

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

Report and Financial Statements

Year ended 31 March 2009

Charity No : SC002375
Company No : SC055533

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THE SCOTTISH RAILWAY PRESERVATION SOCIETY
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 22 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 2008 or subsequently appointed

James Robertson (Chairman)

Stuart A. Sellar (Vice-Chairman)

David J. Morrison (Finance)

Iain C. Gent (General Secretary) resigned 2 November 2008

John Evans (General Secretary) appointed 2 November 2008

William Buchanan (Falkirk Council)

John G. Burnie

Ian R. Gordon

Ronald Hill

Stefan G. Kay

Lt. Col. Ian B. Lauder appointed 2 November 2008

George R. Lumsden

John A. B. Mayes

Ian McCreadie

Donald H. McLeish resigned 2 November 2008

Howard Miller appointed 2 November 2008

John Spacey

Brian M. Thomson

James Verth

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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

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REPORT OF THE DIRECTORS

for the year ended 31 March 2009.

TRUSTEE'S REPORT

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 Council 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 Council of Management in the conduct of its business. New trustees are assisted to understand the duties of membership of the Council.

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 Council of Management, and policy is considered and amended accordingly. Certain major decisions are reserved to the Council 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. SRPS Railtours Ltd. is also responsible for retail operations.

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 2009.

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 2009.

- 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 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. The table below shows the breakdown of membership grades as at 31 March 2009.

Grade	Number of Memberships	Number of Members eligible to Vote
Ordinary	476	476
Retired	375	375
Associate	53	53
Family	75	128
Junior	11	0
Group	0	0
Life	227	227
Family Life	19	30
Premier Life	77	77
Premier Family Life	13	23
Honorary	18	18
TOTAL	1344	1407

There was a very encouraging 4% net increase in membership with turnover remaining at under 6% as in 2007-8.

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Movement Category	Number of Memberships	Number of Members eligible to vote
New	126	124
Resigned	-7	-10
Lapsed	-47	-48
Deceased	-16	-16
Gone away	-4	-4
Net effect of changes to Family Memberships - Family Junior to Full Voting Member	0	1
NET INCREASE/ DECREASE	+52	+47

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 purpose is railway preservation and the advancement of railway heritage. This purpose 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 (the "Collections") including small objects, archives, equipment, carriages, wagons and locomotives, and in addition the provision and upkeep of buildings which protect and give context to the Collection. As with all heritage trusts, the Society is also engaged in education and outreach activities including research, interpretation and public lectures.

Achievements and Performance

Highlights

The Society continues to go from strength to strength. Achievements have been:-

- Awarded full accreditation by the Museums, Libraries and Archives Council.
- Visitor numbers and revenues up for the fourth year in succession.
- Acquisition of No. 37403, a Class 37/4 Diesel locomotive, previously a major item missing from the Society's Collections.
- Providing for increased train capacity by building a longer loop at Birkhill.
- Additional land acquired by the Bo'ness & Kinneil Railway with a view to building a second platform at Birkhill.
- Participation in the official opening of the Alloa branch with a steam and diesel hauled special train.

Disappointments have included:-

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REPORT OF THE DIRECTORS

for the year ended 31 March 2009.

- The need to cancel several Railtours as a consequence of congestion on the national rail network.
- The failure to secure funding for a replacement for the highly successful Back on Tracks drug rehabilitation scheme, the existing funding for which was withdrawn in March 2008.

Finances remain healthy and under control. Despite the 62% increase in train operating costs, the lack of an Easter in the financial year, difficulty by SRPS Railtours in obtaining paths on the national rail network, the opportunity to acquire the Class 37/4 and a major tidy up of the site to remove hazardous waste and life expired chemicals, only a small drop in the General Reserve was recorded.

The challenge remains however to identify sources of funding for capital works, and revenue funding for the subsequent cost of ownership of such facilities. Much more could be achieved with additional funding.

Governance

The Society is committed to the highest standards of corporate governance in the conduct of its affairs. The Council of Management met 6 times during 2008-9 and continued to comply with all statutory and regulatory obligations. A Working Party of Council, under the chairmanship of Stefan Kay OBE 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 the Executive Committee has met weekly since 1 May 2008 on all but 9 occasions.

Volunteers

Volunteers are the mainstay of the Society, and the Directors estimate that over all departments the total man hours is 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.

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

Fundraising

Bo'ness & Kinneil Railway

Despite the effects of the economic downturn, for the fourth consecutive year the Bo'ness & Kinneil Railway and the associated Scottish Railway Exhibition were able to report a record number of visitors, at 66,737 in the calendar year January – December 2008. Passenger numbers at 53,508 over the same period were also comfortably a record.

As usual, ticket income was augmented by a number of private charters, the highest profile of which was the filming of the BBC's production of 'The 39 steps' in September. A major effort by the Society was required, including the operation of two separate trains, one providing a static location at Birkhill while the other offered travelling shots along the entire line.

There was considerable pressure on staff over this period, as no sooner had the BBC crew departed than another two day shoot began for a Network Rail safety film. The following week the previous year's event for long service and retiring Network Rail employees was repeated, with nearly double the number of attendees. Diesel and steam locomotives running at both Bo'ness and at Kinneil were required to cope with the increased numbers. This allowed everyone to experience a steam locomotive footplate and diesel locomotive cab from the train crew's perspective.

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Among other events was the formal launch of the DMU, while No. 419 put on a fine display in the livery of 55189 for a most successful series of photo charters. Many of the participants were from outwith the area, giving a welcome boost to the hotels, guest houses, restaurants and pubs outside the normal tourist season. Another photoshoot involved No 24 in a feature about Harris Tweed.

As detailed later in the report, considerable improvements were made to the customer experience during the year, including the external redecoration of the main station buildings at Bo'ness and Birkhill, the creation of an audio-visual display at the Post Office Sorting Coach and a Children's Activity Centre in the Exhibition. The view from the train journey to Birkhill was also dramatically improved by the clearing of many tons of fly-tipped rubbish from the waterfall alongside the line. The contract caterer, Stephen Matthews, continued to provide a popular catering function, with catering commission for the season up 10% to £7,013.

SRPS Railtours

SRPS Railtours started the 2008 season on a high note. Following a successful excursion from Newcastle to Oban, a steam and diesel hauled train attended the official opening of the Alloa branch. The steam locomotive used in the outward journey from Alloa to Stirling was No. 61994 *The Great Marquess* with the return hauled by heritage diesel electric Deltic No. 55022. Three more excursions were then made along the same route. SRPS Railtours then suffered a number of setbacks. Three tours had to be cancelled when congestion on the national railway network prevented the planned tours from running. A particular disappointment was the cancellation at only a few days notice of two Forth Circle steam tours due to be hauled by 61994 *The Great Marquess*. Fortunately the tours were able to be run on April 5th 2009, giving SRPS Railtours an excellent start to the 2009-10 financial year. Nine other tours however went ahead as planned in 2008-9, including an enthusiast special from Bo'ness itself to branch lines in and around Glasgow.

This financial year was the first full year in which SRPS Railtours were responsible for retailing. Despite the lack of an Easter Weekend during the financial year, retail income at group level was down only £489 to £59,248. Overall the activities of the trading subsidiary resulted in a contribution of £62,424 to the SRPS funds after taking into account Gift Aid from Railtours and retailing, the lease of vehicles, raffle income and donations on Railtours.

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, Permanent Way works trains and for shunting exhibits into and out of the display galleries and workshops.

The number of scheduled operating days in the 2008 calendar year increased 11% to 133 but in addition to that a considerable number of special charters for filming and corporate hospitality required careful planning and operating. The number of works trains associated with the Manuel project and the arrival and departure of plant such as road/rail machines and tampers used for training contractors working for Network Rail put further demands on the volunteer operations staff. In effect train movements occurred on almost every day of the year.

Curatorial and Education

Partnerships

The Joint Working Agreement with Falkirk Council continued into its third year. Under the Agreement, in return for revenue grant 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 and the world wide web. A new Joint Working Agreement has been reached covering the period 2009-12.

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No replacement for the Scotland Against Drugs (SAD) “Back on the Tracks” partnership project was found during the year.

Accreditation

“Accreditation” is the museums national quality standard scheme, operated by the Museums Libraries & Archives Council (MLA). The Museum had previously achieved compliance with the predecessor scheme, “Registration”. These schemes are used as a guide to operational quality by funders and museum users. The requirements relate to governance and management, services for users, visitor facilities and collections management. In each of these areas, “Accreditation” is a significant step from its predecessor and so a temporary curator, Fiona Hall, was employed to deliver the documentation which was required. This consisted of a series of high level policies, agreed by SRPS Council, and an extensive set of procedures which set out how museum functions such as acquisitions and loans should be managed. Fiona’s work was fully funded by a grant from the Recognition Fund managed by Museums Galleries Scotland on behalf of the Scottish Government.

All the necessary documentation was prepared in 2008, and a successful application made. Full Accredited status was awarded by the MLA in April 2009. It remains to apply for “national” museum status, subject to clarification on future funding from Government and Falkirk Council.

Projects

As noted above, Curator Fiona Hall was employed during 2008, with a grant from the Government’s Recognition Fund. With very welcome grants from Museums Galleries Scotland (formerly the Scottish Museums Council), a video presentation was added to the display at Post Office Sorting (POS) coach no.80382, and a Children’s Activity Centre was added to the Exhibition to provide facilities for our youngest visitors. Both have proved popular with visitors.

Small object acquisitions

During the year, 855 items were accessioned to the collection. The large majority of these were acquired by donation, and included Monkland Railway tickets (latest issue 1928); a variety of posters including some from the Highland Railway, from the LMS (advertising trains for the 1938 Empire Exhibition at Bellahouston Park, Glasgow) and from BR; signalbox illuminated diagrams from Sighthill East, Hawick South, Inverkeithing East, Clunybridge and Radford Junction, papers relating to locomotives built by NBL and its predecessors, a series of modern track engineering drawings by Network Rail contractors and an unused BR uniform issued to A.Walker, signaller at Bo’ness.

Large Object Acquisition

A major acquisition in 2008-9 was the purchase of a Class 37/4 Diesel Locomotive. No. 37403 was built in 1965 as D6607, later becoming 37307 and was the second last Class 37 built. It worked in South Wales until refurbishment and conversion to 37403 in 1985 when it moved to Glasgow Eastfield Depot to work mainly on the West Highland line as well as other parts of Scotland. During its time in Scotland it carried the names ‘Isle of Mull’, ‘Glendarroch’ (after the fictional village in STV’s Take the High Road) and gained celebrity status in 1994 when it was returned to original green livery and named ‘Ben Cruachan’. It has been a regular performer on SRPS Railtours over the years and is a fitting addition to the SRPS collection.

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.

The major expenditure in 2008-9 was on the repainting of the Station Buffet building and Birkhill Station. Both were repainted in the green and cream livery to match Wormit Station. A project to refurbish the lighting and ablutions facilities in the running shed is planned for 2009-10.

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Although not on land leased to the Society, the waterfall on the line up to Birkhill has been an eyesore for our visitors for many years, with tons of rubbish fly-tipped from the road above. With the help of Keep Scotland Beautiful, and Territorial Army 153 Field Squadron, 60 tons of rubbish were removed by skips provided by Falkirk Council and a digger and road/rail machine provided free of charge by Paul John Plant Ltd. Falkirk Council then erected a new fence to prevent recurrence. The SRPS are extremely indebted to these organisations and individuals who helped in making the view from the train more appealing.

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.

With the bulk of the Permanent Way capital works associated with the Manuel Extension and line improvement completed in 2007-8, Permanent Way capital expenditure fell in 2008-9 from £133,347 to just £30,682. That said, there was much to do in 2008-9, with a new run-off turnout built in the line connecting the Bo'ness & Kinneil Railway (B&KR) to the Edinburgh-Glasgow main line. The track at Manuel was also slewed to a new alignment, lowered and re-laid with significant spot resleepering being carried out. Attention was then turned to the Manuel Signal and Telegraph installation consisting of the necessary ground frames, control rods and cables to control the points and signals.

Resources were also found to undertake a number of maintenance activities, in particular in the North Yard at Bo'ness where significant re-timbering and ballasting was required. Direct revenue expenditure on Permanent Way maintenance thus rose from £16,738 in 2007-8 to £35,570 in 2008-9

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.

Major works were required on the Bo'ness brake van, BSOT 9237, highlighting the desirability of protective cover even for metal bodied vehicles. The success of increased passenger numbers has also created the demand for more seating and work started on bringing into service two more Tourist Second Open coaches, nos. 4215 and 4529, each with a capacity of 64 seats.

Meanwhile work continued on LNER Buffet Car No.644, mainly on fitting out and decorating the interior. The exterior work recommenced with hand-painting the lettering and numbers of the coach body. As suitable work for some of the No. 644 project team started to dry up, a new project to refurbish North British Saloon No.461 got underway. This vehicle used to serve as a static buffet car before the Station Coffee Shop was constructed. Much of the initial work involved removing the modifications which had been done to make it suitable for its use as a stationary buffet.

A £500 donation was received from the Great North of Scotland Association to refurbish the 10 ton 1 plank Ballast Wagon, Great North of Scotland Railway No.1329. Other wagons also received attention from the small band of volunteers.

Back on Tracks Project

Funding for the Back on Tracks was withdrawn by the Scottish Centre for Healthy Working Lives on 31st March 2008. Responsibility for drug rehabilitation was transferred by the Scottish Government to local authorities. Unfortunately a suitable alternative scheme was not available in the Falkirk area. This policy change affected all the museums in the scheme. The impact on the SRPS has been that the post of Back on Tracks Supervisor could not be fully funded from the Society's own resources and without external support for the scheme it was with regret that our supervisor Ian Boettcher had to be

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declared redundant. The Council of Management wish to record their thanks to Ian for his years of service as supervisor of the Back on Tracks project.

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.

A continual demand was made during the entire year on the manpower of the Department with a total of 14,057 hours of volunteer labour being recorded in the workshop. The work is broken down as follows:-

Heavy Overhauls, Maintenance & Stores	40.0%
Workshop Maintenance	15.7%
Footplate Turns	14.8%
Other Work	29.5%

During the year four steam locomotives shared the operation of the Bo'ness & Kinneil Railway, namely Caledonian No.419, No. 1 *Lord Roberts*, No 246 *Morayshire* on loan from the National Museums of Scotland, and No. 80105 owned by LOG(S). Maintenance of steam locomotives is highly skilled work, with replacement components often having to be made in-house.

With No. 419 coming out of traffic for a major overhaul, an appeal was launched to fund the restoration as quickly as possible. The plan includes outsourcing boiler repairs to an established specialist company. It was a great credit to the steam department that a major boost to the fund was achieved from the photo charter of No. 419 turned out in BR black. This involved a rapid repaint from Caley blue to BR black, including changes to lining and lettering to give the locomotive an authentic 1950's appearance.

In addition to maintaining the four locomotives in the operating fleet, work continued on six more restoration projects. The need for a small tank engine to replace No. 419 is urgent, and work has progressed on Austerities No. 7 and No. 19. Work was carried out on the pistons and valves, and new vacuum brake pipes, lubrication pipe work and side rods were manufactured. The driving axle of No. 7 is now in the in the shed where machining of the crankpin surfaces is underway.

Work also continues on the *Fair Maid of Foyers*, a 3 foot gauge Barclay. With funding from Comhlacht Tranach na Gaeltracht Lair (2000) Geo, it is planned that the locomotive once completed will enter service on Fintown Railway in County Donegal.

Closer to home, No. 6 from Prestongrange Mining Museum in East Lothian is receiving attention with a view to returning it to working order. Most of the boiler work including welding and the replacement of all the boiler tubes has now been completed.

Two Sentinel vertical boiler shunting locomotives, *Ranald* and *Denis*, have also made progress. *Ranald* is now practically completed, and should be steamed in 2009-10. *Denis* is some way behind, with resources switched to other projects.

Diesel and Electric Haulage

This activity undertakes the conservation, restoration, repair and maintenance work on diesel locomotives and multiple units. As with steam locomotives, the subsequent operation of the locomotives forms part of the fundraising and outreach activities.

Excluding small diesels, there are 15 diesel locomotives on site, 6 of which belong to the SRPS or the SRMCT. English Electric Shunter 08 443, is undergoing a major overhaul. Likewise the class 47 No. 47643 is undergoing major overhaul and repaint. It is planned to complete the Class 47 in time for a visit to the Keighley and Worth Valley Railway's Diesel Gala in June 2009. Work has also continued on the overhaul of Class 27 D5394 for the Strathspey Railway.

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Throughout the year the diesel fleet saw a great deal of use on service trains, Railtour empty stock movements and civil engineering trains. Locomotives which saw service at some time during 2008-9 were Class 20 D8020, Class 26's D5310 and 26024, Class 27 27001 and the two Class 37's 37025 and 37175. Class 26 D5310 also attended an open day at Carnforth in July 2008. In addition to two diesel galas, a Class 37 Day was held on January 3rd and, despite the cold weather, over 1,200 passengers were carried.

Class 126 Diesel Multiple Unit Project

A major milestone was achieved on 18 July 2008 when the 3-car Diesel Multiple Unit project, supported by the Heritage Lottery Fund, reached the stage where the 3-car set was available for its inaugural run on the Bo'ness and Kinneil Railway. Representatives of Heritage Lottery Funding Scotland, the Bo'ness Fair Queen and distinguished guests were on board as the DMU pulled out of the Station under its own power. The next day the DMU also operated the last service train of the day. A significant amount of work by the diesel group was required to make all four engines operational for the event. There was however much work still to be done, mostly connected with the fit out of seating and details such as curtains, ceiling lights, ventilators and heating vent covers. Work continues into 2009-10 with the support of the volunteers and donors.

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

A key feature of the Society's finances is that the unrestricted income exceeds the cost of generating funds by a good margin. Thus fluctuations in income do not put long term survival at risk. They do however affect the value of charitable activities which the Society can undertake. The level of income also determines the rate of development and level of capital investment that the Society can afford.

There were a number of factors at work in 2008-9 which require the headline figures to be treated with caution. For example, the transfer of retailing to the trading subsidiary SRPS Railtours Ltd. in September 2007 means that there are no retailing costs in 2008-9, and income is reduced to the retail profit, transferred as an element in the Gift Aid received from SRPS Railtours.

A loan of £12,000 from the Bo'ness and Kinneil Railway Company was repaid to allow the B&KR to purchase land to the east of Birkhill Station. This land is required in the longer term to build a second railway platform at Birkhill. The financial year 2008-9 was also unusual in that it did not contain an Easter weekend to provide a welcome boost to income. That boost had already been received in 2007-8 which had two Easter weekends, one in April 2007 and another in March 2008.

Furthermore an early decision was made to devote a substantial amount of resources to refurbishment and maintenance rather than capital investment, so the difference between cash flow and surplus/loss is unusually high. Thus the reported deficit of £69,557 translates into a reduction in net current assets of just £20,335.

As a consequence of these and other factors, incoming resources were down £83,829 on 2007-8 to £576,700. The major reduction was in income from Grants and Joint Working Agreements, down £43,720 to £105,780. This in part was due to the Class 126 DMU project nearing the end of the restoration, with the final payment of the grant for the Heritage Lottery Fund to come on completion.

The level of Gift Aid received in respect to SRPS Railtours train operations was down £17,705 to £31,405. It should be appreciated that the total contribution from running mainline excursions is £43,425 after the raffle ticket income, the annual lease of coaching stock by the SRPS, profits from on-train retail sales and donations are taken into account.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 March 2009.

In contrast voluntary income from membership subscriptions, donations and legacies were up, giving a total increase in voluntary income of £12,030 to £74,554. Income from train operations on the Bo'ness and Kinneil Railway was up by £5,711 to £283,164.

Historically, all water charges were carried by the Operating Department. In reviewing the nature of the charges, it was decided that most of the charge should be treated as a support cost and allocated across activities. Supplies in connection with operating the train service are however still charged directly. This change in policy is reflected with revised figures in the SOFA and Notes to the Accounts for the 2007-8 period.

Resources expended were £646,257, up £21,082 on 2007-8. Although the cost of generating funds fell by £19,427 to £238,826, the figure for 2008-9 excludes the cost of retail stock which is now purchased by SRPS Raitours. Excluding purchase of stock in 2007-8 gives a rise in expenditure on generating funds on a like for like basis of £9,337.

The cost of operating the Bo'ness and Kinneil Railway, principally for coal, diesel fuel, water and lubricants rose by 62% from £38,681 in 2007-8 to £62,726. These costs are regrettably unavoidable.

The reduced spending on the Permanent Way allowed increased spending on the other charitable activities, including direct spending on steam locomotives, up from £17,451 to £31,864, diesels from £11,618 to £23,590 and carriages and wagons from £16,790 to £32,041.

Direct expenditure on Curatorial and Education activities increased from £9,019 to £39,456. As mentioned above, a grant from Museums Galleries Scotland enabled the appointment of a Fiona Hall as a curator on a one year contract.

Total support costs, excluding depreciation, rose 13% year on year to £132,187 but that included a one-off charge of £13,280 for hazardous waste removal as part of a site clean-up. Excluding this charge, support costs excluding depreciation rose by 2%.

Finally, the Society was able to add a Class 37/4 Diesel locomotive to its collection at a cost of £19,800 plus transport. An appeal for donations raised £11,059 towards the cost. Unfortunately the Society was unsuccessful in its application for a grant from the National Fund for Acquisitions.

Appreciation

The Council 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 Council of Management also wish to gratefully acknowledge the support of Falkirk Council and their representative, Councillor Billy Buchanan. The Scottish Government, Museums Galleries Scotland, the National Museums Scotland, the Heritage Lottery Fund, 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 for duty.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 March 2009.

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 acquisitions and disposals),
- 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 relation to current local development opportunities, and with the Scottish Government 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 26 June 2009 and signed on its behalf by:



Redacted
Signature

David Morrison

Hon. Treasurer.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

Independent Auditor's Report to the Trustees and members of The Scottish Railway Preservation Society

Auditors Report

We have audited the financial statements of The Scottish Railway Preservation Society for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The 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).

Respective responsibilities of trustees and auditors

The trustees' (who are the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual 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.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts.

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 and whether the information given in the Trustees' Report is consistent with those financial statements

We also report to you if, in our opinion, the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

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.

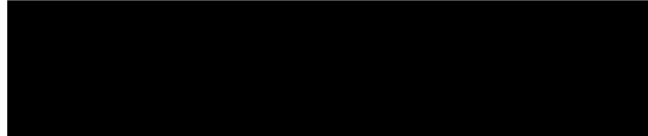
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 Auditor's 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 affairs of the charity as at 31 March 2009, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; the financial statements 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; and the information provided in the Trustees' Annual Report is consistent with the financial statements



Redacted
Signature

Whitelaw Wells

Date: 30 June 09

Eligible to act as an auditor in terms of section 25 of the Companies Act 1989

Chartered Accountants & Registered Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

**Income and Expenditure Account (including Statement of Financial Activities)
for the year ending 31 March 2009.**

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Prior Year Funds
Incoming Resources					
Incoming resources from generated funds					
Voluntary Income	2	40,001	34,553	74,554	62,524
Activities for generating funds	3	291,203	1,975	293,178	332,688
Gift aid payment from subsidiary		50,873	-	50,873	52,190
Investment Income					
Bank Interest Received		11,079	-	11,079	15,493
Incoming resources from charitable activities	4	99,743	45,500	145,243	190,532
Other incoming resources		1,773	-	1,773	7,102
Total incoming resources		<u>494,672</u>	<u>82,028</u>	<u>576,700</u>	<u>660,529</u>
Resources Expended					
Costs of generating funds					
Costs of generating voluntary income	5	6,806	931	7,737	9,591
Costs of fundraising trading	5	124,056	-	124,056	140,907
Costs of fundraising and publicity	5	57,295	-	57,295	62,839
Allocated fundraising costs	5	49,738	-	49,738	44,916
Total costs of generating funds		<u>237,895</u>	<u>931</u>	<u>238,826</u>	<u>258,253</u>
Charitable activities					
Preservation of railways	5	125,696	74,691	200,387	173,854
Allocated charitable activity costs	5	201,144	-	201,144	187,818
Total charitable costs		<u>326,840</u>	<u>74,691</u>	<u>401,531</u>	<u>361,672</u>
Governance costs	5	5,900	-	5,900	5,250
Total resources expended		<u>570,635</u>	<u>75,622</u>	<u>646,257</u>	<u>625,175</u>
Net incoming/(outgoing) resources before transfers		(75,963)	6,406	(69,557)	35,354
Transfers between funds	16	495	(495)	-	--
Net Movement in funds		<u>(75,468)</u>	<u>5,911</u>	<u>(69,557)</u>	<u>35,354</u>
Total funds at 31 March 2008		2,078,532	100,890	2,179,422	2,144,068
Total funds at 31 March 2009	16	<u>2,003,064</u>	<u>106,801</u>	<u>2,109,865</u>	<u>2,179,422</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 2009.

	Notes	2009	2008
		£	£
Fixed assets			
Tangible assets	9	1,545,208	1,626,229
Heritage assets	9	246,861	227,062
Investments	10	100	100
		<u>1,792,169</u>	<u>1,853,391</u>
Current assets			
Stock		6,300	6,300
Debtors	11	82,997	93,612
Cash at bank and in hand		319,996	296,045
		<u>409,293</u>	<u>395,957</u>
Creditors: Amount falling due within one year	12	(91,597)	(57,926)
Net current assets		<u>317,696</u>	<u>338,031</u>
Total assets less current liabilities		2,109,865	2,191,422
Creditors: Amount falling due after more than one year	13	-	(12,000)
		<u>2,109,865</u>	<u>2,179,422</u>
Unrestricted funds			
Designated Fund	16	1,874,417	1,935,548
General Fund	16	128,647	142,984
Restricted funds	16	106,801	100,890
Total funds	16	<u>2,109,865</u>	<u>2,179,422</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 26 June 2009 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 2009.

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 recognised on an accruals basis as a liability is incurred and are reported as part of the expenditure to which they relate. They 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 2009.

- 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 Council 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	2009 Total	2008 Total
	£	£	£	£
General donations	11,687	27,205	38,892	32,675
Legacies	5,000	-	5,000	-
Gift aid	3,773	6,191	9,964	8,123
Railtour raffles	6,897	-	6,897	9,373
Membership subscriptions.	12,644	1,157	13,801	12,353
Total voluntary income	<u>40,001</u>	<u>34,553</u>	<u>74,554</u>	<u>62,524</u>

3. Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	2009 Total	2008 Total
Train operations	281,964	1,200	283,164	277,453
Retail	-	775	775	46,885
Catering	9,239	-	9,239	8,350
Total activities for generated funds	<u>291,203</u>	<u>1,975</u>	<u>293,178</u>	<u>332,688</u>

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

	Unrestricted Funds	Restricted Funds	2009 Total	2008 Total
SRE admissions	5,368	-	5,368	5,638
Grants and Joint Working Agreements received	60,280	45,500	105,780	149,500
Rolling stock hire	7,850	-	7,850	12,569
Facilities hire	26,245	-	26,245	22,825
Total grants and contracts	<u>99,743</u>	<u>45,500</u>	<u>145,243</u>	<u>190,532</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009.

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	2008-9 Total	2007-8 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs – direct employees	-	45,071	28,463	-	-	-	19,565	-	6,164	13,774	113,037	113,965
Cost of retail sales	-	-	-	-	-	-	-	-	-	-	-	28,764
Promotion	-	13,168	-	-	-	-	-	-	-	-	13,168	18,171
Special events	-	50,847	-	-	-	-	-	-	-	-	50,847	58,316
Train operating costs	-	63,610	-	-	-	-	-	-	-	-	63,610	40,432
Consumables and tools	-	847	1,371	275	881	-	1,716	7,021	4,333	501	16,945	16,608
Communications	-	8,289	347	-	36	-	-	139	147	-	8,958	11,465
Contractors	-	-	772	11,412	4,350	-	2,081	1,051	1,583	4,145	25,394	41,845
Plant & machinery repair	-	2,239	17	146	-	-	-	3,123	873	-	6,398	6,041
Materials and parts	-	-	2,287	3,791	17,223	-	7,914	19,124	9,708	3,566	63,613	33,560
Legal & Audit Fees	5,900	-	-	-	-	-	-	-	-	-	5,900	5,250
Equipment hire	-	-	294	256	11,356	-	-	410	246	-	12,562	3,907
Carriage	-	286	519	-	-	-	-	21	-	-	826	1,598
Recruitment costs	-	-	-	-	-	-	-	-	-	-	-	2,272
Other	-	4,731	5,386	-	1,724	-	765	975	536	-	14,117	10,247
Total direct resources expended (Carried forward)	5,900	189,088	39,456	15,880	35,570	-	32,041	31,864	23,590	21,986	395,375	392,441

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009.

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	2008-9 Total	2007-8 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities (Brought forward)	5,900	189,088	39,456	15,880	35,570	-	32,041	31,864	23,590	21,986	391,375	392,441
Support costs allocated to activities												
Staff costs -support	-	5,773	5,773	3,845	5,773	-	5,773	5,773	5,773	-	38,483	33,612
Utilities	-	7,314	3,657	3,657	3,657	-	3,657	3,657	3,657	-	29,256	27,454
Rent, insurance	-	5,789	2,105	2,631	2,631	-	2,631	2,631	2,631	-	21,049	16,100
Travel	-	40	60	60	60	-	60	60	60	-	400	320
Communications	-	675	1,012	1,012	1,012	-	1,012	1,012	1,012	-	6,747	7,167
Contractors & consultants	-	-	-	-	5,306	-	5,306	5,306	5,306	-	21,224	9,955
Subscriptions	-	214	642	-	-	-	-	-	-	-	856	1,323
Bank charges	-	2,814	201	201	201	-	201	201	201	-	4,020	6,502
Mainline connection maintenance	-	1,333	-	-	1,333	-	-	-	-	-	2,666	2,556
Loss on disposal of fixed assets	-	-	1	1	1	-	2	2	2	-	9	4,739
Other support costs	-	748	1,308	935	1,123	-	1,121	1,121	1,121	-	7,477	6,943
Depreciation	-	25,038	56,260	12,667	17,879	-	951	941	4959	-	118,695	116,069
Total allocated costs	-	49,738	71,019	25,009	38,976	-	20,714	20,704	24,722	-	250,882	232,734
Total resources expended	5,900	238,826	110,475	40,889	74,546	-	52,755	52,568	48,312	21,986	646,257	625,175

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009.

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		15%	15%	10%	15%	-	15%	15%	15%	-	Approximately based on work load
Heat & light		25%	12.5%	12.5%	12.5%	-	12.5%	12.5%	12.5%	-	Shared equally except DMU
Rent, insurance		27.5%	10%	12.5%	12.5%	-	12.5%	12.5%	12.5%	-	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.
Bad debt write off		10%	15%	15%	15%	-	15%	15%	15%	-	Pro-rata.
Other support costs		12.5%	15%	12.5%	15%	-	15%	15%	15%	-	Shared equally except DMU

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009.

6. Net Incoming Resources for the Year

This is stated after charging/(crediting) :-

	2008-9	2007-8
	Total	Total
	£	£
Depreciation	118,695	116,069
Loss/(Gain) on disposal of fixed assets	9	4,746
Management committee's remuneration	33,359	34,206
Auditors' remuneration:		
Audit services	4,700	5,250

Two members of the Council 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 member of the Council of Management who received remuneration did so in respect of duties not connected with his role as a member of the Council of Management.

Management Remuneration	£
John Mayes	31,900
George Lumsden	1,459
	33,359

Four members of the Council of Management received reimbursements of travel expenses during the year totalling £595 (2008: £893 for four members) of which £ 0 (2008: £0) remained outstanding at the year end. The Directors are covered by Directors' Liability Insurance at a cost of £ 683 (2008: £ 683)

7. Staff Costs and Numbers

	2008-9	2007-8
	£	£
Salaries and wages	136,008	133,740
Social security costs	12,683	11,315
Pensions	2,219	2,020
Training	610	503
	151,520	147,578

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:

	2008-9	2007-8
	£	£
Charitable activities	4	5
Trading activities	2	2
Administration staff	2	2
	8	9

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 2009.

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 2008	100	1,995,398	192,282	396,513	31,058	193,177	2,827	68,034	500	24,799	2,904,688
Additions in year	-	-	-	30,682	19,799	-	-	7,001	-	-	57,482
Disposals in year	-	-	-	-	-	-	-	(68,036)	(500)	(21,379)	(89,915)
At 31 March 2009	<u>100</u>	<u>1,995,398</u>	<u>192,282</u>	<u>427,195</u>	<u>50,857</u>	<u>193,177</u>	<u>2,827</u>	<u>6,999</u>	<u>-</u>	<u>3,420</u>	<u>2,872,255</u>
Depreciation											
At 1 April 2008	-	703,947	96,141	160,719	-	-	-	68,030	499	22,061	1,051,397
Charge for year	-	79,818	19,228	17,566	-	-	-	1,399	-	684	118,695
Depreciation on disposals	-	-	-	-	-	-	-	(68,031)	(499)	(21,376)	(89,906)
At 31 March 2009	<u>-</u>	<u>783,765</u>	<u>115,369</u>	<u>178,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398</u>	<u>-</u>	<u>1,369</u>	<u>1,080,186</u>
Net book value At 31 March 2009	<u>100</u>	<u>1,211,633</u>	<u>76,913</u>	<u>248,910</u>	<u>50,857</u>	<u>193,177</u>	<u>2,827</u>	<u>5,601</u>	<u>-</u>	<u>2,051</u>	<u>1,792,069</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>

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

for the year ended 31 March 2009.

9. Fixed Assets (cont)

Included in the net book value of £ 1,792,069 (2008: £1,853,291) are assets with a net book value of £ 1,784,417 (2008: £1,850,548), which are used for direct charitable activities. Assets with a net book value of £7,652 (2008: £2,743) are used for other purposes.

Heritage Assets

Included within tangible fixed assets are heritage assets acquired at a cost of £ 246,861 (2008: £227,062). 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 2009 is £7,362 (2008: £7,362) and the profit for the year to 31 March 2009 after Gift Aid is £0 (2008: £0).

11. Debtors

	2009	2008
	Total	Total
	£	£
Trade debtors	12,629	15,501
Amount due from subsidiary undertakings	58,585	67,439
VAT recoverable	-	954
Sundry debtors and prepayments	11,783	9,718
Total	<u>82,997</u>	<u>93,612</u>

Included in debtors is an amount due from the subsidiary company of £58,585 (2008: £67,439). 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

	2009	2008
	Total	Total
	£	£
Trade creditors	15,218	20,397
PAYE and National Insurance	-	4,012
VAT due	2,308	-
Other creditors and accruals	49,673	10,307
Short-term loans	5,270	5,270
Bank overdraft	19,128	17,940
Total	<u>91,597</u>	<u>57,926</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 2009.

13. Creditors: Amounts Falling Due After One Year

	2009	2008
	£	£
Bo'ness & Kinneil Railway Company Ltd.	0	12,000

During the year, the Society repaid the loan to enable the Bo'ness and Kinneil Railway to purchase land to the east of Birkhill Station for future development of a second platform. The existing lease of the trackbed and Birkhill land has been amended to include the newly purchased land.

14. Commitments

At 31st March 2009, the charity has no commitments.

15. Analysis of Net Assets Between Funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	7,652	1,784,417	-	1,792,069
Investments	100	-	-	100
Net current assets	120,895	90,000	106,801	317,696
Net Assets at 31 March 2009	128,647	1,874,417	106,801	2,109,865

16. Movement in Funds

	At 1 April 2008	Incoming Resources	Outgoing Resources	Transfers In	Transfers Out	At 31 March 2009
	£	£	£	£	£	£
Restricted funds:						
Life membership	19,085	1,157	(931)	-	(198)	19,113
Special projects						
Birkhill Signal Box	5,043	307	-	-	-	5,350
Railtour Canopy	15,384	1,000	-	-	-	16,384
Machine Shop	-	5,368	-	-	-	5,368
Prestongrange No 6	-	10,500	(474)	-	-	10,026
Fair Maid loco	7,516	10,000	(5,894)	-	-	11,622
Caley Tank 419	-	1,085	-	7,957	-	9,042
Glen Douglas	8,698	-	-	-	-	8,698
Other projects	45,164	52,611	(68,323)	-	(8,254)	21,198
Total restricted funds	100,890	82,028	(75,622)	7,957	(8,452)	106,801
Unrestricted funds						
Designated funds -						
Mainline Connection	85,000	-	-	5,000	-	90,000
Fixed Asset Fund	1,850,548	42,228	(116,613)	8,254	-	1,784,417
General funds	142,984	452,444	(454,022)	198	(12,957)	128,647
Total unrestricted funds	2,078,532	494,672	(570,635)	13,452	(12,957)	2,003,064
Total funds	2,179,422	576,700	(646,257)	21,409	(21,409)	2,109,865

SRPS Report

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2009.

Fund Transfers

Following a review of funds, the Directors have approved the following fund transfers.

- From the General Fund the sum of £5,000 to the Mainline Connection designated fund.
- From the General Fund the sum of £7,959 being the income derived from the Caley Tank Photocharter to the Caley Tank Restoration Fund.
- From the (Building) Restoration Fund the sum of £4,198 to the Birkhill Station Fund to allow the painting of Birkhill Station.
- From the Eric Viles Appeal Fund the sum of £2,732 to the Gresley Buffet No. 644 Restoration Fund to purchase materials for that project.
- From the Class 37/4 Diesel Locomotive Fund the sum of £8,254 to the Fixed Asset Fund as a contribution to the purchase of No 34703.
- From the Metres to Manuel Appeal Fund the sum of £328 to the Manuel Project Fund for the purchase of materials.
- From the Life Membership Fund the sum of £198 to the General Fund to bring the balance of the Life Membership Fund into line with the Fund policy.

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 2009 are described below.

Birkhill Signal Box

This fund is for the eventual erection and maintenance of a signal box at Birkhill Station.

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.

Machine Shop

The steam locomotive department carries out conservation, restoration, repair and maintenance in a shed known as the Romney Hut, which is now life expired. The intention is to construct modern facilities for the Steam Department, starting with a machine shop. A project has been started and it is hoped that a planning application will be submitted to Falkirk Council during 2009-10.

Prestongrange No.6

This fund is for the restoration of a steam locomotive from Prestongrange Museum in East Lothian. Work is being funded primarily by the owners, East Lothian Council.

Fair Maid

This fund is for the restoration of a 3 foot gauge steam locomotive owned by the Scottish Railway Museum Trust. The project is funded by Comhlacht Tranach na Gaeltracht Lair (2000) Geo, based in Fintown, County Donegal. It is intended that on completion the locomotive will be hired to the Fintown railway for operation on their narrow gauge track.

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

for the year ended 31 March 2009.

Caley Tank No. 419

This steam locomotive appears on the Society's logo. The boiler certificate expired in March 2009, and it intended to return the locomotive to traffic as quickly as possible.

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.

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.

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 £50,893 (2008: £52,190). In addition the Society recharged expenses to SRPS Railtours Limited amounting to £29,444 (2008: £48,128). SRPS Railtours recharged expenses of £1,273 to the Society (2008: £3,600). At the year end £58,585 (2008: £67,439) remained due to the Society.

During the year the Society recharged expenses amounting to £99 (2008: £161) to Locomotive Owners Group (Scotland) Limited (LOG(S)) all of which was settled within the financial year. The Society has accrued a charge of £3,700 (2008: £2,950) from LOG(S) for the hire of 80105 steam locomotive in 2008-9. Ronald Hill, Brian Thomson and James Verth are directors of LOG(S).

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