

Company Registration No 2740837

PROJECT DEFIANCE LIMITED

Report and Financial Statements

31st December 2002



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REPORT AND FINANCIAL STATEMENTS 2002

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 2002.

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 saw the Company achieve one of the key objectives it set itself when it acquired 50049 Defiance; namely to become a key player in the heritage diesel traction charter business. The continued development of the relationship between your company and the Fifty Fund under the marketing banner of the Class 50 Alliance has led to a number of opportunities to hire the locomotive to various charter companies resulting in a variety of successful mainline excursions. This has led to an increase in income and the achievement of an operating profit this year.

Defiance travelled widely on the rail network, visiting for example York, Carlisle, Fishguard, and Newquay. There are likely to be a number of similar opportunities for excursions in 2003, which should continue the locomotive's successful mainline activities.

Operating a heritage diesel locomotive is a time consuming and potentially expensive exercise. The company is very fortunate to have a dedicated team of volunteers prepared to give their time to maintain Defiance in running order. Without their commitment it would be impossible to fund the labour costs involved and they deserve a vote of thanks for their essential contribution.

RESULTS AND DIVIDENDS

The trading profit for the year amounted to £5485 (2001 (loss) - £2134). No dividend was declared during the year and the profit, after taxation, of £5485 (2001 (loss) - £2134) has been transferred to reserves.

FUTURE DEVELOPMENTS

Following a successful year, your directors will continue to explore appropriate opportunities for profitable main line running.

PROJECT DEFIANCE LIMITED

DIRECTORS' REPORT (continued)

FIXED ASSETS

Tangible fixed assets comprise 50049 "Defiance", long term spares, plant and machinery, and a lorry. The tangible fixed assets are disclosed in note 7 to the accounts at a total cost of £26565.

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.

DIRECTORS

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

	2002	2001
D N Clough	81	81
J Dunster	1	1
R A Hale	83	77
C R Holland	3	3
J S Tiley	14	14

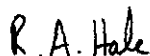
AUDITORS

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 2002

	Note	£	2001 £
TURNOVER	4	13250	3750
Operating profit (loss)	5	5458	(2169)
Interest receivable and similar income		27	35
Interest payable and similar charges		-	-
PROFIT(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		5485	(2134)
Tax charge on ordinary activities	6	-	-
PROFIT(LOSS) FOR THE FINANCIAL YEAR		5485	(2134)

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 2002

	Note	£	£	£	2001 £
FIXED ASSETS					
Tangible Assets	7		4123		7691
Investments	8		4000		4000
			8123		11691
CURRENT ASSETS					
Stocks	9	468		468	
Debtors	10	5574		2608	
Cash at bank		10820		6163	
		16862		9239	
CURRENT LIABILITIES					
Creditors:					
Amounts falling due within one year		948		2978	
NET CURRENT ASSETS					
			15914		6261
			24037		17952
			24037		17952
CAPITAL AND RESERVES					
Called up share capital	11		37775		37175
Profit and loss account	12		-13738		-19223
			24037		17952
			24037		17952

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 28th April 2003

J. S. Tiley Director

J.S. Tiley

NOTES TO THE ACCOUNTS

Year ended 31st December 2002

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 2002

5 OPERATING PROFIT

	2002	2001
	£	£
Operating profit (loss) is after charging:		
Depreciation	3568	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 £9,400.

7 TANGIBLE FIXED ASSETS

	Loco D449	Loco spares	Plant and machinery	Lorry	Total
	£	£	£	£	£
Cost at 1st January 2002	10000	9665	2450	4450	26565
Cost at 31st December 2002	10000	9665	2450	4450	26565
Depreciation					
At 1st January 2002	8250	7552	1960	1112	18874
Charge for the year	1000	966	489	1113	3568
At 31st December 2002	9250	8518	2449	2225	22442
Net book value					
At 31st December 2002	750	1147	1	2225	4123
At 31st December 2001	1750	2113	490	3338	7691

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.

PROJECT DEFIANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 2002

10 DEBTORS

	2002	2001
	£	£
Other debtors	5574	2608
	=====	=====

11 CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
4000 ordinary shares of £25 each	100000	100000
	=====	=====
Allotted and fully paid		
1511 ordinary shares of £25 each	37775	37175
	=====	=====

During the period a further 24 ordinary shares were issued for cash to provide working capital. The Class 50 Society hold 495 ordinary shares representing 32.8% of the shares in issue at the balance sheet date.

12 PROFIT AND LOSS ACCOUNT

	£
Debit balance at 1st January 2002	(19223)
Less: Profit for the year	5485
Debit balance at 31st December 2002	(13738)
	=====

13 RECONCILIATION OF MOVEMENT OF SHAREHOLDERS FUNDS

	2002	2001
	£	£
Opening shareholders funds at 1st January 2002	37175	36350
New capital subscribed	600	825
Closing shareholders funds at 31st December 2002	37775	37175
	=====	=====