

SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY

(A company limited by guarantee)

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022**

Trustees

D Granath, Chair
K B S Malone
I Howatt
P S Austen
I H Millward
A J Hallington

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

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the financial statements of the charity for the year 1 April 2021 to 31 March 2022. The Trustees confirm that the Annual Report and financial statements of the charitable 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 charity recommenced running trains in July 2021 and operated through until the end of the year. It then took a break in early 2022 and recommenced operations in April 2022 and at the time of writing continues to run trains.

The charity which is a charitable company remains a going concern and it is planned that it will operate the railway in 2023 reopening in April of that year.

We were fortunate to receive a further Culture Recovery Fund grant of £33,100 under round 2 of the scheme during the year under consideration. This grant together with income earned from running trains and sales of unused equipment in 2022/23 has helped the Society to remain in a viable financial position.

Objectives and Activities

POLICIES AND OBJECTIVES

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. This remains the plan and trading during 2021/22 and into the 2022 season has been good with people coming back to the railway. We are planning to recommence running our popular Santa Specials for Christmas 2022. The pulling together of the Christmas offer highlights how reliant we are on volunteers to support big events.

Steam services were run using Green Dragon, our bio fuel locomotive, which has proved to be a generally reliable performer but sometimes, both this season (2022) and last season, we have struggled to find steam crews. When this happens out battery electric (Newcastle and Carlisle) and diesel loco (Old Rusty) have been good, reliable standbys.

After a long lay off due to Covid most of our volunteers returned to the railway for our recertification week at the beginning of June 2021 and new volunteers (although not as many as we would like) have joined us.

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. We reduced train capacity to allow for Covid separation but now feel this can be relaxed and this will be the plan for 2023.

Ticket sales both on line and walkons have been buoyant and we seem to be approaching the point where the Society can cover its operating costs but not necessarily major repairs. We carried some 5,600 passengers between April and September 2022.

The trustees' policy to lease the Crossings Café at Alston has continued with the new lessees taking over at the beginning

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2022

of the 2022 season and this arrangement has proved so far successful. The buffet car at Slaggyford is also operated by an independent provider and again this has been successful, providing a destination at the end of the line. Both operations add a great deal to our offer of a great day out.

The Society has, as one of its founding objects, the power to pursue the reinstatement of the entire railway line from Alston to Haltwhistle. 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. Therefore no further action has been taken to acquire the trackbed north of Slaggyford.

The structures on the line north of Slaggyford, Lambley Viaduct and Alston Arches as well as Haltwhistle goods yard are already in the possession of the Society and are well used by the public. They are maintained on a day to day basis but we will require specialist involvement at some point in order to keep the viaducts safe and sound.

VOLUNTEERS

Maintenance of track and infrastructure remains a never ending task with potentially very expensive repairs always lurking just around the corner. This is one of our major risks. However we have a devoted group of gardening, building, permanent way 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.

The work of the volunteers is 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 new trustee during 2022/23 as well as appointing, at the last AGM, a new membership secretary.

The Society is governed by its volunteer 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. This means that trustee board meetings address the big issues affecting the railway, the day to day management being delegated to a smaller sub group of trustees who also act as managers of different aspects of the railway.

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. We have seen a reduction in volunteer availability this season and this has unfortunately led to a train cancellations on a number of days.

Perhaps more profoundly we have no immediate prospect of recruiting the next generation of trustees to take the railway forward. Because the railway has no paid staff the role of trustee, as alluded to above, involves for some board members a great deal of day to day management and administration. It appears unlikely that we will be able to replace the present group of trustee/managers and if this is the case the railway will face closure. This will be somewhat ironic as under the present group of trustees the finances of the railway have stabilised and improved.

A significant task remains 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 tends 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 while revived somewhat by recent appointments, needs to become more diverse in terms of range of knowledge and skills and to better reflect the communities the railway serves.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2022

Financial review

A full description of the financial performance and position of the Society is given in the Statement of Financial Activities (SOFA) and Balance Sheet shown later in the accounts.

In summary the income of the Society in 2021/22 was £136,923 and the expenditure was £281,525 resulting in a deficit as shown on the SOFA of £144,602. However within the figure for expenditure was depreciation as a non cash item of £155,619. If this is taken into account the Society had a cash surplus of £11,017 during the year in question.

As a post year end event the Santander bank loan became due for final repayment on 30th June 2022. The sum to be repaid (known as the bullet payment) was £242,518. The Society was unable to repay this sum and therefore rolled over the balance into a new loan agreement with the bank. This involved taking a further 5 year loan of £245,589 at base rate plus 4.5%. This results in monthly repayments of £2,040 from 1st July 2022.

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 financial year 2022/23 and into the 2023 operating season. The popularity of the railway as a tourist attraction has provided levels of income that cover most operating costs and the sale of unused and redundant equipment has provided a cash boost. For this reason the trustees continue to adopt the going concern basis in preparing their financial statements.

RESERVES POLICY

The Trustees aim 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. This equates to a sum of approximately £40,000 for essential running costs and three months bank loan repayments.

In addition a sum of £50,000 is held as a restricted fund for the purposes of the maintenance of Lambley Viaduct and Alston Arches.

Apart from the above mentioned £50,000 all the cash held by the Society is unrestricted. The level of unrestricted funds has been enhanced by the previously mentioned pandemic related grant received during the year end and equipment sales in 2022/23.

DEPRECIATION

The depreciation policy of the Society is shown in note 1.5 to the accounts. The depreciation charge for the year in question shown in note 11 totalled £155,619 based upon the application of the depreciation rates for the various assets held by the Society.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management

CONSTITUTION

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.

RELATED PARTY RELATIONSHIPS

The Society is a registered charitable company limited by guarantee, where every member's liability is limited to £1. There is a wholly owned subsidiary, the South Tynedale Charitable Community Benefit Society Ltd. This was 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. The community benefit society is currently dormant.

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:

- Inability to trade on at least a break even basis leading to the Society's financial failure
- 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2022

FUTURE DEVELOPMENTS

The top aims of the Society for the current year and the following year are:

In 2022/23

- To run a safe railway meeting all regulatory requirements
- To trade on at least a break even basis
- To maintain the infrastructure of the railway
- To continue to ensure the good governance of the Society
- To continue to develop and adhere to the railway safety management system, rulebook and all associated documentation
- To return "BARBER" to steam.
- To run successful Christmas 2022 Santa Specials

In 2023/24

- 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 new volunteers to assist in the running of the railway
- To recruit suitable new Trustees in order to increase the skills and diversity of the board
- 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.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2022

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 19 November 2022 and signed on their behalf by:



D Granath, Chair

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INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

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: 19 November 2022

Jonathan Miller FCA DChA

FULL CIRCLE ACCOUNTANCY LIMITED

Chartered Accountants

Independent Examiner

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE
ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
INCOME FROM:					
Donations and legacies	2	13,347	326	13,673	22,606
Charitable activities	3	56,279	600	56,879	135,677
Other trading activities	4	66,208	-	66,208	5,441
Investments	5	163	-	163	194
TOTAL INCOME		<u>135,997</u>	<u>926</u>	<u>136,923</u>	<u>163,918</u>
EXPENDITURE ON:					
Charitable activities	9,8	148,807	132,718	281,525	428,644
TOTAL EXPENDITURE	9	<u>148,807</u>	<u>132,718</u>	<u>281,525</u>	<u>428,644</u>
NET EXPENDITURE BEFORE TRANSFERS		<u>(12,810)</u>	<u>(131,792)</u>	<u>(144,602)</u>	<u>(264,726)</u>
Transfers between Funds	17	149,381	(149,381)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		136,571	(281,173)	(144,602)	(264,726)
NET MOVEMENT IN FUNDS		136,571	(281,173)	(144,602)	(264,726)
RECONCILIATION OF FUNDS:					
Total funds brought forward		(358,269)	3,508,058	3,149,789	3,414,515
TOTAL FUNDS CARRIED FORWARD		<u>(221,698)</u>	<u>3,226,885</u>	<u>3,005,187</u>	<u>3,149,789</u>

The notes on pages 12 to 22 form part of these financial statements.

SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY

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REGISTERED NUMBER: 01850832

**BALANCE SHEET
AS AT 31 MARCH 2022**

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible assets	12		3,148,015		3,298,833
CURRENT ASSETS					
Stocks	13	4,051		-	
Debtors	14	15,388		5,668	
Cash at bank and in hand		117,594		127,439	
			<u>137,033</u>	<u>133,107</u>	
CREDITORS: amounts falling due within one year	15	(40,193)		(31,584)	
NET CURRENT ASSETS			<u>96,840</u>		<u>101,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,244,855</u>		<u>3,400,356</u>
CREDITORS: amounts falling due after more than one year	16		(239,668)		(250,567)
NET ASSETS			<u>3,005,187</u>		<u>3,149,789</u>
CHARITY FUNDS					
Restricted funds	17		3,226,885		3,508,058
Unrestricted funds	17		(221,698)		(358,269)
TOTAL FUNDS			<u>3,005,187</u>		<u>3,149,789</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 19 November 2022 and signed on their behalf, by:

D Granath, Chair

The notes on pages 12 to 22 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash provided by operating activities	18	4,002	60,803
Cash flows from investing activities:			
Dividends, interest and rents from investments		10,853	5,635
Proceeds from the sale of tangible fixed assets		3,017	-
Purchase of tangible fixed assets		(6,050)	(19,094)
Net cash provided by/(used in) investing activities		7,820	(13,459)
Cash flows from financing activities:			
Repayments of borrowings		(21,667)	(12,901)
Net cash used in financing activities		(21,667)	(12,901)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		127,439	92,996
Cash and cash equivalents carried forward	19	117,594	127,439

The notes on pages 12 to 22 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 1. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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% reducing balance
Long-term leasehold property	-	2% reducing balance
Plant and machinery	-	15% reducing balance
Track and Rolling Stock	-	10% reducing balance
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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

I. ACCOUNTING POLICIES (continued)

I.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

I.9 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.10 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.11 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.12 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.13 Taxation

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

I.14 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.15 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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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	8,863	326	9,189	16,894
Other incoming resources	4,484	-	4,484	5,712
<i>Total 2021</i>	<u>19,606</u>	<u>3,000</u>	<u>22,606</u>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Grant income	56,279	600	56,879	135,677
<i>Total 2021</i>	<u>134,939</u>	<u>738</u>	<u>135,677</u>	

Analysis of incoming resources

	2022 £	2021 £
Eden District Council	10,667	8,335
Government grants (COVID recovery)	-	77,204
Heritage Lottery Fund - Emergency funding	41,530	49,400
HLF Catalyst Endowment Fund	600	738
North West Water	3,500	-
Karbon Fund	582	-
	<u>56,879</u>	<u>135,677</u>

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FOR THE YEAR ENDED 31 MARCH 2022**

4. TRADING ACTIVITIES

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Charity trading income				
Rental income	4,963	-	4,963	455
Feed-in tariff	5,726	-	5,726	4,986
Shop ticket and other sales	55,518	-	55,518	-
Subtotal	<u>66,207</u>	<u>-</u>	<u>66,207</u>	<u>5,441</u>
Other charity trading income	1	-	1	-
	<u>66,208</u>	<u>-</u>	<u>66,208</u>	<u>5,441</u>
Net income from trading activities	<u><u>66,208</u></u>	<u><u>-</u></u>	<u><u>66,208</u></u>	<u><u>5,441</u></u>

5. INVESTMENT INCOME

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest	163	-	163	194
	<u>163</u>	<u>-</u>	<u>163</u>	<u>194</u>
Total 2021	<u><u>194</u></u>	<u><u>-</u></u>	<u><u>194</u></u>	

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6. DIRECT COSTS

	Fundraising £	Infrastructure £	Train operation £	Total 2022 £	Total 2021 £
Track and station maintenance	-	7,226	-	7,226	6,677
Repairs to locomotives	-	-	1,159	1,159	17,916
Repairs to rolling stock	-	-	598	598	2,613
Site maintenance	-	7,860	-	7,860	24,664
Health and safety	-	3,508	-	3,508	552
Publicity	-	-	-	-	1,755
Sundry operating costs	-	119	1,739	1,858	3,324
Coal and diesel	-	-	4,801	4,801	1,202
South Tynedale Railway Limited loan write off	-	-	-	-	5,467
Depreciation	-	153,852	-	153,852	306,608
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	172,565	8,297	180,862	370,778
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2021</i>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,755	340,627	28,396	370,778	
	<hr/>	<hr/>	<hr/>	<hr/>	

7. SUPPORT COSTS

	Infrastructure £	Train operation £	Total 2022 £	Total 2021 £
Marketing	-	9,116	9,116	230
Telephone	-	1,285	1,285	832
Office costs	-	3,122	3,122	2,834
Premises expenses	30,238	39	30,277	13,751
Insurance	14,913	-	14,913	8,354
Sundry and other costs	-	3,724	3,724	2,679
Legal and professional	-	17,871	17,871	17,099
Finance costs	7,008	-	7,008	5,662
	<hr/>	<hr/>	<hr/>	<hr/>
	52,159	35,157	87,316	51,441
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2021</i>	<hr/>	<hr/>	<hr/>	
	25,304	26,137	51,441	
	<hr/>	<hr/>	<hr/>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. GOVERNANCE COSTS

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Accountancy	11,908	-	11,908	5,690
Bank charges	1,439	-	1,439	735
	<u>13,347</u>	<u>-</u>	<u>13,347</u>	<u>6,425</u>

9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Depreciation 2022 £	Other costs 2022 £	Total 2022 £	Total 2021 £
Fundraising	-	-	-	1,755
Infrastructure	153,852	70,872	224,724	365,931
Train operation	-	43,454	43,454	54,533
Charitable activities	<u>153,852</u>	<u>114,326</u>	<u>268,178</u>	<u>422,219</u>
Expenditure on governance	<u>-</u>	<u>13,347</u>	<u>13,347</u>	<u>6,425</u>
	<u>153,852</u>	<u>127,673</u>	<u>281,525</u>	<u>428,644</u>
<i>Total 2021</i>	<u>306,608</u>	<u>122,036</u>	<u>428,644</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets: - owned by the charity	<u>155,618</u>	<u>212,850</u>

During the year, no Trustees received any remuneration (2021 - £NIL).
During the year, no Trustees received any benefits in kind (2021 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2021 - £NIL).

11. INDEPENDENT EXAMINER'S REMUNERATION

The Independent Examiner's remuneration amounts to a fee of £1,150 (2021 - £1,150).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Track and rolling stock £	Light Railway Order £	Total £
Cost						
At 1 April 2021	2,421,061	124,611	175,697	2,381,175	11,074	5,113,618
Additions	-	-	6,050	-	-	6,050
Disposals	-	-	(2,500)	(1,270)	-	(3,770)
At 31 March 2022	<u>2,421,061</u>	<u>124,611</u>	<u>179,247</u>	<u>2,379,905</u>	<u>11,074</u>	<u>5,115,898</u>
Depreciation						
At 1 April 2021	274,162	101,498	152,976	1,281,298	4,851	1,814,785
Charge for the year	40,533	462	3,624	110,875	124	155,618
On disposals	-	-	(1,250)	(1,270)	-	(2,520)
At 31 March 2022	<u>314,695</u>	<u>101,960</u>	<u>155,350</u>	<u>1,390,903</u>	<u>4,975</u>	<u>1,967,883</u>
Net book value						
At 31 March 2022	<u>2,106,366</u>	<u>22,651</u>	<u>23,897</u>	<u>989,002</u>	<u>6,099</u>	<u>3,148,015</u>
At 31 March 2021	<u>2,146,899</u>	<u>23,113</u>	<u>22,721</u>	<u>1,099,877</u>	<u>6,223</u>	<u>3,298,833</u>

13. STOCKS

	2022 £	2021 £
Stock	<u>4,051</u>	<u>-</u>

14. DEBTORS

	2022 £	2021 £
Trade debtors	15,388	-
VAT repayable	-	5,668
	<u>15,388</u>	<u>5,668</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	9,539	13,297
Trade creditors	11,467	479
Other taxation and social security	12,078	-
Accruals and deferred income	7,109	17,808
	40,193	31,584

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

	2022	2021
	£	£
Bank loans	239,668	250,567
	239,668	250,567

Included within the above are amounts falling due as follows:

	2022	2021
	£	£
Between one and two years		
Bank loans	9,522	13,296
	9,522	13,296
Between two and five years		
Bank loans	230,146	237,271
	230,146	237,271

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
Unrestricted funds					
General Fund	(358,269)	135,997	(148,807)	149,381	(221,698)
Restricted funds					
Restricted funds	3,508,058	926	(132,718)	(149,381)	3,226,885
Total of funds	3,149,789	136,923	(281,525)	-	3,005,187

STATEMENT OF FUNDS - PRIOR YEAR

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

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
General funds	(358,269)	135,997	(148,807)	149,381	(221,698)
Restricted funds	3,508,058	926	(132,718)	(149,381)	3,226,885
	3,149,789	136,923	(281,525)	-	3,005,187

SOUTH TYNEDALE RAILWAY PRESERVATION SOCIETY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£
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>

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

	2022	2021
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(144,602)	(264,726)
Adjustment for:		
Depreciation charges	155,618	212,850
Dividends, interest and rents from investments	(10,853)	(5,635)
Impairment of freehold assets	-	93,758
Increase in stocks	(4,051)	-
(Increase)/decrease in debtors	(9,720)	2,111
Increase in creditors	12,368	16,783
Interest paid	7,008	5,662
Profit on disposal of assets	(1,766)	-
Net cash provided by operating activities	<u>4,002</u>	<u>60,803</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash in hand	117,594	127,439
Total	<u>117,594</u>	<u>127,439</u>

20. CONTROLLING PARTY

The charity is under the control of the Trustees.