

**CHARITY REGISTRATION No: 1139588**

**COMPANY REGISTRATION NO: 06952089**

**ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2022**

# **ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST**

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**YEAR ENDED 31 MARCH 2022**

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# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

### YEAR ENDED 31 MARCH 2022

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 2022.

<b>Registered charity name</b>	Royal Scot Locomotive and General Trust
<b>Charity registration number</b>	1139588
<b>Company registration number</b>	06952089
<b>Registered office</b>	Sixth Floor Capital Tower 91 Waterloo Road London SE1 8RT

#### **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 R W Abbey

#### **Auditors**

Arnold Hill & Co LLP  
Chartered Accountants & Statutory Auditor  
Sixth Floor Capital Tower,  
91 Waterloo Road,  
London,  
SE1 8RT

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## TRUSTEES' REPORT

### YEAR ENDED 31 MARCH 2022

The Trustees submit their report and the Financial Statements for the year ended 31 March 2022. 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 2019) – 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 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 again curtailed by the impact of the COVID pandemic in 2021. In a reduced year of operating just one of the Trust's locomotives was in steam from June 2021. Royal Scot operated 21 times on the mainline for Saphos Trains. In addition the rake of Mark 1 carriages, purchased by the Trust in December 2021 were used by Saphos on every trip thereafter. Members of the public were able to view the engines in operation and to travel in the coaches, thereby experiencing 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 2022

### OBJECTIVES AND PERFORMANCE *(continued)*

It was not possible for any of the Trust's assets to visit galas again this year. 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 newly-formed Locomotive Services Group Facebook and Instagram accounts have been giving regular updates on the Trust's assets, including in some cases those still under restoration.

### 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.

Work continued on the restoration of the Class 55 Deltic engine, 'Royal Scots', numbered 55022 and 60532 Blue Peter. 70000 Britannia was withdrawn from services for its 10-year overhaul.

Only 6100 Royal Scot was in operation during the year.

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 £4.39 million. Of this £1.88 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 social media, regular reporting within the Railway Press and Media as well as through journal magazines.

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## TRUSTEES' REPORT

YEAR ENDED 31 MARCH 2022

### FINANCIAL REVIEW (*continued*)

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 2022 was £3,545,089 (2021: £5,157,810). Charitable activities for the year are set out in note 3 to the accounts.

Net profit for the year in the subsidiary companies totalled £163,412 (2021: £341,854), and the net assets of the Trust decreased to £34,119,957 from £37,946,013 during the year largely due to the fixed asset impairment recognised in 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 £33,492,871 (2021: £37,318,927) of which £31,890,457 represents long term assets and the balance is expected to be sufficient for the capital expenditure and operating costs for the coming twelve months.

### RESPONSIBILITIES OF THE TRUSTEES

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

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

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

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

In so far as the Trustees are aware:

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

Signed by order of the Trustees

Mr J J Hosking  
Trustee

25<sup>th</sup> January 2023

**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 2022**

**Opinion**

We have audited the financial statements of Royal Scot Locomotive and General Trust for the year ended 31 March 2022 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 2022 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**

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 2022**

**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 2022**

**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 2022**

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  
Sixth Floor, Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

31 January 2023

**ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST**  
**GROUP STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2022**

		2022 Unrestricted Fund	2022 Restricted Fund	2022 Total	2021 Unrestricted Fund	2021 Restricted Fund	2021 Total
		£	£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>	<b>Note</b>						
Donations and legacies		2,717,786	-	2,717,786	4,835,643	-	4,835,643
Investments		309,346	-	309,346	322,167	-	322,167
Commercial trading operations	5	3,891,922	-	3,891,922	3,425,448	-	3,425,448
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>6,919,054</b>	<b>-</b>	<b>6,919,054</b>	<b>8,583,258</b>	<b>-</b>	<b>8,583,258</b>
 <b>EXPENDITURE ON</b>							
Raising funds		(52,079)	-	(52,079)	(34,434)	-	(34,434)
Charitable activities	3	(13,419,164)	-	(13,419,164)	(4,405,671)	-	(4,405,671)
Amortisation		-	(29,783)	(29,783)	-	(29,783)	(29,783)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(13,471,243)</b>	<b>(29,783)</b>	<b>(13,501,026)</b>	<b>(4,440,105)</b>	<b>(29,783)</b>	<b>(4,469,888)</b>
Net gains/(losses) on investments		3,104,428	-	3,104,428	6,973,418	-	6,973,418
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		<b>(3,447,761)</b>	<b>(29,783)</b>	<b>(3,477,544)</b>	<b>11,116,571</b>	<b>(29,783)</b>	<b>11,086,788</b>
<b>TRANSFER BETWEEN FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS</b>	2	<b>(3,447,761)</b>	<b>(29,783)</b>	<b>(3,477,544)</b>	<b>11,116,571</b>	<b>(29,783)</b>	<b>11,086,788</b>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		36,260,058	273,910	36,533,968	25,143,487	303,693	25,447,180
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>32,812,297</b>	<b>244,127</b>	<b>33,056,424</b>	<b>36,260,058</b>	<b>273,910</b>	<b>36,533,968</b>

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

		2022	2022	2022	2021	2021	2021
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Note	Fund	Fund		Fund	Funds	
		£	£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>							
Donations and legacies		2,975,743	-	2,975,743	4,835,643	-	4,835,643
Investments		569,346	-	569,346	322,167	-	322,167
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>3,545,089</b>	<b>-</b>	<b>3,545,089</b>	<b>5,157,810</b>	<b>-</b>	<b>5,157,810</b>
<b>EXPENDITURE ON</b>							
Raising funds		(52,079)	-	(52,079)	(34,434)	-	(34,434)
Charitable activities	3	(10,423,493)	-	(10,423,493)	(548,840)	-	(548,840)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(10,475,572)</b>	<b>-</b>	<b>(10,475,572)</b>	<b>(583,274)</b>	<b>-</b>	<b>(583,274)</b>
Net gains on investments		3,104,428	-	3,104,428	6,938,716	-	6,938,716
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		<b>(3,826,055)</b>	<b>-</b>	<b>(3,826,055)</b>	11,513,252	-	11,513,252
<b>TRANSFER BETWEEN FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS</b>	2	<b>(3,826,055)</b>	<b>-</b>	<b>(3,826,055)</b>	11,513,252	-	11,513,252
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		37,318,927	627,086	37,946,013	25,805,675	627,086	26,432,761
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>33,492,871</b>	<b>627,086</b>	<b>34,119,957</b>	<b>37,318,927</b>	<b>627,086</b>	<b>37,946,013</b>

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 2022

	Notes	Group 31 Mar 22 £	Trust 31 Mar 22 £	Group 31 Mar 21 £	Trust 31 Mar 21 £
<b>FIXED ASSETS</b>					
Tangible assets	6	10,267,224	11,212,577	13,848,811	15,225,271
Investments	7	21,623,233	22,223,236	20,072,253	20,672,256
Goodwill		-	-	29,783	-
		<u>31,890,457</u>	<u>33,435,813</u>	<u>33,950,847</u>	<u>35,897,527</u>
<b>CURRENT ASSETS</b>					
Stock		220,413	-	99,955	-
Debtors	8	1,137,408	916,149	2,548,404	2,280,403
Cash in hand		574,288	433,090	668,450	248,634
		<u>1,932,109</u>	<u>1,349,239</u>	<u>3,316,809</u>	<u>2,529,037</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(766,142)</u>	<u>(665,095)</u>	<u>(733,688)</u>	<u>(480,552)</u>
<b>NET CURRENT ASSETS</b>		<u>1,165,967</u>	<u>684,144</u>	<u>2,583,121</u>	<u>2,048,485</u>
<b>NET ASSETS</b>		<u><u>33,056,424</u></u>	<u><u>34,119,957</u></u>	<u><u>36,533,968</u></u>	<u><u>37,946,012</u></u>
<b>FUNDS</b>					
Restricted fund	12	244,127	627,086	273,910	627,086
Unrestricted fund	11	<u>32,812,297</u>	<u>33,492,871</u>	<u>36,260,058</u>	<u>37,318,926</u>
<b>TOTAL FUNDS</b>		<u><u>33,056,424</u></u>	<u><u>34,119,957</u></u>	<u><u>36,533,968</u></u>	<u><u>37,946,012</u></u>

These Financial Statements were approved and signed by the Trustees on 25<sup>th</sup> January 2023

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 2022**

	£	2022 £	£	2021 £
<b>Cash flows from operating activities</b>		<b>1,861,719</b>		<b>3,802,940</b>
<b>Cash flows from investing activities</b>				
Investment income		309,346	322,167	
Proceeds of disposal of investments		4,800,067	2,453,846	
Purchase of investments		(3,246,620)	(4,368,083)	
Purchase of property plant and equipment		(5,271,683)	(2,219,665)	
		<u>(3,408,890)</u>	<u></u>	<u>(3,811,735)</u>
Foreign exchange gain/(loss)		-		-
<b>Change in cash and cash equivalents in the year</b>		<b>(1,547,171)</b>		<b>(8,795)</b>
Cash and cash equivalents b/f		<b>2,608,417</b>		<b>2,617,212</b>
<b>Cash and cash equivalents c/f</b>		<b>1,061,246</b>		<b>2,608,417</b>
<b>Analysis of cash and cash equivalents</b>		<b>2022</b>		<b>2021</b>
		<b>£</b>		<b>£</b>
Cash in hand		574,288		668,450
Cash held by investment manager		486,959		1,939,967
<b>Total cash and cash equivalents</b>		<u><b>1,061,246</b></u>		<u><b>2,608,417</b></u>

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

	2022 £	2021 £
<b>Net (expenditure)/income per the SOFA</b>	<b>(3,477,544)</b>	<b>11,086,788</b>
<b>Adjustment for:</b>		
Depreciation	205,354	195,304
Amortisation	29,783	47,134
Investment income	(309,346)	(322,167)
Losses on investments	(3,104,428)	(6,973,418)
Impairment of fixed assets	8,647,916	-
Decrease in stock	(120,458)	(99,955)
Decrease in debtors	(42,012)	(91,920)
Decrease in creditors	32,454	(38,826)
	<u><b>1,861,719</b></u>	<u><b>3,802,940</b></u>

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

### 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**

At the time of approving the financial statements, the Trustees have a reasonable expectation 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 2022

### 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. Following an extensive impairment review at the year end, impairments have been recognised in the Statement of Financial Activities on various heritage assets based on their estimated recoverable amounts. No depreciation has been charged on heritage assets but depreciation is charged, where appropriate, 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

#### **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 2022

### 2. NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	<b>Group 2022</b>	<b>Trust 2022</b>	<b>Group 2021</b>	<b>Trust 2021</b>
	£	£	£	£
Auditor's remuneration				
- as auditor	11,750	6,550	10,625	5,750
- for other services	9,669	1,054	9,480	1,891
Depreciation	205,354	80,554	195,304	80,554
	<u>226,773</u>	<u>88,158</u>	<u>215,409</u>	<u>88,195</u>

### 3. CHARITABLE ACTIVITIES

	<b>Group 2022</b>	<b>Trust 2022</b>	<b>Group 2021</b>	<b>Trust 2021</b>
	£	£	£	£
Direct charitable expenditure	8,999,135	10,423,493	566,191	566,191
Commercial trading operations	4,420,029	-	3,839,480	-
	<u>13,419,164</u>	<u>10,423,493</u>	<u>4,405,671</u>	<u>566,191</u>

### 4. PARTICULARS OF EMPLOYEES

Through London and North Western Railway Heritage Company, the Group now has an average of 42 (2021: 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:

	<b>Group 2022</b>	<b>Trust 2022</b>	<b>Group 2021</b>	<b>Trust 2021</b>
	£	£	£	£
Wages and salaries	1,313,872	-	1,200,723	-
Social security costs	117,148	-	99,036	-
Pension contributions	55,440	-	48,120	-
	<u>1,486,460</u>	<u>-</u>	<u>1,347,879</u>	<u>-</u>

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

No employees earned over £60,000 (excluding employer pension contributions) during the current or prior year.

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 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 2022.

#### PROFIT AND LOSS ACCOUNT

	Locomotive 6100 Ltd	Locomotive 6024 Ltd	Locomotive 70000 Ltd	London and North Western Railway Heritage Company Limited
	2022 £	2022 £	2022 £	2022 £
<b>TURNOVER</b>	234,560	-	-	4,394,889
Cost of sales	(70,983)	-	-	(2,992,507)
<b>GROSS PROFIT</b>	163,577	-	-	1,402,382
Administrative expenses	(103,122)	(17,115)	(2,675)	(1,281,635)
Other operating income	-	2,000	-	-
<b>OPERATING PROFIT/LOSS</b>	60,455	(15,115)	(2,675)	120,747
<b>PROFIT/LOSS BEFORE TAXATION</b>	60,455	(15,115)	(2,675)	120,747
Tax on profit on ordinary activities	-	-	-	-
<b>PROFIT/LOSS AFTER TAXATION</b>	60,455	(15,115)	(2,675)	120,747
<b>BALANCE SHEET</b>				
	£	£	£	£
<b>Total Assets</b>	125,488	750	25,580	1,179,122
<b>Total Liabilities</b>	(9,609)	(7,740)	(3,850)	(467,975)
<b>Reserves</b>	115,879	(6,690)	21,730	711,147

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

#### 6. TANGIBLE FIXED ASSETS - GROUP

	Plant and Machinery etc £	Steam Locomotives, Coaches etc £	Total £
<b>COST</b>			
At 1 April 2021	1,754,711	13,421,145	15,175,856
Additions	97,518	5,193,486	5,291,004
Disposals	-	(23,849)	(23,849)
Impairments	-	(8,647,916)	(8,647,916)
<b>At 31 March 2022</b>	<u>1,852,229</u>	<u>9,942,866</u>	<u>11,795,095</u>
<b>DEPRECIATION</b>			
At 1 April 2021	927,045	400,000	1,327,045
Charge for year	200,826	-	200,826
<b>At 31 March 2022</b>	<u>1,127,871</u>	<u>400,000</u>	<u>1,527,871</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2022</b>	<u>724,358</u>	<u>9,542,866</u>	<u>10,267,224</u>
At 31 March 2021	<u>827,666</u>	<u>13,021,145</u>	<u>13,848,811</u>

#### TANGIBLE FIXED ASSETS - TRUST

	Plant and Machinery etc £	Steam Locomotives, Coaches etc £	Total £
<b>COST</b>			
At 1 April 2021	748,309	15,199,179	15,947,488
Additions	4,000	5,906,216	5,910,216
Disposals	-	(23,849)	(23,849)
Impairments	-	(9,818,507)	(9,818,507)
<b>At 31 March 2022</b>	<u>752,309</u>	<u>11,263,039</u>	<u>12,015,348</u>
<b>DEPRECIATION</b>			
At 1 April 2021	322,217	400,000	722,217
Charge for year	80,554	-	80,554
<b>At 31 March 2022</b>	<u>402,771</u>	<u>400,000</u>	<u>802,771</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2022</b>	<u>349,538</u>	<u>10,863,039</u>	<u>11,212,577</u>
At 31 March 2021	<u>426,092</u>	<u>14,799,179</u>	<u>15,225,271</u>

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

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 MARCH 2022

	2018	2019	2020	2021
Restoration of heritage assets	818,379	935,552	1,046,107	1,852,203
Acquisition of heritage assets	-	-	911,658	540,000

#### 7. INVESTMENTS

	Group 2022	Trust 2022	Group 2021	Trust 2021
	£	£	£	£
<b>Quoted investments – At market value</b>				
At 1 April	20,072,253	20,072,253	11,201,948	11,201,948
Additions at cost	3,250,250	3,250,250	4,368,083	4,368,083
Disposals	(4,800,067)	(4,800,067)	(2,453,845)	(2,453,845)
Net gains/(losses) on revaluations	2,886,640	2,886,640	6,898,059	6,898,059
Profit/(loss) on disposal	214,157	214,157	58,008	58,008
<b>At 31 March</b>	<b>21,623,233</b>	<b>21,623,233</b>	<b>20,072,253</b>	<b>20,072,253</b>
	Group 2022	Trust 2022	Group 2021	Trust 2021
	£	£	£	£
<b>Unquoted investments</b>				
At 1 April	-	600,003	-	600,003
Additions	-	14,975	-	17,351
Impairment	-	(14,975)	-	(17,351)
<b>At 31 March</b>	<b>-</b>	<b>600,003</b>	<b>-</b>	<b>600,003</b>

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

The following were investments of the Trust at 31 March 2022.

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 2022	Trust 2022	Group 2021	Trust 2021
	£	£	£	£
Trade debtors	172,821	96,111	246,210	-
Amounts owed by group undertakings	-	-	-	-
Other debtors	964,587	820,038	2,302,193	2,280,403
	<b>1,137,408</b>	<b>916,149</b>	<b>2,548,404</b>	<b>2,280,403</b>

# ROYAL SCOT LOCOMOTIVE AND GENERAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2022

### 9. CREDITORS: Amounts falling due within one year

	Group 2022 £	Trust 2022 £	Group 2021 £	Trust 2021 £
Trade creditors	475,077	398,178	280,301	371,664
Taxation and social security	35,454	-	129,097	-
Other creditors	167,198	188,469	292,940	86,638
Accruals and deferred income	88,413	78,448	31,350	22,250
	<u>766,142</u>	<u>665,095</u>	<u>733,688</u>	<u>480,552</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 2022 £	Trust 2022 £	Group 2021 £	Trust 2021 £
At 1 April	36,260,058	37,318,926	25,143,487	25,805,675
Net movement in funds for the year (excluding transfers)	(3,447,761)	(3,826,055)	11,116,571	11,513,251
Transfers between funds	-	-	-	-
At 31 March	<u>32,812,297</u>	<u>33,492,871</u>	<u>36,260,058</u>	<u>37,318,926</u>

### 12. RESTRICTED FUND

	Group 2022 £	Trust 2022 £	Group 2021 £	Trust 2021 £
At 1 April	273,910	627,086	303,693	627,086
Net movement in funds for the year (excluding transfers)	(29,783)	-	(29,783)	-
Transfers between funds	-	-	-	-
At 31 March	<u>244,127</u>	<u>627,086</u>	<u>273,910</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 2022

#### 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 2022 £	Trust 2022 £	Group 2021 £	Trust 2021 £
Within one year	200,000	200,000	165,000	-
Between two and five years	600,000	600,000	495,000	-
In over five years	-	-	-	-
	<u>800,000</u>	<u>800,000</u>	<u>660,000</u>	<u>-</u>

#### 14. RELATED PARTY TRANSACTIONS

No Trustees received reimbursement during the year for travel and subsistence expenses (2021: none). 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 £230,000 (2021: £250,000). As at 31 March 2022, the Trust owed Locomotive Services Limited £37,401 (2021: £25,000).

During the year, London and North Western Railway Heritage Company Limited earned income totalling £1,884,170 (2021: £2,057,083) from the following companies, all of which are related undertakings:

- Locomotive 34046 Limited
- Locomotive 4270 Limited
- Locomotive 60019 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 £375,270 (2021: £216,213) was outstanding in respect of these amounts at the balance sheet date.

During the year to 31 March 2022, Locomotive Storage Limited earned income of £89,444 (2021: £284,633) from services provided to London and North Western Railway Heritage Company Limited. As at 31 March 2022, the amount outstanding was £nil (2021: £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.