

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

**Report and Financial Statements**

**Year ended 31 March 2010**

**Charity No : SC002375**

**Company No : SC055533**

# CONTENTS

TRUSTEES' REPORT .....	1
Legal and Administrative Information.....	1
Status.....	1
Directors (Members of the Council of Management) holding office on 1 April 2009 or subsequently appointed .....	1
Obituary .....	1
Registered Company Number.....	2
Company Secretary .....	2
Registered Office .....	2
Senior Statutory Auditor .....	2
Auditors .....	2
Bankers .....	2
Solicitors .....	2
Responsibilities of the Directors .....	3
Structure, Governance and Management .....	3
Statement as to Disclosure of Information to Auditors.....	4
Members of the Board of Directors .....	4
Members of the Society .....	4
Objectives and Activities .....	5
Achievements and Performance.....	5
Highlights.....	5
Governance .....	6
Volunteers .....	6
Fundraising.....	6
Curatorial and Education.....	7
Buildings and Structures .....	7
The Permanent Way.....	8
Carriages and Wagons.....	8
Steam Locomotives .....	9
Diesel and Electric Haulage.....	10
Class 126 Diesel Multiple Unit Project.....	10
Further Information.....	10
Financial Review .....	10
Incoming Resources .....	10
Outgoing Resources .....	11
Capital Investment .....	12
Restricted, Designated and General Funds .....	12
Appreciation.....	12
Risk Management .....	12
Reserves Policy .....	12
Plans for Future Periods.....	13
Auditors .....	13
AUDITOR'S REPORT.....	14
Respective responsibilities of trustees and auditors.....	14
Basis of audit opinion .....	15
Opinion .....	15
INCOME AND EXPENDITURE ACCOUNT (INCLUDING STATEMENT OF FINANCIAL ACTIVITIES) ..	16
BALANCE SHEET .....	17
NOTES FORMING PART OF THE FINANCIAL STATEMENTS .....	18
1. Accounting policies.....	18
2. Voluntary Income .....	19

## CONTENTS (Continued)

3.	Activities for Generating Funds .....	19
4.	Incoming Resources from Activities to Further the Charity's Objects. ....	19
5.	Resources Expended .....	20
6.	Net Incoming Resources for the Year .....	23
7.	Staff Costs and Numbers.....	23
8.	Taxation .....	23
9.	Tangible Fixed Assets.....	24
10.	Investments .....	25
11.	Debtors .....	25
12.	Creditors: Amounts Falling Due Within One Year.....	25
13.	Creditors: Amounts Falling Due After One Year .....	26
14.	Commitments .....	26
15.	Analysis of Net Assets Between Funds .....	26
16.	Movement in Funds .....	26
	Fund Transfers .....	27
	Special Project Fund .....	27
	Life Membership.....	28
	Unrestricted Designated Funds .....	28
17.	Company Limited by Guarantee .....	28
18.	Related Party Transactions.....	28

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

### TRUSTEES' REPORT

The Council of Management, being the Directors and Trustees of the Society for the purposes of company and charity law, presents its report and the audited financial statements for the year ended 31 March 2010.

#### Legal and Administrative Information

##### Status

The Society is incorporated as a company limited by guarantee, and was granted recognition by the Inland Revenue as a charity on 22 May 1974. The 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 Council of Management, being the Board of Directors of the Society for the purposes of company law and trustees for the purpose of charity law. The individual members of the Council of Management are elected at the annual general meeting to serve for an initial period of two years.

#### Directors (Members of the Council of Management) holding office on 1 April 2009 or subsequently appointed

James Robertson	Chairman until 7 November 2009
John Evans	Chairman from 7 November 2009
Stuart A. Sellar	Vice-Chairman
David J. Morrison	Finance
William Buchanan	Falkirk Council
John Evans	General Secretary until 7 November 2009
Matthew Lambert	General Secretary, appointed 15 November 2009
John G. Burnie	deceased 20 November 2009
Ian R. Gordon	resigned 7 November 2009
Ronald Hill	resigned 7 November 2009
Stefan G. Kay	
Amanda Kilburn	appointed 25 May 2010
Lt. Col. Ian B. Lauder	
Christopher Lothian	appointed 7 November 2009
George R. Lumsden	
John A. B. Mayes	resigned 12 November 2009
Ian McCreadie	
Howard Miller	
John Spacey	
Brian M. Thomson	
James Verth	

#### Obituary

It was with great sadness and shock that the Society learned of the sudden death of the Museum Director John Burnie. John was an early member of the SRPS and instrumental in developing the Bo'ness and Kinneil Railway as a major railway museum. He was well respected in the museum world, as evidenced by obituaries in *The Scotsman*, *The Herald*, and a debate in the Scottish Parliament.

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

**Registered Company Number**

SC055533

**Company Secretary**

Andrew A Boyd

**Registered Office**

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

**Senior Statutory Auditor**

Kevin Cattnach

**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 W.S.  
55-56 Queen Street  
Edinburgh  
EH2 3PA

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

### **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 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 Council and Committees of the Society which are subject to regular review.

Trustees, who are Members or Officers of the Council of Management, are with two exceptions elected by the Society's Annual General Meeting and serve for 2-year terms of office, being eligible for re-election. The names of the Trustees who served during the year are noted on page 1. One Trustee is appointed by Falkirk Council. The Market Development Manager (who is a paid employee) is also a Trustee. At the year end this post was temporarily vacant with an appointment made in May 2010 under a new job title of Business Development Director. All other trustees are elected.

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

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

The Society works closely with the following organisations:

- The Scottish Railway Museum Collection Trust, a separately constituted charitable trust (Scottish charity SC020611) which holds title to the Museum Collection, the day to day management of which is undertaken by the Society in terms of the Management Agreement entered into between the two bodies. For the purposes of the Charities Accounts (Scotland) Regulations 2006, the SRMCT may be regarded as a subsidiary undertaking by virtue of the fact that the Society has the right to nominate a majority of the trustees, but in terms of the trust deed the Society has no power to give directions to otherwise control the actions of the trustees, who act independently of the Society.
- The Scottish Railway Museum Trust, a subsidiary of the Society by virtue of the Society's control of the trustees. The SRMT is currently inactive, but is intended to operate as a fund-raising mechanism for Museum activities and acquisitions.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

- The Bo'ness & Kinneil Railway Company Ltd, which holds title to part of the land over which the Society operates its railway, and
- SRPS Railtours Ltd, a subsidiary of the Society, which operates day excursions and charter trains on the National Network, to demonstrate rail travel of earlier times, and which raises revenue for the Society. SRPS Railtours Ltd. is also responsible for retail operations.

### Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 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 Board of Directors

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

### Members of the Society

Membership of the Society is open to individuals and families. Grades of membership open to new members are Ordinary, Retired, Family, Junior, Associate, Premier Life and Premier Family Life. Life and Family Life grades are closed to new members. The table below shows the breakdown of membership grades as at 31 March 2010.

Grade	Number of Memberships	Number of Members eligible to Vote
Ordinary	487	487
Retired	395	395
Associate	57	57
Family	73	122
Junior	19	0
Group	0	0
Life	222	222
Family Life	19	30
Premier Life	82	82
Premier Family Life	15	27
Honorary	16	16
<b>TOTAL</b>	<b>1385</b>	<b>1438</b>

There was a very encouraging 3% net increase in membership with turnover remaining at under 6% as in 2008-9.

Movement Category	Number of Memberships	Number of Members eligible to vote
New	125	120

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

Resigned	-16	-19
Lapsed	-46	-46
Deceased	-19	-20
Gone away	-4	-4
Net effect of changes between Family / Ordinary Grades /Juniors	+1	0
<b>NET INCREASE/ DECREASE</b>	<b>+41</b>	<b>+31</b>

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

### Objectives and Activities

The Society's principal purpose is railway preservation and the advancement of railway heritage. This purpose translates into several key activities. Apart from the necessary governance and fundraising activities, the charitable objectives are met by the conservation, restoration, repair, maintenance and where appropriate operation of railway artefacts (the "Collections") including small objects, archives, equipment, carriages, wagons and locomotives, and in addition the provision and upkeep of buildings which protect and give context to the Collection. As with all heritage trusts, the Society is also engaged in education and outreach activities including research, interpretation and public lectures.

### Achievements and Performance

#### Highlights

The Society's achievements have been:-

- Awarded a £160,000 grant by Museums Galleries Scotland from the Recognition Capital Grant Scheme towards a £205,000 project to improve visitor access to the collection and provide cover for the Class 126 Diesel Multiple Unit, the Class 303 Electric Multiple Unit and other important items in the collection. The grant will be recognised in future accounting periods, as the project progresses.
- Through its trading subsidiary, introduced highly successful steam hauled excursions round the Forth Circle, namely Linlithgow, Dalmeny, the Forth Bridge, Alloa, Stirling and Falkirk.
- Visitor numbers and revenues up for the sixth year in succession on the Bo'ness & Kinneil Railway.
- Completion to passenger-carrying standards of the line extension to Manuel.
- Completion of the restoration of the Class 126 Diesel Multiple Unit, grant aided by the Heritage Lottery Fund.
- Completion of the overhaul of Class 27 D5394 for the Strathspey Railway
- Appointment of a Future Jobs Supervisor and five trainees in March 2010 under the Department of Work and Pensions Future Jobs Scheme.
- Acquisition of an NB Atlantic tender underframe, designated by the Railway Heritage Committee.



# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

- Hosted a visit of the then Culture Minister, Mike Russell, and mounted an exhibition of the Society's work at the Scottish Parliament, thanks to the support of our local MSP Cathy Peattie.

As a consequence of the steam excursions, rising visitor numbers to the Bo'ness & Kinneil Railway and the postponement of major expenditures on LNER steam locomotive No. 246 *Morayshire* finances are better than expected. However it is anticipated that the postponed expenditure on new tyres and superheater boiler tubes for *Morayshire* will now be incurred in 2010-11.

### **Governance**

The Society is committed to the highest standards of corporate governance in the conduct of its affairs. The Council of Management met 6 times during 2009-10 and continued to comply with all statutory and regulatory obligations. An Executive Committee with day to day management responsibilities usually met on a weekly basis, reporting to the Council, allowing Council more time to consider wider strategic issues.

### **Volunteers**

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

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

### **Fundraising**

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

For the sixth consecutive year the Bo'ness & Kinneil Railway and the associated Scottish Railway Exhibition were able to report a record number of visitors in the calendar year January – December 2009 at 70,565 (2008: 66,737). Passenger numbers over the same period were 56,736 (2008: 53,508) was also a record. Visits to the Scottish Railway Exhibition which houses the collection recognised by Museums Galleries Scotland to be of national significance also reached a record at 16,668 (2008: 14,019).

#### ***SRPS Railtours***

Despite the current economic climate SRPS Railtours 40th season proved to be the best ever. Over the last few years several tours have been cancelled due to pathing constraints on the railway network. Efforts to resolve these problems have been successful and the ever popular tours have again been able to run to Kyle of Lochalsh. Fully booked Forth Circle steam specials were run on two days last year making up for the disappointment of the previous year's short notice cancellation. Bookings for the 2009 tours were very good with one exception which unfortunately had to be cancelled.

The retail operation also enjoyed a record turnover and surplus. Combined with the excellent performance of the trains business unit this resulted in the largest ever gift aid payment to the SRPS of £113,527.

#### ***Operating Department***

The Operating Department is responsible for all movements of rolling stock, whether as passenger carrying scheduled services on the Bo'ness & Kinneil Railway, empty stock movements of the

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

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

A new edition of the rule book was produced and issued to all volunteers who undertake safety critical tasks such as drivers, guards and signalmen, or in and around the workshops. Each person has to undertake a regular examination to demonstrate their competence and understanding of the 360 page document.

### **Curatorial and Education**

#### ***Partnerships***

A Joint Working Agreement with Falkirk Council completed its three year period at 31 March 2009 and a new agreement covering the period 2009-12 was approved by both parties. Under the Agreement, in return for revenue grant support, SRPS supports the Council in achieving its aims of improving health and well-being, enhancing opportunity, developing tourism, supporting the local economy and assisting with the regeneration of Bo'ness. The SRPS is also obliged to report its annual visitor numbers, on the basis of visits in person, by e-mail and the World Wide Web.

The Future Jobs Scheme funded by the Department of Work and Pensions allowed the Society, operating in conjunction with Falkirk Council, to take on five young unemployed trainees. A supervisor funded by the SRPS was appointed and the trainees took up their posts in March 2010.

#### ***Accreditation***

"Accreditation" is the museums national quality standard scheme, operated by the Museums Libraries & Archives Council (MLA). The Museum had previously achieved compliance with the predecessor scheme, "Registration". These schemes are used as a guide to operational quality by funders and museum users. The requirements relate to governance and management, services for users, visitor facilities and collections management. Accredited status was awarded by the MLA in April 2009. It remains to apply for "national" museum status, subject to clarification on future funding from the Scottish Government and Falkirk Council.

In January 2010 the Scottish Government announced a £750,000 Recognition Capital Fund. All museums with recognised collections were eligible to apply. Despite the very short timescale, the Society assembled a bid under the title of "Demonstrating Collection Care". The Society was extremely grateful when its application for £160,000 was approved by the Board of Museums Galleries Scotland. A major component of the project will be the construction of a three or four road shed, principally to house the Class 126 DMU and other items from the collection currently not under cover. The funding will also enable the surfacing and fencing to the east of the existing Exhibition Buildings to provide improved physical access and interpretation of the collection.

#### ***Large Object Acquisition***

The major acquisition in 2009-10 was the donation of the only surviving tender underframe of an NB Atlantic Class locomotive. This item was designated by the Railway Heritage Committee as being historically significant and should be permanently preserved. It comprises the frames of the tender of North British Railway 'Atlantic' no. 879 *Abbotsford*, built by the North British Locomotive Company in Glasgow in 1906 and withdrawn in 1936. An oil tank was grafted onto the tender frame at Doncaster Works in the 1940s. The vehicle was then transferred to Whitemoor Yard where it served as an oil reservoir for the retarders. Later, it enjoyed a third life as a sludge tank, storing waste oil at Cambridge Diesel Depot. It is now relocated to Bo'ness awaiting conservation and interpretation.

### **Buildings and Structures**

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

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

Most of the direct costs in 2009-10 were incurred in the refurbishment of ablutions facilities for the steam crews in the running shed. These works will continue during 2010-11. Work was also started on a major upgrade of the electrical system throughout the site. Some of the existing system is nearly 30 years old and is in need of replacement.

### **The Permanent Way**

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

The first public service train ran the full 5 mile length of the line on 27 March 2010, marking the end of what turned out to be a 20 year project to extend the line to passenger carrying standards from Birkhill to Manuel. The railway line or "permanent way" as it is known in railway circles, is far from permanent. The bulk of the work on the Manuel extension took place in the past four years, but at the same time significant time and money was invested in repair and maintenance of the existing trackwork. A major area of attention was to the trackwork and points in the North Yard immediately in front of the Reserve Collection Building.

The Signal and Telegraph department also had a major part to play in the completion of the Manuel project. Changes to the track work required the track circuiting to be extended to Birkhill. The track circuits are a necessary safety feature since they indicate the presence or otherwise of a train on the track. This necessitated a new electrical power supply at Manuel, and in the absence of any readily available connection to the national grid, solar panels were installed as a means of charging new battery-powered track circuits.

### **Carriages and Wagons**

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

Increased passenger numbers have also created the demand for more seating, and work continued on bringing into service two more Tourist Second Open (TSO) coaches. No. 4215 was almost completed by 31 March 2010 and entered service shortly after. BR Mark 1 coaches as built are not suitable for wheelchair users, since the outer doors are too narrow. The present solution uses a pair of vehicles, one a brake van with double doors, the other a standard TSO with some seats removed. Access to the TSO is achieved via the connecting gangway from the brake van. The second TSO under restoration, no. 4529, has been modified with new double doors fitted so that wheelchair access is now directly into the seating area. It is expected that this vehicle will enter service in 2010-11.

Meanwhile work continues on LNER Buffet Car No.644, mainly on fitting out and decorating the interior. A great deal of time was spent in renovating the ceiling, and the exterior work continued with hand-painting the lettering and numbers of the coach body. One side has now been completed and work started on the second side. Meanwhile work is well underway on North British Saloon No.461. This vehicle used to serve as a static buffet car before the Station Coffee Shop was constructed. The modifications which had been done to make it suitable for its use as a stationary buffet have now been removed and the 230V electrical systems replaced by the usual 24V system used on railways. Many of the internal panels have been removed, old varnish removed and made ready for re-varnishing.

Work is also continuing on the wagon fleet, notably LMS Brake Van 731916 and the Great North of Scotland 10 ton 1-plank Ballast Wagon no. 1329. This work was aided by a generous grant from the Great North of Scotland Railway Association.

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

### Steam Locomotives

This activity covers the conservation, restoration, repair and maintenance of steam locomotives. The subsequent operation of the restored locomotives forms a significant part of the Society's fundraising activity through the delivery of the majority of the passenger services..

During the year the mainstay of steam power on the Bo'ness & Kinneil Railway was provided by the LNER Locomotive No 246 *Morayshire*. This locomotive is on loan from the National Museums of Scotland. During the year Morayshire went out on hire to the Llangollen Railway to take part in their steam galas. This hire helped to raise funds for the maintenance of the locomotive and also raised the profile of the SRPS's achievements in the restoration of heritage Steam locomotives in the wider heritage rail community.

During the year the Society's own locomotive 0-6-0 Tank No. 1 *Lord Roberts*, and BR Standard 4 Tank Locomotive No. 80105, owned by Locomotive Owners Group (Scotland) LOG(S), also took part in delivering the scheduled services and the locomotives required for special events which usually involve having three locomotives on steam.

The Society's flagship locomotive the Caledonian Railway 0-4-4 Tank No.419, came out of traffic in March 2009. the locomotive has been dismantled to allow inspection and repair / replacement of the major parts, for example replacement of the main axle boxes. The boiler has been removed and sent to a specialist company for inspection and an assessment of the repairs required to address concerns raised by the boiler surveyor. A restricted fund for this project has been established. At 31 March 2010 the fund stood at £19,667. The current forecast for the cost of the restoration is in excess of £40,000 but the actual cost will be very dependent on the inspection results once the boiler has been fully examined.

Work continues on the restoration of J94 Austerity Locomotive No. 7. The work has been being undertaken in parallel with the restoration of the J94 Locomotive No 19. Priority has now been given the No7 with the aim of bringing it into service during the 2010-11 financial year. A major milestone was achieved in December 2009 when the locomotive frame was reunited with its wheels. . Work on the restoration of the Boiler continues. A new set of boiler tubes has been purchased. These tubes have been annealed prior to installation in the boiler to reduce the likelihood of cracking or distortion when they are expanded into the tube plates.

During the winter period significant work was also carried out on No. 1 *Lord Roberts*. The ashpan was removed to allow access and repairs to the foundation ring which had been leaking. A new sectional ash pan was manufactured in house and has been installed in the locomotive. Extensive repairs / refurbishment were also undertaken on the injectors.

LNER No 246 *Morayshire* also required attention throughout the year, and during the January to March period when no trains are running an intensive winter maintenance programme ensured the locomotive's availability for the new season,

The *Fair Maid of Foyers*, a Barclay 3 foot gauge locomotive also saw a great deal of work, specifically with the wheelsets now replaced in the chassis, and work on the axle boxes, the brake system the cab and the tanks.

The boiler on *Prestongrange No. 6* belonging to *East Lothian Council* has passed its hydraulic test, a major milestone in this restoration project. Much of the work is being undertaken by SRPS volunteers with the support of volunteers from Prestongrange Mining Museum which is run by East Lothian Council.

The majority of the work of repairing the steam locomotives is done by volunteers working in house, with only very specialist work being done by outside contractors. This work is largely undertaken in the "Romney Hut". which houses the functions of an erecting shed, a machine shop, a welding shop, a paint shop and a fabrication shop and much more. The Society is anxious to secure the funds

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

necessary to replace the Hut with modern facilities, which will better support the work of the volunteers involved in delivering this key aspect of the SRPS's objectives.

### **Diesel and Electric Haulage**

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

Excluding small diesels, there are 15 diesel locomotives on site, 6 of which belong to the SRPS or the SRMCT. Two major overhauls were completed during the year. The overhaul of the class 47 No. 47643 was completed and the locomotive attended the Keighley and Worth Valley Railway's Diesel Gala in June 2010. The overhaul of Class 27 D5394 for the Strathspey Railway was also completed and the locomotive returned to the Strathspey Railway. The major overhaul of English Electric Shunter 08 443 continued throughout the year and is nearing completion.

Throughout the year the diesel fleet saw a great deal of use on service trains, Railtour empty stock movements and civil engineering trains. Locomotives which saw service at some time during 2009-10 were Class 20 D8020, Class 26 26024, Class 27 27001 and the two Class 37s 37025 and 37175.

### **Class 126 Diesel Multiple Unit Project**

The end of September 2009 saw the completion of the restoration of the class 126 DMU, within the scope of the work defined in the Heritage Lottery grant application. This was a magnificent achievement, especially following the discovery in 2002 of significant amounts of asbestos. However with additional funding from HLF and donations from supporters the project restarted. A visit by HLF in March 2010 confirmed that the work had been completed, but of course by this time work on a winter maintenance schedule was underway.

The 3 car set looks magnificent, and it is extremely fortunate that the Society has been awarded a £160,000 grant to provide timely cover for these and other vehicles. A fourth vehicle, a buffet car, has been conserved under the terms of the lottery project, but with the support of the volunteers and donors work will continue on restoring the DMU buffet car throughout 2010-11.

### **Further Information**

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

### **Financial Review**

The key performance indicators are shown in the Statement of Financial Affairs (SOFA) and the Balance Sheet on pages 16 and 17 respectively. During the year the net surplus of funds was £38,739 compared to a deficit of £69,557 in 2008-9. As explained below, this apparent change in fortune is a product of an exceptional trading year and the timing of the year end relative to project funding requirements.

Total funds increased by £38,739 to £2,148,604 (2009: £2,109,865). Since over 80% of funds are tied up in fixed and heritage assets, a more useful indicator of performance is net current assets. As at 31 March 2010 net current assets were £410,377 (2009: £317,696), an increase in the year of £92,681.

### **Incoming Resources**

Overall income rose 13% to £650,244 (2009: £576,700). The principal reason for this increase was the very successful year for day and part-day excursions on the national rail network organised and run by the trading subsidiary SRPS Railtours Ltd. As a consequence of good load factors on these excursions including steam hauled excursions from Linlithgow and Dalmeny across the Forth Bridge to Alloa, Stirling, and back via Falkirk, Gift Aid from the trading company more than doubled from £50,873 to £113,527.

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

The Bo'ness and Kinneil Railway also saw a record year both in terms of passengers and income. Visitors to the site during the financial year rose 6% to 69,305 (2009: 65,257) with 80% taking the train to travel to Birkhill. Train fares income increased 10% to £310,366 (2009: £283,164). On the other hand, catering income fell 13% as a consequence of the cancellation of key corporate entertainment events.

SRPS Raitours saw its retail sales increase by 10% to £64,372 (2009: £58,472). Despite a small fall in profit margin, Gift Aid transferred to SRPS was up 4% to £20,196 (2009: £19,468). This figure is included in the overall Gift Aid from SRPS Raitours Ltd. mentioned above.

Total voluntary income was marginally up 1% to £75,561 (2009: £74,554). The growth in memberships reported earlier gave a 15% increase in membership subscriptions to £15,924 (2009: £13,801). A jump in legacies to £14,385 (2009: £5,000) offset a drop in donations, down 33% to £26,207 (2009: £38,892). Consequently Gift Aid fell 26% to £7,422 (2009: £9,964)

Income from Charitable Activities fell overall by 5% to £138,046 (2009: £145,243). As shown in note 4, the reduction was entirely due to the dramatic fall in facilities hire for corporate work from £26,245 to just £11,410. The Scottish Railway Exhibition enjoyed a significant boost in visitor numbers, up 34% to 16,862. However admission income was up only 25% to £6,713 (2009: £5,368) as a consequence of several promotions.

Finally the fall in bank interest rates is reflected in the most dramatic fall of all. Investment income fell from £11,079 to just £509, despite an increase in deposits.

In summary then, the nation's financial crisis and recession has affected corporate spending, bank interest and possibly donations, but both SRPS Raitours and the Bo'ness & Kinneil Railway have enjoyed record performances.

### **Outgoing Resources**

Overall expenditure fell 5% to £611,505 (2009: £646,257) principally as a result of the timing of the year end in relation to project funding requirements. Direct costs fell 10% to £356,439 (2009: £395,375) whereas support costs rose 2% to £255,066 (2009: £250,882). As shown in note 5 when compared to note 5 in the 2008-9 Financial Statements, the small overall rise in support costs masks significant increases in total Communications costs, up 32% to £20,786 (2009: £15,705). Rent and insurance increased by 2% to £26,320 (2009: £21,049).

Direct costs by activity show large fluctuations year on year, depending on the stage of each project. As shown in note 5 direct fundraising costs rose 3% to £194,358 (2009: £189,088) driven predominately by the cost of special events and operating the train service.

The restoration of the Class 126 Diesel Multiple Unit was completed during 2009-10. A final inspection of the project took place on 19 March 2010 and the final £15,000 payment of the HLF grant is recognised in the 2009-10 accounts.

Expenditure on the permanent way comprises a mix of capital and revenue expenditure. Direct revenue expenditure was down 59% to £14,584 (2009: £35,570) whereas capital investment was up 14% to £34,847 (2009: £30,682) reflecting the final phase of investment required to complete the project to extend passenger services to Manuel. As noted previously, the first public train service ran on 27 March 2010.

A one year Recognition Fund grant from Museum Galleries Scotland in 2008 allowed the employment of a curator to develop the processes and procedures to obtain accreditation from Museums, Libraries and Archives Council. A similar grant was not secured for 2009-10. As a consequence, several curatorial and education projects had to be postponed and direct expenditure was reduced to £6,804 (2009: £39,456).

The extensive collection of carriages, wagons, steam and diesel locomotives requires significant expenditure on conservation, restoration and maintenance. Advantage was taken to use the expertise of two employees initially hired to complete the DMU project to work on coaches. Carriage and

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

## **REPORT OF THE DIRECTORS**

**for the year ended 31 March 2010.**

Wagon Activity direct expenditure thus increased 45% to £46,924 (2009: £32,041). Direct expenditure on steam locomotives increased by 10% to £35,048 (2009: £31,864) but major expenditure is anticipated for 2010-11 on both “Morayshire” and Caledonian No. 419. The diesel locomotive fleet in contrast saw direct expenditure fall by 27% to £17,271 (2009: £23,590). However in 2008-9 a member of paid staff was employed to progress work on Class 27 D5394 at a cost of £6,164. Excluding this exceptional expenditure in 2008-9, diesel locomotive expenditure is almost unchanged for 2009-10.

### **Capital Investment**

During the year total capital investment was £75,597 (2009: £57,482). The investment in the Manuel project and associated works amounted to £34,847. A further £30,000 was invested in the purchase of a set of Matterson Jacks which allow a full length coach to be lifted clear of its bogies for repair and maintenance. The fencing to the west side of the Bo’ness site was life expired and a security risk. The existing fence was replaced at a cost of £10,750 with a robust steel structure which should provide security in that area for the next 25 years.

### **Restricted, Designated and General Funds**

A summary of the movement of funds is given in note 16. The increase in restricted funds is primarily driven by the final payment of the NLF grant for the Class 126 DMU and donations for the Caledonian 419 Tank Restoration. Major costs on this latter project are expected in 2010-11 so the healthy closing balance of £19,678 (2009: £9,042) will be required in full. The closing balance of the Life Membership fund was also higher at £20,471 (2009: £19,113) reflecting the number of new life memberships taken out during the year.

### **Appreciation**

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

The Council of Management also wishes to gratefully acknowledge the support of Falkirk Council and their representative, Councillor Billy Buchanan. Council is grateful to Cathie Peattie MSP for hosting the exhibition of the Society’s work at the Scottish Parliament. The Society also wishes to thank the Scottish Government, Museums Galleries Scotland, the National Museums of Scotland, the Heritage Lottery Fund, and many other private and public organisations have also provided invaluable support throughout the year.

### **Risk Management**

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

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

### **Reserves Policy**

The unrestricted reserves of the charity amount to £2,012,122, as shown on the Balance Sheet and at note 16. 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. 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

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## REPORT OF THE DIRECTORS

for the year ended 31 March 2010.

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 six months' operating costs. The Directors consider this will only be achievable over the longer term. As at 31 March 2010, these funds stood at £178,895 compared to six months' costs of approximately £245,000 excluding depreciation.

### Plans for Future Periods

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

- the continued development of the historic collection (through acquisitions and disposals);
- developments in quality collection care, conservation and presentation;
- increasing knowledge and documentation of the collection;
- the creation of further effective public access to the collection and
- enhancing the visitor experience with improved facilities and improved interpretation..

Specifically the Society intends to add a third covered exhibition space to the east end of the site. This project has been made possible by the award of a £160,000 grant from the Capital Recognition Fund administered by Museums Galleries Scotland. An additional contribution of £45,000 will be made by the SRPS. The project includes improved access to outdoor exhibits and interpretation of the work of the SRPS in the conservation, restoration and interpretation of Scottish Railway History.

These developments will be achieved where possible by volunteer staff, or by professional staff when justified and funded. SRPS will work with partners such as Falkirk Council and local developers in relation to current local development opportunities, and with the Scottish Government and the Scottish Museums Council to ensure that the national significance of the collection is recognised and supported.

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

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

### Auditors

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting in accordance with 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 26 June 2010 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**

### **AUDITOR'S REPORT**

We have audited the financial statements of The Scottish Railway Preservation Society for the year ended 31 March 2010, which comprise the Income and Expenditure Account (including Statement of Financial Activities), the Balance Sheet and related notes. These financial statements have been prepared in accordance with accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made exclusively to the members, as a body, in accordance with sections 495 and 496 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. Our audit work has been undertaken so that we might state to the members and the company's directors 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, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The trustees' (who are the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of Responsibilities of the Directors.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Report of the Directors is consistent with those financial statements.

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

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

# **THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information provided in the Report of the Directors is consistent with the financial statements.



Redacted  
signature

Kevin Cattanach  
Senior Statutory Auditor  
for and on behalf of Whitelaw Wells, Statutory Auditors  
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

26 June 2010

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**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**Company No. SC002375**

**Income and Expenditure Account (including Statement of Financial Activities)**

**for the year ending 31 March 2010.**

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Prior Year Funds
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Voluntary Income	2	49,860	25,701	75,561	74,554
Activities for generating funds	3	318,522	1,629	320,151	293,178
Gift aid payment from subsidiary		113,527	-	113,527	50,873
Investment Income					
Bank Interest Received		509	-	509	11,079
Incoming resources from charitable activities	4	83,283	54,763	138,046	145,243
Other incoming resources		2,288	162	2,450	1,773
<b>Total incoming resources</b>		<u>567,989</u>	<u>82,255</u>	<u>650,244</u>	<u>576,700</u>
<b>Resources Expended</b>					
Costs of generating funds					
Costs of generating voluntary income	5	8,742	1,001	9,743	7,737
Costs of fundraising trading	5	138,826	-	138,826	124,056
Costs of fundraising and publicity	5	45,789	-	45,789	57,295
Allocated fundraising costs	5	57,074	-	57,074	49,738
<b>Total costs of generating funds</b>		<u>250,431</u>	<u>1,001</u>	<u>251,432</u>	<u>238,826</u>
Charitable activities					
Preservation of railways	5	115,147	41,524	156,671	200,387
Allocated charitable activity costs	5	197,992	-	197,992	201,144
<b>Total charitable costs</b>		<u>313,139</u>	<u>41,524</u>	<u>354,663</u>	<u>401,531</u>
Governance costs	5	5,410	-	5,410	5,900
<b>Total resources expended</b>		<u>568,980</u>	<u>42,525</u>	<u>611,505</u>	<u>646,257</u>
Net incoming/(outgoing) resources before transfers		(991)	39,730	38,739	(69,557)
Transfers between funds	16	10,049	(10,049)	-	-
<b>Net Movement in funds</b>		<u>9,058</u>	<u>29,681</u>	<u>38,739</u>	<u>(69,557)</u>
<b>Total funds at 31 March 2009</b>		<u>2,003,064</u>	<u>106,801</u>	<u>2,109,865</u>	<u>2,179,422</u>
<b>Total funds at 31 March 2010</b>	16	<u>2,012,122</u>	<u>136,482</u>	<u>2,148,604</u>	<u>2,109,865</u>

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

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

All the activities of the company are classed as continuing.

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**

**Company No. SC002375**

**Balance Sheet**

**As at 31 March 2010.**

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	9	1,494,766	1,545,208
Heritage assets	9	244,361	246,861
Investments	10	100	100
		<u>1,739,227</u>	<u>1,792,169</u>
Current assets			
Stock		6,300	6,300
Debtors	11	158,767	82,997
Cash at bank and in hand		352,352	319,996
		<u>517,419</u>	<u>409,293</u>
Creditors: Amount falling due within one year	12	(107,042)	(91,597)
Net current assets		<u>410,377</u>	<u>317,696</u>
Total assets less current liabilities		2,149,604	2,109,865
Creditors: Amount falling due after more than one year	13	(1,000)	-
		<u>2,148,604</u>	<u>2,109,865</u>
Unrestricted funds			
Designated Fund	16	1,834,127	1,874,417
General Fund	16	177,995	128,647
Restricted funds	16	136,482	106,801
Total funds	16	<u>2,148,604</u>	<u>2,109,865</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 Smaller Entities (effective April 2008).

Approved by the Council of Management on 26 June 2010 and signed on its behalf by:



Redacted  
Signature

John Evans  
Chairman

# THE SCOTTISH RAILWAY PRESERVATION SOCIETY

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2010.

### 1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities : Statement of Recommended Practice revised in March 2005.

Consolidated group accounts have also been prepared in accordance with Scottish Statutory Instrument 2007 No.218 The Charities Accounts (Scotland) Regulations 2006. The Directors have decided not to have the consolidated group accounts audited, since this is not a requirement of the Regulations. They believe that the additional cost cannot be justified by the benefit gained from such an audit. The financial statements contain information about The Scottish Railway Preservation Society as an individual company and do not contain consolidated financial information as the parent of a group.

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

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

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

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

**for the year ended 31 March 2010.**

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

**2. Voluntary Income**

	Unrestricted Funds	Restricted Funds	2010 Total	2009 Total
	£	£	£	£
General donations	8,458	17,749	26,207	38,892
Legacies	11,885	2,500	14,385	5,000
Gift aid	4,329	3,093	7,422	9,964
Railtour raffles	11,623	-	11,623	6,897
Membership subscriptions.	13,565	2,359	15,924	13,801
Total voluntary income	<u>49,860</u>	<u>25,701</u>	<u>75,561</u>	<u>74,554</u>

**3. Activities for Generating Funds**

	Unrestricted Funds	Restricted Funds	2010 Total	2009 Total
Train operations	310,366	-	310,366	283,164
Retail	3	1,629	1,632	775
Catering	8,153	-	8,153	9,239
Total activities for generated funds	<u>318,522</u>	<u>1,629</u>	<u>320,151</u>	<u>293,178</u>

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

	Unrestricted Funds	Restricted Funds	2010 Total	2009 Total
SRE admissions	6,713	-	6,713	5,368
Grants and Joint Working Agreements received	60,160	50,563	110,723	105,780
Rolling stock hire	5,000	4,200	9,200	7,850
Facilities hire	11,410	-	11,410	26,245
Total grants and contracts	<u>83,283</u>	<u>54,763</u>	<u>138,046</u>	<u>145,243</u>

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**5. Resources Expended**

	Governance	Fundraising	Curatorial and Education	Buildings and Structures	Permanent Way	Carriages and Wagons	Railtour Services (Recharged)	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	2009-10 Total	2008-9 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs – direct employees	-	32,605		1,474	40	30,407	13,137	167	2,017	4,657	84,504	113,037
Promotion	-	13,868	-	-	-	-	-	-	-	-	13,868	13,168
Special events	-	59,270	-	-	-	-	-	-	-	-	59,270	50,847
Train operating costs	-	70,267	-	-	-	-	-	266	-	-	70,533	63,610
Consumables and tools	-	136	368	1,288	453	2,926	19	10,538	2,912	419	19,059	16,945
Communications	-	10,606	285	-	-	-	-	10	99	-	11,000	8,958
Contractors	-	96	1,542	3,279	4,385	-	-	1,391	141	-	10,834	25,394
Plant & machinery repair	-	568	-	188	358	124	-	3,861	112	-	5,211	6,398
Materials and parts	-	826	157	9,546	5,974	12,584	-	14,950	10,017	1,866	55,920	63,613
Legal & Audit Fees	5,410	-	-	-	-	-	-	-	-	-	5,410	5,900
Equipment hire	-	-	188	100	2,327	-	-	1,480	804	-	4,899	12,562
Carriage	-	320	2,530	7	-	-	-	5	-	-	2,862	826
Recruitment costs	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	5,796	1,734	-	1,047	883	46	2,380	1,169	14	13,069	14,117
Total direct resources expended (Carried forward)	5,410	194,358	6,804	15,882	14,584	46,924	13,202	35,048	17,271	6,956	356,439	395,375

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**5. Resources Expended (cont).**

	Governance	Fundraising	Curatorial & Education	Buildings and Structures	Permanent Way	Carriages and Wagons	Railtour Services	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	2009-10 Total	2008-9 Total
	£	£	£	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities (Brought forward)	5,410	194,358	6,804	15,882	14,584	46,924	13,202	35,048	17,271	6,956	356,439	395,375
Support costs allocated to activities												
Staff costs -support	-	11,843	5,922	3,948	5,922	3,948	-	3,948	3,948	-	39,479	38,483
Utilities	-	7,330	3,661	3,665	3,665	3,665	-	3,665	3,665	-	29,316	29,256
Rent, insurance	-	6,413	5,332	2,915	2,915	2,915	-	2,915	2,915	-	26,320	21,049
Travel	-	12	19	19	19	19	-	19	19	-	126	400
Communications	-	978	1,468	1,468	1,468	1,468	-	1,468	1,468	-	9,786	6,747
Contractors & consultants	-	-	-	-	1,831	1,831	-	1,831	1,831	-	7,324	21,224
Subscriptions	-	274	821	-	-	-	-	-	-	-	1,095	856
Bank charges	-	2,097	150	150	150	150	-	150	150	-	2,997	4,020
Mainline connection maintenance	-	1,386	-	-	1,386	-	-	-	-	-	2,772	2,666
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	9
Other support costs	-	1,227	1,471	1,226	1,472	1,472	-	1,472	1,472	-	9,812	7,477
Depreciation	-	25,514	55,946	12,784	18,481	3,105	-	3,096	7,113	-	126,039	118,695
Total allocated costs	-	57,074	74,790	26,175	37,309	18,573	-	18,564	22,581	-	255,066	250,882
Total resources expended	5,410	251,432	81,594	42,057	51,893	65,497	13,202	53,612	39,852	6,956	611,505	646,257



**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**5. Rational for the Allocation of Support Costs**

	Governance	Fundraising	Curatorial & Education	Buildings and Structures	Permanent Way	Carriages and Wagons	Railtour Services	Steam Locomotives	Diesel and Electric Haulage	Class 126 Diesel Multiple Unit	Rational
Staff costs - support	-	15%	15%	10%	15%	15%	-	15%	15%	-	Approximately based on work load
Heat & light	-	25%	12.5%	12.5%	12.5%	12.5%	-	12.5%	12.5%	-	Shared equally except DMU
Rent, insurance	-	27.5%	10%+R	12.5%	12.5%	12.5%	-	12.5%	12.5%	-	As discussed with broker, plus R = Museum Store Rent
Travel	-	10%	15%	15%	15%	15%	-	15%	15%	-	Mostly HRA related with only 10% fundraising
Communications	-	10%	15%	15%	15%	15%	-	15%	15%	-	Fair shares of fixed telecom costs.
Subscriptions	-	25%	75%	-	-	-	-	-	-	-	Approximately 75% are museum bodies e.g. MGS.
Bank charges	-	70%	5%	5%	5%	5%	-	5%	5%	-	Mostly for cash & card handling
Mainline connection Maintenance	-	50%	-	-	50%	-	-	-	-	-	Equal shares between using activities.
Bad debt write off	-	10%	15%	15%	15%	15%	-	15%	15%	-	Pro-rata.
Other support costs	-	12.5%	15%	12.5%	15%	15%	-	15%	15%	-	Shared equally except DMU

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

**for the year ended 31 March 2010.**

**6. Net Incoming Resources for the Year**

This is stated after charging/(crediting):-

	2009-10	2008-9
	Total	Total
	£	£
Depreciation	126,039	118,695
Loss/(Gain) on disposal of fixed assets	(750)	9
Management committee's remuneration	24,665	33,359
Auditors' remuneration:		
Audit services	4,900	4,700

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

	2009-10	2008-9
	£	£
Management Remuneration		
John Mayes	22,563	31,900
George Lumsden	2,102	1,459
	<u>24,665</u>	<u>33,359</u>

Two members of the Council of Management received reimbursements of travel expenses during the year totalling £96 (2009: £595 for four members) of which £ 0 (2009: £0) remained outstanding at the year end. The Directors are covered by Directors' Liability Insurance at a cost of £ 946 (2009: £ 683)

**7. Staff Costs and Numbers**

	2009-10	2008-9
	£	£
Salaries and wages	109,970	136,008
Social security costs	9,919	12,683
Pensions	1,154	2,219
Training	2,940	610
	<u>123,983</u>	<u>151,520</u>

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

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

	2009-10	2008-9
	£	£
Charitable activities	2	4
Trading activities	2	2
Administration staff	2	2
	<u>6</u>	<u>8</u>

**8. Taxation**

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

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**9. Tangible Fixed Assets**

	Land	Tenant's Improvements	Scottish Railway Exhibition	Permanent Way	Locomotives	Carriages and Wagons	Small Relics	Plant and Machinery	Fixtures and Fittings	Total
<b>Cost</b>										
At 1 April 2009	100	1,995,398	192,282	427,195	50,857	193,177	2,827	6,999	3,420	2,872,255
Additions in year	-	10,750	-	34,847		-	-	30,000	-	75,597
Disposals in year	-	-	-	-	-	(2,500)	-	-	-	(2,500)
At 31 March 2010	100	2,006,148	192,282	462,042	50,857	190,677	2,827	36,999	3,420	2,945,352
<b>Depreciation</b>										
At 1 April 2009	-	783,765	115,369	178,285	-	-	-	1,398	1,369	1,080,186
Charge for year	-	80,246	19,228	18,481	-	-	-	7,400	684	126,039
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
At 31 March 2010	-	864,011	134,597	196,766	-	-	-	8,798	2,053	1,206,225
Net book value At 31 March 2010	100	1,142,137	57,685	265,276	50,857	190,677	2,827	28,201	1,367	1,739,127
Net book value At 31 March 2009	100	1,211,633	76,913	248,910	50,857	193,177	2,827	5,601	2,051	1,792,069

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**9. Fixed Assets (cont)**

Heritage Assets

Included within tangible fixed assets are heritage assets acquired at a cost of £244,361 (2009: £246,861). Locomotives, Carriages and Wagons and Small Artefacts are considered to be heritage assets as they are preserved as part of the heritage of the nation. The assets are held as part of a museum display to show the growth and development of the British rail transport system from the late 19<sup>th</sup> century to 1970.

As discussed in the Report of the Directors, the charity acquired the only surviving tender underframe of NB Atlantic Class locomotive no. 879 Abbotsford by way of a donation. This item has been designated by the Railway Heritage Committee as being of national importance and, as such, cannot be sold. It has therefore been recognised in the fixed asset register at nil book value.

**10. Investments**

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

The aggregate capital and reserves of SRPS Railtours Limited at 31 March 2010 is £7,362 (2009: £7,362) and the profit for the year to 31 March 2010 after Gift Aid is £0 (2009: £0).

**11. Debtors**

	2010	2009
	Total	Total
	£	£
Grants Receivable	15,000	-
Trade debtors	5,485	12,629
Amount due from subsidiary undertakings	120,698	58,585
VAT recoverable	6,352	-
Sundry debtors and prepayments	11,232	11,783
<b>Total</b>	<b>158,767</b>	<b>82,997</b>

Included in debtors is an amount due from the subsidiary company of £120,698 (2009: £58,585). The amount outstanding relates to covenanted profits and reimbursement of expenses paid, which will be reimbursed early in the following financial year.

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

	2010	2009
	Total	Total
	£	£
Trade creditors	46,878	15,218
VAT due	-	2,308
Other creditors and accruals	45,709	49,673
Short-term loans	5,270	5,270
Bank overdraft	9,185	19,128
<b>Total</b>	<b>107,042</b>	<b>91,597</b>

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

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

**for the year ended 31 March 2010.**

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

	2010	2009
	£	£
Bo'ness & Kinneil Railway Company Ltd.	1,000	-

During the year, the Society accepted an offer of a long term loan of £1,000 from the Bo'ness and Kinneil Railway at zero interest.

**14. Commitments**

At 31<sup>st</sup> March 2010, the charity has no commitments.

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

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	1,739,127	-	1,739,127
Investments	100	-	-	100
Net current assets	178,895	95,000	136,482	410,377
Long term loan	(1,000)	-	-	(1,000)
<b>Net Assets at 31 March 2010</b>	<u>177,995</u>	<u>1,834,127</u>	<u>136,482</u>	<u>2,148,604</u>

**16. Movement in Funds**

	At 1 April 2009	Incoming Resources	Outgoing Resources	Transfers In	Transfers Out	At 31 March 2010
	£	£	£	£	£	£
<b>Restricted funds:</b>						
Life membership	19,113	2,359	(1,001)	-	-	20,471
Special projects						
Birkhill Signal Box	5,350	307	-	-	-	5,657
Railtour Canopy	16,384	-	-	-	-	16,384
Machine Shop	5,368	1,517	-	-	-	6,885
Prestongrange No 6	10,026	-	(126)	-	-	9,900
Fair Maid loco	11,622	-	(581)	-	-	11,041
Caley Tank 419	9,042	11,340	(704)	-	-	19,678
Glen Douglas	8,698	-	-	-	-	8,698
Class 126 DMU	(6,923)	15,730	(6,956)	-	-	1,851
D5394 Class 27 loco	(3,392)	13,928	(487)	-	(10,049)	-
Other projects	31,513	37,074	(32,670)	3,375	(3,375)	35,917
<b>Total restricted funds</b>	<u>106,801</u>	<u>82,255</u>	<u>(42,525)</u>	<u>3,375</u>	<u>(13,424)</u>	<u>136,482</u>
<b>Unrestricted funds</b>						
Designated funds -						
Mainline Connection	90,000	-	-	5,000	-	95,000
Fixed Asset Fund	1,784,417	45,597	(120,455)	29,568	-	1,739,127
General funds	128,647	522,392	(448,525)	10,049	(34,568)	177,995
<b>Total unrestricted funds</b>	<u>2,003,064</u>	<u>567,989</u>	<u>(568,980)</u>	<u>44,617</u>	<u>(34,568)</u>	<u>2,012,122</u>
<b>Total funds</b>	<u>2,109,865</u>	<u>650,244</u>	<u>(611,505)</u>	<u>47,992</u>	<u>(47,992)</u>	<u>2,148,604</u>

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

**Fund Transfers**

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

- From the General Fund the Mainline Connection designated fund sum of £5,000.
- From the Eric Viles Appeal Fund to the Gresley Buffet No. 644 Restoration Fund the sum of £2,562 to purchase materials for that project.
- From the D5394 Class 27 Fund to the General Fund the sum of £10,049 on completion of the restoration project.
- From the Metres to Manuel Appeal Fund to the Manuel Project Fund the sum of £813 for the purchase of materials.
- From the General Fund to the Fixed Asset Fund the sum of £29,568 being the net present value of plant and machinery and fixtures and fittings. It was agreed that these items should be considered as part of the Fixed Asset Fund.

**Special Project Fund**

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

***Birkhill Signal Box***

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

***Railtour Canopy***

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

***Machine Shop***

The steam locomotive department carries out conservation, restoration, repair and maintenance in a shed known as the Romney Hut, which is now life expired. The intention is to construct modern facilities for the Steam Department, starting with a machine shop. A project has been started and it is hoped that good progress in the design will be made during 2010-11.

***Prestongrange No.6***

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

***Fair Maid***

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

***Caley Tank No. 419***

This steam locomotive appears on the Society's logo. The boiler certificate expired in March 2009, and the locomotive is now under restoration.

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

***Glen Douglas Appeal Fund***

The Society was given on loan a North British Railway Locomotive No. 256 *Glen Douglas* by the Glasgow Transport Museum for the purposes of restoration to running order. The reserve represents funds being gathered for the restoration process. It is now evident that the restoration cannot proceed, and during 2010-11 steps will be taken to wind up this fund.

***Class 126 Diesel Multiple Unit***

This three car Diesel Multiple Unit was the type used on the Glasgow - Edinburgh route in the 1960's. The Heritage Lottery Fund supported this project over the past 10 years, despite a major setback when asbestos was discovered during the restoration. The project was completed in late 2009 with the three car unit restored to operational use. The total project cost was over £370,000, comprising £155,000 of volunteer labour, £148,613 of HLF Grant, and over £47,000 of private donations. The balance of about £20,000 was funded by the Society.

A fourth vehicle has been conserved and protected from the elements with the possibility of restoration in the future.

***D5394 Class 27***

This privately owned locomotive has been under restoration at Bo'ness for a number of years. The restoration was externally funded and on completion the fund balance was transferred to the General Fund.

**Life Membership**

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

**Unrestricted Designated Funds**

***Mainline Connection Fund***

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

***Fixed Assets***

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

**17. Company Limited by Guarantee**

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

**18. Related Party Transactions**

During the year, SRPS Railtours Limited, a 100% owned subsidiary of the Society, made a Gift Aid contribution of £113,527 (2009: £50,873). In addition the Society recharged expenses to SRPS Railtours Limited amounting to £64,413 (2009: £29,444). SRPS Railtours recharged expenses of £341 to the Society (2009: £1,273). At the year end £120,698 (2009: £58,585) remained due to the Society.

During the year the Society recharged expenses amounting to £251 (2009: £99) to Locomotive Owners Group (Scotland) Limited (LOG(S)) all of which was settled within the financial year. The Society has accrued a charge of £5,050 (2009: £3,700) and has incurred a charge of £3,550

**THE SCOTTISH RAILWAY PRESERVATION SOCIETY**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2010.**

(2009: £3,700) from LOG(S) for the hire of 80105 steam locomotive in 2009-10. Ronald Hill, Brian Thomson and James Verth are directors of LOG(S).

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