

CHARITY REGISTRATION No: 1139588

COMPANY REGISTRATION NO: 06952089

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

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YEAR ENDED 31 MARCH 2021

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ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 MARCH 2021

The Trustees, who are also directors for the purposes of company law, present their report and the consolidated Financial Statements of the Trust and its subsidiary undertakings for the year ended 31 March 2021.

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

The Trustees

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

Mr J J Hosking
Mr D J C Dunstone
Mr P N Greenwood
Mr R Drury
Mr P Adds
Mr G R Greenhous (resigned 22 October 2020)
Mr R W Abbey

Auditors

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT

YEAR ENDED 31 MARCH 2021

The Trustees submit their report and the Financial Statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS102)), the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

THE TRUSTEES

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

Mr J J Hosking
Mr D J C Dunstone
Mr P N Greenwood
Mr R Drury
Mr P Addis
Mr G R Greenhouse (resigned 22 October 2020)
Mr R W Abbey

AUDITOR

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Background

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

Risk Management

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

OBJECTIVES AND PERFORMANCE

Objectives

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

Public Benefit

The year's operation of the Trust's locomotives were severely curtailed by the impact of the COVID pandemic. In a reduced year of operating two of the Trust's locomotives were in steam in the second half of the year, Royal Scot and Britannia. Royal Scot operated eight times and Britannia operated five times on the mainline for Saphos Trains. Members of the public were able to view the engines in operation and to experience rail travel as it would have been in the days prior to 1968 when British Railways withdrew their last steam locomotives from service.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT

YEAR ENDED 31 MARCH 2021

OBJECTIVES AND PERFORMANCE *(continued)*

The pandemic caused many preserved railways to either close or significantly reduce their operations and as a consequence none of the Trust's assets were able to visit galas etc. It is the Trustees' intention to make each locomotive so available whenever possible to bring them to as wide an audience as possible. When permissible footplate experience will be given at gala events, which are designed to give members of the public tuition and actual "hands on" experience of driving and firing a full size, main line steam locomotive.

BBC's Blue Peter continued with their occasional filming of the engineering work on the locomotive Blue Peter for airing when the work is nearing completion.

The Trustees have been used to giving occasional talks and lectures on a range of railway related subjects, as well as assisting in the teaching of the public during footplate experience courses on how to drive and fire a steam locomotive. None of this was possible in this pandemic year.

The Trust's website, www.royalscot.org, and its sister website, www.iconsofsteam.com, has provided much detailed information on the history and operation of each of the locomotives.

Investments

From time to time the Trust has received donations of portfolios of shares which make up the investments held by the Trust. The investments are held within the unrestricted fund, in line with the wishes of the donor. The investments may be used to provide income to further the Trust's objectives or, if the Trustees consider it appropriate, may be sold.

FINANCIAL REVIEW

Activity during the year

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

- LMS 'Royal Scot' Class No.6100 'Royal Scot'.
- GWR 'King' Class No.6024 'King Edward I'.
- BR Class 7P No.70000 'Britannia'.
- LNER Peppercorn A2 Class No.60532 'Blue Peter'

The Trust also owns two examples of SR 4-6-2 Merchant Navy Class.

Over the year under review it has acquired a number of Mark 1 carriages which it has been restoring ready for operation within the Saphos rake of coaches and elsewhere. This programme of acquisition has continued into the next financial year.

It also acquired a Class 55 Deltic engine, 'Royal Scots Grey', numbered D9000 or 55022. This is one of only six remaining examples of its type, and is considered to be of historical significance, being the first production Deltic locomotive built and to enter service. Work to restore it to operational use condition is on-going.

Only 6100 Royal Scot and 70000 Britannia were in operation during the year. All other locomotives were under restoration. 6100 'Royal Scot' was used on the mainline eight times for Saphos Trains as well as being used for training runs for Locomotive Services (TOC) Ltd. 70000 'Britannia' was used five times by Saphos Trains. This has ensured that members of the public can travel behind the engine in high quality historic coaches.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT

YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW (*continued*)

London and North Western Railway Heritage Company Limited is the restoration and maintenance business purchased in February 2014. During the year it worked principally on the assets of the Trust and other related undertakings, and had another successful year with turnover of £3.54 million. Of this £1.44 million were sales to entities which are related undertakings (see note 14).

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

The Trust continues to further its public exposure by the use of its website, regular reporting within the Railway Press and Media as well as through journal magazines.

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

Finance

The income for the Trust for the year ended 31 March 2021 was £5,157,810 (2020: £3,203,536). Charitable activities for the year are set out in note 3 to the accounts.

Net profit for the year in the subsidiary companies totalled £341,854 (2020: Loss of £64,007), and the net assets of the Trust increased to £37,946,013 from £27,943,053 during the year.

Reserves Policy

The Trustees aim to maintain free reserves at a level which equates to approximately 12 months' worth of capital and charitable expenditure. The Trustees consider that this level will ensure that there are sufficient funds available to cover support and governance costs. At the year end the unrestricted fund stood at £37,318,927 (2020: £25,805,675) of which £35,297,524 represents long term assets and the balance is expected to be sufficient for the capital expenditure and operating costs for the coming twelve months.

RESPONSIBILITIES OF THE TRUSTEES

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

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

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

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

In so far as the Trustees are aware:

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

TRUSTEES' REPORT

YEAR ENDED 31 MARCH 2021

Signed by order of the Trustees

Mr J J Hosking
Trustee

Date:

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST
YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Royal Scot Locomotive and General Trust for the year ended 31 March 2021 which comprise consolidated statement of financial activities, balance sheets, consolidated statement of cash flows 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 accounts:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 March 2021 and of the group's incoming resources and application of resources for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charity 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

Assessment of the Trust's ability to continue as a going concern includes an assessment of the future economic environment as well as the Trust's future prospects and performance. The emergence and spread of the COVID-19 virus has had a very significant impact on the economy, and at the date of this report there is unprecedented uncertainty about its ultimate effect on the UK and globally. The existence of this uncertainty may cast doubt on the Trust's ability to continue as a going concern.

The Trustees have prepared the accounts on the going concern basis as they do not intend to liquidate the Trust or cease operations, and have concluded that the Trust's financial position means that this is realistic.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST (*continued*)
YEAR ENDED 31 MARCH 2021

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' 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.

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 that fact.

We have nothing to report in this regard

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the Trustees 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 the parent charity'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 charity or to cease operations, or have no realistic alternative but to do so.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST (*continued*)
YEAR ENDED 31 MARCH 2021

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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,

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

Detection of fraud and breaches of laws and regulations

To identify risks of material misstatement due to fraud, we considered events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to do so. Our approach included:

- using analytical procedures to identify unusual relationships;
- reading minutes of company meetings;
- discussing company policies and procedures on fraud detection and prevention with directors, and enquiring about any knowledge of actual, alleged or suspected fraud.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit.

To identify risks of material misstatement due to non-compliance with laws and regulations, our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102, Charities legislation and the Companies Act 2006) and the relevant tax compliance regulations;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We also performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risks that revenue is recorded in the wrong period and that management may be in a position to make inappropriate accounting entries. Our procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiries of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL SCOT
LOCOMOTIVE AND GENERAL TRUST (*continued*)
YEAR ENDED 31 MARCH 2021

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding non-detection of fraud rather than error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose.

Justin Moore BSc ACA (Senior Statutory Auditor)

For and on behalf of

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
GROUP STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2021

		2021 Unrestricted Fund	2021 Restricted Fund	2021 Total	2020 Unrestricted Fund	2020 Restricted Fund	2020 Total
		£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM	Note						
Donations and legacies		4,835,643	-	4,835,643	2,886,670	-	2,886,670
Investments		322,167	-	322,167	316,866	-	316,866
Commercial trading operations	5	3,425,448	-	3,425,448	3,268,798	-	3,268,798
TOTAL INCOME AND ENDOWMENTS		8,583,258	-	8,583,258	6,472,334	-	6,472,334
 EXPENDITURE ON							
Raising funds		(34,434)	-	(34,434)	(27,855)	-	(27,855)
Charitable activities	3	(4,405,671)	-	(4,405,671)	(4,154,457)	-	(4,154,457)
Amortisation		-	(29,783)	(29,783)	-	(29,783)	(29,783)
TOTAL RESOURCES EXPENDED		(4,440,105)	(29,783)	(4,469,888)	(4,182,312)	(29,783)	(4,212,095)
Net gains/(losses) on investments		6,973,418	-	6,973,418	(4,207,548)	-	(4,207,548)
NET INCOMING/(OUTGOING) RESOURCES		11,116,571	(29,783)	11,086,788	(1,917,526)	(29,783)	(1,947,309)
TRANSFER BETWEEN FUNDS		-	-	-	-	-	-
NET MOVEMENT IN FUNDS	2	11,116,571	(29,783)	11,086,788	(1,917,526)	(29,783)	(1,947,309)
RECONCILIATION OF FUNDS							
Total funds brought forward		25,143,487	303,693	25,447,180	27,061,013	333,476	27,394,489
TOTAL FUNDS CARRIED FORWARD		36,260,058	273,910	36,533,968	25,143,487	303,693	25,447,180

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

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

The notes on pages 13 to 20 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES - TRUST

YEAR ENDED 31 MARCH 2021

		2021	2021	2021	2020	2020	2020
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Note	Fund	Fund		Fund	Funds	
		£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM							
Donations and legacies		4,835,643	-	4,835,643	2,886,670	-	2,886,670
Investments		322,167	-	322,167	316,866	-	316,866
TOTAL INCOME AND ENDOWMENTS		5,157,810	-	5,157,810	3,203,536	-	3,203,536
EXPENDITURE ON							
Raising funds		(34,434)	-	(34,434)	(27,855)	-	(27,855)
Charitable activities	3	(548,840)	-	(548,840)	(408,373)	-	(408,373)
TOTAL RESOURCES EXPENDED		(583,274)	-	(583,274)	(436,228)	-	(436,228)
Net gains/(losses) on investments		6,938,716	-	6,938,716	(4,277,600)	-	(4,277,600)
NET INCOMING/(OUTGOING) RESOURCES		11,513,252		11,513,252	(1,510,292)	-	(1,510,292)
TRANSFER BETWEEN FUNDS		-	-	-	-	-	-
NET MOVEMENT IN FUNDS	2	11,513,252	-	11,513,252	(1,510,292)	-	(1,510,292)
RECONCILIATION OF FUNDS							
Total funds brought forward		25,805,675	627,086	26,432,761	27,315,967	627,086	27,943,053
TOTAL FUNDS CARRIED FORWARD		37,318,927	627,086	37,946,013	25,805,675	627,086	26,432,761

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

All of the above amounts relate to continuing activities

The notes on pages 13 to 20 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

BALANCE SHEET

31 MARCH 2021

		Group 31 Mar 21	Trust 31 Mar 21	Group 31 Mar 20	Trust 31 Mar 20
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	6	13,848,811	15,225,271	11,824,450	12,472,736
Investments	7	20,072,253	20,672,256	11,201,948	11,801,951
Goodwill		29,783	-	59,567	-
		<u>33,950,847</u>	<u>35,897,527</u>	<u>23,085,965</u>	<u>24,274,687</u>
CURRENT ASSETS					
Stock		99,955	-	-	-
Debtors	8	2,548,404	2,280,403	1,630,165	1,419,917
Cash in hand		668,450	248,634	1,503,564	1,076,861
		<u>3,316,809</u>	<u>2,529,037</u>	<u>3,133,729</u>	<u>2,496,778</u>
CREDITORS: Amounts falling due within one year	9	<u>(733,688)</u>	<u>(480,552)</u>	<u>(772,514)</u>	<u>(338,704)</u>
NET CURRENT ASSETS		<u>2,583,121</u>	<u>2,048,485</u>	<u>2,324,702</u>	<u>2,158,074</u>
NET ASSETS		<u><u>36,533,968</u></u>	<u><u>37,946,012</u></u>	<u><u>25,447,180</u></u>	<u><u>26,432,761</u></u>
FUNDS					
Restricted fund	12	273,910	627,086	303,693	627,086
Unrestricted fund	11	<u>36,260,058</u>	<u>37,318,926</u>	<u>25,143,487</u>	<u>25,805,675</u>
TOTAL FUNDS		<u><u>36,533,968</u></u>	<u><u>37,946,012</u></u>	<u><u>25,447,180</u></u>	<u><u>26,432,761</u></u>

These Financial Statements were approved and signed by the Trustees on

Mr J J Hosking
Trustee

The notes on pages 13 to 20 form part of these Financial Statements.

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	£	2021 £	£	2020 £
Cash flows from operating activities		3,802,940		2,298,809
Cash flows from investing activities				
Investment income		322,167		316,866
Proceeds of disposal of investments		2,453,846		798,431
Purchase of investments		(4,368,083)		(444,821)
Purchase of property plant and equipment		(2,219,665)		(2,064,209)
		(3,811,735)		(1,393,733)
Foreign exchange gain/(loss)		-		-
Change in cash and cash equivalents in the year		(8,795)		905,075
Cash and cash equivalents b/f		2,617,212		1,712,136
Cash and cash equivalents c/f		2,608,417		2,617,212
Analysis of cash and cash equivalents		2021		2020
		£		£
Cash in hand		668,450		1,503,564
Cash held by investment manager		1,939,967		1,113,648
Total cash and cash equivalents		2,608,417		2,617,212

Reconciliation of net (expenditure)/income per SOFA to net cash flows from operating activities

	2021 £	2020 £
Net (expenditure)/income per the SOFA	11,086,788	(1,947,309)
Adjustment for:		
Depreciation	195,304	176,190
Amortisation	47,134	29,783
Investment income	(322,167)	(316,866)
Profits/losses on investments	(6,973,418)	4,207,548
Decrease in stock	(99,955)	8,750
Decrease in debtors	(91,920)	150,800
Decrease in creditors	(38,826)	(10,087)
	3,802,940	2,298,809

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

Basis of accounting

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

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

Basis of preparation

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

Going concern

The Trustees have considered the impact of COVID-19 and undertaken a number of scenario projections to understand the potential impact on the charity. On the basis of these projections the Trustees are confident that the charity will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on the going concern basis.

Incoming resources

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

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

Resources expended

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

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

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

Fund accounting

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

Investments - Unquoted

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (*continued*)

Investments - Quoted

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

Goodwill

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

Tangible fixed assets

Tangible fixed assets are initially recorded at cost, and subsequently held at cost net of depreciation and any impairment losses.

Locomotives and coaches are held as heritage assets and are considered to appreciate in value, so no depreciation is charged. Where appropriate, depreciation is recognised on separately identifiable components.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Boiler for Locomotive 70000 'Britannia' – straight line over 6 years
Leasehold improvements – straight line over remaining lease period
Plant and machinery – 15% per year straight line

An impairment review is conducted each year. Should any impairments or movement in impairment arise from this review, this will be charged to the statement of financial activities for the period in which it occurs.

Financial assets

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

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

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

Financial liabilities

Basic financial liabilities are initially measured at transaction price.

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

Taxation

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

YEAR ENDED 31 MARCH 2021

2. NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
Auditor's remuneration				
- as auditor	10,625	5,750	10,375	5,500
- for other services	9,480	1,891	7,854	263
Depreciation	195,304	-	176,190	80,554
	<u>215,409</u>	<u>7,641</u>	<u>194,419</u>	<u>86,317</u>

3. CHARITABLE ACTIVITIES

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
Direct charitable expenditure	566,191	566,191	407,942	407,942
Support costs	-	-	431	431
Commercial trading operations	3,839,480	-	3,746,084	-
	<u>4,405,671</u>	<u>566,191</u>	<u>4,154,457</u>	<u>408,373</u>

4. PARTICULARS OF EMPLOYEES

Through London and North Western Railway Heritage Company, the Group now has an average of 42 (2020: 40) employees. Costs are also paid to affiliated entities in relation to staff costs. The aggregate staff cost charge of the Group and the Trust is as set out below:

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
Wages and salaries	1,200,723	-	1,015,046	-
Social security costs	99,036	-	89,743	-
Pension contributions	48,120	-	41,974	-
	<u>1,347,879</u>	<u>-</u>	<u>1,146,763</u>	<u>-</u>

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

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

	Group 2021 No.	Trust 2021 No.	Group 2020 No.	Trust 2020 No.
£60,000 – £70,000	-	-	-	-

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2021

5. COMMERCIAL TRADING OPERATIONS OF SUBSIDIARY UNDERTAKINGS

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

A summary of the most recent results of the trading subsidiaries is shown below for the year ended 31 March 2021.

PROFIT AND LOSS ACCOUNT

	Locomotive 6100 Ltd	Locomotive 6024 Ltd	Locomotive 70000 Ltd	London and North Western Railway Heritage Company Limited
	2021 £	2021 £	2021 £	2021 £
TURNOVER	90,000	-	54,000	3,935,004
Cost of sales	(23,400)	-	(16,072)	(2,628,172)
GROSS PROFIT	66,600		37,928	1,306,832
Administrative expenses	(8,205)	(17,363)	(26,750)	(1,128,085)
Other operating income	-	-	-	110,897
OPERATING PROFIT	58,395	(17,363)	11,178	289,644
Interest receivable	-	-		
Interest payable	-	-		
PROFIT BEFORE TAXATION	58,395	(17,363)	11,178	289,644
Tax on profit on ordinary activities	-	-	-	-
PROFIT AFTER TAXATION	58,395	(17,363)	11,178	289,644
BALANCE SHEET				
	£	£	£	£
Total Assets	58,224	750	27,905	1,422,180
Total Liabilities	(2,800)	(7,300)	(3,500)	(573,820)
Reserves	55,424	(6,550)	24,405	848,360

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2021

6. TANGIBLE FIXED ASSETS - GROUP

	Plant and Machinery etc £	Steam Locomotives, Coaches etc £	Total £
COST			
At 1 April 2020	1,612,249	11,343,942	12,956,191
Additions	142,462	2,077,203	2,219,665
At 31 March 2021	<u>1,754,711</u>	<u>13,421,145</u>	<u>15,175,856</u>
DEPRECIATION			
At 1 April 2020	731,741	400,000	1,131,741
Charge for year	195,304	-	195,304
At 31 March 2021	<u>927,045</u>	<u>400,000</u>	<u>1,327,045</u>
NET BOOK VALUE			
At 31 March 2021	<u>827,666</u>	<u>13,021,145</u>	<u>13,848,811</u>
At 31 March 2020	<u>880,508</u>	<u>10,943,942</u>	<u>11,824,450</u>

TANGIBLE FIXED ASSETS - TRUST

	Plant and Machinery etc £	Steam Locomotives, Coaches etc £	Total £
COST			
At 1 April 2020	748,309	12,366,090	13,114,399
Additions	-	2,833,089	2,833,089
At 31 March 2021	<u>748,309</u>	<u>15,199,179</u>	<u>15,947,488</u>
DEPRECIATION			
At 1 April 2020	241,663	400,000	641,663
Charge for year	80,554	-	80,554
At 31 March 2021	<u>322,217</u>	<u>400,000</u>	<u>722,217</u>
NET BOOK VALUE			
At 31 March 2021	<u>426,092</u>	<u>14,799,179</u>	<u>15,225,271</u>
At 31 March 2020	<u>506,646</u>	<u>11,966,090</u>	<u>12,472,736</u>

Capital expenditure on locomotives and coaches in the previous four reporting periods is detailed below.

	2017	2018	2019	2020
Restoration of heritage assets	629,490	818,379	935,552	1,046,107
Acquisition of heritage assets	-	-	-	911,658

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2021

7. INVESTMENTS

	Group 2021	Trust 2021	Group 2020	Trust 2020
	£	£	£	£
Quoted investments – At market value				
At 1 April	11,201,948	11,201,948	15,763,106	15,763,106
Additions at cost	4,368,083	4,368,083	444,821	444,821
Disposals	(2,453,845)	(2,453,845)	(768,947)	(768,947)
Net gains/(losses) on revaluations	6,898,059	6,898,059	(4,237,032)	(4,237,032)
Profit/(loss) on disposal	58,008	58,008	-	-
At 31 March	20,072,253	20,072,253	11,201,948	11,201,948

	Group 2021	Trust 2021	Group 2020	Trust 2020
	£	£	£	£
Unquoted investments				
At 1 April	-	600,003	-	600,003
Additions	-	17,351	-	70,052
Impairment	-	(17,351)	-	(70,052)
At 31 March	-	600,003	-	600,003

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

The following were investments of the Trust at 31 March 2021.

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

8. DEBTORS

	Group 2021	Trust 2021	Group 2020	Trust 2020
	£	£	£	£
Trade debtors	246,210	-	139,769	-
Amounts owed by group undertakings	-	-	-	-
Other debtors	2,302,193	2,280,403	1,490,396	1,419,917
	2,548,404	2,280,403	1,630,165	1,419,917

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

YEAR ENDED 31 MARCH 2021

9. CREDITORS: Amounts falling due within one year

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
Trade creditors	280,301	371,664	391,868	296,428
Taxation and social security	129,097	-	120,092	-
Other creditors	292,940	86,638	246,591	36,513
Accruals and deferred income	31,350	22,250	13,963	5,763
	<u>733,688</u>	<u>480,552</u>	<u>772,514</u>	<u>338,704</u>

10. CONTINGENT LIABILITY

In the opinion of the Trustees there were no legal claims of merit outstanding against the Group at the balance sheet date.

11. UNRESTRICTED FUND

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
At 1 April	25,143,487	25,805,675	27,061,013	27,315,967
Net movement in funds for the year (excluding transfers)	11,116,571	11,513,251	(1,917,526)	(1,510,292)
Transfers between funds	-	-	-	-
At 31 March	<u>36,260,058</u>	<u>37,318,926</u>	<u>25,143,487</u>	<u>25,805,675</u>

12. RESTRICTED FUND

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
At 1 April	303,693	627,086	333,476	627,086
Net movement in funds for the year (excluding transfers)	(29,783)	-	(29,783)	-
Transfers between funds	-	-	-	-
At 31 March	<u>273,910</u>	<u>627,086</u>	<u>303,693</u>	<u>627,086</u>

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

ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

YEAR ENDED 31 MARCH 2021

13. FINANCIAL COMMITMENTS

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

	Group 2021 £	Trust 2021 £	Group 2020 £	Trust 2020 £
Within one year	165,000	-	165,000	-
Between two and five years	495,000	-	660,000	-
In over five years	-	-	-	-
	<u>660,000</u>	<u>-</u>	<u>825,000</u>	<u>-</u>

14. RELATED PARTY TRANSACTIONS

No Trustees received reimbursement during the year for travel and subsistence expenses (2020: one Trustee was reimbursed £1,666). No Trustee or any persons connected with them received any remuneration during the year.

During the year Locomotive Services Limited, a related undertaking, recharged expenses to the Trust of £250,000 (2020: £250,000). As at 31 March 2021, the Trust owed Locomotive Services Limited £25,000 (2020: £25,000) and Locomotive Storage Limited, another related undertaking, £60,000 (2020: £nil).

During the year, London and North Western Railway Heritage Company Limited earned income totalling £2,057,083 (2020: £1,436,734) from the following companies, all of which are related undertakings:

- Locomotive 34046 Limited
- Locomotive 4270 Limited
- Locomotive 5029 Limited
- Locomotive Intercity Limited
- Locomotive 92212 Limited
- Locomotive 6960 Limited
- Locomotive 45231 Limited
- Locomotive Services Limited
- Locomotive Storage Limited
- Locomotive Diesels Limited
- Locomotive Services (TOC) Limited
- L S Shunters Limited

The transactions were conducted on an arm's length basis and a total of £216,213 (2020: £133,903) was outstanding in respect of these amounts at the balance sheet date.

During the year to 31 March 2021, Locomotive Storage Limited earned income of £284,633 (2020: £326,029) from services provided to London and North Western Railway Heritage Company Limited. As at 31 March 2021, the amount outstanding was £nil (2020: £nil).

All related party companies identified above are incorporated in England and Wales, and are related as they are under the control of one of the Trustees.