

Company registration number: 01865059

Trust registration number: 701034

EAST LANCASHIRE RAILWAY TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MARCH 2022

Horsfield & Smith
Tower House
269 Walmersley Road
Bury
Lancashire
BL9 6NX

EAST LANCASHIRE RAILWAY TRUST LIMITED
CONTENTS

Reference and Administrative Details	1
Trustees' Report	2 to 5
Independent Auditors' Report	6 to 9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 to 22

EAST LANCASHIRE RAILWAY TRUST LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	B Davies N E Bayley R Chapman Cllr A C Cheetham Cllr J Johnson M W Kelly C R Law C E Morris Cllr P Rush S M Serridge Cllr B Sheerin
Registered Office	Town Hall Knowsley Street Bury Lancashire BL9 0SW The Trust is incorporated in Wales.
Company Registration Number	01865059
Trust Registration Number	701034
Bankers	National Westminster Bank
Auditor	Horsfield & Smith Tower House 269 Walmersley Road Bury Lancashire BL9 6NX

EAST LANCASHIRE RAILWAY TRUST LIMITED

TRUSTEES' REPORT

The Trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 March 2022.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	B Davies
	N E Bayley (appointed 12 September 2022)
	R Chapman
	Cllr A C Cheetham
	Cllr J Johnson
	M W Kelly
	C R Law
	C E Morris (appointed 12 September 2022)
	Cllr P Rush (appointed 12 September 2022)
	S M Serridge (appointed 12 September 2022)
	Cllr B Sheerin (appointed 12 September 2022)

The following Trustees who served during the year retired on 12 September 2022: Cllr A Barnes; R Dutton; CE Jones; Cllr J Kelly; Mr AM McCarthy; and Mrs YS Wright.

Structure, governance and management

Each of the Trust's local authority partners holds the freehold title to the railway land within their respective local authority boundary. The Trust holds the head lease for the railway and sublets this to the East Lancashire Light Railway Company Limited (ELLR) a further partner on the Trust board of management.

Recruitment and appointment of Trustees

The Articles of Association govern the membership of the Trust and provide each member (Bury Metropolitan Borough Council, Rossendale Borough Council, Rochdale Metropolitan Borough Council and the East Lancashire Light Railway Company Limited) the right to nominate three members each to the Board of Management.

Organisational structure

The East Lancashire Railway Trust is a company limited by guarantee and therefore has no share capital.

Objectives and activities

Objects and aims

The object of the Trust is to promote the permanent preservation for the benefit of the public generally of the historic railway line from Heywood to Rawtenstall, together with stations, buildings, locomotives and rolling stock.

EAST LANCASHIRE RAILWAY TRUST LIMITED

TRUSTEES' REPORT

The Trust also aims to educate the public on technical matters relating to railways, their construction and maintenance, engines, steam tractions and engineering skills and the importance of the railway in the industrial and social history of the towns and villages on the line from Heywood to Rawtenstall.

Public benefit

The Trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Financial review

During 2021/22 the Trust has continued to support the East Lancashire Light Railway Company Limited ("ELLR") with the planned programme for the maintenance of the structures and investments in projects to develop the potential of the Railway. To this end the trust have made a grants totalling of £39,773 (2021 : £309,730) to ELLR for the following:

	2022 £	2021 £
Maintenance of structures	29,148	253,785
Buckley Wells development project	10,625	55,945
	<u>39,773</u>	<u>309,730</u>

Where possible the Trust aims to minimise current expenditure, whilst maintaining a rolling programme of inspections and assessments to ensure structures continue to be in an operational condition. Maintenance expenditure during the year relates these ongoing expenses.

During the year development expenditure was scaled back whilst there remained uncertainty with the ongoing Covid-19 pandemic Expenditure during the year relates to payments made for the Buckley Wells project including a transport assessment and report on the 1856 Carriage shed.

In the previous accounting period the Trust made an interest free loan to ELLR of £300,000. The loan was to ensure ELLR was able to maintain sufficient working capital to meet required expenditure during the uncertainty of the Covid-19 pandemic. Successful applications for grant assistance from other sources has enabled ELLR to repay this loan in the current period.

Policy on reserves

One of the aims of the Trust is to provide finance to maintain the structures on the railway line between Heywood and Rawtenstall. Typical expenditure on any one project is in excess of £100,000 and can be as much as £500,000. For this reason the Trust needs to maintain substantial reserves to meet future obligations.

The Trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise commuted. Free reserves at 31st March 2022 are £524,537 (2021 : £527,503). These consist of the unrestricted general fund and the maintenance fund less the value tied up in fixed assets. The Trustees consider that, given the nature of future expenditure, the Trust should aim to increase its free reserves.

EAST LANCASHIRE RAILWAY TRUST LIMITED

TRUSTEES' REPORT

One of the major risks faced by the Trust is having insufficient funds to meet future maintenance requirements. To mitigate this risk the Trustees have a rolling programme of annual inspection and assessment of structures, with maintenance being carried out with a view to minimising the need for major repairs. Inspections are carried out by an independent Engineer, whose recommendations are then incorporated into the budget.

To supplement the Trust's funds wherever possible the Trustees actively seek grants from external sources. There is a risk that the Trust may not identify all grants to which it is entitled, but the Trustees make every effort to ensure this is not the case by constantly reviewing available grants before expenditure is undertaken.

Investment policy and objectives

Under the Memorandum and Articles of Association, the Trust has the power to make any investment which the Trustees see fit.

The management committee has considered the most appropriate policy for investing funds. It has decided that lending funds on the money market provides the best return in line with the Trusts risk policy and uncertain short term demand.

Financial instruments

Objectives and policies

The Trust's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Trust's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Trust's principal financial assets are cash deposits held by Bury Metropolitan Borough Council.

The credit risk on liquid funds is limited because the funds are held by counterparties that are banks with high credit-ratings assigned by international credit-rating agencies.

The Trust's significant credit risk is that the funds are controlled by Bury Metropolitan Borough Council.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Trust uses a mixture of long-term and short-term investments.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

EAST LANCASHIRE RAILWAY TRUST LIMITED

TRUSTEES' REPORT

Statement of Responsibilities

The Trustees (who are also the directors of East Lancashire Railway Trust Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Horsfield & Smith as auditor of the Trust is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the Trustees of the Trust on 17 November 2022 and signed on its behalf by:



B DAVIES
TRUSTEE

EAST LANCASHIRE RAILWAY TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EAST LANCASHIRE RAILWAY TRUST LIMITED

Opinion

We have audited the financial statements of East Lancashire Railway Trust Limited (the 'Trust') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

EAST LANCASHIRE RAILWAY TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EAST LANCASHIRE RAILWAY TRUST LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

EAST LANCASHIRE RAILWAY TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EAST LANCASHIRE RAILWAY TRUST LIMITED

Responsibilities of Trustees

As explained more fully in the [set out on page], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud

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

We considered the nature of the limited company's industry and its control environment.; and reviewed documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited company's ability to operate or to avoid a material penalty.

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

EAST LANCASHIRE RAILWAY TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EAST LANCASHIRE RAILWAY TRUST LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditors/auditors-assurance/auditors-responsibilities-for-the-audit-of-the-financial-statements

This description forms part of our auditor's report.

The use of our report

This report is made solely to the charitable company's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Peter Nicol BSc FCA (Senior Statutory Auditor)
For and on behalf of Horsfield & Smith, Statutory Auditor

Tower House
269 Walmersley Road
Bury
Lancashire
BL9 6NX

17 November 2022

EAST LANCASHIRE RAILWAY TRUST LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2022
(INCLUDING INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

	Note	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies	2	30,000	-	30,000	29,271
Investment income	3	660	-	660	1,402
Other income	4	19,621	-	19,621	19,622
Total Income		50,281	-	50,281	50,295
Expenditure on:					
Raising funds	5	31	-	31	72
Charitable activities	6	(63,735)	-	(63,735)	(332,995)
Total Expenditure		(63,704)	-	(63,704)	(332,923)
Net expenditure		(13,423)	-	(13,423)	(282,628)
Net movement in funds		(13,423)	-	(13,423)	(282,628)
Reconciliation of funds					
Total funds brought forward		805,615	390,427	1,196,042	1,478,670
Total funds carried forward	17	792,192	390,427	1,182,619	1,196,042

All of the Trust's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 17.

The notes on pages 12 to 22 form an integral part of these financial statements.

EAST LANCASHIRE RAILWAY TRUST LIMITED**BALANCE SHEET****AS AT 31 MARCH 2022****(REGISTRATION NUMBER: 01865059)**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	444,076	463,689
Investments	11	<u>390,427</u>	<u>347,091</u>
		<u>834,503</u>	<u>810,780</u>
Current assets			
Debtors	12	55,206	325,049
Investments	13	261,217	295
Cash at bank and in hand	14	<u>85,747</u>	<u>65,207</u>
		402,170	390,551
Creditors: Amounts falling due within one year	15	<u>(54,054)</u>	<u>(5,289)</u>
Net current assets		<u>348,116</u>	<u>385,262</u>
Net assets		<u>1,182,619</u>	<u>1,196,042</u>
Funds of the Trust:			
Restricted income funds			
Restricted Funds		390,427	390,427
Unrestricted income funds			
Unrestricted Funds		<u>792,192</u>	<u>805,615</u>
Total funds	17	<u>1,182,619</u>	<u>1,196,042</u>

The financial statements on pages 10 to 22 were approved by the Trustees, and authorised for issue on 17 November 2022 and signed on their behalf by:



M KELLY
TRUSTEE



B DAVIES
TRUSTEE

The notes on pages 12 to 22 form an integral part of these financial statements.

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

East Lancashire Railway Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The financial statements have been prepared on a going concern basis.

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 trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about its ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the Trust has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Charitable activities

Charitable expenditure comprises those costs incurred by the Trust in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust 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 to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £1,000.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life of 50 years.

Asset class

Buildings, trackwork and structures

Depreciation method and rate

50 years straight line

Investments

Listed investments are initially recorded at cost. At each year end, the value is adjusted to bid price on the year end date.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

EAST LANCASHIRE RAILWAY TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Trust intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Trust transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Trust, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fund accounting

Unrestricted general funds

Unrestricted income funds are general funds that are available for use at the Trustees discretion in furtherance of the objectives of the Trust.

Unrestricted designated funds

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Restricted funds

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

2 Income from donations and legacies

	Unrestricted funds Designated £	Total 2022 £	Total 2021 £
Donations and legacies;			
Contributions from participating local authorities	30,000	30,000	29,271
	<u>30,000</u>	<u>30,000</u>	<u>29,271</u>

3 Investment income

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Interest receivable and similar income;			
Interest receivable on bank deposits	660	660	1,402
	<u>660</u>	<u>660</u>	<u>1,402</u>

4 Other income

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Rental income	19,621	19,621	19,622
	<u>19,621</u>	<u>19,621</u>	<u>19,622</u>

5 Expenditure on raising funds

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Movement in investment value	(31)	(31)	(72)
	<u>(31)</u>	<u>(31)</u>	<u>(72)</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

6 Expenditure on charitable activities

		Unrestricted funds		Total	Total
	Note	Designated	General	2022	2021
		£	£	£	£
Allocated support costs		39,773	19,900	59,673	329,611
Governance costs	7	-	4,062	4,062	3,384
		<u>39,773</u>	<u>23,962</u>	<u>63,735</u>	<u>332,995</u>

	Activity undertaken directly	Grant funding of activity	Total	Total
	£	£	2022	2021
	£	£	£	£
Maintenance of structures	19,900	29,148	49,048	273,666
Development projects	-	10,625	10,625	55,945
	<u>19,900</u>	<u>39,773</u>	<u>59,673</u>	<u>329,611</u>

In addition to the expenditure analysed above, there are also governance costs of £4,062 (2021 - £3,384) which relate directly to charitable activities. See note 7 for further details.

7 Analysis of governance and support costs

Governance costs

	Unrestricted funds	Total	Total
	General	2022	2021
	£	£	£
Audit fees			
Audit of the financial statements	4,062	4,062	3,384
	<u>4,062</u>	<u>4,062</u>	<u>3,384</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2022 £	2021 £
Audit fees	4,062	3,384
Depreciation of fixed assets	<u>19,613</u>	<u>19,613</u>

9 Staff costs

No trustees, nor any persons connected with them, have received any remuneration from the Trust during the year.

The Trust is managed by Bury Metropolitan Bourgouh Council. The Council receives no remuneration for staff time taken to manage the Trust.

10 Tangible fixed assets

	Freehold Property £	Trackwork £	Stations £	Bridges £	Total £
Cost					
At 1 April 2021	<u>47,097</u>	<u>239,640</u>	<u>636,053</u>	<u>57,836</u>	<u>980,626</u>
At 31 March 2022	<u>47,097</u>	<u>239,640</u>	<u>636,053</u>	<u>57,836</u>	<u>980,626</u>
Depreciation					
At 1 April 2021	28,586	118,242	340,512	29,597	516,937
Charge for the year	<u>942</u>	<u>4,793</u>	<u>12,721</u>	<u>1,157</u>	<u>19,613</u>
At 31 March 2022	<u>29,528</u>	<u>123,035</u>	<u>353,233</u>	<u>30,754</u>	<u>536,550</u>
Net book value					
At 31 March 2022	<u>17,569</u>	<u>116,605</u>	<u>282,820</u>	<u>27,082</u>	<u>444,076</u>
At 31 March 2021	<u>18,511</u>	<u>121,398</u>	<u>295,541</u>	<u>28,239</u>	<u>463,689</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11 Fixed asset investments

Other investments

	2022	2021
	£	£
Other investments	<u>390,427</u>	<u>347,091</u>

12 Debtors

	2022	2021
	£	£
Due from related undertakings	24,526	317,648
Prepayments	29	-
Accrued income	651	1,401
Other debtors	<u>30,000</u>	<u>6,000</u>
	<u>55,206</u>	<u>325,049</u>

13 Current asset investments

	2022	2021
	£	£
Listed other shares	326	295
Cash deposits	<u>260,891</u>	<u>-</u>
	<u>261,217</u>	<u>295</u>

14 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	<u>85,747</u>	<u>65,207</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other creditors	<u>54,054</u>	<u>5,289</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16 Trust status

The Trust is a company limited by guarantee and consequently does not have share capital.

The guarantors who are liable to contribute an amount not exceeding £10 towards the assets of the Trust in the event of liquidation are:

Bury Metropolitan Borough Council
 Rossendale Borough Council
 East Lancashire Light Railway Company Limited
 Rochdale Metropolitan Borough Council

The address of its registered office is:

Town Hall
 Knowsley Street
 Bury
 Lancashire
 BL9 0SW

17 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Balance at 31 March 2022 £
Unrestricted funds				
<i>General</i>				
General Funds	527,503	20,281	(23,931)	523,853
<i>Designated</i>				
Maintenance Fund	84,057	30,000	(29,148)	84,909
Development Fund	194,055	-	(10,625)	183,430
	<u>278,112</u>	<u>30,000</u>	<u>(39,773)</u>	<u>268,339</u>
Total unrestricted funds	805,615	50,281	(63,704)	792,192
Restricted funds				
Maintenance Funds	<u>390,427</u>	<u>-</u>	<u>-</u>	<u>390,427</u>
Total funds	<u>1,196,042</u>	<u>50,281</u>	<u>(63,704)</u>	<u>1,182,619</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The specific purposes for which the funds are to be applied are as follows:

The maintenance fund

(Previously the commuted sum)

Comprises a derelict land grant fund and transfers from the general fund.

The derelict land grant fund represents the amount received in respect of monies to be invested to produce income towards the long term maintenance of major structures on the railway. There are no specific restrictions on the way in which such income should be used, and consequently that income is taken directly to the income and expenditure account. The monies comprising the fund are shown on the balance sheet as fixed assets investments, constituting the full amount of the monies on deposit so treated, and as part of the cash at bank.

The development fund

(Previously the non-derelict land grant fund)

Represents the amount in respect of capital payments towards expenditure necessary prior to the re-opening of the railway. Both the income and capital of this fund may be used for this purpose.

The analysis of the original make up of the fund is as follows:-

	2022 £	2021 £
Greater Manchester Council		
Engineering works	183,000	183,000
Building works	75,000	75,000
Promotion and marketing	34,000	34,000
	<u>292,000</u>	<u>292,000</u>
Rossendale Borough Council	60,000	60,000
	<u>352,000</u>	<u>352,000</u>
Previously released to income and expenditure	(157,945)	(102,000)
Release to income this year	(10,625)	(55,945)
	<u>183,430</u>	<u>194,055</u>

EAST LANCASHIRE RAILWAY TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds at 31 March 2022
	General	Designated		
	£	£	£	£
Tangible fixed assets	444,076	-	-	444,076
Fixed asset investments	-	-	390,427	390,427
Current assets	133,831	268,339	-	402,170
Current liabilities	(54,054)	-	-	(54,054)
Total net assets	<u>523,853</u>	<u>268,339</u>	<u>390,427</u>	<u>1,182,619</u>

	Unrestricted funds		Restricted funds	Total funds at 31 March 2021
	General	Designated		
	£	£	£	£
Tangible fixed assets	463,689	-	-	463,689
Fixed asset investments	-	-	347,091	347,091
Current assets	69,103	278,112	43,336	390,551
Current liabilities	(5,289)	-	-	(5,289)
Total net assets	<u>527,503</u>	<u>278,112</u>	<u>390,427</u>	<u>1,196,042</u>

19 Related party transactions

During the year the Trust made the following related party transactions:

East Lancashire Light Railway Company Limited

The Trust has a close relationship with East Lancashire Light Railway Company Limited. This company operates the railway and also nominates 3 members to the Trust's Board of Management.

During the year the Trust made grants totalling £39,773 (2021 - £309,730) to the East Lancashire Light Railway Company Limited. East Lancashire Light Railway Company Limited repaid a £300,000 loan that had been advanced in 2021. Rental income receivable from East Lancashire Light Railway Company Limited was £19,621 (2021 - £19,621). At the balance sheet date the amount due from East Lancashire Light Railway Company Limited was £29,148 (2021 - £317,648).

Bury Metropolitan Borough Council

Bury Metropolitan Borough Council nominates 3 members to the Trust's Board of Management.

The Council makes an annual contribution of £12,000 to the Commuted Sum for the maintenance of the railway structures. At the balance sheet date the amount due from Bury Metropolitan Borough Council was £12,000 (2021 - £Nil).

EAST LANCASHIRE RAILWAY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Rochdale Metropolitan Borough Council

Rochdale Metropolitan Borough Council nominates 3 members to the Trust's Board of Management.

The Council makes an annual contribution of £12,000 to the Commuted Sum for the maintenance of the railway structures. At the balance sheet date the amount due from Rochdale Metropolitan Borough Council was £12,000 (2021 - £Nil).

Rossendale Borough Council

Rossendale Borough Council nominates 3 members to the Trust's Board of Management.

The Council makes an annual contribution of £6,000 to the Commuted Sum for the maintenance of the railway structures. At the balance sheet date the amount due from Rossendale Borough Council was £6,000 (2021 - £6,000).