

**THE SCOTTISH RAILWAY
PRESERVATION SOCIETY**
(A company limited by guarantee)

Report and Financial Statements

Year ended 31 March 2008

Charity No : SC002375
Company No : SC055533

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LEGAL AND ADMINISTRATIVE INFORMATION

LEGAL AND ADMINISTRATIVE INFORMATION

Status

The Society is incorporated as a company limited by guarantee, and was granted recognition by the Inland Revenue as a charity on 22nd May 1974.

The objects and powers of the Society are set out in its Memorandum of Association, in terms of which its principal purpose is the establishment of a museum of railways in Scotland. The rules and procedures of the Society are contained in its Articles of Association, in terms of which the management of its affairs is vested in a Council of Management, being the Board of Directors of the Society for the purposes of company law and trustees for the purpose of charity law. The individual members of the Council of Management are elected at the annual general meeting to serve for an initial period of two years.

Directors (Members of the Council of Management) holding office on 1 April 2007 or subsequently appointed

James Robertson (Chairman)

Stuart A. Sellar (Vice-Chairman)

David J. Morrison (Finance)

Iain C. Gent (General Secretary)

John Constable (Falkirk Council) resigned 5 July 2007

William Buchanan appointed 5 July 2007

John G. Burnie

Ian R. Gordon

Andrew J. Harper

resigned 3 November 2007

Ronald Hill

Stefan G. Kay

George R. Lumsden

John A. B. Mayes

Ian McCreadie

Donald H. McLeish

John Spacey

Brian M. Thomson

James Verth

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
LEGAL AND ADMINISTRATIVE INFORMATION
(CONTINUED)

Company Secretary

Andrew A Boyd
12 Learmonth Place
Edinburgh
EH4 1AU.

Registered Office

17-19 North Street
Bo'ness,
West Lothian
EH51 0AQ

Auditors

Whitelaw Wells
9 Ainslie Place
Edinburgh
EH3 6AT.

Bankers

The Royal Bank of Scotland plc
23 Sauchiehall Street
Glasgow
G2 3AD.

Solicitors

Pagan & Osborne W.S.
55-56 Queen Street
Edinburgh
EH2 3PA

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

REPORT OF THE DIRECTORS

Structure, Governance and Management

The principal documents governing the Society's conduct of business are the Memorandum of Association and Articles of Association. These are supplemented by an Organisation Chart and remits for the Council and Committees of the Society which were agreed during the year and which are subject to regular review.

Trustees, who are Members or Officers of the Committee of Management, are with two exceptions elected by the Society's Annual General Meeting and serve for 2-year terms of office, being eligible for re-election. The names of the Trustees who served during the year are noted on page 1. One Trustee is appointed by Falkirk Council. The Market Development Manager (who is a paid employee) is also a Trustee. All other trustees are elected.

One Member has experience in corporate governance and he, with the Company Secretary (who is a solicitor) guides the Committee of Management in the conduct of its business. New trustees are assisted to understand the duties of membership of the Committee.

Each of the Society's main activities with the exception of Fundraising is represented by a Committee of the Society, each of which is chaired by a Trustee, and operates within an agreed remit, delegated authority in their fields of activity, and annual fund allocations. All activities are reviewed through reports to the Committee of Management, and policy is considered and amended accordingly. Certain major decisions are reserved to the Committee of Management, or in certain cases, the Annual General Meeting.

The Society works closely with the following organisations:

- The Scottish Railway Museum Collection Trust, a separately constituted charitable trust (Scottish charity SC020611) which holds title to the Museum Collection, the day to day management of which is undertaken by the Society in terms of the Management Agreement entered into between the two bodies. For the purposes of the Charities Accounts (Scotland) Regulations 2006, the SRMCT may be regarded as a subsidiary undertaking by virtue of the fact that the Society has the right to nominate a majority of the trustees, but in terms of the trust deed the Society has no power to give directions to otherwise control the actions of the trustees, who act independently of the Society.
- The Scottish Railway Museum Trust, a subsidiary of the Society by virtue of the Society's control of the trustees. The SRMT is currently inactive, but is intended to operate as a fund-raising mechanism for Museum activities and acquisitions.
- The Bo'ness & Kinneil Railway Company Ltd, which holds title to part of the land over which the Society operates its railway, and
- SRPS Railtours Ltd, a subsidiary of the Society, which operates day excursions and charter trains on the National Network, to demonstrate rail travel of earlier times, and which raises revenue for the Society.

The Council of Management, being the Directors and Trustees of the Society for the purposes of company and charity law, presents its report and the audited financial statements for the year ended 31 March 2008.

Responsibilities of the Directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the directors should follow best practice and

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REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Members of the Board of Directors

Members of the board of directors who served during the year and up to the date of this report are set out on page 1.

Members of the Society

Membership of the Society is open to individuals and families. Grades of membership open to new members are Ordinary, Retired, Family, Junior, Associate, Premier Life and Premier Family Life. Life and Family Life grades are closed to new members. As at 31 March 2008 the breakdown of membership grades was as shown in the table below.

Grade	Number of Memberships	Number of Members eligible to Vote
Ordinary	467	467
Retired	347	347
Associate	45	45
Family	70	121
Junior	4	0
Group	0	0
Life	236	236
Family life	20	31
Premier life	79	79
Premier family life	13	23
Honorary	11	11
TOTAL	1292	1360

There was an encouraging 2% net increase in membership with turnover down to under 6% compared to 7% in 2006-7.

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REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

Movement Category	Number of Memberships	Number of Members
New	+99	+105
Resigned	-16	-20
Lapsed	-43	-47
Deceased	-15	-15
Gone away	-3	-3
Returned from Gone Away	+3	+3
NET INCREASE	25	23

Current rates and benefits of membership are given in a membership leaflet. All members are invited to be active in the running of the Society, and the volunteers fulfil most of the functions in the Society's operations. These include management, administration, professional, curatorial, technical and craft skills, research, visitor services and all general activities for both the Society and its trading subsidiary SRPS Railtours Limited. Specialist training is provided where the volunteer is not bringing the necessary skills from his employment, and in safety critical applications such as train crew, regular medical examinations are required. Overall it is estimated that in excess of 300 members or 22% of the voting membership are volunteers.

Objectives and Activities

The Society's principal objective continues to be railway preservation and the advancement of railway heritage. This objective translates into several key activities. Apart from the necessary governance and fundraising activities the charitable objectives are met by the conservation, restoration, repair, maintenance and where appropriate operation of railway artefacts ranging from small objects to carriages, wagons, locomotives and buildings. As with all heritage trusts, the Society is also engaged in education and curatorial activities including research, interpretation and outreach lectures.

Achievements and Performance

Highlights

This has been another successful year. Achievements have been:-

- Recognition of the collection by the Scottish Government as being of national significance
- A record number of visitors, passengers and pages viewed on our web sites.
- Higher trading income from all sources

There have also been disappointments:-

- The development of the Bo'ness Harbour and foreshore into a marina and tourist destination has been put on hold by the developer as a result of the "credit crunch"
- Funding for the Back on Tracks scheme which provided former drug addicts with training opportunities and the Society with trainees to carry out restorations has been withdrawn by Scottish Centre for Healthy Working Lives.

The challenges ahead are undoubtedly the rapidly rising costs of energy and materials, and the need to attract capital and revenue funding to provide the quality of visitor facilities and collection care required of a body responsible for a national collection. The increasing congestion on the rail network both in the Central Belt and the Highlands presents a challenge to the trading subsidiary, SRPS Railtours.

Governance

The Society is committed to the highest standards of corporate governance in the conduct of its affairs. The Committee of Management met 7 times during 2007-8 and continued to comply with all statutory

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for the year ended 31 March 2008.

and regulatory obligations. A Working Party of Council, under the chairmanship of Stefan Kay OBE has met regularly to consider governance issues, and has recommended that an Executive Committee with day to day management responsibilities should be formed, reporting to the Council, so that the Council can spend more time on wider and strategic issues. This has been adopted and is now effective. The Working Group is also considering changes to methods of election to Council, and the role and composition of Council, and will report in due course.

The first steps in reorganising the structure of the Steam Locomotive Department took place in November when a Steam Shed Management Committee was formed to take forward the day to day running of the Department. Initially progress has been directed towards improving the facilities for our volunteers.

Volunteers

Volunteers are the mainstay of the Society, and the Directors estimate that over all departments the total man hours to be in excess of 70,000 man hours or 42 FTE staff. Although unpaid, the volunteers are required to work to the same professional standards as remunerated staff. In particular in safety critical positions, the assessment of competence and requirements for medical fitness are the same as for remunerated staff. It is interesting to note that over the past few years several of our volunteers, having gained experience as volunteers with the Society have subsequently found employment with Network Rail or the train operating companies.

It is also worthy to note that the volunteer Museum Director has recently been awarded an M.Litt. in Museum Studies by the St. Andrews University. The two year course was part funded by a grant from Museums and Galleries Scotland.

Another volunteer, Mike Jodeluk researched and co-authored a book published by Oakwood Press on the St. Andrews Railway. Over the years several SRPS members have been involved in publishing books and articles on railway history.

The Directors take the view that the quality of work from volunteers is usually equal to, or higher than that of remunerated staff, and is driven primarily by the quality of management, motivation and training provided.

Fundraising

Bo'ness & Kinneil Railway

Over 50% of the Society's income is derived from the passengers and visitors to the Bo'ness & Kinneil Railway. For the second year running, visitor numbers reached an all time high. From January to December 2007 visitor numbers were 65,693, up 1% on 2006 and again resulting in record earnings from the B&KR.

Overall scheduled train services operated on 125 days, supplemented by a number of private charters on non-scheduled service days, carrying a record total of 52,666 passengers, up 2% on 2006. These achievements should be seen in the context of a reported general reduction in visitor numbers to paid attractions in Scotland.

The Society benefited from an increase in coach parties and an additional Diesel mini-Gala on a spare Saturday between Christmas and New Year.

A large number of additional revenue-generating events were arranged and managed through the year, including private charters, marriages and civil partnerships, birthday parties for the young and the less young and several film shoots, including on one occasion the BBC filming another film crew filming an advertisement for Grand Central Railway at Bo'ness Station. The Society also successfully provided a major retirement event for 50 Network Rail staff and a series of training days for staff of Transport Scotland arranged by the Institute of Railway Operators. Over 60 people attended the launch of John Ransom's book "The Iron Road" in the Scottish Railway Exhibition.

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During the year the Bo'ness Tourist Information Centre, operated by VisitScotland continued to provide tourism services to visitors to the Railway. The souvenir shop in its first full year in the new location also had record sales. Responsibility for retailing was transferred on 1 October 2007 to SRPS Railtours the Society's trading subsidiary. As a result the income shown covers just six months of trading and at £46,885, it is 9% up on the six month figure for 2006-7.

In his second full year with the Society our caterer, Stephen Matthews, again provided a popular and high quality service to our customers as well as generating a catering commission of £8,350 compared to £6,443 in 2006-7.

SRPS Railtours

The trading subsidiary, SRPS Railtours had another successful year. The transfer of the retailing operation on 1 October 2007 plus a very successful season running Railtours on the main line resulted in a Gift Aid payment to the Society of £52,190, up 19% from £44,000 in 2006-7.

The year started with the Railtour set of coaches on hire to the West Somerset Railway, from whence a number of successful tours were run by other tour operators before and after the start of the financial year.

Overall it was a challenging year for SRPS Railtours, mainly due to Network Rail imposing a ban on special trains from and through Edinburgh Waverley for most of the year while major remodelling of the station was in progress. The tour from East Lothian to Kyle of Lochalsh was arranged before the ban was imposed but passengers were not allowed to join at Waverley. Customers from Edinburgh and East Lothian were therefore encouraged to join trains in West Lothian and Fife.

To counter the possible loss of East Lothian and Edinburgh passengers, the Railtour programme was planned to attract more enthusiasts by the use of heritage diesel locomotives, most notable Class 40 number 40 145 and Deltic 55 022 "Royal Scots Grey"

All trains were operated by West Coast Railways and their locomotives were used for the North Berwick to Kyle of Lochalsh and Glenrothes to Mallaig trains. The Class 40 featured on tours from Darlington to Stranraer, Linlithgow to Wick and Thurso, Carlisle to Fort William and Linlithgow to Inverness. The Deltic hauled a tour from Dundee to Oban and the popular annual tour from Linlithgow to Lincoln for the Christmas Market. After a break of seven years mainline steam again featured. A successful tour from Polmont was steam-hauled by 61994 "The Great Marquess" between Perth and Aviemore then along the Strathspey Railway to Broomhill.

North East Railtours organised charters from Newcastle to Fort William and Alnmouth to Ravenglass. The annual charter by Grampian Railtours, from Aberdeen to Dunrobin, went ahead despite the sudden death of John Begg, the owner of Grampian Railtours.

Over the last two years SRPS Railtours has been represented at meetings of the Highland Rail Partnership. The importance of charter trains to tourism in the Highlands is now being recognised when timetable changes are planned. This is a slow process but should alleviate problems which are being experienced with pathing special trains between the service trains to Kyle, Mallaig and Oban. However there is the threat that increased services in the Central Belt will create similar problems on lines in the area around Edinburgh, Perth and Glasgow.

Operating Department

The Operating Department is responsible for all movements of rolling stock, whether as passenger carrying scheduled services on the Bo'ness & Kinneil Railway, empty stock movements of the Railtour train, shunting exhibits into and out of the display galleries and workshops and for Permanent Way works trains

In the past year the Bo'ness & Kinneil Railway has provided facilities for the Institute of Railway Operators for half day courses which form part of a three day course on practical railway operation for personnel from Transport Scotland. These courses allow the participants hands on experience which

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for the year ended 31 March 2008.

is not possible on the national network. This is helpful to those who are working on future railway improvement schemes.

We also provided facilities to train operating companies for training drivers on low adhesion rail conditions which of course cannot be undertaken on the national network.

Curatorial and Education

Partnerships

The Joint Working Agreement with Falkirk Council continued into its third year. Under the Agreement, in return for revenue support, SRPS supports the Council in achieving its aims of improving health and well-being, enhancing opportunity, developing tourism, supporting the local economy and assisting with the regeneration of Bo'ness. SRPS is also obliged to report its annual visitor numbers, on the basis of visits in person, by e-mail or the internet.

The Scotland Against Drugs (SAD) "Back on the Tracks" continued during the year, but funding from the Scottish Government ceased on 31st March 2008. This project was of great benefit to the former drugs users who participated, and delivered useful work, mainly on collection vehicles. We hope to find a new way of delivering these benefits, and are seeking new sources of funding.

Significance Recognition

In July 2007 The Society was informed that the Core Collection in our care has been formally Recognised by the Scottish Government as a collection of national importance to Scotland. This is a most important step towards finding future financial support for the care of our historic items.

When the Society applied for Recognition, supporting critiques of our collection were provided by Jim Rees on behalf of the National Railway Museum, and by Professor John Hume. An analysis of the potential of our collection for useful future display was carried out. A Catalogue was also produced and printed and subsequently been made available on the internet. A strategic overview document *Making Connections*, was also created as the basis of advocacy for future developments.

In December 2007, Linda Fabiani, Scottish Minister for Culture and Europe presented the award at Bo'ness Station. Her visit included a site tour of the galleries and workshops, and she was able to take the controls of both a Class 37 diesel locomotive and steam locomotive "Morayshire". "Morayshire" is on loan from the National Museums of Scotland and had been restored to working order by the volunteers of the SRPS in the previous year.

Recognition helps to raise awareness of the collection locally, nationally and internationally, and to seek additional funding while safeguarding continuing levels of investment in the collection from existing funding sources.

A special 100th birthday party for the Caledonian locomotive No.419 attracted a number of local politicians and officials. The cake was cut by Cathy Peattie MSP - although sadly the engine herself was a notable absentee, having developed a fault that very morning!

Staff appointment

Based on the collection's Recognised status, the Scottish Government through the Scottish Museums Council (now renamed Museums Galleries Scotland) made a generous grant for the purpose of employing a Curator for a 12 month period. The post was advertised on the internet and the successful candidate was interviewed by video link to New Zealand. Fiona Hall took up the post at the end of March 2008. Her role is to work towards the above purposes, specifically to develop and implement the Society's strategy for bringing its collection management capabilities, facilities and associated public services to the standard expected of a Recognised Collection holder, and to manage the process of preparing the Society's Accreditation application as a 'national' museum, within the scheme's deadlines.

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REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

Acquisitions

Merry-go-round wagon no.350001

Our existing collection demonstrates the development of wagons for mineral traffic from 1870's dumb buffered types to the Railway Clearing House standard design and the standard all-steel 16T and 21T British Railways types. MGR hopper wagons have served the railway's needs from the 1960s to the present day, and since their use in block trains with dedicated loading and unloading facilities transformed coal handing (and effectively made several other wagon types redundant), we concluded that it was important to obtain an example. In March 2008, EWS advertised prototype wagon 350001 for sale to a preservation organisation, and then generously agreed to donate the wagon to us. EWS are currently carrying out repairs and overhaul, prior to delivery to Bo'ness.

The last splitting distant signal on Network Rail was dismantled and taken to Bo'ness prior to being cleaned and painted. It is planned to erect the signal as an eye-catching exhibit over the entrance to the museum sheds, once funding permits.

A small lattice post has also been restored to enable a rare signal lamp windlass unit to be displayed as a working demonstration.

Small object acquisitions

During the year, 609 items were accessioned to the collection. This is significantly more than in 2006-7 when 258 items were accessioned. The large majority of these were acquired by donation, and included accident reports, lantern slides and a large quantity of operating material relevant to the East coast main line.

Outreach Activities

The Society undertakes a programme of Winter Lectures based in Edinburgh, Motherwell and Perth. In addition, a number of ad hoc lectures are given to affinity groups on request. The internet continues to be a source of information. During the year the total number of visits (not pages viewed) was 353,807, of which 180,181 were pages related to the Society's collections.

Buildings and Structures

The Society has in its collection a number of historic railway buildings which were relocated from their original sites to Bo'ness, mostly in the 1980's. Several of these, including the Train Shed from Haymarket Edinburgh, Bo'ness Station from Wormit in Fife, the Goods Office and Goods Yard, are all Grade A Listed by Historic Scotland. The Society recognises its obligations in respect to the proper stewardship of listed buildings and the area in their curtilage.

During the year, a concrete floor was laid in the Running Shed to provide a surface to erect shelving for spare parts. Otherwise only minor repair works were carried out, but a survey of the facilities has been carried out and a plan of work for 2008-9 is being prepared.

A diesel fuel storage tank was installed at Bo'ness to allow us to better handle the fuel oil used on site at Bo'ness. Various other general improvements were made to the facilities, including enhancement of the Diesel Department library housing the group's extensive collection of drawings and documentation.

The Permanent Way

A major activity for the Society is the conservation, restoration, repair and maintenance of the railway track, its signals and telegraph systems, bridges, drainage culverts, cuttings, embankments and surrounding woodland. Two departments share the responsibility - Civil Engineering and Signal and Telegraph.

Most of the original trackwork was acquired second hand in the 1980's and in some places is approaching its end of life. During 2007-08 a major programme of reinvestment started in 2006-7 was continued with the aim of making the track to Manuel (also known as Bo'ness Junction) suitable for

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REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

passenger carrying traffic. In addition the success of the Bo'ness & Kinneil Railway in attracting visitors has led to a need to increase capacity on the trains.

The length of the platform and run-round loop at Birkhill had limited trains to six coaches. At the south end of Birkhill Station a new turnout was installed. At the same time the opportunity was taken to lengthen the run round loop to accommodate seven coach trains by repositioning the turnout further south than the existing one. The track through the cutting to the south of the station was also lowered and about 20 panels of track renewed. A temporary access road was built and with the cooperation of the farmer this was constructed on the east side of the track. The Bo'ness & Kinneil Railway Company which leases the trackbed to the SRPS is now in negotiation with the farmer to purchase this land to allow for future construction of a platform on the eastern side of the runround loop.

The curve at Manuel was re-laid and a new large curved turnout was installed to pave the way for introducing a passenger service to Manuel. Additional work included the retimbering of the Bo'ness loop to engine shed turnout and renewal of fixings and track at the engine shed pit.

Two ground frames have been installed to control the points at either end of Birkhill Station; this was necessary after the re-modelling of the trackwork and lengthening of the loop, but it also paves the way for construction of the signal box and installation of signals.

Bo'ness signal box now has an illuminated diagram which shows the progress of trains along the foreshore by means of the newly commissioned track circuits and electrical system.

The total cost of these works came to £162,041, and was part funded by donations and Gift Aid totalling £18,903. Of that sum, £133,347 was capitalised as it constituted new track with an expected life of well in excess of 25 years. The total volunteer time for this work was 7,650 hours, which if contracted out would have cost in excess of £200,000.

Carriages and Wagons

The conservation, restoration, repair and maintenance of the Society's extensive collection of historic carriages and wagons is one of the most significant undertakings. The responsibility is shared by volunteers working in the Carriage and Wagon Department and in the case of vehicles leased to SRPS Railtours Ltd., volunteers reporting to the Director of Engineering in SRPS Railtours Ltd.

As mentioned in the permanent way section, the increase in visitor numbers required longer trains and work started on the restoration of two further coaches for the Bo'ness operational stock. Work also continued on the refurbishment of the brake van for the Bo'ness operational stock. Painting the Bo'ness operational stock into the traditional BR "blood and custard" (carmine and cream) livery is now complete with the exception of the mini-buffet and the First Corridor brake van.

Progress was also achieved on the restoration of LNER No 644 Buffet Car. Work was concentrated on the internal fitting out of the bar area. The work is now sufficiently advanced that the same team have now been given approval to start of their next project, the North British Invalid Saloon No. 461.

It is often forgotten that the original purpose of railways was for the transport of goods, and several wagons from the comprehensive collection of 102 wagons in the care of the SRPS also received attention.

Back on Tracks Project

On 1 April 2007 funding for the Back on Tracks project was transferred from the National Health Service to a new body, the Scottish Centre for Healthy Working Lives (SCHWL). The scheme is designed to assist former drug addicts to develop work related skills and adapt to the routine of a working environment. The funding allows the Society to employ a supervisor and up to three trainees at any one time. In November, following a review SCHWL announced that the scheme and others like it throughout Scotland would no longer be funded. Over the several years of operation the trainees had undertaken a variety of projects, and gained basic training in a closely supervised environment. The Society was unable to find alternative funding for this project and so, reluctantly it had to close on

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for the year ended 31 March 2008.

31 March 2008. The Society is continuing to review opportunities with in particular the Falkirk Council drug and alcohol abuse teams.

Steam Locomotives

This activity covers the conservation, restoration, repair and maintenance of steam locomotives. The subsequent operation of the restored locomotives forms part of the fundraising activity.

During the year four steam locomotives shared the operation of the Bo'ness & Kinneil Railway, Caledonian No.419, No. 1 "Lord Roberts", No 246 "Morayshire" on loan from the National Museums of Scotland, and No. 80105 owned by LOGS.

No 1 Lord Roberts also saw service on the Caledonian Railway at Brechin and the Wensleydale Railway, masquerading as "Thomas" ^{©1}

A continual demand was made during the entire year on the manpower of the Department with a total of 15,430 hours of volunteer labour being recorded in the workshop. The work is broken down as follows :-

Heavy Overhauls, Maintenance & Stores	43%
Workshop Maintenance	14%
Footplate Turns	15%
Work for Other Departments	18%

Caledonian Locomotive 419 received 784 hours of work with replacing tubes and the passing regulator requiring most attention. The two J94 Austerity locomotives No. 7 and No 19 under restoration received 1,400 hours between them. Work continued also on the restoration of our 1899 narrow gauge locomotive Barclay contractor's locomotive "Fair Maid". This project is funded by Comhlacht Tranach na Gaeltracht Lair (2000) Geo, based at Fintown in County Donegal. Once completed, it is intended that the locomotive should see service on loan to the Fintown Railway in the Republic of Ireland.

Diesel and Electric Haulage

This activity undertakes the conservation, restoration, repair and maintenance work on locomotives and rolling stock. As with steam locomotives, the subsequent operation of the locomotives forms part of the fundraising activity.

This year has seen several repairs and overhauls progressed and completed in the Modern Motive Power Depot. A pair of B4 bogies were fully overhauled and fitted with refurbished wheelsets for an SRPS Railtours vehicle. These had reached the mileage limit and a significant saving was made from doing these in-house rather than contracting them out.

On the SRPS fleet of locos, Class 08 shunter 08443 was taken out of service at the end of 2007 and is now receiving a heavy exam. Class 47 loco 47643 was also taken out of service for exhaust repairs, 2 of the main roof sections have been removed for repair of corrosion damage. Class 20 D8020 spent the summer of 2007 on a tour of England and attended events at the Keighley and Worth Valley Railway, Barrow Hill Engine Shed Museum and the East Lancashire Railway. It was accompanied on this tour by 2 privately owned Bo'ness based locos, Class 26's D5310 and 26024. All 3 locos had to be made ready for inspection to the standard suitable for movement on Network Rail. Prior to the tour D5310 also received extensive generator repairs which were carried out at Bo'ness to a very tight timescale.

¹ Copyright HIT Entertainment

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for the year ended 31 March 2008.

Contract repair work on Class 27 loco D5394 for the Strathspey Railway continued throughout the year and was helped along by employing some paid contract labour.

Throughout the year the diesel fleet saw a great deal of use on service trains, Raitour empty stock movements and civil engineering trains. Three diesel based special events were also held and brought several thousand additional visitors to Bo'ness.

Class 126 Diesel Multiple Unit Project

With on-going support from its public appeal, this Project continued to progress in the period, during which the second power car, Sc51017, returned from Midland Railway Enterprises on completion of contract repairs. Progress was made with overhaul of the 4 engines with a second engine completed and fitted to vehicle 51017 during October. The fourth third engine has since been overhauled and was completed in April this year.

In November 2007, the two power cars operated a successful test run to Birkhill. Much remains to do, and work continues. Interior fitting-out will continue until 2009.

Further Information

At any one time numerous projects are underway. The SRPS main web site at srps.org.uk, the museum web site at srpsmuseum.org.uk and the engineering web sites at srpssteam.com and srpsdiesel.com are rich in detail and photographs of the work in progress.

Financial Review

Overall income was up 1% on 2006-7 to £660,529. Most major sources of income were up on 2006-7. The major exception was claims to NLF for the DMU project which has now reached the final stages of restoration. The Bo'ness & Kinneil Railway operations had a very successful year with income up 5% to £332,688, although this was in part due to an early Easter in 2008. Conversely the increase was despite the responsibility for the souvenir shop transferring to the trading subsidiary on 1 October 2007.

Income from Grants and Joint Working Agreements was down 18%, principally as a result of the DMU project now coming to a close. Major sources include £60,000 from Falkirk Council for the 2006-9 Joint Working Agreement and £44,525 from SCHWL for the Back on Tracks project. The National Lottery Fund contributed £12,485 for the restoration of the Class 126 DMU and £10,000 was received from Museums Galleries Scotland (formerly the Scottish Museums Council) as the first part of a £40,000 grant for the employment of a curator under the Recognition Scheme.

A very successful fundraising exercise for the extension of the line to Manuel raised an additional £15,690 for the fund. Income from membership subscriptions was down 7% to £12,353, as a result of fewer new life memberships, but annual subscriptions were up 2% to £12,064.

Overall revenue expenditure was down 9% at £625,175 but taking the capital expenditure into account, the total cash expenditure was up 7% to £644,167.

From the start of construction of the Bo'ness & Kinneil Railway, the Society had plans to extend the operating railway line to Manuel to allow a more accurate representation of a traditional branch line and its operation. A combination of limited finance and volunteer effort has to date frustrated progress. During 2007-8 major strides were made with both significant funds being allocated and a number of volunteer "Civil" weeks supplementing the regular "Monday" squad.

Total capital and direct revenue expenditure on the Permanent Way was up 73% to £150,085, or 23% of the total capital and revenue expenditure, excluding depreciation. In line with the policy on capitalisation, the track renewals costing £133,347 were capitalised with depreciation to be calculated over 25 years.

The overall "paper" surplus of £35,354 includes a charge for depreciation of £116,069. Excluding depreciation the cash surplus was £151,423 of which £139,797 was invested in fixed assets. After

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

adjustment for the disposal of £11,956 of fixed assets and the recovery of £7,223 depreciation on these assets, the increase in net current assets was £16,362.

Restricted funds show a slight reduction of £611 to £100,890. Transfers from the General Fund were £3,750 to the DMU Fund, £10,000 to fund the "Fair Maid" restoration, a £5,773 legacy to the Eric Viles appeal. A transfer from the Manuel Appeal Fund of £18,903 to the General Fund was made following the capitalisation of the works.

The General Fund increased by £11,285 to £142,984. The Directors consider that this is making reasonable progress towards the goal of a reserve of six months operating costs of £240,000.

Appreciation

The Committee of Management is grateful to the volunteers who gave their time and effort in support of the Society. It is not possible to put a financial valuation on all the volunteers' work, and so it has not been included in the financial statements. Suffice to say that without their efforts the Society would not be able to function and further its charitable purpose.

The Committee of Management would also wish to gratefully acknowledge the support of Falkirk Council and their representative, Councillor Billy Buchanan. The Scottish Centre for Healthy Working Lives, the Scottish Executive, the Museums Galleries Scotland, the National Museums of Scotland, the Heritage Lottery Fund, Scottish Enterprise Forth Valley, the East of Scotland European Partnership and many other private and public organisations have also provided invaluable support throughout the year.

Risk Management

During the year the Directors conducted an assessment of the risks to which the charitable company is exposed, in particular those related to the operations and finances of the charitable company.

The Directors are satisfied that the systems in place mitigate exposure to the major risks. Operational risks are minimised by the application of working methods, training, competency assessment of volunteers and equipment inspections based on those applied in similar workplaces with remunerated employees. Technical advice is obtained from the Society's Safety Advisor (who is a professional railwayman), Insurers, the Safety Committee of the Railway Heritage Association and from the knowledge and skills of members acquired in their professional life. All safety critical posts are subjected to regular medical examination for fitness of duty.

Reserves Policy

The reserves funds represent unrestricted funds arising from past operating results. It is the charitable company's policy to build up the unrestricted General Fund, excluding fixed assets, to cover six months operating costs. The Directors consider this will only be achievable over the longer term. A description of restricted funds is given in note 16.

Plans for Future Periods

The SRPS remains committed to its goals of accreditation to national museum standards and remaining a key player in the advancement of Scottish heritage. Activities to this end include

- the continued development of the historic collection (through disposals and acquisitions),
- developments in quality collection care, conservation and presentation
- increasing knowledge and documentation of the collection
- the creation of further effective public access to the collection.
- enhancing the visitor experience with improved facilities and through the extension and development of the railway line and its signalling systems to increase capacity and provide a more authentic experience.

These developments will be achieved where possible by volunteer staff, or by professional staff when justified and funded. SRPS will work with partners such as Falkirk Council and local developers in

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 March 2008.

relation to current local development opportunities, and with the Scottish Executive and the Scottish Museums Council to ensure that the national significance of the collection is recognised and supported.

Progress towards these goals is dependent on the level of funding that can be realised, both in terms of expansion of existing trading activities and in the successful acquisition of grants and donations. Whilst appreciating the level of public funding already received, the Society is very conscious that capital grants and revenue funding from specific short-term initiatives still leave the need to address the funding required for long-term sustainability.

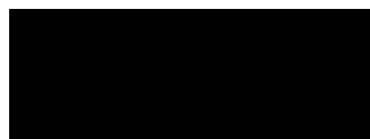
The Society will also work to increase public access, using the collection as a source of creativity, learning and enjoyment, and to increase the social and economic benefits which we create by our efforts. An increased contribution to the Scottish museums sector through collaboration and partnership-working is also anticipated.

Auditors

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Council of Management on 10 July 2008 and signed on its behalf by:



Redacted
Signature

David Morrison

Hon. Treasurer.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Trustees and members of the Scottish Railway Preservation Society

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of the Scottish Railway Preservation Society for the year ended 31 March 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made exclusively to the members, as a body, in accordance with Section 235 of the Companies Act 1985, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's 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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are the directors of the charity for the purposes of company law) for preparing the Trustee's report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Trustee's Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Trustees and members of the Scottish Railway Preservation Society

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's affairs at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006;
- the information provided in the Trustees' Annual Report is consistent with the financial statements



Redacted
Signature

9 Ainslie Place
Edinburgh
EH3 6AT

WHITELAW WELLS
Chartered Accountants
& Registered Auditors

Date: 10 July 2008

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

**Income and Expenditure Account (including Statement of Financial Activities)
for the year ending 31 March 2008.**

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Prior Year Funds
Incoming Resources					
Incoming resources from generated funds					
Voluntary Income	2	36,574	25,950	62,524	51,379
Activities for generating funds	3	331,765	923	332,688	316,172
Gift aid payment from subsidiary		52,190	-	52,190	44,000
Investment Income					
Bank Interest Received		15,493	-	15,493	8,937
Incoming resources from charitable activities	4	123,522	67,010	190,532	221,042
Other incoming resources		7,102	-	7,102	15,103
Total incoming resources		<u>566,646</u>	<u>93,883</u>	<u>660,529</u>	<u>656,633</u>
Resources Expended					
Costs of generating funds					
Costs of generating voluntary income	5	8,712	879	9,591	9,760
Costs of fundraising trading	5	146,723	-	146,723	144,859
Costs of fundraising and publicity	5	62,839	-	62,839	55,059
Allocated fundraising costs	5	44,189	-	44,189	18,363
Total costs of generating funds		<u>262,463</u>	<u>879</u>	<u>263,342</u>	<u>228,041</u>
Charitable activities					
Preservation of railways	5	79,619	94,235	173,854	264,718
Allocated charitable activity costs	5	182,729	-	182,729	188,786
Total charitable costs		<u>262,348</u>	<u>94,235</u>	<u>356,583</u>	<u>453,504</u>
Governance costs	5	5,250	-	5,250	5,430
Total resources expended		<u>530,061</u>	<u>95,114</u>	<u>625,175</u>	<u>686,975</u>
Net incoming/(outgoing) resources before transfers		36,585	(1,231)	35,354	(30,342)
Transfers between funds	16	(620)	620	-	-
Net Movement in funds		<u>35,965</u>	<u>(611)</u>	<u>35,354</u>	<u>(30,342)</u>
Total funds at 31 March 2007		2,042,567	101,501	2,144,068	2,174,410
Total funds at 31 March 2008	16	<u>2,078,532</u>	<u>100,890</u>	<u>2,179,422</u>	<u>2,144,068</u>

Movements in funds are disclosed in Note 16 to the financial statements.

The company has no recognized gains or losses other than the results for the year as set out above.

All the activities of the company are classed as continuing.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

Balance Sheet
As at 31 March 2008.

	Notes	2008	2007
		£	£
Fixed assets			
Tangible assets	9	1,626,229	1,613,687
Heritage assets	9	227,062	220,612
Investments	10	100	100
		<u>1,853,391</u>	<u>1,834,399</u>
Current assets			
Stock		6,300	33,100
Debtors	11	93,612	103,705
Cash at bank and in hand		296,045	265,792
		<u>395,957</u>	<u>402,597</u>
Creditors: Amount falling due within one year	12	(57,926)	(80,928)
Net current assets		<u>338,031</u>	<u>321,669</u>
Total assets less current liabilities		2,191,422	2,156,068
Creditors: Amount falling due after more than one year	13	(12,000)	(12,000)
		<u>2,179,422</u>	<u>2,144,068</u>
Unrestricted funds			
Designated Fund	16	1,935,548	1,910,868
General Fund	16	142,984	131,699
Restricted funds	16	100,890	101,501
Total funds	16	<u>2,179,422</u>	<u>2,144,068</u>

These accounts are prepared in accordance with the special provisions in part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Approved by the Council of Management on 10 July 2008 and signed on its behalf by:



Redacted
Signature

James Robertson
Chairman

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2008.

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities : Statement of Recommended Practice revised in March 2005.

Consolidated group accounts have also been prepared in accordance with Scottish Statutory Instrument 2007 No.218 The Charities Accounts (Scotland) Regulations 2007. The Directors have decided not to have the consolidated group accounts audited, since this is not a requirement of the Regulations. They believe that the additional cost cannot be justified by the benefit gained from such an audit. The financial statements contain information about The Scottish Railway Preservation Society as an individual company and do not contain consolidated financial information as the parent of a group. The charity is exempt under Section 248 of the Companies Act 1985 from the requirements of the Act to prepare consolidated financial statements.

- b) Voluntary income is received by way of donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable.
- c) Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.
- d) Incoming resources from the charity shop and from investments are included when receivable.
- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs, comprising the salary and overhead costs of the central function, are charged out to each activity in accordance with the estimated cost of providing the support to the direct activities. Additional clarification is provided in the table in note 5.
- f) Likewise, depreciation is charged out to the activity being undertaken by the relevant fixed assets, except in the case of listed buildings, the care of which is considered a charitable activity in its own right.
- g) Governance costs include legal, audit and accountancy fees associated with the preparation of statutory accounts. Governance costs also include, where material, costs of strategic planning activities, meetings of the Council of Management, annual and extraordinary general meetings of the membership.
- h) All other non-heritage assets are stated at cost, less aggregate depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off these assets evenly over their expected useful lives as follows:

Tenant's Improvements	25 years
Permanent Way	25 years
Scottish Railway Exhibition	10 years
Plant & Machinery	5 years
Office Equipment	5 years
Motor Vehicles	5 years

- i) All fixed assets are initially recorded at cost. Only items costing in excess of £2,500 are capitalised

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008.

- j) Locomotives, Carriages Wagons and Small Artefacts are considered to be heritage assets and as such are not depreciated. Acquisitions and disposals are made in line with Society policy, a copy of which can be obtained from the registered office.
- k) Stocks are stated at the lower of cost and net realisable value.
- l) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.
- m) Designated funds are funds set up by the Committee of Management to earmark assets from the General Fund for a specific purpose.
- n) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure that meets the criteria is charged to the fund. In general a share of support costs is not charged to restricted funds, except when there is a specific reason to do so.

2. Voluntary Income

	Unrestricted Funds	Restricted Funds	2008 Total	2007 Total
	£	£	£	£
General donations	11,774	20,901	32,675	18,163
Legacies	-	-	-	5,785
Gift aid	3,363	4,760	8,123	6,025
Railtour raffles	9,373	-	9,373	8,124
Membership subscriptions.	12,064	289	12,353	13,282
Total voluntary income	<u>36,574</u>	<u>25,950</u>	<u>62,524</u>	<u>51,379</u>

3. Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	2008 Total	2007 Total
Train operations	277,453	-	277,453	257,748
Retail	45,962	923	46,885	51,981
Catering	8,350	-	8,350	6,443
Total activities for generated funds	<u>331,765</u>	<u>923</u>	<u>332,688</u>	<u>316,172</u>

4. Incoming Resources from Activities to Further the Charity's Objects.

	Unrestricted Funds	Restricted Funds	2008 Total	2007 Total
SRE admissions	5,638	-	5,638	6,814
Grants and Joint Working Agreements received	82,490	67,010	149,500	182,556
Rolling stock hire	12,569	-	12,569	12,200
Facilities hire	22,825	-	22,825	19,472
Total grants and contracts	<u>123,522</u>	<u>67,010</u>	<u>190,532</u>	<u>221,042</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008.

5. Resources Expended

	Governance	Fundraising	Curatorial and Education	Buildings and Structures	Permanent Way	Back on Tracks	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	2007-8 Total	2006-7 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs – direct employees	-	47,151	1,712	-	-	47,319	4,467	-	4,462	8,854	113,965	81,248
Cost of retail sales	-	28,764	-	-	-	-	-	-	-	-	28,764	35,017
Promotion	-	18,171	-	-	-	-	-	-	-	-	18,171	15,032
Special events	-	58,316	-	-	-	-	-	-	-	-	58,316	50,712
Train operating costs	-	45,633	-	-	-	-	-	-	615	-	46,248	44,717
Consumables and tools	-	1,701	1,669	2,001	753	651	3,050	4,457	1,871	455	16,608	14,983
Communications	-	10,836	354	-	-	111	32	20	112	-	11,465	18,124
Contractors	-	333	1,273	1,446	5,013	-	3,931	-	-	29,849	41,845	140,864
Plant & machinery repair	-	2,322	-	225	409	-	166	2,575	344	-	6,041	8,750
Materials and parts	-	-	284	4,161	7,585	-	5,144	9,220	3,603	3,563	33,560	43,344
Audit Fees	5,250	-	-	-	-	-	-	-	-	-	5,250	5,430
Equipment hire	-	-	-	324	1,899	1,046	-	638	-	-	3,907	7,098
Carriage	-	358	991	-	-	-	-	189	-	60	1,598	9,540
Recruitment costs	-	-	2,272	-	-	-	-	-	-	-	2,272	376
Other	-	5,568	464	-	1,079	684	-	352	611	1,489	10,247	4,591
Total direct resources expended (Carried forward)	5,250	219,153	9,019	8,157	16,738	49,811	16,790	17,451	11,618	44,270	398,257	479,826

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008.

5. Resources Expended (cont).

	Governance	Fundraising	Curatorial & Education	Buildings and Structures	Permanent Way	Back on Tracks	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	2007-8 Total	2006-7 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities (Brought forward)	5,250	219,153	9,019	8,157	16,738	49,811	16,790	17,451	11,618	44,270	398,257	479,826
Support costs allocated to activities												
Staff costs -support	-	3,361	3,361	3,361	3,361	5,042	5,042	5,042	5,042	-	33,612	29,120
Heat & light	-	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	-	21,632	10,240
Rent, insurance	-	4,830	1,610	1,610	1,610	1,610	1,610	1,610	1,610	-	16,100	15,780
Travel	-	32	48	48	48	-	48	48	48	-	320	400
Communications	-	717	1,075	1,075	1,075	-	1,075	1,075	1,075	-	7,167	6,969
Contractors & consultants	-	-	-	-	1,991	995	1,991	2,489	2,489	-	9,955	
Subscriptions	-	331	992	-	-	-	-	-	-	-	1,323	1,094
Bank charges	-	4,554	325	325	325	-	324	324	325	-	6,502	5,021
Mainline connection maintenance	-	1,278	-	-	1,278	-	-	-	-	-	2,556	2,477
Loss on disposal of fixed assets	-	-	-	-	4,736	-	-	3	-	-	4,739	-
Other support costs	-	868	870	868	868	868	868	865	868	-	6,943	27,401
Depreciation	-	25,514	55,947	12,354	16,339	-	639	629	4,647	-	116,069	108,647
Total allocated costs	-	44,189	66,932	22,345	34,335	11,219	14,301	14,789	18,808	-	226,918	207,149
Total resources expended	5,250	263,342	75,951	30,502	51,073	61,030	31,091	32,240	30,426	44,270	625,175	686,975

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008.

5. Rational for the Allocation of Support Costs

	Governance	Fundraising	Curatorial & Education	Buildings and Structures	Permanent Way	Back on Tracks	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	Rational
Staff costs - support		10%	10%	10%	10%	15%	15%	15%	15%	-	90% charitable, evenly shared between activities
Heat & light		12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	-	Shared equally except DMU
Rent, insurance		30%	10%	10%	10%	10%	10%	10%	10%	-	As discussed with broker
Travel		10%	15%	15%	15%	-	15%	15%	15%	-	Mostly HRA related with only 10% fundraising
Communications		10%	15%	15%	15%	-	15%	15%	15%	-	Fair shares of fixed telecom costs.
Subscriptions		25%	75%	-	-	-	-	-	-	-	Approximately 75% are museum bodies e.g. SMC.
Bank charges		70%	5%	5%	5%	-	5%	5%	5%	-	Mostly for cash & card handling
Mainline connection Maintenance		50%	-	-	50%	-	-	-	-	-	Equal shares between using activities.
Volunteer training		5%	70%	5%	5%	-	5%	5%	5%	-	Pro-rata benefiting activities.
Other support costs		12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	-	Shared equally except DMU

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008.

6. Net Incoming Resources for the Year

This is stated after charging/(crediting) :-

	2007-8	2006-7
	Total	Total
	£	£
Depreciation	116,069	108,647
Loss/(Gain) on disposal of fixed assets	4,736	9,111
Management committee's remuneration	34,206	30,526
Auditors' remuneration:		
Audit services	5,250	5,430

Three members of the Committee of Management, as permitted by the Society's Memorandum and Articles of Association received remuneration. John Mayes received payment under his contract of employment as Market Development Manager. The other members of the Committee of Management who received remuneration did so in respect of duties not connected with their role as members of the Committee of Management.

Management Remuneration	£
John Mayes	33,000
Donald McLeish	200
George Lumsden	1,006
	34,206

Four members of the Council of Management received reimbursements of travel expenses during the year totalling £893 (2007: £1,807 for four members) of which £ 0 (2007: £0) remained outstanding at the year end. The Directors are covered by Directors Liability Insurance at a cost of £ 683 (2007: £ 1,680)

7. Staff Costs and Numbers

	2007-8	2006-7
	£	£
Salaries and wages	133,740	100,116
Social security costs	11,315	8,205
Pensions	2,020	-
Training	503	2,047
	147,578	110,368

No employee received emoluments of more than £60,000.

The weekly average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2007-8	2006-7
	No.	No.
Charitable activities	5	4
Trading activities	2	2
Administration staff	2	2
	9	8

8. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2008.

9. Tangible Fixed Assets

	Land	Tenant's Improvements	Scottish Railway Exhibition	Permanent Way	Locomotives	Carriages and Wagons	Small Relics	Plant and Machinery	Motor Vehicles	Office Equipment	Total
Cost											
At 1 April 2007	100	1,995,398	192,282	275,122	31,058	186,727	2,827	68,037	500	24,799	2,776,850
Additions in year	-	-	-	133,347	-	6,450	-	-	-	-	139,797
Disposals in year	-	-	-	(11,956)	-	-	-	(3)	-	-	(11,959)
At 31 March 2008	<u>100</u>	<u>1,955,398</u>	<u>192,282</u>	<u>396,513</u>	<u>31,058</u>	<u>193,177</u>	<u>2,827</u>	<u>68,034</u>	<u>500</u>	<u>24,799</u>	<u>2,904,688</u>
Depreciation											
At 1 April 2007	-	624,130	76,913	151,603	-	-	-	68,030	499	21,376	942,551
Charge for year	-	79,817	19,228	16,339	-	-	-	-	-	685	116,069
Depreciation on disposals	-	-	-	(7,223)	-	-	-	-	-	-	(7,223)
At 31 March 2008	<u>-</u>	<u>703,947</u>	<u>96,141</u>	<u>160,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,030</u>	<u>499</u>	<u>22,061</u>	<u>1,051,397</u>
Net book value At 31 March 2008	<u>100</u>	<u>1,291,451</u>	<u>96,141</u>	<u>235,794</u>	<u>31,058</u>	<u>193,177</u>	<u>2,827</u>	<u>4</u>	<u>1</u>	<u>2,738</u>	<u>1,853,291</u>
Net book value At 31 March 2007	<u>100</u>	<u>1,371,268</u>	<u>115,369</u>	<u>123,519</u>	<u>31,058</u>	<u>186,727</u>	<u>2,827</u>	<u>7</u>	<u>1</u>	<u>3,423</u>	<u>1,834,299</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008.

9. Fixed Assets (cont)

Included in the net book value of £ 1,853,291 (2007: £1,834,299) are assets with a net book value of £1,850,548 (2007: £1,830,868), which are used for direct charitable activities. Assets with a net book value of £2,743 (2007: £3,431) are used for other purposes.

Heritage Assets

Included within tangible fixed assets are heritage assets acquired at a cost of £227,062 (2007: £220,612). Locomotives, Carriages and Wagons and Small Artefacts are considered to be heritage assets as they are preserved as part of the heritage of the nation. The assets are held as part of a museum display to show the growth and development of the British rail transport system from the late 19th century to 1970.

10. Investments

The sole subsidiary undertaking is SRPS Railtours Limited, a company registered in Scotland, whose principal activity is the operation of railtours on the national network. The Society owns 100 £1 Ordinary shares, which represents the entire issued ordinary share capital of SRPS Railtours Limited.

The aggregate capital and reserves of SRPS Railtours Limited at 31 March 2008 is £7,362 (2007: £7,362) and the profit for the year to 31 March 2008 after Gift Aid is £0 (2007: loss £834).

11. Debtors

	2008	2007
	Total	Total
	£	£
Trade debtors	15,501	43,786
Amount due from subsidiary undertakings	67,439	51,665
VAT recoverable	954	7,801
Sundry debtors and prepayments	9,718	453
Total	<u>93,612</u>	<u>103,705</u>

Included in debtors is an amount due from the subsidiary company of £67,439 (2007: £51,665). The amount outstanding relates to covenanted profits and reimbursement of expenses paid, which will be reimbursed early in the following financial year.

12. Creditors: Amounts Falling Due Within One Year

	2008	2007
	Total	Total
	£	£
Trade creditors	20,397	46,073
PAYE and National Insurance	4,012	-
Other creditors and accruals	10,307	6,448
Short-term loans	5,270	5,270
Bank overdraft	17,940	23,137
	<u>57,926</u>	<u>80,928</u>

The bank overdraft is secured by a bond and floating charge over the assets of the charity.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008.

13. Creditors: Amounts Falling Due After One Year

	2008	2007
	£	£
Bo'ness & Kinneil Railway Company Ltd.	12,000	12,000

14. Commitments

At 31st March 2008, the charity has no commitments.

15. Analysis of Net Assets Between Funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	2,743	1,850,548	-	1,853,291
Investments	100	-	-	100
Current assets	152,141	85,000	100,890	338,031
Long term loan	(12,000)	-	-	(12,000)
Net Assets at 31 March 2008	<u>142,984</u>	<u>1,935,548</u>	<u>100,890</u>	<u>2,179,422</u>

16 Movement in Funds

	At 1 April 2007	Incoming Resources	Outgoing Resources	Transfers In	Transfers Out	At 31 March 2008
	£	£	£	£	£	£
Restricted funds:						
Life membership	19,675	289	(879)	-	-	19,085
Special projects						
Back on Tracks	-	44,525	(44,525)	-	-	-
Glen Douglas	8,698	-	-	-	-	8,698
Railtour Canopy	15,384	-	-	-	-	15,384
Class 126 DMU	25,319	17,338	(39,265)	3,750	-	7,142
Other projects	32,425	31,731	(10,445)	15,773	(18,903)	50,581
Total restricted funds	<u>101,501</u>	<u>93,883</u>	<u>(95,114)</u>	<u>19,523</u>	<u>(18,903)</u>	<u>100,890</u>
Unrestricted funds						
Designated funds -						
Mainline Connection	80,000	-	-	5,000	-	85,000
Fixed Asset Fund	1,830,868	147,020	(127,340)	-	-	1,850,548
General funds	131,699	419,626	(402,721)	18,903	(24,523)	142,984
Total unrestricted funds	<u>2,042,567</u>	<u>566,646</u>	<u>(530,061)</u>	<u>23,903</u>	<u>(24,523)</u>	<u>2,078,532</u>
Total funds	<u>2,144,068</u>	<u>660,529</u>	<u>(625,175)</u>	<u>43,426</u>	<u>(43,426)</u>	<u>2,179,422</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008.

16. Movements in Funds (continued)

Fund Transfers

Following a review of funds, the Directors have approved the transfer from the General Fund the sum of £10,000 for the restoration of the "Fair Maid" narrow gauge locomotive, £5,000 to the Mainline Connection designated fund, the transfer of a legacy from the General Fund of £5,773 to the Gresley Buffet Fund and a sum of £3,750 to the DMU Fund. Transfers to the general fund take place when the objectives of the restricted fund are met or the fund is closed. Thus a sum of £18,903 was transferred from the Manuel Appeal Fund when the works were capitalised at cost, amounting to £49,542.

Special Project Fund

The Restricted Income funds are funds primarily for the conservation, restoration and maintenance of the Society's heritage assets. Some funds have been received specifically as a contribution to specific departmental spending. Expenses are allocated to the fund as and when incurred on the work on the individual projects. A detailed breakdown of the fund balance can be obtained from the registered office. Funds forming part of the Special Project Fund with a balance in excess of £5,000 at 31 March 2008 are described below.

Glen Douglas Appeal Fund

The Society was given on loan a North British Railway Locomotive No. 256 *Glen Douglas* by the Glasgow Transport Museum for the purposes of restoration to running order. The reserve represents funds being gathered for the restoration process.

Railtour Canopy

This fund was set up to construct a canopy for the coaches leased by SRPS Railtours Ltd. Construction will take place as part of the overall site development.

Class 126 DMU Fund

The Heritage Lottery Fund supports this project. The project will restore to operational use a three car Diesel Multiple Unit of the type used on the Glasgow - Edinburgh route in the 1960's. The total project cost is estimated at £400,000 and is on schedule for completion in 2009. A fourth vehicle will be conserved and protected from the elements with the possibility of restoration in the future.

Life Membership

The Society has a further category of membership, namely premier life membership. Members are invited to join for life and are entitled to receive the Society's magazine and other benefits. The reserve represents the balance of the funds available for the remaining years of life membership.

Unrestricted Designated Funds

Mainline Connection Fund

The mainline connection renewal is an obligation of Bo'ness & Kinneil Railway Company, the owners of the land, to Network Rail to replace the connection when required. The Directors are of the view that the Society may be required to meet the obligation to ensure a connection in the future and have therefore created a designated fund.

Fixed Assets

The Fixed Asset designated fund reflects the balance of unrestricted fixed assets that are not easily resalable. The assets classified as designated are Tenants' Improvements, Scottish Railway Exhibition, Permanent Way, Locomotives, Carriages and Wagons and Small Relics.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008.

17. Company Limited by Guarantee

The members of the Society are obliged to contribute £2 each in the event of the company being wound up.

18. Related Party Transactions

During the year, SRPS Railtours Limited, a 100% owned subsidiary of the Society, made a gift aid contribution of £52,190 (2007: £44,000). In addition the Society recharged expenses to SRPS Railtours Limited amounting to £48,128 (2007: £47,709). At the year end £67,439 (2007: £51,665) remained due to the Society.

During the year the Society recharged expenses amounting to £161 (2007: £144) to Locomotive Owners Group (Scotland) Limited (LOG(S)) all of which was settled within the financial year. The Society also purchased goods to the value of £2,950 (2007: £3,175) from LOG(S) during the year all of which was settled within the financial year. Ronald Hill, Brian Thomson and James Verth are directors of LOG(S).

The Society has a loan of £12,000 (2007: £12,000) from the Bo'ness & Kinneil Railway Company Limited a company in which John Burnie is a director.

No one individual had control over the charity during either the current or previous year.