

Report of the Committee and
Financial Statements for the Year Ended 29 February 2004
for
RAILTRACK PRIVATE SHAREHOLDERS ACTION
GROUP

**RAILTRACK PRIVATE SHAREHOLDERS ACTION
GROUP**

**Association Information
for the Year Ended 29 February 2004**

COMMITTEE MEMBERS:	A Chalklen	-	Hon. Chairman
	K Brent	-	Hon. Deputy Chairman
	A Reynolds	-	Hon. Secretary
	P Collins	-	Hon. Treasurer
	G Weir		
	J C Millidge		
	J Battye		
	J Bolton		
	J Ellis		
	M Gray		
	R Pout		

A Ripley
V Williams

AUDITORS:

The Greene Partnership
Accountants
Cedar House
698 Green Lanes
Winchmore Hill
London N21 3RD

SOLICITORS:

Edwin Coe
2 Stone Buildings
Lincoln's Inn
London WC2A 3TH

RAILTRACK PRIVATE SHAREHOLDERS ACTION GROUP

Report of the Committee for the Year Ended 29 February 2004

The committee presents their report with the financial statements of the association for the year ended 29 February 2004.

PRINCIPAL ACTIVITY

The principal activity of the association in the year under review was that of securing a fair deal for shareholders in Railtrack Group plc by:

- expanding membership
- fundraising for the campaign
- establishing RPSAG as the major voice of the small shareholder in Railtrack Group plc
- mounting a targeted public relations campaign
- seeking negotiation
- legal avenues

COMMITTEE MEMBERS

The officers at 29 February 2004 were:

A Chalklen	-	Hon. Chairman
K Brent	-	Hon. Deputy Chairman
A Reynolds	-	Hon. Secretary
P Collins	-	Hon. Treasurer

The following served as members of the committee for all or part of the reporting period:

G Weir
J C Millidge
J Battye
J Bolton
J Ellis
M Gray
R Pout
A Ripley
V Williams

STATEMENT OF COMMITTEE'S RESPONSIBILITIES

The rules of the association require the committee to provide financial statements for each financial period which give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

ON BEHALF OF THE COMMITTEE:

.....
A Reynolds - HON. SECRETARY

Date: 15 September 2004

**Report of the Independent Auditors to the Members of
RAILTRACK PRIVATE SHAREHOLDERS ACTION
GROUP**

We have audited the financial statements of RAILTRACK PRIVATE SHAREHOLDERS ACTION GROUP for the year ended 29 February 2004 on pages five to eight. These financial statements have been prepared in accordance with the historical cost convention and the accounting policies set out therein.

This report is made solely to the committee's members, as a body, in accordance with the rules of the association. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' 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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of committee and auditors

As described on page two the committee is responsible for the preparation of financial statements in accordance with United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Report of the Committee is not consistent with the financial statements, if the association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Report of the Committee and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the association's affairs as at 29 February 2004 and of its surplus for the year then ended.

The Greene Partnership
Accountants
Cedar House
698 Green Lanes
Winchmore Hill
London N21 3RD

Date: 17 September 2004

RAILTRACK PRIVATE SHAREHOLDERS ACTION GROUP**Income and Expenditure Account**
for the Year Ended 29 February 2004

		Year Ended 29.2.04		Period 1.11.01 to 28.2.03	
	Notes	£	£	£	£
Income					
Legal action fund contributions received	1	101,707		1,879,087	
Less: transferred to legal action fund reserve		(101,707)		(1,879,087)	
			-		-
Membership subscriptions received	1	103,729		996,353	
Less: excess income transferred to reserves		(17,699)		(327,859)	
			86,030		668,494
Other Income:					
Deposit account interest		69,266		18,433	
Other interest		26		-	
			<u>69,292</u>		<u>18,433</u>
			155,322		686,927
Expenditure:					
Public relations costs		30,957		155,766	
Database maintenance		11,919		45,208	
Call centre services		7,744		149,863	
Printing and mailing		9,966		33,409	
Postage		13,744		36,187	
Committee members' costs		896		4,240	
Sundry expenses		896		2,610	
Auditors remuneration		2,938		7,638	
Accountancy		-		16,685	
Legal fees	6	-		166,712	
Bank charges		475		8,809	
On-line credit card commission		6,495		38,214	
On-line credit card facility		-		3,153	
			<u>86,030</u>		<u>668,494</u>
SURPLUS OF INCOME OVER EXPENDITURE					
			69,292		18,433
Tax on interest income	2		(13,161)		(2,079)
RETAINED SURPLUS FOR THE YEAR					
			56,131		16,354
Retained Surplus Brought Forward			16,354		-
RETAINED SURPLUS CARRIED FORWARD					
			<u>£72,485</u>		<u>£16,354</u>

The notes form part of these financial statements

RAILTRACK PRIVATE SHAREHOLDERS ACTION GROUP

Balance Sheet
29 February 2004

		<u>29.2.04</u>	<u>28.2.03</u>
	Notes	£	£
CURRENT ASSETS:			
Cash balances	3	2,293,591	2,250,154
Debtors	4	<u>-</u>	<u>1,594</u>
		2,293,591	2,251,748
CREDITORS			
	5	<u>17,563</u>	<u>28,448</u>
NET CURRENT ASSETS		<u><u>£2,276,028</u></u>	<u><u>£2,223,300</u></u>
MEMBERS RESERVES:			
Reserves	6	2,203,543	2,206,946
Income and Expenditure Account		<u>72,485</u>	<u>16,354</u>
		<u><u>£2,276,028</u></u>	<u><u>£2,223,300</u></u>

ON BEHALF OF THE COMMITTEE:

.....
A Chalklen - HON. CHAIRMAN

.....
P Collins - HON. TREASURER

Approved by the Committee on 19 August 2004

RAILTRACK PRIVATE SHAREHOLDERS ACTION GROUP

Notes to the Financial Statements for the Year Ended 29 February 2004

1. **ACCOUNTING POLICIES**

Accounting convention

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

Legal action fund contributions

Legal action fund contributions received have been transferred to reserves to be held in relation to the ongoing legal action to be undertaken on behalf of the members.

Membership subscriptions

Membership subscriptions transferred to the Income and Expenditure Account have been restricted in order to cover administration expenses incurred during the year. Remaining income has been deferred to be carried forward against future administrative expenses.

2. **TAXATION**

Analysis of the tax charge

The tax charge on the interest income for the year was as follows:

	Year Ended 29.2.04 £	Period 1.11.01 to 28.2.03 £
Current tax:		
UK corporation tax	<u>13,161</u>	<u>2,079</u>

The association is a mutual association and no taxation is payable on surplus derived from its members. However, corporation tax is payable on interest received.

3. **CASH BALANCES**

Cash balances are represented by:

		29.2.04 £	28.2.03 £
Cash held at bank:	- HSBC	82,582	23,221
	- Scottish Widows	33,191	53,970
Cash held by third parties:	- Edwin Coe Client Account	2,154,044	2,115,195
	- Worldpay	23,774	34,269
	- Stockbrokers	-	23,499
		<u>2,293,591</u>	<u>2,250,154</u>

4. **DEBTORS**

	29.2.04 £	28.2.03 £
Tax recoverable	<u>-</u>	<u>1,594</u>

5. **CREDITORS**

	29.2.04 £	28.2.03 £
Creditors and accrued expenses	4,808	28,448
Taxation	<u>12,755</u>	<u>-</u>
	<u>17,563</u>	<u>28,448</u>

**RAILTRACK PRIVATE SHAREHOLDERS ACTION
GROUP**

**Notes to the Financial Statements
for the Year Ended 29 February 2004**

6. **RESERVES**

	29.2.04		28.2.03
	£	£	£ £
Legal Action Fund Reserve			
Balance brought forward	1,879,087		-
Contributions transferred during the period	101,707		1,879,087
	<u>1,980,794</u>		<u>1,879,087</u>
Legal fees incurred during the period	(122,809)		-
Balance carried forward		1,857,985	1,879,087
Membership Subscription Reserve			
Balance brought forward	327,859		-
Excess income transferred	17,699		327,859
Balance carried forward		<u>345,558</u>	<u>327,859</u>
		<u>2,203,543</u>	<u>2,206,946</u>
		=====	=====

Legal fees incurred during the year ended 29 February 2004 related specifically to the legal action and have been deducted from the Legal Action Fund Reserve accordingly.

The legal fees incurred in the period from 1 November 2001 to 28 February 2003 included advising on potential action and was agreed by the Committee that this be included as part of the Group's expenditure.

**RAILTRACK PRIVATE SHAREHOLDERS ACTION
GROUP**

**Contents of the Financial Statements
for the Year Ended 29 February 2004**

	Page
Association Information	2
Report of the Committee	3
Report of the Independent Auditors	4
Income and Expenditure Account	5
Balance Sheet	6
Notes to the Financial Statements	7 & 8