

Company Registration No 2740837

PROJECT DEFIANCE LIMITED

Report and Financial Statements

31st December 2003



REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND FINANCIAL ADVISERS

DIRECTORS

**D N Clough
J Dunster
R A Hale ACA
C R Holland
J S Tiley FCA**

SECRETARY

R A Hale ACA

REGISTERED OFFICE

**12 Bailey Close
Windsor
Berkshire
SL4 3RD**

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31st December 2003.

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 50049 "Defiance". This activity is not expected to change in the foreseeable future.

REVIEW OF THE BUSINESS

This year the Company continued to be a key player in the heritage diesel traction charter business, working with the Fifty Fund, under the marketing banner of the Class 50 Alliance.

Defiance travelled widely on the rail network, and there will be a number of similar opportunities for excursions in 2004 which will continue the locomotive's successful main line activities.

Despite the levels of turnover achieved 50049's running continues to incur considerable costs with the result that a loss has been incurred this year. The costs of mainline operation are steadily increasing and your company has to incur the additional expense of fitting the Train Protection Warning System to Defiance in 2004 to enable continued main line operations.

The company's costs would be much more substantial were it not for the dedicated team of volunteers prepared to give their time to maintain the locomotive in running order and they deserve a vote of thanks for their essential contribution.

RESULTS AND DIVIDENDS

The trading loss for the year amounted to £5,094 (2002 Profit - £5,485). No dividend was declared during the year and the loss, after taxation, of £5,094 (2002 Profit - £5,485) has been transferred to reserves.

FUTURE DEVELOPMENTS

Your directors will continue to explore appropriate opportunities for running 50049 on the mainline in 2004.

PROJECT DEFIANCE LIMITED

DIRECTORS' REPORT (continued)

FIXED ASSETS

Tangible fixed assets comprise 50049 "Defiance", long term spares, and a lorry. The tangible fixed assets are disclosed in note 7 to the accounts at a total cost of £24,115. The company owned a crane on the West Somerset Railway which was integral to the shed at Williton. Following the Company vacating Williton the crane had to remain and has therefore been written off in these accounts. The crane had been fully depreciated.

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 comprising a holding of 40,000 shares of 10p each in the West Somerset Railway Plc was sold at par during the year.

DIRECTORS

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

	2003	2002
D N Clough	81	81
J Dunster	1	1
R A Hale	88	83
C R Holland	3	3
J S Tiley	14	14

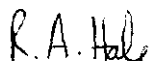
AUDITORS

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 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 31st December 2003

	Note	£	2002 £
TURNOVER	4	8725 =====	13250 =====
Operating (Loss) Profit	5	-5233	5458
Interest receivable and similar income		139	27
Interest payable and similar charges		-	-
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-5094	5485
Tax charge on ordinary activities	6	-	-
(LOSS) PROFIT FOR THE FINANCIAL YEAR		-5094 =====	5485 =====

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

PROJECT DEFIANCE LIMITED

BALANCE SHEET
31st December 2003

	Note	£	£	£	2002 £
FIXED ASSETS					
Tangible Assets	7		1295		4123
Investments	8		-		4000
			<u>1295</u>		<u>8123</u>
CURRENT ASSETS					
Stocks	9	468		468	
Debtors	10	4713		5574	
Cash at bank		15736		10820	
		<u>20917</u>		<u>16862</u>	
CURRENT LIABILITIES					
Creditors:					
Amounts falling due within one year		2694		948	
		<u>2694</u>		<u>948</u>	
NET CURRENT ASSETS					
			18223		15914
			<u>19518</u>		<u>24037</u>
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	11	38350		37775	
Profit and loss account	12	-18832		-13738	
			<u>19518</u>		<u>24037</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 30th September 2004

J. S. Tiley Director

J.S.T.

NOTES TO THE ACCOUNTS
Year ended 31st December 2003

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 D449	10% per annum
Locomotive spares	10% per annum
Plant and machinery	20% per annum
Lorry	25% 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 or 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.

PROJECT DEFIANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 2003

5 OPERATING (LOSS) PROFIT

	2003	2002
	£	£
Operating (loss) profit is after charging:		
Depreciation	2827	3568
	=====	=====

6 TAXATION

No corporation tax charge arises on the profit for the year due to utilising losses brought forward .
Losses available for carry forward total approximately £14,700.

7 TANGIBLE FIXED ASSETS

	Loco D449	Loco spares	Plant and machinery	Lorry	Total
	£	£	£	£	£
Cost at 1st January 2003	10000	9665	2450	4450	26565
Disposal			-2450		-2450
Cost at 31st December 2003	10000	9665	-	4450	24115
Depreciation					
At 1st January 2003	9250	8518	2449	2225	22442
Depreciation on disposal			-2449		-2449
Charge for the year	749	966	-	1112	2827
At 31st December 2003	9999	9484	-	3337	22820
Net book value					
At 31st December 2003	1	181	-	1113	1295
At 31st December 2002	750	1147	1	2225	4123

8 INVESTMENTS HELD AS FIXED ASSETS

The company held 40,000 shares of 10p each in the West Somerset Railway Plc at a cost of £4,000. During the year this investment was sold at par realising £4,000.

9 STOCKS

Stocks comprise consumable materials.

NOTES TO THE ACCOUNTS

For the year ended 31st December 2003

10	DEBTORS	2003 £	2002 £
	Other debtors	4713 =====	5574 =====
11	CALLED UP SHARE CAPITAL	2003 £	2002 £
	Authorised 4000 ordinary shares of £25 each	100000 =====	100000 =====
	Allotted and fully paid 1534 ordinary shares of £25 each	38350 =====	37775 =====
<p>During the period a further 23 ordinary shares were issued for cash to provide working capital. The Class 50 Society hold 495 ordinary shares representing 32.3% of the shares in issue at the balance sheet date.</p>			
12	PROFIT AND LOSS ACCOUNT		£
	Debit balance at 1st January 2003		(13738)
	Add: Loss for the year		(5094)
	Debit balance at 31st December 2003		(18832) =====
13	RECONCILIATION OF MOVEMENT OF SHAREHOLDERS FUNDS	2003 £	2002 £
	Opening shareholders funds at 1st January 2003	37775	37175
	New capital subscribed	575	600
	Closing shareholders funds at 31st December 2003	38350 =====	37775 =====