

**GROUP FINANCIAL
STATEMENTS**

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

YEAR ENDED 31 MARCH 2008

COMPANY NO 04655675

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RAIL SAFETY AND STANDARDS BOARD LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2008

Company registration number	04655675
Registered office	Evergreen House 160 Euston Road London NW1 2DX
Directors	Lord Tunncliffe (non-executive chairman) (Resigned 18 April 2008) Len Porter (chief executive) Anson Jack (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) Paul Kirk (non-executive) Keith Heller (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 2008

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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 2008

Principal activity

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

- 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 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

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. The business plan highlighted that RSSB had unallocated reserves due to surpluses generated in the years to 31 March 2006 and that the funding required from members from financial year 2006-07 to 2008-09 would be reduced to eradicate the surplus funds. This meant that RSSB budgeted for a loss in the last two years and the financial result for 2007-08 is consistent with this planned approach.

The budget for 2008-09 was unanimously approved by the board on 13 December 2007 in accordance with section 5.3 of the Constitution Agreement.

In the forthcoming year RSSB will publish a 5-year strategic business plan covering the period from 1 April 2009 to 31 March 2014.

Acquisition in the year

The CIRAS Charitable Trust (CIRAS) transferred its functions including funds to RSSB on 10 March 2008. The Trust operates a confidential reporting system which is

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

available to staff in the railway industry. Reports are received from staff in the industry and responses are provided by railway companies. Most of these are published in regular newsletters which are made available to staff. The data is analysed to respond to requests from railway companies as inputs to safety improvement programmes.

Until 10 March 2008 RSSB provided support to CIRAS in terms of building management, human resources and finance as well as servicing the Trust. However, this arrangement meant that the industry incurred unnecessary cost – particularly in terms of VAT which had to be charged on salaries for RSSB staff seconded to CIRAS – and the legal costs of running CIRAS. Therefore the amalgamation of CIRAS activities into RSSB will reduce costs whilst maintaining the service to the industry.

RSSB will continue to meet the objects of the Trust as follows

For the benefit of the public the preservation of human life and prevention of injuries by means of -

- Setting up and utilising a confidential reporting system for the collection of human safety related issues in the railway industry,
- Working with other organisations on human safety related issues relevant to the railway industry,
- Carrying out research and analysis on the causes of incidents and accidents reported under the confidential reporting system and the dissemination of results and /or analysis and/or conclusions from the confidential reporting system

Charitable donations

RSSB made charitable donations totalling £6,538 (2007: £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.

Result for the year

The directors consider both the loss 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 Tunnichiffe was RSSB's non-executive Chairman for the duration of the financial year and resigned on 18 April 2008. The current Directors may appoint one of their number to be temporary chairman at board meetings until a permanent appointment has been established.

The following directors served during the year

Executive Directors:

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

Industry nominated non-executive directors

- Tim Gilbert, Engineering Director of Porterbrook Leasing Company Limited
- Iain Coucher, Chief Executive of Network Rail
- Jeremy Candfield, Director General of the Rail Industry Association
- Adrian Shooter, Chairman of Chiltern Railways
- Paul Kirk, Paul Kirk & Associates Ltd (appointed 10 September 2007)
- Keith Heller, English, Welsh & Scottish Railways Ltd (appointed 26 July 2007)

Other industry nominated non-executive directors who served during the year are

- Peter Hutchinson, Managing Director, Balfour Beatty Rail Ltd – Resigned 14 June 2007
- Stuart Boner Engineering Director, English, Welsh & Scottish Railways Ltd – Resigned 26 July 2007

Independent non-executive Directors:

- Sir Frank Davies, former Chairman, Health and Safety Commission (retired on 31 March 2008)
- Richard Profit, former Group Director of Safety Regulation for the Civil Aviation Authority
- Paul Thomas, Director of EHSQ, British Nuclear Fuels Ltd

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Risk Management

The process of corporate risk management is that the executive directors together with the executive management team of RSSB meet annually in a workshop 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, and 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 reconvened. The controls are reviewed frequently to ensure they are operating effectively to keep levels of risk as low as practicable.

Health and safety compliance

The company issues and complies with a Health & Safety Policy Statement.

It was updated and revised during the year and published on 8 May 2007.

RAIL SAFETY AND STANDARDS BOARD LIMITED

REPORT OF THE DIRECTORS

Employee welfare and safety

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 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 external auditors

Membership of the Audit Committee during the year is as follows

- Tim Gilbert (Chairman)
- Paul Thomas
- Paul Kirk (appointed 10 September 2007)
- Richard Profit

Other directors who served during the year are

- Peter Hutchinson – Resigned 14 June 2007

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 during the year is as follows

- Richard Profit (Chairman)
- Adrian Shooter
- Lord Tunncliffe (Resigned 18 April 2008)
- Sir Frank Davies (Retired 31 March 2008)
- Paul Thomas
- Jeremy Candfield

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 during the year is as follows

- Lord Tunncliffe (Chairman) (Resigned 18 April 2008)
- Sir Frank Davies (Retired 31 March 2008)
- 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 20 September 2007. 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 next Annual General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Len Porter', is written over the text 'ON BEHALF OF THE BOARD'.

Len Porter

Chief Executive

12 June 2008

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 2008 which comprise the principal accounting policies, the consolidated income and expenditure account, the group and company balance sheet, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 21. 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 2008 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 2008

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
London

17 June 2008

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The group financial statements consolidate those of the company (RSSB) and of its subsidiary undertaking (RDDS) and are drawn up to 31 March 2008

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 and remain unchanged this year

Basis of consolidation

The CIRAS Charitable Trust (CIRAS) transferred its functions including funds to RSSB on 10 March 2008. Railway Documentation and Drawing Services Limited (RDDS) was acquired in the prior financial year. The net assets of both entities have been consolidated into the group results using acquisition accounting.

INCOME

Funding comprises membership income and amounts receivable from the Department for Transport, both are recognised in the year to which it relates

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 to Network Rail on its New Systems programme, accreditation of Vehicle Acceptance Bodies, and other technical work such as the sale of publications. This income is recognised in line with the costs incurred.

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

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

develop and implement a programme of health and safety related research and development.

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

Investments

Investments in subsidiaries are reflected in the company's accounts at cost initially. The cost of acquisition is the amount of cash paid, together with the expenses of the acquisition. The only investment held is in respect of a subsidiary (RDDS) and this has been written off in the year.

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.

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
Plant and machinery	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.

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 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.

RESERVES

R&D reserve

The letter from the Office of Rail Regulation (dated 16 March 2005) 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. In addition, any underspend on R&D activities is carried forward for sole use on future R&D activities.

RAIL SAFETY AND STANDARDS BOARD LIMITED

PRINCIPAL ACCOUNTING POLICIES

CIRAS reserve

Under the deed of gift from the CIRAS Charitable Trust (CIRAS) the assets acquired are for the sole use of future CIRAS activities

Both of these reserves are disclosed separately in the note 12 of the accounts

RAIL SAFETY AND STANDARDS BOARD LIMITED**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 March 2008

	Note	Group Year ended 31 March 2008 £'000	Group Year ended 31 March 2007 £'000
Income	1	27,893	32,106
Operating expenses		(30,491)	(33,078)
Operating deficit	13	(2,598)	(972)
Other income	2	681	-
Interest receivable		872	805
Other finance income	3	460	350
(Loss) /Surplus on ordinary activities before taxation	1	(585)	183
Tax on (loss)/surplus on ordinary activities	5	(230)	(263)
(Loss) on ordinary activities after taxation retained and transferred to reserves	6	(815)	(80)

All transactions arise from continuing operations

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

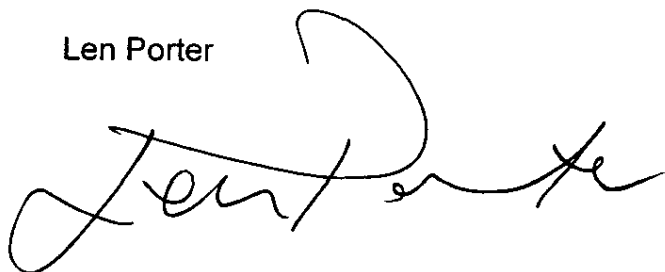
RAIL SAFETY AND STANDARDS BOARD LIMITED

GROUP BALANCE SHEET AS AT 31 MARCH 2008

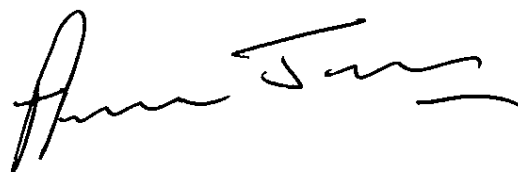
		Group	Company	Group	Company
	Note	31 March 2008	31 March 2008	31 March 2007	31 March 2007
		£'000	£'000	£'000	£'000
Fixed Assets					
Investment in Subsidiary	7	-	-	-	33
Tangible fixed assets	8	1,368	1,368	1,152	1,152
		1,368	1,368	1,152	1,185
Current assets					
Debtors	9	5,589	5,548	4,318	4,267
Cash at bank and in hand		17,066	16,936	19,919	19,828
		22,655	22,484	24,237	24,095
Creditors: amounts falling due within one year	10	(9,846)	(9,724)	(10,441)	(10,370)
Net current assets		12,809	12,760	13,796	13,725
Provisions for liabilities and charges	11	(607)	(567)	(305)	(267)
Net assets excluding pension liability		13,570	13,561	14,643	14,643
Pension asset/ (liability)	18	610	610	(70)	(70)
Net Assets		14,180	14,171	14,573	14,573
Reserves					
Income & expenditure account	12	14,180	14,171	14,573	14,573
		14,180	14,171	14,573	14,573

The financial statements were approved by the Board of Directors on 12 June 2008

Len Porter



Anson Jack



RAIL SAFETY AND STANDARDS BOARD LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2008

	Note	Group 31 March 2008 £'000	Group 31 March 2007 £'000
Net Cash Flow from operating activities	13	(3,009)	(844)
Taxation			
UK Corporation tax paid		(223)	(223)
Returns on Investments and servicing of finance			
Interest received		872	805
Capital Expenditure			
Purchase of tangible fixed assets	8	(493)	(1,195)
Acquisitions			
Purchase of subsidiary		-	(53)
Cash acquired with subsidiary		-	91
Decrease in cash	14	<u>(2,853)</u>	<u>(1,419)</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 2008

	Note	Group Year ended 31 March 2008 £'000	Company Year ended 31 March 2007 £'000
Loss for the year		(815)	(80)
(Loss)/Gain on pension assets	18	(3,000)	1,430
Gain on pension liabilities	18	3,390	280
Total (loss)/gain recognised		(425)	1,630

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 2008

1 INCOME AND (LOSS)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The income and (loss)/surplus on ordinary activities before taxation is attributable to

Income	Year ended 31 March 2008	Year ended 31 March 2007
	£'000	£'000
Funding	26,729	30,961
CIRAS Income	56	-
Income from New Systems	703	807
Books and publications	52	55
Conferences	80	54
Other income	273	229
	27,893	32,106

All income arose from UK operations

The (loss)/surplus on ordinary activities before taxation is stated after

	Year ended 31 March 2008	Year ended 31 March 2007
	£'000	£'000
Auditors' remuneration		
Fees payable for the audit of the company's annual accounts	34	25
Other audit related services	11	3
Taxation services	7	23
Due diligence	8	18
Hire of plant and machinery under operating leases	2	2
Operating lease rental payments on property	731	730
Other operating lease rentals	12	12
Impairment loss	33	-

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

2 OTHER INCOME

The other income is attributable to a deed of gift made by the CIRAS Charitable Trust to RSSB. An analysis of the assets gifted is as follows

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Cash	636	-
Debtors	9	-
Fixed assets	36	-
	681	-

3 OTHER FINANCE INCOME

Analysis of the amount charged to other finance income

	Year ended 31 March 2008 £000	Year ended 31 March 2007 £000
Interest on pension liabilities	(1,300)	(1,100)
Expected return on pension assets	1,760	1,450
Net credit to other finance income	460	350

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Wages and salaries	10,988	10,146
Social security costs	1,090	985
Other pension costs	1,188	1,068
	13,266	12,199

The prior year 'Wages and salaries' figure has been increased by £588k to reflect a reclassification of salary costs that were previously included in another expense category

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

The average number of employees of the company during the year to 31 March 2007

	2008	2007
	Number	Number
Staff employed	<u>196</u>	<u>197</u>

Three employees were made redundant in the year at a cost of £77K (2007 £679K for seven employees)

Remuneration in respect of directors was as follows

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Emoluments	835	934
Pension contributions to money purchase pension schemes	-	6
Pension contributions to defined benefit pension schemes	<u>29</u>	<u>46</u>
	<u>864</u>	<u>986</u>

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

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

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Emoluments	318	279
Pension contributions to defined benefit pension schemes	<u>14</u>	<u>13</u>
	<u>332</u>	<u>292</u>

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

5 TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
UK Corporation tax at 30%	260	253
Adjustments in respect of prior years	(30)	10
Total current tax charge	<u>230</u>	<u>263</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

(Loss)/Surplus on ordinary activities before tax	(585)	183
(Loss)/Surplus on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30%	(176)	55
Adjustment for income from not-for-profit activities	429	208
Adjustments in respect of prior years	(30)	
Tax losses arising (RDDS)	5	
Difference in tax rates (RDDS)	2	-
Current tax charge for period	<u>230</u>	<u>263</u>

6 HOLDING COMPANY LOSS

Of the £815k group loss for the financial year, (2007 Group loss of £80k) £793k (2007 Loss of £80k) is dealt with in the accounts of the company itself. The remaining £22k is the loss for RDDS for the financial year. 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.

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

7 INVESTMENTS

	Year ended 31 March 2008	Year ended 31 March 2007
Opening balance	33	-
Additions	-	33
Adjustment to estimated acquisition cost	(6)	-
Write off of investment	(27)	-
Closing balance	<u>Nil</u>	<u>33</u>
Class of shares	Ordinary	Ordinary

The investment represents a 100% equity interest in Railways Documentation and Drawing Services Limited (RDDS), a company incorporated in Great Britain. The assets of this company are £9k (2007 £32k)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

8 TANGIBLE FIXED ASSETS

	Information Technology	Computers	Software	Plant & Machinery	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2007	165	169	861	-	-	1,195
Additions	107	39	324	11	12	493
Total as at 31 March 2008	272	208	1,185	11	12	1,688
Depreciation						
At 1 April 2007	(31)	(12)	-	-	-	(43)
Depreciation expense for the year	(48)	(66)	(162)	-	(1)	(277)
Total as at 31 March 2008	(79)	(78)	(162)	-	(1)	(320)
Net Book value at 31 March 2008	193	130	1,023	11	11	1,368
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 2008

9 DEBTORS

	Group 31 March 2008 £'000	Company 31 March 2008 £'000	Group 31 March 2007 £'000	Company 31 March 2007 £'000
Trade debtors	4,911	4,865	3,763	3,718
VAT debtor	119	118	53	51
Other debtors	502	502	404	404
Inter-company debtor	-	6	-	-
Prepayments and accrued income	57	57	98	94
	5,589	5,548	4,318	4,267

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 March 2008 £'000	Company 31 March 2008 £'000	Group 31 March 2007 £'000	Company 31 March 2007 £'000
Trade creditors	706	592	558	491
Corporation tax	259	259	252	252
Other taxation and social security	291	291	283	283
Other creditors	138	138	132	132
Accruals and deferred income	8,452	8,444	9,216	9,212
	9,846	9,724	10,441	10,370

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

11 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 31 March 2008 £'000	Company 31 March 2008 £'000	Group 31 March 2007 £'000	Company 31 March 2007 £'000
Future cost of RDDS library disposal	40	-	38	-
Dilapidations	333	333	100	100
Litigation	70	70	50	50
PAYE and National insurance settlement	164	164	117	117
	607	567	305	267

The dilapidations are in respect of the potential liabilities arising from the company's obligations when its leases terminate. The provision for litigation relates to a potential matter with a current employee. The PAYE and National insurance settlement relates to monies due to HMRC in respect of prior year's activities.

12 RESERVES

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

	R&D Reserve £'000	CIRAS Reserve £'000	Other reserves £'000	Group £'000
At 1 April 2007	3,000	-	11,573	14,573
Loss on ordinary activities after tax			(815)	(815)
Loss on pension assets			(3,000)	(3,000)
Experience loss on pension liabilities			(470)	(470)
Consolidation adjustment for pre-acquisition reserves			32	32
Gain on change in pension assumptions			3,860	3,860
CIRAS Deed of Gift		681	(681)	-
Retained reserves carried forward	3,000	681	10,499	14,180

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

As noted in the principal accounting policies, an R&D reserve and a CIRAS reserve have been created as the funds for these activities are separately funded. The deficit on ordinary activities after tax includes the CIRAS deed of gift monies so this is shown as a transfer between other reserves and CIRAS reserve above.

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group	Company
	31 March	31 March
	2008	2007
	£'000	£'000
Operating deficit	(2,598)	(972)
Other income	681	-
Depreciation	277	43
Amortisation of investment	-	20
Write off of investment	32	-
(Increase)/Decrease in debtors	(1,271)	1,311
Decrease in creditors	(602)	(1,693)
Difference between pension charge and cash contributions	170	180
Increase in provisions	302	267
Net cash outflow from operating activities	(3,009)	(844)

14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	Group	Company
	31 March	31 March
	2008	2007
	£'000	£'000
Decrease in cash in the year	(2,853)	(1,419)
Net funds at 1 April	19,919	21,338
Net funds at 31 March	17,066	19,919

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

15 ANALYSIS OF CHANGES IN NET FUNDS

	31 March 2007	Cashflow	Acquisition	31 March 2008
	£'000	£'000	£'000	£'000
Cash in hand	19,919	(2,853)	-	17,066

16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2008 (2007 nil)

17 CONTINGENT LIABILITIES

The directors understand a third party may initiate a claim against the company relating to a dispute over a property transaction which was terminated. The directors have taken legal advice and are of the opinion that any such claim is misplaced and could be successfully resisted. It is not practical to estimate the financial effect of any such a claim as no formal claim for damages has been received. Therefore no provision has been made in the accounts due to it being a) impractical to estimate the potential liability and b) because our legal advice is that we would successfully defend the claim in court.

There were no contingent liabilities in the prior year (31 March 2007)

18 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 2008 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

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

Financial assumptions

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

	31/3/2008	31/3/2007
	% pa	% pa
Inflation	3.6	3.1
Rate of increase in salaries *	5.1	4.6
Rate of increase in pensions in payment	3.6	3.1
Rate of increase in deferred pensioners	3.6	3.1
Discount rate	6.9	5.4
* plus 0.75% pa promotional salary scale		

Fair value of assets and expected rate of return

	31 March 2008		31 March 2007	
	Fair value £000	Long-term rate of return expected on 31 March 2007	Fair value £000	Long-term rate of return expected on 31 March 2006
Equities	31,970	8.0	30,230	8.0
Bonds	1,890	5.4	3,130	5.4
Property	3,630	6.7	3,630	6.7
Other	180	4.1	290	4.1
Total	37,670	7.6	37,280	7.6

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

Components of defined benefit cost of the year ended 31 March 2008

	Year ended 31 March 2008	Year ended 31 March 2007
	£000	£000
Current service cost	1,540	1,470
Total charged to operating profit	1,540	1,470
Analysis of the amount charged to other finance income		
Interest on pension liabilities	(1,300)	(1,100)
Expected return on pension assets	1,760	1,450
Net credit to other finance income	460	350
Analysis of the amounts recognised in the Statement of Recognised Gains and Losses (STRGL)		
(Loss)/Gain on pension assets	(3,000)	1,430
Gain on pension liabilities	3,390	280
Total gain recognised in STGRL	390	1,710

Pension scheme asset/(liability) at the end of the year

	Year ended 31 March 2008	Year ended 31 March 2007
	£000	£000
Actuarial valuation of pension liabilities	(36,660)	(37,390)
Members' share of surplus/(deficit)	(400)	40
Adjusted value of section liabilities	(37,060)	(37,350)
Closing value of section assets	37,670	37,280
Pension scheme asset/(liability) to be recognised in the balance sheet	610	(70)

RAIL SAFETY AND STANDARDS BOARD LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2008

Reconciliation of Pension Scheme Asset/(Liability)

	Year ended 31 March 2008	Year ended 31 March 2007
	£000	£000
Opening pension scheme liability	(70)	(1,950)
Employer contributions	1,370	1,290
Employers share of service cost	(1,540)	(1,470)
Interest on pension liabilities	(1,300)	(1,100)
Expected return on pension assets	1,760	1,450
Actuarial gain recognised in the STRGL	390	1,710
Closing pension scheme asset/(liability)	610	(70)

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

19 LEASING COMMITMENTS

Operating lease payments amounting to £735k are due within one year (31 March 2007, £799k) The leases to which these amounts relate expire as follows

	Year ended 31 March 2008		Year ended 31 March 2007	
	Other £'000	Land and buildings £'000	Other £'000	Land and buildings £'000
In one year or less	4	731	4	795
Between one and five years	-	-	-	-
	4	731	4	795

20 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The funding for RSSB for 2007-08 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. 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 2008

21 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.