

Registered number: 07655952

Companies House copy

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
(A Company Limited by Guarantee)

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**COMPANY INFORMATION**

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**DIRECTORS**

J Chaudhry (appointed 2 February 2017)  
S Cocliff  
D Franks  
R Haket  
N Henry (resigned 1 October 2017)  
M Hopwood  
P Hufton (appointed 2 February 2017)  
A Hynes  
S Langridge  
T Shoveller  
D Simpson  
H Smith (appointed 1 September 2017)  
F Tordoff (appointed 1 September 2017)

**REGISTERED NUMBER**

07655952

**REGISTERED OFFICE**

Eighth Floor  
6 New Street Square  
London  
EC4A 3AQ

**INDEPENDENT AUDITOR**

Rawlinson and Hunter Audit LLP  
Statutory Auditor & Chartered Accountants  
Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present their report and the audited financial statements of the Institution of Railway Operators Limited ("the company") for the year ended 30 September 2017.

This is the first year that the financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102"). The date of transition is 1 October 2015. Information on the impact of first-time adoption of FRS 102 is given in Note 16.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

**PRINCIPAL ACTIVITIES**

The objectives of the company are to advance the safe and reliable operation of railways and to promote the training of personnel engaged in their operation. The company aims to achieve these objectives by improving the technical and general skill knowledge and competence of railway staff. This will involve inter alia, the provision of conferences and training courses, the development of a range of nationally recognised qualifications and the improvement of safety standards by the conducting of research, the instituting of tests and examinations and the promotion of high standards of conduct and good working practices.

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**DIRECTORS**

The directors who served during the year were:

J Chaudhry (appointed 2 February 2017)  
S Cocliff  
D Franks  
R Haket  
N Henry (resigned 1 October 2017)  
M Hopwood  
P Hufton (appointed 2 February 2017)  
A Hynes  
S Langridge  
T Shoveller  
D Simpson  
H Smith (appointed 1 September 2017)  
F Tordoff (appointed 1 September 2017)

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**AUDITOR**

Under section 487(2) of the Companies Act 2006, Rawlinson and Hunter Audit LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

**SMALL COMPANIES NOTE**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**F Tordoff**  
Director

Date:

18/01/18

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTION OF RAILWAY OPERATORS LIMITED**

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**OPINION**

We have audited the financial statements of Institution of Railway Operators Limited ("the company") for the year ended 30 September 2017, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTION OF RAILWAY OPERATORS LIMITED (CONTINUED)**

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**OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTION OF RAILWAY OPERATORS LIMITED (CONTINUED)**

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**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

*Rawlinson & Hunter Audit LLP*

Kulwarn Nagra (Senior Statutory Auditor)  
for and on behalf of

**Rawlinson and Hunter Audit LLP**

Statutory Auditor  
Chartered Accountants  
Eighth Floor

6 New Street Square  
New Fetter Lane  
London

EC4A 3AQ

Date:

*18 January 2018*

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
(A Company Limited by Guarantee)

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|  | Note | 2017<br>£        | As restated<br>2016<br>£ |
|--|------|------------------|--------------------------|
| <b>TURNOVER</b>                                      | 2    | <b>700,722</b>   | <b>761,970</b>           |
| Cost of sales  |      | <b>(370,468)</b> | <b>(360,435)</b>         |
| <b>GROSS PROFIT</b>                                  |      | <b>330,254</b>   | <b>401,535</b>           |
| Administrative expenses                              |      | <b>(325,727)</b> | <b>(315,023)</b>         |
| Fair value movements                                 | 5    | <b>7,128</b>     | <b>18,015</b>            |
| <b>OPERATING PROFIT</b>                              |      | <b>11,655</b>    | <b>104,527</b>           |
| Interest receivable and similar income               |      | <b>211</b>       | <b>589</b>               |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>11,866</b>    | <b>105,116</b>           |
| Tax on profit on ordinary activities                 |      | <b>(1,287)</b>   | <b>(16,196)</b>          |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 |      | <b>£ 10,579</b>  | <b>£ 88,920</b>          |

The notes on pages 9 to 20 form part of these financial statements.

**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07655952**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2017**

|   | Note | 2017<br>£       | As restated<br>2016<br>£ |
|---|------|-----------------|--------------------------|
| <b>FIXED ASSETS</b>                                     |      |                 |                          |
| Tangible assets   | 4    | 3,407           | 1,465                    |
| Investments   | 5    | 150,139         | 143,011                  |
|   |      | <u>153,546</u>  | <u>144,476</u>           |
| <b>CURRENT ASSETS</b>                                   |      |                 |                          |
| Debtors: amounts falling due within one year            | 6    | 153,936         | 146,348                  |
| Cash at bank and in hand                                | 7    | 603,350         | 663,202                  |
|   |      | <u>757,286</u>  | <u>809,550</u>           |
| Creditors: amounts falling due within one year          | 8    | (699,402)       | (772,996)                |
| <b>NET CURRENT ASSETS</b>                               |      | <u>57,884</u>   | <u>36,554</u>            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |      | <u>211,430</u>  | <u>181,030</u>           |
| Creditors: amounts falling due after more than one year | 9    | (109,871)       | (90,630)                 |
| <b>PROVISIONS FOR LIABILITIES</b>                       |      |                 |                          |
| Deferred tax  | 11   | (3,748)         | (3,168)                  |
|   |      | <u>(3,748)</u>  | <u>(3,168)</u>           |
| <b>NET ASSETS</b>                                       |      | <u>£ 97,811</u> | <u>£ 87,232</u>          |
| <b>CAPITAL AND RESERVES</b>                             |      |                 |                          |
| Fair value reserve                                      | 12   | 39,933          | 33,385                   |
| Profit and loss account                                 | 12   | 57,878          | 53,847                   |
|   |      | <u>£ 97,811</u> | <u>£ 87,232</u>          |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**F Tordoff**  
Director

Date: 19/01/18

The notes on pages 9 to 20 form part of these financial statements.

**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
(A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

|  | Fair value<br>reserve<br>£ | Profit and<br>loss account<br>£ | Total equity<br>£ |
|--|----------------------------|---------------------------------|-------------------|
| At 1 October 2016                              | 33,385                     | 53,847                          | 87,232            |
| <b>COMPREHENSIVE INCOME FOR THE YEAR</b>       |                            |                                 |                   |
| Profit for the year                            | -                          | 10,579                          | 10,579            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> | -                          | 10,579                          | 10,579            |
| Transfer to/(from) profit and loss account     | 6,548                      | (6,548)                         | -                 |
| <b>TOTAL TRANSACTIONS WITH OWNERS</b>          | 6,548                      | (6,548)                         | -                 |
| <b>AT 30 SEPTEMBER 2017</b>                    | <b>£ 39,933</b>            | <b>£ 57,878</b>                 | <b>£ 97,811</b>   |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

|   | Fair value<br>reserve<br>£ | Profit and<br>loss account<br>£ | Total equity<br>£ |
|---|----------------------------|---------------------------------|-------------------|
| At 1 October 2015 (as restated - refer Note 16) | 17,915                     | (19,603)                        | (1,688)           |
| <b>COMPREHENSIVE INCOME FOR THE YEAR</b>        |                            |                                 |                   |
| Profit for the year                             | -                          | 88,920                          | 88,920            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>  | -                          | 88,920                          | 88,920            |
| Transfer to/(from) profit and loss account      | 15,470                     | (15,470)                        | -                 |
| <b>TOTAL TRANSACTIONS WITH OWNERS</b>           | 15,470                     | (15,470)                        | -                 |
| <b>AT 30 SEPTEMBER 2016</b>                     | <b>£ 33,385</b>            | <b>£ 53,847</b>                 | <b>£ 87,232</b>   |

The notes on pages 9 to 20 form part of these financial statements.

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1. GENERAL INFORMATION**

Institution of Railway Operators Limited ("the company") is a private company, limited by guarantee, incorporated and domiciled in England and Wales with registration number of 07655952. The registered office is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

This is the first year the financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - small entities, The Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS102"). The date of transition is 1 October 2015.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in Note 16.

The financial statements have been prepared under the historical cost convention unless stated otherwise.

**2.2 Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The company expects the continued support of Former IRO, which has confirmed that it will not demand repayment of the amount of £246,365 owed by the company to Former IRO for a period of at least 12 months from the approval of these financial statements.

**2.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. For details of the basis of income recognition refer to 2.4 below.

**2.4 Income**

*Corporate membership is a membership which spans twelve months: The membership income is recognised over the course of the twelve month period.*

*Subscriptions are also for twelve months. The subscription income is also recognised over the course of the twelve month period.*

*Educational courses are in three main categories; degree, diploma and certificate. The courses are in line with the academic year, with the degree and diploma courses running for two academic years and the certificate courses running for one academic year. The monies received in relation to educational courses are initially deferred and then credited to the Profit and Loss Account over 24 months and 12 months for the degree / diploma courses and certificate courses respectively.*

*The company holds an annual lunch for its members for a fee. This fee is included in turnover in the period the lunch takes place.*

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                    |                     |
|--------------------|---------------------|
| Computer equipment | - 25% straight line |
|--------------------|---------------------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

**2.6 Investments**

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historical cost less impairment.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.9 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.9 Financial instruments (continued)**

or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.12 Interest income**

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- Deferred tax is recognised on the investment gains based on the market value of the investment at the balance sheet date.
- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.14 Deferred Income**

Corporate membership, subscription and educational course income is recognised on a straight line basis over the period of the membership / subscription or the duration of the course with the balance, if any, included in deferred income.

**3. EMPLOYEES**

The average monthly number of employees, including directors, during the year was 17 (2016 - 16).

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**4. TANGIBLE FIXED ASSETS**

|                                     | Computer<br>equipment<br>£ |
|-------------------------------------|----------------------------|
| <b>COST OR VALUATION</b>            |                            |
| At 1 October 2016                   | 16,318                     |
| Additions                           | 5,467                      |
| At 30 September 2017                | <u>21,785</u>              |
| <b>DEPRECIATION</b>                 |                            |
| At 1 October 2016                   | 14,853                     |
| Charge for the year on owned assets | 3,525                      |
| At 30 September 2017                | <u>18,378</u>              |
| <b>NET BOOK VALUE</b>               |                            |
| At 30 September 2017                | <u>£ 3,407</u>             |
| At 30 September 2016                | <u>£ 1,465</u>             |

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**INSTITUTION OF RAILWAY OPERATORS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. FIXED ASSET INVESTMENTS**

|                                    | Unlisted<br>investments<br>£ |
|------------------------------------|------------------------------|
| <b>VALUATION</b>                   |                              |
| At 1 October 2016 (as restated)    | 143,011                      |
| Revaluations                       | 7,128                        |
| At 30 September 2017               | <u>150,139</u>               |
| <br><b>NET BOOK VALUE</b>          |                              |
| At 30 September 2017               | <u>£ 150,139</u>             |
| At 30 September 2016 (as restated) | <u>£ 143,011</u>             |

The historical cost of unlisted investments was £106,458 (2016 - £106,458).

**6. DEBTORS**

|                                | 2017<br>£        | 2016<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 142,779          | 132,997          |
| Other debtors                  | 217              | 1,254            |
| Prepayments and accrued income | 10,940           | 12,097           |
|                                | <u>£ 153,936</u> | <u>£ 146,348</u> |

**7. CASH AND CASH EQUIVALENTS**

|                          | 2017<br>£        | 2016<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>£ 603,350</u> | <u>£ 663,202</u> |

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**8. CREDITORS: Amounts falling due within one year**

|                                    | 2017<br>£        | 2016<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 20,547           | 28,904           |
| Amounts owed to group undertakings | 246,365          | 246,365          |
| Corporation tax                    | 669              | 13,562           |
| Other taxation and social security | 47,567           | 27,582           |
| Accruals and deferred income       | 384,254          | 456,583          |
|                                    | <u>£ 699,402</u> | <u>£ 772,996</u> |

Amounts owed to related undertakings consists of £246,365 (2016 - £246,365) due to Former IRO. The directors and members of Former IRO are also directors and members of the company. This amount is unsecured, interest free and repayable on demand, however the directors do not expect that a demand will be made for repayment within the next 12 months.

**9. CREDITORS: Amounts falling due after more than one year**

|                              | 2017<br>£        | 2016<br>£       |
|------------------------------|------------------|-----------------|
| Accruals and deferred income | <u>£ 109,871</u> | <u>£ 90,630</u> |

Deferred income due after more than one year of £109,871 (2016 - £90,630) is in relation to fees charged in advance for courses commencing after the balance sheet date and spanning a two year period. As the fees are charged and payable in advance the directors consider there is no significant risk associated with these amounts.

**10. FINANCIAL INSTRUMENTS**

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| <b>FINANCIAL ASSETS</b>  |                  |                  |
| Financial assets measured at fair value through profit or loss | 753,489          | 806,213          |
|  | <u>£ 753,489</u> | <u>£ 806,213</u> |

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and unlisted investments.

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**11. DEFERRED TAXATION**

|                                    |                  |
|------------------------------------|------------------|
|                                    | 2017<br>£        |
| At beginning of year (as restated) | (3,168)          |
| Charged to profit or loss          | (580)            |
| <b>AT END OF YEAR</b>              | <b>£ (3,748)</b> |

The provision for deferred taxation is made up as follows:

|                                |                  |
|--------------------------------|------------------|
|                                | 2017<br>£        |
| Gain on investment revaluation | (3,748)          |
|                                | <b>£ (3,748)</b> |

**12. RESERVES**

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of adjustments as outlined in the 'Fair value reserve' below.

**Fair value reserve**

The fair value reserve represents unrealised profits arising on the revaluation of investments, net of any deferred tax provision and any transfers to and from the profit and loss account.

**13. COMPANY STATUS**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

**14. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £514 (2016 - £Nil). There were no contributions owed to the funds at the balance sheet date (2016 - £Nil).

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**15. CONTROLLING PARTY**

The directors consider that the company does not have a single controlling party.

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16. FIRST TIME ADOPTION OF FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2015. The impact of the transition to FRS 102 is as follows:

|   | As<br>previously<br>stated<br>1 October<br>2015<br>£ | Effect of<br>transition<br>1 October<br>2015<br>£ | FRS 102<br>(as restated)<br>1 October<br>2015<br>£ | As<br>previously<br>stated<br>30<br>September<br>2016<br>£ | Effect of<br>transition<br>30<br>September<br>2016<br>£ | FRS 102<br>(as restated)<br>30<br>September<br>2016<br>£ |
|---|--|---|--|--|---|--|
| Fixed assets (a)  | 110,081  | 18,538  | 128,619  | 107,923  | 36,553  | 144,476  |
| Current assets  | 728,785  | -   | 728,785  | 809,550  | -   | 809,550  |
| Creditors: amounts falling due within one year          | (764,140)  | -   | (764,140)  | (772,996)  | -   | (772,996)  |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                 | <b>(35,355)</b>                                      | <b>-</b>  | <b>(35,355)</b>                                    | <b>36,554</b>  | <b>-</b>  | <b>36,554</b>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            | <b>74,726</b>  | <b>18,538</b>                                     | <b>93,264</b>                                      | <b>144,477</b>   | <b>36,553</b>   | <b>181,030</b>   |
| Creditors: amounts falling due after more than one year | (94,329)   | -   | (94,329)   | (90,630)   | -   | (90,630)   |
| Provisions for liabilities (b)                          | -  | (623)   | (623)  | -  | (3,168)   | (3,168)  |
| <b>NET (LIABILITIES)/ASSETS</b>                         | <b>£ (19,603)</b>                                    | <b>£ 17,915</b>                                   | <b>£ (1,688)</b>                                   | <b>£ 53,847</b>  | <b>£ 33,385</b>   | <b>£ 87,232</b>  |
| Capital and reserves                                    | £ (19,603)   | £ 17,915  | £ (1,688)  | £ 53,847   | £ 33,385  | £ 87,232   |

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**16. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)**

|  | <i>As<br/>previously<br/>stated<br/>30<br/>September<br/>2016<br/>£</i> | <i>Effect of<br/>transition<br/>30<br/>September<br/>2016<br/>£</i> | <b>FRS 102<br/>(as restated)<br/>30<br/>September<br/>2016<br/>£</b> |
|--|---|---|--|
| Turnover   | 761,970   | -   | 761,970  |
| Cost of sales  | (360,435)   | -   | (360,435)  |
|  | <hr/>   | <hr/>   | <hr/>  |
| Administrative expenses  | 401,535   | -   | 401,535  |
| Fair value movements (a)   | (315,023)   | -   | (315,023)  |
|  | -   | 18,015  | 18,015   |
|  | <hr/>   | <hr/>   | <hr/>  |
| <b>OPERATING PROFIT</b>  | <b>86,512</b>   | <b>18,015</b>   | <b>104,527</b>   |
| Interest receivable and similar income   | 589   | -   | 589  |
| Taxation (b)   | (13,651)  | (2,545)   | (16,196)   |
|  | <hr/>   | <hr/>   | <hr/>  |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER<br/>TAXATION AND FOR THE FINANCIAL YEAR</b> | <b>£ 73,450</b>   | <b>£ 15,470</b>   | <b>£ 88,920</b>  |
|  | <hr/> <hr/>   | <hr/> <hr/>   | <hr/> <hr/>  |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)**

Explanation of changes to previously reported profit and equity:

- (a) The transitional adjustment comprises the investment gain recognised on revaluation of the investment from historical cost to market value at the balance sheet date.
- (b) The transitional adjustment comprises the deferred tax recognised on revaluation of the investment from historical cost to market value at the balance sheet date.