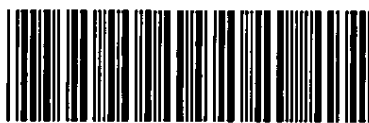


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**GROUP FINANCIAL
STATEMENTS**

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

YEAR ENDED 31 MARCH 2007

COMPANY NO 04655675

RAIL SAFETY AND STANDARDS BOARD LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2007

Company registration number	04655675
Registered office:	Evergreen House 160 Euston Road London NW1 2DX
Directors	Lord Tunncliffe (non-executive chairman) Len Porter (chief executive) Anson Jack (executive) Stuart Boner (non-executive) Jeremy Candfield (non-executive) Iain Coucher (non-executive) Sir Frank Davies (non-executive) Tim Gilbert (non-executive) Richard Profit (non-executive) Adrian Shooter (non-executive) Paul Thomas (non-executive)
Secretary	John Bradley
Bankers	HSBC 100 Old Broad Street London EC2N 1BG
Solicitors	Winckworth Sherwood 35 Great Peter Street London SW1P 3LR
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

RAIL SAFETY AND STANDARDS BOARD LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2007

INDEX	PAGE
Chairman's statement	1
Report of the directors	2 – 9
Report of the independent auditors	10 – 11
Principal accounting policies	12 – 15
Income and expenditure account	16
Balance sheet	17
Cash flow statement	18
Statement of recognised gains and losses	19
Notes to the financial statements	20 – 31

RAIL SAFETY AND STANDARDS BOARD LIMITED

CHAIRMAN'S STATEMENT

I am delighted to introduce Rail Safety and Standards Board (RSSB)'s Group and Company financial statements for the year to 31 March 2007

On 30 March 2007 RSSB acquired 100% of Railway Documentation and Drawing Services Ltd from The British Railways Board (Residuary) Ltd

From 1 April 2006, RSSB was funded by a levy on its membership against a budget approved by the Members in general meeting. The Research & Development (R&D) function was directly funded by the Department for Transport in 2006-07

A handwritten signature in black ink, appearing to read 'Demi Tunncliffe', with a long, sweeping horizontal line extending from the end of the signature.

Lord Tunncliffe

18 June 2007

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2007

Principal activity

Rail Safety and Standards Board builds industry-wide consensus and facilitates 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.

The principal activity of the company is working with industry partners to;

- Continuously improve the level of safety in the rail industry
- Drive out unnecessary cost, and
- Improve business performance

RSSB does this at the same time as seeking to continuously drive down its own costs whilst striving to deliver better value for money to its members.

Business review

In the year RSSB published a 3-year business plan covering the period from 1 April 2006 to 31 March 2009, which was approved by the Members in general meeting. The plan sets out the activities to be undertaken by the company and the resources required to deliver these.

Acquisition in the year

RSSB acquired a 100% share holding in Railway Documentation and Drawing Services Ltd (RDDS) on 30 March 2007.

RDDS has two principal purposes:

- to act as the custodian of the British Railway Board's Traction and Rolling Stock Drawings and Documents
- to provide copies of such documentation to persons and organisations who are entitled to receive it

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

RSSB made charitable donations totalling £1,575 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

The budget for 2007-08 was unanimously approved by the board on 7 February 2007 in accordance with section 5.3 of the Constitution Agreement

Result for the year

The directors consider both the result for the year and the year-end financial position to be satisfactory

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Directors

The membership of the Board is set out below

Lord Tunncliffe is RSSB's non-executive Chairman.

The Executive Directors are

- Len Porter, Chief Executive
- Anson Jack, Director Standards until 6 April 2007, Director Policy, Research & Risk from 6 April 2007

RSSB's industry nominated non-executive directors are

- Tim Gilbert, Engineering Director of Porterbrook Leasing Company Limited (reappointed 1 April 2006)
- Iain Coucher, Deputy Chief Executive of Network Rail (appointment expires on 11 October 2007)
- Jeremy Candfield, Director General of the Rail Industry Association (appointed 1 April 2006)
- Adrian Shooter, Chairman of Chiltern Railways (reappointed 1 April 2006)
- Stuart Boner, Engineering Director, English, Welsh & Scottish Railways Ltd

RSSB's independent non-executive Directors are

- Sir Frank Davies, former Chairman, Health and Safety Commission (reappointed 1 April 2006, appointment expires 31 March 2008)
- Richard Profit, former Group Director of Safety Regulation for the Civil Aviation Authority (appointment expired 31 March 2007, reappointed 1 April 2007)
- Paul Thomas, Director of EHSQ, British Nuclear Fuels Ltd

Other Directors who served during the year are

- Aidan Nelson, Director, Policy & Strategic Initiatives (retired 6 April 2007)
- Professor Tom Cox, Professor of organisational psychology at the University of Nottingham (appointment expired 31 March 2007)
- Peter Hutchinson, Managing Director, Balfour Beatty Rail Ltd (resigned 14 June 2007)

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Risk Management

The process of corporate risk management is that the executive directors of RSSB meet annually in a workshop facilitated by the Chief Executive's Office to review the existing corporate risk log and to incorporate appropriate changes

All areas of corporate risk are considered, including reputation, technical competence, financial, staff retention, leadership, the influence of emerging legislation, the validity of Railway Group Standards, IT and corporate memory, data accuracy, effectiveness of Research & Development, funding and insurance. Each area of risk is recorded in a risk log

Existing and new controls that mitigate each risk area are considered to ensure that the residual risk is minimized, and assessed in terms of likelihood and consequence. Both likelihood and consequence are scored on a scale of one to five for each risk area, and the scores are added so that the risk areas can be ranked in terms of their significance. The most significant risk areas are identified for special consideration.

The results of this review are summarised in papers that are submitted to the Audit Committee and to the RSSB Board. Any changes deemed necessary following discussions at these meetings are introduced into the risk log. Should any new or enlarged risk arise during the intervening period the director level workshop is re-convened. The controls are reviewed frequently to ensure they are operating effectively to keep levels of risk as low as possible.

Health and safety

It is the directors' intention that the company will adopt good practice health and safety standards for its own staff, contractors and visitors to its premises.

RSSB complies with legislation by conducting business in a manner that demonstrates proper consideration for safety and health, hygiene and fire prevention. RSSB has a clearly stated policy that sets out the objectives, organisation structure and arrangements for safety.

RSSB identifies potential hazards and puts in place systems to control risks to as low a level as is reasonably practicable.

RSSB is committed to achieving continuous improvement in the prevention of personal injury, ill health and fatalities to staff, contractors and visitors. This is achieved by providing safe and hygienic accommodation and by implementing systems to ensure that the safety of staff, when working away from RSSB premises, is as high as is reasonably practicable.

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

RSSB regularly monitors managers' performance against their objectives and annually reviews the RSSB health and safety policy statement

Where it is essential, staff have the safety competency to perform their jobs, to this end RSSB ensures that appropriate safety training is provided

All employees have a responsibility to take care of their own safety, and, by setting a good example by their own approach, to encourage good practice throughout the industry. RSSB encourages and welcomes suggestions from staff and contractors that will assist the company in improving its management of health and safety

In addition the company seeks to ensure the personal safety of its staff during emergencies and so maintains a set of policies covering business continuity and disaster recovery

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 five non-executive directors of the company. The Audit Committee reviews the accounting policies and procedures of the company, its internal financial control systems and its compliance with statutory requirements and may also consider any matter raised by the company's external auditors

Membership of the Audit Committee is as follows

- Paul Thomas
- Tim Gilbert
- Richard Profit

Other directors who served during the year are

- Professor Tom Cox
- Peter Hutchinson (served as Chairman)

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Remuneration Committee

The membership of the Remuneration Committee consists of five 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 is as follows

- Richard Profit (Chairman)
- Adrian Shooter
- Lord Tunncliffe
- Sir Frank Davies

Other directors who served during the year are.

- Professor Tom Cox

Appointments Committee

The membership of the Appointments Committee consists of five non-executive directors of the company The Appointments Committee considers and makes recommendations to the Board on the appointment of all directors of the company (other than industry directors) and all senior employees of the company who will not be directors and whose annual base salary (excluding employer pension contributions, bonuses, travel expenses, car allowances and other benefits in kind) will be in excess of £100,000 per annum

Membership of the Appointments Committee is as follows:

- Lord Tunncliffe (Chairman)
- Sir Frank Davies
- Tim Gilbert
- Iain Coucher
- Richard Profit

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

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Financial instruments

RSSB seeks to minimise its financial risk and so does not use any complex financial instruments. The cash balance is held with HSBC and the investment income is earned through HSBC placements on the money market. No other treasury activity is undertaken.

Directors' responsibilities for the financial statements

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

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

The maintenance and integrity of the Rail Safety & 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.

RAIL SAFETY AND STANDARDS BOARD LIMITED

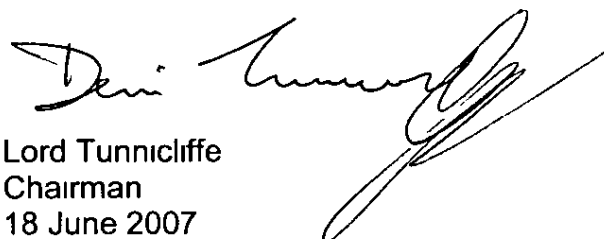
REPORT OF THE DIRECTORS

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

Auditors

Grant Thornton UK LLP were reappointed auditors at the Annual General Meeting held on 29 June 2006. Special notice pursuant to Section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting to be held on 20 September 2007.

BY ORDER OF THE BOARD


Lord Tunncliffe
Chairman
18 June 2007

RAIL SAFETY AND STANDARDS BOARD LIMITED

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

We have audited the group and parent company financial statements of Rail Safety and Standards Board Limited for the year ended 31 March 2007 which comprise the principal accounting policies, the group and company income statement, the group and company balance sheet, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, 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 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

RAIL SAFETY AND STANDARDS BOARD LIMITED

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group and 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and company's affairs as at 31 March 2007 and of the group deficit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2007

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
London
18 June 2007

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The group financial statements consolidate those of the company and of its subsidiary undertaking drawn up to 31 March 2007

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

As an undertaking trading not-for-profit the company has prepared an income and expenditure account in accordance with s262(2) of the Companies Act 1985

The Constitution Agreement of the company sets out the funding arrangements

The principal accounting policies are set out below.

Basis of consolidation

RSSB acquired RDDS Ltd on 30 March 2007. The company has been consolidated into the group results using acquisition accounting

INCOME

Income from third parties is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. In addition RSSB provides services such as the work on New Systems, Vehicle Acceptance Bodies and other technical work. This income is recognised in line with the costs incurred.

Membership income is recognised in full in the year to which the membership levy relates.

Funding is amounts receivable from the Department for Transport and is recognised in the year to which it relates.

EXPENDITURE

In accordance with the VAT agreement with HM Customs & Excise, expenditure is shown including the irrecoverable element of VAT.

The Constitution Agreement mandates RSSB, in consultation with its Members, representatives of other stakeholders, the Health & Safety Executive and the Department for Transport and within the constraints imposed by funding available to develop and implement a programme of health and safety related research and development.

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

This research and development expenditure is charged to the income and expenditure account in the period in which it is incurred

GOODWILL

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life, subject to a maximum of twenty years

Negative goodwill is written back to the income and expenditure account to match the recovery of the non-monetary assets acquired

TANGIBLE FIXED ASSETS AND DEPRECIATION

Investments

Investments in subsidiaries are reflected in the company's accounts at cost. The cost of acquisition is the amount of cash paid, together with the expenses of the acquisition

Fixed Assets

Expenditure on fixed assets in excess of £500 is capitalised and 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. However where the asset is a minor part of larger infrastructure which has not been capitalised then it is also charged to the income and expenditure account in full

Assets under Construction

Costs, including irrecoverable VAT, that are directly attributable to the development of new business application software and which are incurred during the period prior to the date that the software is placed into operational use, are capitalised. External costs are capitalised to the extent they enhance the future economic benefits of the business. Internal costs are not capitalised as they are not incremental to the group. Costs incurred in modifying existing business application software are considered to be maintenance costs and are written off to the income and expenditure account as incurred

These costs are depreciated when the software application enters live service with the group and are charged in equal instalments over a five-year period

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are

Information technology	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	Five years on a straight-line basis

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

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

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 vest. 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.

RESERVES

R&D reserve

The letter from the ORR approving the RSSB 2005-2006 budget requested that the company should create a £3m reserve for R&D from the underspend in the R&D function in 2004/05. This remains in place.

RAIL SAFETY AND STANDARDS BOARD LIMITED

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2007

		Group and Company Year ended 31 March 2007 £'000	Company Year ended 31 March 2006 £'000
	Note		
Income	1	32,106	33,881
Operating expenses	2,4	(33,078)	(34,520)
Operating deficit		(972)	(639)
Interest receivable		805	806
Other finance income	3	350	270
Surplus on ordinary activities before taxation		183	437
Tax on surplus on ordinary activities	5	(263)	(207)
(Deficit)/Surplus on ordinary activities after taxation retained and transferred to reserves		(80)	230

All transactions arise from continuing operations. RSSB acquired RDDS on 30 March 2007 and therefore none of the trading of RDDS is included in the above statement.

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 2007

		Group	Company	Company
	Note	31 March 2007	31 March 2007	31 March 2006
		£'000	£'000	£'000
Fixed Assets				
Goodwill	7	-	-	-
Investment in Subsidiary	8	-	33	-
Tangible fixed assets	9	1,152	1,152	-
		1,152	1,185	-
Current assets				
Debtors	10	4,318	4,267	5,579
Cash at bank and in hand		19,919	19,828	21,338
		24,237	24,095	26,917
Creditors: amounts falling due within one year	11	(10,441)	(10,370)	(12,024)
Net current assets		13,796	13,725	14,893
Provisions for liabilities and charges	12	(305)	(267)	-
Net assets excluding pension liability		14,643	14,643	14,893
Pension liability	19	(70)	(70)	(1,950)
Net Assets		14,573	14,573	12,943
Reserves				
Income & expenditure account	13	14,573	14,573	12,943
		14,573	14,573	12,943

RSSB acquired RDDS on 30 March 2007 therefore there is no comparative as the group was not formed in the year ended 31 March 2006

The financial statements were approved by the Board of Directors on 14 June 2007 and signed on 18 June 2007


Lord Tunnicliffe


Len Porter

RAIL SAFETY AND STANDARDS BOARD LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2007

	Note	Group 31 March 2007 £'000	Company 31 March 2006 £'000
Net Cash Flow from operating activities	14	(844)	539
Taxation			
UK Corporation tax paid		(223)	(130)
Returns on Investments and servicing of finance			
Interest received		805	806
Capital Expenditure			
Purchase of tangible fixed assets	9	(1,195)	=
Acquisitions			
Purchase of subsidiary	23	(53)	-
Cash acquired with subsidiary	23	91	-
(Decrease)/Increase in cash		(1,419)	1,215

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 2007

	Note	Group Year ended 31 March 2007 £'000	Company Year ended 31 March 2006 £'000
Surplus/(Loss) for the year	1	(80)	230
Gain on pension assets	19	1,430	2,260
Experience (loss) on pension liabilities	19	(470)	(1,050)
(Loss) on change in pension assumptions	19	750	(3,090)
Total gain/(loss) recognised before adjustment for tax		1,630	(1,650)

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

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

1 INCOME AND SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The income and surplus on ordinary activities before taxation is attributable to

	Year ended 31 March 2007	Year ended 31 March 2006
	£'000	£'000
Funding	30,961	32,900
Income from New Systems	807	645
Books and publications	55	60
Conferences	54	138
Other income	229	138
	32,106	33,881

All income arose from UK operations

The surplus on ordinary activities before taxation is stated after

	Year ended 31 March 2007	Year ended 31 March 2006
	£'000	£'000
Auditors' remuneration		
Fees payable for the audit of the company's annual accounts	25	22
Other audit related services	3	-
Taxation services	23	6
Due diligence	18	-
Hire of plant and machinery under operating leases	2	2
Property	730	771
Other operating lease rentals	12	24

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

2 OPERATING EXPENSES

The operational expenditure of the company can be classified by activity as follows.

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Core	2,533	407
Research and Development	1,098	2,013
Other	886	2,489
	<u>4,517</u>	<u>6,394</u>

The above numbers are stated including irrecoverable VAT where applicable

3 OTHER FINANCE INCOME

Analysis of the amount charged to other finance income

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Interest on pension liabilities	(1,100)	(860)
Expected return on pension assets	1,450	1,130
Net credit to other finance income	<u>350</u>	<u>270</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Wages and salaries	9,558	8,650
Social security costs	985	798
Other pension costs	1,068	943
	<u>11,611</u>	<u>10,391</u>

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

The average number of employees of the company during the year to 31 March 2006

	2007	2006
	Number	Number
Staff employed	<u>197</u>	<u>173</u>

Seven employees were made redundant in the year (2006: 7), at a cost of £679k (2006: £152k)

Remuneration in respect of directors was as follows

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Emoluments	934	879
Pension contributions to money purchase pension schemes	6	8
Pension contributions to defined benefit pension schemes	<u>46</u>	<u>46</u>
	<u>986</u>	<u>933</u>

During the period three directors participated in defined benefit pension schemes and one director participated in money purchase pension schemes.

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

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Emoluments	279	245
Pension contributions to defined benefit pension schemes	<u>13</u>	<u>13</u>
	<u>292</u>	<u>258</u>

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

5 TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
UK Corporation tax at 30%	253	212
Adjustments in respect of prior years	10	(5)
Total current tax charge	<u>263</u>	<u>207</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 30%. The differences are explained as follows,

Effect of		
Surplus on ordinary activities before tax	<u>183</u>	<u>437</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30%	55	131
Adjustment for income from not-for-profit activities	208	111
Adjustment for differences in tax rates	-	(35)
Current tax charge for period	<u>263</u>	<u>207</u>

6 HOLDING COMPANY DEFICIT / SURPLUS

Of the £80k deficit for the financial year, (2006 surplus of £230k) £80k is dealt with in the accounts of the company. The Directors have taken the advantage of the exemption available under section 230 of the Companies Act 1985 and not presented an income statement for the company alone.

7 GOODWILL

Goodwill amounting to £20k has been amortised in the year following the acquisition of RDDS Ltd. The goodwill has been fully amortised as a result of the forecast losses in RDDS Ltd.

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

8 INVESTMENTS

RSSB acquired Rail Documentation and Drawing Services Ltd on the 30 March 2007
The company has been accounted for using acquisition accounting

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Railway Documentation and Drawing Services Ltd. Incorporated in England and Wales	53	-
Class of shares	Ordinary	-

9 TANGIBLE FIXED ASSETS

	Information Technology £'000	Computers £'000	Software £'000	Total £'000
Cost				
At 1 April 2006	-	-	-	-
Additions	165	169	861	1,195
Total	165	169	861	1,195
Depreciation and impairment				
At 1 April 2006	-	-	-	-
Depreciation expense for the year	(31)	(12)	-	(43)
Net Book value at 31 March 2007	134	157	861	1,152

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

10 DEBTORS

	Group 31 March 2007 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Trade debtors	3,763	3,718	4,548
VAT debtor	53	51	176
Other debtors	404	404	75
Prepayments and accrued income	98	94	780
	4,318	4,267	5,579

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 March 2007 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Trade creditors	558	491	1,159
Corporation tax	252	252	212
Other taxation and social security	283	283	-
Other creditors	5,017	5,017	6,011
Accruals	4,331	4,327	4,642
	10,441	10,370	12,024

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 31 March 2007 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
Future cost of RDDS library disposal	38	-	-
Dilapidations	100	100	-
Litigation	50	50	-
PAYE/National insurance settlement	117	117	-
	305	267	-

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

13 RESERVES

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

	Group and Company £'000
At 1 April 2006	12,943
Deficit on ordinary activities after tax	(80)
Gain on pension assets	1,430
Experience loss on pension liabilities	(470)
Gain on change in pension assumptions	750
Retained reserves carried forward	14,573

14 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 31 March 2007 £'000	Company 31 March 2006 £'000
Operating deficit	(972)	(639)
Depreciation	43	-
Amortisation	20	-
Decrease/(increase) in debtors	1,311	(4,675)
(Decrease)/increase in creditors	(1,693)	6,543
Difference between pension charge and cash contributions	180	(350)
Increase/(Decrease) in provisions	267	(340)
Net cash (outflow)/inflow from operating activities	(844)	539

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	Group 31 March 2007 £'000	Company 31 March 2006 £'000
Increase in cash in the year	(1,419)	1,215
Net funds at 1 April	21,338	20,123
Net funds at 31 March	19,919	21,338

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

16 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2006	Cashflow	Acquisition	31 March 2007
	£'000	£'000	£'000	£'000
Cash in hand	21,338	(1,510)	91	19,919

17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2007 (2006 nil)

18 CONTINGENT ASSETS/LIABILITIES

There were no contingent liabilities at 31 March 2007 (31 March 2006 nil)

19 RETIREMENT BENEFIT SCHEMES

Information about the Scheme

- Defined Benefit 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 last full actuarial valuation upon which the FRS17 figures have been based was 31 December 2004
- Employer contributions for the period ending 31 March 2007 are 14.46% of Section Pay. This rate is expected to continue until 30 November 2008 when the employer contribution rate will revert to 60% of the long-term joint contribution rate of 24.1% of Section Pay.
- The Section is open to new members

Financial assumptions

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

	31/3/2007	31/3/2006
	% pa	% pa
Inflation	3.1	2.9
Rate of increase in salaries *	4.6	4.4
Rate of increase in pensions in payment	3.1	2.9
Rate of increase in deferred pensioners	3.1	2.9
Discount rate	5.4	5.0

* plus 0.75% pa promotional salary scale

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

Fair value of assets and expected rate of return

	31 March 2007		31 March 2006	
	Fair value £000	Expected rate of return % p.a.	Fair value £000	Expected rate of return % p.a.
Equities	30,230	8.0	25,950	8.0
Bonds	3,130	5.4	3,160	4.4
Property	3,630	6.7	2,510	6.2
Other	290	4.1	480	3.9
Total	37,280	7.6	32,100	7.4

Components of defined benefit cost of the year ended 31 March 2007

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Current service cost	(1,470)	(1,070)
Total charged to operating profit	(1,470)	(1,070)
Analysis of the amount charged to other finance income		
Interest on section liabilities	(1,100)	(860)
Expected return on section assets	1,450	1,130
Net other finance income	350	270

Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)

Gain on assets	1,430	2,260
Experience loss on liabilities	(470)	(1,050)
Gain /(Loss) on change of assumptions	750	(3,090)
Total gain/(loss) recognised in STRGL	1,710	(1,880)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

Experience gains and losses

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Gain/(loss) on Section assets		
Amount	1,430	2,260
% of Section assets at the end of the period	4%	7%
Experience loss on Section liabilities		
Amount	(470)	(1,050)
% of Section liabilities at the end of the period	1%	3%
Total actuarial gain/(loss) recognised in Statement of recognised gains and losses		
Amount	1,710	1,880
% of Section liabilities at the end of period	5%	6%

Reconciliation to the balance sheet

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Actuarial valuation of section liabilities	37,390	35,350
Members' share of deficit	(40)	(1,300)
Adjusted value of section liabilities	37,350	34,050
Fair value of section assets	37,280	32,100
Pension scheme liability to be recognised in the balance sheet	(70)	(1,950)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

Analysis of the movement in the surplus/(deficit) in the Section during the period

	Year ended 31 March 2007 £000	Year ended 31 March 2006 £000
Deficit in the Section at the beginning of the year	(1,950)	(690)
Own contributions paid	1,290	1,420
Current service cost	(1,470)	(1,070)
Other finance income/(charge)	350	270
Actuarial gain/ (loss)	1,710	(1,880)
Deficit in the Section at the end of the year	(70)	(1,950)

* the section commenced on 1 April 2003 with no assets and no liabilities

20 LEASING COMMITMENTS

Operating lease payments amounting to £799k are due within one year (31 March 2006, £802k) The leases to which these amounts relate expire as follows:

	Year ended 31 March 2007		Year ended 31 March 2006	
	Other £'000	Land and buildings £'000	Other £'000	Land and buildings £'000
In one year or less	4	795	-	-
Between one and five years	-	-	7	795
	4	795	7	795

21 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The funding for RSSB for 2006-07 was approved by the Members of RSSB and was paid by them as individual subscriptions. The Constitution Agreement of RSSB requires it to be independent of any one Member and therefore in the directors' opinion, there are no related parties for this purpose.

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

22 ULTIMATE PARENT UNDERTAKING

RSSB is a not-for-profit company. The company is limited by guarantee and is governed by its Members, a Board and advised by an Advisory Committee. It is independent of any single railway company and of their commercial interests.

23 ACQUISITIONS

The company acquired the entire share capital of Rail Documentation and Services Ltd on 30 March 2007. The fair value of the assets and liabilities are set out below,

	£'000s
Debtors	51
Cash	91
Creditors	(71)
Provisions	(38)
	<hr/>
	33
Consideration inclusive of transaction fees	53
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Goodwill (written off in year)	20
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