

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales · Charity number 1022834

Details

Other names	A1 STEAM LOCOMOTIVE TRUST, A1 STEAM LOCOMOTIVE TRUST LTD
Status	Registered
Legal form	Charitable company
Company number	02636924
Registered	1993-06-21
Register	View on the Charity Commission register

Contact

Address	Darlington Locomotive Works 9 Bonomi Way Darlington County Durham DL3 0PY
Phone	01325460163
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Website	www.a1steam.com

Activities

Objects: (1) TO STUDY, RESEARCH, PRESERVE, RESTORE, DESIGN, CONSTRUCT, DEVELOP, ENHANCE, MAINTAIN AND OPERATE STEAM LOCOMOTIVES AND ALL OTHER ASPECTS OF THE RAILWAY HERITAGE OF THE LONDON & NORTH EASTERN RAILWAY FOR THE PUBLIC BENEFIT FOR EDUCATIONAL AND INSTRUCTIONAL PURPOSES, INCLUDING WITHOUT LIMITATION, THE COMPANY'S EXISTING PEPPERCORN CLASS A1 LOCOMOTIVE, 'TORNADO' A GRESLEY CLASS P2 LOCOMOTIVE AND THE KYLCHAP DOUBLE BLAST PIPE AND CHIMNEY; AND(2) TO PRESERVE AND IMPROVE THE GENERAL, HISTORICAL, ENGINEERING AND SCIENTIFIC KNOWLEDGE AND EXPERTISE REGARDING THE ABOVE RAILWAY HERITAGE, FOR THE PUBLIC BENEFIT FOR EDUCATIONAL AND INSTRUCTIONAL PURPOSES.

Activities: To build, preserve, operate and exhibit for public benefit, for educational benefit and instructional purposes locomotives of historical or scientific importance, in particular a peppercorn class A1 express passenger locomotive.

Classification

- **How:** Other Charitable Activities
- **What:** Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,197,635	£792,120	£7,695,019	7
2024-03-31	£1,282,672	£1,142,193	£7,289,504	7
2023-03-31	£1,651,768	£682,123	£7,964,309	7
2022-03-31	£1,924,188	£1,834,660	£6,179,380	7
2021-03-31	£1,635,464	£877,875	£6,089,852	7

Trustees

Name	Role	Appointed
COLONEL STEPHEN DAVIES MBE	Chair	2019-10-07
Elizabeth Alexandra Ross Gibson		2023-05-13
Gary Nigel Hughes		2026-01-14
Graeme Bunker-James		2026-01-14
Graham Langer		2017-01-21
James Christopher Walker		2014-04-04
Martin Brian Welsh		2025-01-15
Richard John Courteney-Harris		2025-07-01
Wayne Alan Kyte		2024-06-11

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales - Charity number 1022834

Accounts

The A1 Steam Locomotive Trust
(A company limited by guarantee)

Trustees' report
and
consolidated financial statements

Year ended 31 March 2025

Registered charity number 1022834
Registered company number 2636924

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Report of the trustees (including the Strategic Report) for the year

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2025. The trustees have adopted the provisions of the Statements of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

Reference and administrative details

<u>Charity number:</u>	1022834
<u>Company number:</u>	2636924
<u>Registered Office:</u>	Darlington Locomotive Works, 9 Bonomi Way, Darlington, DL3 0PY
<u>Auditors:</u>	S&W Group Partners Limited, 17 Queens Lane, Newcastle Upon Tyne, NE1 1RN.
<u>Bankers:</u>	Yorkshire Bank plc, 46 High Street, Stockton on Tees, Cleveland, TS18 1SE
<u>Solicitors:</u>	DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds LS1 4BY
<u>Directors and trustees:</u>	

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to collectively as the trustees.

The trustees who served during the year and since the year end were as follows:

Col. S Davies
R J Courteney-Harris
G P Langer
B M McDonald (resigned 28 November 2025)
J C Walker
E A R Gibson
W A Kyte
M B Welsh (appointed 15 January 2025)
G Bunker-James (appointed 14 January 2026)

Fair review of the business

Objectives and activities

The Company's objects are: -

- (i) to study, research, preserve, restore, design, construct, develop, enhance, maintain and operate steam locomotives and all other aspects of the railway heritage of the London & North Eastern Railway for the public benefit for educational and instructional purposes, including without limitation, the Company's existing Peppercorn Class A1 locomotive, 'Tornado', a Gresley Class P2 locomotive and the Kylchap double blast pipe and chimney; and
- (ii) to preserve and improve the general, historical, engineering and scientific knowledge and expertise regarding the above railway heritage, for the public benefit for educational and instructional purposes.

Report of the trustees for the year – continued

The policies adopted to further the objectives of the company were and continue to be:

- i) covenants and donations
- ii) sponsorship from British industry and commerce
- iii) assistance from local authorities and grant assistance bodies.
- iv) the seeking of funding from commercial lenders

It is believed that the charity's assets will be available and adequate to meet charitable company's objectives.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Trust's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

Achievements and performance

The Trust concluded this accounting period with *Tornado's* overhaul completed and as at the end of the period was about to commence mainline European Train Control System (ETCS) testing on the Cambrian line in early April 2025. This was a welcome step forward, having experienced delays for various reasons, as disclosed in prior years. *Tornado* successfully completed these tests and then made a welcome return to mainline operations in April 2025. At the time of writing (late 2025) *Tornado* has successfully returned to operational status. A series of mainline Railtours have been undertaken over the spring and summer of 2025, with more in the works for later 2025 and into 2026. *Tornado* remains the sole mainline certified steam locomotive to be so equipped and thus may enjoy a degree of monopoly as the network is progressively converted to ETCS operation. However, as was indicated in the previous accounts, the overhaul (and to an extent the impact of fitting ETCS) has disproportionately drawn on the resources of the Trust as unexpected engineering challenges had to be addressed. Consequently, the Trust's Council of Trustees has had to focus heavily on the tight management of resources to ensure that the myriad of projects running in parallel with the overhaul received a fair and balanced allocation of funding as affordability allowed. This has also been a challenge, but the Trustees are confident in the future financial stability of the organization, although all are clear of the need to rebuild adequate reserves across the full breadth of activity. The continued support of our many supporters and donors is humbling and very generous- this is reflected in both the income figures within these accounts but also the income raised in the period subsequently both from supporters and commercial income.

In addition to *Tornado's* return to operational status, the Trust has also made some notable achievements. The track work project to connect the Darlington Locomotive Works (DLW) to the mainline was in full operation at the balance sheet date, with a completion date to be achieved of September 2025 to coincide with the Stockton & Darlington 200th anniversary events. Thanks to the many generous donations of our supporters of around £350,000 along with a large volunteer effort, and considerable assistance from the Army, this project was met on time and under the initial budget of £450,000. The benefits of being able to bring *Tornado* 'home' by mainline connection generate a series of tangible and intangible benefits to the Trust. We thank everyone who has made this possible.

While the Trust's focus during the 2024-25 accounting period had to be on returning *Tornado* to operational status, the Trust did take advantage of opportunities on the P2 *Prince of Wales* that presented themselves. The monobloc and tender are now in place at DLW, and the boiler is due to be delivered in October 2025. These steps undertaken during the challenging environment mean the Trust can now look to progress in 2025-26 on the P2 locomotive

The Trust also continued to pay down the Coronavirus Business Interruption Loan, with the final payment due in May 2026- this has been a considerable undertaking by the Trust, which secured the Trust at an uncertain time. Upon repayment, this will allow the Trust to commence the rebuilding of reserves.

Report of the trustees for the year – continued

The next year will see a balanced portfolio of work from operating *Tornado*, and to assess the optimum mix of commercial models considering changing market and main line heritage operating conditions. Moreover, we recently played a major part in the Darlington-based celebrations to commemorate the bicentenary of the Stockton & Darlington Railway, taking full advantage of the largely complete track layout. This meant DLW was able to welcome icons of Steam such as *Flying Scotsman*, *Sir Nigel Gresley* and the replica of *Locomotion No1 and train*.

As ever, the Trustees continue to face a heavy workload, facing many challenges within the industry and wider economy, a heavy workload which belies the fact that the Trustees are all volunteers, motivated by altruism. However, supported by an energetic and highly appreciated body of dedicated staff, volunteers, we anticipate a positive and productive 2026.

Financial Review

A number of unplanned, unforeseen and relatively costly events have caused the Trust significant financial difficulties during the year:

- **Engineering Issues.** Some on-going engineering snagging issues were discovered during the running in period post overhaul and these have also taken a considerable amount of time to resolve. The fitment of European Traffic Control System (ETCS) to *Tornado* alongside the overhaul led to additional works being required prior to the testing taking place. The cost of this is covered by Network Rail but, as *Tornado* is the prototype installation for a steam locomotive, there have inevitably been delays due to the need to design and manufacture components and, in some cases, re-design and manufacture in the light of practical experience.
- **Operations.** The effect of delays on the overhaul and ETCS installation has led to *Tornado* not being able to operate commercially during the 2024-25 period. However as mentioned elsewhere this situation has been resolved and *Tornado* has undertaken significant levels of operations since April 2025.

Other matters which have affected our situation, worthy of note here, include:

- **Fundraising.** In light of these events, it has continued to be a challenge to build up reserves and there have also been some on-going reductions in regular charitable donations as the cost-of-living increase bites. However, the loss of numbers of regular donors has been offset by others increasing their monthly donations. We have also been fortunate in having a number of generous one-off donations during the year. Now *Tornado* is operational, the costs of overhaul should be in the past, and the reserves can be replenished once the CBILS repayments (see below) are completed in May 2026.
- **The Coronavirus Business Interruption Loan Scheme.** The 5-year Coronavirus Business Interruption Loan Scheme (CBILS) referred to in last year's report was drawn down in May 2021. As planned, it was used to allow various long-lead major components for the P2 to be ordered. Loan repayments commenced in November 2021, 6 months after the loan was made available. Interest payments commenced 12 months after the loan was received. Unfortunately, the regular increases in the Bank Rate between December 2021 and August 2023 have had another considerable impact on our ability to build up reserves. However, the monthly payments of both interest and capital amounts have all been made on time and the loan has 4 months of the repayment schedule remaining at the time of writing.
- **Trackwork.** As mentioned last year in relation to the movement of premises- as part of the agreement with our Council landlords, in order to attract rent at below market rates on the new facilities, the Trust committed to a track laying programme outside the new premises. During late 2024 and throughout 2025 considerable fund raising and focus was in place on this requirement to ensure the Trust met its obligation and deadline of September 2025. This effort again diverted funds towards this specific project, which ultimately opens many future opportunities to the Trust on the short, medium and long term. It also means that *Tornado* can use its own maintenance facilities instead of having to find outside premises and expensive road transport to move her. This will generate considerable financial and management costs over future years.

Report of the trustees for the year – continued

Plans for future periods

Following delivery of new cylinder block for *Prince of Wales* and the new boiler work will be able to commence on the major assembly of the P2. There has been an impact on fund raising due to Covid 19 and this, combined with the substantial delay in the delivery of the boiler as mentioned above, will delay completion of the new locomotive, which is not now expected until 2028.

Structure, governance and management

Governing documents

The A1 Steam Locomotive Trust is a non-profit making company, registration number 2636924 and is limited by guarantee. The charitable company's governing documents are its Memorandum and Articles of Association originally dated 12th August 1991 and Bye-laws adopted on 3rd November 2001. The company is registered as a charity with the Charity Commission. Any person may become a member of the company upon approval of an application to this effect by the council of management of the company. There are currently 7 members of the company each of whom has agreed to contribute £1 in the event of the charity being wound up.

Appointment of trustees

As set out in the Articles of Association, the council of management may from time to time and at any time appoint any member of the company as a member of the council, either to fill a casual vacancy or by way of addition to the council, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain his office only until the next annual general meeting, but he shall then be eligible for re-election. At every annual general meeting one-third of the members of the council for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. Any member so retiring may offer himself for re-election.

Trustee induction and training

New trustees will have already familiarised themselves with proceedings at council meetings as it is the policy of the company to invite potential trustees to attend council meetings prior to their appointment. Whilst trustees are free to attend seminars and training courses the company has no mandatory policy that they do so. Copies of the memorandum and articles of association and bye-laws are available to all trustees.

Related parties

The charitable company has five associated companies one of which, Tornado Steam Traction Limited, operates the completed locomotive, Tornado Merchandising Limited deals with "Tornado" merchandise, The P2 Steam Locomotive Company Limited, its purpose being to build the new P2 class steam locomotive and Tender Construction Company Limited, which successfully completed the construction of the tender for the locomotive, but since repayment of the lease to William Cook Cast Products Limited, has been renamed The V4 Steam, Locomotive Company Limited, its purpose being to build the new V4 locomotive. The A1SLT Support Services Company Limited has the purpose of ensuring that costs of running the Trust that are not specific to any of the specific charity companies are recognised and re-allocated to the various entities in an equitable manner.

Organisation

The affairs of the charitable company are managed by the council of management which consists of a minimum of three members and a maximum of fifteen members who act as directors of the company for the purposes of company law and trustees for the purposes of charity law. There are currently seven members of the council. The council meets every two months and a telephone meeting is held when necessary. Each member of the council is responsible for a particular area of the company's affairs and he reports to the council accordingly. A chairman is elected from the members of the council of management who assumes the overall responsibility for the day to day operations of the charitable company. No single trustee has the authority to bind the charitable company and it is policy that all material decisions require the approval of a majority of the council of management. All payments of charitable funds in excess of £500 require the approval of two trustees.

Report of the trustees for the year – continued

Risk management

The board has assessed and continues to assess the major risks to which the charity is exposed, in particular those relating to the operation of a new steam locomotive on the modern railway and finances of the charity, and is satisfied that systems are in place to mitigate exposure to the major risks facing the charity. The operating licence for the locomotive is fundamental to the objectives of the charity and thus the risks involved are the subject of constant review by the trustees and advice from individuals familiar with the necessary procedures is regularly obtained.

Fundraising

Neither the Trust nor its subsidiaries employ or utilise any outside person or organisation to carry out fundraising on its behalf. The public are invited to donate to the charity by distribution of leaflets and advertisements in relevant railway journals or by accessing the Trusts website, but no individual or group is approached direct unless the Trust is invited to do so. No complaints have ever been received about its fundraising activities.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The A1 Steam Locomotive Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Auditors

In accordance with the company's articles, a resolution for the reappointment of S & W Partners Audit Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M B Welsh

Trustee

Date 25/3/2026

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust

Opinion

We have audited the financial statements of The A1 Steam Locomotive Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, The Group and the Parent Charitable Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2025, and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and under section 151 of the Charities Act 2011, and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with the framework through:

- Outsourcing payroll, accounts preparation and tax compliance to external experts.
- The Board's close oversight through regular board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006, Charity Commission Statement of Recommended Practice (SORP) on Accounting and Reporting by Charities and FRS 102 in respect of the preparation and presentation of the financial statements.
- The Charities Act 2011 with respect to governance and regulatory requirements.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Making enquires of directors and management as to whether they have any knowledge of non-compliance with significant laws and regulations.
- Performed a review of board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- The manipulation of the financial statements through manual journal entries.
- The incorrect recognition of covenant income and donations from fraud or error.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts.
- Substantive testing of the completeness, accuracy and timing of revenue recognition for covenant and donations income.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

S Easton

27/3/2026

**Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of S&W Partners Audit Limited
Chartered Accountants and
Statutory Auditor**

17 Queens Lane
Newcastle Upon Tyne
NE1 1RN

Consolidated statement of financial activities (including summary income and expenditure account) for the year ended 31 March 2025

	Note	Restricted funds £	Unrestricted funds £	Total 2025 £	Total 2024 £
Income:					
<i>Income from charitable activities:</i>					
Covenants	4	465,162	-	465,162	745,162
Donations and legacies	5	700,330	-	700,330	454,785
<i>Income from other trading activities:</i>					
Commercial trading operations	6	30,477	-	30,477	81,656
Investment income		1,666	-	1,666	1,069
Total income		1,197,635	-	1,197,635	1,282,672
Expenditure:					
<i>Expenditure on charitable activities:</i>					
Charitable activities	9	572,846	-	572,846	709,536
<i>Costs of raising funds:</i>					
Commercial trading operations	10	219,274	-	219,274	432,657
Total expenditure		792,120	-	792,120	1,142,193
Net income/expenditure before transfers		405,515	-	405,515	140,479
Transfers		-	-	-	-
Net movement in funds		405,515	-	405,515	140,479
Reconciliation of funds					
Funds brought forward at 1 April 2024		7,289,504	-	7,289,504	7,149,025
Funds carried forward at 31 March 2025	20	7,695,019	-	7,695,019	7,289,504

The statement of financial activities includes all gains and losses recognised in the year. All funds are restricted income funds save that if funds were given with a request that they be applied to the purchase of a specific part of the locomotive or the support coach, such request has been honoured.

The incoming resources and resulting net movement in funds arise from continuing operations.

Consolidated and Charity Balance Sheets as at 31 March 2025

	Note	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £ Restated
Fixed assets					
Tangible assets	14	7,526,506	7,416,376	4,714,602	4,620,905
Investments	15	-	-	305	305
		<u>7,526,506</u>	<u>7,416,376</u>	<u>4,714,907</u>	<u>4,621,210</u>
Current assets					
Stock		82,205	82,219	700	700
Debtors	16	209,536	312,560	3,145,899	3,253,079
Cash at bank and in hand		324,220	299,206	266,587	140,277
		<u>615,961</u>	<u>693,985</u>	<u>3,413,186</u>	<u>3,394,056</u>
Creditors: amounts falling due within one year	17	(390,699)	(598,420)	(210,056)	(266,837)
Net current assets		<u>225,261</u>	<u>95,565</u>	<u>3,203,130</u>	<u>3,127,219</u>
Total assets less current liabilities		7,751,768	7,511,941	7,918,037	7,748,429
Creditors: amounts due falling after one year	18	(56,749)	(222,437)	(56,749)	(222,437)
Net assets		<u>7,695,019</u>	<u>7,289,504</u>	<u>7,861,288</u>	<u>7,525,992</u>
The funds of the charity					
Restricted funds	20	7,686,431	7,280,916	7,852,700	7,517,404
Revaluation reserve	20	8,588	8,588	8,588	8,588
		<u>7,695,019</u>	<u>7,289,504</u>	<u>7,861,288</u>	<u>7,525,992</u>

The trustees have prepared the group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 12 to 28 form part of these accounts.

These financial statements were approved by the board of trustees on 25/3/2026 and were signed on its behalf by:



M B Welsh
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows as at 31 March 2025

	Note	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Net cash flow from operating activities:					
<i>Net cash provided by/ (used in) operating activities</i>	22	553,867	427,649	638,730	736,652
Cash flow from investing activities					
Interest received		484	1,069	484	(486)
Purchase of fixed assets		(360,863)	(745,357)	(344,430)	(683,835)
Proceeds from sale fixed assets		-	-	-	-
<i>Net cash provided by/ (used in) investing activities</i>		(360,379)	(744,288)	(343,946)	(684,321)
Cash Flow from financing activities					
Income from new bank loans		-	15,000	-	15,000
Repayment of new loans		(168,474)	(148,029)	(168,474)	(147,592)
		(168,474)	(133,029)	(168,474)	(132,592)
Change in cash and cash equivalents in the reporting period		25,014	(449,668)	126,310	(80,261)
Cash and cash equivalents at the beginning of the year		299,206	748,874	140,277	220,538
Cash and cash equivalents at the end of the year		324,220	299,206	266,587	140,277
Cash and cash equivalents consist of:					
Cash at bank and in hand		324,220	299,206	266,587	140,277

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The A1 Steam Locomotive Trust meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Tornado Steam Traction Limited, Tornado Merchandising Limited, and The P2 Steam Locomotive Company Limited, The V4 Steam Locomotive Company Limited and The A1SLT Support Services Company Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

1.4 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities includes income earned from the hire of the A1 Locomotive and sale of merchandise. Income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Income received for the supply of goods is recognised when the risk and rewards of ownership have been transferred.

Investment income includes interest which is recognised when receivable.

Notes to the financial statements (continued)

1.5 Donated services and facilities

Donated services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have met, and the receipt of economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

Donated 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 benefit on the open market; a corresponding amount is then recognised in the expenditure for the period.

1.6 Fund accounting

Restricted funds are available to spend in activities that further any of the purposes of the charity. Designated funds are restricted funds for the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Expenditure on charitable activities includes direct and support costs incurred in the management of the charity's activities

Other trading expenditure represents costs incurred in raising funds from the sale of goods and services those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.8 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 11.

Notes to the financial statements (continued)

1.9 Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost and subsequently measured at cost or valuation less accumulated depreciation and accumulated impairment losses. The A1 locomotive and its support coach is depreciated over a period of twenty years in equal annual instalments to its residual value of £1.5 million.

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Otherwise depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	25% per annum
Computer equipment	-	3 years straight line

1.10 Investments

Investments are stated at market value according to the guidelines of the Statement of Recommended Practice: Accounting by Charities.

1.11 Stock of merchandise and locomotive spares

Stock of the above items are valued at the lower of cost or net realisable value.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.15 Taxation

The A1 Steam Locomotive Trust is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 of the Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

Notes to the financial statements (continued)

1.16 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.

1.17 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of The A1 Steam Locomotive Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability, expected future financial performance of the asset and depreciated replacement cost.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Legal status

A1 Steam Locomotive Trust is a company limited by guarantee, registered in England and Wales (Company Number 2636924). There are currently 7 trustees who are members of the company each of whom has guaranteed to contribute an amount not exceeding £1 in the event of the company being wound up during the time they are members or within one year thereafter.

Notes to the financial statements (continued)

3 Financial performance of the charity

	2025 £	2024 £ Restated
Incoming resources	1,170,860	1,204,397
Less: Costs of generating funds	<u>(11,968)</u>	<u>(11,247)</u>
Net incoming resources available for charitable application	1,158,893	1,193,150
Charitable expenditure	<u>(573,682)</u>	<u>(731,839)</u>
Net incoming resources before exceptional items	585,210	461,311
Provision against loan to Tornado Steam Traction Limited	(151,012)	(38,376)
Provision against loan to The P2 Steam Locomotive Company Ltd	<u>(98,901)</u>	<u>(63,489)</u>
Net incoming resources after exceptional items	335,297	359,446
Total funds brought forward	<u>7,525,991</u>	<u>7,166,546</u>
Total funds carried forward	<u><u>7,861,288</u></u>	<u><u>7,525,992</u></u>
Represented by:		
Restricted funds	7,852,700	7,517,404
Revaluation reserve	<u>8,588</u>	<u>8,588</u>
	<u><u>7,861,288</u></u>	<u><u>7,525,992</u></u>

4 Income from charitable activities

	2025 £	2024 £
Covenants	465,162	745,162
	<u>465,162</u>	<u>745,162</u>

Income from covenants is attributable to restricted funds.

5 Income from donations

	2025 £	2024 £
Donations	573,135	337,031
Gift Aid	122,311	111,292
Other Income	<u>4,884</u>	<u>6,462</u>
	<u><u>700,330</u></u>	<u><u>454,785</u></u>

Income from donations is attributable to restricted funds.

The trust benefits from the support of volunteers within the running of the income generating activities and the administration of the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Notes to the financial statements (continued)

6 Income from trading activities

	2025	2024
	£	£
Sales of tour tickets	8,625	59,002
Merchandise sales	14,229	10,796
Other	7,623	11,858
	<u>30,477</u>	<u>81,656</u>

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries Tornado Steam Traction Limited and Tornado Merchandising Limited, which operate the locomotive and sell merchandise respectively, and the P2 Steam Locomotive Company.

The summary financial performance of the subsidiaries is shown below:

	The P2 Steam Locomotive Company Limited £	Tornado Steam Traction Limited £	Tornado Merchandising Limited £	The V4 Steam Locomotive Company Limited £	The A1SLT Support Services Limited £	Total 2025 £	Total 2024 £
Turnover	1,866	9,648	14,388	-	118,627	144,529	222,096
Cost of sales and administration costs	(100,767)	(122,380)	(11,990)	(594)	(68,177)	(303,908)	(507,944)
Interest receivable	-	-	-	-	-	-	-
Net Profit	<u>(98,901)</u>	<u>(112,732)</u>	<u>2,398</u>	<u>(594)</u>	<u>50,450</u>	<u>(159,379)</u>	<u>(285,850)</u>

The assets and liabilities of the subsidiaries were:

Fixed assets	2,811,543	361	-	-	-	2,811,904	2,821,415
Current assets	448,994	139,744	32,358	1,023	176,973	799,092	540,653
Current liabilities	(4,220,689)	(2,187,303)	(17,605)	(6,206)	(142,676)	(6,574,479)	(6,160,687)
	<u>(960,152)</u>	<u>(2,047,198)</u>	<u>14,753</u>	<u>(5,183)</u>	<u>34,297</u>	<u>(2,963,483)</u>	<u>(2,798,619)</u>
Aggregate share capital and reserves	<u>(960,152)</u>	<u>(2,047,198)</u>	<u>14,753</u>	<u>(5,183)</u>	<u>34,297</u>	<u>(2,963,483)</u>	<u>(2,798,619)</u>

Notes to the financial statements (continued)

7 Income from investments

All of the charitable company's investment income arises from the interest on money held in interest bearing deposit accounts.

8 Analysis of income and surplus for the year

All income and the surplus for the year are derived from the charitable company's principal activity.

	2025 £	2024 £
<i>The surplus for the year is stated after charging:</i>		
Auditors remuneration	10,000	3,930
Accountancy and other services	2,500	-
Depreciation	<u>165,540</u>	<u>165,550</u>

9 Analysis of expenditure on charitable activities

	2025 £	2024 £
Charitable activities	530,511	673,660
Support costs	<u>42,336</u>	<u>35,876</u>
	<u>572,846</u>	<u>709,536</u>

10 Analysis of expenditure on trading activities

	2025 £	2024 £
Trading activities	<u>219,274</u>	<u>432,657</u>
	<u>219,274</u>	<u>432,657</u>

11 Support costs

	2025 £	2024 £
Printing, postage, stationery and administration	4,167	5,932
Legal and professional	25,684	2,215
Consultancy fees	4,212	1,785
Telephone	-	2,379
Interest payable and similar charges	1,040	14,609
Sundry expenses	3,733	5,456
Governance costs	3,500	3,500
	<u>42,336</u>	<u>35,876</u>

Notes to the financial statements (continued)

12 Governance costs

	2025 £	2024 £
Auditor's remuneration	10,000	3,930
	<u>10,000</u>	<u>3,930</u>
	<u>10,000</u>	<u>3,930</u>

13 Analysis of staff costs

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Wages	142,415	138,570	-	-
National Insurance	2,001	6,816	-	-
Pension	1,521	2,482	-	-
	<u>145,937</u>	<u>147,868</u>	<u>-</u>	<u>-</u>
	<u>145,937</u>	<u>147,868</u>	<u>-</u>	<u>-</u>

	Group 2025	Group 2024	Charity 2025	Charity 2024
Number of staff	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

13 Analysis of staff costs (cont.)

Direct expenses incurred by trustees are reimbursed, if claimed. The reimbursement of Trustees expenses, which mainly relate to travelling expenses in respect of performing the above special projects, was as follows:

	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£	£	£	£
Huw Parker	515	214	515	214
Benjamin McDonald	428	2,268	428	2,268
Richard Courteney-Harris	-	278	-	278
Col. Steve Davies	418	155	418	155
Elizabeth Gibson	-	556	-	556
Chris Walker	242	-	242	-
Paul Bruce	-	1,315	-	1,315
Total	<u>1,602</u>	<u>4,786</u>	<u>1,602</u>	<u>4,786</u>

In addition to the expenses shown above, Paul Bruce, was remunerated as a contractor due to his skills as a railway consultant. During the year costs of £46,338 (2024: £71,400) were charged to the charity and reimbursed in full by a third party. Ben McDonald was also remunerated as a contractor due to his skills as a railway consultant. During the year costs of £23,588 (2024: £35,937) were charged to the charity and reimbursed in full by a third party. At the year end £3,110 was due to Ben McDonald.

Due to the increasing workload, the charity now has seven employees working in Darlington Locomotive Works, being the Office Manager, an Administrator and an Assistant Mechanical Engineer. All other work is performed on a voluntary basis with the exception of sub-contracted management and labour which is capitalised.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows: none (2024 – none). The charity trustees were not paid or received any other benefits from employment in the year £nil (2024 – £nil).

The key management personnel of the charity comprise the trustees. The total employee benefits of the key management personnel of the charity are as disclosed above. Remuneration paid to related parties is disclosed in note 21.

Notes to the financial statements (continued)

14 Tangible fixed assets

Group

	A1 Locomotive	P2 Locomotive	Mark 1 Coaches	Assets under construction	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2024	4,272,976	2,794,977	519,561	597,305	99,708	8,284,526
Additions	341,162	16,433	-	-	3,268	360,863
Disposals	(341,162)	-	-	-	-	(341,162)
	<u>4,272,976</u>	<u>2,811,410</u>	<u>519,561</u>	<u>597,305</u>	<u>102,975</u>	<u>8,304,360</u>
Depreciation						
At 1 April 2024	573,884	-	195,041	-	99,225	868,150
Charge for year	138,649	-	25,978	-	913	165,540
Disposals	(255,968)	-	-	-	-	(255,968)
	<u>456,565</u>	<u>-</u>	<u>221,019</u>	<u>-</u>	<u>100,259</u>	<u>777,722</u>
Net book value						
At 31 March 2025	<u>3,816,411</u>	<u>2,811,410</u>	<u>298,542</u>	<u>597,305</u>	<u>2,838</u>	<u>7,526,506</u>
At 31 March 2024	<u>3,699,092</u>	<u>2,794,977</u>	<u>324,520</u>	<u>597,305</u>	<u>483</u>	<u>7,416,376</u>

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Notes to the financial statements (continued)

Tangible fixed assets (continued)

Company	A1 Locomotive	Mark 1 Coaches	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2024	4,272,974	519,561	93,507	597,307	5,483,349
Additions	341,162	-	3,268	-	344,430
Disposals	(341,162)	-	-	-	(341,162)
	<u>4,272,974</u>	<u>519,561</u>	<u>96,775</u>	<u>597,307</u>	<u>5,486,617</u>
	<u><u>4,272,974</u></u>	<u><u>519,561</u></u>	<u><u>96,775</u></u>	<u><u>597,307</u></u>	<u><u>5,486,617</u></u>
Depreciation					
At 1 April 2024	573,896	195,041	93,507	-	862,444
Charge for year	138,649	25,978	913	-	165,540
Disposals	(255,969)	-	-	-	(255,969)
	<u>456,661</u>	<u>221,019</u>	<u>94,420</u>	<u>-</u>	<u>772,015</u>
	<u><u>456,661</u></u>	<u><u>221,019</u></u>	<u><u>94,420</u></u>	<u><u>-</u></u>	<u><u>772,015</u></u>
Net book value					
At 31 March 2025	<u><u>3,560,429</u></u>	<u><u>298,542</u></u>	<u><u>2,355</u></u>	<u><u>597,307</u></u>	<u><u>4,714,602</u></u>
At 31 March 2024	<u>3,699,078</u>	<u>324,520</u>	<u>-</u>	<u>597,307</u>	<u>4,620,905</u>
	<u><u>3,699,078</u></u>	<u><u>324,520</u></u>	<u><u>-</u></u>	<u><u>597,307</u></u>	<u><u>4,620,905</u></u>

The locomotive was revalued in the year ended 31 March 1994, subsequent construction work is included at cost. Fixtures and fittings, tools and equipment are stated at cost with the exception of tools machinery and equipment, received by way of gift all of which are now written off.

The Trustees have carried out an impairment review to determine the net realisable value and the value in use of both the locomotive and coach. The value in use is considered to be greater than the net book value based upon the replacement cost of the asset.

Disposal of assets related to items replaced during the locomotive overhaul. The costs are estimated using the value of the items being replaced as per FRS102 section 17.27.

Notes to the financial statements (continued)

15 Investments

Details of the subsidiaries of The A1 Steam Locomotive Trust are shown below:

Name	Status	Company number	Ordinary £1 Share capital	Control
The P2 Steam Locomotive Company Limited	Trading	08549849	2	100%
Tornado Steam Traction Ltd	Trading	04336467	100	99%
Tornado Merchandising Limited	Trading	07357964	100	100%
The V4 Steam Locomotive Company Limited	Trading	05417383	100	99%
The A1SLT Support Services Limited	Trading	13244889	1	100%
21 st Century Steam Limited	Dormant	11330729	1	100%
21 st Century Rolling Stock Limited	Dormant	11331808	1	100%

16 Debtors

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Trade debtors	22,483	21,282	13,471	1,603
Amount due from Tornado Steam Traction Limited	-	-	-	-
Amount due from Tornado Merchandising Limited	-	-	31,847	21,993
Amount due from The P2 Steam Locomotive Company	-	-	3,046,806	3,069,197
Amount due from The V4 Steam Locomotive Company	-	-	8,463	8,213
Other debtors	172,053	196,492	30,312	94,606
Prepayments	15,000	94,786	15,000	57,467
	209,536	312,560	3,145,899	3,253,079

17 Creditors: amounts falling due within one year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Bank loan	157,528	160,314	134,778	137,564
Trade creditors	158,400	254,978	71,539	118,079
Amount due to P2 Steam Locomotive Company	-	-	-	-
Amount due to P2 Steam Locomotive – Construction Loan	-	-	-	-
Amount due to V4 Construction Company	-	-	591	591
Other creditors and accruals	16,536	51,026	3,148	10,603
Deferred income	47,433	119,279	-	-
Taxation and social security costs	10,802	12,823	-	-
	390,699	598,420	210,056	266,837

Notes to the financial statements (continued)

18 Creditors: amounts falling due after one year

	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£	£	£	£
Bank loan	<u>56,749</u>	<u>222,437</u>	<u>56,749</u>	<u>222,437</u>

The aggregate amount for creditors due after one year for which security has been given amounted to £56,749 (2024: £214,277). Security is in the form of a fixed and floating charge of the assets of the charitable company.

19 Deferred income

	Deferred income £
Deferred income brought forward	119,279
Amounts released in the year	(71,846)
Amounts charged in the year	-
	<u>47,433</u>

Deferred income relates to sales made for locomotive tours which fall after 31 March 2025.

20 Restricted funds

	Revaluation Reserve	A1 No 60163 Tornado	P2 No 2007 Prince of Wales	V4 Locomotive	Total
	£	£	£	£	£
Group					
At 31 March 2024	8,588	3,730,155	3,549,761	1,000	7,289,504
Income for the year	-	877,317	320,318	-	1,197,635
Expenditure for the year	-	(697,417)	(94,703)	-	(792,120)
	<u>8,588</u>	<u>3,910,055</u>	<u>3,775,376</u>	<u>1,000</u>	<u>7,695,019</u>
Charity – current year					
At 31 March 2024	8,588	3,861,001	3,656,403	-	7,525,992
Income for the year	-	850,542	320,318	-	1,170,860
Expenditure for the year	-	(585,651)	-	-	(585,651)
Intra group loan provision	-	(151,012)	(98,901)	-	(249,913)
At 31 March 2025	<u>8,588</u>	<u>3,974,880</u>	<u>3,877,820</u>	<u>-</u>	<u>7,861,288</u>

Notes to the financial statements (continued)

Restricted funds

	Revaluation Reserve	A1 No 60163 Tornado	P2 No 2007 Prince of Wales	V4 Locomotive	Total
	£	£	£	£	£
Charity – prior year			restated		restated
At 31 March 2023	8,588	3,758,870	4,196,851	-	7,964,309
Prior year adjustment	-	-	(797,763)	-	(797,763)
Restated balance	8,588	3,758,870	3,399,088	-	7,166,546
Income for the year	-	883,593	320,804	-	1,204,397
Expenditure for the year	-	(743,086)	-	-	(743,086)
Intra group loan provision	-	(38,376)	(63,489)	-	(101,865)
At 31 March 2024	8,588	3,861,001	3,656,403	-	7,525,992

An error has been identified in the prior period accounts relating to a provision which should have been made against amounts recoverable from The P2 Steam Locomotive Company. A total provision of £861,252 should have been made being a provision of £797,763 at 31 March 2023 and an increase in the provision of £63,489 for the year ended 31 March 2024. As noted above, the prior year figures have been adjusted accordingly, with the impact being a reduction to 2024 net incoming resources of £63,489 and a decrease of £861,252 to debtors and funds at 31 December 2024.

In the opinion of the trustees' sufficient resources are held in an appropriate form for each reserve to be applied in accordance with any restrictions imposed.

21 Related party transactions

Donations from trustees in the year were £345.

Trustees remuneration is disclosed in note 13.

Notes to the financial statements (continued)

22 Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	Group 2025	Group 2024	Charity 2025	Charity 2024
	£	£	£	£
Net income for the year	405,515	140,479	335,297	407,185
Interest received	(484)	(1,069)	(484)	486
Depreciation of tangible fixed assets	165,540	165,540	165,540	165,540
Loss on sale of assets	85,195	196,213	85,195	170,280
Decrease/(increase) in debtors	103,022	(44,025)	107,178	(231)
(Decrease)/increase in creditors	(204,935)	(34,636)	(53,994)	(6,608)
Decrease/(increase) in stock	14	5,147	(2)	-
Net cash flow from operating activities	<u>553,867</u>	<u>427,649</u>	<u>638,730</u>	<u>736,652</u>

23 Analysis of changes in net debt

	1 April 2024	Cash flows	At 31 March 2025
Group	£	£	£
Long term borrowings	(382,751)	168,474	(214,277)
Cash and cash equivalents	299,206	25,014	324,220
Net cash flow from operating activities	<u>(83,545)</u>	<u>193,488</u>	<u>109,953</u>

	1 April 2024	Cash flows	At 31 March 2025
Charity	£	£	£
Long term borrowings	(360,001)	168,474	(191,527)
Cash and cash equivalents	140,277	126,310	266,587
Net cash flow from operating activities	<u>(219,724)</u>	<u>294,784</u>	<u>75,060</u>

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales - Charity number 1022834

Accounts

**The A1 Steam Locomotive Trust
(A company limited by guarantee)**

Trustees' report
and
consolidated financial statements

Year ended 31 March 2024

Registered charity number 1022834
Registered company number 2636924

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Report of the trustees (including the Strategic Report) for the year

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2024. The trustees have adopted the provisions of the Statements of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

Reference and administrative details

<u>Charity number:</u>	1022834
<u>Company number:</u>	2636924
<u>Registered Office:</u>	Darlington Locomotive Works, 9 Bonomi Way, Darlington, DL3 0PY
<u>Auditors:</u>	CLA Evelyn Partners Limited, 17 Queens Lane, Newcastle Upon Tyne, NE1 1RN.
<u>Bankers:</u>	Yorkshire Bank plc, 46 High Street, Stockton on Tees, Cleveland, TS18 1SE
<u>Solicitors:</u>	DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds LS1 4BY
<u>Directors and trustees:</u>	

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to collectively as the trustees.

The trustees who served during the year and since the year end were as follows:

Col. S Davies
P Bruce (Resigned 11 October 2023)
G Bunker-James (Resigned 9 November 2023)
R J Courteney-Harris
G P Langer
B M McDonald
H J Parker (Resigned 31 December 2023)
J C Walker
E A R Gibson (appointed 25 October 2023)
W A Kyte (appointed 11 June 2024)

Fair review of the business

Objectives and activities

The Company's objects are: -

- (i) to study, research, preserve, restore, design, construct, develop, enhance, maintain and operate steam locomotives and all other aspects of the railway heritage of the London & North Eastern Railway for the public benefit for educational and instructional purposes, including without limitation, the Company's existing Peppercorn Class A1 locomotive, 'Tornado', a Gresley Class P2 locomotive and the Kylchap double blast pipe and chimney; and
- (ii) to preserve and improve the general, historical, engineering and scientific knowledge and expertise regarding the above railway heritage, for the public benefit for educational and instructional purposes.

Report of the trustees for the year – continued

The policies adopted to further the objectives of the company were and continue to be:

- i) covenants and donations
- ii) sponsorship from British industry and commerce
- iii) assistance from local authorities and grant assistance bodies.
- iv) the seeking of funding from commercial lenders

It is believed that the charity's assets will be available and adequate to meet charitable company's objectives.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Trust's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

Achievements and performance

The Trust concluded this accounting period with Tornado's overhaul still in full swing, having experienced delays for various reasons. At time of writing (late 2024) the work is virtually complete (but annoyingly we still have to deal with a number of small 'snagging' issues) and on the verge of conducting the main line test runs required to certify the locomotive for revenue earning operation on the national network. European Train Control System (ETCS) has been successfully fitted (the first steam locomotive to receive it) and we now anticipate a period of testing of this groundbreaking signaling system, and possible remunerative demonstration opportunities for wider commercial audiences. This achievement, and the challenge of fitting ETCS in parallel with a major overhaul, should not be underestimated in terms of its importance to the Trust. For the time being, however, Tornado will be the sole mainline certified steam locomotive to be so equipped and thus may enjoy a degree of monopoly as the network is progressively converted to ETCS operation. However, as was indicated in the previous accounts, the overhaul (and to an extent the impact of fitting ETCS) has disproportionately drawn on the resources of the Trust as unexpected engineering challenges had to be addressed. Consequently, the Trust's Council of Trustees has had to focus heavily on the tight management of resources to ensure that the myriad projects running in parallel with the overhaul received a fair and balanced allocation of funding as affordability allowed. This has also been a challenge, but the Trustees are now more confident in the future financial stability of the organization, although all are clear of the need to build up adequate reserves across the full breadth of activity. Of note, however, is the extent to which the Trust has benefited from in-kind and gratis support, and the considerable volume of work undertaken by the Army in laying our new track infrastructure is a keen example of the Trust achieving significant added value through the nurturing of positive partnerships. We have also benefited hugely from the continuing (and growing) generosity of our many supporters, who have remained supportive in large measure, including a steady stream of legacy income.

The next year will see considerable efforts to maximize income from operating Tornado, and to assess the optimum mix of commercial models in light of changing market and main line heritage operating conditions. We will also be redoubling our focus on the building of the P2 Prince of Wales, and in tandem restructuring and resourcing our engineering function. Moreover, we anticipate playing a major part in the Darlington-based celebrations to commemorate the bicentenary of the Stockton & Darlington Railway, taking full advantage of what we hope will be a largely complete track layout. A significant amount of work will therefore be required of Trustees to address these and other issues and to put the Trust on a more stable footing in the wake of the global and industry challenges of the last 3 years or so – a heavy workload which belies the fact that the Trustees are all volunteers, motivated by altruism. However, supported by an energetic and highly appreciated body of volunteers we anticipate a positive and productive 2025.

Report of the trustees for the year – continued

Financial Review

A number of unplanned, unforeseen and relatively costly events have caused the Trust significant financial difficulties during the year:

- **Boilers.** Covid 19 has continued to have an indirect impact on our finances. This was particularly due to the supplier's inability to deliver the new boilers because of various lockdowns and restrictions in 2020 and 2021, plus consequent skilled labour shortages, particularly in Germany where the boilers are constructed. As a result, the existing boiler had to be refurbished 5 years earlier than planned. This has had a considerable impact on Trust cashflows. Over the longer-term matters will return to normal as there will be no need to refurbish the boiler in 5 years as the new one should have been delivered by then. This has caused the major overhaul of Tornado to run extremely late and impact operations, a key source of income.
- **Engineering Issues.** Some important engineering issues were discovered during the overhaul and these have also taken a considerable amount of time and expense to resolve. It was also decided to fit the new European Traffic Control System (ETCS) to Tornado as part of the overhaul. The cost of this is covered by Network Rail but, as Tornado is the prototype installation for a steam locomotive, there have inevitably been delays due to the need to design and manufacture components.
- **Operations.** The effect of delays on the overhaul and ETCS installation has led to Tornado not being able to operate at all during the 2023-24 financial year. Additionally, it has not been possible to undertake any of the 2024-25 planned operations, so Tornado Steam Traction has been incurring costs, whilst not earning any revenue, since January 2023. All pre-booked ticket sales had to be refunded during 2024. This was completed without difficulty as the advance ticket sales money is kept in a separate account and only released for use when a trip has been successfully completed. However, as the cash was not available to release for use, this led to severe cashflow issues during 2024, which have been carefully and proactively managed.

Other matters which have affected our situation, worthy of note here, include:

- **Fundraising.** It has, of course been completely impossible to build up reserves and there have also been some on-going reductions in regular charitable donations as the cost-of-living increase bites. However, the loss of numbers of regular donors has been offset by others increasing their monthly donations. We have also been fortunate in having a number of generous one-off donations during the year. We received a substantial legacy towards the end of 2023, which greatly assisted dealing with the lack of Tornado income and helped combatting the cashflow problems. The work on both overhaul and ETCS is expected to be completed before the end of 2024, at which time action to build back up the reserves will commence.
- **P2 Prince of Wales.** Three major components of the P2, Prince of Wales were ordered around the time of the commencement of the Covid restrictions. The cylinder block, was delivered in late 2023 and the tender frames were delivered in June 2024. Delivery of the boiler has been further delayed and is now expected early in 2025. In all cases the payments were staged over the period of manufacture so that only the final instalments for the tender frames and boiler are now outstanding. The effect of this up-front expenditure and the need to allocate engineering employees to work on the overhaul of Tornado has meant that it has not been possible to do much work on the actual construction of the P2 locomotive itself. As a result, the ability to hold public gatherings to raise additional funds, to support the construction of the P2 Prince of Wales has been limited.
- **The Coronavirus Business Interruption Loan Scheme (CBILS)** referred to in last year's report was drawn down in May 2021. As planned, it was used to allow various long-lead major components (referred to above) for the P2 to be ordered. Loan repayments commenced in November 2021, 6 months after the loan was made available. Interest payments commenced 12 months after the loan was received. Unfortunately, the regular increases in the Bank Rate between December 2021 and August 2023 have had another considerable impact on our ability to build up reserves. However, the monthly payments of both interest and capital amounts have all been made on time and the loan has 18 months of the repayment schedule remaining at the time of writing.
- **Enforced Move of Premises.** Another considerable influence on our cash, not in the period covered by this report, is that the Trust has had to move premises. This has allowed for the original offices and workshop to be converted into a railway heritage site by Darlington Borough Council, in readiness for the celebrations, in 2025, of the 200th anniversary of the first passenger railway operations in the world, between Darlington and Stockton.

Report of the trustees for the year – continued

- The timescale for this was outside our control and incurred considerable costs, which again impacted on our reserves and cashflow. As part of the agreement with our Council landlords, in order to attract rent at below market rates on the new facilities, the Trust is committed to a track laying programme outside the new premises. During late 2024 and throughout 2025 considerable activity will be necessary to lay rail track to link the new premises to the main adjacent railway line. This will permit not only our own locomotives to access the premises for maintenance without involving problematical road transport movements, but will also allow visiting trains access for servicing before returning to their originating point. Both activities will financially benefit the Trust in the longer term. It is expected that this will be a regular occurrence during and after the 2025 anniversary celebrations.

Plans for future periods

Following delivery of new cylinder block for *Prince of Wales* and the new boiler work will be able to commence on the major assembly of the P2. There has been an impact on fund raising due to Covid 19 and this, combined with the substantial delay in the delivery of the boiler as mentioned above, will delay completion of the new locomotive, which is not now expected until 2026.

Structure, governance and management

Governing documents

The A1 Steam Locomotive Trust is a non-profit making company, registration number 2636924 and is limited by guarantee. The charitable company's governing documents are its Memorandum and Articles of Association originally dated 12th August 1991 and Bye-laws adopted on 3rd November 2001. The company is registered as a charity with the Charity Commission. Any person may become a member of the company upon approval of an application to this effect by the council of management of the company. There are currently nine members of the company each of whom has agreed to contribute £1 in the event of the charity being wound up.

Appointment of trustees

As set out in the Articles of Association, the council of management may from time to time and at any time appoint any member of the company as a member of the council, either to fill a casual vacancy or by way of addition to the council, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain his office only until the next annual general meeting, but he shall then be eligible for re-election. At every annual general meeting one-third of the members of the council for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. Any member so retiring may offer himself for re-election.

Trustee induction and training

New trustees will have already familiarised themselves with proceedings at council meetings as it is the policy of the company to invite potential trustees to attend council meetings prior to their appointment. Whilst trustees are free to attend seminars and training courses the company has no mandatory policy that they do so. Copies of the memorandum and articles of association and bye-laws are available to all trustees.

Related parties

The charitable company has five associated companies one of which, Tornado Steam Traction Limited, operates the completed locomotive, Tornado Merchandising Limited deals with "Tornado" merchandise, The P2 Steam Locomotive Company Limited, its purpose being to build the new P2 class steam locomotive and Tender Construction Company Limited, which successfully completed the construction of the tender for the locomotive, but since repayment of the lease to William Cook Cast Products Limited, has been renamed The V4 Steam, Locomotive Company Limited, its purpose being to build the new V4 locomotive. The A1SLT Support Services Company Limited has the purpose of ensuring that costs of running the Trust that are not specific to any of the specific charity companies are recognised and re-allocated to the various entities in an equitable manner.

Organisation

The affairs of the charitable company are managed by the council of management which consists of a minimum of three members and a maximum of fifteen members who act as directors of the company for the purposes of company law and trustees for the purposes of charity law. There are currently seven members of the council. The council meets every two months and a telephone meeting is held when necessary. Each member of the council is responsible for a

particular area of the company's affairs and he reports to the council accordingly. A chairman is elected from the members of the council of management who assumes the overall responsibility for the day to day operations of the charitable company. No single trustee has the authority to bind the charitable company and it is policy that all material decisions require the approval of a majority of the council of management. All payments of charitable funds in excess of £500 require the approval of two trustees.

Risk management

The board has assessed and continues to assess the major risks to which the charity is exposed, in particular those relating to the operation of a new steam locomotive on the modern railway and finances of the charity, and is satisfied that systems are in place to mitigate exposure to the major risks facing the charity. The operating licence for the locomotive is fundamental to the objectives of the charity and thus the risks involved are the subject of constant review by the trustees and advice from individuals familiar with the necessary procedures is regularly obtained.

Fundraising

Neither the Trust nor its subsidiaries employ or utilise any outside person or organisation to carry out fundraising on its behalf. The public are invited to donate to the charity by distribution of leaflets and advertisements in relevant railway journals or by accessing the Trusts website, but no individual or group is approached direct unless the Trust is invited to do so. No complaints have ever been received about its fundraising activities.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The A1 Steam Locomotive Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.


In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Auditors

In accordance with the company's articles, a resolution for the reappointment of CL Evelyn Partners Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J C Walker', with a horizontal flourish underneath.

J C Walker

Trustee

Date 26th January 2025

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust

Opinion

We have audited the financial statements of The A1 Steam Locomotive Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, The Group and the Parent Charitable Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2024, and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussion with key management over any incidences of fraud in the year;
- Review of systems and controls to ensure that these are sufficient to detect fraud and non-compliance with laws and regulations relevant to the entity.
- Assessment of the risk of management override of controls via a review of journal entries made during the year, and particularly the year end, and obtaining further information where necessary;
- Reviewing accounting estimates for reasonableness and consideration of assumptions in those estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

S Easton

Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of CLA Evelyn Partners Limited
Chartered Accountants and
Statutory Auditor

27/1/2025

17 Queens Lane
Newcastle Upon Tyne
NE1 1RN

Consolidated statement of financial activities (including summary income and expenditure account) for the year ended 31 March 2024

	<i>Note</i>	Restricted funds £	Unrestricted funds £	Total 2024 £	Total 2023 £
Income:					
<i>Income from charitable activities:</i>					
Covenants	4	745,162	-	745,162	428,949
Donations and legacies	5	454,785	-	454,785	1,164,720
<i>Income from other trading activities:</i>					
Commercial trading operations	6	81,656	-	81,656	58,400
Investment income		1,069	-	1,069	(301)
Total income		<u>1,282,672</u>	<u>-</u>	<u>1,282,672</u>	<u>1,651,768</u>
Expenditure:					
<i>Expenditure on charitable activities:</i>					
Charitable activities	9	709,536	-	709,536	389,451
<i>Costs of raising funds:</i>					
Commercial trading operations	10	432,657	-	432,657	292,672
Total expenditure		<u>1,142,193</u>	<u>-</u>	<u>1,142,193</u>	<u>682,123</u>
Net income/expenditure before transfers		<u>140,479</u>	<u>-</u>	<u>140,479</u>	<u>989,645</u>
Transfers		-	-	-	-
Net movement in funds		<u>140,479</u>	<u>-</u>	<u>140,479</u>	<u>989,645</u>
Reconciliation of funds					
Funds brought forward at 1 April 2023		7,149,025	-	7,149,025	6,179,380
Funds carried forward at 31 March 2024	20	<u>7,289,504</u>	<u>-</u>	<u>7,289,504</u>	<u>7,149,025</u>

The statement of financial activities includes all gains and losses recognised in the year. All funds are restricted income funds save that if funds were given with a request that they be applied to the purchase of a specific part of the locomotive or the support coach, such request has been honoured.

The incoming resources and resulting net movement in funds arise from continuing operations.

Consolidated and Charity Balance Sheets as at 31 March 2024

	Note	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible assets	14	7,416,376	7,032,772	4,620,905	4,272,890
Investments	15	-	-	305	305
		<u>7,416,376</u>	<u>7,032,772</u>	<u>4,621,210</u>	<u>4,273,195</u>
Current assets					
Stock		82,219	87,366	700	699
Debtors	16	312,560	268,540	4,114,327	4,098,351
Cash at bank and in hand		299,206	748,874	140,277	220,538
		<u>693,985</u>	<u>1,104,780</u>	<u>4,255,306</u>	<u>4,319,588</u>
Creditors: amounts falling due within one year	17	<u>(598,420)</u>	<u>(646,460)</u>	<u>(266,837)</u>	<u>(286,407)</u>
Net current assets		<u>95,565</u>	<u>458,320</u>	<u>3,988,469</u>	<u>4,033,181</u>
Total assets less current liabilities		<u>7,511,941</u>	<u>7,491,092</u>	<u>8,609,680</u>	<u>8,306,376</u>
Creditors: amounts due falling after one year	18	(222,437)	(342,067)	(222,437)	(342,067)
Net assets		<u><u>7,289,504</u></u>	<u><u>7,149,025</u></u>	<u><u>8,387,242</u></u>	<u><u>7,964,309</u></u>
The funds of the charity					
Restricted funds	20	7,280,916	7,140,437	8,378,655	7,955,721
Revaluation reserve	20	8,588	8,588	8,588	8,588
		<u><u>7,289,504</u></u>	<u><u>7,149,025</u></u>	<u><u>8,387,242</u></u>	<u><u>7,964,309</u></u>

The trustees have prepared the group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 12 to 25 form part of these accounts.

These financial statements were approved by the board of trustees on 26 January 2025 and were signed on its behalf by:



J C Walker
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows as at 31 March 2024

	Note	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Net cash flow from operating activities:					
<i>Net cash provided by/ (used in) operating activities</i>	22	427,649	1,054,377	736,652	925,886
Cash flow from investing activities					
Interest received		1,069	301	(486)	877
Purchase of fixed assets		(745,357)	(1,520,743)	(683,835)	(1,276,183)
<i>Net cash provided by/ (used in) investing activities</i>		(744,288)	(1,520,442)	(684,321)	(1,275,306)
Cash Flow from financing activities					
Income from new bank loans		15,000	25,000	15,000	-
Repayment of new loans		(148,029)	(156,448)	(147,592)	(155,540)
		(133,029)	(131,448)	(132,592)	(155,540)
Change in cash and cash equivalents in the reporting period		(449,668)	(597,513)	(80,261)	(504,960)
Cash and cash equivalents at the beginning of the year		748,874	1,346,387	220,538	725,498
Cash and cash equivalents at the end of the year		299,206	748,874	140,277	220,538
Cash and cash equivalents consist of:					
Cash at bank and in hand		299,206	748,874	140,277	220,538

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The A1 Steam Locomotive Trust meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Tornado Steam Traction Limited, Tornado Merchandising Limited, and The P2 Steam Locomotive Company Limited, The V4 Steam Locomotive Company Limited and The A1SLT Support Services Company Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

1.4 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities includes income earned from the hire of the A1 Locomotive and sale of merchandise. Income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Income received for the supply of goods is recognised when the risk and rewards of ownership have been transferred.

Investment income includes interest which is recognised when receivable.

Notes to the financial statements (continued)

1.5 Donated services and facilities

Donated services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have met, and the receipt of economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

Donated 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 benefit on the open market; a corresponding amount is then recognised in the expenditure for the period.

1.6 Fund accounting

Restricted funds are available to spend in activities that further any of the purposes of the charity. Designated funds are restricted funds for the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Expenditure on charitable activities includes direct and support costs incurred in the management of the charity's activities

Other trading expenditure represents costs incurred in raising funds from the sale of goods and services those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.8 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 11.

Notes to the financial statements (continued)

1.9 Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost and subsequently measured at cost or valuation less accumulated depreciation and accumulated impairment losses. The A1 locomotive and its support coach is depreciated over a period of twenty years in equal annual instalments to its residual value of £1.5 million.

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Otherwise depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	25% per annum
Computer equipment	-	3 years straight line

1.10 Investments

Investments are stated at market value according to the guidelines of the Statement of Recommended Practice: Accounting by Charities.

1.11 Stock of merchandise and locomotive spares

Stock of the above items are valued at the lower of cost or net realisable value.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.15 Taxation

The A1 Steam Locomotive Trust is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 of the Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

Notes to the financial statements (continued)

1.16 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.

1.17 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of The A1 Steam Locomotive Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability, expected future financial performance of the asset and depreciated replacement cost.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Legal status

A1 Steam Locomotive Trust is a company limited by guarantee, registered in England and Wales (Company Number 2636924). There are currently eight trustees who are members of the company each of whom has guaranteed to contribute an amount not exceeding £1 in the event of the company being wound up during the time they are members or within one year thereafter.

Notes to the financial statements (continued)

3 Financial performance of the charity

	2024 £	2023 £
Incoming resources	1,204,397	1,600,444
Less: Costs of generating funds	<u>(11,247)</u>	<u>(2,871)</u>
Net incoming resources available for charitable application	1,193,150	1,597,573
Charitable expenditure	<u>(731,839)</u>	<u>(423,978)</u>
Net incoming resources before exceptional items	445,561	1,173,595
Provision against loan to Tornado Steam Traction Limited	<u>(38,376)</u>	<u>(129,393)</u>
Net incoming resources after exceptional items	422,935	1,044,202
Total funds brought forward	<u>7,964,309</u>	<u>6,920,107</u>
Total funds carried forward	<u>8,387,243</u>	<u>7,964,309</u>
Represented by:		
Restricted funds	8,378,655	7,955,721
Revaluation reserve	<u>8,588</u>	<u>8,588</u>
	<u>8,387,243</u>	<u>7,964,309</u>

4 Income from charitable activities

	2024 £	2023 £
Covenants	745,162	428,949
	<u>745,162</u>	<u>428,949</u>

Income from covenants is attributable to restricted funds.

5 Income from donations

	2024 £	2023 £
Donations	337,031	306,359
Gift Aid	111,292	97,399
Other Income	<u>6,462</u>	<u>760,962</u>
	<u>454,785</u>	<u>1,164,720</u>

Income from donations is attributable to restricted funds.

The trust benefits from the support of volunteers within the running of the income generating activities and the administration of the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Notes to the financial statements (continued)

6 Income from trading activities

	2024	2023
	£	£
Sales of tour tickets	59,002	48,775
Merchandise sales	10,796	4,087
Other	11,858	5,538
	<u>81,656</u>	<u>58,400</u>

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries Tornado Steam Traction Limited and Tornado Merchandising Limited, which operate the locomotive and sell merchandise respectively, and the P2 Steam Locomotive Company.

The summary financial performance of the subsidiaries is shown below:

	The P2 Steam Locomotive Company Limited	Tornado Steam Traction Limited	Tornado Merchandising Limited	The V4 Steam Locomotive Company Limited	The A1SLT Support Services Limited	Total 2024	Total 2023
	£	£	£	£	£	£	£
Turnover	38,507	60,052	10,813	-	112,722	222,096	161,630
Cost of sales and administration costs	(101,996)	(260,405)	(14,594)	(104)	(130,845)	(507,944)	(365,584)
Interest receivable	-	-	-	-	-	-	4
Net Profit	<u>(63,489)</u>	<u>(200,353)</u>	<u>(3,781)</u>	<u>(104)</u>	<u>(18,123)</u>	<u>(285,850)</u>	<u>(203,950)</u>

The assets and liabilities of the subsidiaries were:

Fixed assets	2,821,054	361	-	-	-	2,821,415	2,759,880
Current assets	318,236	174,190	27,249	1,516	19,462	540,653	790,942
Current liabilities	<u>(4,000,540)</u>	<u>(2,104,033)</u>	<u>(14,394)</u>	<u>(6,105)</u>	<u>(35,615)</u>	<u>(6,160,687)</u>	<u>(6,035,593)</u>
	<u>(861,250)</u>	<u>(1,929,482)</u>	<u>12,855</u>	<u>(4,589)</u>	<u>(16,153)</u>	<u>(2,798,619)</u>	<u>(2,484,771)</u>
Aggregate share capital and reserves	<u>(861,250)</u>	<u>(1,929,482)</u>	<u>12,855</u>	<u>(4,589)</u>	<u>(16,153)</u>	<u>(2,798,619)</u>	<u>(2,484,771)</u>

Notes to the financial statements (continued)

7 Income from investments

All of the charitable company's investment income arises from the interest on money held in interest bearing deposit accounts.

8 Analysis of income and surplus for the year

All income and the surplus for the year are derived from the charitable company's principal activity.

	2024 £	2023 £
<i>The surplus for the year is stated after charging:</i>		
Auditors remuneration	3,930	3,500
Accountancy and other services	-	6,123
Depreciation	<u>165,550</u>	<u>105,551</u>

9 Analysis of expenditure on charitable activities

	2024 £	2023 £
Charitable activities	673,660	332,765
Support costs	<u>35,876</u>	<u>56,686</u>
	<u>709,536</u>	<u>389,451</u>

10 Analysis of expenditure on trading activities

	2024 £	2023 £
Trading activities	<u>432,657</u>	<u>292,672</u>
	<u>432,657</u>	<u>292,672</u>

11 Support costs

	2024 £	2023 £
Printing, postage, stationery and administration	5,932	5,513
Legal and professional	2,215	6,123
Consultancy fees	1,785	4,620
Telephone	2,379	6,543
Interest payable and similar charges	14,609	26,382
Sundry expenses	5,456	4,005
Governance costs	3,500	3,500
	<u>35,876</u>	<u>56,686</u>

Notes to the financial statements (continued)

12 Governance costs

	2024	2023
	£	£
Auditor's remuneration	3,930	3,500
	<u>3,930</u>	<u>3,500</u>
	<u><u>3,930</u></u>	<u><u>3,500</u></u>

13 Analysis of staff costs

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£	£	£	£
Wages	138,570	158,205	-	-
National Insurance	6,816	7,589	-	-
Pension	2,482	2,306	-	-
	<u>147,868</u>	<u>168,100</u>	<u>-</u>	<u>-</u>
	<u><u>147,868</u></u>	<u><u>168,100</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	Group	Group	Charity	Charity
	2024	2023	2024	2023
Number of staff	7	7	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Included in staff costs is remuneration to a close family member of a trustee who holds an administrative position at the charity. Remuneration made in the year was £25,962.

Notes to the financial statements (continued)

13 Analysis of staff costs (cont.)

Direct expenses incurred by trustees are reimbursed, if claimed. The reimbursement of Trustees expenses, which mainly relate to travelling expenses in respect of performing the above special projects, was as follows:

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£	£	£	£
Graeme Bunker-James	-	-	-	-
Huw Parker	214	217	214	217
Benjamin McDonald	2,268	1,895	2,268	1,895
Richard Courteney-Harris	278	-	278	-
Col. Steve Davies	155	-	155	
Elizabeth Gibson	556	-	556	
Paul Bruce	<u>1,315</u>	<u>2,088</u>	<u>1,315</u>	<u>2,088</u>
Total	<u>4,786</u>	<u>4,200</u>	<u>4,786</u>	<u>4,200</u>

In addition to the expenses shown above, Paul Bruce, was remunerated as a contractor due to his skills as a railway consultant. During the year costs of £71,400 (2023: £91,080) were charged to the charity and reimbursed in full by a third party. Ben McDonald was also remunerated as a contractor due to his skills as a railway consultant. During the year costs of £35,937 (2023: £31,720) were charged to the charity and reimbursed in full by a third party. At the year end £7,928 was due to Ben McDonald.

Due to the increasing workload, the charity now has three direct employees working in Darlington Locomotive Works, being the Office Manager, an Administrator and an Assistant Mechanical Engineer. A Works Manager is being recruited. All other work is performed on a voluntary basis with the exception of sub-contracted management and labour which is capitalised.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows: none (2023 – none). The charity trustees were not paid or received any other benefits from employment in the year £nil (2023 – £nil).

The key management personnel of the charity comprise the trustees. The total employee benefits of the key management personnel of the charity are as disclosed above. Remuneration paid to related parties is disclosed in note 21.

Notes to the financial statements (continued)

14 Tangible fixed assets

Group

	A1 Locomotive	P2 Locomotive	Mark 1 Coaches	Assets under construction	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2023	4,272,976	2,759,398	519,561	597,305	99,708	8,248,948
Additions	683,835	61,522	-	-	-	745,357
Disposals	(683,835)	(25,944)	-	-	-	(709,779)
At 31 March 2024	4,272,976	2,794,977	519,561	597,305	99,708	8,284,526
Depreciation						
At 1 April 2023	948,801	-	169,063	-	98,312	1,216,176
Charge for year	138,649	-	25,978	-	913	165,540
Disposals	(513,566)	-	-	-	-	(513,566)
At 31 March 2024	573,884	-	195,041	-	99,225	868,150
Net book value						
At 31 March 2024	3,699,092	2,794,977	324,520	597,305	483	7,416,376
At 31 March 2023	3,324,175	2,759,398	350,498	597,305	1,396	7,032,772

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Notes to the financial statements (continued)

Tangible fixed assets (continued)

Company	A1 Locomotive	Mark 1 Coaches	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2023	4,272,974	519,561	93,507	597,307	5,483,349
Additions	683,835	-	-	-	683,835
Disposals	(683,835)	-	-	-	(683,835)
At 31 March 2024	<u><u>4,272,974</u></u>	<u><u>519,561</u></u>	<u><u>93,507</u></u>	<u><u>597,307</u></u>	<u><u>5,483,349</u></u>
Depreciation					
At 1 April 2023	948,801	169,063	92,594	-	1,210,458
Charge for year	138,649	25,978	913	-	165,540
Disposals	(513,554)	-	-	-	(513,554)
At 31 March 2024	<u><u>573,896</u></u>	<u><u>195,041</u></u>	<u><u>93,507</u></u>	<u><u>-</u></u>	<u><u>862,444</u></u>
Net book value					
At 31 March 2024	<u><u>3,699,078</u></u>	<u><u>324,520</u></u>	<u><u>-</u></u>	<u><u>597,307</u></u>	<u><u>4,620,905</u></u>
At 31 March 2023	<u><u>3,324,173</u></u>	<u><u>350,498</u></u>	<u><u>914</u></u>	<u><u>597,305</u></u>	<u><u>4,272,890</u></u>

The locomotive was revalued in the year ended 31 March 1994, subsequent construction work is included at cost. Fixtures and fittings, tools and equipment are stated at cost with the exception of tools machinery and equipment, received by way of gift all of which are now written off.

The Trustees have carried out an impairment review to determine the net realisable value and the value in use of both the locomotive and coach. The value in use is considered to be greater than the net book value based upon the replacement cost of the asset.

Disposal of assets related to items replaced during the locomotive overhaul. The costs are estimated using the value of the items being replaced as per FRS102 section 17.27.

Notes to the financial statements (continued)

15 Investments

Details of the subsidiaries of The A1 Steam Locomotive Trust are shown below:

Name	Status	Company number	Ordinary £1	
			Share capital	Control
The P2 Steam Locomotive Company Limited	Trading	08549849	2	100%
Tornado Steam Traction Ltd	Trading	04336467	100	99%
Tornado Merchandising Limited	Trading	07357964	100	100%
The V4 Steam Locomotive Company Limited	Trading	05417383	100	99%
The A1SLT Support Services Limited	Trading	13244889	1	100%
21 st Century Steam Limited	Dormant	11330729	1	100%
21 st Century Rolling Stock Limited	Dormant	11331808	1	100%

16 Debtors

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Trade debtors	21,282	31,526	1,603	-
Amount due from Tornado Steam Traction Limited	-	-	-	-
Amount due from Tornado Merchandising Limited	-	-	21,993	21,103
Amount due from The P2 Steam Locomotive Company	-	-	3,930,449	3,944,270
Amount due from The V4 Steam Locomotive Company	-	-	8,213	18,481
Other debtors	196,493	149,013	94,602	57,032
Prepayments	94,786	88,001	57,467	57,465
	312,561	268,540	4,114,327	4,098,351

17 Creditors: amounts falling due within one year

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Bank loan	160,314	173,713	137,564	150,526
Trade creditors	254,978	224,022	118,079	125,744
Amount due to P2 Steam Locomotive Company	-	-	-	-
Amount due to P2 Steam Locomotive – Construction Loan	-	-	-	-
Amount due to V4 Construction Company	-	-	591	591
Other creditors and accruals	51,026	15,466	10,603	9,546
Deferred income	119,279	222,117	-	-
Taxation and social security costs	12,823	8,607	-	-
Wages	-	2,534	-	-
	598,420	646,460	266,837	286,407

Notes to the financial statements (continued)

18 Creditors: amounts falling due after one year

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Bank loan	<u>222,437</u>	<u>342,067</u>	<u>222,437</u>	<u>342,067</u>

The aggregate amount for creditors due after one year for which security has been given amounted to £222,437 (2023: £342,067). Security is in the form of a fixed and floating charge of the assets of the charitable company.

19 Deferred income

	Deferred income £
Deferred income brought forward	222,117
Amounts released in the year	(154,253)
Amounts charged in the year	<u>51,415</u>
	<u>119,279</u>

Deferred income relates to sales made for locomotive tours which fall after 31 March 2024.

20 Restricted funds

	Revaluation Reserve £	A1 No 60163 Tornado £	P2 No 2007 Prince of Wales £	V4 Locomotive £	Total £
Group					
At 31 March 2023	8,588	3,808,484	3,330,953	1,000	7,149,025
Income for the year	-	961,868	320,804	-	1,282,672
Expenditure for the year	<u>-</u>	<u>(1,040,197)</u>	<u>(101,996)</u>	<u>-</u>	<u>(1,142,193)</u>
At 31 March 2024	<u>8,588</u>	<u>3,730,155</u>	<u>3,549,761</u>	<u>1,000</u>	<u>7,289,504</u>
Charity					
At 31 March 2023	8,588	3,758,870	4,196,851	-	7,964,309
Income for the year	-	883,593	320,804	-	1,204,397
Expenditure for the year	-	(743,086)	-	-	(743,086)
Intra group loan provision	-	(38,376)	-	-	(38,376)
At 31 March 2024	<u>8,588</u>	<u>3,861,001</u>	<u>4,517,655</u>	<u>-</u>	<u>8,387,244</u>

In the opinion of the trustees' sufficient resources are held in an appropriate form for each reserve to be applied in accordance with any restrictions imposed.

Notes to the financial statements (continued)

21 Related party transactions

The son-in-law of David Elliott, who was a trustee up until 18 November 2020, provides engineering services to the charity as a contractor through a personal service company, Alan Parkin Engineering Limited. During the year an amount of £22,065 (2023: £40,547) was paid to Alan Parkin Engineering Limited. At the year end, an amount of £nil (2023: nil) was owed to Alan Parkin Engineering Limited.

Amounts were also paid to a former trustee, David Elliott, for engineering services provided to the charity in relation to a specific project. Cost and expenses of £12,289 (2023: £58,988) were charged to the charity and reimbursed in full by a third party.

Donations from trustees in the year were £10,705.

Trustees remuneration is disclosed in note 13.

22 Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Net income for the year	140,479	989,570	407,185	1,064,127
Interest received	(1,069)	301	486	(877)
Depreciation of tangible fixed assets	165,540	105,551	165,540	105,351
Sale of assets	196,213	-	170,280	
Decrease/(increase) in debtors	(44,025)	(32,003)	(231)	(284,257)
(Decrease)/increase in creditors	(34,636)	(9,035)	(6,608)	41,542
Decrease/(increase) in stock	5,147	(7)	-	-
Net cash flow from operating activities	<u>427,649</u>	<u>1,054,377</u>	<u>736,652</u>	<u>925,886</u>

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales - Charity number 1022834

Accounts

**The A1 Steam Locomotive Trust
(A company limited by guarantee)**

Trustees' report
and
consolidated financial statements

Year ended 31 March 2023

Registered charity number 1022834
Registered company number 2636924

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Report of the trustees (including the Strategic Report) for the year

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2023. The trustees have adopted the provisions of the Statements of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

Reference and administrative details

Charity number: 1022834

Company number: 2636924

Registered Office: Darlington Locomotive Works, 9 Bonomi Way, Darlington, DL3 0PY

Auditors: Haines Watts North East Audit LLP, Sterling House, 22 St Cuthbert's Way, Darlington, Co Durham, DL1 1GB

Bankers: Yorkshire Bank plc, 46 High Street, Stockton on Tees, Cleveland, TS18 1SE

Solicitors: DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds LS1 4BY

Directors and trustees:

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to collectively as the trustees.

The trustees who served during the year and since the year end were as follows:

Col. S Davies

P Bruce (Resigned 11 October 2023)

G Bunker-James (Resigned 9 November 2023)

R J Courteney-Harris

G P Langer

B M McDonald

H J Parker (Resigned 31 December 2023)

J C Walker

E A R Gibson (appointed 25 October 2023)

Fair review of the business

Objectives and activities

The Company's objects are:-

- (i) to study, research, preserve, restore, design, construct, develop, enhance, maintain and operate steam locomotives and all other aspects of the railway heritage of the London & North Eastern Railway for the public benefit for educational and instructional purposes, including without limitation, the Company's existing Peppercorn Class A1 locomotive, 'Tornado', a Gresley Class P2 locomotive and the Kylchap double blast pipe and chimney; and
- (ii) to preserve and improve the general, historical, engineering and scientific knowledge and expertise regarding the above railway heritage, for the public benefit for educational and instructional purposes.

Report of the trustees for the year – continued

The policies adopted to further the objectives of the company were and continue to be:

- i) covenants and donations
- ii) sponsorship from British industry and commerce
- iii) assistance from local authorities and grant assistance bodies.
- iv) the seeking of funding from commercial lenders

It is believed that the charity's assets will be available and adequate to meet charitable company's objectives.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Trust's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

Achievements and performance

The principal focus of attention during the accounting period was general situational consolidation and the recovery of our financial position in the wake of the Covid restrictions; also to re-establish confidence amongst our supporters, stakeholders and the broader public. In the case of the former, they have continued to be a regular and predictable source of income, essential in the absence of rail tours' income which was seriously curtailed partly because of Covid and partly resulting from the withdrawal from traffic of Tornado for a major overhaul. As alluded to, Tornado was withdrawn from service in order to undergo a major overhaul, and to be fitted (at Network Rail expense) with the European Train Control System (ETCS), the first steam locomotive in the world to be equipped with this digital signaling system which will be a mandatory requirement if we wish to remain operating on the UK's main line in the near future. The overhaul has significantly over-run given a combination of unexpected problems with the engine and a slower-than-anticipated rate of fitting ETCS. At the time of writing, we are about a month away from completion and Tornado is expected to be back in revenue-earning service in March 2024. The major impact of the extended overhaul has been an increase in the spend involved, over and above the anticipated budget. This has been unavoidable, but we remain confident that we will now get a significant period of service out of the locomotive before the need for a further heavy overhaul, and we are set fair for a period of efficient and profitable train operation, managed by our train operating company, Tornado Steam Traction Limited, trading as 21st Century Steam.

In parallel with all this turbulence, we occupied our brand-new works in Darlington which is leased to us by Darlington Borough Council. This facility now allows us to place most of our stock indoors under cover, and has given our staff and volunteers excellent, modern accommodation. Construction of our new LNER P2 Class locomotive – Prince of Wales – is moving forward within this new facility and 2024 will see the arrival and/or fitting of several major components, including the boiler, cylinders, lead pony truck and tender frames.

In summary, the Trust has emerged/is emerging from a very turbulent period. However, strong financial controls, clear and efficient coordination of business, minimizing risk – all underpinned by a highly motivated and capable Board (one of the best in UK railway heritage circles) and a recently recruited main office team who are completely on top of their game – has set us fair to emerge in a healthy position. Although we will be very closely managing and prioritising the allocation of our resources, we are nevertheless most certainly a going concern.

Financial Review

Covid-19 has continued to have an indirect impact on the finances of the Trust due to delays in delivery of boilers because of various lockdowns and restrictions in 2020 and 2021, plus consequent skilled labour shortages, particularly in Germany where the boilers are constructed and refurbished. This has caused the major overhaul of *Tornado* to run very late, leading to the lack of ability to build up reserves and there have also been reductions in regular charitable donations. The periodic major recertification overhaul has precluded the possibility of earnings in the last half of 2022 and in 2023 but involves considerable expenditure. The result is that the reserves built up over previous years, have now been depleted.

Report of the trustees for the year – continued

Three major components of the P2, *Prince of Wales* were ordered around the time of the commencement of the Covid restrictions. One, the cylinder block, has now been delivered; delivery of the other two, the tender frames and the boiler, is imminent. In all cases the payments were staged over the period of manufacture so that only the final instalments for each of them are now outstanding. The effect of this up-front expenditure and the need to allocate engineering employees to work on the overhaul of *Tomado* has meant that it has not been possible to do much work on the actual construction of the P2 locomotive itself. As a result, the ability to hold public gatherings to raise additional funds, to support the construction of the P2 *Prince of Wales* has been limited.

The Coronavirus Business Interruption Loan Scheme (CBILS) referred to in last year's report was drawn down in May 2021. As planned, it was used to allow various long-lead major components (referred to above) for the P2 to be ordered. Loan repayments commenced in November 2021, 6 months after the loan was made available. Interest payments commenced 12 months after the loan was received. Unfortunately, the regular increases in the Bank Rate over recent months has had another considerable impact on our ability to build up reserves. However, the monthly payments of both interest and capital amounts have all been made on time and the loan is now more than 50% repaid, with just under 2.5 years of the repayment schedule remaining.

Costs remain under extremely strict control but are being impacted by the general increases in costs following resumption of economic activity across the world and the need to carry out unforeseen work identified during the overhaul of *Tomado*. Total Group cash at the end of March 2023 was just over £0.5m, of which £185k was in respect of ticket sales for future rail tours and therefore not available for immediate use. The majority of the balance related to restricted funds assigned either to *Tomado* or the *Prince of Wales* activities

Plans for future periods

Following delivery of new cylinder block for *Prince of Wales* and the new boiler work will be able to commence on the major assembly of the P2. There has been an impact on fund raising due to Covid 19 and this, combined with the substantial delay in the delivery of the boiler as mentioned above, will delay completion of the new locomotive, which is not now expected until 2026.

Structure, governance and management

Governing documents

The A1 Steam Locomotive Trust is a non-profit making company, registration number 2636924 and is limited by guarantee. The charitable company's governing documents are its Memorandum and Articles of Association originally dated 12th August 1991 and Bye-laws adopted on 3rd November 2001. The company is registered as a charity with the Charity Commission. Any person may become a member of the company upon approval of an application to this effect by the council of management of the company. There are currently nine members of the company each of whom has agreed to contribute £1 in the event of the charity being wound up.

Appointment of trustees

As set out in the Articles of Association, the council of management may from time to time and at any time appoint any member of the company as a member of the council, either to fill a casual vacancy or by way of addition to the council, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain his office only until the next annual general meeting, but he shall then be eligible for re-election. At every annual general meeting one-third of the members of the council for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. Any member so retiring may offer himself for re-election.

Report of the trustees for the year – continued

Trustee induction and training

New trustees will have already familiarised themselves with proceedings at council meetings as it is the policy of the company to invite potential trustees to attend council meetings prior to their appointment. Whilst trustees are free to attend seminars and training courses the company has no mandatory policy that they do so. Copies of the memorandum and articles of association and bye-laws are available to all trustees.

Related parties

The charitable company has four associated companies one of which, Tornado Steam Traction Limited, operates the completed locomotive, Tornado Merchandising Limited deals with "Tornado" merchandise, The P2 Steam Locomotive Company Limited, its purpose being to build the new P2 class steam locomotive and Tender Construction Company Limited, which successfully completed the construction of the tender for the locomotive, but since repayment of the lease to William Cook Cast Products Limited, has been renamed The V4 Steam, Locomotive Company Limited, its purpose being to build the new V4 locomotive.

Organisation

The affairs of the charitable company are managed by the council of management which consists of a minimum of three members and a maximum of fifteen members who act as directors of the company for the purposes of company law and trustees for the purposes of charity law. There are currently nine members of the council. The council meets every two months and a telephone meeting is held when necessary. Each member of the council is responsible for a particular area of the company's affairs and he reports to the council accordingly. A chairman is elected from the members of the council of management who assumes the overall responsibility for the day to day operations of the charitable company. No single trustee has the authority to bind the charitable company and it is policy that all material decisions require the approval of a majority of the council of management. All payments of charitable funds in excess of £500 require the approval of two trustees.

Risk management

The board has assessed and continues to assess the major risks to which the charity is exposed, in particular those relating to the operation of a new steam locomotive on the modern railway and finances of the charity, and is satisfied that systems are in place to mitigate exposure to the major risks facing the charity. The operating licence for the locomotive is fundamental to the objectives of the charity and thus the risks involved are the subject of constant review by the trustees and advice from individuals familiar with the necessary procedures is regularly obtained.

Fundraising

Neither the Trust nor its subsidiaries employ or utilise any outside person or organisation to carry out fundraising on its behalf. The public are invited to donate to the charity by distribution of leaflets and advertisements in relevant railway journals or by accessing the Trusts website, but no individual or group is approached direct unless the Trust is invited to do so. No complaints have ever been received about its fundraising activities.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The A1 Steam Locomotive Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

In so far as the trustees are aware:

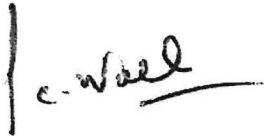
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with the company's articles, a resolution for the reappointment of Haines Watts North East Audit LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

J C Walker
Trustee



Date 17th March 2024

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust

Opinion

We have audited the financial statements of The A1 Steam Locomotive Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, The Group and the Parent Charitable Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2023, and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussion with key management over any incidences of fraud in the year;
- Review of systems and controls to ensure that these are sufficient to detect fraud and non-compliance with laws and regulations relevant to the entity.
- Assessment of the risk of management override of controls via a review of journal entries made during the year, and particularly the year end, and obtaining further information where necessary;
- Reviewing accounting estimates for reasonableness and consideration of assumptions in those estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts North East Audit LLP
Chartered Accountants and
Statutory Auditor

18/03/2024

17 Queens Lane
Newcastle Upon Tyne
NE1 1RN

Consolidated statement of financial activities (including summary income and expenditure account) for the year ended 31 March 2023

	Note	Restricted funds £	Unrestricted funds £	Total 2023 £	Total 2022 £
Income:					
<i>Income from charitable activities:</i>					
Covenants	4	428,949	-	428,949	457,757
Donations and legacies	5	1,164,720	-	1,164,720	431,211
<i>Income from other trading activities:</i>					
Commercial trading operations	6	58,400	-	58,400	1,035,132
Investment income		(301)	-	(301)	88
Total income		<u>1,651,768</u>	<u>-</u>	<u>1,651,768</u>	<u>1,924,188</u>
Expenditure:					
<i>Expenditure on charitable activities:</i>					
Charitable activities	9	389,451	-	389,451	583,112
<i>Costs of raising funds:</i>					
Commercial trading operations	10	292,672	-	292,672	1,251,548
Total expenditure		<u>682,123</u>	<u>-</u>	<u>682,123</u>	<u>1,834,660</u>
Net income/expenditure before transfers		<u>969,645</u>	<u>-</u>	<u>989,645</u>	<u>89,528</u>
Transfers		-	-	-	-
Net movement in funds		<u>969,645</u>	<u>-</u>	<u>989,645</u>	<u>89,528</u>
Reconciliation of funds					
Funds brought forward at 1 April 2022		6,179,380	-	6,179,380	6,089,852
Funds carried forward at 31 March 2023	20	<u>7,149,025</u>	<u>-</u>	<u>7,149,025</u>	<u>6,179,380</u>

The statement of financial activities includes all gains and losses recognised in the year. All funds are restricted income funds save that if funds were given with a request that they be applied to the purchase of a specific part of the locomotive or the support coach, such request has been honoured.

The incoming resources and resulting net movement in funds arise from continuing operations.

Consolidated and Charity Balance Sheets as at 31 March 2023

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible assets	14	7,032,772	5,637,463	4,272,890	3,121,983
Investments	15	-	-	305	305
		<u>7,032,772</u>	<u>5,637,463</u>	<u>4,273,195</u>	<u>3,122,288</u>
Current assets					
Stock		87,366	87,181	699	702
Debtors	16	268,540	236,717	4,098,351	3,814,085
Cash at bank and in hand		748,874	1,346,387	220,538	725,498
		<u>1,104,780</u>	<u>1,670,285</u>	<u>4,319,588</u>	<u>4,540,285</u>
Creditors: amounts falling due within one year	17	<u>(646,460)</u>	<u>(635,776)</u>	<u>(286,407)</u>	<u>(249,874)</u>
Net current assets		<u>7,491,092</u>	<u>6,671,972</u>	<u>8,306,376</u>	<u>7,412,699</u>
Creditors: amounts due falling after one year	18	<u>(342,067)</u>	<u>(492,592)</u>	<u>(342,067)</u>	<u>(492,592)</u>
Net assets		<u><u>7,149,025</u></u>	<u><u>6,179,380</u></u>	<u><u>7,964,309</u></u>	<u><u>6,920,107</u></u>
The funds of the charity					
Restricted funds	20	7,140,437	6,170,792	7,955,721	6,911,519
Revaluation reserve	20	8,588	8,588	8,588	8,588
		<u><u>7,149,025</u></u>	<u><u>6,179,380</u></u>	<u><u>7,964,309</u></u>	<u><u>6,920,107</u></u>

The trustees have prepared the group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 12 to 25 form part of these accounts.

These financial statements were approved by the board of trustees on 17th March 2024 and were signed on its behalf by:



J C Walker
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows as at 31 March 2023

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Net cash flow from operating activities:					
<i>Net cash provided by/ (used in) operating activities</i>	22	1,054,377	(337,780)	925,886	(407,206)
Cash flow from investing activities					
Interest received		301	88	877	-
Purchase of fixed assets		<u>(1,520,743)</u>	<u>(606,048)</u>	<u>(1,276,183)</u>	<u>(116,205)</u>
<i>Net cash provided by/ (used in) investing activities</i>		<u>(1,520,442)</u>	<u>(605,960)</u>	<u>(1,275,306)</u>	<u>(116,205)</u>
Cash Flow from financing activities					
Income from new bank loans		25,000	700,000	-	700,000
Repayment of new loans		<u>(156,448)</u>	<u>(101,852)</u>	<u>(155,540)</u>	<u>(101,852)</u>
		<u>(131,448)</u>	<u>598,148</u>	<u>(155,540)</u>	<u>598,148</u>
Change in cash and cash equivalents in the reporting period		(597,513)	(345,592)	(504,960)	74,737
Cash and cash equivalents at the beginning of the year		<u>1,346,387</u>	<u>1,691,979</u>	<u>725,498</u>	<u>650,761</u>
Cash and cash equivalents at the end of the year		<u>748,874</u>	<u>1,346,387</u>	<u>220,538</u>	<u>725,498</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand		<u>748,874</u>	<u>1,346,387</u>	<u>220,538</u>	<u>725,498</u>

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The A1 Steam Locomotive Trust meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Tornado Steam Traction Limited, Tornado Merchandising Limited, and The P2 Steam Locomotive Company Limited, The V4 Steam Locomotive Company Limited and The A1SLT Support Services Company Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 403 of the Companies Act 2006.

1.4 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities includes income earned from the hire of the A1 Locomotive and sale of merchandise. Income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Income received for the supply of goods is recognised when the risk and rewards of ownership have been transferred.

Investment income includes interest which is recognised when receivable.

Notes to the financial statements (continued)

1.5 Donated services and facilities

Donated services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have met, and the receipt of economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

Donated 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 benefit on the open market; a corresponding amount is then recognised in the expenditure for the period.

1.6 Fund accounting

Restricted funds are available to spend in activities that further any of the purposes of the charity. Designated funds are restricted funds for the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Expenditure on charitable activities includes direct and support costs incurred in the management of the charity's activities

Other trading expenditure represents costs incurred in raising funds from the sale of goods and services those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.8 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 11.

Notes to the financial statements (continued)

1.9 Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost and subsequently measured at cost or valuation less accumulated depreciation and accumulated impairment losses. The A1 locomotive and its support coach is depreciated over a period of twenty years in equal annual instalments to its residual value of £1.5 million.

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Otherwise depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	25% per annum
Computer equipment	-	3 years straight line

1.10 Investments

Investments are stated at market value according to the guidelines of the Statement of Recommended Practice: Accounting by Charities.

1.11 Stock of merchandise and locomotive spares

Stock of the above items are valued at the lower of cost or net realisable value.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.15 Taxation

The A1 Steam Locomotive Trust is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 of the Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

Notes to the financial statements (continued)

1.16 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.

1.17 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of The A1 Steam Locomotive Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability, expected future financial performance of the asset and depreciated replacement cost.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Legal status

A1 Steam Locomotive Trust is a company limited by guarantee, registered in England and Wales (Company Number 2636924). There are currently eight trustees who are members of the company each of whom has guaranteed to contribute an amount not exceeding £1 in the event of the company being wound up during the time they are members or within one year thereafter.

Notes to the financial statements (continued)

3 Financial performance of the charity

	2023 £	2022 £
Incoming resources	1,600,444	889,346
Less: Costs of generating funds	<u>(2,871)</u>	<u>(1,587)</u>
Net incoming resources available for charitable application	1,597,573	887,759
Charitable expenditure	<u>(423,978)</u>	<u>(583,112)</u>
Net incoming resources before exceptional items	1,173,595	304,647
Provision against loan to Tornado Steam Traction Limited	<u>(129,393)</u>	<u>(68,396)</u>
Net incoming resources after exceptional items	1,044,202	236,251
Total funds brought forward	<u>6,920,107</u>	<u>6,683,856</u>
Total funds carried forward	<u><u>7,964,309</u></u>	<u><u>6,920,107</u></u>
Represented by:		
Restricted funds	7,975,650	6,911,519
Revaluation reserve	<u>8,588</u>	<u>8,588</u>
	<u>7,964,309</u>	<u>6,920,107</u>

4 Income from charitable activities

	2023 £	2022 £
Covenants	428,949	457,757
	<u>428,949</u>	<u>457,757</u>

Income from covenants is attributable to restricted funds.

5 Income from donations

	2023 £	2022 £
Donations	306,359	160,745
Gift Aid	97,399	118,420
Other Income	<u>760,962</u>	<u>152,046</u>
	<u><u>1,164,720</u></u>	<u><u>431,211</u></u>

Income from donations is attributable to restricted funds.

The trust benefits from the support of volunteers within the running of the income generating activities and the administration of the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Notes to the financial statements (continued)

6 Income from trading activities

	2023	2022
	£	£
Sales of tour tickets	48,775	828,502
Hire of locomotive	-	108,675
Merchandise sales	4,087	56,840
Other	<u>5,538</u>	<u>41,115</u>
	<u>58,400</u>	<u>1,035,132</u>

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries Tornado Steam Traction Limited and Tornado Merchandising Limited, which operate the locomotive and sell merchandise respectively, and the P2 Steam Locomotive Company.

The summary financial performance of the subsidiaries is shown below:

	The P2 Steam Locomotive Company Limited	Tornado Steam Traction Limited	Tornado Merchandising Limited	The V4 Steam Locomotive Company Limited	The A1SLT Support Services Limited	Total 2023	Total 2022
	£	£	£	£	£	£	£
Turnover	16,802	73,151	4,087	-	67,590	161,630	1,035,132
Cost of sales and administration costs	(106,676)	(196,663)	(3,762)	(96)	(58,387)	(365,584)	(1,250,345)
Interest receivable	-	-	4	-	-	4	88
Net Profit	<u>(89,874)</u>	<u>(123,512)</u>	<u>329</u>	<u>(96)</u>	<u>9,203</u>	<u>(203,950)</u>	<u>(215,125)</u>

The assets and liabilities of the subsidiaries were:

Fixed assets	2,759,398	482	-	-	-	2,759,880	2,515,480
Current assets	389,324	334,877	28,673	1,465	36,603	790,942	820,819
Current liabilities	(3,946,483)	(2,064,490)	(12,037)	(5,950)	(34,633)	(6,035,593)	(5,645,121)
	<u>(797,761)</u>	<u>(1,729,131)</u>	<u>16,636</u>	<u>(4,485)</u>	<u>1,970</u>	<u>(2,484,771)</u>	<u>(2,308,822)</u>
Aggregate share capital and reserves	<u>(797,761)</u>	<u>(1,729,131)</u>	<u>16,636</u>	<u>(4,485)</u>	<u>1,970</u>	<u>(2,484,771)</u>	<u>(2,308,822)</u>

Notes to the financial statements (continued)

7 Income from investments

All of the charitable company's investment income arises from the interest on money held in interest bearing deposit accounts.

8 Analysis of income and surplus for the year

All income and the surplus for the year are derived from the charitable company's principal activity.

	2023 £	2022 £
<i>The surplus for the year is stated after charging:</i>		
Auditors remuneration	3,500	3,500
Accountancy and other services	6,123	737
Depreciation	<u>105,551</u>	<u>105,898</u>

9 Analysis of expenditure on charitable activities

	2023 £	2022 £
Charitable activities	332,765	545,758
Support costs	<u>56,686</u>	<u>37,354</u>
	<u><u>389,451</u></u>	<u><u>583,112</u></u>

10 Analysis of expenditure on trading activities

	2023 £	2022 £
Trading activities	<u>292,672</u>	<u>1,251,548</u>
	<u><u>292,672</u></u>	<u><u>1,251,548</u></u>

11 Support costs

	2023 £	2022 £
Printing, postage, stationery and administration	5,513	13,290
Legal and professional	6,123	737
Consultancy fees	4,620	6,744
Telephone	6,543	6,501
Interest payable and similar charges	26,382	4,481
Sundry expenses	4,005	2,101
Governance costs	3,500	3,500
	<u>56,686</u>	<u>37,354</u>

Notes to the financial statements (continued)

12 Governance costs

	2023 £	2022 £
Auditor's remuneration	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

13 Analysis of staff costs

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Wages	158,205	161,031	-	-
National Insurance	7,589	10,723	-	-
Pension	2,306	3,704	-	-
	<u>168,100</u>	<u>175,458</u>	<u>-</u>	<u>-</u>
	<u><u>168,100</u></u>	<u><u>175,458</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Group 2023	Group 2022	Charity 2023	Charity 2022
Number of staff	7	7	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Included in staff costs is remuneration to a close family member of a trustee who holds an administrative position at the charity. Remuneration made in the year was £27,622.

Notes to the financial statements (continued)

13 Analysis of staff costs (cont.)

Direct expenses incurred by trustees are reimbursed, if claimed. The reimbursement of Trustees expenses, which mainly relate to travelling expenses in respect of performing the above special projects, was as follows:

	Group	Group	Charity	Charity
	2023	2022	2023	2022
	£	£	£	£
Graeme Bunker-James	-	-	-	-
Huw Parker	217	1,581	217	374
Benjamin McDonald	1,895	2,860	1,895	-
Richard Courteney-Harris	-	-	-	-
Paul Bruce	<u>2,088</u>	<u>-</u>	<u>2,088</u>	<u>-</u>
Total	<u>4,200</u>	<u>4,441</u>	<u>4,200</u>	<u>374</u>

In addition to the expenses shown above, Paul Bruce, was remunerated as a contractor due to his skills as a railway consultant. During the year costs of £91,080 (2022: £30,765) were charged to the charity and reimbursed in full by a third party. Ben McDonald was also remunerated as a contractor due to his skills as a railway consultant. During the year costs of £31,720 (2022: £nil) were charged to the charity and reimbursed in full by a third party.

Due to the increasing workload, the charity now has three direct employees working in Darlington Locomotive Works, being the Office Manager, an Administrator and an Assistant Mechanical Engineer. A Works Manager is being recruited. All other work is performed on a voluntary basis with the exception of sub-contracted management and labour which is capitalised.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows: None (2022 – none). The charity trustees were not paid or received any other benefits from employment in the year (2022 – £nil).

The key management personnel of the charity comprise the trustees. The total employee benefits of the key management personnel of the charity are as disclosed above. Remuneration paid to related parties is disclosed in note 21.

Notes to the financial statements (continued)

14 Tangible fixed assets

Group	A1 Locomotive	P2 Locomotive	Mark 1 Coaches	Assets under construction	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2022	3,016,716	2,514,838	519,561	597,305	99,708	6,748,128
Additions	1,256,260	244,560	-	-	-	1,500,820
At 31 March 2023	4,272,976	2,759,398	519,561	597,305	99,708	8,248,948
Depreciation						
At 1 April 2022	872,965	-	143,085	-	94,615	1,110,665
Charge for year	75,836	-	25,978	-	3,697	105,511
At 31 March 2023	948,801	-	169,063	-	98,312	1,216,176
Net book value						
At 31 March 2023	3,324,175	2,759,398	350,498	597,305	1,396	7,033,772
At 31 March 2022	2,143,751	2,514,838	376,476	597,305	5,093	5,637,463

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Notes to the financial statements (continued)

Tangible fixed assets (continued)

Company	A1 Locomotive	Mark 1 Coaches	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2022	3,016,716	519,561	93,508	597,305	4,227,090
Additions	1,256,258	-	-	-	1,256,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	<u>4,272,974</u>	<u>519,561</u>	<u>93,508</u>	<u>597,305</u>	<u>5,483,348</u>
Depreciation					
At 1 April 2022	872,965	143,085	89,057	-	1,105,107
Charge for year	75,836	25,978	3,537	-	105,351
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	<u>948,801</u>	<u>169,063</u>	<u>92,594</u>	<u>-</u>	<u>1,210,458</u>
Net book value					
At 31 March 2023	<u>3,324,173</u>	<u>350,498</u>	<u>914</u>	<u>597,305</u>	<u>4,272,890</u>
At 31 March 2022	<u>2,143,751</u>	<u>376,476</u>	<u>4,451</u>	<u>597,305</u>	<u>3,121,983</u>

The locomotive was revalued in the year ended 31 March 1994, subsequent construction work is included at cost. Fixtures and fittings, tools and equipment are stated at cost with the exception of tools machinery and equipment, received by way of gift all of which are now written off.

The Trustees have carried out an impairment review to determine the net realisable value and the value in use of both the locomotive and coach. The value in use is considered to be greater than the net book value based upon the replacement cost of the asset.

Notes to the financial statements (continued)

15 Investments

Details of the subsidiaries of The A1 Steam Locomotive Trust are shown below:

Name	Status	Company number	Ordinary £1	
			Share capital	Control
The P2 Steam Locomotive Company Limited	Trading	08549849	2	100%
Tornado Steam Traction Ltd	Trading	04336467	100	99%
Tornado Merchandising Limited	Trading	07357964	100	100%
The V4 Steam Locomotive Company Limited	Trading	05417383	100	99%
The A1SLT Support Services Limited	Trading	13244889	1	100%
21 st Century Steam Limited	Dormant	11330729	1	100%
21 st Century Rolling Stock Limited	Dormant	11331808	1	100%

16 Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade debtors	31,526	56,442	-	6,046
Amount due from Tornado Steam Traction Limited	-	-	-	-
Amount due from Tornado Merchandising Limited	-	-	21,103	18,664
Amount due from The P2 Steam Locomotive Company	-	-	3,944,270	3,641,050
Amount due from The V4 Steam Locomotive Company	-	-	18,481	34,579
Other debtors	149,013	98,167	57,032	62,170
Prepayments	88,001	82,108	57,465	51,576
	<u>268,540</u>	<u>236,717</u>	<u>4,098,351</u>	<u>3,814,085</u>

17 Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loan	173,713	155,556	150,526	155,556
Trade creditors	224,022	132,391	125,744	75,222
Amount due to P2 Steam Locomotive Company	-	-	-	9,883
Amount due to P2 Steam Locomotive – Construction Loan	-	-	-	-
Amount due to V4 Construction Company	-	-	591	2,837
Other creditors and accruals	15,466	8,768	9,546	6,376
Deferred income	222,117	324,719	-	-
Taxation and social security costs	8,607	6,283	-	-
Wages	2,534	8,059	-	-
	<u>646,460</u>	<u>635,776</u>	<u>286,407</u>	<u>249,874</u>

Notes to the financial statements (continued)

18 Creditors: amounts falling due after one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loan	<u>342,067</u>	<u>492,592</u>	<u>342,067</u>	<u>492,592</u>

The aggregate amount for creditors due after one year for which security has been given amounted to £342,067 (2022: £492,592). Security is in the form of a fixed and floating charge of the assets of the charitable company.

19 Deferred income

	Deferred income £
Deferred income brought forward	324,719
Amounts released in the year	(324,719)
Amounts charged in the year	<u>222,117</u>
	<u>(222,117)</u>

Deferred income relates to sales made for locomotive tours which fall after 31 March 2023.

20 Restricted funds

	Revaluation Reserve £	A1 No 60163 Tornado £	P2 No 2007 Prince of Wales £	V4 Locomotive £	Total £
Group					
At 31 March 2022	8,588	3,043,191	3,126,601	1,000	6,179,380
Income for the year	-	1,340,740	311,028	-	1,651,768
Expenditure for the year	<u>-</u>	<u>(575,447)</u>	<u>(106,676)</u>	<u>-</u>	<u>(682,123)</u>
At 31 March 2023	<u>8,588</u>	<u>3,808,484</u>	<u>3,330,953</u>	<u>1,000</u>	<u>7,149,025</u>
Charity					
At 31 March 2022	8,588	3,025,696	3,885,823	-	6,920,107
Income for the year	-	1,289,416	311,028	-	1,600,444
Expenditure for the year	-	(426,849)	-	-	(426,849)
Intra group loan provision	-	(129,393)	-	-	(129,393)
At 31 March 2023	<u>8,588</u>	<u>3,758,870</u>	<u>4,196,851</u>	<u>-</u>	<u>7,964,309</u>

In the opinion of the trustees' sufficient resources are held in an appropriate form for each reserve to be applied in accordance with any restrictions imposed.

Notes to the financial statements (continued)

21 Related party transactions

The son-in-law of David Elliott, who was a trustee up until 18 November 2020, provides engineering services to the charity as a contractor through a personal service company, Alan Parkin Engineering Limited. During the year an amount of £40,547 (2022 : £35,489) was paid to Alan Parkin Engineering Limited. At the year end, an amount of £nil (2022 : £3,086) was owed to Alan Parkin Engineering Limited.

Amounts were also paid to a former trustee, David Elliott, for engineering services provided to the charity in relation to a specific project. Cost and expenses of £58,988 were charged to the charity and reimbursed in full by a third party.

Trustees remuneration is disclosed in note 13.

22 Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Net income for the year	989,570	89,528	1,064,127	236,251
Interest received	301	(88)	(877)	-
Depreciation of tangible fixed assets	105,551	106,110	105,351	105,898
Decrease/(increase) in debtors	(32,003)	(142,569)	(284,257)	(696,868)
(Decrease)/increase in creditors	(9,035)	(389,374)	41,542	(52,487)
Decrease/(increase) in stock	(7)	(1,387)	-	-
Net cash flow from operating activities	<u>1,054,377</u>	<u>(337,780)</u>	<u>925,886</u>	<u>(407,206)</u>

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales - Charity number 1022834

Accounts

**The A1 Steam Locomotive Trust
(A company limited by guarantee)**

Trustees' report
and
consolidated financial statements

Year ended 31 March 2022

Registered charity number 1022834
Registered company number 2636924

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Report of the trustees (including the Strategic Report) for the year

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2022. The trustees have adopted the provisions of the Statements of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

Reference and administrative details

<u>Charity number:</u>	1022834
<u>Company number:</u>	2636924
<u>Registered Office:</u>	Darlington Locomotive Works, Hopetown Lane, Darlington, County Durham, DL3 6RQ
<u>Auditors:</u>	Haines Watts North East Audit LLP, Sterling House, 22 St Cuthbert's Way, Darlington, Co Durham, DL1 1GB
<u>Bankers:</u>	Yorkshire Bank plc, 46 High Street, Stockton on Tees, Cleveland, TS18 1SE
<u>Solicitors:</u>	DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds LS1 4BY
<u>Directors and trustees:</u>	

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to collectively as the trustees.

The trustees who served during the year and since the year end were as follows:

Col. S Davies
P Bruce
G Bunker-James
R J Courteney-Harris
G P Langer
B M McDonald
H J Parker
J C Walker

Fair review of the business

Objectives and activities

The principal activity of the charitable company is to build, preserve, operate and exhibit for public benefit, locomotives of historic or scientific importance. In particular the first objective of the Charitable company, the construction of a London & North Eastern Railway class A1 steam locomotive to the original design attributed to Arthur H Peppercorn, is now complete and has been in operation successfully for nearly ten years on the main line and construction of 2007 "Prince of Wales" continues at Darlington Locomotive Works.

Report of the trustees for the year – continued

The policies adopted to further the objectives of the company were and continue to be:

- i) covenants and donations
- ii) sponsorship from British industry and commerce
- iii) assistance from local authorities and grant assistance bodies.
- iv) the seeking of funding from commercial lenders

It is believed that the charity's assets will be available and adequate to meet charitable company's objectives.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Trust's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

Achievements and performance

A1 *Tornado* continued to work extensively on the network throughout 2021 with the easing of Covid 19 restrictions. The general plan was delivered, albeit with a slightly earlier than expected withdrawal for service, following an operating incident that required new tyres to be fitted. This led to the locomotive being withdrawn approximately halfway through the fiscal year (some six weeks early) for planned major overhaul and fitment of European Train Control System equipment, funded via a third-party rail industry project.

The overhaul of the locomotive will see a re-entry to traffic with a refurbished boiler, new tyres and a significant level of refurbishment or renewal of smaller components. *Tornado* will return to operations in 2023.

Work on P2 *Prince of Wales* have continued with the major activity being the placing of the order for the fabricated cylinder block. This will be delivered in early 2023 and is a major step forward in the delivery of the locomotive.

Whilst the significant contract for two new boilers for the locomotives continues via DB Meiningen in Germany, the planned fulfilment in 2022 has been missed. This is due to the significant impact caused by Covid 19 on German industry. New terms have been agreed for later delivery with consequential financial adjustments.

Work has continued on the new home for the Trust, this development being led by the local Council. This remains on schedule for handover to the Trust in the Summer of 2023.

The preparatory work for the new V4 locomotive, to follow the P2 locomotive, continues steadily towards formal launch.

Financial Review

Covid-19 has continued to have an impact on the finances of the Trust due to the lack of ability to build up reserves and there have been reductions in regular charitable donations. The operating company, *Tornado* Steam Traction was affected by an incident at the end of 2021, as indicated above. This led to a considerable loss of hire fees at the end of 2021. Also, as indicated above, *Tornado* was due in any case to commence its periodic major recertification overhaul. This precluded the possibility of earnings in the first quarter of 2022 but involves considerable expenditure. The result is that the reserves built up over previous years, in anticipation of this position, will now be rapidly depleted, starting in January 2022 and continuing for the rest of the year.

Although Covid restrictions as regards gatherings have now ceased, there is still a reluctance, both on the part of organisations and of individuals, to congregate. As a result, the ability to hold public gatherings has been extremely limited and prevented the raising of additional funds, to support the construction of the P2 *Prince of Wales* and accumulate funds for the major overhaul of *Tornado*.

Report of the trustees for the year – continued

To respond to the effect of the pandemic, four of the five staff involved in *Tornado* operations were furloughed in the 2020/21 fiscal year. The last occasion was April 2021, following which all staff returned to normal employment. No redundancies were declared.

A further grant was obtained during the year. It was from the Heritage Lottery Culture Recovery Fund, which offered a “round 2” application opportunity. The Trust took the opportunity to do this and used the resulting grant to recertify employees, whose certificates to operate on the main line railway had expired and also to increase awareness of train operations at the start of resumed operations.

The Coronavirus Business Interruption Loan Scheme (CBILS) referred to in last year’s report was drawn down in May 2021. As planned, it was used to allow various long-lead major components for the P2 to be ordered. These are now imminent. Repayments commenced in November, 6 months after the loan was made available. Interest payments were not due during the fiscal year under review as they were not payable until 12 months after the loan was received.

Costs remain under extremely strict control but are being impacted to some extent by the general increases in costs following resumption of economic activity across the world. Total Group cash at the end of March 2022 was just over £1.35m, of which £325k was in respect of ticket sales for future rail tours and therefore not available for immediate use, and £737k related to restricted funds assigned either to *Tornado* or the *Prince of Wales* activities

Plans for future periods

The statutory overhaul of the locomotive and fitment of European Train Control System (ETCS) equipment will take place for the most of 2022. Following this, the locomotive will need to spend some time at one of the Rail Innovation and Development Centres to test and verify the newly installed ETCS equipment. The objective is to complete this to recommence at the beginning of June 2023.

Following delivery of new cylinder block for *Prince of Wales* and the new boiler work will be able to commence on the major assembly of the P2. There has been an impact on fund raising due to Covid 19 and this, combined with the substantial delay in the delivery of the boiler as mentioned above, will delay completion of the new locomotive, which is not now expected until 2024.

Structure, governance and management

Governing documents

The A1 Steam Locomotive Trust is a non-profit making company, registration number 2636924 and is limited by guarantee. The charitable company’s governing documents are its Memorandum and Articles of Association originally dated 12th August 1991 and Bye-laws adopted on 3rd November 2001. The company is registered as a charity with the Charity Commission. Any person may become a member of the company upon approval of an application to this effect by the council of management of the company. There are currently nine members of the company each of whom has agreed to contribute £1 in the event of the charity being wound up.

Appointment of trustees

As set out in the Articles of Association, the council of management may from time to time and at any time appoint any member of the company as a member of the council, either to fill a casual vacancy or by way of addition to the council, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain his office only until the next annual general meeting, but he shall then be eligible for re-election. At every annual general meeting one-third of the members of the council for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. Any member so retiring may offer himself for re-election.

Report of the trustees for the year – continued

Trustee induction and training

New trustees will have already familiarised themselves with proceedings at council meetings as it is the policy of the company to invite potential trustees to attend council meetings prior to their appointment. Whilst trustees are free to attend seminars and training courses the company has no mandatory policy that they do so. Copies of the memorandum and articles of association and bye-laws are available to all trustees.

Related parties

The charitable company has four associated companies one of which, Tornado Steam Traction Limited, operates the completed locomotive, Tornado Merchandising Limited deals with “Tornado” merchandise, The P2 Steam Locomotive Company Limited, its purpose being to build the new P2 class steam locomotive and Tender Construction Company Limited, which successfully completed the construction of the tender for the locomotive, but since repayment of the lease to William Cook Cast Products Limited, has been renamed The V4 Steam, Locomotive Company Limited, its purpose being to build the new V4 locomotive.

Organisation

The affairs of the charitable company are managed by the council of management which consists of a minimum of three members and a maximum of fifteen members who act as directors of the company for the purposes of company law and trustees for the purposes of charity law. There are currently nine members of the council. The council meets every two months and a telephone meeting is held when necessary. Each member of the council is responsible for a particular area of the company’s affairs and he reports to the council accordingly. A chairman is elected from the members of the council of management who assumes the overall responsibility for the day to day operations of the charitable company. No single trustee has the authority to bind the charitable company and it is policy that all material decisions require the approval of a majority of the council of management. All payments of charitable funds in excess of £500 require the approval of two trustees.

Risk management

The board has assessed and continues to assess the major risks to which the charity is exposed, in particular those relating to the operation of a new steam locomotive on the modern railway and finances of the charity, and is satisfied that systems are in place to mitigate exposure to the major risks facing the charity. The operating licence for the locomotive is fundamental to the objectives of the charity and thus the risks involved are the subject of constant review by the trustees and advice from individuals familiar with the necessary procedures is regularly obtained.

Fundraising

Neither the Trust nor its subsidiaries employ or utilise any outside person or organisation to carry out fundraising on its behalf. The public are invited to donate to the charity by distribution of leaflets and advertisements in relevant railway journals or by accessing the Trusts website, but no individual or group is approached direct unless the Trust is invited to do so. No complaints have ever been received about its fundraising activities.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The A1 Steam Locomotive Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Auditors

In accordance with the company's articles, a resolution for the reappointment of Haines Watts North East Audit LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J C Walker

Trustee

Date 21st January 2023

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust

Opinion

We have audited the financial statements of The A1 Steam Locomotive Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, The Group and the Parent Charitable Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2022, and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussion with key management over any incidences of fraud in the year;
- Review of systems and controls to ensure that these are sufficient to detect fraud and non-compliance with laws and regulations relevant to the entity.
- Assessment of the risk of management override of controls via a review of journal entries made during the year, and particularly the year end, and obtaining further information where necessary;
- Reviewing accounting estimates for reasonableness and consideration of assumptions in those estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts North East Audit LLP
Chartered Accountants and
Statutory Auditor

17 Queens Lane
Newcastle Upon Tyne
NE1 1RN

Consolidated statement of financial activities (including summary income and expenditure account) for the year ended 31 March 2022

	Note	Restricted funds £	Unrestricted funds £	Total 2022 £	Total 2021 £
Income:					
<i>Income from charitable activities:</i>					
Covenants	4	457,757	-	457,757	369,310
Donations and legacies	5	431,211	-	431,211	1,144,349
<i>Income from other trading activities:</i>					
Commercial trading operations	6	1,035,132	-	1,035,132	121,631
Investment income		88	-	88	174
Total income		1,924,188	-	1,924,188	1,635,464
Expenditure:					
<i>Expenditure on charitable activities:</i>					
Charitable activities	9	583,112	-	583,112	627,750
<i>Costs of raising funds:</i>					
Commercial trading operations	10	1,251,548	-	1,251,548	250,125
Total expenditure		1,834,660	-	1,834,660	877,875
Net income/expenditure before transfers		89,528	-	89,528	757,589
Transfers		-	-	-	-
Net movement in funds		89,528	-	89,528	757,589
Reconciliation of funds					
Funds brought forward at 1 April 2021		6,089,852	-	6,089,852	5,332,263
Funds carried forward at 31 March 2022	20	6,179,380	-	6,179,380	6,089,852

The statement of financial activities includes all gains and losses recognised in the year. All funds are restricted income funds save that if funds were given with a request that they be applied to the purchase of a specific part of the locomotive or the support coach, such request has been honoured.

The incoming resources and resulting net movement in funds arise from continuing operations.


Consolidated and Charity Balance Sheets as at 31 March 2022

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible assets	14	5,637,463	5,137,527	3,121,983	3,111,677
Investments	15	-	-	305	304
		5,637,463	5,137,527	3,122,288	3,111,981
Current assets					
Stock		87,181	85,794	702	702
Debtors	16	236,717	94,148	3,814,085	3,117,219
Cash at bank and in hand		1,346,387	1,691,979	725,498	650,761
		1,670,285	1,871,921	4,540,285	3,768,682
Creditors: amounts falling due within one year	17	(635,776)	(919,596)	(249,874)	(196,807)
Net current assets		1,034,509	952,325	4,290,411	3,571,875
Creditors: amounts due falling after one year	18	(492,592)	-	(492,592)	-
Net assets		6,179,380	6,089,852	6,920,107	6,683,856
The funds of the charity					
Restricted funds	20	6,170,792	6,081,264	6,911,519	6,675,268
Revaluation reserve	20	8,588	8,588	8,588	8,588
		6,179,380	6,089,852	6,920,107	6,683,856

The trustees have prepared the group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 12 to 25 form part of these accounts.

These financial statements were approved by the board of trustees on 21/01/2023..... and were signed on its behalf by:



J C Walker
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows as at 31 March 2022

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Net cash flow from operating activities:					
<i>Net cash provided by/ (used in) operating activities</i>	22	(337,780)	1,210,740	(407,206)	471,969
Cash flow from investing activities					
Interest received		88	174	-	177
Purchase of fixed assets		(606,048)	(453,017)	(116,205)	(59,125)
Proceeds from sale of fixed assets		-	-	-	-
<i>Net cash provided by/ (used in) investing activities</i>		(605,960)	(452,843)	(116,205)	(58,948)
Cash Flow from financing activities					
Income from new bank loans		700,000	50,000	700,000	50,000
Repayment of new loans		(101,852)	-	(101,852)	-
		598,148	50,000	598,148	50,000
Change in cash and cash equivalents in the reporting period		(345,592)	807,897	74,737	463,021
Cash and cash equivalents at the beginning of the year		1,691,979	884,082	650,761	187,740
Cash and cash equivalents at the end of the year		1,346,387	1,691,979	725,498	650,761
Cash and cash equivalents consist of:					
Cash at bank and in hand		1,346,387	1,691,979	725,498	650,761

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The A1 Steam Locomotive Trust meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Tornado Steam Traction Limited, Tornado Merchandising Limited, and The P2 Steam Locomotive Company Limited, The V4 Steam Locomotive Company and The A1SLT Support Services Company Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 403 of the Companies Act 2006.

1.4 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities includes income earned from the hire of the A1 Locomotive and sale of merchandise. Income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Income received for the supply of goods is recognised when the risk and rewards of ownership have been transferred.

Investment income includes interest which is recognised when receivable.

Notes to the financial statements (continued)

1.5 Donated services and facilities

Donated services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have met, and the receipt of economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

Donated 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 benefit on the open market; a corresponding amount is then recognised in the expenditure for the period.

1.6 Fund accounting

Restricted funds are available to spend in activities that further any of the purposes of the charity. Designated funds are restricted funds for the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Expenditure on charitable activities includes direct and support costs incurred in the management of the charity's activities

Other trading expenditure represents costs incurred in raising funds from the sale of goods and services those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.8 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 11.

Notes to the financial statements (continued)

1.9 Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost and subsequently measured at cost or valuation less accumulated depreciation and accumulated impairment losses.

The A1 locomotive and its support coach is depreciated over a period of twenty years in equal annual instalments to its residual value of £1.5 million.

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Otherwise depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	25% per annum
Computer equipment	-	3 years straight line

1.10 Investments

Investments are stated at market value according to the guidelines of the Statement of Recommended Practice: Accounting by Charities.

1.11 Stock of merchandise and locomotive spares

Stock of the above items are valued at the lower of cost or net realisable value.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.15 Taxation

The A1 Steam Locomotive Trust is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 of the Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

Notes to the financial statements (continued)

1.16 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.

1.17 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of The A1 Steam Locomotive Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability, expected future financial performance of the asset and depreciated replacement cost.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Legal status

A1 Steam Locomotive Trust is a company limited by guarantee, registered in England and Wales (Company Number 2636924). There are currently eight trustees who are members of the company each of whom has guaranteed to contribute an amount not exceeding £1 in the event of the company being wound up during the time they are members or within one year thereafter.

Notes to the financial statements (continued)

3 Financial performance of the charity

	2022	2021
	£	£
Incoming resources	889,346	1,512,192
Less: Costs of generating funds	(1,587)	(1,473)
	<hr/>	<hr/>
Net incoming resources available for charitable application	887,759	1,510,719
Charitable expenditure	(583,112)	(441,592)
	<hr/>	<hr/>
Net incoming resources before exceptional items	304,647	1,069,127
Provision against loan to Tornado Steam Traction Limited	(68,396)	(123,566)
	<hr/>	<hr/>
Net incoming resources after exceptional items	236,251	945,561
	<hr/>	<hr/>
Total funds brought forward	6,683,856	5,738,295
	<hr/>	<hr/>
Total funds carried forward	6,920,107	6,683,856
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Restricted funds	6,911,519	6,675,268
Revaluation reserve	8,588	8,588
	6,920,107	6,683,856
	<hr/> <hr/>	<hr/> <hr/>

4 Income from charitable activities

	2022	2021
	£	£
Covenants	457,757	369,310
	<hr/>	<hr/>
	457,757	369,310
	<hr/> <hr/>	<hr/> <hr/>

Income from covenants is attributable to restricted funds.

5 Income from donations

	2022	2021
	£	£
Donations	160,745	968,856
Gift Aid	118,420	134,918
Other Income	152,046	40,575
	<hr/>	<hr/>
	431,211	1,144,349
	<hr/> <hr/>	<hr/> <hr/>

Income from donations is attributable to restricted funds.

The trust benefits from the support of volunteers within the running of the income generating activities and the administration of the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Notes to the financial statements (continued)

6 Income from trading activities

	2022	2021
	£	£
Sales of tour tickets	828,502	89,188
Hire of locomotive	108,675	5,000
Merchandise sales	56,840	27,443
Other	41,115	-
	<u>1,035,132</u>	<u>121,631</u>

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries Tornado Steam Traction Limited and Tornado Merchandising Limited, which operate the locomotive and sell merchandise respectively, and the P2 Steam Locomotive Company.

The summary financial performance of the subsidiaries is shown below:

	The P2 Steam Locomotive Company Limited	Tornado Steam Traction Limited	Tornado Merchandising Limited	The V4 Construction Company Limited	The A1SLT Support Services Limited	Total 2022	Total 2021
	£	£	£	£	£	£	£
Turnover	51,332	937,029	13,034	-	33,737	1,035,132	121,631
Cost of sales and administration costs	(204,956)	(991,309)	(13,024)	(85)	(40,971)	(1,250,345)	(434,900)
Other income	-	-	-	-	-	-	1,467
Interest receivable	-	88	-	-	-	88	181
Net Profit	<u>(153,624)</u>	<u>(54,192)</u>	<u>10</u>	<u>(85)</u>	<u>(7,234)</u>	<u>(215,125)</u>	<u>(311,621)</u>

The assets and liabilities of the subsidiaries were:

Fixed assets	2,514,838	642	-	-	-	2,515,480	2,025,850
Current assets	303,516	454,313	31,441	1,460	30,089	820,819	1,192,413
Current liabilities	<u>(3,526,241)</u>	<u>(2,060,575)</u>	<u>(15,134)</u>	<u>(5,849)</u>	<u>(37,322)</u>	<u>(5,645,121)</u>	<u>(5,311,960)</u>
	<u>(707,887)</u>	<u>(1,605,620)</u>	<u>16,307</u>	<u>(4,389)</u>	<u>(7,233)</u>	<u>(2,308,822)</u>	<u>(2,093,697)</u>
Aggregate share capital and reserves	<u>(707,887)</u>	<u>(1,605,620)</u>	<u>16,307</u>	<u>(4,389)</u>	<u>(7,233)</u>	<u>(2,308,822)</u>	<u>(2,093,697)</u>

Notes to the financial statements (continued)

7 Income from investments

All of the charitable company's investment income arises from the interest on money held in interest bearing deposit accounts.

8 Analysis of income and surplus for the year

All income and the surplus for the year are derived from the charitable company's principal activity.

	2022 £	2021 £
<i>The surplus for the year is stated after charging:</i>		
Auditors remuneration	3,500	3,500
Accountancy and other services	737	7,021
Depreciation	<u>105,898</u>	<u>103,699</u>

9 Analysis of expenditure on charitable activities

	2022 £	2021 £
Charitable activities	545,758	594,476
Support costs	<u>37,354</u>	<u>33,274</u>
	<u><u>583,112</u></u>	<u><u>627,750</u></u>

10 Analysis of expenditure on trading activities

	2022 £	2021 £
Trading activities	<u>1,251,548</u>	<u>250,125</u>
	<u><u>1,251,548</u></u>	<u><u>250,125</u></u>

11 Support costs

	2022 £	2021 £
Printing, postage, stationery and administration	13,290	9,925
Legal and professional	737	5,995
Consultancy fees	6,744	6,225
Telephone	6,501	1,713
Interest payable and similar charges	4,481	2,635
Sundry expenses	2,101	3,281
Governance costs	3,500	3,500
	<u>37,354</u>	<u>33,274</u>

Notes to the financial statements (continued)

12 Governance costs

	2022 £	2021 £
Auditor's remuneration	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

13 Analysis of staff costs

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Wages	161,031	151,623	-	-
National Insurance	10,723	10,920	-	-
Pension	3,704	3,626	-	-
	<u>175,458</u>	<u>166,169</u>	<u>-</u>	<u>-</u>
	<u><u>175,458</u></u>	<u><u>166,169</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Group 2022	Group 2021	Charity 2022	Charity 2021
Number of staff	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Paul Bruce, is remunerated as a contractor due to his skills as a railway consultant. During the year costs of £30,765 (2021: £22,365) were charged.

Notes to the financial statements (continued)

13 Analysis of staff costs (cont.)

Direct expenses incurred by trustees are reimbursed, if claimed. The reimbursement of Trustees expenses, which mainly relate to travelling expenses in respect of performing the above special projects, was as follows:

	Group	Group	Charity	Charity
	2022	2021	2022	2021
	£	£	£	£
David Elliott	136	284	136	230
Graeme Bunker-James	-	2,144	-	-
Huw Parker	1,581	434	374	-
Benjamin McDonald	2,860	158	-	-
Richard Courteney-Harris	-	439	-	229
Paul Bruce	<u>-</u>	<u>66</u>	<u>-</u>	<u>66</u>
Total	<u>4,577</u>	<u>3,525</u>	<u>510</u>	<u>525</u>

Due to the increasing workload, the charity now has three direct employees working in Darlington Locomotive Works, being the Office Manager, an Administrator and an Assistant Mechanical Engineer. A Works Manager is being recruited. All other work is performed on a voluntary basis with the exception of sub-contracted management and labour which is capitalised.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows: None (2021 – none). The charity trustees were not paid or received any other benefits from employment in the year (2021 – £nil).

The key management personnel of the charity comprise the trustees. The total employee benefits of the key management personnel of the charity are as disclosed above. Remuneration paid to related parties is disclosed in note 20.

Notes to the financial statements (continued)

14 Tangible fixed assets

Group

	A1 Locomotive	P2 Locomotive	Mark 1 Coaches	Assets under construction	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2021	3,016,716	2,024,995	519,561	481,379	99,429	6,142,080
Additions	-	489,843	-	115,926	279	606,048
Disposals	-	-	-	-	-	-
At 31 March 2022	3,016,716	2,514,838	519,561	597,305	99,708	6,748,128
Depreciation						
At 1 April 2021	797,129	-	117,107	-	90,319	1,004,555
Charge for year	75,836	-	25,978	-	4,296	106,110
Depreciation on disposals	-	-	-	-	-	-
At 31 March 2022	872,965	-	143,085	-	94,615	1,110,665
Net book value						
At 31 March 2022	2,143,751	2,514,838	376,476	597,305	5,093	5,637,463
At 31 March 2021	2,219,587	2,024,995	402,454	481,379	9,110	5,137,525

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Notes to the financial statements (continued)

Tangible fixed assets (continued)

Company	A1 Locomotive	Mark 1 Coaches	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2021	3,016,716	519,561	93,229	481,379	4,110,885
Additions	-	-	279	115,926	116,205
Disposals	-	-	-	-	-
At 31 March 2022	<u>3,016,716</u>	<u>519,561</u>	<u>93,508</u>	<u>597,305</u>	<u>4,227,090</u>
Depreciation					
At 1 April 2021	797,129	117,107	84,973	-	999,209
Charge for year	75,836	25,978	4,084	-	105,898
At 31 March 2022	<u>872,965</u>	<u>143,085</u>	<u>89,057</u>	<u>-</u>	<u>1,105,107</u>
Net book value					
At 31 March 2022	<u>2,143,751</u>	<u>376,476</u>	<u>4,451</u>	<u>597,305</u>	<u>3,121,983</u>
At 31 March 2021	<u>2,219,587</u>	<u>402,454</u>	<u>8,256</u>	<u>481,379</u>	<u>3,111,676</u>

The locomotive was revalued in the year ended 31 March 1994, subsequent construction work is included at cost. Fixtures and fittings, tools and equipment are stated at cost with the exception of tools machinery and equipment, received by way of gift all of which are now written off.

The Trustees have carried out an impairment review to determine the net realisable value and the value in use of both the locomotive and coach. The value in use is considered to be greater than the net book value based upon the replacement cost of the asset.

Notes to the financial statements (continued)

15 Investments

Details of the subsidiaries of The A1 Steam Locomotive Trust are shown below:

Name	Status	Company number	Ordinary £1 Share capital	Control
The P2 Steam Locomotive Company Limited	Trading	08549849	2	100%
Tornado Steam Traction Ltd	Trading	04336467	100	99%
Tornado Merchandising Limited	Trading	07357964	100	100%
The V4 Steam Locomotive Company Limited	Trading	05417383	100	99%
The A1SLT Support Services Limited	Trading	13244889	1	100%
21 st Century Steam Limited	Dormant	11330729	1	100%
21 st Century Rolling Stock Limited	Dormant	11331808	1	100%

16 Debtors

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade debtors	56,442	20,346	6,046	40,988
Amount due from Tornado Steam Traction Limited	-	-	-	50,733
Amount due from Tornado Merchandising Limited	-	-	18,664	16,732
Amount due from The P2 Steam Locomotive Company	-	-	3,641,050	2,951,306
Amount due from The V4 Steam Locomotive Company	-	-	34,579	5,884
Other debtors	98,167	22,226	62,170	-
Prepayments	82,108	51,576	51,576	51,576
	236,717	94,148	3,814,085	3,117,219

17 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loan	155,556	50,000	155,556	50,000
Trade creditors	132,391	116,822	75,222	84,761
Amount due to P2 Steam Locomotive Company	-	-	9,883	7,673
Amount due to P2 Steam Locomotive – Construction Loan	-	-	-	-
Amount due to V4 Construction Company	-	-	2,837	2,852
Other creditors and accruals	8,768	5,576	6,376	6,466
Deferred income	324,719	719,720	-	-
Taxation and social security costs	6,283	27,478	-	45,053
Wages	8,059	-	-	-
	635,776	919,596	249,874	196,805

Notes to the financial statements (continued)

18 Creditors: amounts falling due after one year

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Bank loan	492,592	-	492,592	-

19 Deferred income

	Deferred income £
Deferred income brought forward	719,720
Amounts released in the year	(719,720)
Amounts charged in the year	324,719
	<u>324,719</u>

Deferred income relates to sales made for locomotive tours which fall after 31 March 2022.

20 Restricted funds

	Revaluation Reserve	A1 No 60163 Tornado	P2 No 2007 Prince of Wales	V4 Locomotive	Total
	£	£	£	£	£
Group					
At 31 March 2021	8,588	3,198,069	2,882,195	1,000	6,089,852
Income for the year	-	1,474,826	449,362	-	1,924,188
Expenditure for the year	-	(1,629,704)	(204,956)	-	(1,834,660)
	<u>8,588</u>	<u>3,043,191</u>	<u>3,126,601</u>	<u>1,000</u>	<u>6,179,380</u>
At 31 March 2022	<u>8,588</u>	<u>3,043,191</u>	<u>3,126,601</u>	<u>1,000</u>	<u>6,179,380</u>
Charity					
At 31 March 2021	8,588	3,238,807	3,436,461	-	6,683,856
Income for the year	-	439,984	449,362	-	889,346
Expenditure for the year	-	(584,699)	-	-	(584,699)
Intra group loan provision	-	(68,396)	-	-	(68,396)
	<u>8,588</u>	<u>3,025,696</u>	<u>3,885,823</u>	<u>-</u>	<u>6,920,107</u>
At 31 March 2022	<u>8,588</u>	<u>3,025,696</u>	<u>3,885,823</u>	<u>-</u>	<u>6,920,107</u>

In the opinion of the trustees' sufficient resources are held in an appropriate form for each reserve to be applied in accordance with any restrictions imposed.

Notes to the financial statements (continued)

21 Related party transactions

The son-in-law of David Elliott, who was a trustee up until 18 November 2020, provides engineering services to the charity as a contractor through a personal service company, Alan Parkin Engineering Limited. During the year an amount of £35,489 (2021 : £26,745) was paid to Alan Parkin Engineering Limited. At the year end, an amount of £3,086 (2021 : nil) was owed to Alan Parkin Engineering Limited.

Trustees remuneration is disclosed in note 13.

22 Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Net income for the year	89,528	757,589	236,251	945,599
Interest received	(88)	(174)	-	(177)
Depreciation of tangible fixed assets	106,110	103,699	105,898	103,416
Loss/(profit) on sale of fixed assets	-	-	-	-
Decrease/(increase) in debtors	(142,569)	(15,181)	(696,868)	(604,075)
(Decrease)/increase in creditors	(389,374)	365,555	(52,487)	27,247
Decrease/(increase) in stock	(1,387)	(748)	-	-
Net cash flow from operating activities	<u>(337,780)</u>	<u>1,210,740</u>	<u>(407,206)</u>	<u>471,969</u>

THE A1 STEAM LOCOMOTIVE TRUST

England & Wales - Charity number 1022834

Accounts

The A1 Steam Locomotive Trust
(A company limited by guarantee)

Trustees' report
and
consolidated financial statements

Year ended 31 March 2021

Registered charity number 1022834
Registered company number 2636924

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Report of the trustees (including the Strategic Report) for the year

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2021. The trustees have adopted the provisions of the Statements of Recommended Practice (SORP) 'Accounting and Reporting by Charities' in preparing the annual report and financial statements of the charity.

Reference and administrative details

Charity number: 1022834

Company number: 2636924

Registered Office: Darlington Locomotive Works, Hopetown Lane, Darlington, County Durham, DL3 6RQ

Auditors: Haines Watts North East Audit LLP, Sterling House, 22 St Cuthbert's Way, Darlington, Co Durham, DL1 1GB

Bankers: Yorkshire Bank plc, 46 High Street, Stockton on Tees, Cleveland, TS18 1SE

Solicitors: Latimer Hinks, 5-8 Priestgate, Darlington, Co Durham, DL1 1NL

Directors and trustees:

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are referred to collectively as the trustees.

The trustees who served during the year and since the year end were as follows:

Col. S Davies (Appointed 28 July 2020)

M C Allatt

P Bruce

G Bunker

R J Courteney-Harris (Appointed 20 October 2020)

D A Elliott (Resigned 18 November 2020)

G P Langer

B M McDonald (Appointed 23 December 2020)

H J Parker

J C Walker

Fair review of the business

Objectives and activities

The principal activity of the charitable company is to build, preserve, operate and exhibit for public benefit, locomotives of historic or scientific importance. In particular the first objective of the Charitable company, the construction of a London & North Eastern Railway class A1 steam locomotive to the original design attributed to Arthur H Peppercorn, is now complete and has been in operation successfully for nearly ten years on the main line and construction of 2007 "Prince of Wales" continues at Darlington Locomotive Works.

Report of the trustees for the year – continued

The policies adopted to further the objectives of the company were and continue to be:

- i) covenants and donations
- ii) sponsorship from British industry and commerce
- iii) assistance from local authorities and grant assistance bodies.
- iv) the seeking of funding from commercial lenders

It is believed that the charity's assets will be available and adequate to meet charitable company's objectives.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Trust's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

Achievements and performance

"Tornado" has continued to work extensively on the network with a growing portfolio of operations and a wider portfolio of customers. Plans are now well advanced for a statutory overhaul of the locomotive and an order for a spare boiler has been placed. The Construction of 2007 "Prince of Wales" has moved forward with critical design issues being resolved and key long lead item components being delivered. The project is targeted for completion at the end of 2022.

The impact of Covid 19 restrictions rendered it impossible to operate the A1 class locomotive for pretty much all of the 2020 season. Only two trains and one PR event were possible. Use of Government support schemes, careful management of contracts and grant funding provided some mitigation but costs still outweighed income for TST. "Tornado" has returned to a more normal programme of work across the network in 2021 and despite the reduced operating season has delivered almost a full year of operations. The statutory overhaul of the locomotive will take place in the first half of 2022 before a return to operations.

Work on the P2 locomotive was able to continue but at a reduced pace due to the need to socially distance the workforce. This had a further knock on into fund raising which was lower than expected and use of Government support schemes helped mitigate this impact. In 2021 progress has continued, with the critical final major single contract for the P2 was placed for the cylinder block, with delivery in Spring 2022. The impact on fund raising due to C19 which will cause a slight delay to completion of the new locomotive.

The contract for two new boilers for the locomotives via DB Meiningen in Germany will be fulfilled in 2022.

Initial preparatory work for the launch of the V4 Project are in hand but otherwise no significant expenditure has taken place in this area.

Financial Review

Covid-19 has had a severe impact on the finances of the Trust. In particular the operating company, Tornado Steam Traction was unable to carry out its business, apart from two trains in September 2020. These were both operated at a loss due to the effects of social-distancing rules preventing full seating capacity being achieved. Whilst charitable income from regular donors to A1SLT and P2SLC has held up, the various lockdowns and inability to hold public gatherings has prevented the raising of additional funds, in particular to support the construction of the P2 Prince of Wales and accumulate funds for the major overhaul of Tornado, which was due at the start of 2021. In the event, due to non-operation of the locomotive in 2020, it has been possible to delay this work until the start of 2022 but the donations needed to fund it were still impossible to realise.

Report of the trustees for the year – continued

In order to respond to the effect of the pandemic, 4 of the 5 staff involved in Tornado operations were furloughed for various periods of time between April 2020 and April 2021 in order to reduce employment costs for Tornado Steam Traction. One member of staff remained on full time employment to deal with customers on matters relating to train cancellations and associated refunds and redated bookings. Other staff employed by the Trust and its subsidiaries remained in full time employment. No redundancies have been declared.

Two grants were obtained during the year. The first was a grant from Darlington Borough Council, designed to assist local companies remain viable. The other was from the Heritage Lottery Culture Recovery Fund, the claim on which was mainly to help fund the shortfall in Tornado's major overhaul account. The rest was applied to marketing and training in readiness for recommencement of operations, which in the event did not happen until May 2021.

In order to keep construction of the P2 under way and losing skilled staff, the Trust chose to apply for a loan under the government Bounce Back Loan (BBL) scheme. It received a loan of £50,000 under this scheme in September 2020. As it became apparent that the pandemic was going to continue for much longer than first thought, the trustees decided to apply for a larger loan under another government scheme, the Coronavirus Business Interruption Loan Scheme (CBILS). The Yorkshire Bank were approached and, after undergoing due diligence investigation by the Bank, a loan of £700,000 was granted. A condition of this loan was that any BBL loan was repaid at the same time, so effectively the CBILS loan provided £650,000 in order to continue the construction of the P2. This allowed the placing of contracts for several long lead time items that would otherwise have severely impacted the completion date of the project. The loan was not drawn down until May 2021, so outside the current reporting period.

In the meantime, costs remain under very strict control but are being impacted to some extent by the general increases in costs following resumption of economic activity across the world. Total Group cash at the end of March 2021 was just over £1.7m, of which £721k was in respect of ticket sales for future rail tours and therefore not available for immediate use, and £973k related to restricted funds assigned either to Tornado or the Prince of Wales activities

Plans for future periods

With the easing of Covid 19 restrictions "Tornado" returned to a more normal programme of work across the network in 2021. Work extensively on the network, despite the reduced operating season, has delivered almost a full year of operations. The statutory overhaul of the locomotive will take place in the first half of 2022 and the objective is to complete this by the target end of June to enable operations to recommence at the beginning of July 2022.

The critical final major single contract for 2007 "Prince of Wales" was placed for the cylinder block for delivery in Spring 2022. The new boiler for 2007 is also on schedule for delivery in the first quarter of the 2022/23 financial year. There has been an impact on fund raising due to C19 which will cause a slight delay to completion of the new locomotive.

Initial preparatory work for the launch of the V4 project when 2007 nears final completion are in hand.

Structure, governance and management

Governing documents

The A1 Steam Locomotive Trust is a non-profit making company, registration number 2636924 and is limited by guarantee. The charitable company's governing documents are its Memorandum and Articles of Association originally dated 12th August 1991 and Bye-laws adopted on 3rd November 2001. The company is registered as a charity with the Charity Commission. Any person may become a member of the company upon approval of an application to this effect by the council of management of the company. There are currently nine members of the company each of whom has agreed to contribute £1 in the event of the charity being wound up.

Report of the trustees for the year – continued

Appointment of trustees

As set out in the Articles of Association, the council of management may from time to time and at any time appoint any member of the company as a member of the council, either to fill a casual vacancy or by way of addition to the council, provided that the prescribed maximum be not thereby exceeded. Any member so appointed shall retain his office only until the next annual general meeting, but he shall then be eligible for re-election. At every annual general meeting one-third of the members of the council for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. Any member so retiring may offer himself for re-election.

Trustee induction and training

New trustees will have already familiarised themselves with proceedings at council meetings as it is the policy of the company to invite potential trustees to attend council meetings prior to their appointment. Whilst trustees are free to attend seminars and training courses the company has no mandatory policy that they do so. Copies of the memorandum and articles of association and bye-laws are available to all trustees.

Related parties

The charitable company has four associated companies one of which, Tornado Steam Traction Limited, operates the completed locomotive, Tornado Merchandising Limited deals with "Tornado" merchandise, The P2 Steam Locomotive Company Limited, its purpose being to build the new P2 class steam locomotive and Tender Construction Company Limited, which successfully completed the construction of the tender for the locomotive, but since repayment of the lease to William Cook Cast Products Limited, has been renamed The V4 Steam, Locomotive Company Limited, its purpose being to build the new V4 locomotive.

Organisation

The affairs of the charitable company are managed by the council of management which consists of a minimum of three members and a maximum of fifteen members who act as directors of the company for the purposes of company law and trustees for the purposes of charity law. There are currently nine members of the council. The council meets every two months and a telephone meeting is held when necessary. Each member of the council is responsible for a particular area of the company's affairs and he reports to the council accordingly. A chairman is elected from the members of the council of management who assumes the overall responsibility for the day to day operations of the charitable company. No single trustee has the authority to bind the charitable company and it is policy that all material decisions require the approval of a majority of the council of management. All payments of charitable funds in excess of £500 require the approval of two trustees.

Risk management

The board has assessed and continues to assess the major risks to which the charity is exposed, in particular those relating to the operation of a new steam locomotive on the modern railway and finances of the charity, and is satisfied that systems are in place to mitigate exposure to the major risks facing the charity. The operating licence for the locomotive is fundamental to the objectives of the charity and thus the risks involved are the subject of constant review by the trustees and advice from individuals familiar with the necessary procedures is regularly obtained.

Fundraising

Neither the Trust nor its subsidiaries employ or utilise any outside person or organisation to carry out fundraising on its behalf. The public are invited to donate to the charity by distribution of leaflets and advertisements in relevant railway journals or by accessing the Trusts website, but no individual or group is approached direct unless the Trust is invited to do so. No complaints have ever been received about its fundraising activities.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of The A1 Steam Locomotive Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic 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, which 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

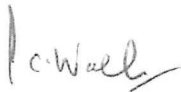
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Auditors

In accordance with the company's articles, a resolution for the reappointment of Haines Watts North East Audit LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J C Walker

Trustee

Date 22/12/2021

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust

Opinion

We have audited the financial statements of The A1 Steam Locomotive Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and the Parent Charitable Company Balance Sheet, The Group and the Parent Charitable Company Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Independent auditors report to the members and trustees of The A1 Steam Locomotive Trust (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as FRS102, Charities SORP (FRS 102), Companies Act 2006 and Charities Act 2011.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- Discussion with key management over any incidences of fraud in the year;
- Review of systems and controls to ensure that these are sufficient to detect fraud and non-compliance with laws and regulations relevant to the entity.
- Assessment of the risk of management override of controls via a review of journal entries made during the year, and particularly the year end, and obtaining further information where necessary;
- Reviewing accounting estimates for reasonableness and consideration of assumptions in those estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts North East Audit LLP
Chartered Accountants and
Statutory Auditor

22/12/2021

17 Queens Lane
Newcastle Upon Tyne
NE1 1RN

Consolidated statement of financial activities (including summary income and expenditure account) for the year ended 31 March 2021

	Note	Restricted funds £	Unrestricted funds £	Total 2021 £	Total 2020 £
Income:					
<i>Income from charitable activities:</i>					
Covenants	4	369,310	-	369,310	359,304
Donations and legacies	5	1,144,349	-	1,144,349	768,477
<i>Income from other trading activities:</i>					
Commercial trading operations	6	121,631	-	121,631	880,889
Investment income		174	-	174	338
Total income		<u>1,635,464</u>	<u>-</u>	<u>1,635,464</u>	<u>2,009,008</u>
Expenditure:					
<i>Expenditure on charitable activities:</i>					
Charitable activities	9	627,750	-	627,750	387,266
<i>Costs of raising funds:</i>					
Commercial trading operations	10	250,125	-	250,125	1,014,750
Total expenditure		<u>877,875</u>	<u>-</u>	<u>877,875</u>	<u>1,402,016</u>
Net income/expenditure before transfers		<u>757,589</u>	<u>-</u>	<u>757,589</u>	<u>606,992</u>
Transfers		-	-	-	-
Net movement in funds		<u>757,589</u>	<u>-</u>	<u>757,589</u>	<u>606,992</u>
Reconciliation of funds					
Funds brought forward at 1 April 2020		5,332,263	-	5,332,263	4,725,271
Funds carried forward at 31 March 2021	19	<u>6,089,852</u>	<u>-</u>	<u>6,089,852</u>	<u>5,332,263</u>

The statement of financial activities includes all gains and losses recognised in the year. All funds are restricted income funds save that if funds were given with a request that they be applied to the purchase of a specific part of the locomotive or the support coach, such request has been honoured.

The incoming resources and resulting net movement in funds arise from continuing operations.

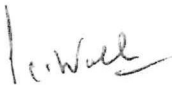
Consolidated and Charity Balance Sheets as at 31 March 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	14	5,137,527	4,788,208	3,111,677	3,155,967
Investments	15	-	-	304	304
		<u>5,137,527</u>	<u>4,788,208</u>	<u>3,111,981</u>	<u>3,156,271</u>
Current assets					
Stock		85,794	85,047	702	702
Debtors	16	94,148	78,967	3,117,219	2,462,407
Cash at bank and in hand		1,691,979	884,082	650,761	187,740
		<u>1,871,921</u>	<u>1,048,096</u>	<u>3,768,682</u>	<u>2,650,849</u>
Creditors: amounts falling due within one year	17	<u>(919,596)</u>	<u>(504,041)</u>	<u>(196,807)</u>	<u>(68,825)</u>
Net current assets		<u>952,325</u>	<u>544,055</u>	<u>3,571,875</u>	<u>2,582,024</u>
Net assets		<u>6,089,852</u>	<u>5,332,263</u>	<u>6,683,856</u>	<u>5,738,295</u>
The funds of the charity					
Restricted funds	19	6,081,264	5,323,675	6,675,268	5,729,707
Revaluation reserve	19	8,588	8,588	8,588	8,588
		<u>6,089,852</u>	<u>5,332,263</u>	<u>6,683,856</u>	<u>5,738,295</u>

The trustees have prepared the group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 12 to 25 form part of these accounts.

These financial statements were approved by the board of trustees on 22/12/2021 and were signed on its behalf by:



J C Walker
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows as at 31 March 2021

	<i>Note</i>	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Net cash flow from operating activities:					
<i>Net cash provided by/ (used in) operating activities</i>	21	1,210,740	1,002,801	471,969	392,613
Cash flow from investing activities					
Interest received		174	338	177	52
Purchase of fixed assets		(453,017)	(827,461)	(59,125)	(492,266)
Proceeds from sale of fixed assets		-	-	-	-
Repayment of bonds		-	-	-	-
<i>Net cash provided by/ (used in) investing activities</i>		<u>(452,843)</u>	<u>(827,123)</u>	<u>(58,948)</u>	<u>(492,214)</u>
Change in cash and cash equivalents in the reporting period		757,897	175,678	413,021	(99,601)
Cash and cash equivalents at the beginning of the year		884,082	708,404	187,740	287,341
Cash and cash equivalents at the end of the year		<u>1,641,979</u>	<u>884,082</u>	<u>600,761</u>	<u>187,740</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand		1,691,979	884,083	650,761	187,740
Bank loan included in creditors		<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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) issued in October 2019, Charities SORP (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The A1 Steam Locomotive Trust meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the trustees have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary companies, Tornado Steam Traction Limited, Tornado Merchandising Limited, and The P2 Steam Locomotive Company Limited and The V4 Steam Locomotive Company on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 403 of the Companies Act 2006.

1.4 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities includes income earned from the hire of the A1 Locomotive and sale of merchandise. Income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Income received for the supply of goods is recognised when the risk and rewards of ownership have been transferred.

Investment income includes interest which is recognised when receivable.

Notes to the financial statements (continued)

1.5 Donated services and facilities

Donated services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have met, and the receipt of economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

Donated 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 benefit on the open market; a corresponding amount is then recognised in the expenditure for the period.

1.6 Fund accounting

Restricted funds are available to spend in activities that further any of the purposes of the charity. Designated funds are restricted funds for the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific projects.

1.7 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Expenditure on charitable activities includes direct and support costs incurred in the management of the charity's activities

Other trading expenditure represents costs incurred in raising funds from the sale of goods and services those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

1.8 Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 11.

Notes to the financial statements (continued)

1.9 Fixed assets and depreciation

Tangible fixed assets are stated at cost or deemed cost and subsequently measured at cost or valuation less accumulated depreciation and accumulated impairment losses.

The A1 locomotive and its support coach is depreciated over a period of twenty years in equal annual instalments to its residual value of £1.5 million.

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Otherwise depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	-	25% per annum
Computer equipment	-	3 years straight line

1.10 Investments

Investments are stated at market value according to the guidelines of the Statement of Recommended Practice: Accounting by Charities.

1.11 Stock of merchandise and locomotive spares

Stock of the above items are valued at the lower of cost or net realisable value.

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

1.15 Taxation

The A1 Steam Locomotive Trust is a registered charity and is potentially exempt from tax on those categories of income covered by Section 505 of the Income and Corporation Taxes Act 1988, to the extent that this income is applied for charitable purposes.

Notes to the financial statements (continued)

1.16 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.

1.17 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of The A1 Steam Locomotive Trust's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability, expected future financial performance of the asset and depreciated replacement cost.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 Legal status

A1 Steam Locomotive Trust is a company limited by guarantee, registered in England and Wales (Company Number 2636924). There are currently seven trustees who are members of the company each of whom has guaranteed to contribute an amount not exceeding £1 in the event of the company being wound up during the time they are members or within one year thereafter.

Notes to the financial statements (continued)

3 Financial performance of the charity

	2021 £	2020 £
Incoming resources	1,512,192	1,127,880
Less: Costs of generating funds	<u>(1,473)</u>	<u>(7,153)</u>
Net incoming resources available for charitable application	1,510,719	1,120,727
Charitable expenditure	<u>(441,592)</u>	<u>(198,305)</u>
Net incoming resources before exceptional items	1,069,127	922,422
Provision against loan to Tornado Steam Traction Limited	<u>(123,566)</u>	<u>(134,678)</u>
Net incoming resources after exceptional items	945,561	787,744
Total funds brought forward	<u>5,738,295</u>	<u>4,950,551</u>
Total funds carried forward	<u><u>6,683,856</u></u>	<u><u>5,738,295</u></u>
Represented by:		
Restricted funds	6,675,268	5,729,707
Revaluation reserve	8,588	8,588
	<u>-</u>	<u>-</u>
	<u><u>6,683,856</u></u>	<u><u>5,738,295</u></u>

4 Income from charitable activities

	2021 £	2020 £
Covenants	369,310	359,304
	<u>369,310</u>	<u>359,304</u>

Income from covenants is attributable to restricted funds.

5 Income from donations

	2021 £	2020 £
Donations	968,856	628,978
Gift Aid	134,918	100,529
Other Income	40,575	38,970
	<u>1,144,349</u>	<u>768,477</u>

Income from donations is attributable to restricted funds.

The trust benefits from the support of volunteers within the running of the income generating activities and the administration of the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Notes to the financial statements (continued)

6 Income from trading activities

	2021	2020
	£	£
Sales of tour tickets	89,188	723,363
Hire of locomotive	5,000	126,600
Merchandise sales	<u>27,443</u>	<u>30,926</u>
	<u><u>121,631</u></u>	<u><u>880,889</u></u>

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries Tornado Steam Traction Limited and Tornado Merchandising Limited, which operate the locomotive and sell merchandise respectively, and the P2 Steam Locomotive Company.

The summary financial performance of the subsidiaries is shown below:

	The P2 Steam Locomotive Company Limited	Tornado Steam Traction Limited	Tornado Merchandising Limited	The V4 Construction Company Limited	Total 2021	Total 2020
	£	£	£	£	£	£
Turnover	14,819	94,188	12,624	-	121,631	880,889
Cost of sales and administration costs	(154,917)	(271,009)	(8,461)	(513)	(434,900)	(1,192,085)
Other income	-	1,467	-	-	1,467	-
Interest receivable	<u>-</u>	<u>178</u>	<u>3</u>	<u>-</u>	<u>181</u>	<u>338</u>
Net Profit	<u><u>(140,098)</u></u>	<u><u>(175,176)</u></u>	<u><u>4,166</u></u>	<u><u>(513)</u></u>	<u><u>(311,621)</u></u>	<u><u>(310,858)</u></u>

The assets and liabilities of the subsidiaries were:

Fixed assets	2,024,995	855	-	-	2,025,850	1,632,243
Current assets	349,784	816,989	24,047	1,593	1,192,413	840,521
Current liabilities	<u>(2,929,042)</u>	<u>(2,369,271)</u>	<u>(7,750)</u>	<u>(5,897)</u>	<u>(5,311,960)</u>	<u>(4,254,840)</u>
	<u><u>(554,263)</u></u>	<u><u>(1,551,427)</u></u>	<u><u>16,297</u></u>	<u><u>(4,304)</u></u>	<u><u>(2,093,697)</u></u>	<u><u>(1,782,076)</u></u>
Aggregate share capital and reserves	<u><u>(554,263)</u></u>	<u><u>(1,551,427)</u></u>	<u><u>16,297</u></u>	<u><u>(4,304)</u></u>	<u><u>(2,093,697)</u></u>	<u><u>(1,782,076)</u></u>

7 Income from investments

All of the charitable company's investment income arises from the interest on money held in interest bearing deposit accounts.

Notes to the financial statements (continued)

8 Analysis of income and surplus for the year

All income and the surplus for the year are derived from the charitable company's principal activity.

	2021 £	2020 £
<i>The surplus for the year is stated after charging:</i>		
Auditors remuneration	3,500	3,500
Accountancy and other services	7,021	2,161
Depreciation	<u>103,699</u>	<u>93,576</u>

9 Analysis of expenditure on charitable activities

	2021 £	2020 £
Charitable activities	594,476	354,675
Support costs	<u>33,274</u>	<u>32,591</u>
	<u><u>627,750</u></u>	<u><u>387,266</u></u>

10 Analysis of expenditure on trading activities

	2021 £	2020 £
Trading activities	<u>250,125</u>	<u>1,014,750</u>
	<u><u>250,125</u></u>	<u><u>1,014,750</u></u>

11 Support costs

	2021 £	2020 £
Printing, postage, stationery and administration	9,925	15,894
Legal and professional	5,995	2,161
Consultancy fees	6,225	244
Telephone	1,713	766
Interest payable and similar charges	2,635	1,020
Sundry expenses	3,281	9,006
Governance costs	3,500	3,500
	<u>33,274</u>	<u>32,591</u>

Notes to the financial statements (continued)

12 Governance costs

	2021 £	2020 £
Auditor's remuneration	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

13 Analysis of staff costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages	151,623	61,192	-	-
National Insurance	10,920	10,340	-	-
Pension	3,626	2,141	-	-
	<u>166,169</u>	<u>73,673</u>	<u>-</u>	<u>-</u>
	<u><u>166,169</u></u>	<u><u>73,673</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	Group 2021	Group 2020	Charity 2021	Charity 2020
Number of staff	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<u><u>7</u></u>	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The trustees of the charitable company do not receive any remuneration, with the exception of the following trustees: David Elliott, is remunerated as a contractor through his personal service company, David Elliott Limited, for special projects because of his particular skills, as permitted under the Memorandum and Articles of Association of the Company. During the year, costs of £53,218 (2020 : £39,981) were charged by David Elliott Limited for services provided. At the year end, an amount of £187 (2020 : £3,929) was owed to David Elliott Limited. David Elliott resigned as a trustee on 18 November 2020.

Paul Bruce, is remunerated as a contractor due to his skills as a railway consultant. During the year costs of £22,365 (2020: £nil) were charged.

Notes to the financial statements (continued)

13 Analysis of staff costs (cont.)

Direct expenses incurred by trustees are reimbursed, if claimed. The reimbursement of Trustees expenses, which mainly relate to travelling expenses in respect of performing the above special projects, was as follows:

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£	£	£	£
David Elliott	284	15,434	230	230
Graeme Bunker-James	2,144	1,826	-	-
Huw Parker	434	-	-	-
Benjamin McDonald	158	-	-	-
Richard Courteney-Harris	439	-	229	-
Paul Bruce	<u>66</u>	<u>-</u>	<u>66</u>	<u>-</u>
Total	<u>3,525</u>	<u>17,260</u>	<u>525</u>	<u>230</u>

Due to the increasing workload, the charity now has three direct employees working in Darlington Locomotive Works, being the Office Manager, an Administrator and an Assistant Mechanical Engineer. A Works Manager is being recruited. All other work is performed on a voluntary basis with the exception of sub-contracted management and labour which is capitalised.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows: None (2020 – none). The charity trustees were not paid or received any other benefits from employment in the year (2020 – £nil).

The key management personnel of the charity comprise the trustees. The total employee benefits of the key management personnel of the charity are as disclosed above. Remuneration paid to related parties is disclosed in note 19.

Notes to the financial statements (continued)

14 Tangible fixed assets

Group	A1 Locomotive	P2 Locomotive	Mark 1 Coaches	Assets under construction	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 31 March 2020	3,016,716	1,631,104	460,561	481,379	99,305	5,689,065
Additions	-	393,891	59,000	-	126	453,017
Disposals	-	-	-	-	-	-
At 31 March 2020	3,016,716	2,024,995	519,561	481,379	99,431	6,142,082
Depreciation						
At 31 March 2020	724,627	-	92,112	-	84,117	900,856
Charge for year	72,502	-	24,995	-	6,202	103,699
Depreciation on disposals	-	-	-	-	-	-
At 31 March 2021	797,129	-	117,107	-	90,319	1,004,555
Net book value						
At 31 March 2021	2,219,587	2,024,995	402,454	481,379	9,112	5,137,527
At 31 March 2020	2,292,089	1,631,104	368,449	481,379	15,188	4,788,208

The P2 Steam locomotive is an asset in the course of construction and therefore no depreciation has been charged.

Notes to the financial statements (continued)

Tangible fixed assets (continued)

Company	A1 Locomotive	Mark 1 Coaches	Fixtures, fittings, tools and equipment	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 31 March 2020	3,016,716	460,561	93,104	481,379	4,051,760
Additions	-	59,000	125	-	59,125
Disposals	-	-	-	-	-
At 31 March 2021	<u>3,016,716</u>	<u>519,561</u>	<u>93,229</u>	<u>481,379</u>	<u>4,110,885</u>
Depreciation					
At 31 March 2020	724,627	92,112	79,055	-	895,794
Charge for year	72,502	24,995	5,918	-	103,415
At 31 March 2021	<u>797,129</u>	<u>117,107</u>	<u>84,973</u>	<u>-</u>	<u>999,209</u>
Net book value					
At 31 March 2021	<u>2,219,587</u>	<u>402,454</u>	<u>8,256</u>	<u>481,379</u>	<u>3,111,676</u>
At 31 March 2020	<u>2,292,089</u>	<u>368,449</u>	<u>14,049</u>	<u>481,379</u>	<u>3,155,966</u>

The locomotive was revalued in the year ended 31 March 1994, subsequent construction work is included at cost. Fixtures and fittings, tools and equipment are stated at cost with the exception of tools machinery and equipment, received by way of gift all of which are now written off.

The Trustees have carried out an impairment review to determine the net realisable value and the value in use of both the locomotive and coach. The value in use is considered to be greater than the net book value based upon the replacement cost of the asset.

Notes to the financial statements (continued)

15 Investments

Details of the subsidiaries of The A1 Steam Locomotive Trust are shown below:

Name	Status	Company number	Ordinary £1 Share capital	Control
The P2 Steam Locomotive Company Limited	Trading	08549849	2	100%
Tornado Steam Traction Ltd	Trading	04336467	100	99%
Tornado Merchandising Limited	Trading	07357964	100	100%
The V4 Steam Locomotive Company Limited	Dormant	05417383	100	99%
21 st Century Steam Limited	Dormant	11330729	1	100%
21 st Century Rolling Stock Limited	Dormant	11331808	1	100%

16 Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade debtors	20,346	12,686	40,988	15,000
Amount due from Tornado Steam Traction Limited	-	-	50,733	50,534
Amount due from Tornado Merchandising Limited	-	-	16,732	14,679
Amount due from The P2 Steam Locomotive Company	-	-	2,951,306	2,376,194
Amount due from The V4 Steam Locomotive Company	-	-	5,884	5,684
Other debtors	22,226	66,281	-	316
Prepayments	51,576	-	51,576	-
	94,148	78,967	3,117,219	2,462,407

17 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loan	50,000	-	50,000	-
Trade creditors	116,822	100,179	84,761	53,889
Amount due to P2 Steam Locomotive Company	-	-	7,673	5,643
Amount due to P2 Steam Locomotive – Construction Loan	-	-	-	-
Amount due to V4 Construction Company	-	-	2,852	2,827
Other creditors and accruals	5,576	5,250	6,466	6,466
Deferred income	719,720	393,516	-	-
Taxation and social security costs	27,478	5,096	45,053	-
	919,596	504,041	196,805	68,825

Notes to the financial statements (continued)

18 Deferred income

	Deferred income £
Deferred income brought forward	393,516
Amounts released in the year	(89,187)
Amounts charged in the year	415,391
	<hr/>
	719,720
	<hr/> <hr/>

19 Restricted funds

	Revaluation Reserve	A1 No 60163 Tornado	P2 No 2007 Prince of Wales	V4 Locomotive	Total
	£	£	£	£	£
Group					
At 31 March 2020	8,588	2,950,891	2,371,784	1,000	5,332,263
Income for the year	-	984,955	650,509	-	1,635,464
Expenditure for the year	-	(737,777)	(140,098)	-	(877,875)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	<u>8,588</u>	<u>3,198,069</u>	<u>2,882,195</u>	<u>1,000</u>	<u>6,089,852</u>
Charity					
At 31 March 2020	8,588	2,943,755	2,785,952	-	5,738,295
Income for the year	-	861,683	650,509	-	1,512,192
Expenditure for the year	-	(443,065)	-	-	(443,065)
Intra group loan provision	-	(123,566)	-	-	(123,566)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	<u>8,588</u>	<u>3,238,807</u>	<u>3,436,461</u>	<u>-</u>	<u>6,683,856</u>

In the opinion of the trustees' sufficient resources are held in an appropriate form for each reserve to be applied in accordance with any restrictions imposed.

Notes to the financial statements (continued)

20 Related party transactions

The wife of Graeme Bunker-James, a trustee, is employed by a subsidiary company of the charity. The appointment was made following the post being widely advertised in the steam railway press. During the year, Mrs Bunker-James received a salary of £13,750 (2020 : £13,750) in respect of carrying out a marketing function.

The son-in-law of David Elliott, who was a trustee up until 18 November 2020, provides engineering services to the charity as a contractor through a personal service company, Alan Parkin Engineering Limited. During the year an amount of £26,745 (2020 : £33,744) was paid to Alan Parkin Engineering Limited. At the year end, an amount of nil (2020 : nil) was owed to Alan Parkin Engineering Limited.

Trustees remuneration is disclosed in note 13.

21 Reconciliation of consolidated net income/(expenditure) to net cash flow from operating activities

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Net income for the year	757,589	606,992	945,559	787,744
Interest received	(174)	(338)	(177)	(52)
Depreciation of tangible fixed assets	103,699	94,054	103,416	93,576
Loss/(profit) on sale of fixed assets	-	-	-	-
Decrease/(increase) in debtors	(15,181)	(1,914)	(604,075)	(541,561)
(Decrease)/increase in creditors	365,555	310,694	27,247	52,906
Decrease/(increase) in stock	(748)	(6,687)	-	-
Net cash flow from operating activities	1,210,740	1,002,801	471,969	392,613