

SC 121786

Report of the Directors and
Financial Statements for the Year Ended 31 January 2002
for
Ayrshire Railway Preservation Group



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COMPANIES HOUSE 18/11/02

Ayrshire Railway Preservation Group

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for the Year Ended 31 January 2002

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Ayrshire Railway Preservation Group

Company Information

for the Year Ended 31 January 2002

DIRECTORS:

J Davidson
C Robinson
A G C Thomson
A R Thom
A G L Barclay
D Orr
F D Beattie
A Graham
J Haveron

SECRETARY:

A G C Thomson

REGISTERED OFFICE:

38 Ashgrove Street
Ayr
KA7 3BG

REGISTERED NUMBER:

SC121786 (Scotland)

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

Ayrshire Railway Preservation Group

Report of the Directors for the Year Ended 31 January 2002

The directors present their report with the financial statements of the company for the year ended 31 January 2002.

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 AND FUTURE DEVELOPMENTS

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 was an extremely eventful one for the Group. The early part of the season was marred by the sudden death in June of Alex Clark, a founder member of the Group and our chief locomotive engineer. This has meant an increased workload for our remaining volunteers. At the time of Alex's death the Group was preparing the locomotive, Harlaxton, for a boiler inspection, in anticipation of a loan period to the Caledonian Railway (Brechin). This loan went ahead at the beginning of July, and Harlaxton has enjoyed a period of successful running there, earning a small hire fee for the Group in the process. Several members of the Group made the journey to Brechin on at least one occasion, and were allowed to fire and drive the locomotive over the four mile running line - excellent experience for all concerned. The Board continues to have close and amicable relations with the Caledonian Railway (Brechin).

Alex Clark had loaned the Group the sum of £5,000 to facilitate the purchase of Harlaxton, and this sum had to be repaid to his estate. The Board is very grateful to another member of the Group for making up this sum by way of a further loan.

The operating season was another very successful one for the Company. The final total of 3,399 visitors was slightly up on the previous year, and this at a time when visitor attractions generally were struggling, due to the outbreak of foot-and-mouth disease. Locomotive Number 10 performed faultlessly throughout the season, all visitors to the site expressed their enjoyment of the experience, but as usual the declining number of volunteers struggled to cope with the large crowds.

Hopes of establishing a steam-hauled passenger service between Minnivey and Dunaskin were still high in the autumn, and arrangements were well in hand for a trial run of the train over the Scottish Coal line in October, when it came to the Board's attention that our existing insurance (substantial though it is) did not cover us against possible loss of revenue to Scottish Coal, should our train be derailed and the line blocked. Coal traffic was heavy at the time, and the plans for a test run were abandoned at the request of Scottish Coal. Subsequent enquiries showed that such insurance cover would be all but impossible to get. At the same time it became apparent that our protracted negotiations over the purchase of Minnivey from Scottish Coal had reached an impasse. The Board therefore decided that it was time for a serious look at the Group's long term future planning, and with this in mind a special meeting of the membership was called in January. Of the options available, the meeting decided, virtually unanimously, to work towards the closure of the Scottish Industrial Railway Centre and the relocation of all the Group's activities to Dunaskin. Plans for this move have occupied a large part of the Board's deliberations ever since, although the current operating season is underway at Minnivey as usual.

During the year there were no changes in the composition of the Board, which continues to work closely with the Dalmellington and District Conservation Trust, also a registered charity. Our Chairman and Treasurer represent the Group on the Board of Trustees of that organisation. The Trust is delighted with our plans to move to Dunaskin and is doing a great deal to help us achieve that aim. Meantime the joint ticketing scheme, which has worked so successfully in recent years, continues in the 2002 season.

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 2002.

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.

$$f_{\alpha} = \frac{1}{\Gamma(\alpha)} \int_0^t (t-s)^{\alpha-1} f(s) ds, \quad \alpha > 0, \quad (1)$$

where $\Gamma(\alpha)$ is the Gamma function, $\Gamma(\alpha) = \int_0^{\infty} t^{\alpha-1} e^{-t} dt$, $\alpha > 0$. The function f_{α} is called the Riemann–Liouville fractional integral of order α of the function f . The Riemann–Liouville fractional derivative of order α of the function f is defined as follows:

Let f be a function defined on $[0, \infty)$ and let $\alpha > 0$. The Riemann–Liouville fractional derivative of order α of the function f is defined as follows:

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Ayrshire Railway Preservation Group

Report of the Directors
for the Year Ended 31 January 2002

DIRECTORS

The directors during the year under review were:

J Davidson
C Robinson
A G C Thomson
A R Thom
A G L Barclay
D Orr
F D Beattie
A Graham
J Haveron

The Company is limited by guarantee and there is no issued share capital at 31 January 2002.

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

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

RESERVES

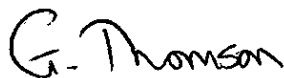
The Group's capital reserves are kept in a special high interest account with the Northern Rock. It is the Board's policy to spend interest on capital on maintenance projects where appropriate, but to restrict expenditure of capital to major developments only. No withdrawals were made from the Northern Rock account during the year. The balance on the account has increased by £1,767 to £22,221 during the year.

MAJOR RISKS

The Board considers that it currently has sufficient funds at its disposal to cover all foreseeable eventualities. The only possible financial risk of which the Board is aware at the moment concerns the water supply to Minnivey. This has been the subject of a dispute with West of Scotland Water since 1997, but no correspondence had been received for some years. However, the new authority, Scottish Water, has re-opened the matter, and the Board is currently in negotiations with them (as at July 2002). Even in the event of an unfavourable outcome, the Board is confident of its ability to meet its commitments. The Board has established procedures for the authorisation of all transactions and projects and the safeguarding of assets. These procedures are reviewed periodically to ensure that they still meet the needs of the Group.

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: 7th October 2002

Ayrshire Railway Preservation Group

Statement of Financial Activities
for the Year Ended 31 January 2002

	Unrestricted General Funds	Designated Funds (Passenger Service Grant)	31.1.02 Total	31.1.01 Total
	£	£	£	£
Incoming Resources:				
Donations & Grants	3,543	-	8,225	5,729
Operating Activities	4,268	-	4,268	4,384
Activities for Generating Funds	29,345	-	29,345	21,370
Investment Income	<u>858</u>	<u>-</u>	<u>858</u>	<u>880</u>
TOTAL INCOMING RESOURCES	<u>38,014</u>	<u>-</u>	<u>42,696</u>	<u>32,363</u>
Resources Expended:				
Operating Activity Expenses	14,074	-	14,074	14,953
Cost of Generating Funds	23,483	-	23,483	16,642
Management & Administration	<u>3,557</u>	<u>-</u>	<u>3,557</u>	<u>3,290</u>
TOTAL RESOURCES EXPENDED	<u>41,114</u>	<u>-</u>	<u>41,114</u>	<u>34,885</u>
Net Incoming Resources before Transfers	1,582	-	1,582	(2,522)
Gross Transfers between Funds	4,682	(4,682)	-	-
Net Movement in Funds	1,582	-	1,582	(2,522)
Total Funds Brought Forward	(551)	45,514	44,963	47,485
TOTAL FUNDS CARRIED FORWARD	<u>5,713</u>	<u>40,832</u>	<u>46,545</u>	<u>44,963</u>

There are no Restricted Funds held by the Group during the current and previous years.

The notes form part of these financial statements

Ayrshire Railway Preservation Group

Income and Expenditure Account
for the Year Ended 31 January 2002

		<u>31.1.02</u>	<u>31.1.01</u>
	Notes	£	£
INCOME		33,613	25,754
Expenditure		<u>24,664</u>	<u>17,319</u>
GROSS SURPLUS		8,949	8,435
Administrative expenses		<u>16,450</u>	<u>17,566</u>
		(7,501)	(9,131)
Other operating income		<u>8,225</u>	<u>5,729</u>
OPERATING SURPLUS/(DEFICIT)	2	724	(3,402)
Interest receivable and similar income		<u>858</u>	<u>880</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,582	(2,522)
Tax on surplus/(deficit) on ordinary activities	3	<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR AFTER TAXATION		1,582	(2,522)
Retained surplus brought forward		<u>44,963</u>	<u>47,485</u>
RETAINED SURPLUS CARRIED FORWARD		<u>£46,545</u>	<u>£44,963</u>

The notes form part of these financial statements

Ayrshire Railway Preservation Group

Balance Sheet
31 January 2002

		<u>31.1.02</u>		<u>31.1.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		64,234		70,791
CURRENT ASSETS:					
Stocks	5	15,158		16,691	
Debtors	6	3,106		2,578	
Cash at bank and in hand		<u>29,816</u>		<u>24,673</u>	
		48,080		43,942	
CREDITORS: Amounts falling due within one year	7	<u>14,937</u>		<u>14,256</u>	
NET CURRENT ASSETS:			<u>33,143</u>		<u>29,686</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			97,377		100,477
CREDITORS: Amounts falling due after more than one year	8		(10,000)		(10,000)
ACCRUALS AND DEFERRED INCOME:	9		(40,832)		(45,514)
			<u>£46,545</u>		<u>£44,963</u>
RESERVES:					
Unrestricted Funds					
General			5,713		(551)
Designated			<u>40,832</u>		<u>45,514</u>
			<u>£46,545</u>		<u>£44,963</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 January 2002.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 January 2002 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Ayrshire Railway Preservation Group

Balance Sheet
31 January 2002

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 2000).

ON BEHALF OF THE BOARD:



J Davidson - DIRECTOR

Approved by the Board on 7th OCTOBER 2002

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 January 2002

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and in accordance with the provisions of SORP 2000.

Income

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

Tangible fixed assets

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 and machinery	- 25% on reducing balance
Fittings	- 10% on reducing balance
Security compound	- 10% on reducing balance

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.

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.

Fund Accounting

Funds held by the Group are: Unrestricted General Funds – these are funds that can be used in accordance with the charitable objects at the discretion of the directors.
Designated Funds – these are funds set aside by the directors out of unrestricted funds for specific future purposes or projects

2. **OPERATING SURPLUS/(DEFICIT)**

The operating surplus (2001 - operating deficit) is stated after charging:

	31.1.02	31.1.01
	£	£
Depreciation - owned assets	7,143	7,949
Auditors' remuneration	<u>420</u>	<u>500</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

Notes to the Financial Statements
for the Year Ended 31 January 2002

3. **TAXATION**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 January 2002 nor for the year ended 31 January 2001.

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

4. **TANGIBLE FIXED ASSETS**

	<u>Waterside Station</u>	<u>Engine sheds</u>	<u>Infrastructure costs</u>	<u>Exhibits</u>
	£	£	£	£
COST:				
At 1 February 2001	<u>3,500</u>	<u>3,573</u>	<u>66,827</u>	<u>46,252</u>
At 31 January 2002	<u>3,500</u>	<u>3,573</u>	<u>66,827</u>	<u>46,252</u>
DEPRECIATION:				
At 1 February 2001	<u>1,341</u>	<u>1,829</u>	<u>30,722</u>	<u>22,124</u>
Charge for year	<u>86</u>	<u>70</u>	<u>3,611</u>	<u>2,413</u>
At 31 January 2002	<u>1,427</u>	<u>1,899</u>	<u>34,333</u>	<u>24,537</u>
NET BOOK VALUE:				
At 31 January 2002	<u>2,073</u>	<u>1,674</u>	<u>32,494</u>	<u>21,715</u>
At 31 January 2001	<u>2,159</u>	<u>1,743</u>	<u>36,105</u>	<u>24,128</u>

	<u>Plant and machinery</u>	<u>Fittings</u>	<u>Security compound</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 1 February 2001	<u>8,103</u>	<u>1,565</u>	<u>7,598</u>	<u>137,418</u>
Additions	<u>-</u>	<u>586</u>	<u>-</u>	<u>586</u>
At 31 January 2002	<u>8,103</u>	<u>2,151</u>	<u>7,598</u>	<u>138,004</u>
DEPRECIATION:				
At 1 February 2001	<u>6,508</u>	<u>421</u>	<u>3,682</u>	<u>66,627</u>
Charge for year	<u>398</u>	<u>173</u>	<u>392</u>	<u>7,143</u>
At 31 January 2002	<u>6,906</u>	<u>594</u>	<u>4,074</u>	<u>73,770</u>
NET BOOK VALUE:				
At 31 January 2002	<u>1,197</u>	<u>1,557</u>	<u>3,524</u>	<u>64,234</u>
At 31 January 2001	<u>1,595</u>	<u>1,145</u>	<u>3,916</u>	<u>70,791</u>

5. **STOCKS**

	31.1.02	31.1.01
	£	£
Stock	<u>15,158</u>	<u>16,691</u>

Notes to the Financial Statements
for the Year Ended 31 January 2002

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

	31.1.02 £	31.1.01 £
V.A.T.	282	311
Trade debtors	76	179
Prepayments & accrued income	<u>2,748</u>	<u>2,088</u>
	<u>3,106</u>	<u>2,578</u>

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

	31.1.02 £	31.1.01 £
Trade creditors	1,586	1,336
Contribution for Refurbishment	10,000	10,000
Other creditors	304	-
Accruals & prepaid income	<u>3,047</u>	<u>2,920</u>
	<u>14,937</u>	<u>14,256</u>

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

	31.1.02 £	31.1.01 £
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

	31.1.02 £	31.1.01 £
Deferred government grants		
Brought forward	45,514	50,757
Released in year	<u>(4,682)</u>	<u>(5,243)</u>
	<u>40,832</u>	<u>45,514</u>

10. CONTINGENT LIABILITIES

The Group received a grant of £15,000 towards the cost of the purchase of a Barclay 0-6-0 locomotive, Harlaxton. In the event of disposal of this locomotive part of the grant may be required to be repaid.

The Loan from Members was also given for the purpose of acquiring Harlaxton. As noted in the director's report, £5,000 of this loan was from Alex Clark and was repaid to his estate during the year. A further member's loan for £5,000 was received and the full £10,000 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 considered necessary in the accounts.

11. OTHER FINANCIAL COMMITMENTS

The Company's commitment to establishing a passenger link has resulted in substantial track work costs since 1993 that were largely covered by grant assistance from the former 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 that have been allocated directly to the income and expenditure account. The total amount released to date is £74,882 including the current year release of £3,796.

It is not anticipated that the proposed passenger service will go ahead as originally planned but there are currently no plans to dispose of any of the assets previously acquired. As such, there has been no change to the method of accounting for these items. East Ayrshire Council was approached during the year to establish whether the grant of £10,000, originally received from Strathclyde Regional Council for the restoration of the former pit baths at Minnivey, could be used to meet costs of establishing the passenger service. This permission was duly granted and, as the passenger service is no longer expected to go ahead, the Board anticipate using the funds for installing some form of rail service within the Dunaskin site. Permission will now be sought from East Ayrshire Council to redirect these funds to the rail infrastructure costs at Dunaskin. It is anticipated that this permission will be granted.

During the year ended 31 January 1997 the Company purchased a Barclay 0-6-0 locomotive 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 £7,028 including the current year release of £886.

12. 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.

^a The values are calculated from the following equation:

$$T_{\text{eff}} = \frac{T_0}{1 + \left(\frac{\alpha}{\beta} \right) \left(\frac{1}{1 - \exp(-\beta)} \right)}$$
where T_0 is the initial temperature, α is the activation energy divided by the gas constant (R) and β is the reciprocal of the time multiplied by the heating rate.

$\gamma = 0.05$ $\gamma = 0.01$ $\gamma = 0.001$ $\gamma = 0.0001$

Ayrshire Railway Preservation Group

Income and Expenditure Account
for the Year Ended 31 January 2002

	<u>31.1.02</u>		<u>31.1.01</u>	
	£	£	£	£
INCOMING RESOURCES				
Donations & Grants:				
Donations	2,543		486	
Grant received	<u>1,000</u>		<u>-</u>	
		3,543		486
Operating Activities:				
Steam days		4,268		4,384
Activities for Generating Funds:				
Subscriptions	812		926	
50:50 Club subscriptions	371		365	
Sales stand sales	27,358		19,629	
Sundry sales	-		450	
Hire of locomotive	<u>804</u>		<u>-</u>	
		29,345		21,370
Investment Income:				
Building society interest	767		758	
Bank interest (gross)	<u>91</u>		<u>122</u>	
		<u>858</u>		<u>880</u>
TOTAL INCOMING RESOURCES		<u>38,014</u>		<u>27,120</u>
Transfer to General Fund				
Grant release		4,682		5,243
RESOURCES EXPENDED				
Operating Activity Expenses:				
Steam day expenses	1,181		677	
Repairs & renewals	658		1,748	
Haulage	150		-	
Professional fees	289		303	
Bad debts	5		18	
Rent	675		673	
Rates & water	488		381	
Insurance	3,431		3,126	
Light & heat	54		78	
Depreciation	<u>7,143</u>		<u>78</u>	
		14,074		14,953
Cost of Generating Funds:				
Shop	23,329		16,457	
Duke Magazine	(3)		-	
50:50 Club prizes	<u>157</u>		<u>185</u>	
		23,483		16,642
Carried forward		<u>37,557</u>		<u>31,595</u>

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 2002

	<u>31.1.02</u>		<u>31.1.01</u>	
	£	£	£	£
Brought forward		37,557		31,595
Management & Administration:				
Post, stationery & advertising	2,328		2,228	
Sundry expenses	417		369	
Auditors remuneration	420		500	
Legal fees	250		-	
Bank charges	<u>142</u>		<u>193</u>	
		<u>3,557</u>		<u>3,290</u>
TOTAL RESOURCES EXPENDED		<u>41,114</u>		<u>34,885</u>
 NET SURPLUS/(DEFICIT) FOR YEAR		<u><u>£1,582</u></u>		<u><u>£(2,522)</u></u>

This page does not form part of the statutory financial statements

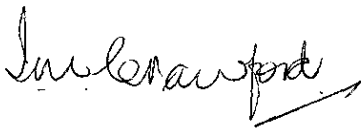
Ayrshire Railway Preservation Group

Report of the Independent Examiner to the Directors of
Ayrshire Railway Preservation Group

As described on the balance sheet, you are responsible for the preparation of the financial statements for the year ended 31 January 2002 set out on pages four to twelve and you consider that the company is exempt from an audit in accordance with Section 249A of the Companies Act 1985.

In order to assist you to fulfill your statutory responsibilities and in accordance with your instructions, I have examined these unaudited financial statements as compiled by you. I would confirm that they are consistent with the accounting records and information and explanations supplied to me.

Isobel M Crawford



Date:

10th October, 2002