

RAILWAYS PENSION TRUSTEE COMPANY LIMITED
(Registered Number 2934539)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



RAILWAYS PENSION TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 December 2004.

Review of the business

The company is the trustee of the principal railways pension schemes. Any assets registered in the name of the company and its subsidiaries which are not disclosed in the balance sheet, are held for the beneficial interest of those schemes. Liabilities recorded in the name of the company and its subsidiaries will be re-charged to those pension schemes.

Results

The company made a surplus after taxation of £14,171 (2003 - £64,806). All surplus made by the company is held for the benefit of the schemes for which it is responsible. Accordingly, any such surplus is held within a separate client reserve. The directors do not recommend the payment of a dividend (2003 - £nil).

Directors and their interests

There are sixteen directors of the company. Eight are nominated by the employers in the railways industry ("employer directors") and eight on behalf of members and pensioners of the railways pension schemes ("employee directors"). The employee directors are nominated by the rail unions and pensioner groups. The directors at the year end were as follows:

Employer directors

James Jerram CBE (Chairman)
Joe Barnes (appointed 5 March 2004)
Richard Goldson OBE
Andrew Kennedy
Thomas Little
Peter Murray
Martin Northard (resigned 31 March 2005)
Derek Scott

Employee directors

Ken Ball MBE
Michael Cash (appointed 10 March 2004)
John Mayfield
Stephen Richards
Alan Robson
Gary Towse (appointed 25 August 2004)
David Tyson
Maurice Williams

Phil White retired as a director on 25 August 2004.

Trust law requires directors to act impartially in the interest of all members, pensioners and employers. None of the directors had any interest requiring disclosure under Section 234 of the Companies Act 1985.

Auditors

The auditors, Deloitte & Touche LLP, have indicated they are willing to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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 United Kingdom law and accounting standards have been followed; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Susan Adeane
Company Secretary

Registered Office
Broad Street House
55 Old Broad Street
London
EC2M 1LJ

18 May 2005

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Turnover	2	2,679,062	2,533,864
Staff costs	3	(52,226)	(50,703)
Other operating charges	5	(2,614,533)	(2,410,268)
Operating profit		12,303	72,893
Other interest receivable and similar income		5,192	7,115
Profit on ordinary activities before taxation	6	17,495	80,008
Tax on profit on ordinary activities	7	(3,324)	(15,202)
Profit on ordinary activities after taxation		14,171	64,806
Profit and loss account brought forward		-	-
Transfer to client reserve	12	(14,171)	(64,806)
Profit and loss account carried forward	12	-	-

There are no recognised gains or losses in the year other than those shown in the profit and loss account (2003 - £nil). There is no difference between the results prepared on a historical cost basis and those shown above. The results shown above are derived entirely from continuing operations.

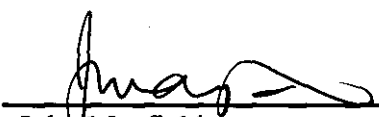
RAILWAYS PENSION TRUSTEE COMPANY LIMITED

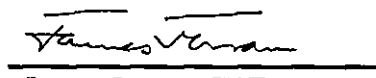
BALANCE SHEET

AS AT 31 DECEMBER 2004

	Note	2004 £	2003 £
Called up share capital not paid			
Amounts owed by group undertakings		1	1
Fixed assets			
Investment in subsidiary undertakings	8	802	902
Current assets			
Debtors	9	84,902	136,378
Cash at bank and in hand		301,710	266,001
		386,612	402,379
Creditors (amounts falling due within one year)	10	(140,272)	(170,310)
Net current assets		246,340	232,069
Total net assets		247,143	232,972
Capital and reserves			
Called up share capital	11	1	1
Client reserve	12	247,142	232,971
Equity shareholders' funds	13	247,143	232,972

Approved by the Board on 18 May 2005


 John Mayfield
 Director


 James Jerram CBE
 Chairman

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

(1) Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards under the historical cost convention. The principal accounting policies adopted within that convention are set out below. They have all been applied consistently throughout the year and the preceding year.

(2) Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

(3) Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset has to be regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(4) Investments

The shares in group and related undertakings in the company's balance sheet are shown at cost, less provision for impairment.

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

1 Accounting policies (continued)

(5) Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because it is a wholly owned undertaking of Railtrust Holdings Limited which prepares consolidated financial statements available to the public.

2 Turnover

	2004 £	2003 £
Pension schemes	2,675,112	2,461,928
Other income	3,950	71,936
	<hr/> 2,679,062	<hr/> 2,533,864

All income arises in the UK and is from the company's principal activity.

3 Staff costs

Staff costs, including directors' emoluments, were:

	2004 £	2003 £
Salaries	46,838	45,560
Social security costs	5,388	5,143
	<hr/> 52,226	<hr/> 50,703

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

4 Directors' emoluments

Two of the 16 directors received remuneration. The remuneration of one of these was paid for by a fellow subsidiary and is included in the financial statements of that company. The other director received remuneration for services to this company as follows:

	2004 £	2003 £
Emoluments	<u>46,838</u>	<u>45,560</u>

None of the directors hold or are entitled to share options. A fellow subsidiary made contributions for one director (2003 - one) to a defined benefit pension scheme.

5 Other operating charges

	2004 £	2003 £
Professional fees, insurance and other expenses	<u>2,614,533</u>	<u>2,410,268</u>

6 Profit on ordinary activities before taxation

	2004 £	2003 £
This is stated after charging:		
Auditors' remuneration – audit services	<u>6,000</u>	<u>6,000</u>

Non audit services supplied by the company's external auditors during the year amounted to £nil (2003 - £10,000).

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

7 Tax charge on profit on ordinary activities

(1) Analysis of tax charge in year

	2004 £	2003 £
Corporation tax at the small company UK corporation tax rate	(3,324)	(15,202)
Tax charge on profit on ordinary activities	(3,324)	(15,202)

(2) Factors affecting tax charge in the year

There is no difference between the current tax charge included in the financial statements and the current tax charge calculated by applying the small company rate of corporation tax of 19% (2003 - 19%) to the profit or loss on ordinary activities before taxation.

	2004 £	2003 £
Profit on ordinary activities before tax	17,495	80,008
UK corporation tax at 19% (2003 - 19%)	(3,324)	(15,202)
Current tax charge for the year	(3,324)	(15,202)

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

8 Investment in subsidiary undertakings

The company holds investments in the ordinary share capital of the following companies, all of which are registered in England and Wales.

Cost and net book value as at 1 January 2004:

	£	% holding
Trading subsidiaries		
Railway Pensions Management Limited	100	100%
Railway Pension Investments Limited	2	100%
Dormant subsidiaries		
British Rail Pension Trustee Company Limited	100	100%
Junction Nominees Limited	100	100%
Network Nominees Limited	100	100%
Network Nominees (Two) Limited	100	100%
Network Nominees (Six) Limited	100	100%
Railway Pensions Limited	100	100%
Railway Pension Nominees Limited	100	100%
Railway Pension Venture Capital Limited	100	100%
	<hr/>	
	902	

Cost and net book value as at 31 December 2004:

	£	% holding
Trading subsidiaries		
Railway Pensions Management Limited	100	100%
Railway Pension Investments Limited	2	100%
Dormant subsidiaries		
British Rail Pension Trustee Company Limited	100	100%
Junction Nominees Limited	100	100%
Network Nominees (Two) Limited	100	100%
Network Nominees (Six) Limited	100	100%
Railway Pensions Limited	100	100%
Railway Pension Nominees Limited	100	100%
Railway Pension Venture Capital Limited	100	100%
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	802	

The Trustee Company has two operating subsidiaries. Pensions Management, based in Darlington, is responsible for pensions administration. Railpen Investments, based in London and Darlington, is responsible for investment monitoring and accounting for those investments and performing company secretarial services for the Trustee.

The other companies hold title to the underlying investments of the railway pension schemes. During the year Network Nominees Limited was dissolved.

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

9 Debtors

	2004 £	2003 £
Trade debtors	11,085	5,446
Prepayments, other debtors and accrued income	73,817	130,932
	<u>84,902</u>	<u>136,378</u>

10 Creditors (amounts falling due within one year)

	2004 £	2003 £
Trade creditors	-	60
Corporation tax	3,324	15,202
Other tax and social security	3,713	2,041
Other creditors and accruals	2,231	124,213
VAT	130,304	27,994
Amount owed to group undertakings	700	800
	<u>140,272</u>	<u>170,310</u>

11 Called up share capital

	2004 £	2003 £
Authorised		
250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Issued, called up and unpaid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

12 Reserves

Under the company's arrangements with the pension schemes for which it operates, the net assets of the company are held for the benefit of those schemes. Consequently, the surplus on the profit and loss account has been transferred into a separate client reserve.

	Profit and loss account £	Client reserve £
Balance at 1 January 2004	-	232,971
Profit in the year	14,171	-
Transfer to client reserve	(14,171)	14,171
Balance at 31 December 2004	-	247,142

13 Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Equity shareholders' funds at 1 January	232,972	168,166
Profit in the year	14,171	64,806
Equity shareholders' funds at 31 December	247,143	232,972

14 Related parties

The company has applied the exemption given in FRS 8 not to disclose transactions with other members of the group headed by Railtrust Holdings Limited. At the year end the company had a balance in the common banking facility with the pension schemes and pooled funds of £301,710 (2003 - £266,001). In the year the company, in the ordinary course of business, received income of £2,673,676 in respect of the Trustee controlled pension schemes and pooled funds (2003 - £2,461,888).

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

15 Ultimate holding company

The company has not prepared consolidated financial statements for the year ended 31 December 2004, as it is itself a wholly owned subsidiary of Railtrust Holdings Limited, the controlling party, a company incorporated in Great Britain and registered in England and Wales. This company prepares the only set of group financial statements into which the results of Railways Pension Trustee Company Limited and its subsidiaries are consolidated. Copies of the group financial statements of Railtrust Holdings Limited are available from the Company Secretary, Broad Street House, 55 Old Broad Street, London EC2M 1LJ.

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RAILWAYS PENSION TRUSTEE COMPANY LIMITED

We have audited the financial statements of Railways Pension Trustee Company Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements

RAILWAYS PENSION TRUSTEE COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RAILWAYS
PENSION TRUSTEE COMPANY LIMITED (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

18 May 2005