

CHARITY REGISTRATION No: 1139588

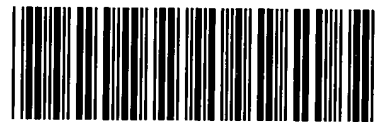
COMPANY REGISTRATION NO: 06952089

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

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YEAR ENDED 31 MARCH 2016

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ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 MARCH 2016

The Trustees, who are also directors for the purposes of company law, present their report and the consolidated Financial Statements of the Trust and its subsidiary undertakings for the year ended 31 March 2016.

Registered charity name	Royal Scot Locomotive and General Trust
Charity registration number	1139588
Company registration number	06952089
Registered office	Craven House 16 Northumberland Avenue London WC2N 5AP

The Trustees

The Trustees who served the Trust during the year were as follows:

Mr J J Hosking
Mr D J C Dunstone
Mr P N Greenwood
Mr D L Randles
Mr R Drury
Mr P Adds
Mr G R Greenhous

Auditors

Arnold Hill & Co LLP
Chartered Accountants & Statutory Auditor
Craven House
16 Northumberland Avenue
London
WC2N 5AP

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

The Trustees submit their report and the Financial Statements for the year ended 31 March 2016. 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 Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS102)), the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The principal activity of the Trust during the year was the restoration and operation of assets belonging to it.

THE TRUSTEES

The Trustees who served the Trust during the year were as follows:

Mr J J Hosking
Mr D J C Dunstone
Mr P N Greenwood
Mr D L Randles
Mr R Drury
Mr P Addis
Mr G R Greenhous

AUDITOR

Arnold Hill & Co LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Background

The Royal Scot Locomotive and General Trust is a charity established and governed by Memorandum and Articles of Association dated 3 July 2009 as amended by Special Resolution dated 7 November 2009. It was registered with the Charity Commission on 30 December 2010.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

OBJECTIVES AND PERFORMANCE

Objectives

To advance the education of the public by the acquisition, restoration, preservation, exhibition or operation of LMS Steam Locomotive 6100 ("The Royal Scot") and other steam locomotives, rolling stock, equipment and artefacts, relics, documents and records of historic interest as the Trustees may from time to time decide.

Public Benefit

Only one of the Trust's locomotives was in steam throughout the year, Britannia, although Royal Scot returned to mainline traffic in February 2016. Britannia operated seven times on the mainline as well as at a Gala Event at Severn Valley in October 2015. Members of the public were able to view the engine at close range and to experience rail travel as it would have been in the days prior to 1968 when British Railways withdrew their last steam locomotives from service. It is the Trustees' intention to make each locomotive so available whenever possible to bring them to as wide an audience as possible. When permissible footplate experience will be given at events designed to give members of the public tuition and actual "hands on" experience of driving and firing a full size, main line steam locomotive. BBC's Blue Peter continued with their occasional filming of the engineering work on the locomotive Blue Peter for airing when the work is nearing completion.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT (*continued*)

YEAR ENDED 31 MARCH 2016

OBJECTIVES AND PERFORMANCE (*continued*)

The Trustees also give talks and lectures on a range of railway related subjects, as well as assisting in the teaching of the public during footplate experience courses on how to drive and fire a steam locomotive.

The Trust's website, www.royalscot.org, and its sister website, www.iconofsteam.com, have been redesigned in order to provide much detailed information on the history and operation of each of the locomotives. Since then, these have been viewed by an increasing number of people.

Investments

The Trust received donations of portfolios of shares during both the current and previous year. The investments are held within the unrestricted fund, in line with the wishes of the donor. The investments may be used to provide income to further the Trust's objectives or, if the Trustees consider it appropriate, may be sold.

FINANCIAL REVIEW

Activity during the year

Since establishment, the Trust has acquired several iconic steam locomotives representing the finest examples of British steam locomotive design. The trading subsidiaries, whose results are contained within the Group Financial Statements, operate the locomotives described below.

- LMS 'Royal Scot' Class.No.6100 'Royal Scot'.
- GWR 'King' Class No. 6024 'King Edward I'.
- BR Class 7P No. 70000 'Britannia'.

The Trust also owns LNER Peppercorn A2 Class No 60532 "Blue Peter" as well as two examples of SR 4-6-2 Merchant Navy Class.

6100 Royal Scot finally returned to service in February 2016, with its first run on the mainline since 1962. 70000 Britannia was in operation during the year although it was withdrawn pending investigation of some engineering problems. All other locomotives were under restoration.

The Trust has invested at its principal engineering base in Southall to provide excellent facilities to maintain its assets in the best running order.

London and North Western Railway Heritage Company Limited, the restoration and maintenance business purchased in 2013-14, which works on both the assets of the Trust and independent third party assets, has had another successful year having now moved into its new home at the Crewe Diesel Depot.

The Trust operates with seven Trustees on its Board with a wide range of skills and experience to strengthen its governance and strategic decision making.

The Trust has furthered its public exposure by the use of a website, regular reporting within the Railway Press and Media as well as through a journal magazine.

The Trust has worked with other similar charities to strengthen dialogue between them so that training and knowledge can be more easily shared.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT (*continued*)

YEAR ENDED 31 MARCH 2016

FINANCIAL REVIEW (*continued*)

Finance

The income for the Trust for the year ended 31 March 2016 was £122,965 (2015: £7,748,032). Charitable activities for the year are set out in note 3 to the accounts.

Profits for the year in the subsidiary companies totalled £54,910 (2015: £55,600), and through expenditure on charitable activities the net assets of the Trust fell from £19,993,713 to £18,241,020 during the year.

Reserves Policy

The Trustees aim to maintain free reserves at a level which equates to approximately 12 months' worth of capital and charitable expenditure. The Trustees consider that this level will ensure that there are sufficient funds available to cover support and governance costs. At the year end the unrestricted fund stood at £17,213,935 (2015: £18,094,941) of which £7,903,254 represents long term assets and the balance is expected to be sufficient for the capital expenditure and operating costs for the coming twelve months.

RESPONSIBILITIES OF THE TRUSTEES

Law applicable to charities in England and Wales requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice, United Kingdom Accounting Standards and applicable law. The Financial Statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that year.

In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the Financial Statements comply with the Charities Act 2011. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed by order of the Trustees



Mr J J Hosking
Trustee

Date: 13 December 2016

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST
YEAR ENDED 31 MARCH 2016

We have audited the Group Financial Statements of the Royal Scot Locomotive and General Trust for the year ended 31 March 2016 as set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements

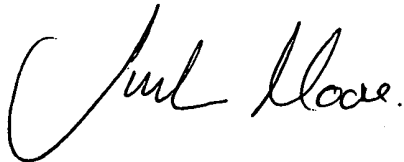
- give a true and fair view of the state of the Group's and parent charity's affairs as at 31 March 2016 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST (*continued*)
YEAR ENDED 31 MARCH 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the Financial Statements; or
- the parent charity has not kept sufficient accounting records; or
- the parent charity Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Justin Moore BSc ACA (Senior Statutory Auditor)

For and on behalf of

Arnold Hill & Co LLP

Chartered Accountants & Statutory Auditors

Craven House

16 Northumberland Avenue

London

WC2N 5AP

Date: 13 December 2016

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

GROUP STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2016

		2016 Unrestricted Fund	2016 Restricted Fund	2016 Total	2015 Total As restated
	Note	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies		37,721	-	37,721	7,655,003
Investments		85,244	-	85,244	39,081
Commercial trading operations	6	2,469,089	-	2,469,089	1,672,539
TOTAL INCOME AND ENDOWMENTS		2,592,054	-	2,592,054	9,366,623
EXPENDITURE ON					
Raising funds		(26,415)	-	(26,415)	(20,272)
Charitable activities	3	(2,728,946)	-	(2,728,946)	(2,042,346)
TOTAL RESOURCES EXPENDED		(2,755,361)	-	(2,755,361)	(2,062,618)
Net (losses)/gains on investments		(793,256)	(698,828)	(1,492,084)	1,694,943
NET (OUTGOING)/INCOMING RESOURCES		(956,563)	(698,828)	(1,655,391)	8,998,948
TRANSFERS BETWEEN FUNDS		23,772	(23,772)	-	-
NET MOVEMENT IN FUNDS	2	(932,791)	(722,600)	(1,655,391)	8,998,948
RECONCILIATION OF FUNDS					
Total funds brought forward		17,787,626	1,749,685	19,537,311	10,538,363
TOTAL FUNDS CARRIED FORWARD		16,854,835	1,027,085	17,881,920	19,537,311

The statement of financial activities incorporates the income and expenditure account.

The statement of financial activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

The notes on pages 11 to 19 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES - TRUST

YEAR ENDED 31 MARCH 2016

	Note	2016 Unrestricted Fund £	2016 Restricted Fund	2016 Total	2015 Total £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		37,721	-	37,721	7,709,003
Investments		85,244	-	85,244	39,029
TOTAL INCOME AND ENDOWMENTS		122,965	-	122,965	7,748,032
EXPENDITURE ON					
Raising funds		(26,415)	-	(26,415)	(20,272)
Charitable activities	3	(208,072)	-	(208,072)	(330,266)
TOTAL RESOURCES EXPENDED		(234,487)	-	(234,487)	(350,538)
Net (losses)/gains on investments		(793,256)	(847,915)	(1,641,171)	1,694,943
NET (OUTGOING)/INCOMING RESOURCES		(904,778)	(847,915)	(1,752,693)	9,092,437
TRANSFER BETWEEN FUNDS		23,772	(23,772)	-	-
NET MOVEMENT IN FUNDS	2	(881,006)	(871,687)	(1,752,693)	9,092,437
RECONCILIATION OF FUNDS					
Total funds brought forward		18,094,941	1,898,772	19,993,713	10,901,276
TOTAL FUNDS CARRIED FORWARD		17,213,935	1,027,085	18,241,020	19,993,713

The statement of financial activities includes all gains and losses in the year, and incorporates the income and expenditure account.

All of the above amounts relate to continuing activities

The notes on pages 11 to 19 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

BALANCE SHEET

31 MARCH 2016

		Group 31 Mar 16	Trust 31 Mar 16	Group 31 Mar 15 As restated	Trust 31 Mar 15
	Note	£	£	£	
FIXED ASSETS					
Tangible assets	7	7,725,865	7,563,251	6,904,900	6,723,433
Investments	8	9,622,756	10,322,759	10,171,378	11,679,296
Goodwill		682,959	-	1,341,787	-
		<u>18,031,580</u>	<u>17,886,010</u>	<u>18,418,065</u>	<u>18,402,729</u>
CURRENT ASSETS					
Stock		24,607	-	20,793	-
Debtors	9	1,698,717	1,839,925	1,906,392	2,261,514
Cash in hand		591,268	407,511	1,305,934	954,361
		<u>2,314,592</u>	<u>2,247,436</u>	<u>3,233,119</u>	<u>3,215,875</u>
CREDITORS: Amounts falling due within one year	10	<u>(2,464,252)</u>	<u>(1,892,426)</u>	<u>(2,113,873)</u>	<u>(1,624,891)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(149,660)</u>	<u>355,010</u>	<u>1,119,246</u>	<u>1,590,984</u>
NET ASSETS		<u><u>17,881,920</u></u>	<u><u>18,241,020</u></u>	<u><u>19,537,311</u></u>	<u><u>19,993,713</u></u>
FUNDS					
Restricted fund	12	1,027,085	1,027,085	1,749,685	1,898,772
Unrestricted fund	11	16,854,835	17,213,935	17,787,626	18,094,941
TOTAL FUNDS		<u><u>17,881,920</u></u>	<u><u>18,241,020</u></u>	<u><u>19,537,311</u></u>	<u><u>19,993,713</u></u>

These Financial Statements were approved and signed by the Trustees on 13 December 2016



Mr J J Hosking
Trustee

The notes on pages 11 to 19 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2016

	2016	2015
£	£	£
Cash flows from operating activities	166,103	2,256,458
Cash flows from investing activities		
Investment income	85,244	39,081
Proceeds of disposal of investments	272,911	3,003,495
Purchase of investments	(539,936)	(1,828,793)
Purchase of property plant and equipment	(935,557)	(1,750,247)
Additional consideration	(40,000)	-
	(1,157,338)	(536,464)
Foreign exchange gain	22,392	61,347
Change in cash and cash equivalents in the year	(968,843)	1,781,341
Cash and cash equivalents b/f	2,683,233	901,892
Cash and cash equivalents c/f	1,714,390	2,683,233
Analysis of cash and cash equivalents	2016	2015
	£	£
Cash in hand	591,268	1,305,934
Cash held by investment manager	1,123,122	1,377,299
Total cash and cash equivalents	1,714,390	2,683,233
Reconciliation at net (expenditure)/income per SOFA to net cash flows from operating activities		
	2016	2015
	£	£
Net (expenditure)/income per the SOFA	(1,655,391)	8,998,948
Adjustments for:		
Depreciation	114,592	84,885
Amortisation	149,087	149,087
Impairment of investments	549,740	-
Investment income	(85,244)	(39,081)
Losses/(gains) on investments	793,256	(1,694,943)
(Increase)/decrease in stock	(3,814)	116,539
(Increase)/decrease in debtors	(46,502)	177,947
Increase/(decrease) in creditors	350,379	(132,460)
Non-cash donations	-	(5,404,464)
	166,103	2,256,458

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, with the exception of listed investments which are included at their market value. The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Charities Act 2011 and UK Generally Accepted Accounting Practice.

Royal Scot Locomotive and General Trust constitutes a public benefit entity as defined by FRS 102.

Transition to FRS102

These accounts for the year ended 31 March 2016 are the first accounts of Royal Scot Locomotive and General Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 14.

Basis of preparation

The Financial Statements consolidate the results of the Charity and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Purchases are accounted for under the acquisition accounting method. The results of companies acquired are included in the profit and loss account from the date that they are acquired.

Incoming resources

Incoming resources are accounted for when the Charity has entitlement to the funds, receipt is probable and the amount is measurable. Where income is received in advance of a specified service it is deferred until the Charity is entitled to that income.

Gross income represents the income derived from the carrying on of the Trust's activities, comprising of donations, investment income and income from commercial trading operations.

Resources expended

All expenditure is accounted for on an accruals basis and is recognised in the period in which it is incurred.

Resources expended comprise expenditure on charitable activities and on the administration of the Charity and the investments it holds, and has been included under expense categories that aggregate all costs for allocation to activities.

Commercial trading operations costs are costs directly attributable to the trading activities of the subsidiaries of the Group.

Fund accounting

Unrestricted funds are available to use to further any of the purposes of the Charity. Restricted funds are to be used for the specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the respective funds.

Investments - Unquoted

Unquoted investments are stated at cost less provision for diminution in value.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES *(continued)*

Investments - Quoted

Investments are stated at market value as at the balance sheet date. Gains and losses on this basis are recorded in the statement of financial activities. Gains and losses on disposal are calculated inclusive of related transaction fees and are recorded in the statement of financial activities.

Goodwill

Goodwill is reviewed annually for impairment and is written off over a ten year period.

Depreciation – Engines

Fixed assets are initially recorded at cost.

An impairment review is conducted each year. Should any impairments or movement in impairment arise from this review, this will be charged to the statement of financial activities for the period in which it occurs. The Trustees consider the assets to appreciate in value and therefore that this accounting policy results in the Financial Statements giving them a true and fair view.

Depreciation – Boilers

Boilers are included at their historical cost, and are depreciated over their useful economic life as follows:

Boiler for Locomotive 70000 'Britannia' – over 6 years.

Financial assets

Financial assets are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price.

Financial liabilities are derecognised when, and only when, the Charity's obligations are discharged, cancelled, or they expire.

Taxation

No provision is made for corporation taxation in relation to the Trust's affairs as it is a public benefit entity which is exempt from direct UK taxation on its charitable activities. Corporation taxation is provided in relation to the subsidiary companies' profit on ordinary activities, and is shown as expenditure on raising funds within the subsidiary.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

2. NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Auditor's remuneration				
- as auditor	9,000	5,000	7,000	5,000
- for other services	7,072	3,548	13,320	5,357
Depreciation	114,592	66,667	84,885	66,667
	<u>130,664</u>	<u>75,215</u>	<u>105,205</u>	<u>77,024</u>

3. CHARITABLE ACTIVITIES

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Direct charitable expenditure	198,456	202,855	7,945	257,257
Support costs	5,217	5,217	472	472
Commercial trading operations	2,525,273	-	1,812,305	-
	<u>2,728,946</u>	<u>208,072</u>	<u>1,820,722</u>	<u>257,729</u>

4. PARTICULARS OF EMPLOYEES

Following the acquisition of London and North Western Railway Heritage Company the Group now has an average of 40 (2015: 35) employees. Costs are also paid to affiliated entities in relation to staff costs. The aggregate staff cost charge of the Group and the Trust is as set out below:

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Wages and salaries	266,079	5,787	403,893	65,335
Social security costs	38,085	-	-	-
Pension contributions	40,000	-	-	-
	<u>344,164</u>	<u>5,787</u>	<u>403,893</u>	<u>65,335</u>

These costs are included within the Statement of Financial Activities under the heading 'Resources expended: Charitable activities'.

The number of employees whose total earnings in the year (excluding employer pension contributions) fell into the bands below were:

	Group 2016 No.	Trust 2016 No.	Group 2015 No.	Trust 2015 No.
£130,000 - £140,000	1	-	-	-
£140,000 - £150,000	-	-	1	-

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

5. COMMERCIAL TRADING OPERATIONS OF SUBSIDIARY UNDERTAKINGS

The Trust has trading subsidiaries as detailed in note 7 to the Financial Statements.

A summary of the most recent results of the trading subsidiaries is shown below for the year ended 31 March 2016.

PROFIT AND LOSS ACCOUNT

	Locomotive 6100 Ltd	Locomotive 6024 Ltd	Locomotive 70000 Ltd	London and North Western Railway Heritage Company Limited
	2016 £	2016 £	2016 £	2016 £
TURNOVER	8,325	-	130,571	2,436,889
Cost of sales	(4,360)	-	(78,746)	(1,451,962)
GROSS PROFIT	<u>3,965</u>	<u>-</u>	<u>51,825</u>	<u>984,927</u>
Administrative expenses	(2,140)	(17,634)	(4,989)	(961,075)
Other operating income	-	-	-	-
OPERATING (LOSS)/PROFIT	<u>1,825</u>	<u>(17,634)</u>	<u>46,836</u>	<u>23,852</u>
Interest receivable	-	-	-	-
Interest payable	-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	<u>1,825</u>	<u>(17,634)</u>	<u>46,836</u>	<u>23,852</u>
Tax on profit on ordinary activities	-	-	-	31
(LOSS)/PROFIT AFTER TAXATION	<u>1,825</u>	<u>(17,634)</u>	<u>46,836</u>	<u>23,883</u>
BALANCE SHEET				
	£	£	£	£
Total Assets	-	1,839	13,922	936,302
Total Liabilities	(39,984)	(171,082)	(295,276)	(681,081)
Reserves	<u>(39,984)</u>	<u>(169,243)</u>	<u>(281,354)</u>	<u>255,221</u>

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

6. TANGIBLE FIXED ASSETS - GROUP

	Plant and Machinery etc £
COST	
At 1 April 2015	7,329,996
Additions	1,042,253
At 31 March 2016	8,372,249
DEPRECIATION	
At 1 April 2015	425,096
Charge for year	114,592
At 31 March 2016	539,688
NET BOOK VALUE	
At 31 March 2016	7,832,561
At 31 March 2015	6,904,900

7. INVESTMENTS

	Group 2016	Trust 2016	Group 2015	Trust 2015
Quoted investments – At market value	£	£	£	£
At 1 April	10,171,378	10,171,378	4,308,021	4,308,021
Additions at cost	539,936	539,936	7,233,257	7,233,257
Disposals	(255,051)	(255,051)	(3,013,040)	(3,013,040)
Net (losses)/gains on revaluations	(833,507)	(833,507)	1,643,140	1,643,140
At 31 March	9,622,756	9,622,756	10,171,378	10,171,378
Unquoted investments	£	£	£	£
At 1 April	-	1,507,918	-	1,507,918
Additional consideration	-	40,000	-	-
Impairment	-	(847,915)	-	-
At 31 March	-	700,003	-	1,507,918

The unquoted investments are in subsidiary undertakings, stated at cost less accumulated impairment losses.

The impairment has arisen in the year due to a fall in profits generated by the entity, and is based on management information available since the year end.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

The following were investments of the Trust at 31 March 2016. The investments in subsidiary companies are held so as to provide profits which can be used in furtherance of the Trust's objectives.

Subsidiary undertakings	Interest in ordinary share capital	Country of incorporation	Principal activity
Locomotive 70000 Limited (Company no. 07346193)	100%	England & Wales	Operating a locomotive
Locomotive 6100 Limited (Company no. 06958560)	100%	England & Wales	Operating a locomotive
Locomotive 6024 Limited (Company no. 07483630)	100%	England & Wales	Operating a locomotive
London & North Western Railway Heritage Company Limited (Company no. 05579807)	100%	England & Wales	Steam locomotive maintenance, restoration and ancillary engineering services

8. DEBTORS

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Trade debtors	450,257	-	341,590	-
Amounts owed by group undertakings	-	615,597	-	727,008
Other debtors	1,248,460	1,224,328	1,564,802	1,534,506
	<u>1,698,717</u>	<u>1,839,925</u>	<u>1,906,392</u>	<u>2,261,514</u>

9. CREDITORS: Amounts falling due within one year

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Trade creditors	416,007	92,177	242,590	74,524
Taxation and social security	56,854	-	71,300	-
Other creditors	343,982	159,146	550,466	315,455
Accruals and deferred income	72,882	66,663	25,507	11,011
Director's current account	1,574,439	1,574,439	1,223,901	1,223,901
Bank overdraft	88	-	109	-
	<u>2,464,252</u>	<u>1,892,425</u>	<u>2,113,873</u>	<u>1,624,891</u>

10. CONTINGENT LIABILITY

In the year ended 31 March 2014, the Trust acquired the entire issued share capital of London and North Western Railway Heritage Company Limited. In addition to the consideration paid, the Trust agreed to make additional annual donations of £40,000 to the Waterman Railway Heritage Trust for 5 years.

Since the year end, an agreement has been reached to accelerate the three remaining payments into a single payment of £100,000. No provision has been made in these accounts for this payment.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

11. UNRESTRICTED FUND

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
At 1 April	17,787,626	18,094,941	8,639,591	9,002,504
Net movement in funds for the year (excluding transfers)	(956,563)	(904,778)	9,148,035	9,092,437
Transfers between funds	23,772	23,772	-	-
At 31 March	<u>16,854,835</u>	<u>17,213,935</u>	<u>17,787,626</u>	<u>18,094,941</u>

12. RESTRICTED FUND

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
At 1 April	1,749,685	1,898,772	1,898,772	1,898,772
Net movement in funds for the year (excluding transfers)	(698,828)	(847,915)	(149,087)	-
Transfers between funds	(23,772)	(23,772)	-	-
At 31 March	<u>1,207,085</u>	<u>1,207,085</u>	<u>1,749,685</u>	<u>1,898,772</u>

The restricted fund consists of donations received to fund the purchase of London and North Western Railway Heritage Company Limited.

13. FINANCIAL COMMITMENTS

At the reporting end date there were outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group 2016 £	Trust 2016 £	Group 2015 £	Trust 2015 £
Within one year	165,000	-	-	-
Between two and five years	660,000	-	-	-
In over five years	660,000	-	-	-
	<u>1,485,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

14. ADOPTION OF FRS102

Reconciliation of fund balances

	Previous UK GAAP £	FRS 102 £
At 31 April 2014		
Restricted fund	1,898,772	1,898,772
Unrestricted fund	8,639,591	8,639,591
At 31 March 2015		
Restricted fund	1,898,772	1,749,685
Unrestricted fund	17,787,626	17,787,626

Reconciliation of net movements in funds

	Previous UK GAAP £	FRS 102 £
Year ended 31st March 2015		
Restricted fund	-	(149,087)
Unrestricted fund	9,148,033	9,148,035

Movements in the restricted fund under FRS 102 relate to the amortisation of goodwill.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

15. RELATED PARTY TRANSACTIONS

No Trustee or persons connected with them were reimbursed expenses. No Trustee or any persons connected with them received any remuneration during the year.

During the year, the Trust purchased the 'Beavertail' coach for £306,916 + VAT from Mr J J Hosking, a Trustee. As at 31 March 2016, the full amount was outstanding.

During the year Locomotive Services Limited, a related undertaking, paid expenses on behalf of the Trust of £57,743 (2015: £nil). The Trust paid expenses on behalf of Locomotive Services Limited of £21,612 (2015: 158,760). Locomotive Services Limited also recharged expenses of £200,000 (2015: £417,333). As at 31 March 2016, the Trust owed Locomotive Services Limited £147,685 (2015: £292,044).

During the year, London and North Western Railway Heritage Company Limited earned income totalling £1,121,498 (2015: £618,244) from the following companies, all of which are related undertakings:

- Locomotive 34046 Limited
- Locomotive 5029 Limited
- Locomotive 60019 Limited
- Locomotive 92212 Limited
- Locomotive 6960 Limited
- Locomotive Services Limited
- Locomotive Storage Limited
- Locomotive Diesels Limited (formerly Locomotive 47501 Limited)

The transactions were conducted on an arm's length basis and a total of £188,911 (2015: £108,771) was outstanding in respect of these amounts at the balance sheet date.

During the year to 31 March 2016, Locomotive Storage Limited earned income of £260,975 (2015: £30,000) from services provided to London and North Western Railway Heritage Company Limited. As at 31 March 2016, £155,310 was outstanding.

All related party companies identified above are incorporated in England and Wales.