

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements Year ended 31 December 2023

Registered Charity Number: 273829

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
Annual Report and Financial Statements
Year ended 31 December 2023

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Annual Report and Financial Statements

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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 2023.

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

Website : www.nrmfriends.org.uk

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 01430 873666	

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Year ended 31 December 2023 (Continued)

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 Advisors. 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 as ex-Officis members of the Council.

THE COUNCIL

The following were the officers and members of the Council (Trustees) of the Friends of the National Railway Museum during 2023 :-

Chairman:	P M Benham
Hon Secretary:	G D N Miller OBE
Hon Treasurer:	R Ekins (appointed 1 January 2023 and resigned 31 December 2023)
Hon Legal Advisor:	F A Lawton
Council Members:	Mrs H M Ashby OBE Mrs L Benham (Retired 10 June 2023) Dr M S Draper CBE T H Fenwick P Graham MBE I Johnson (Retired 10 June 2023) A McLean* J C H Nettleton R S Rollings J D Thomas BEM Mrs J K McNicol * M Rigg (Appointed 10 June 2023) M Hastings

*Appointed by the Science Museum Group

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The following were members as at the date of the Trustees report being signed.

P M Benham
R S Rollings
F A Lawton
Mrs H M Ashby OBE
Dr M S Draper CBE
T H Fenwick
P Graham MBE

A McLean
G D N Miller OBE
J C H Nettleton
M Rigg
J D Thomas BEM
Mrs J K McNicol
M Hastings

OBJECTIVES, ORGANISATION AND ACTIVITIES DURING THE YEAR

The Friends of the National Railway Museum was formed in 1977 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.

During the year the charity undertook its stated objectives by providing financial support to the National Railway Museum in the form of a further committed contributions to the York Station Hall refurbishment programme (£53,000), the Wonderlab development project, an integral part of the York Museum re-development programme entitled "Museum Masterplan" which opened in July 2023 (£250,000), and in September 2023 a donation towards the construction of a new exhibition hall "New Hall" at Locomotion, Shildon (£400,000) which opened in May 2024.

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Further, the Charity has continued its development of its website infrastructure to be more communicative with its membership and increased its penetration into social media platforms all with the intent of publicising the activities of the Museum and the Charity, especially as they relate to specific projects of research relevant to the transport industry. Such activities are designed for the public benefit and to promote new membership. Further detail is provided within the Chairman's statement.

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. They believe through their operation of the charity, that the public benefit from its core activities, which is the financial and non-financial support of the National Railway Museum (a free to enter historical and educational tour of railways combined with associated artefacts and literature), is met. The National Railway Museum is a part of the Science Museum Group.

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 its permitted 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.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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Year ended 31 December 2023 (continued)

Our onsite fundraising is confined to cash collection boxes located within the National Railway Museum which do not invoke pressure to donate. We also raise funds through the postal sale of second-hand books held in our store at the National Railway Museum. These books have been donated to the Charity through legacies from our members or donations from other members of the public

Externally we also raise funds through the sale of merchandise at Model Railway Exhibitions, and on Charter Trains (particularly those hauled by “Flying Scotsman in its centenary year) where the logistics and staffing are managed by FNRM Enterprises and its volunteers.

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 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 year-end date.

THE CONTRIBUTION OF VOLUNTEERS IN THE YEAR

Volunteers are crucial to the operation of the Charity as all the trustees are volunteers. Our volunteers have remained incredibly supportive during the pandemic and continue to help us operate. We are truly grateful that our volunteers continue to support us in such an unsettled time.

POLICY ON 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. These amount to approximately £57,000 per annum. The 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.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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Year ended 31 December 2023 (continued)

The Charity is continuing to provide annual contributions towards an aspirational target of £1 million pounds over 5 years, set 3 years ago, towards the Museum's "Masterplan" project. The funds already delivered, together with other funds available to the charity currently, will, hopefully, allow the Charity to meet this objective fully within the original timescale

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, from the Membership of the Friends, or from other organisations (in particular Heritage Railways, who may restore or operate items from the National Collection) . 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 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.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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Year ended 31 December 2023 (continued)

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 (Xero) using 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.

Given the economic environment prevailing during 2023, the Trustees consider the financial performance of the charity during the year to have been satisfactory.

The narrative in the accompanying Chairman's Report forms an integral part of this Report of the Trustees insofar as it relates to the activities and other matters which are normally required to be included and disclosed in the Report of the Trustees.

The total income for the year was £376,001 (2022: £57,632) of which £1,252 (2022: £2,259) was from restricted sources. The expenditure for the year amounted to £542,162 (2022: £333,351). There was a deficit of £136,260 (2022: deficit £327,720).

The total net assets of the FNRM amounted to £479,340 (2022: £615,600). These were split as to restricted funds of £10,240 (2022: £117,155) and unrestricted (including designated) funds £469,100 (2022: £498,445).

COVID 19

The Charity's day-to-day operating position in 2023 was not without concern, given that in 2021 and 2022 regular outgoings exceeded current levels of member subscriptions. This concern has been addressed through a review and an increase in the level of membership subscriptions with effect from 1st January 2024, as well as a focus on some of the major items of expenditure, in particular the "Review" magazine.

Outreach activities, intended to create a flow of supportive funds towards the basic activities of the Charitable Trust, have been at a substantially higher level in 2023 as a result of a comprehensive timetable of events surrounding the centenary of Flying Scotsman.

Finally, although it cannot be regarded as a regular source of income, 2023 has seen the Charity being a beneficiary of a number of legacies, some of which have been quite substantial. 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.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
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Year ended 31 December 2023
Chairman's Report 2023

Overview

The return to normality following the Covid pandemic continued in 2023, with the Museum at York returning to daily opening, and Locomotion at Shildon open on most days. For the Friends it was another productive year working from our new office within the main museum building (just beyond the Great Hall). A further drift down in the number of 'Friends' is a concern. This together with increases in costs, particularly those associated with the production and distribution of our magazine, means that action is needed so that the cost of running the charity is in line with income. More positively, once again we received some generous legacies during the year from our members, which enabled us to continue to meet our charitable objectives, and out of which we were able to continue our financial support to the Museum at this important period in the NRM's development.

Review of activity

The quarterly Review magazine is our universal link with all Friends and continues to be the FNRM flagship under the editorial team of Russ Rollings, John Cowles, John Swanwick and Chris Nettleton. Substantial numbers of articles and other interesting items continue to roll in. We are most grateful to all our contributors – please keep up the good work. One important new development that should come on stream in 2024, is to make Review available electronically for those Friends who like to receive material in this way. This saves considerably on production costs, which will be acknowledged by lower subscription rates for those who choose to exercise this option. However, it will not suit everyone, and the printed version will most definitely remain. During the year Helen Ashby gave notice of her wish to relinquish responsibility for the Half Fare newsletter for youngsters. In thanking Helen for her dedicated work over many years, I am delighted to report that a new team is now looking after Half Fare - Willow Baker, a pupil at Ripon Grammar School, our office administrator Emma Allison, and Stephanie Ackland from the NRM's team.

A successful winter programme of evening talks was again delivered at the Museum in York on a hybrid basis. This allowed anyone unable to attend in person to still do so using ZOOM technology. Although not quite back to pre-Covid levels, the numbers attending physically once again have been encouraging. I remain grateful to David Thomas, whose leadership is so vital to the success of the programme, and for the able assistance given by Emma Allison and Andrew Frodsham.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements Year ended 31 December 2023 (Continued)

Chairman's Report 2023 (Continued)

The FNRM website (www.nrmfriends.org.uk) has become ever more important, as it is with all organisations. After a period of development over the last few years (the current site went 'live' just as the Pandemic began!), as 2023 drew to a close, the Trustees agreed that it was time to take a new look at the site, both to refresh the content and improve its presentation. This work is ongoing under a small group led by Trustee Mel Draper. After a lull, due to lack of resources, our new administrator Emma is now also re-invigorating the Friends social media profile. Indeed, 'resources' in the whole area of electronic communications remain a challenge and more volunteers are needed.

The project to catalogue the contents of back numbers of the Review magazine has continued apace, with the public index on the website at the year-end holding 42% of all published editions of the magazine covering 4012 articles. This is a remarkable achievement, in what is a highly complex task, by the dedicated team of volunteers led by Trustee Mel Draper.

Trading through FNRM Enterprises under the leadership of Trustee Michael Hastings, has continued to recover, following the dramatic downturn during the Covid 19 period. The centenary celebrations for Flying Scotsman gave an expected lift with sales of c £30k, fuelled by a new edition of FNRM's book about the locomotive. Sales directly through the charity during the year, including second-hand books, were worth £12,250. Grateful thanks are again due to Mike Webb, and Vic Brookes, now joined by Steve Nolan and Thomas Jack, for managing this activity.

'The Film Archive of Railway Signalling and People' (FARSAP) project has continued its work with some 200 video/still recordings available to view on the Signalling Record Society's (SRS) website. The job of editing the raw video and photographic material is a huge task, and I pay particular tribute to Nick Jones in this regard. Work to extend the project to Electrical Control Rooms is still being developed. Meanwhile filming of additional locations has continued. Thanks are again due to Richard Pulleyn (who took over overall responsibility for the project from FNRM President, Frank Paterson, at the year-end) and his team for their continued commitment, Tony Lacy of SRS, and to Network Rail for providing filming facilities. This is an appropriate moment to pay special tribute to Frank, without whose original leadership the project would never have got off the ground.

A key decision during the year, which will become visually apparent soon, was to initiate a new look for the Friends. The existing identity, most notably the logo device that appears on the magazine, stationery etc, was devised when the Friends were first established almost half a century ago. While it has served the Friends well, few can seriously argue that it is not time for a change after such a long period. With the support of the NRM, through Charlotte Kingston and her team, work to 're-brand' the Friends has been on-going for some time. This recognised the desirability of ensuring that the Friends image should be in more harmony with the NRM's identity, especially when it comes to be seen within the Museum, whilst also, however, ensuring the Friends' distinct identity remains. A new 'logo' and design principles were agreed in December, and will be rolled out during the year.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements Year ended 31 December 2023 (Continued)

Chairman's Report 2023 (Continued)

Our 'regional' branches remain vitally important to the work and success of the Friends. Without them, we would be very much the poorer as an organisation. I am extremely grateful as ever to David Wallace, chairman of the North East Branch, and James Baldwin, chairman of the South of England Group, for their leadership and support. I can do no better than reproduce their regional reports below:

North East Branch, Locomotion, Shildon

We enjoy talking to the public face to face but with the looming move to the New Hall there will be a short period in 2024 when the Friends and public will not be able to meet.

We, as a team, however, still clean and look after the collection on Tuesdays. A smaller group of our team also attend on Thursdays to give cab instruction and guided tours of the collection and heritage end when requested by the visitors.

Our Spring talks programme has started, and we recognise a great help from the management at Locomotion for providing the venue, refreshments and advertising. The Autumn talks have yet to be determined but will be of local interest, as ever, for regional "Friends" and local people.

Away from the museum the Friends have been asked to attend outside agencies with a remit of giving an illustrated talk about local railway matters.

The Friends at Shildon are a loyal and hard-working team with a view of presenting Locomotion to its best.

South of England Group

Encouraged by the increased attendance of old and new members and the positive feedback after the 2022 switch to daytime social gatherings, we retained this format during 2023 for our AGM in April and then for our September and November events, when we were welcomed to the Science Museum's Dana Centre in South Kensington. With the shared theme 'Shaping our Future', the Autumn events explored possibilities for our future activities, priorities and ways of sustaining the Group, seizing opportunities linked to the Museum's Vision 2025 developments, the 200th anniversary of the modern passenger railway, and the Science Museum Group's planned retail offerings.

Following those discussions a number of members have come forward to become more active in organising the Group's activities – an urgent requirement when existing Committee vacancies were followed by the sudden death in August of Phil Brown, a long-standing and enthusiastic FNRM member, one of the founders of the South of England Group in 1992; and the major injuries sustained by Tom Kolisch in the derailment of La Trochita heritage train in Argentina in November. Whilst Tom is making steady progress towards his long-term recovery, he will be out of action for the foreseeable future.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

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Chairman's Report 2023 (Continued)

We also said farewell to one of our Vice-presidents, Peter Townend, who passed away peacefully in October, aged 98, after a lifetime's involvement with railways.

Our sales and promotion activities have continued to build back encouragingly, with a 12% year on year increase in turnover. Although we decided not to attend the London Festival of Railway Modelling and the Warley Model Railway Club event on cost grounds, we attended as usual three of our other model railway exhibitions, and in its centenary year we supported five excursions worked by Flying Scotsman.

Funding and Museum Support

It may be recalled that twelve months ago I explained how financial support to the Museum had significantly affected the appearance of the accounts, and a similar trend is apparent this year. In fact charitable expenditure, which covers this heading has substantially increased to over £700k in 2023. This includes the donation of £250k towards the new Wonderlab, now open at York as the first phase of the Museum's expansion programme, £400k towards the "New Hall" at Locomotion, and some additional funding (over £50k) to top up the £300k which we had already given to the refurbishment of Station Hall. It is of note that when account is taken of the £300k already donated towards the Station Hall re-development, overall FNRM will have donated £1m to the National Railway Museum over the last 3 years.

Our ability to make such significant donations to the Museum has been considerably helped by a number of generous legacies received in recent years. To those who are no longer with us but thought to remember us in their Wills, and their executors, we are eternally grateful.

Returning to the day-to-day financial picture, once again I have to draw attention to the fact that routine income (i.e. excluding legacies and other exceptional gifts) is currently not covering the cost of running the charity – with the latter, like so many other enterprises, affected by cost increases that are difficult to control. No business can continue like this for long, which explains why membership subscriptions have had to be increased significantly in 2024. At the same time the drive to save money and to fund raise in other ways must be pursued with rigour. Nor can we forget the £1m 'Five Year Ask' aspiration agreed with the NRM!

Governance

Lack of time has delayed taking forward the suggested conversion of the charity to become a Charitable Incorporated Organisation (CIO), but the Trustees continue to review the work and resources necessary to progress this "aspiration". Nevertheless, there is a lot of legal work involved, as well as a challenging situation with regard to having to change our banking arrangements. In addition, as noted previously the change will require membership approval.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements Year ended 31 December 2023 (Continued) **Chairman's Report 2023 (Continued)**

People, I reported last year on the appointment of Ray Ekins as treasurer following the resignation of David Naylor on health grounds. In the event Ray also resigned towards the end of 2023, and currently the role of treasurer is being covered on an interim basis by Michael Grant, a partner with Chartered Accounts, Minfords in York, for which we are most grateful. I wish to thank Ray for the drive and enthusiasm he brought to FNRM during his time in office. In the event, David Naylor has remained as an adviser on financial matters, and has continued to play a vital role during a year of much transition. Not for the first time FNRM are much in his debt.

The FNRM office has also seen further change. We were sorry to see Office Administrator, Jayne Molyneux leave to take up an appointment nearer home, but were fortunate to be able to recruit Emma Allison, who joined first as Assistant Administrator, subsequently being promoted to the role of Office Administrator. A more recent arrival still is George Powell who has taken over as Bookkeeper. We are delighted to have them both. Finally on the office front, once again Lesley Benham came to the rescue to provide temporary and vital support at a critical time, for which grateful thanks are also due once more.

Relationships with the Museum Director, Judith McNicol, Head Curator Andrew McLean, and Sarah Price, Head of Locomotion, continue to be excellent. The support and help we receive from our main point of contact, NRM Senior Philanthropy Manager, Katherine Rolland, is also, as ever, exemplary, and a key factor in the positive relationship we continue to enjoy with the Museum team.

There is one other name I wish to especially highlight, and that is Graham Miller, our incredibly hard-working Honorary Secretary. It is difficult to believe that he has only been in the role for eighteen months, so perfectly has he fitted into it. His dedication and sheer sense of determination are as remarkable as they are invaluable. I would also like to thank all my fellow Trustees, Officers and all the other dedicated volunteers for the support and help they have given to the Friends and to myself throughout another year.

In conclusion, therefore, I would like to report that, after 46 years, your Charity is in good health, good heart and good hands, and with the support of all of our members, I look forward to another challenging year in 2024.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Statement of Trustees' Responsibilities

The Charities Act requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the surplus or deficit of the charity. In preparing those financial statements the Board is required to :--

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.
- state whether applicable accounting standards and statements of recommended practice have been followed , subject to any material departures disclosed and explained in the financial statements;

The Trustees are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which are sufficient to show and explain the charity's transactions and enable them to ensure that the financial statements comply with regulations made under the Charities Act. 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 trustees are also responsible for the contents of the trustees' report, and the responsibility of the independent examiner in relation to the trustees' report is limited to examining the report and ensuring that , on the face of the report, there are no inconsistencies with the figures disclosed in the financial statements.

The report was approved by the board of Trustees on 17 April 2024

P M Benham
Chairman
Dated:

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

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

I report to the Trustees on my examination of the accounts for the above charity ("the Trust") for the year ended 31 December 2023 set out on pages 16 to 28.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

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

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in, any material respect:

- The accounting records were not kept in accordance with section 130 of the Charities Act; or
- The accounts did not accord with the accounting records; or
- The accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a "true and fair" view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report 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
York
YO43 3PF

Dated: 15 June 2024

FRIENDS OF THE NATIONAL RAILWAY MUSEUM (and subsidiary company)
Consolidated Statement of Financial Activities for the year ended 31 December 2023

	Notes	2023 Unrestricted and Designated Funds £	2023 Restricted Funds £	2023 TOTAL Funds £	2022 TOTAL Funds £
INCOME FROM:					
Members' subscriptions – Inc. gift aid	1	22,075	1,252	23,327	26,222
Collecting boxes		8,591	-	8,591	7,670
Donations and legacies from individuals		277,470	-	277,470	2,920
Grant income		-	-	-	-
Sales – ancillary activities		63,979	-	63,979	19,789
Bank interest		686	-	686	542
Sundry receipts		1,948	-	1,948	489
Total incoming resources		374,749	1,252	376,001	57,632
EXPENDITURE ON:					
Direct charitable expenditure	2	470,840	-	470,840	282,292
Fundraising and publicity	3	1,874	-	1,874	1,265
Management and administration	4	32,931	-	32,931	39,062
Governance Costs	4	7,409	-	7,409	2,505
Cost of sales		29,108	-	29,108	8,227
Total resources expended		542,162	-	542,162	333,351
Net income/(expenditure) before gains/(losses) on investments:		(167,413)	1,252	(166,161)	(275,719)
Realised gain within the year		6,952	-	6,952	-
Change in unrealised gain at year end		22,949	-	22,949	(52,001)
Transfers between funds	10/14	108,167	(108,167)	-	-
Net movement of funds		(29,345)	(106,915)	(136,260)	(327,720)
Fund balances as of 1 January 2023		498,445	117,155	615,600	943,320
Fund balances as of 31 December 2023		469,100 =====	10,240 =====	479,340 =====	615,600 =====

A breakdown of the restricted funds is provided on pages 23 to 25.

A breakdown of the comparative figures is shown at note 17.

The notes on pages 19 to 28 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 2023

	Notes	2023 Charity £	2022 Charity £	2023 Group £	2022 Group £
Fixed assets					
Investment in subsidiary	5	40	40	-	-
		<u>40</u>	<u>40</u>	<u>-</u>	<u>-</u>
Current assets					
Stock		-	-	21,474	17,776
Debtors	6	12,500	180,431	1,420	180,886
Investments with CCLA	7	142,993	577,507	142,993	577,507
Cash at bank and in hand	7	292,625	86,218	330,212	112,696
Total assets		<u>448,158</u>	<u>844,196</u>	<u>496,099</u>	<u>888,865</u>
Creditors: Amounts falling due within one year	8	(9,690)	(265,709)	(11,421)	(267,169)
		<u>(9,690)</u>	<u>(265,709)</u>	<u>(11,421)</u>	<u>(267,169)</u>
Total assets less current liabilities		438,468	578,487	484,678	621,696
Creditors: Amounts falling due after one year	9	(5,338)	(6,096)	(5,338)	(6,096)
		<u>(5,338)</u>	<u>(6,096)</u>	<u>(5,338)</u>	<u>(6,096)</u>
		<u>433,130</u>	<u>572,391</u>	<u>479,340</u>	<u>615,600</u>
		=====	=====	=====	=====

FRIENDS OF THE NATIONAL RAILWAY MUSEUM (and subsidiary company)
Charity and consolidated balance sheet as at 31 December 2023 (continued)

		2023	2022	2023	2022
	Notes	Charity £	Charity £	Group £	Group £
Funds of the charity:					
Restricted funds					
Duchess of Hamilton Fund	10	-	106,045	-	106,045
NAROH Fund	11	1,372	1,372	1,372	1,372
Borough Market Junction Signal Box	12	839	839	839	839
BRACS Fund	13	4,918	4,918	4,918	4,918
F.A.R.S.A.P	11	3,111	3,111	3,111	3,111
History & Development of Railway Signalling	14	-	870	-	870
Total restricted funds		10,240	117,155	10,240	117,155
Unrestricted funds					
Accumulated funds		421,390	453,236	467,600	496,445
Designated Funds					
Ripon School Fund	15	1,500	2,000	1,500	2,000
Total Funds		433,130	572,391	479,340	615,600

These accounts were approved at a meeting of the Council on 17 April 2024

..... Chairman – P M Benham

..... Secretary – G D N Miller OBE

..... Treasurer – M Grant

The Notes on pages 19 to 28 form part of these financial statements.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
Annual Report and Financial Statements
Year ended 31 December 2023
Statement of Accounting Policies

1.1 Basis of accounting

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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. The charity is a going concern and there are no material uncertainties relating to its going concern status.

1.3 Income

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. Where proven to meet income recognition, legacies due within twelve months of the accounting period are included as debtors.

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.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM
Annual Report and Financial Statements
Year ended 31 December 2023
Statement of Accounting Policies (continued)

1.4 Tangible Fixed Assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. This is a change in accounting policy from £500 in previous periods, although as there were no relevant additions in the previous year there is no comparative restatement.

Depreciation, if applicable, 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.

1.5 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.

1.6 Stock

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

1.7 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.

1.8 Government Grants

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

1.9 Fund Accounting

Any grant, donation or separate subscription(s) received by the charity that is required to be used for a specified purpose is treated as restricted income together with the expenses applicable to that fund and included within the relevant restricted fund(s).

All other income is treated as unrestricted income and credited to the general unrestricted fund.

Designated funds are unrestricted funds that the Trustees have set aside for a particular purpose.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023

1. SUBSCRIPTIONS

	2023 Unre- stricted Funds	2023 Restricted Funds	2023 TOTAL Funds	2022 TOTAL Funds
	£	£	£	£
Subscriptions received in year	21,642	1,252	22,894	23,358
Subscriptions paid in advance in 2022	1,232	-	1,232	2,419
Transfer from Life Subscription Fund (Note 9)	1,758	-	1,758	2,277
	24,632	1,252	25,884	28,054
<i>Less</i> Subscriptions in advance for 2024 (Note 8)	(1,557)	-	(1,557)	(1,232)
<i>Less</i> Transfer to Life Subscription Fund (Note 9)	(1,000)	-	(1,000)	(600)
	22,075	1,252	23,327	26,222

2. DIRECT CHARITABLE EXPENDITURE

Museum support – General	-	-	-	-
Museum support – Specific	453,888	-	453,888	254,308
NRM Review	16,952	-	16,952	27,984
	470,840	-	470,840	282,292

Within specific museum support there is an amount of £500 (2022: £500) relating to designated funds for the Ripon School Fund. A separate fund was formed in 2021 for the Ripon School Fund.

3. FUNDRAISING AND PUBLICITY

Exhibitions, Advertising and marketing	1,874	-	1,874	1,265
	1,874	-	1,874	1,265

4. MANAGEMENT AND ADMINISTRATION

Secretarial salaries	16,481	-	16,481	26,243
Printing, postage, stationery and telephone	4,632	-	4,632	1,665
Insurance, Fees, etc.	1,510	-	1,510	6,035
Legal and professional fees	6,775	-	6,775	3,999
Office expenses	1,606	-	1,606	90
Payroll administration	438	-	438	173
Cost of meetings	1,489	-	1,489	857
	32,931	-	32,931	39,062
Governance Costs				
Independent examiners fees	3,487	-	3,487	2,505
Officers' expenses	3,922	-	3,922	-
	7,409	-	7,409	2,505

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

5. INVESTMENT IN SUBSIDIARY

Shares held in Friends of the National Railway Museum Enterprises Ltd at a cost of £40 (2022: £40).

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

The financial results of the company were as follows (for the year ended 31 December 2023):

Income	Expenditure	Profit/(loss)	Net Assets
£	£	£	£
49,242	31,693	17,549	60,800
=====	=====	=====	=====

6. DEBTORS

	2023	2022
	£	£
Sales debtors and amounts prepaid	1,420	886
Gift Aid Recoverable	-	-
Legacy funds receivable	-	180,000
	=====	=====
	1,420	180,886
	=====	=====

7. CASH AT BANK, IN HAND AND INVESTMENTS

	2023	2022
	£	£
Charity Official Investment Fund account	142,993	577,507
Deposit and current accounts	287,864	82,610
South of England Group current account	4,135	2,871
Northeast Branch cash in hand	180	180
Cash in hand	447	557
	=====	=====
Charity balances	435,619	663,725
FNRM Enterprises Ltd	37,588	26,478
	=====	=====
Total group	473,207	690,203
	=====	=====
Investments held with CCLA	142,993	577,507
	=====	=====

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

8. CREDITORS: DUE WITHIN ONE YEAR

	2023 Charity £	2022 Charity £	2023 Group £	2022 Group £
Ordinary subscriptions paid in advance	1,557	1,232	1,557	1,232
Accruals	8,011	14,477	9,742	15,937
Trade creditors	122	-	122	-
Other creditors	-	250,000	-	250,000
	<u>9,690</u>	<u>265,709</u>	<u>11,421</u>	<u>267,169</u>
	=====	=====	=====	=====

9. CREDITORS: DUE AFTER ONE YEAR

	2023 £	2022 £
Movements of the life subscriptions fund were as follows:		
Balance at 1 January 2023	6,096	7,773
New life memberships	1,000	600
	<u>7,096</u>	<u>8,373</u>
Transfer to Statement of Financial Activities	(1,758)	(2,277)
Balance at 31 December 2023	<u>5,338</u>	<u>6,096</u>

10. DUCHESS OF HAMILTON FUND (229 Club)

	2023 £	2022 £
Balance at 1 January 2023	106,045	109,414
229 Club subscriptions and donations (including Gift Aid)	1,252	1,328
Interest added from invested balances	-	-
Realised gain on investments within the year	-	-
Deduct: Unrealised gain on invested funds to 31 December 2022	-	(4,679)
Add: Unrealised gain on invested funds at 31 December 2023	-	-
	<u>107,297</u>	<u>106,063</u>
Less 229 Club prizes and sundry expenses	-	(18)
Less Transferred to unrestricted funds in year	<u>(107,297)</u>	<u>-</u>
Balance at 31 December 2023	<u>-</u>	<u>106,045</u>

A number of 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 fund has been permanently closed at the request of the 229 Club members. Following a minuted meeting of the 229 Club, it was agreed the funds be transferred to the general unrestricted funds.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

11. NATIONAL ARCHIVE of RAILWAY ORAL HISTORY FUND (INCLUDING F.A.R.S.A.P.)

	2023 £	2022 £
Balance at 1 January 2023	4,483	4,768
Receipts in year	-	-
Interest added from invested balances	-	15
	4,483	4,783
<i>Less Expenses paid</i>	-	(300)
Balance at 31 December 2023	4,483	4,483

12. BOROUGH MARKET JUNCTION SIGNAL BOX FUND

	2023 £	2022 £
Balance at 1 January 2023	839	839
Interest added from invested balances	-	-
	839	839
<i>Less Outgoings</i>	-	-
Balance at 31 December 2023	839	839

13. BRITAIN'S RAILWAYS – ALL CHANGE

	2023 £	2022 £
Balance at 1 January 2023	4,918	4,908
Receipts in the year including Gift Aid	-	10
Interest added from invested balances	-	-
	4,918	4,918
<i>Less Outgoings</i>	-	-
Balance at 31 December 2023	4,918	4,918

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

14. HISTORY AND DEVELOPMENT OF RAILWAY SIGNALLING	2023	2022
	£	£
Balance at 1 January 2023	870	-
Receipts in the year including Gift Aid	-	906
Transfer from Accumulated fund	-	-
Interest added from invested balances	-	-
	<hr/> 870	<hr/> 906
Less Transferred to unrestricted funds in year	(870)	
<i>Less Outgoings</i>	-	(36)
Balance at 31 December 2023	<hr/> - <hr/>	<hr/> 870 <hr/>

15. RIPON SCHOOL COMPETITION – Designated fund	2023	2022
	£	£
Balance at 1 January 2023	2,000	2,500
Receipts in the year including Gift Aid	-	-
Interest added from invested balances	-	-
	<hr/> 2,000	<hr/> 2,500
<i>Less Outgoings</i>	(500)	(500)
Balance at 31 December 2023	<hr/> 1,500 <hr/>	<hr/> 2,000 <hr/>

16. ANALYSIS OF MOVEMENTS IN FUNDS

	Income	Expendi-	Transfers /	Movement
	2023	ture	gains/losses	
	£	2023	2023	2023
		£	£	£
Unrestricted and designated funds				
Revenue funds	374,749	542,162	138,068	(29,345)
	<hr/> =====	<hr/> =====	<hr/> =====	<hr/> =====
Restricted funds				
Various restricted funds (notes 10 to 14)	1,252	-	(108,167)	(106,915)
	<hr/> =====	<hr/> =====	<hr/> =====	<hr/> =====

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

17. STATEMENT OF FINANCIAL ACTIVITIES FOR THE PRIOR YEAR - ENDED 31 DECEMBER 2022

		2022 Unrestricted and Designated Funds	2022 Restricted Funds	2022 TOTAL Funds	2021 TOTAL Funds
	Note	£	£	£	£
INCOME FROM:					
Members' subscriptions – Inc. gift aid	1	24,894	1,328	26,222	28,832
Collecting boxes		7,670	-	7,670	4,774
Donations and legacies from individuals		2,920	-	2,920	329,243
Grant income		-	-	-	1,014
Sales – ancillary activities		18,883	906	19,789	12,608
Bank interest		517	25	542	13
Sundry receipts		489	-	489	-
Total incoming resources		55,373	2,259	57,632	376,484
EXPENDITURE ON:					
Direct charitable expenditure	2	281,956	336	282,292	134,187
Fundraising and publicity	3	1,248	17	1,265	303
Management and administration	4	39,062	-	39,062	26,846
Governance Costs	4	2,505	-	2,505	2,308
Cost of sales		8,227	-	8,227	8,498
Total Resources expended		332,998	353	333,351	172,142

18. PARTICULARS OF HOW FUNDS ARE REPRESENTED BY ASSETS AND LIABILITIES

At 31 December 2023	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Current assets	484,359	1,500	10,240	496,099
Liabilities	(16,759)	-	-	(16,759)
	<u>467,600</u>	<u>1,500</u>	<u>10,240</u>	<u>479,340</u>
	=====	=====	=====	=====
At 1 January 2023				
Current assets	519,710	252,000	117,155	888,865
Liabilities	(23,265)	(250,000)	-	(273,265)
	<u>496,445</u>	<u>2,000</u>	<u>117,155</u>	<u>615,600</u>
	=====	=====	=====	=====

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

19. DESIGNATED FUNDS

There is also a designated fund of £1,500 (2022: £2,000) for the Ripon School Fund. This amount is included within the Unrestricted Funds on the Statement of Financial Activities and Balance sheet on pages 16 and 18 respectively. Reference is also made to the Ripon School Competition fund in note 15 on page 25.

20. 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:

NRM Masterplan – the continuing re-development of the National Railway Museum Estate over and above that already provided by the Friends	£600,000
--	----------

21. OPERATING LEASE COMMITMENTS

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

	2023	2022
	£	£
Other operating leases (office equipment)		
Expire within 1 year	-	-
Expire within 2 to 5 years (2022 – 2 - 5 years)	-	540
	=====	=====

22. RELATED PARTY TRANSACTIONS

The wholly owned subsidiary company is Friends of the National Railway Museum Enterprises Limited, registered in England and Wales, company number 02418239.

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 2023:

Mr R S Rollings and Mr D M B Naylor

During the year, payments have been paid to Mrs L Benham (wife of Chairman) which have been invoiced for secretarial services totalling £3,250.

During the year, a loan was made to the charity of £2,350 by Graham Miller. This was repaid the same day as was not required.

During the year book-keeping and related fees were charged by a firm of accountants in which M Grant (Treasurer) is a Director. The amount chargeable at the year end was £2,220.

FRIENDS OF THE NATIONAL RAILWAY MUSEUM

Annual Report and Financial Statements

Year ended 31 December 2023

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

23. EMPLOYEES AND REMUNERATION

The number of employees during the year ended 31 December 2023 was three (all part-time) (2022: two (part-time)). Total remuneration was £16,481 (2022: £26,243). No pension contributions were paid in the two years ended 31 December 2023.

No remuneration was paid to any of the Trustees during 2023 nor 2022. The Trustees claimed reimbursement of direct expenditure incurred on behalf of the charity amounting to £3,922 (2022: £nil)

24. 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.