

Report of the Directors and
Financial Statements for the Year Ended 31 January 1999
for
Ayrshire Railway Preservation Group

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for the Year Ended 31 January 1999

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Ayrshire Railway Preservation Group

Company Information

for the Year Ended 31 January 1999

DIRECTORS:

A G C Thomson
J Davidson
F D Beattie
D Orr
A R Thom
A G L Barclay
H McCormick

SECRETARY:

A G C Thomson

REGISTERED OFFICE:

38 Ashgrove Street
Ayr
KA7 3BG

REGISTERED NUMBER:

SC121786 (Scotland)

AUDITORS:

Graham & Company
Chartered Certified Accountants
Registered Auditors
3 Stewart Street
Milngavie
GLASGOW
G62 6BW

BANKERS:

The Royal Bank of Scotland plc
96 John Finnie Street
Kilmarnock
Ayrshire
KA1 1NY

SOLICITORS:

A C White
23 Wellington Square
Ayr
KA7 1HG

Report of the Directors
for the Year Ended 31 January 1999

The directors present their report with the financial statements of the company for the year ended 31 January 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the preservation and restoration of industrial railway heritage.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

These comply with the Memorandum and Articles of Association by which the Company is governed. The company is recognised as a charity by the Inland Revenue and the charity number is SC016127.

The year has seen good progress in the Group's principal aim of establishing an industrial railway museum at Minnivey. The Board took a decision early last year to spend some of our capital funds on upgrading aspects of the site, and some £6,100 was spent in the year to 31 January 1999, with a further £1,660 being spent in the current financial year.

As detailed below, the Board of Directors has seen a number of changes in the year, with four resignations and one appointment. There have been two unfilled directorships during most of the year. The full Board meets once a month to ensure the efficient running of the Group, and various sub-committees have been established which report to the Board. The Director of the Dalmellington and District Conservation Trust and representatives from East Ayrshire Council and Enterprise Ayrshire have a standing invitation to attend Board meetings.

The establishment of the passenger service between Minnivey and Dunaskin has made little progress during the year, in spite of the best efforts of the Board to find a way through the mass of red tape which besets the project. The offer made last year by First Engineering, to install signalling and other necessary infrastructure as a charitable gesture, still stands; the Board is maintaining close contact with First Engineering, but work on the project depends on time and manpower being available.

On the other hand the Scottish Industrial Railway Centre at Minnivey has seen major improvements, with expanded and refurbished museum and shop space including extensive rewiring, additional working narrow gauge stock, permanent protective cages for the windows of the locomotive shed, and a start made on extending the running line for brakevan rides. We have also purchased a sixty foot container for storage. A replacement portacabin for the buffet and a second-hand toilet block have been purchased and await restoration and refitting.

Following a major advertising campaign, visitor numbers on steam open days in 1998 showed a considerable increase, in spite of the dreadful weather. The average attendance was 192 per day, the highest attendance on any one day being 336 on August 9th. The policy of advertising widely is being maintained in 1999, when we hope for a further substantial increase in visitors.

The Board continues to work in close co-operation with the Dalmellington and District Conservation Trust. Our Chairman and Vice-Chairman represent the Group on the Board of that body. During the year arrangements were made for the Group's archive collection to be housed in a room of the newly refurbished Visitor Centre at Dunaskin. This means that our valuable and delicate collection of books, papers, photographs, etc is now housed in a temperature-controlled environment. The Museum Committee has made a start on cataloguing and surveying the collection for possible restoration etc.

One other example of co-operation between the two bodies has been the introduction of a joint ticketing scheme. The agreement was reached just before the end of the year under review, and implementation on a trial basis is underway in 1999.

The Board acknowledge with gratitude the assistance of the Trust over the last twelve months.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 1999.

Under the Articles of Association, no distribution can be made by way of a dividend to the members of the Company, and during the year no such distributions were made.

Report of the Directors
for the Year Ended 31 January 1999

DIRECTORS

The directors during the year under review were:

C F Robinson	- resigned 6.6.98
J Haveron	- resigned 6.6.98
A G C Thomson	- appointed 6.6.98
J Davidson	
F D Beattie	
B J C Reid	- resigned 6.6.98
D Orr	
A R Thom	
A G L Barclay	
H McCormick	
C M Tyre	- appointed 6.6.98
	- resigned 10.8.98

The Company is limited by guarantee and there is no issued share capital at 31 January 1998.

The directors are elected to office by the members at the Group's annual general meetings.

In accordance with the Articles of Association, F D Beattie, D Orr and A R Thom will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Graham & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



A G C Thomson - SECRETARY

Dated: 9 August 1999

Ayrshire Railway Preservation Group

Report of the Auditors to the Members of
Ayrshire Railway Preservation Group

We have audited the financial statements on pages five to ten which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1999 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Graham & Company
Chartered Certified Accountants
Registered Auditors
3 Stewart Street
Milngavie
GLASGOW
G62 6BW

Dated: 11 August 1999

Ayrshire Railway Preservation Group

Income and Expenditure Account
for the Year Ended 31 January 1999

		<u>31.1.99</u>	<u>31.1.98</u>
	Notes	£	£
INCOME		18,042	20,630
Expenditure		<u>12,851</u>	<u>15,456</u>
GROSS SURPLUS		5,191	5,174
Other operating and administrative expenses		<u>20,868</u>	<u>17,107</u>
		(15,677)	(11,933)
Other operating income		<u>6,814</u>	<u>9,750</u>
OPERATING DEFICIT	2	(8,863)	(2,183)
Interest receivable and similar income		<u>2,035</u>	<u>1,953</u>
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,828)	(230)
Tax on deficit on ordinary activities	3	<u>-</u>	<u>-</u>
DEFICIT FOR THE FINANCIAL YEAR AFTER TAXATION		(6,828)	(230)
Retained surplus brought forward		<u>57,105</u>	<u>57,335</u>
RETAINED SURPLUS CARRIED FORWARD		<u>£50,277</u>	<u>£57,105</u>

The notes form part of these financial statements

Ayrshire Railway Preservation Group

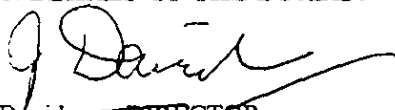
Balance Sheet

31 January 1999

		<u>31.1.99</u>		<u>31.1.98</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		84,009		89,905
CURRENT ASSETS:					
Stocks	5	14,704		13,004	
Debtors	6	2,705		2,591	
Cash at bank and in hand		<u>29,199</u>		<u>38,119</u>	
		46,608		53,714	
CREDITORS: Amounts falling due within one year	7	<u>13,702</u>		<u>13,268</u>	
NET CURRENT ASSETS:			<u>32,906</u>		<u>40,446</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			116,915		130,351
CREDITORS: Amounts falling due after more than one year	8		(10,000)		(10,000)
ACCRUALS AND DEFERRED INCOME:	9		(56,638)		(63,246)
			<u>£50,277</u>		<u>£57,105</u>
RESERVES:					
Accumulated Funds			<u>50,277</u>		<u>57,105</u>
			<u>£50,277</u>		<u>£57,105</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

ON BEHALF OF THE BOARD:


J Davidson - DIRECTOR

Approved by the Board on 9 August 1999

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 January 1999

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999) and in accordance with the provisions of SORP 2.

Income

Income represents trading and membership income received, excluding value added tax.

Tangible fixed assets

Fixed assets are included in the accounts at their historic cost less accumulated depreciation. Where any of the assets were not purchased, the direct costs incurred in creating them have been capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Waterside Station	- 4% on reducing balance
Engine Sheds	- 4% on reducing balance
Infrastructure Costs	- 10% on reducing balance
Exhibits	- 10% on reducing balance
Plant & Machinery	- 25% on reducing balance
Fittings	- 10% on reducing balance
Security Compound	- 10% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Donations and Subscriptions

Donations and subscriptions are allocated to the income and expenditure account in the year in which they are received. The subscriptions received for life membership are not material and are therefore also included in income in the year of receipt.

Grants Receivable

All grants receivable are allocated to the income and expenditure account in line with the expenditure to which they relate.

Allocation of Expenditure

Expenditure is allocated between direct charitable costs and management and administrative costs. The costs are all readily definable and no apportionments are necessary.

2. **OPERATING DEFICIT**

The operating deficit is stated after charging:

	31.1.99	31.1.98
	£	£
Depreciation - owned assets	9,678	10,179
Auditors' remuneration	<u>564</u>	<u>536</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. **TAXATION**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 January 1999 nor for the year ended 31 January 1998.

The Company is recognised as a charity by the Inland Revenue and therefore no Corporation Tax liability has been provided.

Notes to the Financial Statements
for the Year Ended 31 January 1999

4. **TANGIBLE FIXED ASSETS**

	<u>Waterside Station</u>	<u>Engine Sheds</u>	<u>Infra- structure Costs</u>	<u>Exhibits</u>
	£	£	£	£
COST:				
At 1 February 1998	3,500	3,573	62,405	46,252
Additions	-	-	1,754	-
At 31 January 1999	<u>3,500</u>	<u>3,573</u>	<u>64,159</u>	<u>46,252</u>
DEPRECIATION:				
At 1 February 1998	1,059	1,602	17,618	13,153
Charge for year	98	79	4,653	3,312
At 31 January 1999	<u>1,157</u>	<u>1,681</u>	<u>22,271</u>	<u>16,465</u>
NET BOOK VALUE:				
At 31 January 1999	<u>2,343</u>	<u>1,892</u>	<u>41,888</u>	<u>29,787</u>
At 31 January 1998	<u>2,441</u>	<u>1,971</u>	<u>44,787</u>	<u>33,099</u>

	<u>Plant & Machinery</u>	<u>Fittings</u>	<u>Security Compound</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 1 February 1998	6,527	130	7,598	129,985
Additions	1,575	453	-	3,782
At 31 January 1999	<u>8,102</u>	<u>583</u>	<u>7,598</u>	<u>133,767</u>
DEPRECIATION:				
At 1 February 1998	4,319	103	2,226	40,080
Charge for year	949	49	538	9,678
At 31 January 1999	<u>5,268</u>	<u>152</u>	<u>2,764</u>	<u>49,758</u>
NET BOOK VALUE:				
At 31 January 1999	<u>2,834</u>	<u>431</u>	<u>4,834</u>	<u>84,009</u>
At 31 January 1998	<u>2,208</u>	<u>27</u>	<u>5,372</u>	<u>89,905</u>

5. **STOCKS**

	31.1.99	31.1.98
	£	£
Stock	<u>14,704</u>	<u>13,004</u>

6. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.1.99	31.1.98
	£	£
V.A.T.	207	56
Trade debtors	340	247
Prepayments & accrued income	<u>2,158</u>	<u>2,288</u>
	<u>2,705</u>	<u>2,591</u>

Notes to the Financial Statements
for the Year Ended 31 January 1999

7. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.1.99	31.1.98
	£	£
Bank loans and overdrafts	-	72
Trade creditors	245	272
Contribution for Refurbishment	10,000	10,000
Accruals & prepaid income	<u>3,457</u>	<u>2,924</u>
	<u>13,702</u>	<u>13,268</u>

8. **CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.1.99	31.1.98
	£	£
Loan from Members	<u>10,000</u>	<u>10,000</u>
Amounts falling due in more than five years: Repayable otherwise than by instalments		
Loan from Members	<u>10,000</u>	<u>10,000</u>

9. **ACCRUALS AND DEFERRED INCOME**

	31.1.99	31.1.98
	£	£
Deferred government grants		
Brought forward	63,246	70,689
Released in year	<u>(6,608)</u>	<u>(7,443)</u>
	<u>56,638</u>	<u>63,246</u>

10. **STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Funds	Restricted Funds	31.1.99 Total	31.1.98 Total
	£	£	£	£
INCOMING RESOURCES:				
Trading Income	16,893	-	16,893	19,370
Donations	91	-	91	2,266
Grants Receivable	-	63,246	63,246	70,688
Less: Deferred Income	-	(56,638)	(56,638)	(63,246)
Investment Income	2,035	-	2,035	1,953
Other Income	<u>1,264</u>	<u>-</u>	<u>1,264</u>	<u>1,301</u>
	<u>20,283</u>	<u>6,608</u>	<u>26,891</u>	<u>32,332</u>
RESOURCES EXPENDED:				
Trading & Site Operating Expenses	30,122	-	30,122	30,612
Management & Administrative Expenses	<u>3,597</u>	<u>-</u>	<u>3,597</u>	<u>1,950</u>
	<u>33,719</u>	<u>-</u>	<u>33,719</u>	<u>32,562</u>
Transfers between Funds	6,608	(6,608)	-	-
Net Movement in Funds	(6,828)	-	(6,828)	(230)
Total Funds Brought Forward	57,105	-	57,105	57,335
TOTAL FUNDS CARRIED FORWARD	<u>50,277</u>	<u>-</u>	<u>50,277</u>	<u>57,105</u>

The restricted funds relate to grants received in the year with the amounts that have not been released in the year being netted off as deferred income. The grants have all been used towards the costs of the passenger service and in the main these have been for the purchase or creation of fixed assets.

Notes to the Financial Statements
for the Year Ended 31 January 1999

11. CONTINGENT LIABILITIES

In the event of the future disposal of the Barclay 0-6-0 locomotive, Harlaxton, for which the Group received a grant of £15,000, part of the grant may be required to be repaid. The Loan from Members was also towards the cost of acquiring Harlaxton and is repayable immediately on disposal of the locomotive. There is no intention of disposing of the asset in the foreseeable future and no provision is therefore necessary in the accounts.

12. OTHER FINANCIAL COMMITMENTS

The Company's commitment to establishing the passenger link has resulted in substantial track work costs over the past four years which was largely covered by grant assistance from Cumnock & Doon Valley District Council. As most of the costs were capitalised, the grant is being released to the income and expenditure account in line with the depreciation on the various assets, adjusting where necessary for incidental expenses which have been allocated directly to the income and expenditure account. The total amount released to date is £62,040 including the current year release of £5,393.

During the year ended 31 January 1997 the Company purchased a Barclay 0-6-0 locomotive for use on the passenger service and received a grant of £15,000 towards the cost. This is also being released to the income and expenditure account in line with depreciation. The total amount released to date is £4,065 including the current year release of £1,215.

The Company is required to install signalling equipment before the commencement of the passenger service. Most of the necessary items have now been acquired or donated, with the remaining items to be provided by the Group. The cost of purchasing and installing the equipment has not yet been established but is currently estimated to be in the region of £30,000. No contract has been entered into at present and it is hoped that the costs will be covered in full from further financial assistance.

13. MEMBERS' GUARANTEE

Every Member of the Company has undertaken to contribute up to a maximum of £1 to the Company's assets if it should be wound up whilst he is a Member, or within one year after he ceases to be a Member, for the payment of the Company's debts and liabilities contracted for before he ceased to be a Member, and of the costs, charges and expenses of winding up, and of the adjustment of the rights of the contributories amongst themselves.

Ayrshire Railway Preservation Group

Income and Expenditure Account
for the Year Ended 31 January 1999

	<u>31.1.99</u>		<u>31.1.98</u>	
	£	£	£	£
Income:				
Steam days	2,497		1,629	
Subscriptions	769		843	
50:50 Club subscriptions	371		414	
Sales stand sales	14,396		17,741	
Sundry sales	<u>9</u>		<u>3</u>	
		18,042		20,630
Expenditure:				
Opening stock - Duke magazine	209		259	
Opening stock - sales stand	12,795		11,649	
Steam day expenses	612		608	
50:50 Club prizes	174		203	
Sales stand purchases	11,985		13,875	
Sales stand - exhibition exps	1,760		1,851	
Carriage in	<u>20</u>		<u>15</u>	
	27,555		28,460	
Closing stock - Duke magazine	(428)		(209)	
Closing stock - sales stand	<u>(14,276)</u>		<u>(12,795)</u>	
		<u>12,851</u>		<u>15,456</u>
GROSS SURPLUS		5,191		5,174
Other income:				
Donations	91		2,266	
Deeds of covenant	115		41	
Grant release	6,608		7,443	
Building society interest	1,951		1,807	
Bank interest (gross)	<u>84</u>		<u>146</u>	
		<u>8,849</u>		<u>11,703</u>
		14,040		16,877
Other Expenditure:				
Site materials	-		141	
Hire of equipment	2,339		635	
Repairs & renewals	546		929	
Haulage	602		775	
Telephone	-		50	
Post, stationery & advertising	1,860		812	
Sundry expenses	999		333	
Auditors remuneration	564		536	
Professional fees	171		-	
Rent	675		675	
Rates & water	154		(1,218)	
Insurance	3,179		3,157	
Light & heat	<u>101</u>		<u>85</u>	
		<u>11,190</u>		<u>6,910</u>
		2,850		9,967
Finance costs:				
Bank charges		-		18
		<u>2,850</u>		<u>9,949</u>
Carried forward				

This page does not form part of the statutory financial statements

Ayrshire Railway Preservation Group

Income and Expenditure Account
for the Year Ended 31 January 1999

	<u>31.1.99</u>		<u>31.1.98</u>	
	£	£	£	£
Brought forward		2,850		9,949
Depreciation:				
Waterside Station	98		102	
Engine sheds	79		82	
Infrastructure costs	4,653		4,978	
Exhibits	3,312		3,677	
Plant & machinery	949		739	
Fittings	49		3	
Security compound	<u>538</u>		<u>598</u>	
		<u>9,678</u>		<u>10,179</u>
NET DEFICIT		<u>£(6,828)</u>		<u>£(230)</u>