

Company Registration No 2740837

PROJECT DEFIANCE LIMITED

Report and Financial Statements

30th September 1997



PROJECT DEFIANCE LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND FINANCIAL ADVISERS

DIRECTORS

D N Clough
F H Grice
R A Hale ACA
C R Holland
J S Tiley FCA
R Tiller

SECRETARY

R A Hale ACA

REGISTERED OFFICE

12 Bailey Close
Windsor
Berkshire
SL4 3RD

PROJECT DEFIANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 30th September 1997.

DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors responsibilities for the preparation of the financial statements are detailed on page 4.

ACTIVITIES

The principal activity of the company is the operation of ex - British Rail Class 50 diesel locomotive no 50149 "Defiance". This activity is not expected to change in the foreseeable future.

REVIEW OF DEVELOPMENTS

The locomotive suffered a second earth fault to a different part of the main generator in June 1996. It remained in traffic until the end of 1996 but the decision was taken not to risk damage by continued use beyond that date until repairs could be carried out. In view of this there was no income from running during the year.

During the late summer of 1997 the generator was removed and sent for repair. To mitigate the cost, it was agreed with the repairing engineers that the work would be treated as a fill-in job; as a result the repairs took longer but saved considerable expense.

RESULTS AND DIVIDENDS

The trading loss for the year amounted to £2,723 (1996 - £2,932). No dividend was declared during the year and the loss, after taxation, of £2,746 (1995 - £2,932) has been transferred to reserves.

FUTURE DEVELOPMENTS

The generator was replaced during March 1998 and subsequently 50149 has been performing well.

The company plans to repaint the locomotive in advance of the West Somerset Railway's main diesel gala in September. This event is being planned to mark the 30th anniversary of the class and should see a return to traffic for 50017 Royal Oak, together with visits from other operating Class 50s.

FIXED ASSETS

Tangible fixed assets comprising 50149 Defiance together with long term spares are disclosed in note 6 to the accounts at a total cost of £19,665.

It should be noted that the locomotive and spares are shown in the balance sheet at their original cost figure. It will be appreciated that the current realisable value whilst being extremely difficult to establish precisely is considerably in excess of this figure.

Investments held as fixed assets comprise a holding of 40,000 shares of 10p each in the West Somerset Railway Plc.

PROJECT DEFIANCE LIMITED

DIRECTORS ' REPORT (continued)

DIRECTORS

The directors who served during the year and their interests in the ordinary share capital of the company were as follows:

	1997	1996
D N Clough	81	81
F H Grice	2	2
C R Holland	3	3
J S Tiley	14	14
R A Hale	54	48
R Tiller	1	1


AUDITORS

The Companies Act 1985 confers exemption from audit for certain categories of small company. Under section 249A(1) those companies which meet the total exemption conditions in respect of a financial year are exempt from the obligation to have their annual accounts audited. The directors are satisfied that the company meets the total exemption conditions and have hence not instructed auditors to carry out an audit this year.

In view of the above, and that the total exemption conditions are likely to continue for the foreseeable future, a resolution not to appoint auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board.

R A Hale ACA



Secretary

PROJECT DEFIANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROJECT DEFIANCE LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30th September 1997

	Note	1997 £	1996 £
TURNOVER	4	-	2954
		<u> </u>	<u> </u>
Operating (Loss)	5	(2768)	(2977)
Interest receivable and similar income		45	45
Interest payable and similar charges		<u> </u>	<u> </u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(2723)	(2932)
Tax charge on ordinary activities	6	23	-
		<u> </u>	<u> </u>
(LOSS) FOR THE FINANCIAL YEAR	12	(2746)	(2932)
		<u> </u>	<u> </u>

Note : There are no recognised gains and losses for the current financial year and preceding financial period other than as stated in the profit and loss account.

PROJECT DEFIANCE LIMITED

BALANCE SHEET 30th September 1997

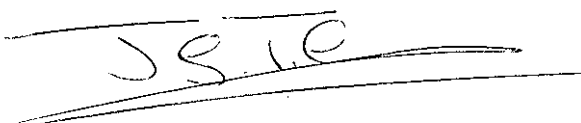
	Note	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible Assets	7		12,219		14,186
Investments	8		4,000		4,000
			<u>16,219</u>		<u>18,186</u>
CURRENT ASSETS					
Stocks	9	468		468	
Debtors	10	145		850	
Cash at bank		2,978		2,371	
		<u>3,591</u>		<u>3,689</u>	
CREDITORS: Amounts falling due within one year		<u>397</u>		<u>641</u>	
NET CURRENT ASSETS			<u>3,194</u>		<u>3,048</u>
			<u>19,413</u>		<u>21,234</u>
CAPITAL AND RESERVES					
Called up share capital	11		31,225		30,300
Profit and loss account	12		(11,812)		(9,066)
			<u>19,413</u>		<u>21,234</u>

The directors confirm that:

- (a) for the year in question the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985,
- (b) no notice has been deposited under section 249B(2) in relation to its accounts for the financial year, and
- (c) they acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221, and
 - (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

Approved by the Board on

J. S. Tiley Director



PROJECT DEFIANCE LIMITED

NOTES TO THE ACCOUNTS Year ended 30th September 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow forecast on the grounds that it is a small company.

Tangible fixed assets

Depreciation is provided on the cost of assets in equal annual instalments over the estimated lives of the assets. The rate of depreciation is as follows:

Locomotive 50149	10% per annum
Locomotive spares	10% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

Stocks

Stocks comprising consumable stores are stated at the lower of cost and net realisable value.

2. EMPLOYEES

The company has no employees.

3. DIRECTORS

None of the directors received any remuneration during the period.

4. TURNOVER

Turnover represents invoiced sales to customers and is stated net of value added tax.

5. OPERATING LOSS

	1997	1996
	£	£
Operating (loss) is after charging:		
Depreciation	1,967	1,967

PROJECT DEFIANCE LIMITED

NOTES TO THE ACCOUNTS Year ended 30th September 1997

6. TAXATION

The corporation tax charge arises on bank interest received in 1995, against which tax losses brought forward are not available

7. TANGIBLE FIXED ASSETS

	Locomotive 50149 £	Locomotive Spares £	Total £
Cost at 1st October 1996	10,000	9,665	19,665
Additions	-	-	-
Sales	-	-	-
Cost at 30th September 1997	<u>10,000</u>	<u>9,665</u>	<u>19,665</u>
Depreciation			
At 1st October 1996	3,000	2,479	5,479
Charge for the year	1,000	967	1,967
At 30th September 1997	<u>4,000</u>	<u>3,446</u>	<u>7,446</u>
Net book value			
At 30th September 1997	<u>6,000</u>	<u>6,219</u>	<u>12,219</u>
At 30th September 1996	<u>7,000</u>	<u>7,186</u>	<u>14,186</u>

8. INVESTMENTS HELD AS FIXED ASSETS

The company continues to hold 40,000 shares of 10p each in the West Somerset Railway Plc at a cost of £4,000. Whilst there is no ready market in these shares, the Directors are satisfied that the price at which sales have taken place supports their being carried at cost in the balance sheet and that no provision for permanent diminution in value is necessary.

9. STOCKS

Stocks comprise consumable materials

10. DEBTORS

	1997 £	1996 £
Other debtors	<u>145</u>	<u>850</u>

PROJECT DEFIANCE LIMITED

NOTES TO THE ACCOUNTS Year ended 30th September 1997

11. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised 4,000 ordinary shares of £25 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid 1,249 ordinary shares of £25 each	<u>31,225</u>	<u>30,300</u>

During the year a further 37 ordinary shares were issued for cash for the purpose of funding the acquisition of essential spares and for working capital. The Class 50 Society hold 362 ordinary shares representing 29% of the shares in issue at the balance sheet date.

12. PROFIT AND LOSS ACCOUNT

	£
Debit balance at 1st October 1996	(9,066)
Add : Loss for the year	(2,746)
Debit balance at 30th September 1997	<u>(11,812)</u>

13. RECONCILIATION OF MOVEMENT OF SHAREHOLDERS' FUNDS

	1997 £	1996 £
Opening shareholders funds at 1st October 1996	30,300	29,350
New share capital subscribed	925	950
Closing shareholders funds at 30th September 1997	<u>31,225</u>	<u>30,300</u>

PROJECT DEFIANCE LIMITED

Detailed Profit and Loss Account

Year ended 30th September 1997

1996

	£	£	£	£
Turnover		-		2954
Less: Cost of Sales		-		2500
		<u>0</u>		<u>454</u>
Other income				
Bank interest	49		45	
Donations	24		31	
	<u> </u>	73	<u> </u>	76
		<u>73</u>		<u>530</u>
Less: Expenses				
Equipment hire	350		-	
Locomotive repairs	84		400	
Tools and consumables	-		87	
Transportation costs	50		510	
Motor and travel	-		70	
Insurance	175		172	
Sundry office expenses	170		256	
Depreciation	1967		1967	
	<u> </u>	2796	<u> </u>	3462
Loss for the year		<u>-2723</u>		<u>-2932</u>
Less : Taxation		-23		-
		<u>-2746</u>		<u>-2932</u>
Losses brought forward		-9066		-6134
Losses carried forward		<u>-11812</u>		<u>-9066</u>
		=====		=====