

Registered number: 01850832  
Charity number: 514939

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

**(A company limited by guarantee)**

**UNAUDITED**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
**(A company limited by guarantee)**

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# **SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

**(A company limited by guarantee)**

## **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021**

### **Trustees**

A R Farrar (resigned 13 July 2020)  
D Granath, Chair  
K B S Malone  
D A Kent (resigned 6 January 2021)  
I Howatt  
C W Bray (resigned 1 August 2020)  
P S Austen  
Prof M R Ashley (resigned 16 July 2020)  
A F Quine (resigned 3 August 2020)  
I H Millward  
A J Hallington (appointed 8 March 2021)

### **Company registered number**

01850832

### **Charity registered number**

514939

### **Registered office**

The Railway Station  
Alston  
Cumbria  
CA9 3JB

### **Independent Examiner**

Full Circle Accountancy Limited  
Chartered Accountants  
The Office  
Mardale Road  
Penrith  
Cumbria  
CA11 9EH

### **Bankers**

Santander  
Bridle Road  
Bootle  
Merseyside  
L30 4GB

# **SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

**(A company limited by guarantee)**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The Trustees present their annual report together with the financial statements of the charity for the 1 April 2020 to 31 March 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the charity and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

### **PREFACE**

This trustees' report deals with the year in question and significant post year end events that affect the ability of the charity (also known as the Society) to deliver its objectives.

The Covid 19 crisis prevented us from running trains in 2020. This factor coupled with a weak financial situation led to the charity's trading company South Tynedale Railway Ltd becoming insolvent and it was put into administration on 31<sup>st</sup> August 2020.

The charity which is a charitable company remains a going concern and it is planned that it will operate the railway in 2021.

We have been fortunate to receive grants related to the Covid 19 crisis from Eden District Council (£10,000) who handled the government scheme for organisations claiming small business rate relief, a Heritage Fund Emergency Grant (£49,400) and a Culture Recovery Fund grant (£84,300). These have helped to pay vital costs to keep the charity running and there are funds in hand to help to prepare for the planned reopening in 2021. These funds will be reported upon in the 2020/21 accounts.

### **Objectives and Activities**

### **POLICIES AND OBJECTIVES**

The original objectives of the Society as stated in the Constitution section of this report still apply.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit. Public benefit is achieved by the provision of heritage, recreational, economic, and leisure activities and the provision of fulfilling activities for volunteering.

The original objectives of the Society as stated in the Memorandum and Articles of Association still apply. A prime objective is maintaining a timetabled passenger train service and in so doing to earn the fare and other income to support the Society's activities. In pursuit of this objective the railway recommenced operations on 1<sup>st</sup> July 2021 and plans to run trains through until the end of November 2021 and Christmas specials in December 2021.

Steam services were run using Green Dragon, our bio fuel locomotive, which has proved to be a generally reliable performer. We are currently also bringing our 2<sup>nd</sup> steam locomotive Barber back into service.

The two battery electric locomotives, Newcastle and Carlisle, are also proving to be reliable performers and these are supplemented by our diesel locomotive Old Rusty.

We are pleased to report that after a long lay off most of our volunteers returned to the railway for our recertification week at the beginning of June and we have had sufficient crews to run a reliable passenger service. To all those volunteers our appreciation and thanks.

The ten mile round trip to Slaggyford and back is proving to be a popular tourist attraction with car parking and café facilities at both ends of the line and a trip long enough to enjoy the South Tyne valley but not too long for families. We have had good occupancy levels on all our trains since we reopened albeit with reduced capacity due to Covid social distancing in our carriages having taken out about half our seats, a policy we are currently relaxing to create more capacity. Ticket sales both on line and walk-ons have been buoyant.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

The trustees decided to contract out the cafés at Alston and Slaggyford this year as it was not felt that we had the capacity in house to operate these services. Somewhat disappointingly this arrangement was not successful and, recognising the importance of catering on the railway, we will be looking for another provider for next season.

The Society has, as one of its founding objects, the power to pursue the reinstatement of the entire railway line from Alston to Hatlwhistle. It has become apparent to the trustees that the Society does not have the capacity or the funds to achieve this objective at any foreseeable time in the future. For this reason the process of obtaining the trackbed from Slaggyford north to Haltwhistle has been curtailed. To have taken on the trackbed and more particularly the many structures on the line would have created liabilities and responsibilities that the Society could not fulfil and could have threatened the existence of the Society if these liabilities became crystallised.

## **VOLUNTEERS**

### **Volunteers, Trustees and Staffing**

Maintenance of track and infrastructure remains a never ending task with potentially very expensive repairs always lurking just around the corner. Given the financial position of the Society this is one of our major risks. However we have a devoted group of gardening, building and infrastructure volunteers who work all year round to keep the railway in good order. Similarly the engineering volunteers do much work behind the scenes to maintain and improve our locos and rolling stock. It is a tribute to their efforts that the railway was able to reopen without too many problems after being closed for more than 18 months.

The work of the volunteers has been supplemented by a number of freelance contractors who provide specialist support in finance, engineering and marketing.

We have also been fortunate in strengthening the governance and management of the railway by appointing a volunteer treasurer who works alongside the trustees in financial planning and monitoring. In particular we have developed a new financial reporting format in order that trustees can be confident that they are fully aware of the financial position of the railway.

Similarly we have appointed a further trustee who has taken on the role of health and safety advisor to the railway. This is of considerable importance in an area of work that involves the management of many potential hazards. We are expecting an inspectorial visit from the Office of Rail and Road and much effort has been put into establishing a new Safety Management System.

The Society is governed by its trustees who are also directors of the charitable company. The trustees carry the responsibility for everything that happens on the railway as well as being responsible for its good governance and strategic direction. Recent events, in particular the liquidation of the trading company and the risks this presented to the future of the Society, illustrate the burden of responsibility that is carried by volunteer charity trustees.

We have to acknowledge that the present group of volunteers and trustees is mainly at the older end of the age range and this presents one of the greatest risks to the railway, simply finding there are no active volunteers left.

Therefore a significant task is to recruit more and younger operational volunteers in order that we may run the railway in a reliable manner. We have to look beyond the railway enthusiast community to the wider public who want to make a contribution to the life of their community. Our volunteer cohort tend to be male and more senior in years and we must diversify in order to reach a much wider group. Otherwise we will be losing out on what the community has to offer the railway.

Similarly our trustee group somewhat revived by recent appointments, needs to be strengthened to include a more diverse range of knowledge and skills and to better reflect the communities the railway serves. However it is not about the number of trustees on the board but how they operate together as a team to deliver the objects of the charitable company.

## **SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2021**

#### **INVESTMENT POLICY AND PERFORMANCE**

The Trustees operate within the governing document, the Memorandum and Articles of Association having regard to the guidance provided by the Charities Commission.

#### **Financial review**

#### **GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the year 2021/22 and re-open to the public in the spring of 2022. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### **RESERVES POLICY**

The Trustees aims to ensure that sufficient levels of free reserves are maintained to continue the operation of the railway for three months should all other sources of income cease.

A part of the reserves held (£50,000) is a restricted fund for the purposes of the maintenance of two viaduct structures. The level of free reserves has been enhanced by the previously mentioned pandemic related grants received during the year end. However there is also the need for significant expenditure to keep the Society running over the winter period when there is little earned income.

The aim is retain free reserves equivalent to three months running costs although it remains to be seen whether this can be achieved.

#### **DEPRECIATION**

The depreciation policy of the Society is shown in note 1.5 to the accounts. The depreciation charge for the year in question totalled £212,850 based upon the application of the depreciation rates for the various assets held by the Society.

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Structure, governance and management**

**CONSTITUTION**

**METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The governance of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The governance of the charity is the responsibility of the Trustees who are elected by the members of the Society at the annual general meeting or co-opted by the trustees as necessary between annual general meetings in accordance with the terms of the Articles of Association.

Potential new trustees are interviewed by the present trustees who then recommend or not their appointment to the members at the annual general meeting.

New trustees are provided with the following documents:

- The Memorandum and Articles of Association
- The most recent charity accounts
- The Charity Commission publication CC3 The Essential Trustee
- The Charity Commission Code of Good Governance
- The Office of Road and Rail publication RM3 as applicable to heritage railways

Each trustee upon appointment signs the declaration to confirm that they are not automatically disqualified from being a trustee and they also complete a declaration of interests.

**PAY POLICY FOR SENIOR STAFF**

The Society has no current employees. When it does employ staff it is at accepted heritage railway rates of remuneration.

**RELATED PARTY RELATIONSHIPS**

The Society is a registered charitable company limited by guarantee, where every Members liability is limited to £1. There are two wholly owned subsidiaries:

- a) South Tynedale Railway Ltd is a company limited by shares that operates the railway and its trading activities on behalf of the Society. This company was placed into administration on 31st August 2021 having become insolvent and has since been wound up.
- b) South Tynedale Charitable Community Benefit Society Ltd has been established to aid the extension of the railway to Haltwhistle and the South Tynedale Railway Preservation Society is the parent to the community benefit society. This organisation has not yet traded.

**RISK MANAGEMENT**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity. Risks are managed by the Trustees and there is a comprehensive risk register.

The most serious risks at this time are seen as:

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

- Inability to trade on at least a break even basis leading to the Society's financial failure
- The re emergence of Covid 19 in the spring of 2022 preventing the railway restarting
- A failure of the governance of the railway that leads to financial failure or unsafe working
- A lack of operational volunteers which leads to the inability to run trains on a reliable basis
- Requirement for major infrastructure repairs that the Society cannot afford

**TRUSTEES' INDEMNITIES**

The charity holds a standard insurance policy which includes a trustees' indemnity against any liability in connection with any negligence, default, breach of duty or breach of trust in relation to the charity.

**FUTURE DEVELOPMENTS**

The top aims of the Society for each the next two years are:

In 2021/22

- To complete the process already embarked upon to restructure the business model of the railway by delivering all services through the charitable company in the future and thus creating clearer lines of responsibility and accountability
- To develop the governance of the Society in order to conform to Charity Commission guidance CC3 The Essential Trustee, the Charity Commission Code of Good Governance and the requirements in relation to governance contained in the Office of Rail and Road RM3 guidance as applied to heritage railways.
- To trade on an at least break even basis during the 2022 summer season.
- To develop the railway safety management system, rulebook and all associated documentation and have all staff trained in these documents in order to be ready for the 2022 running season
- To re certify all locomotives and rolling stock and to ensure that track and infrastructure are ready for the 2022 running season and to improve the Covid safety of carriages
- To return "BARBER" to steam.
- To run successful Christmas 2021 trains.

In 2022/23

- To operate the railway in a safe and reliable manner and in accordance with all regulatory requirements
- To at least break even in terms of operational expenditure being covered by fare income during the year
- Within the constraints of the break even model to employ professional staff to run the railway
- To recruit volunteers to assist in the running of the railway with a particular emphasis on the recruitment of operational volunteers
- To recruit suitable new Trustees in order to increase the skills and diversity of the board
- To come to a satisfactory arrangement to provide cafe facilities at Alston and Slaggyford, either in-house or through an external provider.
- To return "NAKLO" to steam.

**MEMBERS' LIABILITY**

The Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

## **SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2021**

#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of South Tynedale Railway Preservation Society for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They 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.

This report was approved by the Trustees, on 13 November 2021 and signed on their behalf by:



**D Granath, Chair**

## **SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

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### **INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2021**

#### **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY (the 'charity')**

I report to the charity Trustees on my examination of the accounts of the charity for the year ended 31 March 2021.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

#### **RESPONSIBILITIES AND BASIS OF REPORT**

As the Trustees of the charity (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

#### **INDEPENDENT EXAMINER'S STATEMENT**

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Dated: 13 November 2021

Jonathan Miller FCA DChA

#### **FULL CIRCLE ACCOUNTANCY LIMITED**

Chartered Accountants

Independent Examiner

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE  
ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>INCOME FROM:</b>					
Donations and legacies	2	19,606	3,000	22,606	18,853
Charitable activities	3	134,939	738	135,677	43,500
Other trading activities	4	5,441	-	5,441	5,827
Investments	5	194	-	194	869
<b>TOTAL INCOME</b>		<b>160,180</b>	<b>3,738</b>	<b>163,918</b>	<b>69,049</b>
<b>EXPENDITURE ON:</b>					
Charitable activities	9,8	428,644	-	428,644	482,998
<b>TOTAL EXPENDITURE</b>	9	<b>428,644</b>	<b>-</b>	<b>428,644</b>	<b>482,998</b>
<b>NET INCOME / (EXPENDITURE) BEFORE INVESTMENT LOSSES</b>		<b>(268,464)</b>	<b>3,738</b>	<b>(264,726)</b>	<b>(413,949)</b>
Net losses on investments		-	-	-	(100)
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(268,464)</b>	<b>3,738</b>	<b>(264,726)</b>	<b>(414,049)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(268,464)</b>	<b>3,738</b>	<b>(264,726)</b>	<b>(414,049)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		(89,805)	3,504,320	3,414,515	3,828,564
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(358,269)</b>	<b>3,508,058</b>	<b>3,149,789</b>	<b>3,414,515</b>

The notes on pages 12 to 23 form part of these financial statements.

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**

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**REGISTERED NUMBER: 01850832**

**BALANCE SHEET  
AS AT 31 MARCH 2021**

	<b>Note</b>	<b>£</b>	<b>2021 £</b>	<b>£</b>	<b>2020 £</b>
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>3,298,833</b>		3,586,347
<b>CURRENT ASSETS</b>					
Debtors	14	<b>5,668</b>		7,779	
Cash at bank and in hand		<b>127,439</b>		92,996	
			<u><b>133,107</b></u>		<u>100,775</u>
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(31,580)</b>		(13,851)	
<b>NET CURRENT ASSETS</b>			<u><b>101,527</b></u>		<u>86,924</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>3,400,360</b></u>		<u>3,673,271</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		<b>(250,571)</b>		(258,756)
<b>NET ASSETS</b>			<u><u><b>3,149,789</b></u></u>		<u><u>3,414,515</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	17		<b>3,508,058</b>		3,504,320
Unrestricted funds	17		<b>(358,269)</b>		(89,805)
<b>TOTAL FUNDS</b>			<u><u><b>3,149,789</b></u></u>		<u><u>3,414,515</u></u>

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 13 November 2021 and signed on their behalf, by:

**D Granath, Chair**

The notes on pages 12 to 23 form part of these financial statements.

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	18	<b>60,803</b>	(127,826)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>5,635</b>	6,696
Purchase of tangible fixed assets		<b>(19,094)</b>	(5,100)
<b>Net cash (used in)/provided by investing activities</b>		<b>(13,459)</b>	1,596
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<b>(12,901)</b>	(19,513)
<b>Net cash used in financing activities</b>		<b>(12,901)</b>	(19,513)
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		<b>92,996</b>	238,739
<b>Cash and cash equivalents carried forward</b>	19	<b>127,439</b>	92,996

The notes on pages 12 to 23 form part of these financial statements.

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**I. ACCOUNTING POLICIES**

**I.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

South Tynedale Railway Preservation Society meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**I.2 Company status**

The charity is a company limited by guarantee. The members of the company are the Trustees named on page I. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**I.3 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

**SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**I. ACCOUNTING POLICIES (continued)**

**I.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity including central management and are allocated to activities on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

**I.5 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Long-term leasehold property	-	2% straight line
Plant and machinery	-	15% reducing balance/25% straight line
Track and Rolling Stock	-	10% reducing balance/25% straight line
Light Railway Order	-	2% reducing balance

**I.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

**I.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

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**I. ACCOUNTING POLICIES (continued)**

**I.8 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**I.9 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**I.10 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**I.11 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**I.12 Taxation**

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

**I.13 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**I.14 Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

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**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	13,894	3,000	16,894	12,335
Other incoming resources	5,712	-	5,712	6,518
<i>Total 2020</i>	<u>18,370</u>	<u>483</u>	<u>18,853</u>	

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Train operation, infrastructure and fundraising	134,939	738	135,677	43,500
<i>Total 2020</i>	<u>-</u>	<u>43,500</u>	<u>43,500</u>	

**Analysis of incoming resources**

	2021 £	2020 £
Eden District Council	8,335	-
Government grants (COVID recovery)	77,204	-
Heritage Lottery Fund - Emergency funding	49,400	-
HLF Catalyst Endowment Fund	738	-
Social Investment Business	-	43,500
	<u>135,677</u>	<u>43,500</u>

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**4. TRADING ACTIVITIES**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Charity trading income</b>				
Rental income	455	-	455	-
Feed-in tariff	4,986	-	4,986	5,827
	<u>5,441</u>	<u>-</u>	<u>5,441</u>	<u>5,827</u>
Net income from trading activities	<u>5,441</u>	<u>-</u>	<u>5,441</u>	<u>5,827</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	194	-	194	869
	<u>194</u>	<u>-</u>	<u>194</u>	<u>869</u>
<i>Total 2020</i>	<u>869</u>	<u>-</u>	<u>869</u>	

**6. DIRECT COSTS**

	Fundraising £	Infrastructure £	Train operation £	Total 2021 £	Total 2020 £
Track and station maintenance	-	6,677	-	6,677	1,918
Repairs to locomotives	-	-	17,916	17,916	10,361
Repairs to rolling stock	-	-	2,613	2,613	339
Site maintenance	-	24,664	-	24,664	5,065
Health and safety	-	552	-	552	-
Publicity	1,755	-	-	1,755	20
Sundry operating costs	-	2,126	1,198	3,324	840
Coal and diesel	-	-	1,202	1,202	90
Project equipment and overheads	-	-	-	-	115,390
Volunteers expenses	-	-	-	-	300
South Tynedale Railway Limited loan write off	-	-	5,467	5,467	74,091
Depreciation	-	306,608	-	306,608	258,498
	<u>1,755</u>	<u>340,627</u>	<u>28,396</u>	<u>370,778</u>	<u>466,912</u>
<i>Total 2020</i>	<u>20</u>	<u>276,181</u>	<u>190,711</u>	<u>466,912</u>	

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**7. SUPPORT COSTS**

	Infrastructure £	Train operation £	Total 2021 £	Total 2020 £
Marketing	-	230	230	-
Telephone	-	832	832	-
Office costs	-	2,834	2,834	3,157
Premises expenses	12,959	792	13,751	-
Insurance	6,683	1,671	8,354	-
Sundry and other costs	-	2,679	2,679	50
Legal and professional	-	17,099	17,099	-
Finance costs	5,662	-	5,662	7,576
	<u>25,304</u>	<u>26,137</u>	<u>51,441</u>	<u>10,783</u>
<i>Total 2020</i>	<u>-</u>	<u>10,783</u>	<u>10,783</u>	

**8. GOVERNANCE COSTS**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Accountancy	5,690	-	5,690	1,500
Legal and professional	-	-	-	2,652
Bank charges	735	-	735	761
Trustees expenses reimbursed	-	-	-	390
	<u>6,425</u>	<u>-</u>	<u>6,425</u>	<u>5,303</u>

**9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE**

	Depreciation 2021 £	Other costs 2021 £	Total 2021 £	Total 2020 £
Fundraising	-	1,755	1,755	20
Infrastructure	306,608	59,323	365,931	276,181
Train operation	-	54,533	54,533	201,494
<b>Charitable activities</b>	<u>306,608</u>	<u>115,611</u>	<u>422,219</u>	<u>477,695</u>
<b>Expenditure on governance</b>	<u>-</u>	<u>6,425</u>	<u>6,425</u>	<u>5,303</u>
	<u>306,608</u>	<u>122,036</u>	<u>428,644</u>	<u>482,998</u>
<i>Total 2020</i>	<u>258,498</u>	<u>224,500</u>	<u>482,998</u>	

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**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<i>£</i>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>212,850</b>	<i>258,498</i>

During the year, no Trustees received any remuneration (2020 - £NIL).

During the year, no Trustees received any benefits in kind (2020 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2020 - £390).

**11. INDEPENDENT EXAMINER'S REMUNERATION**

The Independent Examiner's remuneration amounts to a fee of £1,150 (2020 - £1,150).

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**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Track and rolling stock £	Light Railway Order £	Total £
<b>Cost</b>						
At 1 April 2020	2,518,005	124,610	163,698	2,381,175	11,074	5,198,562
Additions	7,094	-	12,000	-	-	19,094
Disposals	(104,038)	-	-	-	-	(104,038)
At 31 March 2021	<u>2,421,061</u>	<u>124,610</u>	<u>175,698</u>	<u>2,381,175</u>	<u>11,074</u>	<u>5,113,618</u>
<b>Depreciation</b>						
At 1 April 2020	249,077	100,799	130,038	1,127,577	4,724	1,612,215
Charge for the year	35,365	699	22,938	153,721	127	212,850
On disposals	(10,280)	-	-	-	-	(10,280)
At 31 March 2021	<u>274,162</u>	<u>101,498</u>	<u>152,976</u>	<u>1,281,298</u>	<u>4,851</u>	<u>1,814,785</u>
<b>Net book value</b>						
At 31 March 2021	<u><u>2,146,899</u></u>	<u><u>23,112</u></u>	<u><u>22,722</u></u>	<u><u>1,099,877</u></u>	<u><u>6,223</u></u>	<u><u>3,298,833</u></u>
At 31 March 2020	<u><u>2,268,928</u></u>	<u><u>23,811</u></u>	<u><u>33,660</u></u>	<u><u>1,253,598</u></u>	<u><u>6,350</u></u>	<u><u>3,586,347</u></u>

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**13. FIXED ASSET INVESTMENTS**

	<b>Shares in group undertakings £</b>
<b>Market value</b>	
At 1 April 2020 and 31 March 2021	100
<b>Impairment</b>	
At 1 April 2020 and 31 March 2021	100
<b>Net book value</b>	
At 31 March 2021	-
At 31 March 2020	-
<b>Historical cost</b>	100

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Holding</b>
South Tynedale Railway Limited (in liquidation)	100%

**14. DEBTORS**

	<b>2021 £</b>	<b>2020 £</b>
Trade debtors	-	36
VAT repayable	5,668	4,459
Other debtors	-	3,284
	<b>5,668</b>	<b>7,779</b>
	<b>5,668</b>	<b>7,779</b>

**15. CREDITORS: Amounts falling due within one year**

	<b>2021 £</b>	<b>2020 £</b>
Bank loans and overdrafts	13,297	12,351
Trade creditors	479	-
Accruals and deferred income	17,804	1,500
	<b>31,580</b>	<b>13,851</b>
	<b>31,580</b>	<b>13,851</b>

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**16. CREDITORS: Amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>250,571</b>	<b>258,756</b>
	<u><u>          </u></u>	<u><u>          </u></u>

Included within the above are amounts falling due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Between one and two years</b>		
Bank loans	<b>13,296</b>	<b>13,473</b>
	<u><u>          </u></u>	<u><u>          </u></u>
<b>Between two and five years</b>		
Bank loans	<b>237,275</b>	<b>245,283</b>
	<u><u>          </u></u>	<u><u>          </u></u>

The bank loan is secured by a legal charge on certain land and buildings.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>				
General Fund	(89,805)	160,180	(428,644)	(358,269)
<b>Restricted funds</b>				
Restricted funds	3,504,320	3,738	-	3,508,058
Total of funds	<u>3,414,515</u>	<u>163,918</u>	<u>(428,644)</u>	<u>3,149,789</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2020 £
<b>General funds</b>					
General Fund	(12,174)	25,066	(102,597)	(100)	(89,805)
<b>Restricted funds</b>					
Restricted funds	3,840,738	43,983	(380,401)	-	3,504,320
Total of funds	<u>3,828,564</u>	<u>69,049</u>	<u>(482,998)</u>	<u>(100)</u>	<u>3,414,515</u>

**SUMMARY OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
General funds	(89,805)	160,180	(428,644)	(358,269)
Restricted funds	3,504,320	3,738	-	3,508,058
	<u>3,414,515</u>	<u>163,918</u>	<u>(428,644)</u>	<u>3,149,789</u>

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**17. STATEMENT OF FUNDS (continued)**

**SUMMARY OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 April 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Balance at 31 March 2020</i>
	£	£	£	£	£
General funds	(12,174)	25,066	(102,597)	(100)	(89,805)
Restricted funds	3,840,738	43,983	(380,401)	-	3,504,320
	<u>3,828,564</u>	<u>69,049</u>	<u>(482,998)</u>	<u>(100)</u>	<u>3,414,515</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2021</b>	<b>2020</b>
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	<b>(264,726)</b>	(414,049)
<b>Adjustment for:</b>		
Depreciation charges	<b>212,850</b>	258,498
Dividends, interest and rents from investments	<b>(5,635)</b>	(6,695)
Impairment of freehold assets	<b>93,758</b>	-
Decrease in debtors	<b>2,111</b>	119,533
Increase/(decrease) in creditors	<b>16,783</b>	(92,789)
Interest paid	<b>5,662</b>	7,576
Investment impairment	<b>-</b>	100
<b>Net cash provided by/(used in) operating activities</b>	<b><u>60,803</u></b>	<u>(127,826)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	£	£
Cash in hand	<b>127,439</b>	92,996
Total	<b><u>127,439</u></b>	<u>92,996</u>

**20. RELATED PARTY TRANSACTIONS**

South Tynedale Railway Limited, a company limited by shares wholly owned by the charity was put into liquidation in August 2020 and consequently the remaining balance due to the charity has been written off.

**21. CONTROLLING PARTY**

The charity is under the control of the Trustees.