,895	59,724
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	43,787	43,777	51,686	51,088

## Financial risk management

The group is exposed two main areas of risk – interest rate risk and liquidity risk. The group utilises a treasury function in order to manage these risks. The Group's financial instruments are comprised of various financial assets and financial liabilities such as trade debtors, cash, trade creditors and deferred income. The Group does not use derivative financial instruments.

### Interest rate risk

The Group is exposed to fair value interest rate risk on its floating rate deposits. The objective of the group in managing interest rate risk is to maximise interest income by placing excess cash resources into fixed term deposits at a fixed rate of return.

### Liquidity risk

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group will utilise its excess cash resources.

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**9. DEBTORS**

	Group	Company	Group	Company
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£'000	£'000	£'000	£'000
Trade debtors	6,821	6,461	6,662	5,954
Other debtors and accrued income	778	778	1,385	1,369
Inter-company debtor	-	427	-	4,511
Prepayments	1,444	1,440	595	587
	<b>9,043</b>	<b>9,106</b>	<b>8,642</b>	<b>12,421</b>

Trade debtors include £6.8m of invoiced RSSB member levies relating to 2019/20 (2018/19: £4.3m). The increase is due to the timing of invoices around each year end. The inter-company balance owed from CIRAS to RSSB decreased due to the settlement of the balance in cash.

# 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	Group	Company
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£'000	£'000	£'000	£'000
Trade creditors	2,675	2,685	2,326	2,305
Corporation tax	52	49	27	27
Other taxation and social security costs	859	855	289	-
Inter-company creditor	-	77	-	73
Accruals	11,550	11,412	10,655	10,431
Deferred income	33,525	31,967	42,305	40,801
	<b>48,661</b>	<b>47,045</b>	<b>55,602</b>	<b>53,637</b>

Accruals and deferred income comprises:

- Accruals for cost of work done but not yet invoiced £6.2m (2018: £6m); and
- Staff pay and holiday pay £3.5m (2018: £2.5m).
- Cash held on behalf of third parties £130,000 (2018: £276,000) and deferred income £33.5m (2018: £42.1m).

Deferred income relating to member funding and R2 subscription levies for 2019/20 that has already been invoiced totals £5.7m (2018: £4.6m). This arises because member funding and R2 levies are payable quarterly (or annually) in advance so invoices relating to 2019/20 were invoiced in the last quarter of 2018/19.

Deferred income also includes £23.4m (2018: £35.9m) of Department for Transport (DfT) grant funding for Innovation and R&D received but not yet recognised as the corresponding expenditure, though planned, has yet to occur.

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Company	RDDS Library	Group
	£000	£000	£000
<b>At 1 April 2018</b>	<b>422</b>	<b>60</b>	<b>482</b>
Released in the year	(230)	-	(230)
Charged in the year	722	-	722
<b>As at 31 March 2019</b>	<b>914</b>	<b>60</b>	<b>974</b>

### Dilapidations

RSSB has a lease in The Helicon building until the start of 2025. The estimated liability arising from the make good requirement in the lease for The Helicon is £450,000. RSSB provides for the potential cost of the make good requirement in the lease of the new office premises and this is spread over the life of the lease.

### 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.

### Reorganisation

Re-organisation costs of £638,000 have been provided for at the end of the year.

### Onerous contract

Onerous contract costs of £84,000, relating to the hosting of the SPARK website, have been provided for at the end of the year.

### VAT

There have been significant changes in the way RSSB operates in recent years, with much more grant income being received than in previous years. As a result, external advice was obtained around the overall VAT status of RSSB. Non-statutory clearance is currently being sought from HMRC to confirm that arrangements currently in place at RSSB remain appropriate. No provision has been made in respect of any potential liability.



## 12. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 31 March 2019 £'000	Group 31 March 2018 £'000
Operating profit/(loss)	456	(1,531)
Depreciation and amortisation	1,879	1,878
Loss on write off of fixed assets	12	-
(Increase)/decrease in debtors	(401)	4,484
Decrease in creditors	(6,966)	(18,323)
Difference between pension charge and cash contributions	1,030	1,630
Increase in provisions	492	321
<b>Net cash outflow from operating activities</b>	<b>(3,498)</b>	<b>(11,541)</b>

## 13. CASH AT BANK AND IN HAND

Group cash balances of £49.1m (2018: £53.8m) include Innovation and R&D cash received in advance of £23.4m (2018: £35.9m).

## 14. RETIREMENT BENEFIT SCHEMES

Information about the Scheme

- The Rail Safety and Standards Board Section ('the Section') is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme ('the Scheme').
- The Scheme is a defined benefit final salary scheme and was restricted to new members as at year end.
- To address the long-term sustainability of RSSB's Section of the Scheme, restrictions on access to new members came into force from 1 July 2018, effectively meaning that (with a few exceptions) new employees will be automatically enrolled into a defined contribution arrangement. The Scheme will become restricted to new members but remain open to future accruals for existing members and will also be treated as an open scheme by the Scheme actuary.
- The Scheme is a shared cost arrangement whereby the company is only responsible for a share of the cost (60%).
- Employer contributions are 13.07% (2017/18: 13.07%) of Section Pay (60% of the long-term future service joint contribution rate determined at the 31 December 2016 valuation).

## RETIREMENT BENEFIT SCHEMES (CONTINUED)

The most significant factor contributing to the increase in the Net Defined Benefit liability, has been due to the change in the discount rate from 2.70% to 2.45%. Other assumptions or factors remain close to those used in the prior year such that they have had little impact on the overall net liability.

## Financial assumptions

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

	31 March 2019	31 March 2018
	% pa	% pa
Discount rate	2.45	2.70
Price inflation (RPI measure)	3.20	3.10
Increases to deferred pensions (CPI measure)	2.20	2.10
Pension increases (CPI measure)	2.20	2.10
Salary increases *	2.20	2.10

\* plus 0.40% pa promotional salary scale at 31 March 2019 and 0.40% at 31 March 2018

## Fair value of section assets

	At 31 March 2019	At 31 March 2018
	Fair value £'000	Fair value £'000
Equities	68,620	68,810
Government Bonds	21,780	18,580
Non-Government Bond	6,360	2,520
Other assets	90	320
<b>Total</b>	<b>96,850</b>	<b>90,230</b>

## RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Actuarial valuation of pension liabilities	(139,790)	(126,440)
Members' share of deficit	17,160	14,480
<b>Adjusted value of section liabilities</b>	<b>(122,630)</b>	<b>(111,960)</b>
Closing value of section assets	96,850	90,230
<b>Pension scheme liability to be recognised in the statement of financial position</b>	<b>(25,780)</b>	<b>(21,730)</b>

### Reconciliation of Pension Scheme Liability

	Year ended 31 March 2019	Year ended 31 March 2018
	£'000	£'000
Opening pension scheme liability	(21,730)	(24,690)
Employer contributions	1,730	1,640
Employer's share of service cost and admin costs	(2,760)	(3,270)
Employer's share of net interest cost on net Defined Benefit Liability	(570)	(590)
Actuarial (loss)/gain recognised in Other Comprehensive Income	(2,450)	5,180
<b>Closing liability</b>	<b>(25,780)</b>	<b>(21,730)</b>

## RETIREMENT BENEFIT SCHEMES (CONTINUED)

### Components of defined benefit cost

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Current service cost	2,600	3,150
Past service cost adjustment (including curtailments)	70	-
Employers share of administration costs	90	120
<b>Total charged to operating profit</b>	<b>2,760</b>	<b>3,270</b>
<b>Analysis of the amount charged to other finance charge:</b>		
Employer's share of net interest on net defined benefit asset	(570)	(590)
<b>Net debit to other finance charge</b>	<b>(570)</b>	<b>(590)</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 2019 £'000	Year ended 31 March 2018 £'000
Opening Section liabilities	126,440	128,170
Service cost	4,300	5,230
Interest cost	3,380	3,120
Loss/(gain) on Section liabilities	8,000	(8,520)
Actual benefit payments	(2,480)	(1,560)
<b>Closing Section liabilities</b>	<b>139,640</b>	<b>126,440</b>



## RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of value of assets	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Opening value of Section assets	90,230	87,020
Interest income on assets	2,440	2,140
Return on plan assets greater than discount rate	4,030	110
Employer contributions	1,730	1,640
Employee contributions	1,060	1,070
Actual benefit payments	(2,480)	(1,560)
Administration costs	(160)	(190)
<b>Closing value of Section assets</b>	<b>96,850</b>	<b>90,230</b>

Analysis of the amounts recognised in the Statement of Other Comprehensive Income	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Gain on pension assets	2,420	70
(Loss)/gain on pension liabilities	(4,870)	5,110
<b>Total (loss)/gain recognised in OCI</b>	<b>(2,450)</b>	<b>5,180</b>

## Historic information

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
<b>Section liabilities</b>	(139,790)	(126,440)	(128,170)	(98,160)	(96,900)
<b>Section assets</b>	96,850	90,230	87,020	76,360	73,260
<b>Deficit</b>	(42,940)	(36,210)	(41,150)	(21,800)	(23,640)
<b>Experience loss/(gain) on Section liabilities</b>	4,870	(5,110)	15,580	(2,390)	6,290
<b>Experience (gain)/loss on Section assets</b>	(2,420)	(70)	(4,990)	(150)	(4,440)

## 15. LEASING COMMITMENTS

Total future minimum lease payments due under non-cancellable operating leases:

	Year ended 31 March 2019		Year ended 31 March 2018	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	4	907	9	907
Between one and five years	1	3,627	8	3,627
More than five years	-	680	-	1,587
<b>Total</b>	<b>5</b>	<b>5,214</b>	<b>17</b>	<b>6,121</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 2019, RSSB had entered into capital commitments of approximately £0.6m (2018: £0.5m) relating to the Digital Website Content project and SMIS+ project (upgrade of the Safety Management Information System).

## 18. POST BALANCE SHEET EVENTS

There have been no post balance sheet events to report.

## 19. SUBSIDIARIES

Details of the company's subsidiary at 31 March 2019 are:

Name of undertaking	Country of incorporation	Holding (per share class)	Type of shares held	Nature of business
Railway Documentation and Drawing Services Limited	England and Wales	100%	Ordinary shares	Custodian of the Traction and Rolling Stock library
Confidential Incident Reporting and Analysis Service Limited	England and Wales	100%	N/A*	Confidential Reporting Service
Railway Industry Supplier Qualification Scheme Limited	England and Wales	100%	Ordinary shares	Dormant

Confidential Incident Reporting and Analysis Service Limited (CIRAS) is a company limited by guarantee and as such has no share capital. It is controlled by RSSB by virtue of it being the principle guarantor. It was incorporated on 6 December 2016 and has the same year end as RSSB.

The trade and assets of the CIRAS division within RSSB were hived down into the CIRAS subsidiary in September 2017, resulting in the nil CIRAS divisional reserves in the RSSB company statement of changes in reserves at 31 March 2018 on page 48.

## 20. CONTROL

The company is not under the control of any one entity or individual.

## References

McGuinness F, Pyper D (2018), *The Gender Pay Gap*. Briefing Paper Number 7068, House of Commons Library

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<https://customer-portal.rssb.co.uk/>

<http://www.rssb.co.uk>