

THE RAILWAY DEVELOPMENT SOCIETY LIMITED

Annual Report and Financial Statements

**For the period ended
31st December 2004**

**A Company Limited by Guarantee
Registered in England and Wales No: 5011634**



THE RAILWAY DEVELOPMENT SOCIETY LTD

Annual Report and Financial Statements **For the Period Ended 31 December 2004**

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of
The Railway Development Society Limited will be held at
The Bull Hotel, Westgate, Peterborough PE1 1RB
at 11.00am on Saturday 7th May 2005

AGENDA

10.00-11.00 Registration (and issue of lunch tickets to those who have booked)
(Tea/Coffee available from 10.00)

11.00 Morning Session

1. Chairman's Welcome
 2. Welcome: The Right Worshipful The Mayor of the City of Peterborough,
Councillor Raja Akhtar
 3. Apologies for Absence
 4. Guest Speakers: Mr James Adeshiyan, Route Director, WAGN Railway
Mr Tim Philips, Chairman, CAST.IRON
- Followed by questions

12.30 – 13.30 L U N C H (BY PREPAID TICKET ONLY)

13.30 Afternoon Session

1. Welcome: Chairman of RDS East Anglia Branch, Mr Peter Wakefield.
 2. To read and approve the Minutes of the Twenty Sixth Annual General Meeting of the Railway Development Society (predecessor body) held on Saturday 8th May 2004.
 3. Matters Arising from the Minutes.
 4. President's Address
 5. Chairman's Report
 6. To receive the Annual Report and Financial Statements for the period ended 31st December 2004.
 7. Reporting Accountant's Report
 8. Appointment of Reporting Accountant
 9. Results of postal ballot for principal National Officers and Directors
 10. Election of President and Vice-Presidents
 11. Motions – to consider motions on RDS policy, strategy and organisation.
- (Note: No motions relating to the Constitution are scheduled for debate at this AGM).

By Order of the Board
The Colourworks
2 Abbot Street
Dalston
London E8 3DP

J A LEE
Company Secretary
1st March 2005

THE RAILWAY DEVELOPMENT SOCIETY LTD

Legal and Administrative Information **For the Period Ended 31 December 2004**

Directors*: M G Crowhurst (Chairman from 8.5.2004)
R G King (Vice-Chairman)
A F Sheward (Treasurer)
D J Harby (Membership Secretary from 8.5.2004)
N H Bradbury
K F Dyall
H T Jones (from 8.5.2004)
E Jordan (Membership Secretary to 8.5.2004)
P Kenyon
P R Lawrence (Chairman to 8.5.2004)
A D MacFarlane
I F S McDonald
R L Pittard (from 27.3.2004)
R H Pout (from 5.3.2004)
D J Redgewell
H F Thomas (from 8.5.2004)

*The Company was incorporated on 9.1.2004.

Company Secretary: J A Lee

Registered Office: The Colourworks
2 Abbot Street
Dalston
London
E8 3DP

**Reporting
Accountant:** D Harrison

THE RAILWAY DEVELOPMENT SOCIETY LTD

Directors' Report **For the Period Ended 31 December 2004**

The Directors present their report with the financial statements of the Company for the period ending 31 December 2004.

Review of Activities

The Board of Directors met 6 times in 2004, as follows:

Saturday 10 th January	(Birmingham)
Saturday 13 th March	(London)
Saturday 22 nd May	(Birmingham)
Saturday 17 th July	(London)
Saturday 11 th September	(Leicester)
Saturday 6 th November	(London)

Subjects discussed were many and varied but centred around the following 'core' matters:

- * Campaigning
- * Marketing
- * Fundraising
- * Membership
- * Publicity
- * Policy
- * Finance
- * Conferences and Meetings
- * National Office
- * Staff
- * Business Plan
- * Branch Matters
- * Committee Matters

Where appropriate, matters were delegated for further consideration and action to the following Specialist Committees:

- * Internal Affairs
- * Freight Service & Development
- * Policy, Lobbying & Campaigns
- * International & EU
- * Passenger
- * Network Development (formerly Reopenings)
- * *Railwatch* Editorial Board

THE RAILWAY DEVELOPMENT SOCIETY LTD

Directors' Report

For the Period Ended 31 December 2004

Results for the Period

Income from subscriptions, donations and campaigning fell by £19,840 from £61,778 to £41,938, partly because of the National Railcard Project in 2003 and partly as result of a fall in membership of around 200. Campaigning expenditure at £18,934 was £14,463 lower than the £33,397 in 2003, again reflecting the National Railcard Project in 2003. A gross surplus of £23,004 was achieved compared to £28,381 in 2003.

Operating and administration expenses rose by £15,887 from £50,878 to £66,765. The main contributory factor was the decision by the Board to appoint a part-time fund raiser on a six months contract during the year, with a view to seeking funds both to cover running costs and support publications and other campaigning activity. As a result, around £10,000 was spent on recruitment, salary, payroll costs and business expenses more than in 2003. Regrettably, it proved almost impossible to find donors prepared to fund on going operating costs, as opposed to discrete campaigning projects. A further write down of the cost of the stock of publications held centrally was required. Other operating income also fell by £1,465 from £6,271 to £4,806, with the sales activity, the monthly lottery and the national draw all raising less than in 2003. The operating deficit for the period was £38,955 compared with £16,226 in 2003.

Investment income fell by £2,032 from £3,237 to £1,205, as cash balances were reduced, and the deficit on ordinary activities before tax rose from £12,989 to £37,750. There was no liability to corporation tax in 2004 compared with a small over provision in 2003. The Company incurred a deficit after tax for the period of £37,750, some £24,813 higher than the £12,937 for 2003.

The net assets of the Company fell by £37,802 from £89,979 in the proforma balance sheet for 2003 to £52,177 at 31 December 2004, primarily as a result of the deficit on the profit and loss account and the write down of the stock of publications.

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 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; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

THE RAILWAY DEVELOPMENT SOCIETY LTD

Directors' Report

For the Year Period 31 December 2004

Statement of Directors' Responsibilities (cont)

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for 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 satisfied that appropriate controls and checks are in place to achieve these objectives.

Reporting Accountant

The Members have resolved that the financial statements be subject to scrutiny by an Reporting Accountant and his report is included on page 6.

On behalf of the Board



J A Lee
Company Secretary

7 May 2005

THE RAILWAY DEVELOPMENT SOCIETY LTD

Reporting Accountant's Report
For the Period Ended 31 December 2004

Accountant's Report to the Members on the Unaudited Accounts of The Railway Development Society Ltd

I report on the accounts for the period ended 31 December 2004 set out on pages 7 to 15.

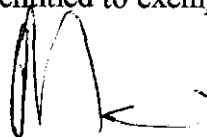
As described on page 4, the Company's Directors are responsible for the preparation of the accounts, and they consider that the Company is exempt from an audit. It is my responsibility to carry out procedures to enable me to report my opinion.

My work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so my procedures consisted of comparing the accounts with the accounting records kept by the Company, and making such limited enquiries of the officers of the Company as I considered necessary for the purposes of this report. These procedures provide only the assurance expressed in my opinion.

In my opinion:

- (a) the accounts are in agreement with the accounting records kept by the Company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the Company satisfied the conditions for exemption from an audit of the accounts for the period specified in section 249A(4) of the Act.

and did not, at any time within that year, fall within any of the categories of companies not entitled to exemption specified in section 249B(1).



David Harrison CA
Reporting Accountant

7 May 2005
Hove, East Sussex

THE RAILWAY DEVELOPMENT SOCIETY LTD

Balance Sheet **At 31 December 2004**


	Notes	2004		2003 Proforma	
		£	£	£	£
Fixed Assets					
Tangible Assets	9	685		1,626	
Investments	10	<u>2,294</u>		<u>2,344</u>	
			2,979		3,970
Current Assets					
Stocks	11	700		3,646	
Debtors	12	3,594		1,873	
Cash at Bank & in Hand	13	<u>51,250</u>		<u>85,951</u>	
		55,544		91,470	
Creditors					
Amounts Falling Due within One Year	14	6,346		5,461	
Net Current Assets			49,198		86,009
Total Assets Less Current Liabilities			<u>52,177</u>		<u>89,979</u>
Reserves					
General Fund	15	51,488		88,998	
Rail Defence Fund	16	689		981	
Total Reserves			<u>52,177</u>		<u>89,979</u>

The Notes on pages 11-15 form part of these accounts.

- (a) For the period ended 31 December 2004, the company was entitled to exemption under section 249A(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- ensuring that the company keeps accounting records which comply with section 221; and
 - 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 Companies Act relating to the accounts, as far as applicable to the company.
- (d) The accounts have been prepared in accordance with the special provisions in part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 7-15 were approved by the Board on 7 May 2005 and were signed on its behalf by:


M G Crowhurst
Director


A F Sheward
Director

THE RAILWAY DEVELOPMENT SOCIETY LTD

Profit & Loss Account

For the Period Ended 31 December 2004

	Notes	2004 £	2003 Proforma £
Income from Subscriptions, Donations & Campaigning	1	41,938	61,778
Campaigning Expenditure	2	18,934	33,397
Gross Surplus		<u>23,004</u>	<u>28,381</u>
Operating & Administration Expenses	3	66,765	50,878
		<u>(43,761)</u>	<u>(22,497)</u>
Other Operating Income	4	4,806	6,271
Operating Deficit		<u>(38,955)</u>	<u>(16,226)</u>
Interest Receivable & Similar Income	5	1,205	3,237
Deficit on Ordinary Activities before Taxation		<u>(37,750)</u>	<u>(12,989)</u>
Taxation	6	-	52
Deficit for the Financial Year after Taxation		<u>(37,750)</u>	<u>(12,937)</u>

The Notes on pages 11-15 form part of these accounts.

THE RAILWAY DEVELOPMENT SOCIETY LTD

Statement of Total Recognised Gains & Losses **For the Period Ended 31 December 2004**

	Notes	2004 £	2003 Proforma £
Deficit for Year Transferred to General Fund	15	(37,750)	(12,937)
Unrealised Deficit on Revaluation of Investments	10	(52)	(2)
Total Recognised Losses Relating to the Year		<u>(37,802)</u>	<u>(12,939)</u>

The Notes on pages 11-15 form part of these accounts.

Note of Historical Costs, Profits and Losses **For the Period Ended 31 December 2004**

	Notes	2004 £	2003 Proforma £
Reported Deficit on Ordinary Activities		(37,750)	(12,937)
Realisation of Investment Gains Relating to Previous Years		-	-
Historical Deficit on Ordinary Activities		<u>(37,750)</u>	<u>(12,937)</u>

The Notes on pages 11-15 form part of these accounts.

THE RAILWAY DEVELOPMENT SOCIETY LTD

Accounting Policies

For the Period Ended 31 December 2004

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities. The particular accounting policies adopted are described below.

Accounting Period

The financial statements for 2004 cover the period from the incorporation of the company on 9 January 2004 to 31 December 2004. Proforma totals for the equivalent period of 2003 are provided by way of comparison. These proformas are based on the financial statements of the unincorporated predecessor entity, The Railway Development Society, for the year ended 31 December 2003, which vested its assets and liabilities into The Railway Development Society Ltd on the latter's incorporation.

Basis of Accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of listed investments.

Tangible Fixed Assets

Fixed assets are included in the accounts at historical cost less accumulated depreciation. Depreciation is provided at the following annual rate in order to write off each asset over its estimated useful life.

Office equipment - 20% straight line

Investments

Listed investments are stated at market value. Unlisted investments are stated at market value, where a market exists, otherwise at cost less any provision for impairment.

Stocks

Stock is valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

Donations and Subscriptions

Donations and annual subscriptions are credited to income and expenditure account in the year of receipt. Life subscriptions are credited to income and expenditure over the estimated lives of the members.

Rail Defence Fund

The proceeds of certain fund raising events are allocated to the Rail Defence Fund. The Fund can only be expended in support of campaigns against railway closures or to preserve closed lines for future use, as agreed by the Board.

THE RAILWAY DEVELOPMENT SOCIETY LTD

Notes to the Financial Statements

For the Period Ended 31 December 2004

1 Income from Subscriptions, Donations & Campaigning

	2004	2003 Proforma
	£	£
Membership Subscriptions	32,756	36,523
Donations	5,518	6,045
Re-openings & Other Conferences	-	546
Users Conference	2,904	4,870
National Railcard Project	15	13,110
Railwatch	345	184
Publications Sponsorship	400	500
	<u>41,938</u>	<u>61,778</u>

2 Campaigning Expenditure

	2004	2003 Proforma
	£	£
Railwatch	12,800	11,850
Branch Campaigning	2,417	1,354
Policy Lobbying & Campaigns Committee	714	345
International & EU Committee	815	947
Freight Service & Development Committee	413	609
Passenger Committee	423	190
Network Development Committee	135	391
Re-openings & Other Conferences	-	353
Users Conference	1,217	3,950
National Railcard Project	-	13,408
	<u>18,934</u>	<u>33,397</u>

3 Operating & Administration Expenses

	2004	2003 Proforma
	£	£
Opening Sales Stock	3,646	4,752
Stock Purchases	1,485	126
	<u>5,131</u>	<u>4,878</u>
Closing Stock	(700)	(3,646)
Cost of Sales	<u>4,431</u>	<u>1,232</u>
Monthly Lottery	730	798
Annual Draw	1,178	1,419
AGM	2,344	1,200
General Administration	9,135	9,861
Salaries & Employment Costs, inc. Honarariums	31,455	22,707
Recruitment Costs	425	143
Fund Raiser's Costs	878	-
Marketing Costs	965	2,542
London Office Running Costs	8,785	6,643
Branch Newsletters	2,276	1,794
Office Equipment Depreciation & Disposals	753	890
Loss on Disposal of Office Equipment	188	-
Web Site Development	200	502
Sundries	3,022	1,147
	<u>66,765</u>	<u>50,878</u>

Sales of publications from the stock held by the London Office have been adversely affected by the lack of a national Sales Officer. A 25% provision for obsolete and slow moving stock was made against that stock in 2003, while at the end of 2004, the Board decided to write it down to a nominal £1.

THE RAILWAY DEVELOPMENT SOCIETY LTD

Notes to the Financial Statements **For the Period Ended 31 December 2004**

4 Other Income

	2004	2003
	£	£
		Proforma
Sale of Goods	399	711
Monthly Lottery	1,041	1,901
Annual Draw	2,147	2,539
AGM	417	468
Grants	265	-
Sundries	537	652
	<u>4,806</u>	<u>6,271</u>

5 Interest Receivable & Similar Income

	2004	2003
	£	£
		Proforma
Dividends from Company Shareholdings	5	-
Bank Interest	1,200	3,237
	<u>1,205</u>	<u>3,237</u>

6 Taxation

The Company is only liable for UK Corporation Tax on its interest income. The Company currently benefits from the 0% rate of Corporation Tax and no liability arose in 2003 or 2004. The credit of £52 in the Profit & Loss Account for 2003 resulted from an over-provision in 2002.

7 Operating Deficit for the Year

This is stated after charging:

	2004	2003
	£	£
		Proforma
Depreciation - owned assets.	<u>753</u>	<u>890</u>

The Members of the Board do not receive any remuneration for their services to the Company.
The Reporting Accountant does not receive any remuneration for his services.

8 Staff

	2004	2003
	£	£
		Proforma
Wages & Salaries	29,175	20,329
Social Security Costs	<u>2,280</u>	<u>2,378</u>
	<u>31,455</u>	<u>22,707</u>

No pension contributions were paid.

Average number of employees in the year:	<u>3</u>	<u>2</u>
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No employee earned over £50,000 pa

THE RAILWAY DEVELOPMENT SOCIETY LTD

Notes to the Financial Statements

For the Period Ended 31 December 2004

9 Tangible Fixed Assets

	Office Equipment	
	2004	2003
	£	Proforma £
Cost		
At 1 January	4,946	4,946
Additions	-	-
Disposals	(843)	-
At 31 December	<u>4,103</u>	<u>4,946</u>
Depreciation		
At 1 January	3,320	2,430
Disposals	(655)	-
Charge for Year	753	890
At 31 December	<u>3,418</u>	<u>3,320</u>
Net Book Value		
At 31 December 2004	<u>685</u>	
At 31 December 2003		<u>1,626</u>

10 Investments

	Listed	Unlisted	2004	2003
	£	£	£	Proforma £
Valuation				
At 1 January	114	2,230	2,344	2,632
Additions	-	2	2	200
Disposals	-	-	-	(486)
Revaluation	(52)	-	(52)	(2)
At 31 December	<u>62</u>	<u>2,232</u>	<u>2,294</u>	<u>2,344</u>
Cost				
At 31 December 2004	<u>261</u>	<u>2,230</u>	<u>2,491</u>	<u>2,491</u>
At 31 December 2003	<u>261</u>	<u>2,230</u>	<u>2,491</u>	
Listed Shares at Valuation			£	£
256 Eurotunnel Ordinary Shares			44	96
200 Railtrack Ordinary Shares			18	18
			<u>62</u>	<u>114</u>

The listed shares are UK shares quoted on the London Stock Exchange.

Unlisted Shares/Loan Stock at Cost	£	£
Mid Norfolk Railway Preservation Trust Bearer Bond	100	100
2 Railfuture Ltd £1 Ordinary Shares	2	-
2 Wensleydale Railway Company £15 Track Units	30	30
38 Wensleydale Railway Company £50 Ordinary Shares	1,900	1,900
£200 CKP Railways Loan Stock	200	200
	<u>2,232</u>	<u>2,230</u>

11 Stock

	2004	2003
	£	Proforma £
Books & Publications	<u>700</u>	<u>3,646</u>

THE RAILWAY DEVELOPMENT SOCIETY LTD

Notes to the Financial Statements **For the Period Ended 31 December 2004**

12 Debtors

	2004	2003 Proforma
	£	£
Sundry Debtors	1,700	1,116
Prepayments	1,894	757
	<u>3,594</u>	<u>1,873</u>

13 Cash at Bank & in Hand

	2004	2003 Proforma
	£	£
General Current Account	9,104	6,854
General Deposit Account	1,001	5,243
Birmingham Midshires Deposit Account	22,712	51,623
Group Travel Account	1,708	1,708
Rail Defence Fund Account	-	981
Monthly Lottery Account	45	394
Railwatch Account	714	369
Branches Accounts	15,966	18,779
	<u>51,250</u>	<u>85,951</u>

14 Creditors

	2004	2003 Proforma
	£	£
Accruals	5,696	4,811
Sundry Creditors	600	600
Trust Funds	50	50
	<u>6,346</u>	<u>5,461</u>

15 General Fund

	2004	2003 Proforma
	£	£
At 1 January	88,998	101,895
Deficit for Year Transferred from Profit & Loss Account	(37,750)	(12,937)
Unrealised Deficit on Valuation of Investments	(52)	(2)
Transfer from Rail Defence Fund	292	42
At 31 December	<u>51,488</u>	<u>88,998</u>

The transfers from the Rail Defence Fund were to made meet expenditures permitted by the accounting policy for the Fund.

16 Rail Defence Fund

	2004	2003 Proforma
	£	£
At 1 January	981	1,023
Transfer to General Fund	(292)	(42)
At 31 December	<u>689</u>	<u>981</u>

THE RAILWAY DEVELOPMENT SOCIETY LTD

Notes to the Financial Statements **For the Period Ended 31 December 2004**

17 Reconciliation in Movement in Company's Funds

	2004	2003 Proforma
	£	£
At 1 January	89,979	102,918
Total Recognised Losses	<u>(37,802)</u>	<u>(12,939)</u>
At 31 December	<u>52,177</u>	<u>89,979</u>

18 Capital Commitments

There were no capital commitments authorised and contracted at the end of 2004 (2003 nil).

19 Liability of Members

Under the provisions of the Company's Memorandum of Association, members are liable to a contribution not exceeding £1 each in the event of the winding up of the Company.

Members are defined in paragraphs 3-13 of the Company's Articles of Association.
