

GROUP FINANCIAL  
STATEMENTS

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

YEAR ENDED 31 MARCH 2012

COMPANY NO. 04655675

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# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2012

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Company registration number: 04655675

Registered office: Block 2, Angel Square  
1 Torrens Street  
London EC1V 1NY

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

Peter Henderson (Non-executive)  
Jeremy Candfield (Non-executive)  
Neil McDonald (Non-executive)  
Paul Kirk (Non-executive)  
Malcolm Brown (Non-executive) from 1<sup>st</sup> April 2011  
Alan Emery (Non-executive)  
Tony Collins (Non-executive)  
David Higgins (Non-executive)  
Charles Horton (Non-executive) from 20<sup>th</sup> December 2011

Secretary: Elizabeth Fleming

Bankers: HSBC  
100 Old Broad Street  
London EC2N 1BG

Solicitors: Winckworth Sherwood  
Solicitors and Parliamentary Agents  
Minerva House  
5 Montague Close  
London  
SE1 9BB

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

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# RAIL SAFETY AND STANDARDS BOARD LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2012

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**REPORT OF THE DIRECTORS**

**Directors' Report**

The directors present their report together with the audited financial statements for the year ended 31 March 2012.

**Principal activity**

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

- Where reasonably practical, continuously improve the level of safety in the rail industry;
- Drive out unnecessary cost; and
- Improve business performance.

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

RSSB carries out this work whilst seeking to continuously drive down its own costs and deliver better value for money to its members.

**Financial Performance**

**Income**

RSSB is funded chiefly by the levies raised from its members and government grants.

Group operating income in 2011/12 was £31.7m, (2010/11 £31.1m) Membership income was £18.5m, (2010/11 £18.5m), and government funding rose to £10.8m, (2010/11 £10.2m).

Other income included funding for work on the European Rail Traffic Management System, (New Systems), (£1.1m) and the separately funded Confidential Incident Reporting Analysis System, (CIRAS), (£0.7m) with the balance from other receipts, (see Note 1). Railway Document and Drawing Services Ltd, (RDDS), also contributed £145k to group operating income.

Financial income in 2011/12 totalled £0.5m, (2010/11 £-0.1m) of which £0.1m was bank interest.

Since 2003/04 – RSSB's first year of operation – funding for its core, member funded activities has reduced by over 40% in real terms at the same time as providing a wider range of services to the rail industry.

**REPORT OF THE DIRECTORS**

**Expenditure**

Group operating expenditure in 2011/12 was £29.6m before exceptional items, (2010/11 £31.2m). The fall was due mainly to the inclusion of £1.3m of voluntary redundancy costs in 2010/11 expenditure.

In 2011/12 there was one exceptional item which impacted on operating expenditure. At the end of 2010/11 there was an unexpected court ruling against the company in a property dispute which required a provision of £1.6m against potential damages. RSSB successfully appealed the ruling hence the provision has been reversed in the 2011/12 account with a beneficial impact on expenditure.

RSSB's nominal payroll costs dropped from £17.8m in 2010/11 to £17.0m in 2011/12 and average staff numbers fell from 243 to 225. RSSB remains overwhelmingly a professional and technical services organisation with staff costs and bought in expertise forming the bulk of company costs (see Note 1).

RSSB benefited from reduced insurance costs following efforts to change the insurance industry's perception of the risk profile of the company. There are also on-going efforts to reduce other overheads and look for efficiencies which will feed through to our cost base in future years.

There was an increase in property costs as the company began to provide for the "make good clause" in the Angel Square lease (see Note 9). Depreciation also rose as the company prepares to move the Safety Management Information System, (SMIS), to a cloud hosting arrangement thus requiring the early write down of some existing hardware. The effect of these two items added some £0.4m to expenditure.

Overall the profit/surplus before tax for the year was £4.3m with the core member funded business roughly at break even before exceptional items.

**Balance Sheet**

Group cash balances fell slightly to £18.9m, (2010/11 £19.9m). The inflow from surplus income was offset by a one off £3.5m payment into the company pension scheme to eradicate the deficit identified in the 2010 actuarial valuation.

Though benefiting from this injection of funds the company's share of the Pension Scheme liability rose to £6.0m, (2010/11 £4.6m) due to poor investment returns and other factors related to the current economic climate.

Overall the Group's Balance Sheet remained healthy with net assets of £6.5m

### Review of Activities

#### Introduction

This year has seen some consistent themes across the spectrum of RSSB's work. The rail industry needs to adapt, to innovate, and collaborate in order to provide the value for money that government, taxpayers, and fare payers expect.

RSSB's main contribution to the industry's efforts is through the supporting services that it delivers to its members, through standards, safety intelligence, risk modelling and assessment, research, and managing national initiatives. All of these drive towards underpinning evidenced based decision making for industry initiatives.

#### Creating value

Much of the industry's attention this year has been centred on the different future that is anticipated in response to the Rail Value for Money (RVfM) study and the subsequent Command Paper.

For example the System Interface Committees, all facilitated by RSSB, have continued their work in developing efficiencies and providing more effective solutions. Examples include:

- Work concluded on the implementation of a risk tool to assess whether trains could continue in service with a failed track circuit actuator. Savings of £6.8m could accrue to the industry over 20 years.
- Work on driver advisory systems and the implementation of regenerative braking continues. Long-term benefits could see energy consumption drop by as much as 25%.
- Work to produce a specification for defect reporting and corrective actions system architecture. Such a system has the potential to yield financial benefits of up to £500m over 20 years.
- The Operational Communications Programme aims to provide a single integrated strategy for delivering mobile services and systems to take advantage of developments in the telecoms industry.
- Development of the Vehicle Track Interaction Strategic Model which has been completed in the year, and which aims to reduce whole life asset costs.
- The Wheelset Management Model has been developed to give a better understanding of the interaction of damage and fatigue. Benefits could reach £11.6m over a period of 10 years.

## REPORT OF THE DIRECTORS

### **Managing risk**

During the year RSSB produced version 7 of the Safety Risk Model, which charts the continued downward trend in risk in the rail industry. In April RSSB published a three-part guide to undertaking accident investigations on the railway.

Over the past year, passenger risk at the passenger/train interface has been one of the key focus areas for the Operations Focus Group (OFG). OFG recognised that the scale of work required a dedicated plan and resource to work alongside all the TOCS and Network Rail. RSSB is providing a project manager to assist this work.

### **Standards that work for the industry**

RSSB continued to make good progress during 2011/12 on bringing Railway Group Standards into line with their central purpose: which is to enable the different participants in the industry to cooperate where they need to do so, without having to reinvent the basis of that cooperation every time. This work continued to reduce the number of RGSs in force, while the industry makes increasing use of other types of document in RSSB's range of standards – we have developed more Rail Industry Standards (RIS) (standards that duty holders may choose to adopt) and Guidance Notes, at the industry's request.

RSSB's technical work extends to the development of tools and techniques for use by the industry. Two examples of this are the Safety Culture Toolkit and Non-Technical Skills training. The former, a tool for measuring, benchmarking and improving a company's safety culture has been used by 21 companies to date with five other companies currently undertaking surveys.

Non-technical skills training for train drivers has been developed and piloted with two RSSB member companies. The development and use of such skills underpins the roll-out of the New Approach to the Rule Book. The evaluation of the impact of this training has shown significant improvements in drivers' non-technical skills. Materials and supporting training delivered by RSSB will be launched in 2012/13.

The 'New Approach' programme is on schedule and on budget with Tranches 3,4 and 5 coming into force in 2011/12.

The Board of RSSB has long recognised the importance of the 'New Approach', and in 2011 we have put considerable effort into articulating the value it adds, to consolidate support across the industry. The RVfM study recognised the 'New Approach' as an enabler of significantly greater cost efficiency.

### **Standards supporting efficiency**

The RSSB Board endorsed the updated Industry Standards Co-ordination Committee (ISCC) Strategic Plan in March. The plan supports ISCC's goals of delivering cost-effective standards, communicating effectively with industry about standards, and engaging effectively with Europe, UK Government and GB industry about standards

## REPORT OF THE DIRECTORS

issues. Standards are a 'force for good' in managing the railway, and ISCC would like to see the industry embrace them as such. ISCC's work has continued to progress according to plan.

An important emphasis in ISCC's work is improving engagement between those who create and manage standards and those who use the standards. The aim is to obtain feedback from the 'front line' users of standards about any problems encountered, so that the standards can be improved as a result, and to help improve understanding about how to work with standards.

Each Standards Committee has also now produced a strategic plan, endorsed by ISCC, which sets out its key activities over the next few years in support of domestic and European standards.

### **Innovation**

In its new role providing leadership, the Technical Strategy Leadership Group (TSLG) has been involved in discussions across the transport industry, to develop a bid for government funding to create a Transportation Technology and Innovation Centre known as a Catapult.

Anything new that is introduced onto the railways needs to be proven, and to facilitate the introduction of innovative technologies RSSB has developed, on behalf of TSLG, the testing and trialling pages on the TSLG website. In association with TSLG and the Railway Industry Association, we have published a *Good practice guide for testing and trialling new technology for Britain's railways*.

On behalf of TSLG, RSSB launched another means of encouraging innovation in mid-September with the Technology Strategy Board (TSB) under the long-term RSSB/TSB Memorandum of Understanding. A co-funded competition, *Accelerating Innovation*, will generate up to £8m of R&D from a rail industry contribution of £2m, with a focus on the development end of the research spectrum. This will be the first of a series of co-funded activities with the TSB.

RSSB has continued to provide significant input to the development and implementation of the European Rail Traffic Management System (ERTMS), including the development of standards to support national implementation.

### **Managing knowledge**

RSSB holds, and will continue to develop and accumulate, large quantities of knowledge and information. Being able to deliver it effectively to those people who need to make use of it requires constant effort and innovation. To that end, RSSB has continued to progress work to support the delivery and implementation of a far reaching programme that will transform our ability to manage data, information, and knowledge in ways that will increase its value to the industry.



### **Supplier assurance**

Stage one of the planned developments of a new supplier assurance model, as recognised by the RVfM study and led by RSSB, started in April. Significant progress has been made to establish coherent industry control over the various third-party schemes and to deliver short-term improvements. Stage two, 'modernisation', started early in 2012 and continues the development of supplier assurance through a risk-based approach to controlling risks in a cost efficient manner. At the same time it will provide support for the adoption of strategic supply chain management as envisaged by the RVfM study.

At the same time the Rail Industry Supplier Assurance Scheme model continues to provide value to the industry supply chain.

### **Collaborative working**

RSSB, through its position as a cross-industry body, has always sought to create efficiencies at interfaces. Over recent years the industry has identified several areas where a more strategic and collaborative approach could benefit the bottom line. In addition to its core roles, RSSB has taken on a number of activities to help various parts of the industry work more closely together.

During 2011/12 this has included:

#### **Carbon Management Framework**

The Sustainable Rail Programme (SRP) has developed a Carbon Management Framework that has been included in the Initial Industry Plan (IIP) as key to developing a lower-carbon railway in the medium-term.

Traction carbon emissions are forecast to remain steady through CP5 while associated energy costs rise significantly to over £900m per year. Research suggests that energy efficiency interventions could lead to a minimum 5% reduction in traction carbon emissions over CP5. Further work needs to be done to establish data and understanding to achieve this.

#### **Sustainability in franchising**

Over the last year the RSSB SRP team have been working with industry and the Department for Transport to improve the coverage of environmental issues in franchise agreements.

#### **External collaboration**

A number of initiatives have been launched to make the greatest possible use of research outputs facilities testing, and funding for the rail industry, and to encourage and access innovation.

## REPORT OF THE DIRECTORS

RSSB has entered into a memorandum of understanding with the Transport Research Laboratory. This enables us to cooperate as research partners in areas where mutual benefit and value can be gained, particularly on cross-modal and sustainable development issues. The cooperation will also allow us to enter joint bids for EU-funded projects, and to share principles of knowledge management.

A growing range of information about research and RSSB's other activities is accessible through the industry's new Sharing Portal for Access to Rail Knowledge – SPARK. This innovation should help the industry make best use of as many potential resources as possible, encourage knowledge sharing, and promote efficiencies by increasing collaboration and avoiding the duplication of research and other work.

### **Working Internationally**

Our relationship with the US Federal Railroad Administration continued to develop in 2011. RSSB activities will involve collaboration on the development of risk models, the evaluation and prioritisation of research, and the sharing of knowledge in relation to new scientific findings. This represents a significant component of our agreed strategy of increasing the international sharing of knowledge about railway research. We have similar arrangements with the Australasian Railway Association and its research body and through the World Congress on Railway Research.

The International Railway Safety Conference (IRSC) was held in October, in Melbourne. RSSB extended an invitation to London in 2012, where we, with Network Rail and the ORR, will be concurrently co-hosting the 2012 IRSC and the Global Level Crossings and Trespass Symposium (GLXS).

### **2011/12 in brief**

There has been a lot of activity in 2011/12 aimed at preparing for the future, and the changes it may hold. For the most part this has been handled in a seamless, business-as-usual fashion. In spite of economic constraints, we have continued to add considerable value to the industry, to take on new projects and responsibilities, and look for ways to work more efficiently and more effectively for the benefit of our members.

### **Risk Review and Going Concern**

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

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

**REPORT OF THE DIRECTORS**

RSSB maintains a risk register which is regularly updated by management and reviewed by the Audit Committee. In 2011/12 our implementation of the provisions of the Bribery Act 2010 led to a thorough review of relevant processes and a summary of this work done was again reviewed by the Audit Committee.

Inevitably unexpected events will always impact on established plans and, likewise, changes in government policy will affect RSSB. These could affect the delivery of the Plan and/or at least lead to management distraction. In particular the 2011 RVfM has suggested major changes to the structure of the industry which could affect RSSB.

RSSB has managed this risk by effectively continuing with business as usual and engaging with relevant stakeholders about the future of the industry, RSSB and its activities.

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

**Charitable donations**

RSSB made charitable donations totalling £750 (2011: £1,752) through the matched fundraising scheme which allows money raised by staff for a registered charity through sponsored or fundraising events or activities to be matched by the company.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

### **Directors**

The membership of the Board is set out below.

The following directors served during the year:

### **Executive Directors:**

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

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

- Peter Henderson, nominated by Network Rail and other infrastructure managers, Director of Asset Management, Network Rail
- David Higgins, nominated by Network Rail and other infrastructure managers, Chief Executive, Network Rail
- Tony Collins, nominated by passenger train operators, Chief Executive, Virgin Trains
- Charles Horton, nominated by passenger train operators, Managing Director, Southeastern, (Appointed 20<sup>th</sup> December 2011)
- Adrian Shooter, nominated by passenger train operators, Chairman, Chiltern Railways (Resigned 19<sup>th</sup> December 2011)
- Neil McDonald, nominated by non-passenger train operators, Managing Director (Industrial Business Segment), DB Schenker Rail (UK) Ltd
- Malcolm Brown, nominated by rolling stock owners, Chief Executive, Angel Trains Ltd, (Appointed 1<sup>st</sup> April 2011)
- Jeremy Candfield, nominated by suppliers, Director General, Railway Industry Association
- Paul Kirk, nominated by infrastructure contractors, Paul Kirk and Associates Ltd

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

- Paul Thomas – Board Chairman
- Alan Emery

**REPORT OF THE DIRECTORS**

**Corporate governance**

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

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

**Audit Committee**

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

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

- Paul Kirk (Chairman)
- Neil McDonald
- Jeremy Candfield
- Tony Collins (Appointed 7<sup>th</sup> July 2011)

**Remuneration Committee**

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

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

- Alan Emery (Chairman)
- Adrian Shooter (Resigned 19<sup>th</sup> December 2011)
- Paul Thomas
- Jeremy Candfield
- Charles Horton (Appointed 8<sup>th</sup> March 2012)

**Appointments Committee**

The membership of the Appointments Committee consists of not less than three non-executive directors of the company (at least two of whom shall be non-industry directors). The Appointments Committee considers and makes recommendations to the Board on the appointment of all directors of the company (other than industry

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## REPORT OF THE DIRECTORS

directors) and all senior employees of the company who will not be directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) will be in excess of £100,000 per annum.

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

- Paul Thomas (Chairman)
- Alan Emery
- Neil McDonald

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

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

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Statement of disclosure to auditors**

In so far as the directors are aware:

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

# RAIL SAFETY AND STANDARDS BOARD LIMITED

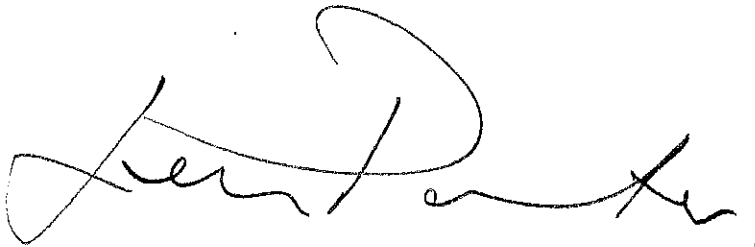
## REPORT OF THE DIRECTORS

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

### **Auditors**

UHY Hacker Young were reappointed as the auditors at the Annual General Meeting held on 10 November 2011, special notice pursuant to Section 485 having been given. A resolution to reappoint UHY Hacker Young LLP as auditors will be proposed at the next Annual General Meeting on 08 November 2012.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Len Porter', with a large, stylized initial 'L' and 'P'.

Len Porter

Chief Executive

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the group and parent company financial statements (the 'financial statements') of Rail Safety and Standards Board Limited for the year ended 31 March 2012 set out on pages 15 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 11 to 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



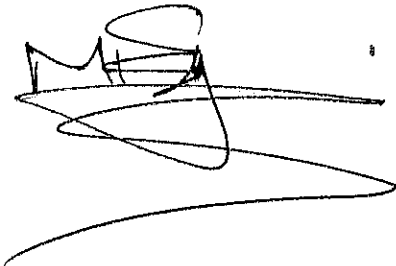
**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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

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

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

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



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

*S. July 2012*

**Chartered Accountants**  
**Statutory Auditor**

**Quadrant House**  
**4 Thomas More Square**  
**London**  
**E1W 1YW**

For the year ended 31 MARCH 2012

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**BASIS OF PREPARATION**

The group financial statements consolidate those of the company (RSSB) and of its subsidiary undertaking Railway Documentation and Drawing Services (RDDS) and are drawn up to 31 March 2012.

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

The principal accounting policies are set out below.

**BASIS OF CONSOLIDATION**

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

**INCOME**

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

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

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

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

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

**EXPENDITURE**

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

**PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 MARCH 2012

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**TANGIBLE FIXED ASSETS AND DEPRECIATION**

**Fixed Assets**

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

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

**Depreciation**

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

Servers	Five years on a straight-line basis
Desktop and laptop computers	Three years on a straight line basis
Fixtures and fittings	Five years on a straight-line basis
Software applications	Four years on a straight-line basis (2011: five years)
Safety Management Information System (SMIS) (Software)	Five years on a straight-line basis
Plant and machinery	Five years on a straight-line basis
Leasehold improvements	Over the life of the lease on a straight-line basis

During the year under review the company assessed the estimated useful economic life of software applications and found that it would be more appropriate to write down such assets over four years. The effect of this change has been that an additional amount of depreciation totalling £71k has been provided for in these financial statements.

Additionally a further £253k has been written off the value of Safety Management Information System (SMIS) due to a move to a new cloud hosting arrangement which will shorten the useful economic lives of the current servers.

**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.

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**DEFERRED TAXATION**

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

Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**RETIREMENT BENEFIT SCHEMES**

**Defined Benefit Scheme**

The company has adopted the full provisions of FRS 17 Retirement Benefits.

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

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

**PROVISIONS**

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

**RESERVES**

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

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

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

**RAIL SAFETY AND STANDARDS BOARD LIMITED**

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 MARCH 2012

	Note	Group Year ended 31 March 2012 £'000	Group Year ended 31 March 2011 £'000
<b>Operating income</b>	1	31,682	31,130
<b>Operating expenses</b>		(29,538)	(31,190)
<b>Exceptional items:</b>			
VAT rebate		-	3,609
3rd party litigation		1,611	(1,611)
<b>Total expenses</b>	1	(27,927)	(29,192)
<b>Operating profit attributable to:</b>			
Ordinary activities		2,144	(60)
<b>Exceptional items:</b>			
VAT rebate			3,609
3rd party claim		1,611	(1,611)
	1	<b>3,755</b>	<b>1,938</b>
Interest receivable		117	49
Other finance income/(cost)	2/14	380	(130)
<b>Profit on ordinary activities before taxation</b>		<b>4,252</b>	<b>1,857</b>
Tax	4	(19)	(14)
<b>Profit for the year</b>	5	<b>4,233</b>	<b>1,843</b>

All transactions arise from continuing operations.

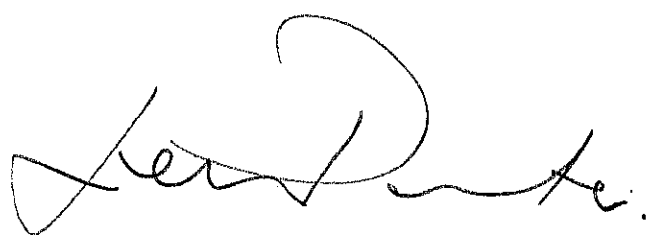
The accompanying accounting policies and notes form an integral part of these financial statements.

# RAIL SAFETY AND STANDARDS BOARD LIMITED

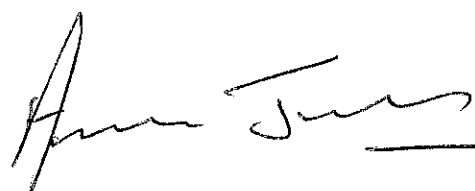
## GROUP BALANCE SHEET AS AT 31 MARCH 2012

	Note	Group 31 March 2012 £'000	Company 31 March 2012 £'000	Group 31 March 2011 £'000	Company 31 March 2011 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	6	2,378	2,378	3,431	3,431
		<b>2,378</b>	<b>2,378</b>	<b>3,431</b>	<b>3,431</b>
<b>Current assets</b>					
Debtors	7	2,605	2,590	1,877	1,860
Cash at bank and in hand		18,924	18,808	19,851	19,736
		<b>21,529</b>	<b>21,398</b>	<b>21,728</b>	<b>21,596</b>
Creditors: amounts falling due within one year	8	(11,179)	(11,142)	(11,446)	(11,396)
<b>Net current assets</b>		<b>10,350</b>	<b>10,256</b>	<b>10,282</b>	<b>10,200</b>
<b>Total asset less current liabilities</b>		<b>12,728</b>	<b>12,634</b>	<b>13,713</b>	<b>13,631</b>
Provision for liabilities and charges	9	(199)	(150)	(1,657)	(1,611)
Pension liability	14	(6,040)	(6,040)	(4,570)	(4,570)
<b>Net assets</b>		<b>6,489</b>	<b>6,444</b>	<b>7,486</b>	<b>7,450</b>
<b>Reserve</b>					
Income & expenditure reserve	10	6,489	6,444	7,486	7,450
		<b>6,489</b>	<b>6,444</b>	<b>7,486</b>	<b>7,450</b>

The financial statements were approved by the Board of Directors on 5 July 2012.



Len Porter  
Chief Executive



Anson Jack  
Executive Director

Company registration number 04655675

**RAIL SAFETY AND STANDARDS BOARD LIMITED****GROUP CASH FLOW STATEMENT**

For the year ended 31 March 2012

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	<b>Note</b>	<b>Group 31 March 2012 £'000</b>	<b>Group 31 March 2011 £'000</b>
<b>Net Cash Flow from operating activities</b>	11	(581)	6,910
<b>Taxation</b>			
UK Corporation tax paid		(11)	(3)
<b>Returns on Investments and servicing of finance</b>			
Interest received		117	49
<b>Capital Expenditure</b>			
Purchase of tangible fixed assets	6	(452)	(580)
<b>Decrease in cash</b>	13	<u>(927)</u>	<u>6,376</u>

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



**RAIL SAFETY AND STANDARDS BOARD LIMITED****STATEMENT OF RECOGNISED GAINS AND LOSSES**

For the year ended 31 March 2012

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	Note	Group Year ended 31 March 2012 £'000	Group Year ended 31 March 2011 £'000
Profit for the year		4,233	1,843
Gain/(Loss) on pension assets	14	(1,460)	(170)
Gain/(Loss) on pension liabilities	14	(3,770)	9,110
<b>Total gain recognised</b>		<b>(997)</b>	<b>10,783</b>

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

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

### 1 INCOME AND EXPENDITURE ON OPERATING ACTIVITIES

Income	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
* Funding from members	18,534	18,517
Funding from Department for Transport	10,770	10,212
Funding from CIRAS members	677	733
Funding from RDDDS activities	145	255
Books and publications	102	103
Income for work on New Systems	1,075	919
*Funding from European Union	200	258
*Miscellaneous income	179	133
Total income from ordinary activities	31,682	31,130

\* £150k of member funding, £93k of EU funding and £65k of miscellaneous income was attributable to Research and Development.

All income arose from UK operations.

Expenses	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Member funded activities	18,913	18,304
Research and Development	8,806	9,837
CIRAS	673	618
New Systems	1,010	888
Voluntary redundancy	-	1,292
RDDDS	136	251
Operating expenses	29,538	31,190
Exceptional items:		
VAT rebate	-	(3,609)
3 <sup>rd</sup> Party claim (note 11)	(1,611)	1,611
Total expenses from operating activities	27,927	29,192

**RAIL SAFETY AND STANDARDS BOARD LIMITED**

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

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

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Staff payroll costs	16,954	17,750
Other staff costs including travel	1,115	3,016*
Bought in technical services	5,378	4,655
Property costs including rental	1,571	1,321
IT expenditure (includes cost of Safety Management Information System)	1,309	1,253
Professional fees including insurance/legal/accountancy/tax	397	559
Communication and event management	454	396
Miscellaneous goods and services	615	778
Non-property lease rentals	104	112
Depreciation	1,505†	1,099
RDDS	136	251
Litigation provision	(1,611)	1,611
VAT rebate	-	(3,609)
<b>Total</b>	<b>27,927</b>	<b>29,192</b>
Auditors' remuneration included above:		
Fees payable for the audit of the company's annual accounts	30	30
Other audit related services including taxation service	11	34

\* Includes £1.3m of cost for the voluntary redundancy scheme held in 2010/11.

† Includes SMIS impairment costs of £253k

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

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### 2 OTHER FINANCE INCOME

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

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Interest on pension liabilities	(1,910)	(2,210)
Expected return on pension assets	2,290	2,080
<b>Net profit on other finance income</b>	<b>380</b>	<b>(130)</b>

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Wages and salaries	13,671	14,309
Social security costs	1,394	1,431
Other pension costs	1,889	2,010
	<b>16,954</b>	<b>17,750</b>

	2012 Number	2011 Number
Staff employed	225	243

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.

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

**DIRECTORS AND EMPLOYEES (CONTINUED)**

Remuneration in respect of directors was as follows:

	<b>Year ended 31 March 2012 £'000</b>	<b>Year ended 31 March 2011 £'000</b>
Emoluments	659	704
Amounts paid to third parties in respect of Directors' services	72	61
Pension contributions	36	33
	<u>767</u>	<u>798</u>

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

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

	<b>Year ended 31 March 2012 £'000</b>	<b>Year ended 31 March 2011 £'000</b>
Emoluments	345	340
Pension contributions	18	18
	<u>363</u>	<u>358</u>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

### 4 TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2012	Year ended 31 March 2011
	£'000	£'000
UK corporation tax at 26% (2011: 28%)	23	14
Adjustments in respect of prior years	(4)	-
<b>Total current tax charge</b>	<b>19</b>	<b>14</b>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained as follows:

Profit on ordinary activities before tax	4,252	1,857
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 26% (2011: 28% )	1,106	520
Effect of:		
Adjustment for results from not-for-profit activities	(1,074)	(501)
Adjustments in respect of prior years	(4)	-
Tax losses arising (RDDS)	(2)	(1)
Tax losses utilised	-	-
Difference in tax rates	(7)	(4)
<b>Current tax charge for period</b>	<b>19</b>	<b>14</b>

### 5 HOLDING COMPANY PROFIT

Of the £4,233k group profit, for the financial year (2011: Group profit of £1,843k), £4,223k (2011: Profit of £1,839k) is dealt with in the accounts of the company itself.

RDDS made a profit of £9.8k for the financial year (2011:£3.6k).

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.

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

**6 TANGIBLE FIXED ASSETS**

Group	Servers	Leasehold Improvement	Desktops & Laptops	Software	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	860	1,217	350	3,497	2	348	6,274
Additions	103	-	8	327	14	-	452
Disposals	-	-	-	-	-	-	-
<b>Total as at 31 March 2012</b>	<b>963</b>	<b>1,217</b>	<b>358</b>	<b>3,824</b>	<b>16</b>	<b>348</b>	<b>6,726</b>
<b>Depreciation</b>							
At 1 April 2011	(442)	(402)	(305)	(1,552)	(1)	(141)	(2,843)
Eliminated on Disposal	-	-	-	-	-	-	-
Depreciation expense for the year	(162)	(203)	(39)	(1,030)	(1)	(70)	(1,505)
<b>Total as at 31 March 2011</b>	<b>(604)</b>	<b>(605)</b>	<b>(344)</b>	<b>(2,582)</b>	<b>(2)</b>	<b>(211)</b>	<b>(4,348)</b>
<b>Net Book value at 31 March 2012</b>	<b>359</b>	<b>612</b>	<b>14</b>	<b>1,242</b>	<b>14</b>	<b>137</b>	<b>2,378</b>
<b>Net Book value at 31 March 2011</b>	<b>418</b>	<b>815</b>	<b>45</b>	<b>1,945</b>	<b>1</b>	<b>207</b>	<b>3,431</b>

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

**7 DEBTORS**

	<b>Group 31 March 2012 £'000</b>	<b>Company 31 March 2012 £'000</b>	<b>Group 31 March 2011 £'000</b>	<b>Company 31 March 2011 £'000</b>
Trade debtors	1,746	1,722	916	889
VAT debtor	-	-	61	61
Other debtors	152	152	445	445
Inter-company debtor	-	9	-	23
Prepayments and accrued income	707	707	455	442
	<b>2,605</b>	<b>2,590</b>	<b>1,877</b>	<b>1,860</b>

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

	<b>Group 31 March 2012 £'000</b>	<b>Company 31 March 2012 £'000</b>	<b>Group 31 March 2011 £'000</b>	<b>Company 31 March 2011 £'000</b>
Trade creditors	436	403	756	723
Corporation tax	30	30	22	21
Other taxation and social security	814	814	-	-
Other creditors	-	-	-	-
Accruals and deferred income	9,899	9,895	10,668	10,652
	<b>11,179</b>	<b>11,142</b>	<b>11,446</b>	<b>11,396</b>

Accruals and deferred income comprises cost of work done but not yet invoiced and staff pay £3,809k (2011: £5,280k), cash held on behalf of third parties £182k (2011: £182k) and deferred income £5,366k (2011: £5,190k).

Deferred income relates to member funding for 2012/13 that has already been invoiced. This arises because funding is payable quarterly in advance so invoices relating to the first quarter of 2012/13 were invoiced in the last quarter of 2011/12.



## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

**9 PROVISIONS FOR LIABILITIES AND CHARGES**

	Company £000	RDDS Library £000	Group £000
<b>At 1 April 2011</b>	<b>1,611</b>	<b>46</b>	<b>1,657</b>
Amounts reversed	(1,611)	-	(1,611)
Provision in the period	150	3	153
<b>As at 31 March 2012</b>	<b>150</b>	<b>49</b>	<b>199</b>

In 2010/11 RSSB was the defendant in a claim brought in relation to the lease of office premises. At the initial hearing the judgement went against RSSB requiring us to provide £1,611k in the 2010/11 accounts. During 2011/12, that ruling was decisively overturned and hence the provision has been reversed in the 2011/12 accounts.

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

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

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

### 10 RESERVES

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

	General Company £'000	R&D £'000	DfT Grant £'000	CIRAS £'000	RDDS £'000	Other £'000	Total Group £'000
At 1 April 2011	5,205	3,000	4,669	820	(4)	(6,204)	7,486
Profit for the year	332	-	2,272	9	9	1,611	4,233
Actuarial loss on pension scheme liabilities	-	-	-	-	-	(5,230)	(5,230)
Reduction in pension liability (payment)	(3,266)	-	(489)	-	-	3,755	-
<b>Retained reserves carried forward at 31 March 2012</b>	<b>2,271</b>	<b>3,000</b>	<b>6,452</b>	<b>829</b>	<b>5</b>	<b>(6,068)</b>	<b>6,489</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

### 11 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 31 March 2012 £'000	Group 31 March 2011 £'000
Operating profit	3,755	1,938
Depreciation	1,505	1,099
(Increase)/Decrease in debtors	(728)	3,748
Decrease in creditors	(275)	(1,858)
Difference between pension charge and cash contributions	(3,380)	370
(Decrease)/Increase in provisions	(1,458)	1,613
<b>Net cash inflow from operating activities</b>	<b>(581)</b>	<b>6,910</b>

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

	Group 31 March 2012 £'000	Group 31 March 2011 £'000
Increase/(Decrease) in cash in the year	(927)	6,376
Net funds at 1 April	19,851	13,475
<b>Net funds at 31 March 2012</b>	<b>18,924</b>	<b>19,851</b>

### 13 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2011 £'000	Cash outflow £'000	31 March 2012 £'000
Cash in hand	19,851	(927)	18,924

#### Cash

Group cash balances of £18,924k (2011: £19,851k) include cash received in advance of £5.36m (2011: £5.5m)

**14 RETIREMENT BENEFIT SCHEMES**

Information about the Scheme

- The Rail Safety and Standards Board Section is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme.
- The Scheme is a defined benefit final salary scheme and is open to new members.
- The Scheme is a shared cost arrangement whereby the Company is only responsible for a share of the cost (60%).
- Employer contributions are 15% of Section Pay (60% of the long-term future service joint contribution rate determined at the 31 December 2010 valuation). In addition the company made a payment in 2011/12 of £3,505k to meet the entire funding shortfall reported in the valuation.

**Financial assumptions**

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

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	5.1	5.6
Price inflation	3.2	3.6
Increases to deferred pensions (2011: CPI measure)	2.2	2.6
Pension increases (2011: CPI measure)	2.2	2.6
Salary increases *	3.95	4.6

\* plus 0.75% pa promotional salary scale

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

## RETIREMENT BENEFIT SCHEMES (CONTINUED)

## Fair value of assets and expected rate of return

	At 31 March 2012		At 31 March 2011	
	Fair value £'000	Long- term rate of return expected	Fair value £'000	Long- term rate of return expected
Equities	51,440	6.8	45,760	7.8
Government Bonds	1,320	3.1	1,200	4.4
Non Government Bond	-	-	-	5.5
Property	-	7.5	-	7.5
Other assets	240	2.4	270	3.8
<b>Total</b>	<b>53,000</b>	<b>6.7</b>	<b>47,230</b>	<b>7.7</b>

## Pension scheme liability at the end of the year

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Actuarial valuation of pension liabilities	(63,070)	(54,850)
Members' share of surplus	4,030	3,050
<b>Adjusted value of section liabilities</b>	<b>(59,040)</b>	<b>(51,800)</b>
Closing value of section assets	53,000	47,230
<b>Pension scheme liability to be recognised in the balance sheet</b>	<b>(6,040)</b>	<b>(4,570)</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

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### RETIREMENT BENEFIT SCHEMES (CONTINUED)

#### Reconciliation of Pension Scheme Liability

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Opening pension scheme liability	(4,570)	(13,010)
Employer contributions	5,050	1,870
Employer's share of service cost	(1,670)	(2,240)
Interest on pension liabilities	(1,910)	(2,210)
Expected return on pension assets	2,290	2,080
Actuarial gain/(loss) recognised in the STRGL	(5,230)	8,940
<b>Closing pension scheme liability</b>	<b>(6,040)</b>	<b>(4,570)</b>

#### Components of defined benefit cost

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Current service cost	1,670	2,240
<b>Total charged to operating profit</b>	<b>1,670</b>	<b>2,240</b>

Analysis of the amount charged to other finance charge:

Interest on pension liabilities	(1,910)	(2,210)
Expected return on pension assets	2,290	2,080
<b>Net credit/(debit) to other finance charge</b>	<b>380</b>	<b>(130)</b>

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

**RETIREMENT BENEFIT SCHEMES (CONTINUED)**

Reconciliation of return on assets	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Expected Return on Section Assets	2,290	2,080
Loss on Section Assets	(1,460)	(170)
<b>Actual Return on Section Assets</b>	<b>830</b>	<b>1,910</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 2012 £'000	Year ended 31 March 2011 £'000
Opening Section liabilities	54,850	64,030
Service cost	2,740	3,670
Interest cost	3,180	3,690
Gain/(Loss) on Section liabilities	3,920	(15,360)
Actual benefit payments	(1,620)	(1,180)
<b>Closing Section liabilities</b>	<b>63,070</b>	<b>54,850</b>

# RAIL SAFETY AND STANDARDS BOARD LIMITED

## NOTES TO THE ACCOUNT

For the year ended 31 March 2012

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### RETIREMENT BENEFIT SCHEMES (CONTINUED)

Reconciliation of value of assets	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Opening value of Section assets	47,230	42,350
Expected return on assets	3,820	3,470
Loss on assets	(2,430)	(280)
Employer contributions	5,050	1,870
Employee contributions	950	1,000
Actual benefit payments	(1,620)	(1,180)
<b>Closing value of Section assets</b>	<b>53,000</b>	<b>47,230</b>

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
<b>Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)</b>		
Loss on pension assets	(1,460)	(170)
(Loss)/Gain on pension liabilities	(3,770)	9,110
<b>Total (loss)/gain recognised in STGRL</b>	<b>(5,230)</b>	<b>8,940</b>



## RETIREMENT BENEFIT SCHEMES (CONTINUED)

## Historic information

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
<b>Section liabilities</b>	63,070	54,850	64,030	40,000	36,660
<b>Assets</b>	53,000	47,230	42,350	29,110	37,670
<b>Surplus/(deficit)</b>	(10,070)	(7,620)	(21,680)	(10,890)	1,010
<b>Experience (gain)/loss on Section liabilities</b>	2,610	(1,110)	(1,140)	(1,400)	470
<b>Experience (gain)/loss on Section assets</b>	1,460	170	(4,940)	8,370	3,000

**15 LEASING COMMITMENTS**

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	Other	Land and buildings	Other	Land and buildings
	£'000	£'000	£'000	£'000
In one year or less	-	-	9	-
Between one and five years	83	911	83	911
More than five years	-	-	-	-
	<u>83</u>	<u>911</u>	<u>92</u>	<u>911</u>

**16 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES**

Member funding for RSSB in 2011/12 was approved by the Members of RSSB and paid by individual subscription. The Constitution Agreement of RSSB requires it to be independent of any one Member. In the Directors' opinion, there were no transactions with related parties in 2011/12.

**17 CONTROL**

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