

Company Registration No 2740837

**PROJECT DEFIANCE LIMITED**

**Report and Financial Statements**

**31st December 2000**



REPORT AND FINANCIAL STATEMENTS 2000

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 2000.

## DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors responsibilities for the preparation of the financial statements are detailed on page 5.

## ACTIVITIES

The principal activity of the company is the operation of ex-British Rail Class 50 diesel locomotive no D449 / 50149 "Defiance". This activity is not expected to change in the foreseeable future.

## REVIEW OF THE BUSINESS

This year has, arguably, been our most successful year to date. Following the departure from the West Somerset Railway (WSR) to attend the Autumn 1999 gala on the Severn Valley Railway (SVR), the Diesel & Electric Preservation Group Ltd (DEPG) informed your directors that *Defiance* could not return to Williton. No reason was given and this came as a great surprise because your directors had to give a written undertaking to the DEPG that *Defiance* would return after the SVR gala. Over the succeeding 18 months slow progress has been made with the DEPG (which is the WSR's diesel agent and leaseholder to the Williton site) to reach a settlement of amounts due to your company.

Meanwhile the SVR agreed to offer the locomotive a temporary base at Kidderminster along with the Class 50s operated by The Fifty Fund (TFF). Later in the year a formal application was made to the SVR for *Defiance* to be based permanently at Kidderminster and this was agreed at the SVR board meeting on 16 December 2000.

During the year a close working relationship was built up with TFF and this was a key factor in facilitating *Defiance's* return to the main line. TFF had already secured main line certification for 50031 and D444 and your directors were therefore able to draw on TFF's experience. In readiness for main line running a considerable amount of engineering work was carried out on *Defiance*. This helped ensure a smooth return to the national network on 2 August when *Defiance* ran from Kidderminster to Old Oak Common, towing Warship 821 for exhibition at the forthcoming Open Day.

In conjunction with the Polmadie open day, Pathfinder Tours had a commitment with TFF to run a Bristol to Glasgow charter, which would take a pair of Class 50s from Birmingham to Glasgow. TFF's D444 was unavailable and *Defiance* was substituted to work the train in multiple with 50031. It was requested that both machines be returned to original livery and so D449 emerged from the shed at Kidderminster in all-over blue and minus nameplates, ready to work north on 15 September, returning the next day. Again, all went smoothly and the support team deserve much credit for facilitating such a successful return to passenger service. During the year the locomotive also also made several appearances on the SVR.

The relationship with TFF has not been one-sided and your company has been able to offer help in areas where it has skills not so readily available to TFF. To reflect the close association between the two bodies, Mr J. Dunster, TFF's chairman, joined the board whilst Mr C. Holland became a member of TFF's committee.

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The trading loss for the year amounted to £5553 (1999 - Profit £1771). No dividend was declared during the year and the loss, after taxation, of £5553 (1999 - Profit £1763) has been transferred from reserves.

FUTURE DEVELOPMENTS

With the locomotive now mainline certified, in conjunction with TFF, your directors will continue to explore appropriate opportunities for profitable main line running.

FIXED ASSETS

Tangible fixed assets comprise D449 / 50149 Defiance, long term spares, plant and machinery, and a lorry which was purchased shortly before the year end. 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:

	2000	1999
D N Clough	81	81
J Dunster	1	1
R A Hale	71	66
C R Holland	3	3
J S Tiley	14	14

DIRECTORS' REPORT (continued)

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 2000

	Note	2000 £	1999 £
<b>TURNOVER</b>	4	938 =====	7290 =====
Operating (Loss) Profit	5	(5652)	1729
Interest receivable and similar income		99	42
Interest payable and similar charges		-	-
<b>(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(5553)</u>	<u>1771</u>
Tax charge on ordinary activities	6	-	8
<b>(LOSS) PROFIT FOR THE FINANCIAL YEAR</b>		<u>(5553)</u> =====	<u>1763</u> =====

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 2000

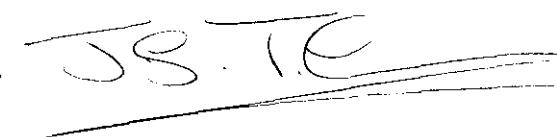
	Note	2000	1999
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets	7	11259	9265
Investments	8	4000	4000
		<u>15259</u>	<u>13265</u>
<b>CURRENT ASSETS</b>			
Stocks	9	468	468
Debtors	10	1262	6395
Cash at bank		3772	2383
		<u>5502</u>	<u>9246</u>
<b>CURRENT LIABILITIES</b>			
Creditors:			
Amounts falling due within one year		1500	1547
		<u>1500</u>	<u>1547</u>
<b>NET CURRENT ASSETS</b>		4002	7699
		<u>19261</u>	<u>20964</u>
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	36350	32500
Profit and loss account	12	-17089	-11536
		<u>19261</u>	<u>20964</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 30<sup>th</sup> September 2001

J. S. Tiley Director





NOTES TO THE ACCOUNTS

Year ended 31st December 2000

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 D449/50149	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.

## NOTES TO THE ACCOUNTS

For the year ended 31st December 2000

## 5 OPERATING LOSS

	2000 £	1999 £
Operating (loss) profit is after charging:		
Depreciation	2456	2456
	=====	=====

## 6 TAXATION

No corporation tax charge arises this year due to the loss sustained.

## 7 TANGIBLE FIXED ASSETS

	Loco D449 £	Loco spares £	Plant and machinery £	Lorry £	Total £
Cost at 1st January 2000	10000	9665	2450	-	22115
Additions	-	-	-	4450	4450
Cost at 31st December 2000	10000	9665	2450	4450	26565
Depreciation					
At 1st January 2000	6250	5620	980	-	12850
Charge for the year	1000	966	490	-	2456
At 31st December 2000	7250	6586	1470	-	15306
Net book value					
At 31st December 2000	2750	3079	980	4450	11259
At 31st December 1999	3750	4045	1470	-	9265

The lorry was acquired just prior to the end of the year and had not yet entered use, hence no depreciation has been charged for the year.

## 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 2000

10	DEBTORS	2000	1999
		£	£
	Other debtors	1262	6395
		=====	=====

11	CALLED UP SHARE CAPITAL	2000	1999
		£	£
	Authorised		
	4000 ordinary shares of £25 each	100000	100000
		=====	=====
	Allotted and fully paid		
	1454 ordinary shares of £25 each	36350	32500
		=====	=====

During the period a further 154 ordinary shares were issued for cash to provide working capital. The Class 50 Society hold 495 ordinary shares representing 34% of the shares in issue at the balance sheet date.

12	PROFIT AND LOSS ACCOUNT	£
	Debit balance at 1st January 2000	(11536)
	Add: Loss for the year	(5553)
	Debit balance at 31st December 2000	<u>(17089)</u>
		=====

13	RECONCILIATION OF MOVEMENT OF SHAREHOLDERS FUNDS	2000	1999
		£	£
	Opening shareholders funds at 1st January 2000	32500	31900
	New capital subscribed	3850	600
	Closing shareholders funds at 31st December 2000	<u>36350</u>	<u>32500</u>
		=====	=====