

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

**Consolidated Report and Financial Statements**

**Year ended 31 December 2016**

**Charity No : SC002375  
Company No : SC055533**

## CONTENTS

TRUSTEES' REPORT .....	1
Trustees' Summary .....	1
Objectives and Activities .....	1
Achievements and Performance.....	2
Sustainability.....	2
Preserving and Developing the Collection.....	2
Preserve and develop skills and knowledge.....	4
Volunteer recruitment .....	4
Engage and educate.....	5
Further Information.....	8
Financial Review .....	8
Reserves policy and going concern.....	9
Plans for Future Periods.....	9
Responsibilities of the Directors .....	10
Structure, Governance and Management.....	10
Reference and Administrative Details .....	12
Status .....	12
Directors and Trustees (Members of the Council of Management) holding office on 1 January 2016 or subsequently appointed .....	12
Company Secretary.....	13
Registered Company Number.....	13
Registered Office .....	13
Operational Address.....	13
Senior Statutory Auditor .....	13
Auditors .....	13
Bankers .....	13
Solicitors .....	13
Statement as to Disclosure of Information to Auditors.....	14
Members of the Society .....	14
Risk Management .....	14
Auditors .....	15
AUDITOR'S REPORT.....	16
Respective responsibilities of directors and auditors .....	16
Scope of the audit of the financial statements.....	16
Opinion on financial statements.....	16
Opinion on other matter prescribed by the Companies Act 2006.....	17
Matters on which we are required to report by exception.....	17
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES .....	18
CONSOLIDATED BALANCE SHEET .....	19
CONSOLIDATED STATEMENT OF CASH FLOWS for the year ending 31 December 2016 .....	20
NOTES FORMING PART OF THE FINANCIAL STATEMENTS.....	21
1. Accounting policies .....	21
2. Donations and legacies .....	22
3. Income from Charitable Activities .....	22
4. Other Trading Activities .....	22
5. Fundraising Costs .....	23
6. Fundraising Support Costs.....	24
7. Charitable Costs.....	25
8. Charitable Support Costs .....	26
9. Net Income for the Year .....	27
10. Staff Costs and Numbers.....	27

## CONTENTS (Continued)

11. Government Grants .....	27
12. Taxation .....	27
13. Tangible Fixed Assets .....	28
14. Investments .....	29
15. Cash and Cash Equivalents .....	30
16. Debtors .....	30
17. Creditors: Amounts Falling Due Within One Year .....	30
18. Creditors: Amounts Falling Due After One Year .....	30
19. Contingent Assets .....	30
20. Commitments and Contingent Liability .....	30
21. Movement in Funds .....	31
Fund Transfers .....	31
Special Project Fund .....	31
Life Membership .....	32
Unrestricted Designated Funds .....	32
22. Analysis of Net Assets Between Funds .....	32
23. Company Limited by Guarantee .....	33
24. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities .....	33
25. Related Party Transactions .....	33

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

### TRUSTEES' REPORT

The Board of Trustees, formerly known as 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 December 2016.

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 great pleasure in reporting a very successful year for the Scottish Railway Preservation Society. Highlights in this report include:-

- A record number of passengers on the Bo'ness & Kinneil Railway
- A record number of visitors to the Museum of Scottish Railways
- Awarded 4 star status as a visitor attraction by VisitScotland
- A record in profit for the retail operations of the trading subsidiary
- A record in fundraising for the planned acquisition of NB-built Stanier 8F steam locomotive TCCD 45170.

One disappointment was that a second submission for the round 1 application for a £2 million Heritage Lottery Grant for the "Steaming Ahead" project was not successful but the comments from the adjudicators are sufficiently encouraging for the Trustees to plan to resubmit a revised application sometime in 2017.

### 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 experience Scottish railway heritage and 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.

During the latter part of 2015 a small working group drafted a three-year Forward Plan covering 2016-2018. The Board of Trustees approved the Plan in February 2016.

The Plan identifies four key drivers:

- Ensure sustainability
- Preserve and develop the collection
- Preserve and develop skills and knowledge
- Engage and educate

A total of 13 areas for priority action were identified, and from these a number of actions were drawn up. The priority action areas are:-

- Governance, financial planning and project management

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

- Fundraising
- Volunteer recruitment
- Facilities and skills for the care of the collections
- Rolling stock availability
- Infrastructure maintenance
- Collection management
- Volunteer and staff training
- Skills and knowledge transfer
- Improve the visitor experience.
- Improve recognition from outside agencies
- Diversify audiences
- Improve engagement with current and potential members, volunteers and audiences.

The achievements and performance in the implementation of the first year of the Plan are reported below, under the key headings of Sustainability, Collection Management, Skills Development and Engagement.

### **Achievements and Performance**

#### **Sustainability**

Over 70% of the Society's funds come from providing passenger and visitor services. The Forward Plan identifies the need for the focus on visitor services and developing new products for new and existing audiences. In 2016 the Bo'ness and Kinneil Railway and Museum of Scottish Railways was awarded four-star status in the VisitScotland Visitor Attraction Assessment scheme.

A key component in the "Steaming Ahead" project addresses the interest by the public in not just looking at artefacts in the collection or travelling in them but to understand the technology behind their design, how they were made and subsequently maintained.

The provision of adequate visitor facilities will also require investment to cater for the growing visitor numbers. In the past 20 years, visitor numbers have grown from 48,000 to almost 78,000 and the facilities such as catering, retailing and toilets need to keep pace.

The increased pressure on local authority finances meant that Falkirk Council were unable to renew the Joint Working Agreement with the Society. The final payment of £12,113 was received in January 2016. The Society now receives no unrestricted revenue funding from public funds.

Charitable activities, and in particular securing grants, will continue to be an important source of funds. The Forward Plan recognises that with greater pressure on the grant giving bodies, the need exists for an effective process for identifying sources of funding and submitting applications that meet the aspirations of the grant-giving bodies.

#### **Preserving and Developing the Collection**

##### ***Additions to the Collections***

In 2016, 3,400 items were accessioned. Also 650 small objects and 2,400 photographs were added to the collections. In addition 350 books were added to the library.

##### ***Collection 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

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

museum accreditation process. A description of the collection is contained within section 2 of the policy as follows:

### ***2. An overview of current collections***

*2.1 This policy relates to the SRPS Core Collection, referred to in this policy as “the Collection”, which is collected by the SRPS and actively managed by the SRPS under the terms of a management agreement with the Scottish Railway Museum Collections Trust (SRMCT), to which body ownership of most of the Collection items has been formally transferred. In addition to the Core Collection, the SRPS possesses material and equipment for spares, demonstration, engineering and operating purposes. Such material is not accessioned into the Collection.*

*2.2 The existing Collection reflects aspects of Scottish railways from the dawn of the railway age to the present day. The SRPS is committed to the development of a useful and representative rolling stock collection and to demonstrating rolling stock and artefacts whenever feasible and appropriate in use on its own branch line and on the national railway network. To this purpose, the SRPS has built an operating railway at the Bo’ness and Kinneil Railway, with buildings and facilities for the better care of all parts of its collection.*

*2.3 The Collection (in February 2017) consists of 164 vehicles, over 9,000 small objects, around 8,400 photographs and over 5,000 library items. It includes large objects, mechanical and electrical equipment, uniforms, a wide variety of railway hardware, paper archives, a library and photographic material. A number of vehicles have been identified as being of national significance. For further details of the significance of the collection refer to the documents produced for the SRPS’s successful application for the core collection to be recognised as being of national significance in 2007.*

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](http://www.srpsmuseum.org.uk).

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](http://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 added to 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.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

### Preserve and develop skills and knowledge

#### *Volunteers*

Volunteers are the mainstay of the Society, and the Directors estimate that over all departments, 380 volunteers contribute in excess of 60,000 man-hours or 38 full time equivalent (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 with the Society, have subsequently found employment with Network Rail or mainline train operating companies.

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.

#### **Volunteer recruitment**

The demographics of the Society's membership are changing with many active volunteers now past the age of retirement. The oldest regular volunteer celebrated his 90<sup>th</sup> birthday in early 2017. There are also greater demands on volunteers in terms of skills development.

In 2016 a total of 45 applicants for volunteering were received, and many of them are now actively engaged in a variety of roles.

Over the period of the Forward Plan, recruitment will focus on identifying specific skills shortages and put in place the facilities, training and organisation to guide new recruits to where shortages are greatest.

#### *Restorations*

The Carriage and Wagon Department continues to work on six carriages, LNER TK1002, NB Invalid Saloon No 461, LNER Sleeper 1211, the Great North of Scotland Saloon and the two LMS coaches No 27389 and 27407. Progress was slowed on the LMS coaches and the sleeper on discovery of asbestos. A specialist contractor was employed to remove the asbestos from these vehicles. At the same time asbestos was removed from other areas, such as a van used as a store.

With a full time painter now employed, considerable progress has been made on several vehicles, with a combination of paid and volunteer staff. Progress has been good on refurbishing two tank wagons, Briggs No.17 and No.20, Brake Vans B95114B and B786095 and in the kitchen area of the Railtour catering vehicle RBR1730.

The Steam Department, in addition to the maintenance of the operational fleet, Austerity No. 7 and Austerity No. 19, continued to make progress on Caledonian Tank Locomotive No. 419 and Coltness No.1. Having transferred No.1's boiler to a new contractor, work on the boiler has progressed satisfactorily and it was returned to Bo'ness early in 2017. It is expected that the locomotive which acts as *Thomas* at the "Days Out with Thomas"™ event will be available for the 2017 events so an equivalent locomotive need not be hired in from another heritage railway.

One setback was that a steam leak was spotted from the bottom of the tube plate of No.7. This necessitated removing the tank, cab roof, cladding, blastpipe and various fitments. Non-destructive testing confirmed that a crack had occurred. An outside contractor subsequently repaired the crack.

Meanwhile No. 246 Morayshire, owned by National Museums Scotland and currently awaiting a major 10-year overhaul was moved with their permission to Llangollen Locomotive Works for dismantling and inspection.

The Diesel Department completed a major part of the restoration of Class 37 No. 37403. The cost to complete the project including the fitting of OTMR and TPWS systems required for running on the national network was funded by hiring the locomotive to a national freight operating company. Early in 2016, the locomotive was moved to Derby for painting and finishing off and has now entered

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

service with the company. This will allow work to commence on the diesel locomotives 25 275 and 27 005. DMU Buffet Car No. 79443 is also under restoration both internally and externally.

### *Civil Engineering*

Civil Engineering is responsible for the maintenance of the track, drainage, bridges and fencing on the Bo'ness & Kinneil Railway. Volunteers, assisted by hired in plant, undertake the work. The major task of the year was the relay of the south line of the Manuel curve with concrete sleepers. In addition to the Society's volunteers, 30 students from Edinburgh Napier University's Civil Engineering Department assisted. Useful input was also received from Edinburgh Trams technicians, supplied by Siemens.

Meanwhile the Signal and Telegraph (S&T) department started erecting signal posts at Birkhill with a view to fully signalling the loop in the longer term. Lattice bracket signals from Cumbernauld and Grangemouth were two from the total of seven to be erected.

### **Engage and educate**

The Society engages and educates through operating the Bo'ness and Kinneil Railway, the Museum of Scottish Railways, mainline rail day excursions through SRPS Railtours Ltd, and organising winter lectures in Motherwell and Edinburgh, other bespoke outreach presentations, handling individual enquiries and via the internet and social media.

Accreditation is a scheme run by Arts Council England and managed in Scotland by Museums Galleries Scotland, which is designed to ensure that museums achieve minimum standards in governance, collections care and visitor services. The museum's accreditation status was reviewed in 2016 and Full Accreditation was awarded with a few action points to ensure we continue to develop.

Our Core Collection was Recognised by the Scottish Government as being of National Significance in 2007, with a review carried out in 2016 to assess the changes in the collection and ensure that it still merits its status as a Recognised Collection. The decision of the Recognition Board was that the collection should retain its Recognition status.

### *The Bo'ness & Kinneil Railway*

From the outset the Society realised that nothing would better interpret the collection to future generations than an operating heritage railway. Using the extensive collection of heritage locomotives, carriages and wagons from the museum collections, the Bo'ness & Kinneil Railway services transport passengers on a five-mile journey, initially along the shores of the Firth of Forth before turning inland to cross the Avon viaduct to arrive at Manuel, situated part way between Linlithgow and Polmont. The Society operated train services on January 2<sup>nd</sup> and 3<sup>rd</sup> and at weekends from April to October with midweek running in the Easter and October school holidays, and throughout August. Additionally, services were run on selected midweek days from May to September.

The Bo'ness and Kinneil Railway carried 58,314 passengers in 2016 (2015: 57,102), a 2% increase on the figure for 2015. This increase is attributable mainly to three Diesel Galas held in the same financial year but to counter that, the late season was adversely affected by the need for BP-Forties Pipeline Systems to access a pipeline passing under the running line near to Birkhill. The works necessitated terminating the train services short of Birkhill from 12 September until 1 December. During that period the day rover fare was reduced to £5 and those served with afternoon tea had two return journeys to allow sufficient time to enjoy the tea. A planned Steam gala and the Halloween *Steam and Scream* were also cancelled because of the line interruption.

### *Museum of Scottish Railways*

The Society's Museum of Scottish Railways enjoyed a record-breaking number of visitors, up nearly 20% to 24,637 (2015: 20,404). A significant event was the visit of the *Flying Scotsman* on 21st May when 5,148 came to view the locomotive in light steam.



# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

The Provost of Falkirk Council opened a temporary exhibition “From Steam to Diesel”. The exhibition was based on a recent book of the same name by Arthur E. Foley and Peter Ross. The book contains a large number of photographs taken in St. Margaret’s Depot, Edinburgh in the 1960s by an anonymous photographer.

A family learning trail was installed. The trail, starting at the Station and continuing round the site to the Museum via the eastern path and back via the western path and footbridge allows families to learn about how railways contributed to the development of the Bo’ness docks. The trail consists of a set of information boards, each of which sports a small brass rubbing panel with weatherproof containers, crayons and activity sheets.

The S&T department were also busy in the Museum. An interactive display was installed, following the transfer of ownership of a Dutton lever frame from the National Railway Museum. The frame came from the Rogart South signal box. Visitors can work the levers and get a feel for the functioning of the mechanical interlocking.

### *Class 37 Project*

In 2016, Railtours took on hire from the Society a Class 37 Diesel Locomotive no. 37403. A mainline operator supplied the components necessary to restore the locomotive to mainline operating standard, to be funded by a long-term hire to the operator. Although no cash will be exchanged, the £297,517 cost of the components has been fully recognised in the 2016 financial year, resulting in a material adverse impact on the outcome for the year. The commensurate hire income will only be recognised in future periods. This same cost of components also has an impact on the figure for creditors falling due within one year in the balance sheet on page 19. At the end of the hire period the locomotive will be returned to the Society in working order, effectively at no cost to the Society.

### *SRPS Railtours*

SRPS Railtours Limited is the trading arm of the Society. It is responsible for organising excursions on the mainline railway network using heritage stock hired from the Society and for the operation of all Society gift shops. Mainline operations involve a mixture of day-rail excursions with on-board catering, a gift shop and fund-raising raffle, charters involving SRPS organising the track access and motive power and the hire of coaches to other tour operators.

There was a delay in the start to the 2016 railtour programme, due to issues between the train operating company, West Coast Railways, and Network Rail. As a result, a planned excursion in March and a charter in early May had to be cancelled.

In 2016, twelve excursions were organised, two in conjunction with North East Railtours. Three further charters were organised, and the coaches were leased to ScotRail on ten further occasions for use on the steam-hauled Sunday excursions of the Borders Railway and two steam-hauled excursions from Edinburgh to Fife and Stirling. The diverse range of excursions can be seen from the table below.

<b>Excursion</b>	<b>Type</b>	<b>Haulage</b>	<b>Notes</b>
Tweedbank to Kyle of Lochalsh on 7 May 2016	SRPS Tour	Diesel	
North Berwick to Fort William & Mallaig on 21 May 2016	SRPS Tour	Diesel/Steam	Steam from Fort William to Mallaig
Gourock to Grosmont & Whitby on 28 May 2016	SRPS Tour	Diesel	The first to Whitby for 16 years due to operational difficulties.
Glenrothes with Thornton to Liverpool on 11 June 2016	SRPS Tour	Diesel	
Berwick-upon-Tweed to Chester &	Charter	Diesel	North East Railtours

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**REPORT OF THE DIRECTORS**

**for the year ended 31 December 2016.**

<b>Excursion</b>	<b>Type</b>	<b>Haulage</b>	<b>Notes</b>
Holyhead on 25 June 2016			
Aberdeen to Kyle of Lochalsh on 10 July 2016	SRPS Tour	Diesel	
Linlithgow to Inverness on 16 July 2016	SRPS Tour	Diesel	Hauled by loco 37025, privately owned and restored at Bo'ness
ScotRail Sunday Steam Specials on the Borders Railway from 7 to 28 August	Hired Stock	Steam	On four consecutive Sundays.
ScotRail Steam Specials to Fife and Stirling 13 & 20 August	Hired Stock	Diesel	From Waverley on two consecutive Sundays.
Edinburgh to Carlisle Steam Special on 29 August 2016	SRPS Tour	Steam	
ScotRail Sunday Steam Specials on the Borders Railway from 4 to 25 September	Hired stock	Diesel	On four consecutive Sundays.
Carnforth to Bury on 30 September 2016	Charter	Diesel	Class Forty Preservation Society (CFPS)
Bury to Stratford-upon-Avon on 1 October 2016	Charter	Diesel	Class Forty Preservation Society (CFPS)
Dalgety Bay and Tweedbank to Fife Circle on 10 October 2016	SRPS Tour	Steam	This train featured the first northbound steam-hauled train over the new Borders Railway.
Linlithgow to Ravenglass & Grange-over-Sands on 22 October 2016	Joint	Diesel	SRPS Tour jointly with NE Railtours
Polmont to Fort William Steam Special on 24 October 2016	SRPS Tour	Diesel/Steam	Steam on the return journey
Bishop Auckland to London on 19 November 2016	Charter	Diesel	
Linlithgow to Lincoln on 2 December 2016	SRPS Tour	Diesel	

The final excursion, *The Christmas Cracker* completed another eventful year for SRPS Railtours mainline operations which despite several setbacks outwith the company's control has again been successful.

This intensive programme was carried out despite the lack of access to Bo'ness for maintenance as a result of the work on the BP-Forties Pipeline Systems Pipeline. BP-Forties Pipeline Systems were extremely helpful and constructed a temporary second platform and maintenance depot at Birkhill and during the period of the line closure on the Bo'ness and Kinneil Railway, the railtour coaches and two heritage diesels for shunting were stabled at Birkhill.

Retail sales fell slightly especially towards the end of the season when visitor numbers were affected by the shortened running line. Sales were £82,914 (2015: £87,092). However profits were up 2%, reflecting the trend to stocking higher margin products.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

As a result of all these activities, principally due to the Class 37 Project, the company reported a loss of £201,867 (2015: profit £130,445). The directors will be unable to make any distribution to the parent in 2017, but will be able to make significant distributions in future years as revenues from the long-term hire are realised. At the end of the long-term hire, the locomotive will be returned to the company in full working order. Effectively this arrangement results in the Society restoring a locomotive to mainline standard at no cost to itself.

Excluding the class 37 project, the company generated a profit of £77,658 from its other operations.

### *Partnerships*

Because of the pressures on local authority funding, Falkirk Council are unable to support the Society beyond the 2015/6 financial year. The final payment from the Joint Working Agreement of £12,113 was received in January 2016. (2015: £48,451).

Cooperating with other organisations is a regular feature of the Society's work. The Civil Engineering Department has also arranged with Edinburgh Trams to provide their maintenance technicians with experience of fixing track faults. Similarly the Society is grateful to the Scottish Prison Service for their assistance in undertaking other pieces of work. Early in 2016 some students from Edinburgh Napier University's railway engineering courses assisted the Civil Engineers with relaying the south curve into Manuel station.

The Society is also a member of Industrial Museums Scotland (IMS), The Transport Trust, the Heritage Railway Association and the LNER Coach Association.

### **Further Information**

At any one time numerous projects are underway; much of this activity can be viewed through the Society's websites. The SRPS main website is at [srps.org.uk](http://srps.org.uk). The Bo'ness and Kinneil Railway website is at [bkrailway.co.uk](http://bkrailway.co.uk) and the museum website is at [srpsmuseum.org.uk](http://srpsmuseum.org.uk). The engineering websites at [srpssteam.com](http://srpssteam.com) and [srpsdiesel.co.uk](http://srpsdiesel.co.uk) are rich in detail and photographs of the work in progress.

### **Financial Review**

The key performance indicators are shown in the Statement of Financial Activities (SOFA), the Statement of Cash Flows and the Balance Sheet on pages 18 to 20. The deficit for the year was £187,675 (2015: surplus £313,429). The General Fund supports a number of projects across all departments. These can range from just a few hundred pounds for smaller projects to several thousand for larger projects where top-up funding is deemed to be a priority by the Board. It also provides partnership funding for externally grant-aided projects. This year 47 projects received support of £392,481 from the General Fund. It should also be noted that the first three months of each new financial year will most likely incur a seasonal deficit when the Bo'ness & Kinneil Railway is closed and SRPS Railtours are not operating day excursions. The Directors have taken this into account when reviewing the reserves policy.

Total funds fell to £2,869,527 (2015: £3,057,202). Unrestricted funds, including fixed assets fell to £2,683,622 (2015: £2,904,309) but restricted funds rose to £185,905 (2015: £152,893).

### ***Capital Investments***

During 2016 capital investments totalling £33,284 were made (2015: £0). Disposals of items originally costing £12,000 were also made (2015: £0). Funds are being held for major capital works during the next three years, namely the construction of a new Steam Workshop and an extension to Bo'ness Station.

### ***Donations and Legacies***

In 2016 donations, memberships and legacies totalled £256,298 (2015: £291,375). Although this was lower than in 2015, the legacy income of £138,200 (2015: £194,865) makes a significant contribution to funds. As with previous legacies, the Board has agreed that these legacies should be placed in a

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

designated fund for future development projects. Donations increased significantly to £74,823 (2015: £56,843) excluding Gift Aid, the majority of which were received for the purchase of a North British built 8F Steam locomotive.

### *Exceptional Item*

As noted elsewhere, BP-Forties Pipeline Systems required access to a pipeline passing under the track of the Bo'ness and Kinneil Railway. The SRPS as tenants of the line and the Bo'ness and Kinneil Railway Company as landlords granted a Licence to Occupy. The fee has been included in the SOFA under other income.

### *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.

The Board of Trustees wishes to gratefully acknowledge the support of Falkirk Council and recognises the difficult decisions that have to be made about providing financial support. The Society also wishes to thank the Scottish Government, Museums Galleries Scotland, the Robertson Trust, The Hugh Fraser Foundation, National Museums Scotland, the Heritage Lottery Fund, the National Railway Museum 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 £2,683,622 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 £496,770. 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 have decided to maintain a designated legacy fund to be used for funding in whole or in part capital projects. It is expected that a significant portion of these reserves will be invested in capital projects over the next three years. 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. Finally, it is the charity's policy to build up the remaining unrestricted General Fund, excluding investments and long-term loans, to cover a minimum reserve of 4 months' normal expenditure plus appropriate working capital with a longer-term objective of 6 months' and an upper limit of 8 months. This policy was derived taking into account the seasonal nature of income such that in the first three months of each new financial year the Society will most likely incur a significant deficit. The policy was met in 2016.

### **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 collection;
- improving the facilities to allow the establishment of a centre for heritage railway engineering;

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

- 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 professional 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.

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 without capital grants and revenue funding from specific short-term initiatives, progress will be threatened and will 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 that it creates by its efforts. An increased contribution to the Scottish museums sector through collaboration and partnership working is also anticipated.

Providing a living railway heritage experience poses challenges in terms of skills retention and development. Operating to increasingly rigorous operational standards requires 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.

At the Annual General Meeting (AGM) of the SRPS on 17 September 2016, members voted by an overwhelming majority for the proposed changes in the Articles of Association particularly relating to the Committee of Management, which has been renamed the Board of Trustees. The duties and responsibilities of Directors, who are also Trustees, were also redefined.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

The reasons for the changes are that not only is the SRPS a large, complex and growing organisation, but both Company law and Charity law and practice are becoming more demanding and more complicated.

The Board is presently in a transition year between the old structure and the new, and is taking the necessary steps towards the new structure. The main points are:

1. *The term of office for Directors will change from 2 to 3 years, with interim arrangements for the first few years as to elections.*
2. *The main Society Officers – Chairman, Vice-Chairman, Hon Treasurer and General Secretary – don't change in number or title.*
3. *Most Directors will be required to take charge of, and lead, a Principal Committee; these (at present) include the Executive, Railway Management, Finance & Audit, Museum & Collections and Business Development Committees. There might be the need for one or more additional Principal Committees.*
4. *The above Directors will be elected by the AGM on a 3-year cycle.*
5. *Two Directors from outwith the Society with particular skills or expertise in important areas (eg Health & Safety, Marketing etc), will be recruited. They will be required to join the Society upon appointment, and they will be expected where necessary to lead important areas of development.*
6. *The Business Development Director, who is an SRPS employee, remains on the Board, and one additional Director can be co-opted on to the Board.*

For the period under review in this report, the Trustees are with one exception, elected by the Society's Annual General Meeting and serve for 2-year terms of office. Trustees are eligible for re-election. The names of the Trustees who served during the year are noted on pages 12 and 13. 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.

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 Council of Management.
- 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.

New trustees are assisted to understand the duties of membership of the Council 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 SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

The Board of Trustees met 6 times during the year and continued to comply with all statutory and regulatory obligations. An Executive Committee with day-to-day management responsibilities met 20 times in 2016, reporting to the Board, allowing the Board more time to consider wider strategic issues.

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 is currently inactive, but is intended to operate as a fund-raising mechanism for Museum activities and acquisitions.
- 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.

### 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 two years. Changes to the Articles of Association adopted at the AGM on 17 September 2016 extends the period to three years and allows for the appointment of two non-executive directors.

### Directors and Trustees (Members of the Council of Management) holding office on 1 January 2016 or subsequently appointed

Victor E. Michel	Chairman
James Verth	Vice-Chairman
David J. Morrison	Finance
Alexander Turner	Falkirk Council resigned 17 September 2016
David Roderick	Honorary Secretary

Mark Ashmole	
Catherine Chilles	
John Michael Cowie	appointed 10 April 2017
John Evans	
Norman J. H. Girvan	

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**REPORT OF THE DIRECTORS**

**for the year ended 31 December 2016.**

Graham Scott resigned 25 July 2016  
Ross Isdale  
Stefan G. Kay  
Amanda Kilburn  
Matthew Lambert resigned 17 September 2016  
Douglas McEwan  
Andrew McLean resigned 17 September 2016  
James Robertson  
Richard William Speight appointed 10 April 2017

**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.

**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**

Pagan Osborne  
116 George Street  
Edinburgh  
EH2 4LH.



# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

### **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 are Ordinary, Retired, Family, Junior and Associate. Life, Family Life, Premier Life and Premier Family Life grades are closed to new members.

The number of voting members in 2016 was 1,397 (2015:1,401). 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 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. Records show that 386 members, or 28% of the voting membership, are registered volunteers.

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

#### ***An ageing workforce***

The volunteer base on which the Society depends is ageing, 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 Forward Plan addresses this issue by focussing on improved amenities, volunteer recruitment and training, especially by experienced volunteers and by the addition of paid staff as funds permit.

#### ***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 but recognises that financial pressures mean that previous sources of support from public bodies may not be as forthcoming in the future.

The Forward Plan indicates that 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.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 December 2016.

Where previous supporters are unable to continue to support the Society financially, it will continue engagement, as they may be able to support the Society in ways that are not financial.

### *A growing collection*

The growing collection brings challenges for conservation and, where appropriate, restoration.

In 2016 the Society was engaged in raising funds to purchase an LMS designed locomotive built in 1942 by the North British Locomotive Company in Glasgow, and subsequently exported to Turkey as part of the war effort. 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 to meet and exceed 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.

In 2016 visitor numbers were at a record high at 77,940 (2015:73,830). Both the Railway and Museum enjoyed record attendances, and feedback has been extremely positive.

Several initiatives in the Forward Plan meet this challenge head on, in particular the need for better access and conference facilities.

### *Increased regulation*

Health and safety, financial and other regulatory frameworks are changing and becoming increasingly burdensome. The Trustees 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. For example, the Forward Plan includes the need for investment of a five-figure sum to address the issue of fitting retention tanks to railway coaches to collect the effluent from the toilets.

### 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 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 Council of Management on 27 April 2017 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

We have audited the financial statements of The Scottish Railway Preservation Society for the financial year 1 January 2016 to 31 December 2016, which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, "the Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Responsibilities of the Directors set out on page 10, the trustees (who are the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, "the Financial Reporting Standard applicable in the UK and Republic of Ireland"; and

## THE SCOTTISH RAILWAY PRESERVATION SOCIETY

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

- 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).

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- 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' exemption from the requirement to prepare a strategic report or in preparing the report of the directors.

[Redacted signature]

Kevin Cattanach

Senior Statutory Auditor

for and on behalf of Whitelaw Wells, Statutory Auditor

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

9 Ainslie Place

Edinburgh

EH3 6AT

27 April 2017

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**Company No. SC055533**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2016**

	Notes	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
<b>Income and endowments from:</b>					
Donations and legacies	2	179,166	77,132	256,298	291,375
Charitable activities	3	162,330	-	162,330	253,188
Other trading activities	4	1,010,512	3,285	1,013,797	937,134
Investments		4,656	-	4,656	4,718
Other		182,522	260	182,782	4,620
<b>Total</b>		<u>1,539,186</u>	<u>80,677</u>	<u>1,619,863</u>	<u>1,491,035</u>
<b>Expenditure on:</b>					
Raising funds	5,6	742,545	1,078	743,623	650,086
Charitable activities	7,8	1,017,328	46,587	1,063,915	527,520
Other		-	-	-	-
<b>Total</b>		<u>1,759,873</u>	<u>47,665</u>	<u>1,807,538</u>	<u>1,177,606</u>
Net incoming resources before transfers		( 220,687)	33,012	( 187,675)	313,429
Transfers between funds	21	-	-	-	-
Net movement in funds		<u>( 220,687)</u>	<u>33,012</u>	<u>( 187,675)</u>	<u>313,429</u>
Total funds brought forward		<u>2,904,309</u>	<u>152,893</u>	<u>3,057,202</u>	<u>2,743,773</u>
Total funds carried forward		<u>2,683,622</u>	<u>185,905</u>	<u>2,869,527</u>	<u>3,057,202</u>

The notes on pages 21 to 33 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**

**CONSOLIDATED BALANCE SHEET**

**As at 31 December 2016.**

	Notes	£	Total Funds 2016 £	£	Total Funds 2015 £
Fixed assets					
Tangible assets	13		1,135,989		1,213,440
Heritage assets	13		<u>199,157</u>		<u>204,157</u>
			<u>1,335,146</u>		<u>1,417,597</u>
Current assets					
Stock		38,285		48,400	
Debtors	16	262,349		342,968	
Cash at bank and in hand		1,656,680		1,393,050	
		<u>1,957,314</u>		<u>1,784,418</u>	
Creditors: Amount falling due within one year	17	<u>( 421,933)</u>		<u>( 143,813)</u>	
Net current assets			<u>1,535,381</u>		<u>1,640,605</u>
Total assets less current liabilities			<u>2,870,527</u>		<u>3,058,202</u>
Creditors: Amount falling due after more than one year	18		( 1,000)		( 1,000)
			<u><u>2,869,527</u></u>		<u><u>3,057,202</u></u>
Unrestricted funds					
Designated funds	21		2,186,852		2,126,103
General fund	21		496,770		778,206
Restricted funds	21		185,905		152,893
Total funds			<u><u>2,869,527</u></u>		<u><u>3,057,202</u></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 21 to 33 form part of the financial statements.

Approved by the Council of Management on 27 April 2017 and signed on its behalf by:

[Redacted signature]

Victor E. Michel  
SRPS Chairman

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**Company No. SC055533**

**CONSOLIDATED STATEMENT OF CASH FLOWS for the year ending 31 December 2016**

	Note	2016 £	2015 £
<b>Cash provided by operating activities</b>	25	<u><b>289,341</b></u>	<u><b>251,714</b></u>
<b>Cash flows from investment activities</b>			
Interest income		4,656	4,718
Purchase of tangible fixed assets		( 33,284)	-
Disposal of assets		2,917	-
<b>Cash provided by (used in) investing activities</b>		<u><b>( 25,711)</b></u>	<u><b>4,718</b></u>
<b>Increase (decrease) in cash and cash equivalents in the year</b>		<u><b>263,630</b></u>	<u><b>256,432</b></u>
Cash and cash equivalents at the beginning of the year		1,393,050	1,136,618
<b>Total cash and cash equivalents at the end of the year</b>	15	<u><b>1,656,680</b></u>	<u><b>1,393,050</b></u>

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

**for the year ended 31 December 2016.**

**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 2015.

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

These consolidated group accounts have also been prepared in accordance with Scottish Statutory Instrument 2007 No.218 The Charities Accounts (Scotland) Regulations 2006 (as amended) and incorporate the results of the Scottish Railway Preservation Society and its subsidiary undertakings SRPS Railtours Ltd., The Scottish Railway Museums Collections Trust and the Scottish Railway Museum Trust.

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 Council of Management, 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. 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 2016.**

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 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.
- 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.

**2. Donations and legacies**

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Fund 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
General Donations	11,843	62,980	74,823	19,089	37,754	56,843
Legacies	138,200	-	138,200	194,865	-	194,865
Gift Aid	5,185	14,152	19,337	5,437	8,661	14,098
Railtour raffles	7,741	-	7,741	9,429	-	9,429
Membership subs	16,197	-	16,197	16,140	-	16,140
Total donations and legacies	179,166	77,132	256,298	244,960	46,415	291,375

**3. Income from Charitable Activities.**

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Fund 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
Museum admissions	24,674	-	24,674	24,400	-	24,400
Revenue grants and Joint Working Agreements received	12,113	-	12,113	48,451	6,320	54,771
Capital grant received	-	-	-	-	-	-
Rolling stock hire	103,269	-	103,269	117,530	13,988	131,518
Facilities hire	22,274	-	22,274	42,499	-	42,499
Total charitable activities	162,330	-	162,330	232,880	20,308	253,188

**4. Other Trading Activities**

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Unrestricted Fund 2015 £	Restricted Funds 2015 £	Total Funds 2015 £
Train operations	512,813	-	512,813	477,882	1,571	479,453
Retail	82,938	3,285	86,223	87,165	2,823	89,988
Catering	87,141	-	87,141	88,615	-	88,615
SRPS Railtours Ltd. Operations	290,673	-	290,673	274,312	-	274,312
Other Fundraising Activities	36,947	-	36,947	4,766	-	4,766
Total other trading activities	1,010,512	3,285	1,013,797	932,740	4,394	937,134

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2016.**

**5. Fundraising Costs**

Fundraising expenditure	Membership Costs	Fundraising Trading	Fundraising Publicity	Railtour Fundraising	Total Fundraising Expenditure 2016	Total Fundraising Expenditure 2015
<b>Direct Costs</b>						
Staff Costs	-	2,316	45,089	33,057	80,462	62,080
Catering Supplies	-	20,000	-	25,538	45,538	42,853
Retail Stock	-	-	-	43,525	43,525	47,703
Promotion	-	280	11,986	24,676	36,942	34,723
Special Events	-	147,652	-	-	147,652	117,477
Train Operating Costs	-	53,183	-	220,829	274,012	230,310
Consumables and Tools	-	2,350	-	-	2,350	1,256
Communications	8,590	1,606	860	-	11,056	13,168
Contractors	-	18,675	-	-	18,675	14,489
Plant & Machinery Repairs	-	84	-	-	84	147
Health and Safety	-	5,061	-	-	5,061	-
Other	-	935	2,308	153	3,396	10,076
<b>Total direct expenses</b>	<b>8,590</b>	<b>252,142</b>	<b>60,243</b>	<b>347,778</b>	<b>668,753</b>	<b>574,282</b>
<b>Total support expenses (Note 6)</b>	<b>552</b>	<b>44,319</b>	<b>13,650</b>	<b>16,349</b>	<b>74,870</b>	<b>75,804</b>
<b>Total</b>	<b>9,142</b>	<b>296,461</b>	<b>73,893</b>	<b>364,127</b>	<b>743,623</b>	<b>650,086</b>
<b>Included in the above is restricted expenditure of:-</b>	<b>1,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,078</b>	<b>1,078</b>
<b>Restricted Expenditure in 2015</b>	<b>1,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,078</b>

SRPS Consolidated Report Dec 2016

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2016.**

**6. Fundraising Support Costs**

Fundraising support costs	Membership Costs	Fundraising Trading	Fundraising Publicity	Railtour Fundraising	Fundraising Support Expenditure 2016	Fundraising Support Expenditure 2015
<b>Support costs allocated to activities</b>						
Payroll -Support	-	3,941	1,970	-	5,911	10,593
Utilities	-	4,766	4,766	-	9,532	9,260
Rent, Insurance	-	4,962	4,135	3,364	12,461	13,338
Communications	222	443	443	5,264	6,372	4,715
Bank Charges	-	1,071	1,428	6,155	8,654	6,718
Depreciation	-	26,650	-	-	26,650	26,650
Mainline Connection Maintenance	-	1,660	-	-	1,660	1,644
Other Support Costs	330	826	908	1,566	3,630	2,886
<b>Total Support Costs</b>	<b>552</b>	<b>44,319</b>	<b>13,650</b>	<b>16,349</b>	<b>74,870</b>	<b>75,804</b>

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2016.**

**7. Charitable Costs**

Charitable expenditure	Curatorial & education	Buildings and Structures	Permanent Way	Carriages and Wagons	Steam Locomotives	Diesel and Electric Haulage	Total Charitable Expenditure 2016	Total Charitable Expenditure 2015
<b>Direct Costs</b>								
Staff Costs	39,091	-	742	42,478	31,257	206	113,774	76,452
Consumables and Tools	843	753	1,792	14,837	16,284	4,390	38,899	38,897
Communications	479	58	-	-	662	-	1,199	1,659
Contractors	6,433	43,510	16,865	26,553	98,513	1,450	193,324	123,797
Plant & Machinery Repairs	-	-	-	-	1,395	915	2,310	10,422
Materials and Parts	8,140	16,815	12,338	358,034	38,930	29,048	463,305	50,915
Health and Safety	-	27	-	-	2,409	-	2,436	
Carriage	3,195	-	360	870	5,977	1,556	11,958	7,310
Other	1,332	17,902	6,520	-	5,213	-	30,967	15,862
<b>Total direct expenses</b>	<b>59,513</b>	<b>79,065</b>	<b>38,617</b>	<b>442,772</b>	<b>200,640</b>	<b>37,565</b>	<b>858,172</b>	<b>325,314</b>
<b>Total support expenses (Note 8)</b>	<b>68,664</b>	<b>19,998</b>	<b>33,004</b>	<b>22,546</b>	<b>28,049</b>	<b>24,703</b>	<b>196,964</b>	<b>194,796</b>
<b>Total governance expenses (Note 8)</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,464</b>	<b>1,463</b>	<b>1,463</b>	<b>8,779</b>	<b>7,410</b>
<b>Total</b>	<b>129,640</b>	<b>100,526</b>	<b>73,084</b>	<b>466,782</b>	<b>230,152</b>	<b>63,731</b>	<b>1,063,915</b>	<b>527,520</b>
<b>Included in the above is restricted expenditure of:-</b>	<b>198</b>	<b>1,515</b>	<b>-</b>	<b>2,685</b>	<b>26,800</b>	<b>15,389</b>	<b>46,587</b>	<b>33,619</b>
<b>Restricted Expenditure in 2015</b>	<b>9,540</b>	<b>10,880</b>		<b>664</b>	<b>12,376</b>	<b>159</b>		<b>33,619</b>

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2016.

**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 2016	Total Charitable Support and Governance Expenditure 2015
<b>Support costs allocated to activities</b>								
Payroll -Support	2,956	1,970	2,956	2,210	1,970	1,970	14,032	23,088
Utilities	4,765	4,765	4,765	4,765	4,765	4,765	28,590	27,780
Rent, Insurance	7,807	4,135	4,135	4,135	4,135	4,135	28,482	31,081
Communications	1,663	1,663	1,663	1,663	1,663	1,663	9,978	8,658
Contractors & Consultants	-	-	3,127	3,127	3,127	3,127	12,508	14,156
Bank Charges	178	178	178	178	178	178	1,068	1,200
Depreciation	47,322	5,481	12,351	2,190	10,043	6,697	84,084	77,606
Mainline Connection Maintenance	-	-	1,661	-	-	-	1,661	1,644
Loss on disposal of fixed assets	-	-	-	2,084	-	-	2,084	-
Other Support Costs	3,973	1,806	2,168	2,194	2,168	2,168	14,477	9,583
<b>Total Support Costs</b>	<b>68,664</b>	<b>19,998</b>	<b>33,004</b>	<b>22,546</b>	<b>28,049</b>	<b>24,703</b>	<b>196,964</b>	<b>194,796</b>
<b>Governance costs</b>								
Audit Fees	1,388	1,388	1,388	1,388	1,388	1,388	8,328	6,850
Other governance costs	75	75	75	76	75	75	451	560
<b>Total governance costs</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,464</b>	<b>1,463</b>	<b>1,463</b>	<b>8,779</b>	<b>7,410</b>

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

**for the year ended 31 December 2016.**

**9. Net Income for the Year**

This is stated after charging/(crediting):

	2016 Total	2015 Total
	£	£
Depreciation	110,734	104,256
Loss on disposal of fixed assets	2,084	-
Management committee's remuneration	51,401	23,861
Auditors' remuneration:		
Audit services	8,375	6,850
	8,375	6,850

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.

Six members of the Council of Management received reimbursements of travel expenses during the year of £1,760. (2015: £1,704). The Directors are covered by Directors' Liability Insurance at a cost of £936 (2015: £906).

**10. Staff Costs and Numbers**

	2016 Total	2015 Total
	£	£
Salaries and wages	197,407	153,477
Social security costs	13,709	10,173
Pensions	1,148	1,620
Training	1,675	1,073
	213,939	166,343

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

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

	2016 Total Headcount	2015 Total Headcount
Charitable activities	7	5
Trading activities	2	2
Administration staff	2	2
	11	9

**11. Government Grants**

Income from government grants comprises a grant from Falkirk Council in relation to a Service Level Agreement and grants from Museums Galleries Scotland in relation to the care of an Accredited Collection by a Museum recognised by Museums Galleries Scotland. The Service Level Agreement with Falkirk Council expired at 31 March 2016 and was not renewed as part of the Council's funding cuts.

**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 2016.**

**13. Tangible Fixed Assets**

	Land	Tenants Improvements	Scottish Railway Exhibition	Permanent Way	Locomotives	Carriages and Wagons	Plant and Machinery	Office Equipment	<b>Total</b>
<b>Cost</b>									
At 1 Jan 2016	100	2,323,760	192,282	462,037	43,093	161,064	47,560	37,678	3,267,574
Additions in year	-	-	-	-	-	-	28,750	4,534	33,284
Disposals in year	-	-	-	-	-	( 5,000)	( 7,000)	-	( 12,000)
At 31 Dec 2016	<u>100</u>	<u>2,323,760</u>	<u>192,282</u>	<u>462,037</u>	<u>43,093</u>	<u>156,064</u>	<u>69,310</u>	<u>42,212</u>	<u>3,288,858</u>
<b>Depreciation</b>									
At 1 Jan 2016	-	1,321,527	192,275	277,831	-	-	41,222	17,122	1,849,977
Charge for year	-	82,763	-	12,351	-	-	7,862	7,758	110,734
Depreciation on Disposals	-	-	-	-	-	-	( 6,999)	-	( 6,999)
At 31 Dec 2016	<u>-</u>	<u>1,404,290</u>	<u>192,275</u>	<u>290,182</u>	<u>-</u>	<u>-</u>	<u>42,085</u>	<u>24,880</u>	<u>1,953,712</u>
<b>Net book value At 31 Dec 2016</b>	<u>100</u>	<u>919,470</u>	<u>7</u>	<u>171,855</u>	<u>43,093</u>	<u>156,064</u>	<u>27,225</u>	<u>17,332</u>	<u>1,335,146</u>
<b>Net book value at 31 Dec 2015</b>	<u>100</u>	<u>1,002,233</u>	<u>7</u>	<u>184,206</u>	<u>43,093</u>	<u>161,064</u>	<u>6,338</u>	<u>20,556</u>	<u>1,417,597</u>

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

**for the year ended 31 December 2016.**

**13. Tangible Fixed Assets (cont)**

Heritage Assets

Included within tangible fixed assets are heritage assets acquired at a cost of £199,157 (Dec 2015: £204,157). During the year the charity acquired no further heritage assets but disposed of RBR 1654. RBR1654 was not part of the core collection.

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 Jan 2012	Opening balance	-	246,361	-
Jan 2012 – Dec 2012	No transactions	-	246,361	-
Jan 2013 – Dec 2013	Acquisitions	5,000	251,361	-
	Disposals	( 33,142)	218,219	-
Jan 2014 – Dec 2014	Disposals	( 14,062)	204,157	83
Jan 2015 – Dec 2015	No transactions	-	204,157	-
Jan 2016 - Dec 2016	Disposals	( 5,000)	199,157	-

The policy for acquisition, preservation, management and disposal of heritage assets is described in the Collection management section of the Report of the Directors.

**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 liabilities of SRPS Railtours Limited at 31 December 2016 are £194,505 compared to capital and reserves of £137,807 at December 2015. The loss for the year 1 January 2016 to 31 December 2016 is £201,867 (2015: profit £130,445). Income for the year was £534,382 (2015: £541,192). Note that the loss is entirely due to the cost of restoring Class 37 Diesel Locomotive 37403 to mainline operating standard, to be funded by a long-term hire as described on page 6 of the Directors' Report. Effectively this arrangement results in the Society restoring a locomotive to mainline standard at no cost to itself.

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 2016.**

**15. Cash and Cash Equivalents**

	At 31 Dec 2016	At 31 Dec 2015
	£	£
Cash in Hand	758	964
Instant Access Bank Deposits	1,655,922	1,392,086
	<u>1,656,680</u>	<u>1,393,050</u>

**16. Debtors**

	Group Total at 31 Dec 2016	Group Total at 31 Dec 2015
	£	£
Grants receivable	-	4,995
Trade Debtors	98,544	40,069
Sundry debtors and prepayments	138,100	288,634
VAT recoverable	25,705	9,270
	<u>262,349</u>	<u>342,968</u>

**17. Creditors: Amounts Falling Due Within One Year**

	Group Total at 31 Dec 2016	Group Total at 31 Dec 2015
	£	£
Trade creditors	71,063	35,460
Other creditors and accruals	350,870	108,353
	<u>421,933</u>	<u>143,813</u>

The increase in creditors is principally due to the Class 37 project explained on page 6.

**18. Creditors: Amounts Falling Due After One Year**

	At 31 Dec 2016	At 31 Dec 2015
	£	£
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 2016 the charity has been notified of one residuary legacy, the value of which is uncertain. As at the date of signing no further information had been received and so this legacy has not been accrued.

**20. Commitments and Contingent Liability**

In 2014 the charity entered into a commitment to purchase a Stanier 8F locomotive at a total cost of £106,500. The balance outstanding at the year-end amounted to £10,500 and the purchase was completed in February 2017. Instalments totalling £42,000 were made during the year and these are included within Sundry Debtors along with £54,000 of previous payments since the Charity did not take ownership until the balance of the agreed price was settled in full. The seller's obligations under the contract were secured by a company charge granted in favour of the Charity.

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

**for the year ended 31 December 2016.**

The charge against the company was released at the time of purchase. A restricted fund has been created for donations toward the purchase and restoration as described at note 21.

**21. Movement in Funds**

	Opening Balance at 1 Jan 2016 £	Incoming Resources £	Outgoing Resources £	Transfers In £	Transfers Out £	Closing Balance at 31 Dec 2016 £
<b>Restricted funds</b>						
Life membership	16,871	-	( 1,078)	-	-	15,793
Special Project Fund						
Birkhill Second Platform	-	10,973	-	-	-	10,973
Morayshire	22,337	940	( 23,276)	-	-	1
Stanier 8F	52,439	53,706	( 1,756)	-	-	104,389
25235 Diesel Locomotive	8,716	7,469	( 11,949)	-	-	4,236
Other projects	52,530	7,589	( 9,606)	-	-	50,513
<b>Total restricted funds</b>	<u>152,893</u>	<u>80,677</u>	<u>( 47,665)</u>	<u>-</u>	<u>-</u>	<u>185,905</u>
<b>Unrestricted funds</b>						
Designated Funds						
Legacy Fund	583,506	138,200	-	-	-	721,706
Mainline connection	125,000	-	-	5,000	-	130,000
Fixed asset fund	1,417,597	33,284	( 110,734)	6,999	( 12,000)	1,335,146
General funds	778,206	1,367,702	( 1,649,139)	12,000	( 11,999)	496,770
<b>Total unrestricted funds</b>	<u>2,904,309</u>	<u>1,539,186</u>	<u>( 1,759,873)</u>	<u>23,999</u>	<u>( 23,999)</u>	<u>2,683,622</u>
<b>Total funds</b>	<u>3,057,202</u>	<u>1,619,863</u>	<u>( 1,807,538)</u>	<u>23,999</u>	<u>( 23,999)</u>	<u>2,869,527</u>

**Fund Transfers**

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

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

The transfers to and from the designated fixed assets fund represent the net book value of disposals in the year.

**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 Second Platform***

Birkhill Station is an ex-Caledonian Railway Station relocated from Monifieth in Angus. At present it has a passing loop with two tracks but only one platform. In 2016 Network Rail offered the SRPS the ex- Caledonian Railway footbridge from West Calder. This donation will be delivered sometime in 2017. A second platform, linked by the bridge will give a greater degree of authenticity to the Station and will prove invaluable when signalling is installed to allow trains to

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

**for the year ended 31 December 2016.**

pass at Birkhill. A fund to build the platform was set up in late 2016 to finance the platform's construction.

***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***

As explained in note 20, the SRPS has an option to acquire this locomotive, built in 1942 by the North British Locomotive Company. It was loaned by the Ministry of Supply to the LMS before being shipped to Turkey in 1943. It was returned to the UK in 2010, and is currently on display in the Museum. This fund was set up to secure the purchase of the locomotive and its subsequent restoration.

***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 back into operation.

**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 Board of Trustees have designated these funds as match funding for future capital projects, and specifically the steam shed workshop and Bo'ness Station Extension.

***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.

***Fixed Assets Fund***

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

**22. Analysis of Net Assets Between Funds**

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	-	1,335,146	-	1,335,146
Current Assets	497,770	851,706	185,905	1,535,381
Long term loan	( 1,000)	-	-	( 1,000)
Net assets at 31 Dec 2016	<u>496,770</u>	<u>2,186,852</u>	<u>185,905</u>	<u>2,869,527</u>
SRPS Consolidated Report Dec 2016	32			170425

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2016.**

**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**

	Group 2016 £	Group 2015 £
Net movement in funds	( 187,675)	313,429
Add back in depreciation charge	110,734	104,256
Add back in loss on disposal of tangible fixed assets	2,084	-
Deduct gift aid distribution from subsidiary		
Deduct interest income shown in investing activities	( 4,656)	( 4,718)
Decrease (increase) in stock	10,115	( 715)
Decrease (increase) in debtors	80,619	( 164,956)
Increase (decrease) in creditors	278,120	4,418
<b>Net cash used in operating activities.</b>	<b><u>289,341</u></b>	<b><u>251,714</u></b>

**25. Related Party Transactions**

During the year the spouse of a member of the Committee of Management was an employee of the Society with standard terms and conditions of employment as per other employees and remuneration of £7,981 (2015: £7,184). The Society made no sales to the Scottish Thirty Seven Group (STG) in 2016 (2015: £6,164) of which a balance at year-end was nil outstanding. Graham Scott, a director of the Society is a director of STG. The Society made no purchases in 2016 (2015: £1,043) from Locomotive Owners Group (Scotland) with nil outstanding. Catherine Chilles, 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.