

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

Report and Financial Statements

Year ended 31 December 2019

Charity No : SC002375
Company No : SC055533

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THE SCOTTISH RAILWAY PRESERVATION SOCIETY

REPORT OF THE DIRECTORS

for the year ended 31 December 2019.

TRUSTEES' REPORT

The Board of Trustees, 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 December 2019.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Trustees' Summary

The Trustees have pleasure in reporting a generally successful year for the Scottish Railway Preservation Society. Highlights include:-

- The successful round 2 award of £741,500 from the National Lottery Heritage Fund for the *Steaming Ahead* project.
- The erection of the refurbished footbridge from West Calder at Birkhill Station and further development of a second platform at the station
- A successful season of tours on the main line involving nationally recognised locomotives
- Redecoration of the 1842 Edinburgh and Glasgow Railway train shed at Bo'ness
- Restoration of the late 19th century Highland Railway footbridge at Bo'ness.

Objectives and Activities

The Society's objectives are to create and operate a sustainable national Museum of Scottish Railways and a working heritage railway to encourage people to understand the part that railways played in changing Scotland.

This will be done in a way that preserves and demonstrates a range of skills and activities, educates visitors, involves the wider community and engages and develops its membership.

In practice the Society's objectives will be met through the operation of:-

- The Museum of Scottish Railways, an accredited museum with a collection recognised by Museums Galleries Scotland to be of national significance and
- The Bo'ness & Kinneil Railway, a five-mile long heritage railway with stations and halts at Bo'ness, Kinneil, Birkhill and Manuel.
- SRPS Railtours, a subsidiary undertaking which runs mainline rail excursions throughout the UK and manages the retail operations.

Achievements and Performance

The principal source of income for the society comes from providing passenger and visitor services. The Bo'ness and Kinneil Railway carried 50,530 passengers in 2019 (2018: 56,552), an 11% decrease on the figure for 2018. A revised marketing strategy for 2020 and beyond was developed during the year to help us return to increasing visitor numbers. Work has also been undertaken with Visit Scotland and through the Falkirk Partnership to examine how we may better market ourselves to the tourist industry, and to look for options for collaborative working with other attractions in and around the Falkirk area. As a result, links have been made with tour companies looking to bring tours from cruise liners that visit Edinburgh and South Queensferry. The first of these is expected from the 2021 season.

Following a tender exercise for the proposed extended station building, the Directors are reviewing whether the current plans represent good value for money given that the tender bid increased build

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costs alone to some £670K. The need to improve customer facilities remains, particularly if we are successful in delivering increased numbers through a revised marketing strategy.

Following the successful award from the National Lottery Heritage Fund (formerly known as the Heritage Lottery Fund) of £741,500 towards the *Steaming Ahead* project, work was undertaken to allow us to accept the award and obtain permission to proceed. Further development of this project will be reported next year. The aim of *Steaming Ahead* is to ensure that the Society has sustainable volunteer workforce and is able to constrain future costs of restoration, overhaul and maintenance of its engines and rolling stock through having the infrastructure and skills to undertake more work in-house. It will also assist us in helping visitors better to understand what they see while they are here through better interpretation of the site, and to capture oral history of use of railways.

The Museum of Scottish Railways is the largest railway museum in Scotland. The collections are recognised through the Scottish Government Recognition Scheme as being of national importance. The Museum saw a 23% drop in the number of visitors, down to 17,346 (2018: 21,056). This reduction is thought to be linked to the absence throughout 2019 of the footbridge that provides the most direct route to the Museum from the station area. We expect numbers to recover in 2020 once the bridge is reinstalled. The Society acquired for the Museum a Mark3 Caledonian Sleeper Coach as these were withdrawn from service. The Museum also was able to display the G&SWR Brake Coach that two of our volunteers had spent many hours restoring. The restoration was of such a high standard it was recognised by a nomination for Heritage Railway Award.

Our Volunteers continue to undertake the vast majority of all tasks necessary for the Society, the Museum, the B&KR and SRPS Railtours to function. Together they contribute in excess of 60,000 man-hours, the equivalent of 38 full time staff. In 2019 30 new volunteers were recruited, compared to 18 in 2018.

In addition, the Youth Group provides opportunities for 12-16 year olds. Once aged 14 they can work under the supervision of the museum and workshop managers. During the year the Youth Group Leader retired after many years support. As testament to her work, a group of younger adult volunteers, who formerly were members of the Youth Group, came forward to take over the running of the Youth Group with plans for its expansion.

Collections Management

The Scottish Railway Preservation Society has a Collections Development policy that was last updated in May 2014 and is valid for 5 years unless updated before then. This policy outlines clearly the remit of the Society for developing the collection, in particular in relation to acquisitions and disposals. The Museum of Scottish Railways is an Accredited Museum and the policy is a requirement of the museum accreditation process. Work was started to produce a new collections policy but this was not complete by the year's end.

All aspects of railways with relevance to Scotland are represented. Items date from the inception of wagonways to the present day. The Collection was recognised by the Scottish Government in 2007 as being of national significance to Scotland.

The collection is documented in accordance with the requirements of Accreditation in line with the Spectrum standards and there is a Care and Conservation Plan and Documentation Plan for planning future collections work.

The collections database is stored in proprietary software called Adlib that is increasingly becoming the standard software for Scottish museums. It is used by the National Museums Scotland and all the other Industrial Museums with whom the Society is associated. Each object has a unique accession number and storage location information as well as detailed description fields. The vehicle collection is accessible through the collection website, www.srpsmuseum.org.uk.

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A percentage of the collection is on display in the museum. Items held in store are available to researchers and other interested individuals by appointment with the museum director. The vehicle collection is largely stored at our Bo'ness site and the items that are not accessible on the walking route can be viewed by appointment with the museum director or volunteers on the site.

Records relating to operational vehicles that are not part of the core collection are stored by the Operations and Finance department and are listed on the website www.srpsmuseum.org.uk.

Records of the collection are stored within the proprietary software, Adlib. Newly accessioned items are catalogued in relative detail and records for vehicles and photographic items contain an image of the item, something that will gradually be expanded to other parts of the collection. Items transferred from the previous, Microsoft Access database tend to have less detail but these records will be improved over time. All records have a unique accession number, location information and detailed description. The database can be accessed in the store and visitors to the museum can also access the database with the assistance of the Museum Assistant.

SRPS Railtours

SRPS Railtours had a very successful year. In total they ran 19 tours in 2019, including tours hauled by three iconic locomotives *Union of South Africa*, *Tornado*, and *Flying Scotsman*. In total SRPS Railtours ran 3 tours and carried 3,650 passengers in 2019 on our own operations. On the 11th January we provided coaches and stewards for a high-profile Sir William McAlpine Memorial Special between London and York. It also provided coaches and stewards for The Aberdonian tours run by the A1 Trust over 4 days between Edinburgh and Aberdeen hauled by Tornado. It continued its programme of tours over the Forth Bridge and along the Borders Railway on four weekends in August in addition to other hires to the Branch Line Society and our long-standing customer North East Railtours.

The retail operation continued to contribute to Society making a surplus of £37,305 in 2019 (2018: £44,163) including the sale of second hand books and DVDs.

Financial Review

The key performance indicators are shown in the Statement of Financial Activities (SOFA), Statement of Cash Flows and the Balance Sheet on pages 15 to 17. The deficit for the year was £387,528 (2018: surplus £85,300).

Total funds decreased to £2,755,541 (2018: £3,143,069). Unrestricted funds, including fixed assets also decreased to £2,603,821 (2018: £2,924,519) whilst restricted funds decreased to £ 151,720 (2018: £218,550).

Capital Investments

During 2019 capital investments totalling £5,659 were made (2018: £31,354). During the year disposals of capital assets raised £ 4,882 (2018: £nil). Funds are being held for major capital works during the next three years.

Donations and Legacies

In 2019 donations, memberships and legacies totalled £104,822 (2018: £389,464). The decrease was mainly the result of legacy income being £174 (2018: £234,250). The Board has agreed that legacies should be placed in a designated fund for future development projects. Donations were £57,774 (2018: £111,303) excluding Gift Aid.

Appreciation

The Board of Trustees 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 of 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.

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The Board of Trustees wishes to gratefully acknowledge the support of Falkirk Council, the Scottish Government, Museums Galleries Scotland, the Robertson Trust, National Museums Scotland, the National Lottery Heritage Fund, the National Railway Museum, the Railway Heritage Trust, Network Rail, Transport Scotland and many other private and public organisations that have provided invaluable support throughout the period and in the past.

Reserves policy and going concern

The unrestricted reserves of the charity amount to £2,603,821 as shown on the Balance Sheet and at note 21. The free reserves being unrestricted funds not tied up in fixed assets or designated for particular purposes amounted to £356,901 (2018: £469,575). These reserves represent unrestricted funds arising from past operating results. It is the policy of the charity to designate £5,000 of unrestricted funds per annum to meet potential future costs of renewing the mainline connection. The directors decided to maintain a designated legacy fund to be used for funding in whole or in part capital projects.

In addition, the directors have decided to maintain a designated Fixed Asset Fund, which represents the net book value of fixed assets held by the charity and is not freely available to use as working capital.

The reserves policy is based on the guidance CC26 Charities and Risk Management, issued by the Charities Commission for England and Wales and the equivalent document issued by the Office of the Scottish Charities Regulator (OSCR). On examining the financial impact of the major hazards in the Society's Risk Register, the Board concluded that the target for the General Fund should be a minimum of £350,000 at the end of the financial year. A major consideration was the Society's dependence on the railway line for income from both the operation of the Bo'ness & Kinneil Railway and SRPS Railtours. These income streams would be severely affected by an extended loss of the use of the railway track for whatever reason (as is likely to be the case during 2020 in consequence of the Covid-19 virus).

This policy also takes into account the seasonal nature of income such that in the first six months of each new financial year the Society will most likely incur a significant deficit.

Plans for Future Periods

The SRPS remains committed to its goals of:-

- accreditation to national museum standards;
- remaining a key player in the advancement of Scottish heritage; and
- developing and promoting the operation of the Heritage Railway to secure its recognition as a visitor attraction of National Importance

Activities to achieve these ends 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 with improved interpretation;
- the creation of further effective public access to the collections, archives and library;
- improving the facilities to allow the establishment of a centre for heritage railway engineering;
- enhancing the total visitor experience with improved facilities involving wider communities; and
- engaging and developing our membership.

These developments will be achieved where possible by volunteer staff, or by remunerated staff when justified. The 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 Museums Galleries Scotland to ensure that the national significance of the collection is recognised and supported.

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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. SRPS will have to respond to the effect of the Covid-19 virus during 2020 and very likely for some years thereafter (for further information on the immediate steps taken by the directors see page 10 below). The tourism and heritage sector is likely to be among the last sectors in which the restrictions on movement and operation, imposed to contain the spread of the virus, will be relaxed. This will require the SRPS to adapt its ways of working to comply with any regulations requiring it to implement social distancing arrangements for its volunteers, employees and customers. We will also need to adapt our usual programme of services and events better to meet health and safety requirements and public expectation. SRPS will continue to seek capital grants and revenue funding from specific short-term initiatives, and look to increase fund raising by way of donation for specific projects. The directors may need to redirect unrestricted funds presently held for capital works to assist us in operating through the next few years until the health and economic effects of Covid-19 have been overcome. It may be sometime before any money redirected can be replenished.

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 that it creates by its efforts. An increased contribution to the Scottish museums sector through collaboration and partnership working is also anticipated.

Operating a heritage railway poses challenges in terms of skills retention and development. The increasingly rigorous operational standards require facilities that meet modern standards. This will only be met through the injection of capital and training initiatives and through collaboration with the wider heritage railway community and engaging and developing our membership.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and policies of the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 2006. 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.

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 Board of Trustees and Committees of the Society which are subject to regular review.

The Board recognises that the SRPS is a large, complex and growing organisation, and that both Company law and Charity law and practice are becoming more demanding and more complicated.

The names of the Trustees who served during the year are noted on page 7. The Business Development Manager (who is a paid employee) is also a Trustee. All other trustees are elected. The Board of Trustees aims to meet approximately every two months.

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The four office bearers, Chairman, Vice Chairman, Hon. Treasurer and General Secretary meet on an ad hoc basis to review the overall strategy and direction of the Society. In addition, a number of Principal Sub-committees address specific areas of activity. These are:-

- The Executive Committee that makes day to day decisions affecting the running of the Society, within a wider framework set by the Trustees
- The Railway Management Group that makes day to day decisions affecting the Bo'ness site in relation to railway operations
- The Finance and Audit Committee that supervises the financial management system, and maintains the risk register for review by the Board of Trustees
- The Museums and Acquisitions Committee that supervises the management of the collections in the Society's care and advises on the operation of the Museum
- The Business and Development Committee that supervises the promotion of the railway to increase core income, and the development of new means of raising funds.

New trustees are assisted to understand the duties of membership of the Board by periodic training sessions and one to one mentoring.

The Board retains responsibility for decisions relating to strategy, policy, financial and safety management systems. Decisions relating to procedures, methodology and delivery are taken by volunteer and paid staff working in teams as appropriate, to the extent dictated by the knowledge, skills and experience of the individuals. The Trustees are all working volunteers or paid staff, and as such have a direct understanding of the impact and effectiveness of Board decisions.

All activities are reviewed through reports to the Board of Trustees, and policy is considered and amended accordingly. Certain major decisions are reserved for the Board of Trustees or, in a few cases, the Annual General Meeting.

The committee structure of the Society is such that the Society has no paid key management personnel in terms of the definition in the SORP.

The Board of Trustees met 6 times during the year and continued to comply with all statutory and regulatory obligations.

The Society works closely with the following organisations:-

- The Scottish Railway Museum Collections 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 (as amended), 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 separately constituted charitable trust (Scottish charity SC032072), a subsidiary of the Society by virtue of the Society's control of the Trustees. The SRMT has been inactive for some time and steps are being taken to close the Trust.
- 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 Bo'ness & Kinneil Railway Company Ltd, which holds title to part of the land over which the Society operates its railway.

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Reference and Administrative Details

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 Society is recognised as a charity by the Office of the Scottish Charity Regulator (OSCR), charity number SC002375.

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 Board of Trustees, 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 Board of Trustees are elected at the annual general meeting to serve for an initial period of three years.

Directors and Trustees (Members of the Board of Trustees) holding office on 1 January 2019 or subsequently appointed

Stephen Humphreys	Chairman
James Verth	Vice-Chairman
David J. Morrison	Finance resigned 21 January 2020
David Roderick	Honorary Secretary

Iain Anderson	
Mark Ashmole	
John Evans	appointed 13 August 2019
Christopher Farrell	appointed 7 February 2019
Andrew Fowler	
Geoff Arthur Garner	
Stefan G. Kay	resigned 25 November 2019
Amanda Kilburn	
James Robertson	

Company Secretary

David Roderick

Registered Company Number

SC055533

Registered Office

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

Operational Address

Bo'ness Station,
Union Street,
Bo'ness.
West Lothian
EH51 9AQ.

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Senior Statutory Auditor

Kevin Cattanach

Auditors

Whitelaw Wells
Statutory Auditor
9 Ainslie Place
Edinburgh
EH3 6AT.

Bankers

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

Solicitors

Thorntons
Citypoint, 3rd Floor
65 Haymarket Terrace
Edinburgh
EH12 5HD

Statement as to Disclosure of Information to Auditors

As far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 Society

Membership of the Society is open to individuals and families. Grades of membership open to new members during 2019 were Ordinary, Retired, Family, Junior and Associate. Life, Family Life, Premier Life and Premier Family Life grades are closed to new members. Retired membership closed to new members from 1 January 2020 and to existing members reaching age 60 on or after that date.

As at 31 December 2019 the breakdown of membership grades was as shown in the table below.

Grade	Number of Memberships	Number of Voting Members
Ordinary	372	372
Retired	525	525
Associate	75	75
Family	57	104
Junior	18	0
Group	0	0

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Life	165	165
Family Life	17	26
Premier Life	64	64
Premier Family Life	14	25
Honorary	29	29
TOTAL	1,336	1,385

Movement Category	Number of Memberships	Number of Members eligible to vote
New + Lapsed (rejoined)	+107	+100
Resigned	-24	-25
Lapsed (net)	-46	-42
Deceased	-21	-21
Gone away (net)	-2	-2
Net effect of changes between Family / Ordinary Grades/Juniors/ Honorary	+5	+6
NET INCREASE/ DECREASE	+19	+16

Current rates and benefits of membership are given in a membership leaflet. The number of voting members in 2019 was 1,385 (2018:1,369). All members are invited to be active in the running of the Society, and, as reported earlier, 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 does not bring the necessary skills from his employment, and in safety critical applications such as train crew, regular medical examinations and biennial rules exams are required. Overall there are over 380 registered volunteers. That equates to 27% of the voting membership.

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. It has revised its risk register.

The Directors are satisfied that the systems in place mitigate exposure to the major risks although as part of the revision of the risk register it recognised the need more clearly to ensure that for each risk there was a nominated owner for the risk. That might be one of its principal committees or an individual. A specific stream of work was undertaken to revise the Safety Management System required of all ways and work will be completed in 2020 to ensure we have a fully compliant SMS. 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

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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 Directors assess the principal risks and uncertainties in the long term to be as described below.

An ageing workforce

The average age of our volunteer base, on which the Society depends, is increasing, with many long-standing volunteers unable to carry on with the volume of work that they did previously. Younger volunteers often have full-time jobs and with the pressures of the modern working environment they are less able to give as much time as previous generations. The employment of a volunteer coordinator is in part aimed to assist in ensuring we can continue to recruit new volunteers. The provision of in-house training staff as part of the *Steaming Ahead* project provides a means to equip new volunteers with the engineering skills we need.

A challenging financial environment

The current challenging financial climate means it is increasingly difficult to obtain funding from external sources. The Society is extremely grateful for the significant support it has received from a variety of external funders, not least in the support for the *Steaming Ahead* project but recognises that financial pressures mean that previous sources of support from public bodies may not be as forthcoming in the future. The Society will actively pursue other sources of income and will ensure the money received is spent sensibly and efficiently. Demonstration of this will show other potential donors that their donation will be used appropriately.

A growing collection

The growing collection brings challenges for conservation and, where appropriate, restoration. Long-term conservation of the collection requires covered accommodation and the skills and time to conserve and maintain the vehicles. Some rationalisation of the collection may be necessary to facilitate future growth. The Society also needs to balance the desire to take on new items with the ability and resources to care for them.

Increasing public expectations

Public expectations of a visitor attraction are evolving and the Society needs to adjust its products and services at least to meet these expectations. Facilities, access, catering, customer service and special events need to be maintained or improved to give visitors the best possible experience and to grow visitor numbers.

Increased regulation

Health and safety, financial and other regulatory frameworks are changing and becoming increasingly burdensome. The Directors recognise the increasing amount of time and effort required to meet these evolving regulations. Changing railway legislation puts the operation of both the branch line and mainline Railtours at risk. The Society has good contacts within the railway industry and is well aware of future proposals.

Coronavirus

The Board responded to the various risks posed by the Covid-19 pandemic early in 2020. Many active volunteers are among the high-risk groups. It was clear that it would be impracticable to run services as planned from end March 2020. On 16 March 2020 the Board decided to suspend the start of the running season until end June with a review on a possible resumption to take place during May 2020. The further review decided to suspend the start of the season to the start of October at the earliest.

Following the announcement of the formal measures to restrict movement later contained in the Health Protection (Coronavirus) (Scotland) Regulations 2020 (SSI 2020 No 103) the Board decided to close its site to staff and volunteers. The Board took the decision to furlough the majority of its staff on 80% of their salaries under the Job Retention Scheme announced by the UK Government. Two staff continue to work from home.

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The £350,000 reserve in the General Fund will be used in the first instance to meet losses occurring because of the delay to the start of the running season. The Board is undertaking urgent work to identify what costs will not be incurred because of the cessation of activity. Some £200,000 income was expected in the first six months of the year, mostly from March to June. It has suspended all work relating to the Steaming Ahead Project including all capital works. The Board will review during 2020 the extent to which it may need to use some of the designated fund to meet costs while it is unable to generate income from the running of the B&KR. It is also taking steps to ensure that its site is secure, with increase random visits by a security company; that vital infrastructure checks are continued consistent with the restrictions on movement; and that it has plans for all resuming the safe running of the railway when it is able to do so.

As at 31 December 2019, the Society had incurred design costs of £163,996 in connection with the new steam workshop, new museum entrance, foot crossing (all part of the Steaming Ahead project) and the Bo'ness Station Extension. In normal circumstances these costs would be carried forward and become part of the capital cost of these buildings. However, in view of the suspension of all capital works and the uncertainty currently about which capital projects may ultimately be able to proceed, the Board has decided that it is prudent that these costs are not now carried forward. The impact of this is an increase in net expenditure for the year of £163,996 resulting in a reduction of £62,554 in Restricted Funds and a reduction of £101,442 in the Legacy Fund.

It must be likely that the Society will record a loss for 2020 estimated at £240,000.at the time of writing.

Auditors

A resolution to re-appoint Whitelaw Wells as auditors was passed at the AGM in August 2019 in accordance with sections 423 and 424 of the Companies Act 2006.

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 15 of the Companies Act 2006 relating to small entities.

Approved by the Board of Trustees on 9 June 2020 and signed on its behalf



Geoff Garner

Director and Chairman of the Finance and Audit Committee

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF
THE SCOTTISH RAILWAY PRESERVATION SOCIETY
FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of The Scottish Railway Preservation Society for the year ended 31 December 2019, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees (who are also the directors of the company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF
THE SCOTTISH RAILWAY PRESERVATION SOCIETY
FOR THE YEAR ENDED 31 DECEMBER 2019

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report, prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the trustees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the director's report, included within the trustees' annual report, and from the requirements to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF
THE SCOTTISH RAILWAY PRESERVATION SOCIETY
FOR THE YEAR ENDED 31 DECEMBER 2019

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



KEVIN CATTANACH (Senior Statutory Auditor)
for and on behalf of Whitelaw Wells
Statutory Auditor
9 Ainslie Place
Edinburgh
Midlothian
EH3 6AT

9 JUNE 2020

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

Company No. SC055533

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	2018 £
Income and endowments from:					
Donations and legacies	2	56,439	48,383	104,822	389,464
Charitable activities	3	123,131	-	123,131	236,713
Other trading activities	4	532,768	2,720	535,488	631,549
Gift aid distribution from subsidiary		119,949	-	119,949	-
Investments		4,522	-	4,522	1,691
Other		46,813	13	46,826	4,708
Total		883,622	51,116	934,738	1,264,125
Expenditure on:					
Raising funds	5,6	462,016	1,078	463,094	417,527
Charitable activities	7,8	646,396	212,776	859,172	761,298
Total		1,108,412	213,854	1,322,266	1,178,825
Net (expenditure)/income before transfers		(224,790)	(162,738)	(387,528)	85,300
Transfers between funds	21	(95,908)	95,908	-	-
Net movement in funds		(320,698)	(66,830)	(387,528)	85,300
Total funds brought forward		2,924,519	218,550	3,143,069	3,057,769
Total funds carried forward		2,603,821	151,720	2,755,541	3,143,069

The notes on pages 18 to 35 form part of the financial statements.

Movements in funds are disclosed in Note 21 to the financial statements.

The company has no recognised 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

Company No. SC055533

BALANCE SHEET

As at 31 December 2019.

	Note	Dec 2019 £	Dec 2019 £	Dec 2018 £	Dec 2018 £
Fixed assets					
Tangible assets	13		848,455		955,454
Heritage assets	13		300,900		305,657
Investments	14		100		100
			<u>1,149,455</u>		<u>1,261,211</u>
Current assets					
Stock		11,035		10,908	
Debtors	16	117,871		229,902	
Cash at bank and in hand	15	1,571,978		1,773,301	
		<u>1,700,884</u>		<u>2,014,111</u>	
Creditors: Amount falling due within one year	17	<u>(93,798)</u>		<u>(131,253)</u>	
Net current assets			<u>1,607,086</u>		<u>1,882,858</u>
Total assets less current liabilities			2,756,541		3,144,069
Creditors: Amount falling due after more than one year	18		(1,000)		(1,000)
			<u>2,755,541</u>		<u>3,143,069</u>
Unrestricted funds					
Designated funds	21		2,246,920		2,454,944
General fund	21		356,901		469,575
Restricted funds	21		151,720		218,550
Total funds			<u>2,755,541</u>		<u>3,143,069</u>

These accounts are prepared in accordance with the special provisions in part 15 of the Companies Act 2006 and with the Financial Reporting Standard for applicable in the UK and Republic of Ireland (FRS 102).

The notes on pages 18 to 35 form part of the financial statements.

Approved by the Board of Trustees on 9 June 2020 and signed on its behalf by:



Stephen Humphreys
Director and SRPS Chairman

THE SCOTTISH RAILWAY PRESERVATION SOCIETY

Company No. SC055533

STATEMENT OF CASH FLOWS for the year ending 31 December 2019

	Note	2019 £	2018 £
Cash (used in)/provided by operating activities	24	<u>(324,684)</u>	<u>248,866</u>
Cash flows from investment activities			
Interest income		4,522	1,691
Gift Aid distribution from Subsidiary		119,949	-
Purchase of tangible fixed assets		(5,659)	(31,354)
Disposal of assets		4,882	-
Loss on disposal of assets		<u>(333)</u>	<u>-</u>
Cash Provided by/(used in) investing activities		<u>123,361</u>	<u>(29,663)</u>
(Decrease)/increase in cash and cash equivalents in the year			
		<u>(201,323)</u>	<u>219,203</u>
Cash and cash equivalents at the beginning of the year		<u>1,773,301</u>	<u>1,554,098</u>
Total cash and cash equivalents at the end of the year	15	<u><u>1,571,978</u></u>	<u><u>1,773,301</u></u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2019.

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities Statement of Recommended Practice (FRS 102) effective 1 January 2019.

The charity constitutes a public benefit entity as defined by FRS 102.

Consolidated group accounts have also been prepared in accordance with Scottish Statutory Instrument 2007 No.218 The Charities Accounts (Scotland) Regulations 2006 (as amended). These financial statements contain information about the Scottish Railway Preservation Society as an individual company and do not contain consolidated financial information as a parent of a group.

The Directors consider that there are no material uncertainties about the ability of the charity to continue as a going concern for the foreseeable future. Accordingly the accounts have been prepared on a going concern basis.

- b) Donations, legacies and gifts and membership subscriptions are 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) Income from trading is recognised when the service is provided, net of VAT.
- e) Income from investments is included when receivable.
- f) Expenditure is recognised on an accruals basis as a liability is incurred and is reported as part of the expenditure to which it relates. It is allocated to the particular activity where the cost relates directly to that activity. Support costs, comprising governance costs, 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. Support costs are attributed on reasonable estimates of usage.
- g) 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.
- h) 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 Board of Trustees, annual and extraordinary general meetings of the membership.
- i) Locomotives, Carriages, Wagons and Small Artefacts are considered to be heritage assets and as such are not depreciated. Assets under construction are not depreciated. 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

- j) All purchased fixed assets are initially recorded at cost. Donated assets are recorded at nil value due to the prohibitive cost of obtaining a valuation. Non-heritage items are only capitalised where

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2019.

they cost in excess of £5,000. 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 Board of Trustees 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.
- o) Where donated items are received along with a reliable measure of their value, they are recognised in the Statement of Financial Activities at that value. Where a valuation is not provided, donated items are recorded at nil value due to the prohibitive cost of obtaining a valuation.
- p) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- q) The charity operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2019.

2. Donations and legacies

	Unrestricted 2019 Funds £	Restricted 2019 Funds £	Total 2019 Funds £	Unrestricted 2018 Funds £	Restricted 2018 Funds £	Total 2018 Funds £
General Donations	18,978	38,796	57,774	18,418	92,885	111,303
Legacies	174	-	174	234,250	-	234,250
Gift Aid	6,933	9,587	16,520	6,609	8,787	15,396
Railtour raffles	10,022	-	10,022	6,941	1,932	8,873
Membership subs	20,332	-	20,332	19,642	-	19,642
Total donations and legacies	56,439	48,383	104,822	285,860	103,604	389,464

3. Income from Charitable Activities.

	Unrestricted 2019 Funds £	Restricted 2019 Funds £	Total 2019 Funds £	Unrestricted 2018 Funds £	Restricted 2018 Funds £	Total 2018 Funds £
Museum admissions	21,612	-	21,612	24,076	-	24,076
Revenue grants and Joint Working Agreements received	68,894	-	68,894	65,995	49,322	115,317
Rolling stock hire	5,000	-	5,000	5,000	-	5,000
Facilities hire	27,625	-	27,625	92,320	-	92,320
Total charitable activities	123,131	-	123,131	187,391	49,322	236,713

4. Other Trading Activities

	Unrestricted 2019 Funds £	Restricted 2019 Funds £	Total 2019 Funds £	Unrestricted 2018 Funds £	Restricted 2018 Funds £	Total 2018 Funds £
Train operations	471,973	-	471,973	534,008	-	534,008
Retail	11	2,720	2,731	7	4,106	4,113
Catering	43,372	-	43,372	38,639	-	38,639
Other Fundraising Activities	17,412	-	17,412	54,789	-	54,789
Total other trading activities	532,768	2,720	535,488	627,443	4,106	631,549

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

5. Fundraising Costs

Fundraising expenditure	Membership Costs	Fundraising Trading	Fundraising Publicity	Railtour Fundraising	Total Fundraising Expenditure 2019	Total Fundraising Expenditure 2018
Direct Costs						
Staff Costs	-	16,100	47,183	59,547	122,830	123,203
Catering Supplies	-	26,949	-	-	26,949	21,478
Promotion	-	6,022	18,900	-	24,922	12,202
Special Events	-	102,174	-	-	102,174	104,851
Train Operating Costs	-	74,252	-	-	74,252	55,332
Consumables and Tools	-	2,834	1,394	-	4,228	3,877
Communications	10,566	1,559	943	-	13,068	11,325
Contractors	-	2,633	4,963	-	7,596	3,656
Plant & Machinery Repairs	-	-	-	-	-	561
Materials and Parts	-	104	-	-	104	238
Health and Safety	-	6,720	-	-	6,720	6,370
Carriage	-	-	-	-	-	8,040
Other	-	1,624	3,756	-	5,380	4,090
Total direct expenses	10,566	240,971	77,139	59,547	388,223	355,223
Total support expenses (Note 6)	813	54,123	19,935	-	74,871	62,304
Total governance expenses	-	-	-	-	-	-
Total	11,379	295,094	97,074	59,547	463,094	417,527
Included in the above is restricted expenditure of:-	1,078	-	-	-	1,078	1,078
Restricted Expenditure in 2018	1,078	-	-	-	1,078	1,078

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

6. Fundraising Support Costs

Fundraising support costs	Membership Costs	Fundraising Trading	Fundraising Publicity	Railtour Fundraising	Fundraising Support Expenditure 2019	Fundraising Support Expenditure 2018
Support costs allocated to activities						
Payroll -Support	-	11,619	5,810	-	17,429	5,979
Utilities	-	6,646	6,646	-	13,292	13,456
Rent, Insurance	-	4,238	3,531	-	7,769	8,043
Communications	250	500	500	-	1,250	1,290
Bank Charges	-	1,425	1,900	-	3,325	3,339
Depreciation	-	26,649	-	-	26,649	26,650
Mainline Connection Maintenance	-	1,355	-	-	1,355	1,749
Bad debt written off	-	284	-	-	284	-
Other Support Costs	563	1,407	1,548	-	3,518	1,798
Total Support Costs	813	54,123	19,935	-	74,871	62,304

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

7. Charitable Costs

Charitable expenditure	Curatorial & education	Buildings and Structures	Permanent Way	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Total Charitable Expenditure 2019	Total Charitable Expenditure 2018
Direct Costs								
Staff Costs	57,723	235	390	22,087	50,840	11,353	142,628	198,204
Train Operating Costs	-	-	-	-	2,558	-	2,558	126
Consumables and Tools	4,848	166	5,207	1,934	19,233	7,837	39,225	33,314
Communications	647	-	-	40	196	255	1,138	3,369
Contractors	4,094	283,701	21,797	2,195	(6,247)	11,796	317,336	234,098
Plant & Machinery Repairs	-	-	-	-	2,829	1,276	4,105	488
Materials and Parts	1,326	9,622	18,951	6,811	30,700	11,114	78,524	47,024
Health and Safety	-	-	-	-	-	-	-	277
Carriage	1,800	480	1,604	216	253	374	4,727	3,602
Other	2,548	880	6,044	793	1,294	239	11,798	21,467
Total direct expenses	72,986	295,084	53,993	34,076	101,656	44,244	602,039	541,969
Total support expenses (Note 8)	79,563	27,881	42,954	29,208	34,987	33,714	248,307	210,907
Total governance expenses	1,471	1,471	1,471	1,471	1,471	1,471	8,826	8,422
Total	154,020	324,436	98,418	64,755	138,114	79,429	859,172	761,298
Included in the above is restricted expenditure of:-	5,388	195,273	8	3,107	7,430	1,570	212,776	123,812
Restricted Expenditure in 2018	74,952	984	50	2,696	42,060	3,070	123,812	80,631

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

8. Charitable Support Costs

Charitable support costs	Curatorial & education	Buildings and Structures	Permanent Way	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Total Charitable Support and Governance Expenditure 2019	Total Charitable Support and Governance Expenditure 2018
Support costs allocated to activities								
Payroll -Support	8,714	5,810	8,714	5,810	5,810	5,810	40,668	13,952
Utilities	6,646	6,646	6,646	6,646	6,646	6,646	39,876	40,368
Rent, Insurance	7,325	3,531	3,531	3,531	3,531	3,531	24,980	25,704
Communications	1,874	1,874	1,874	1,874	1,874	1,874	11,244	11,601
Contractors & Consultants	-	-	4,553	4,553	4,553	4,553	18,212	15,528
Bank Charges	237	237	237	237	237	237	1,422	1,431
Depreciation	47,995	6,705	12,351	2,864	8,599	7,370	85,884	87,994
Mainline Connection	-	-	1,355	-	-	-	1,355	1,749
Bad debt written off	-	-	-	-	44	-	44	-
Other Support Costs	6,772	3,078	3,693	3,693	3,693	3,693	24,622	12,580
Total Support Costs	<u>79,563</u>	<u>27,881</u>	<u>42,954</u>	<u>29,208</u>	<u>34,987</u>	<u>33,714</u>	<u>248,307</u>	<u>210,907</u>
Governance costs								
Audit Fees	1,217	1,217	1,217	1,217	1,217	1,217	7,302	7,128
Other governance costs	254	254	254	254	254	254	1,524	1,294
Total governance costs	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>1,471</u>	<u>8,826</u>	<u>8,422</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

9. Net (Expenditure)/Income for the Year

This is stated after charging/(crediting):

This is stated after charging:-	2019	2018
	£	£
Depreciation	112,533	114,644
Loss on disposal of fixed assets	333	-
Gain on the disposal of fixed assets	(16,118)	-
Management committee's remuneration	60,326	59,218
Auditor's remuneration:-		
Audit services	7,302	7,128

Two members of the Board of Trustees as permitted by the Society's Memorandum and Articles of Association received remuneration. The Business Development Director received payment under a contract of employment as Business Development Manager. The other member received remuneration as a Steam Workshop Manager.

Seven members of the Board of Trustees received reimbursements of expenses during the year of £6,688 (2018: £6,953). Over 74% of these expenses were reimbursements for the purchase of equipment and consumables for the Society's use, the rest being for travel associated with the Society's business. The Directors are covered by Directors' Liability Insurance at a cost of £884 (2018: £884). The committee structure is such that the Society has no paid key management personnel.

10. Staff Costs and Numbers

	2019	2018
	Total	Total
	£	£
Salaries and wages	288,151	306,285
Social Security Costs	20,997	22,917
Pensions	9,626	9,419
Other staff costs	4,781	2,717
	<u>323,555</u>	<u>341,338</u>

No employee received emoluments of more than £60,000 in either the current or previous years.

The weekly average number of employees during the year, rounded to the nearest whole number was as follows:

	2019	2018
	Headcount	Headcount
Charitable activities	8	9
Trading activities	4	5
Administration staff	2	2
Total	<u>14</u>	<u>16</u>

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

11. Government Grants

No government grants were recognised in 2019.

12. 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 December 2019.

13. Tangible Fixed Assets

	Land	Assets Under Construction	Tenants Improvements	Scottish Railway Exhibition	Permanent Way	Locomotives	Carriages and Wagons	Plant and Machinery	Office Equipment	Total
Cost										
At 1 Jan 2019	100	17,604	2,337,510	192,282	462,037	149,593	156,064	69,310	59,062	3,443,562
Additions in year	-	5,534	-	-	-	-	125	-	-	5,659
Disposals in year	-	-	-	-	-	(3,882)	(1,000)	-	-	(4,882)
At 31 Dec 2019	<u>100</u>	<u>23,138</u>	<u>2,337,510</u>	<u>192,282</u>	<u>462,037</u>	<u>145,711</u>	<u>155,189</u>	<u>69,310</u>	<u>59,062</u>	<u>3,444,339</u>
Depreciation										
At 1 Jan 2019	-	-	1,570,364	192,275	314,884	-	-	57,798	47,130	2,182,451
Charge for year	-	-	83,312	-	12,351	-	-	5,745	11,125	112,533
Depreciation on Disposals	-	-	-	-	-	-	-	-	-	-
At 31 Dec 2019	<u>-</u>	<u>-</u>	<u>1,653,676</u>	<u>192,275</u>	<u>327,235</u>	<u>-</u>	<u>-</u>	<u>63,543</u>	<u>58,255</u>	<u>2,294,984</u>
Net book value At 31 Dec 2019	<u>100</u>	<u>23,138</u>	<u>683,834</u>	<u>7</u>	<u>134,802</u>	<u>145,711</u>	<u>155,189</u>	<u>5,767</u>	<u>807</u>	<u>1,149,355</u>
Net book value at 31 Dec 2018	<u>100</u>	<u>17,604</u>	<u>767,146</u>	<u>7</u>	<u>147,153</u>	<u>149,593</u>	<u>156,064</u>	<u>11,512</u>	<u>11,932</u>	<u>1,261,111</u>

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

for the year ended 31 December 2019.

13. Tangible Fixed Assets (cont)

Heritage Assets

Included within tangible fixed assets are heritage assets. A BR Mk3 Sleeping Car was acquired in 2019 at a cost of £125. (Dec 2018:£Nil). Three heritage assets were disposed of in 2019 for the total sum of £20,667 (2018 £Nil).

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 Scottish rail transport system from the inception of wagonways to the present day.

The table below summarises transactions relating to heritage assets for the current period and the previous four reporting periods.

Period	Transaction	Transaction Value £	Balance £	Proceeds £
At 1 Jan 2015			204,157	
Jan 2015 – Dec 2015	No transactions	-	204,157	-
Jan 2016 - Dec 2016	Disposals	(5,000)	199,157	-
Jan 2017 - Dec 2017	Acquisitions	106,500	305,657	-
Jan 2018 - Dec 2018	No transactions	-	305,657	-
Jan 2019 - Dec 2019	Disposals	(4,882)	300,775	20,667
	Acquisitions	125	300,900	-

The policy for acquisition, preservation, management and disposal of heritage assets is set out in the Collection Management section of the Report of the Directors on page 2.

14. Investments

The sole trading subsidiary 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 December 2019 are £243,048 compared to £127,311 at 31 December 2018. The surplus for the year 1 January 2019 to 31 December 2019 is £235,686 (2018: £156,132). Income for the year was £686,461 (2018: £611,961). Expenditure for the year was £450,775 (2018: £455,830)

In addition, the Scottish Railway Museum Trust (SRMT) may be regarded as a subsidiary undertaking by virtue of the Society's control of the trustees and the Scottish Railway Museum Collections Trust (SRMCT) by virtue of the fact that the Society has the right to nominate a majority of the trustees. Further information regarding these entities can be found in the Report of the Directors. SRMT has no assets and no income or expenditure. SRMCT has no income or expenditure. It holds only heritage assets valued at £0.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

15. Cash and Cash Equivalents

	At 31 Dec 2019 £	At 31 Dec 2018 £
Cash in Hand	390	20
Fixed Rate Bonds	86,670	85,000
Instant Access Bank Accounts	<u>1,484,918</u>	<u>1,688,281</u>
Total	<u><u>1,571,978</u></u>	<u><u>1,773,301</u></u>

16. Debtors

	At 31 Dec 2019 £	At 31 Dec 2018 £
Grants Receivable	-	42,419
Trade debtors	50,979	29,051
Sundry and prepayments	33,197	146,500
Net VAT Recoverable	<u>33,695</u>	<u>11,932</u>
Total	<u><u>117,871</u></u>	<u><u>229,902</u></u>

17. Creditors: Amounts Falling Due Within One Year

	At 31 Dec 2019 £	At 31 Dec 2018 £
Trade Creditors	37,805	59,609
Other creditors and accruals	48,347	70,065
PAYE and National Insurance	5,813	-
Pensions	<u>1,833</u>	<u>1,579</u>
Total	<u><u>93,798</u></u>	<u><u>131,253</u></u>

18. Creditors: Amounts Falling Due After One Year

	At 31 Dec 2019 £	At 31 Dec 2018 £
Bo'ness & Kinneil Railway Company Ltd.	1,000	1,000

The Society continues to enjoy a long-term loan of £1,000 from the Bo'ness and Kinneil Railway at zero interest and no fixed terms for repayment.

19. Contingent Assets

As at 31 December 2019 the charity is unaware of any contingent assets.

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

for the year ended 31 December 2019.

20. Commitments and Contingent Liability

As at 31 December 2019 the Society is investigating whether a potential liability of up to £35,650 may have arisen in respect of a grant awarded by the National Heritage Memorial Fund in 1989.

21. Movement in Funds

	Opening Balance at 1 Jan 2019 £	Income £	Expenditure £	Transfers In £	Transfers Out £	Closing Balance at 31 Dec 2019 £
Restricted funds						
Life membership	13,637	-	(1,078)	-	-	12,559
Special Project Fund						
Birkhill Signal Box	24,472	18,234	-	-	-	42,706
Restoration Fund	27,103	2,721	-	-	(29,824)	-
Steam Workshop	10,036	705	(82,089)	71,348	-	-
Haymarket Train Shed	-	-	(29,824)	29,824	-	-
Buffet Extension	9,394	-	(71,382)	61,988	-	-
New Museum Entrance	-	-	(10,525)	10,525	-	-
Birkhill Footbridge	8,899	-	(35)	-	(5,534)	3,330
Curator Project	4,886	-	(4,886)	-	-	-
Steaming Ahead	42,571	-	(152)	-	(42,419)	-
Steam Locomotive CR419	15,327	1,026	(16,353)	-	-	-
Morayshire	-	1,125	17,146	-	-	18,271
Stanier 8F	33,189	16,082	(7,028)	-	-	42,243
25235 Diesel Locomotive	-	1,450	(1,450)	-	-	-
Other projects	29,036	9,773	(6,198)	-	-	32,611
Total restricted funds	<u>218,550</u>	<u>51,116</u>	<u>(213,854)</u>	<u>173,685</u>	<u>(77,777)</u>	<u>151,720</u>
Unrestricted funds						
Designated Funds						
Legacy Fund	1,053,833	174	-	-	(101,442)	952,565
Mainline connection	140,000	-	-	5,000	-	145,000
Railtour Services	-	59,547	(59,547)	-	-	-
Fixed asset fund	1,261,111	5,659	(112,533)	-	(4,882)	1,149,355
General funds	469,575	818,242	(936,332)	10,416	(5,000)	356,901
Total unrestricted funds	<u>2,924,519</u>	<u>883,622</u>	<u>(1,108,412)</u>	<u>15,416</u>	<u>(111,324)</u>	<u>2,603,821</u>
Total funds	<u>3,143,069</u>	<u>934,738</u>	<u>(1,322,266)</u>	<u>189,101</u>	<u>(189,101)</u>	<u>2,755,541</u>

Fund Transfers

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

- From the General Fund to the Mainline Connection designated fund the sum of £5,000.
- From the Birkhill Footbridge fund to the General Fund and hence to Assets Under Construction the sum of £5,534.
- From the Restoration Fund to the Haymarket Train Shed Fund the sum of £29,824 as a contribution to the painting of the Shed.
- From the Fixed Asset Fund to the General Fund the sum of £4,882 being the proceeds of the sale of assets.
- From the Steaming Ahead Fund to the Steam Workshop Fund the sum of £42,419 as a contribution to the design costs of the Workshop.

THE SCOTTISH RAILWAY PRESERVATION SOCIETY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

- From the Legacy Fund to the Steam Workshop Fund the sum of £28,929 as a contribution to the design costs of the Workshop.
- From the Legacy Fund to the Museum Entrance fund the sum of £10,525 being the design cost of the Museum Entrance.
- From the legacy Fund to the Buffet Extension Fund the sum of £61,988 as a contribution to the design cost of the building.

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 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 transactions greater than £5,000 are described below. Funds with transactions of £5,000 or less are amalgamated within *Other projects*

Birkhill Signal Box

Birkhill Station building is an ex-Caledonian Railway Station relocated from Monifieth in Angus. At present it has a passing loop with two tracks. The plan is to build a brick and timber reconstruction of a typical Caledonian Northern Division signal box with associated signalling. This will allow two trains to pass one another and will make Birkhill a more authentic representation of a typical country station.

Steam Workshop

The Steam Workshop is a major component in the Steaming Ahead project. The 60m by 20m workshop design includes a viewing gallery, Visitor Experience Area and customer toilets. The project is on hold pending the assessment of the impact of Covid-19 on the Society's finances.

Buffet Extension

The existing Station Buffet is phase 1 of a planned development of visitor facilities. The extension fulfils the intended requirements for the original includes proposal and includes a larger retail area, additional toilets and a large waiting room. The upper floor provides additional office space. The project is on hold pending the assessment of the impact of Covid-19 on the Society's finances.

New Museum Entrance

The New Museum Entrance is another component in the Steaming Ahead project. It is a component part of improved accessibility to the Exhibition Galleries and includes space for limited catering. The project is on hold pending the assessment of the impact of Covid-19 on the Society's finances.

Restoration Fund

The Society owns a number of grade A listed structures which have been transported from their original location, such as the Haymarket Train Shed, the Bo'ness footbridge Wormit Station, and the Bo'ness Signal box. This fund is available to assist in the maintenance and restoration of these structures.

Haymarket Train Shed

This fund allows grants and donations to be received specifically for the restoration and maintenance of the train shed at Bo'ness which was originally located at Haymarket in Edinburgh. In 2019 the Shed was repaired and painted at a cost in excess of £36,000.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019.

Birkhill Footbridge

In 2016 Network Rail offered the SRPS the ex- Caledonian Railway footbridge from West Calder. The footbridge was delivered in 2018. Funded by a grant from the Railway Heritage Trust, the footbridge has been refurbished and was erected at Birkhill during 2019. It is expected to be commissioned in 2020.

Curator Project

The Society has a large collection of artefacts that need to be accessioned and catalogued. This fund allows the employment of an assistant curator to carry out this work, and to provide curatorial training for volunteers.

Steaming Ahead

The Scottish Railway Preservation Society has been awarded a second-round pass by the National Lottery Heritage Fund for its “Steaming Ahead” project. This will see the development of a new visitor route at the site in Bo’ness, based around a new steam engineering facility, with public access and interpretation along the route to a new entrance to the Museum of Scottish Railways.

As reported above the Board decided to suspend work on the project as part of its response to the Covid-19 pandemic.

Caledonian Tank Locomotive No. 419

This steam locomotive appears on the Society’s logo. Following a nine-year restoration, the locomotive entered traffic in 2018. The fund part-funded the restoration. Future donations will be used for the on-going maintenance and subsequent major overhaul in 2028.

LNER Locomotive No 246 Morayshire

The Society was given on loan LNER No.246 Morayshire by National Museums Scotland for the purpose of restoration to running order and operation on the Bo’ness and Kinneil Railway and other preserved railways. The reserve represents funds being gathered for the ongoing conservation and maintenance process.

LMS Designed Stanier 8F locomotive No. 45170

This locomotive was purchased in February 2017 from donations. The fund balance will be used for the restoration of the locomotive.

Class 25 Diesel Locomotive No. 25235

In total 327 locomotives of this class were built between 1961 and 1967 and many saw service within Scotland. This locomotive has had twenty years of service at the Bo’ness and Kinneil Railway. Now in need of an overhaul, the fund was set up to return the locomotive to traffic.

Life Membership

The Society has several categories of life membership. Members were invited to join for life and were then entitled to receive the Society’s magazine and other benefits. All categories of life membership are now closed to new members. The reserve represents the balance of the funds available for the remaining years of life membership.

Unrestricted Designated Funds

Legacy Fund

This fund was set up to hold legacies that were received with no specific instructions as to how they were to be used. The Directors have designated these funds as match funding for future capital projects, and specifically the steam shed workshop and Bo’ness Station Extension.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019.

Mainline Connection Fund

The mainline connection renewal is an obligation of the 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.

Railtour Services

The Railtour fleet of coaches are heritage assets and the fund is used to provide services which enable the Railtour Company to conserve, restore and maintain the fleet for use on the national railway network.

Fixed Assets Fund

The Fixed Asset designated fund reflects the net book value of unrestricted fixed assets.

The comparable figures for 2018 are shown below. Descriptions of the Special Project Funds which are not shown above are given after the table.

	Opening Balance at 1 Jan 2018 £	Income £	Expenditure £	Transfers In £	Transfers Out £	Closing Balance at 31 Dec 2018 £
Restricted funds						
Life membership	14,715	-	(1,078)	-	-	13,637
Special Project Fund						
Birkhill Signal Box	8,030	16,442	-	-	-	24,472
Birkhill Footbridge	-	25,000	-	-	(16,101)	8,899
Curator Project	32,298	-	(27,412)	-	-	4,886
Steaming Ahead	15,789	72,500	(45,718)	-	-	42,571
Steam Locomotive CR419	37,140	1,285	(23,098)	-	-	15,327
Stanier 8F	31,027	19,768	(17,606)	-	-	33,189
25235 Diesel Locomotive	-	2,977	(2,977)	-	-	-
Other projects	65,013	19,060	(7,001)	-	(1,503)	75,569
Total restricted funds	<u>204,012</u>	<u>157,032</u>	<u>(124,890)</u>	<u>-</u>	<u>(17,604)</u>	<u>218,550</u>
Unrestricted funds						
Designated Funds						
Legacy Fund	819,583	234,250	-	-	-	1,053,833
Mainline connection	135,000	-	-	5,000	-	140,000
Railtour Services	-	52,427	(52,427)	-	-	-
Fixed asset fund	1,344,401	31,354	(114,644)	-	-	1,261,111
General funds	554,773	789,062	(886,864)	17,604	(5,000)	469,575
Total unrestricted funds	<u>2,853,757</u>	<u>1,107,093</u>	<u>(1,053,935)</u>	<u>22,604</u>	<u>(5,000)</u>	<u>2,924,519</u>
Total funds	<u><u>3,057,769</u></u>	<u><u>1,264,125</u></u>	<u><u>(1,178,825)</u></u>	<u><u>22,604</u></u>	<u><u>(22,604)</u></u>	<u><u>3,143,069</u></u>

Following a review of funds, the Directors have approved the following fund transfer in 2018.

- From the General Fund to the Mainline Connection designated fund the sum of £5,000.

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

for the year ended 31 December 2019.

22. Analysis of Net Assets Between Funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	1,149,355	-	1,149,355
Investments	100	-	-	100
Net Current Assets	357,801	1,097,565	151,720	1,607,086
Long term loan	(1,000)	-	-	(1,000)
Net assets at 31 Dec 2019	<u>356,901</u>	<u>2,246,920</u>	<u>151,720</u>	<u>2,755,541</u>

The comparable figures for 2018 are as shown below.

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	1,261,111	-	1,261,111
Investments	100	-	-	100
Net Current Assets	470,475	1,193,833	218,550	1,882,858
Long term loan	(1,000)	-	-	(1,000)
Net assets at 31 Dec 2018	<u>469,575</u>	<u>2,454,944</u>	<u>218,550</u>	<u>3,143,069</u>

23. Company Limited by Guarantee

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

24. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	2019	2018
	£	£
Net movement in funds	(387,528)	85,300
Add back in depreciation charge	112,533	114,644
Add back in loss on disposal of tangible fixed assets	333	-
Deduct gift aid distribution from subsidiary	(119,949)	-
Deduct interest income shown in investing activities	(4,522)	(1,691)
(Increase) in stock	(127)	(334)
Decrease in debtors	112,031	25,108
(Decrease)/increase in creditors	(37,455)	25,839
Net cash (used in)/provided by operating activities.	<u>(324,684)</u>	<u>248,866</u>

25. Related Party Transactions

During the year, the Society recharged expenses to SRPS Railtours Limited, a 100% owned subsidiary of the Society, amounting to £90,436 (2018: £77,772). SRPS Railtours recharged expenses of £152 to the Society (2018: £911). At the year-end £ Zero (2018: £ Zero) remained due to the Society.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019.

During the year the Society made sales of £2,080 (2018: £82,807) with a balance outstanding at the year-end of £1,872 (2018: £336) from Artemis Intelligent Power Ltd, a company in which James Robertson's son is a director. The Society made purchases of £1,800 (2018: £1,800) with a balance at year-end £ Zero (2018: £Zero) outstanding from the Edinburgh Society of Model Engineers, a company in which James Robertson is a director. The Society recharged the 6LDA group £9,689 (2018: £163) of which a balance at year-end was £ 1,397 outstanding (2018: £Zero). There were no purchases from 6LDA in 2019 or 2018. Stuart Sellar, a director of SRPS Railtours Ltd., is an office bearer of 6LDA. The Society also recharged the Scottish 37 Group (STG) £2,706 (2018: £3,024) of which a balance at year-end was £ 260 outstanding (2018: £Zero). There were purchases of £216 from STG in 2019 (2018: £Zero). Neil McDonald, a director of SRPS Railtours Ltd. was a director of STG in 2019. There were sales to Locomotive Owners Group (Scotland) (LOGS) of £500 in 2019 (2018: £Zero) with a balance of £600 outstanding at the year end.. There were no purchases from LOGS in 2019 or 2018. Mark Ashmole and James C. Verth are directors of LOGS.

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

26. Non-adjusting Event occurring after the end of the Reporting Period

We recognise that Covid-19 will have a big impact on our finances. We have assessed the ongoing costs of maintaining the Society non-operationally under current lockdown conditions which would amount to some £300k in the current financial year. This is within the £356k available from the contingency fund even without considering the potential income during the year.

In March 2020, The Society granted a first charge on its two leases for the site at Bo'ness in favour of the National Lottery Heritage Fund as condition of being able to receive the grant of £741,500 for the Steaming Ahead project. As reported earlier work on that project was suspended on 16 March.