

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

**Annual Report and Financial Statements Year ended 31
December 2020**

Registered Charity Number: 0273829

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
Annual Report and Financial Statements
Year ended 31 December 2020

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FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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TRUSTEES' REPORT

The Trustees present their annual report with the financial statements of the Charity for the year ended 31 December 2020.

LEGAL STATUS

The Friends of the National Railway Museum was formed by a Trust Deed dated 16 May 1977. It is governed by a supplemental deed dated 21 June 2002 and is Registered Charity Number 273829.

REGISTERED OFFICE and PRINCIPAL PLACE OF OPERATIONS

The Registered Office of the Charity is at:

The National Railway Museum, Leeman Road, York. YO26 4XJ

PROFESSIONAL ADVISORS

Bankers: National Westminster Bank Plc
1 Market Street
York YO1 1YH

HSBC
13 Parliament Street
York YO1 8XS

Solicitors: Grays Solicitors
Duncombe Place
York YO1 7DY

Independent
Examiner

Robert J Woolley FCCA, CTA
Chartered Certified Accountant
Crown House
York Road
Shiptonthorpe
York
YO43 3PF

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TRUSTEES

The Management of the Friends of the National Railway Museum is delegated to the Council; the Council comprises the Trustees and non-voting, co-opted members. The Trustees are appointed in accordance with the Constitution and Rules. Two Trustees are appointed by the Director of The Science Museum Group; twelve are elected from the Membership at the Annual General Meeting and the Hon. Secretary, Hon. Treasurer and Hon. Legal Advisor are appointed by the Council.

THE COUNCIL

The following were the officers and members of the Council (Trustees) of the Friends of the National Railway Museum during 2020 :-

Chairman: P M Benham

Hon Secretary: R S Rollings

Hon Treasurer: D M B Naylor

Hon Legal Advisor: F A Lawton

Council Members: Mrs H M Ashby OBE
P R Batty
Mrs L Benham (Appointed 5 December 2020)
Dr M S Draper CBE
T H Fenwick
P Graham MBE
I Johnson
C P Jones
A McLean*
Mrs J K McNicol*
G D Miller OBE
J C H Nettleton
J H Perkin
J D Thomas BEM

*Appointed by the Science Museum Group

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OBJECTIVES, ORGANISATION AND ACTIVITIES

The Friends of the National Railway Museum was formed to encourage the work and activities of The National Railway Museum at York, by amongst other things:

- (a) assisting in the acquisition and/or renovation of any objects relating to the evolution and development of rail transport for presentation or loan to the Museum or other such institution;
- (b) publicising the activities of the Museum among the members, extending invitations to openings and private viewings and arranging visits to other transport collections and other functions;
- (c) encouraging the study of transport history

As mentioned above, the responsibility for the formulation of policies to attain these aims rests with the Council. The Council is also responsible for the financial position of the Friends of the National Railway Museum, including the securing of membership and other financial support.

Responsibility for the day-to-day implementation of the Council's policies is delegated to an Executive Committee.

FOCUS ON CHARITABLE PURPOSE and PUBLIC BENEFIT

In complying with its Objectives and carrying out the above activities the Board of Trustees recognises that as a Charity realisation of public benefit must be at the centre of its decision-making processes. Public material emphasises that the FNRM is focussed on Railway conservation and education that is operated by a Board made up wholly of Volunteers, and where all income and trading surpluses are re-invested in the Charity. The Trustees acknowledge that their strategic priorities should be inclusive of the overarching aim of delivering public benefit. The charity is a public benefit charity.

The Trustees have had regard to the Charity Commission's guidance on public benefit in managing the activities of the charity.

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MANAGEMENT OF ETHICAL AND COMPLIANT FUNDRAISING

Our Charity depends on funds raised from members and the public to ensure the continued viability of the Charity. We strive to comply fully with Charity Commission guidance CC 20 on the duty of Trustees to have oversight of fundraising practices. We will endeavour to fully comply with the Code of Fundraising Practice.

We do not use professional fundraisers nor commercial participators, other than fundraising support by our own controlled subsidiary company. It does not receive any commissions and covenants the whole of its annual surpluses to the Charity. Our fundraising spend is small comprising almost entirely the cost of web-site maintenance. Our fundraising is managed and collated by staff and volunteers of the Charity. We do not share personal data with other organisations for any purpose nor do we fundraise by telephone.

Subscription Renewals and periodic Specific Appeals are directed to members of the Charity by mail, via invitations on our own web site and opt into e-mail communication. In accordance with applicable regulations members of the public can, by simple notification, opt out of receiving any fundraising material. This enables us to respond promptly to any notifications received pursuant to the Fundraising Preference Service.

We do not cold call or make public or static collections off our own premises. Our onsite fundraising is confined to cash collection boxes located within the National Railway Museum which do not invoke pressure to donate. All funds raised are

used exclusively for the furtherance of the Charity and, where given for a restricted purpose, only for that purpose.

INVESTMENT STRATEGY

Funds that The Charity temporarily hosts from whatever source, and which are not deemed to be immediately required by the National Railway Museum (NRM) to assist with projects which otherwise might not be undertaken are invested with a Trusted Source CCLA Investment Management Limited, with the (hoped for) intention of providing a supplemental source of future financial support to NRM. In recent years such investment decisions have provided a positive response to that objective.

The Financial Statements reflect realised and unrealised valuation movements at mid-market price at the yearend date.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM Annual Report and Financial Statements Year ended 31 December 2020

RESERVES

The Trustees regularly monitor the level of reserves held in the Charity. They are mindful that the individual projects requiring support from the Friends are often large and as such take time to complete. In their opinion the level of reserves, both Restricted and Unrestricted is in keeping with these factors. The Charitable Trust holds funds to cover twelve months routine expenditures, including costs of the quarterly magazine in support of the National Railway Museum (NRM), none of which are contentious. Funds in excess of such threshold are generally regarded as freely available to support initiatives of the NRM on a 'free to request' basis compatible with the Objects of the Charity and the Public Interest and committed at the discretion of the Charity Executive and in a timely manner. Surplus funds so arising are generally managed in accord with the Charity Investment Policy -intended to be on a temporary basis.

Funds identified as Restricted are retained as specific reserves applied only for such approved activities.

RISK AND INTERNAL CONTROL

We have well defined risk management arrangements. These include consideration at Trustees' meetings of the level of risks which might endanger the activity of the charity. The Trustees are of the opinion that these are minimal.

- **Fundraising** - The Trustees oversee compliance with fund raising regulation and ensure that fundraising is conducted in accordance with current regulations. The Charity had not at the yearend elected to register voluntarily with the Office of the Fundraising Regulator.
- **IT Security**- We recognise the risks associated with information security and the importance of protecting our IT systems from malicious attack and unauthorised access and misuse. Security measures are in place to protect from unauthorised access to IT systems and to test vulnerabilities in the network. We hold a limited level of personal information about our employees, volunteers, members and supporters. We have a data protection policy in place designed to ensure that only authorised access takes place to personal details.

GRANT MAKING POLICY

Requests for financial support come from the senior management of the National Railway Museum or the Membership of the Friends. Such requests are considered firstly by the Executive Committee and then, if supported, referred to the Council for approval.

FINANCES AND REVIEW OF THE YEAR

As required by Charity law, the Council members, as Trustees, prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the excess or

FRIENDS OF THE NATIONAL RAILWAY MUSEUM Annual Report and Financial Statements Year ended 31 December 2020

FINANCES AND REVIEW OF THE YEAR (Continued)

deficiency of income over expenditure for that period. In preparing those financial statements the Council members: -

- 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 Council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the requirements of the Charity Acts. They 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.

The Charity conducts its business with the use of an accounting system using both manual and computerised records and a computerised membership database.

Whilst it is not mandatory for The Charity to prepare consolidated accounts, the Trustees have requested them as it provides a more detailed financial picture of The Charity. There is no material additional cost incurred in the production of a consolidated report.

The Trustees consider the financial performance of the charity during the year to have been satisfactory.

The total income for the year was £162,093 (2019: £297,150) of which £6,193 (2019: £7,403) was from restricted sources. The expenditure for the year amounted to £172,525 (2019: £204,589). There was a £34,413 surplus (2019: £142,702).

The total net assets of the FNRM amounted to £657,894 (2019: £623,481). These were split as to restricted funds of £121,477 (2019: £111,452) and unrestricted funds £536,417 (2019: £512,029).

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COVID 19

The real impact of Covid 19 to the Charity's operations was its impact upon the National Railway Museum, with enforced closure from March 2020 and limited/no access since then. Whilst enforcing a 'working from home' environment for our small team of staff and volunteers with consequent disruption to essential office functions, the real impact was on loss of 'incidental' income from Collection sites within the Museum and more importantly the complete closure of Outreach opportunities for a sustained period (e.g., Flying Scotsman activities). This resulted in the Trading Subsidiary reporting a (first time) small loss on operations, absorbed by the Trust, which in turn has been protected financially by positive returns from its Invested Funds.

The Charity finances have also been sustained by Government grants in support of employee costs (Furlough) but the Charity has not sought other sources of government financial relief.

The Charity's operating position in 2021 is not without concern given that regular outgoings exceed current levels of member subscriptions. This concern will be ameliorated when lockdown positions are further relaxed and Outreach activities can re-create a flow of supportive funds towards these basic activities of the Charitable Trust. That said,

The Trustees have full confidence that the Charity remains a Going Concern and will continue so for at least the next twelve months from the date of this report.

Further detail of the Covid impact is afforded within the Chairman's Report.

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Chairman's Report 2020

To say that the past year has been unusual is a gross understatement. In common with so many enterprises, the impact of the Covid 19 pandemic has been dramatic, firstly, of course, on the National Railway Museum, but also on the normal working of the Friends.

From the date of the first Covid lockdown in March 2020, it became impossible to use the Friends' office in York, and at the time of drafting this report it remains unclear when this may be able to resume. In consequence our small team have been working from home, but inevitably many activities have had to be put on hold including a number of services for members. Fortunately, due to the ingenuity and dedication of several individuals, essential functions such as membership renewal have continued with relatively little disruption. Most notably, it has proved possible not only to continue publishing our quarterly magazine *Review* but also to increase the size substantially. Our indefatigable editors judged, surely correctly, that members would appreciate as much reading material as possible during the long days of the lockdown. I am particularly grateful to John Cowles and Russ Rollings who have borne the brunt of the considerable extra work this has entailed. My thanks also go to Helen Ashby who continues to produce the *Half Fare* newsletter for children.

Sadly, other regular activities fared less well, including the programme of York meetings. Similarly, the meetings and activities of the South of England Group and the Northeast Branch at Locomotion had to be put on hold from April onwards. However, it is pleasing to report that some meetings have been able to restart from early in 2021 using on-line technology both at York and in the South of England. Although it is the firm intention to restart physical meetings as soon as conditions allow, it is also hoped to maintain the ability to access these electronically as a permanent feature for those unable to attend in person.

Another casualty has been the loss of almost all trading activities through FNRM Enterprises including the sale of books, although as restrictions dragged on through the year it proved possible to restart the sale of second-hand books via *Review* and on-line thanks to the efforts of Chris Bush and Mike Webb. New books published by FNRM Enterprises have also been made available for purchase on-line, together with the fifth and final edition of *History & Development of Railway Signalling* by Tony Pinkstone and Mike Peart published by FNRM itself.

Reference to on-line selling highlights a very positive development in 2020 in the form of a major revision to our website. Planned for some time, implementation was brought forward to April 2020 because of the pandemic in order to provide another way to maintain contact with members and the outside world. I wish to highlight, with grateful thanks, the part played by Brian Joscelyne who, although

not a member, put in many hours of voluntary time and effort to hugely increase the capability of the site. Apart from making this more interesting and entertaining, with considerably more information, it is now possible to process on-line payments, including not just sales but also membership renewals. At the same time, we have also made the bold step into social media through Facebook and Twitter, where our newest member of staff, May Willshire, has brought new and much needed expertise to an area that is part and parcel of modern life for so many.

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Chairman's Report 2020 (Continued)

Despite the challenges of Covid, a new Friends' project was initiated during the year to catalogue and index the contents of back numbers of the *Review* magazine. The result will be a comprehensive record of articles, photographs and other material accessible on-line for future research work. Already a number of editions have been completed, although as the most recent one published is No 176, it will be appreciated that the project has some way to go yet! The work is being led by trustee Mel Draper along with a dedicated band of volunteers. Thank you one and all.

Completion of our archival research project, 'Britain's Railways All Change' (BRAC), has been extended into 2021 in the hope that outstanding interviews can be completed on a face-to-face basis once Covid restrictions are eased. It will be recalled that this project, under the leadership of our President, Frank Paterson, tells the story of rail privatisation and is being run jointly with the Retired Railway Officers Society. Summaries of 130 interviews are now available for public access through the NRM website.

Further filmed records of signal boxes under the 'The Film Archive of Railway Signalling and People' (FARSAP) project have been made available on the Signalling Record Society's website and it is still hoped that in due course these will also be available directly on the Railway Museum website. For obvious reasons, Covid restrictions have prevented any further filming from taking place, but while the majority of planned locations have been recorded, there are still a few it is hoped to capture once restrictions are fully lifted. Thanks are once again due to Richard Pulleyn and his team for their continued commitment, and to Network Rail for providing filming facilities.

With no prospect of the locomotive *Duchess of Hamilton* being returned to working order in the foreseeable future, the 229 Club made the decision to cease taking annual subscriptions from members, although the Club remains in existence. The residual funds in the 229 Club account (c £89k) will be retained to

be available for conservation or other work that might be required on the locomotive in the future. In recognition of the tremendous support they have given over so many years, it has been agreed to offer 229 Club members Life Membership of the Friends of the National Railway Museum.

During the year we welcomed 25 new Friends but overall, the continued decline in numbers is a concern. At the year-end there were 1573 memberships representing 1808 people. This is a reduction of about 4.6% over the year, reflecting a situation that has been exacerbated by Covid and the resultant closure of the two Museums for much of the year. I am grateful to Graham Miller who has been leading a working group examining the problem of declining membership. A number of initiatives have been developed for 2021, with their implementation planned to time with a return to some form of normality and re-opening of the Museums post the Covid lockdown.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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Chairman's Report 2020 (continued)

Last year I was able to report the generous legacy of £283,000 from our former Honorary Secretary Michael Wallace. Trustee Hugh Fenwick kindly agreed to lead a working party to work with the Museum to recommend how Michael's legacy can best be used to the benefit of his memory, the Friends and National Railway Museum. This work is ongoing. We have been fortunate to be named as beneficiaries of a number of other legacies, with one received during the year and the remainder amounting to c £311,000 expected to be received within 2021. This puts the charity in the position of having significant sums available in excess of those needed to fund current operations; even after existing commitments to the National Railway Museum have been taken into account. The trustees will be developing a strategic approach to ensure the best use of these funds in discussion with the Museum.

The Total of Year End Funds of the Charity and trading subsidiary, (including £121,477 of funds restricted for specific projects), was £657,894, an increase of £34,413 on 2019.

2020 saw the retirement of our two Office staff, both of whom had given invaluable service to the Friends, especially in the sad and difficult period after the sudden death of our long-standing secretary Michael Wallace in 2018. Hazel retired first in January after five years' service with us.

It had been planned for Lesley to retire in April, but this was put on hold because of the changed working arrangements brought about by the Covid lockdown, and an inability to complete training while the Friends office was closed. Lesley finally retired in October after over twenty years as Office Administrator – a remarkable and unrivalled achievement. Her place has been taken by Heather Jones, while May Willshire joined us in January to replace Hazel. To all four ladies I give my thanks for their vital help and support.

The Friends continue to enjoy excellent relationships with Director, Judith McNicol, and Head Curator Andrew McLean, who are members of both Council and Executive, and the wider NRM management team at both York and Shildon. This has been a challenging time for all, but it has been uplifting to see the positive way in which the Museum family has responded to the Covid 19 crisis.

Finally, once again I wish to thank all my fellow Trustees and officers for the support and help they have given through the year. Special thanks are due to Russ Rollings, Honorary Secretary, and David Naylor our Honorary Treasurer to both of whom fall many of the day-to-day tasks required to keep the charity functioning properly.

P M Benham
Chairman

Dated: 14 June 2021

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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INDEPENDENT EXAMINER'S REPORT TO THE COUNCIL OF FRIENDS OF THE NATIONAL RAILWAY MUSEUM

I report on the accounts for the year ended 31 December 2020 set out on pages 14 to 24.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Charities Act) and that an independent examination is required.

It is my responsibility to:

- Examine the accounts under Section 145 of The Charities Act,
- To follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act),
- Ascertain that the Charity is not to be subject to an audit, and
- To state whether particular matters have come to my attention.

Basis of the independent examiner's statement

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as trustees concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view", and the report is limited to those matters set out in the statement below.

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**INDEPENDENT EXAMINER'S REPORT TO THE
COUNCIL OF FRIENDS OF THE NATIONAL RAILWAY MUSEUM
(continued)**

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) Which gives me reasonable cause to believe that, in any material respect, the requirements:

- To keep accounting records in accordance with Section 130 of The Charities Act.
- To prepare accounts which accord with accounting records and to comply with the accounting requirements of the Charities Act have not been met; or

(2) To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

**Robert J Woolley FCCA, CTA
Chartered Certified Accountant
Crown House
York Road
Shiptonthorpe**

Dated: 14 June 2021

FRIENDS OF THE NATIONAL RAILWAY MUSEUM (and subsidiary company)
Consolidated Statement of Financial Activities for the year ended 31
December 2020

		2020 Unrestric ted Funds	2020 Restrict ed Funds	2019 Unrestric ted Funds	2019 Restrict ed Funds
INCOMING RESOURCES	Not e	£	£	£	£
Members' subscriptions - Inc. gift aid	1	29,139	5,806	27,899	6,954
Collecting boxes		3,344	-	7,570	-
Donations and legacies from individuals		108,010	271	203,810	309
Government grants		6,067	-	-	-
Sales - ancillary activities		8,971	-	49,652	-
Bank interest		369	116	816	140
Total incoming resources		155,900	6,193	289,747	7,403
RESOURCES EXPENDED					
Direct charitable expenditure	2	124,631	12,506	159,594	2,325
Fundraising and publicity	3	807	-	1,050	-
Management and administration	4	29,951	-	28,342	-
Net costs of meetings and social events		268	-	1,195	-
Cost of sales		4,362	-	11,774	-
Other expenditure		-	-	309	-
Total resources expended		160,019	12,506	202,264	2,325
Net income/(expenditure) before gains/(losses) on investments:		(4,119)	(6,313)	87,483	5,078
Realised within the year		-	-	29,400	-

Change in unrealised gain at year end		40,219	4,626	12,330	8,411
Transfers between funds	10,12,13	(11,712)	11,712	(5,000)	5,000
Net movement of funds		<u>24,388</u>	<u>10,025</u>	<u>124,213</u>	<u>18,489</u>
Fund balances as of 1 January 2020		512,029	111,452	387,816	92,963
Fund balances as of 31 December 2020		<u>536,417</u>	<u>121,477</u>	<u>512,029</u>	<u>111,452</u>
		=====	=====	=====	=====
		=====	=====	=====	=====

A breakdown of the restricted funds is provided on pages 21 to 22.

The notes on pages 19 to 24 form part of these financial statements

All of the Charity's activities derive from continuing operations during the financial period.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM (and subsidiary company)
Charity and consolidated balance sheet as at 31 December 2020

	Note s	2020 Charity £	2019 Charity £	2020 Group £	2019 Group £
Fixed assets					
Investment in subsidiary	5	40	40	-	-
		<u>40</u>	<u>40</u>	<u>-</u>	<u>-</u>
Current assets					
Stock			-	23,221	23,682
Debtors		756	24,975	1,077	857
Investments with CCLA	6	567,116	521,808	567,116	521,808
Cash at bank and in hand	6	165,342	196,528	181,779	237,409
Total assets		<u>733,254</u>	<u>743,351</u>	<u>773,193</u>	<u>783,756</u>
Creditors: Amounts falling due within one year	7	(104,638)	(148,199)	(105,620)	(149,155)
Total assets less current liabilities		<u>628,616</u>	<u>595,152</u>	<u>667,573</u>	<u>634,601</u>

Creditors: Amounts falling due after one year	8	(9,679)	(11,120)	(9,679)	(11,120)
		<u>618,937</u>	<u>584,032</u>	<u>657,894</u>	<u>623,481</u>
		=====	=====	=====	=====
				==	==

The restricted funds for 2020 of £121,477 (2019: £111,452) are represented within the cash at bank and in hand and Investments with the CCLA, included in the above Charity balance sheet.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM (and subsidiary company)
Charity and consolidated balance sheet as at 31 December 2020 (continued)

		2020	2019	2020	2019
	Notes	Charity	Charity	Group	Group
		£	£	£	£
Funds of the charity:					
Restricted funds					
Duchess of Hamilton Fund	9	101,734	91,198	101,734	91,198
NAROH Fund	10	4,768	6,762	4,768	6,762
Borough Market Junction Signal Box	11	839	838	839	838
BRACS Fund	12	4,964	10,469	4,964	10,469
History & Development of Railway Signalling	13	9,172	2,185	9,172	2,185
Total restricted funds		<u>121,477</u>	<u>111,452</u>	<u>121,477</u>	<u>111,452</u>

Unrestricted funds

Accumulated funds	497,460	472,580	536,417	512,029
Total Funds	<u>618,937</u>	<u>584,032</u>	<u>657,894</u>	<u>623,481</u>
	=====	=====	=====	=====
	=	=	=	=

These accounts were approved at a meeting of the Council on 14 June 2021

..... Chairman - P M Benham

..... Secretary - R S Rollings

..... Treasurer - D M B Naylor

The Notes on pages 19 to 24 form part of these financial statements.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
Annual Report and Financial Statements
Year ended 31 December 2020
Accounting Policies

(a) Basis of accounting

These consolidated accounts have been prepared on the accruals basis, under the historical cost convention, and in accordance with the Financial Reporting Standard 102 (effective 1 January 2016) and FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities 2015).

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

(b) Going Concern

The trustees assess whether the use of going concern is appropriate i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

(c) Incoming Resources

The charity's income is received from members' subscriptions, donations, both general and specific. Other income from sales, legacies, bank interest and small surpluses on meetings and social events organised by the members is recognised at time of receipt.

Ordinary subscriptions income is applied in the year in which it is due for payment. Life members' subscriptions are credited to the income and expenditure account in nine equal annual instalments and the unexpended portion is carried forward as deferred income.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

(d) Meetings and social events

The income from meetings and social events is relatively small and is intended to cover the cost of such events. Income is offset against the relevant costs.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM Annual Report and Financial Statements Year ended 31 December 2020 Accounting Policies (continued)

(e) Tangible Fixed Assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Buildings (storage sheds) - previously over 10 years - These are now fully depreciated and disposed of at fnil proceeds.

(f) Leased Assets

Rents applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

(g) Stock

Stocks of goods for resale are valued at the lower of cost or net realisable value.

(h) Liability to taxation

The Trustees consider that the charity satisfies the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively on the specific charitable objects of the charity and for no other purpose. Value Added Tax is not recoverable by the charity and is therefore included in the relevant costs in the Statement of Financial Activities.

The consolidated report includes any relative corporation tax for the subsidiary trading company.

(i) Government Grants

Government grants relating to revenue expenditure are shown as income in the year of receipt.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM Annual Report and Financial Statements Year ended 31 December 2020

Notes to the Financial Statements for the year ended 31 December 2020

1. SUBSCRIPTIONS

	2020 Unrestric ted Funds	2020 Restrict ed Funds	2019 Unrestricte d Funds	2019 Restrict ed Funds
	£	£	£	£
Subscriptions received in year	25,988	5,806	27,703	6,954
Subscriptions paid in advance in 2019	4,000	-	3,841	-
Transfer from Life Subscription Fund (Note 8)	2,741	-	2,905	-
	32,729	5,806	34,449	6,954
<i>Less</i> Subscriptions in advance for 2021 (Note 7)	(2,290)	-	(4,000)	-
<i>Less</i> Transfer to Life Subscription Fund (Note 8)	(1,300)	-	(2,550)	-
	29,139	5,806	27,899	6,954

2. DIRECT CHARITABLE EXPENDITURE

Museum support – General	-	-	-	2,325
Museum support – Specific	102,095	12,506	141,805	-
NRM Review	22,536	-	17,789	-
	124,631	12,506	159,594	2,325

3. FUNDRAISING AND PUBLICITY

Exhibitions, Advertising and marketing	807	-	1,050	-
	807	-	1,050	-

4. MANAGEMENT AND ADMINISTRATION

Equipment expensed	-	-	350	-
Secretarial salaries	19,536	-	16,458	-
Printing, postage, stationery and telephone	2,741	-	6,008	-
Insurance, Fees, Etc.	4,099	-	3,011	-
Governance costs – (Inc. Independent examiners fees)	3,575	-	2,515	-
	29,951	-	28,342	-

5. INVESTMENT IN SUBSIDIARY

Shares held in Friends of the National Railway Museum Enterprises Ltd at a cost of

£40 (2019: £40).

The company is registered in England and Wales under registration number of 02418239.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2020

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

6. CASH AT BANK, IN HAND AND INVESTMENTS

Charity Official Investment Fund account
Deposit and current accounts
South of England Group current account
North East Branch cash in Hand
Cash in hand

Charity balances

FNRM Enterprises
Ltd

Total group

Investments held with the CCLA

2020

£

2019

£

567,116

521,808

162,614

193,388

2,324

2,750

245

251

159

139

732,458

718,336

16,437

40,881

748,895

759,217

=====

=

567,116

521,808

=====

=

7. CREDITORS: DUE WITHIN ONE YEAR

2020

**Charity
£**

**2019
Charit
y
£**

2020

**Group
£**

2019

**Group
£**

Ordinary subscriptions paid in advance

2,290

4,000

2,290

4,000

Accruals

2,348

3,694

3,330

4,650

140,50

140,50

Other creditors

100,000

5

100,000

5

148,19

149,15

104,638

9

105,620

5

8. CREDITORS: DUE AFTER ONE YEAR

Movements of the life subscriptions fund were as follows:

	2020 £	2019 £
Balance at 1 January 2020	11,120	11,475
New life memberships	1,300	2,550
	12,420	14,025
Transfer to Statement of Financial Activities	(2,741)	2,905
Balance at 31 December 2020	9,679	11,120

FRIENDS OF THE NATIONAL RAILWAY MUSEUM Annual Report and Financial Statements Year ended 31 December 2020

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

9. DUCHESS OF HAMILTON FUND (229 Club)

	2020 £	2019 £
Balance at 1 January 2020	91,198	75,720
229 Club subscriptions and donations (including Gift Aid)	5,806	6,954
Interest added from invested balances	104	113
Realised gain on investments within the year	-	-
Unrealised gain on invested funds	4,626	8,411
	101,734	91,198
Less 229 Club prizes and sundry expenses	-	-
Balance at 31 December 2020	101,734	91,198

Some members of The Friends of the National Railway Museum have undertaken to be responsible for some of the repair and maintenance of the locomotive *Duchess of Hamilton*. This has been financed through this Fund which is also known as *The 229 Club*.

10. NATIONAL ARCHIVE of RAILWAY ORAL HISTORY FUND 2020

	2019 £
£	3,877
	6,762

Balance at 1 January 2020		
Receipts in year	-	-
Transfer from Accumulated fund	-	5,000
Interest added from invested balances	7	10
	6,769	8,887
<i>Less Expenses paid</i>	(2,001)	2,125
Balance at 31 December 2020	4,768	6,762

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
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Notes to the Financial Statements for the year ended 31 December 2020 (continued)

11. BOROUGH MARKET JUNCTION SIGNAL BOX FUND

	2020 £	2019 £
Balance at 1 January 2020	838	837
Interest added from invested balances	1	1
	<u>839</u>	<u>838</u>
<i>Less Outgoings</i>	-	-
Balance at 31 December 2020	<u>839</u>	<u>838</u>

12. BRITAIN'S RAILWAYS - ALL CHANGE

	2020 £	2019 £
Balance at 1 January 2020	10,469	10,555
Transfer from Accumulated fund	5,000	-
Receipts in the year including Gift Aid	-	100
Interest added from invested balances	-	14
	<u>15,469</u>	<u>10,669</u>
<i>Less Outgoings</i>	<u>(10,505)</u>	<u>(200)</u>
Balance at 31 December 2020	<u>4,964</u>	<u>10,469</u>

13. HISTORY AND DEVELOPMENT OF RAILWAY SIGNALLING

	2020 £	2019 £
Balance at 1 January 2020	2,185	1,974
Receipts in the year including Gift Aid	271	208
Transfer from Accumulated fund	6,712	-
Interest added from invested balances	4	3
	<u>9,172</u>	<u>2,185</u>
<i>Less Outgoings</i>	-	-

FRIENDS OF THE NATIONAL RAILWAY MUSEUM**Annual Report and Financial Statements****Year ended 31 December 2020****Notes to the Financial Statements for the year ended 31 December 2020 (continued)****14. FUTURE CHARITABLE COMMITMENTS**

The Trustees' objective is to continue to respond to requests for financial assistance for the National Railway Museum. It is anticipated that these requests will include some funding for the following projects:

Station Hall - Redevelopment and refreshment payable 2022/23 *	£100,000
□ (Not included in creditors)	

Vision 2025 - Major re-development of the National Railway Museum Estate. Contribution to specific sub-project **	£250,000
□ (Not included in creditors)	

* *Approved at Council meeting on 1 December 2018*

□ ** *Approved at Council meeting on 5 December 2020*

Implementation of The Station Hall re-development project has unavoidably slipped due to the Covid Pandemic and the fabrication of the existing building.

The 229 Club Restricted fund has been suspended indefinitely as there is no immediate prospect of the locomotive Duchess of Hamilton being returned into steam and main line running within the foreseeable future. The Restricted fund will remain to facilitate occasional maintenance costs within the next few years.

15. OPERATING LEASE COMMITMENTS

The Charity had non-cancellable operating leases at the year-end which:

	2020	2019
	£	£
Expire within 2 to 5 years (2019 - 2 - 5 years)	440	440
	=====	=====

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2020

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1

6. RELATED PARTY TRANSACTIONS

The wholly owned subsidiary company is Friends of the National Railway Museum Enterprises Limited, registered in England and Wales.

The following Trustees of the Friends of the National Railway Museum were also directors of the Friends of the National Railway Museum Enterprises Limited during 2020:

Mr R S Rollings and Mr D M B Naylor

17. EMPLOYEES AND REMUNERATION

The number of employees during the year ended 31 December 2020 was three (all part-time) (2019: two part-time). Total remuneration was £19,536 (2019: £16,458). No pension contributions were paid.

During the year the charity received Government Job Retention Grants relating to Covid. These grants are shown as income and the gross wages paid shown as above.

No remuneration was paid to any of the Trustees during 2020 nor 2019. The trustees claimed reimbursement of direct expenditure incurred on behalf of the charity amounting to £nil (2019: £nil)

18. WINDING UP OR DISSOLUTION OF THE CHARITY

If upon winding up or dissolution of the charity there remains any assets, after the satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.