

FURNESS RAILWAY TRUST

(Registered Charity No. 1163073)

Address for correspondence:

Meadowside,
105, Station Road,
Cark-in-Cartmel,
Grange-over-Sands,
Cumbria
LA11 7NY

Annual Report of the Trustees for 2018

1. Governance and Administration

The business of the Furness Railway Trust, a Charitable Incorporated Organisation (CIO), is managed by Trustees in accordance with a constitution approved by the Charity Commission. The Chairman is responsible for coordinating the day to day management of the affairs of the Trust. One third of the Trustees retire at each Annual General Meeting, in accordance with the constitution. A briefing document is given to new Trustees, which outlines the history of the Trust and its current obligations. The document also details the responsibilities of Trustees as defined by the Charity Commission.

The Trustees meet on a number of occasions throughout the year in order to manage the Trust's affairs and to agree required courses of action.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued on the 14th July 2014, Financial Reporting Standard 102, and with the Charities Act 2011.

The Trust's banker is the Royal Bank of Scotland, Direct Business Banking, PO Box 5479, 1 Spinningfields Square, Manchester, M61 0NH.

The Trust's Independent Examiner is J Priestley ACMA, CGMA, 24 Scarborough Road, St. Annes, Lytham St. Annes, Lancashire FY8 3ES

2. Trustees and Committee Members

The following were the appointed Trustees of the Furness Railway Trust during 2018:

K. Brewer
J. Dixon
J.M. Kay
A. Middleton
T.D. Owen (Chairman)
A.M. Rigg
D.A. Rimmer
N.R. Smith
P. van Zeller

The above Trustees were responsible for preparing and approving this report.

3. Objectives and Activities

A summary of the Object and Powers of the Furness Railway Trust is attached as Appendix A at the end of this report.

The principal activities of the Furness Railway Trust (FRT) during 2018 were the acquisition, restoration and operation of historic items of rolling stock. The Trustees worked to address the long term objective of the establishment of a railway museum, with appropriate facilities for the display, storage and restoration of railway rolling stock and associated equipment.

In shaping the Trust's objectives, the Trustees gave due consideration to the Charity Commission's guidance on public benefit with the object of advancing education through its work, both in the short and longer term. The Trustees also took into account the need to maximise public accessibility to its assets, some of which are unique and of major historical importance, including affordability wherever possible.

4. Achievements and Performance

All three of the Trust's operational steam locomotives were hired out in 2018, initially extending arrangements that had been made in 2017.

Furness Railway locomotive *No. 20*, Britain's oldest working standard gauge steam locomotive, continued its loan to Locomotion, the National Railway Museum at Shildon until May. With its ten year boiler certificate due to end on the 8th July, it then returned to its base at Preston where it operated its last trains on the Ribble Steam Railway (RSR) before withdrawal for a major overhaul. It is planned that the locomotive, whose initial restoration was principally funded by the Heritage Lottery Fund, will return to operation in 2020.

Former Great Western Railway 0-6-2T locomotive *No. 5643* continued its hire at the Embsay & Bolton Abbey Steam Railway, a registered charity, although it spent the first eight months of the year sidelined because of work to re-tube the boiler before returning to operational service in September.

The Trust's Hunslet 'Austerity' 0-6-0ST locomotive *Cumbria* started the year at The Battlefield Line in Leicestershire before joining *5643* at the Embsay & Bolton Abbey Steam Railway in April. It is planned that both locomotives will continue to operate there in 2019.

The former Royal Saloon coach, Great Eastern Railway *No. 5* returned to the Trust's Preston base in February after eight years on hire to the Beamish Open Air Museum. The vehicle was replaced at Beamish by the Trust's second class North London Railway coach to help make up a fitting vintage train there for operation in 2018. An overhaul of the Royal Saloon commenced at Preston which will continue as and when resources permit.

Attendance of the Trust's volunteers at its Preston base continued to be encouraging during 2018 where again a number of different projects were ongoing as well as those described above. The cosmetic restoration of a Travelling Post Office vehicle by Trust members for the RSR's museum was successfully completed in April and was the subject of very positive media attention. The overhaul of Peckett locomotive 0-4-0ST *Caliban* continued with the frames being jacked up to enable the wheelsets to be sent away for machining.

The long term restoration of former Great Western Railway 4-6-0 'Hall' class locomotive *No. 4979 Wootton Hall* made further good progress with the re-building of the tender frames almost complete and the purchase of a second-hand replacement 4,000 gallon tank for the tender. The restoration of the Trust's diesel shunter 0-4-0DM *Fluff*, although not a priority project, has again moved forward with considerable input from regular volunteers.

All known components of the former Furness Railway locomotive *No. 25* of 1865, which was kindly donated to the Trust during 2017 by the executors of the estate of

the late Bert Hitchen, have been located and gathered together at Preston. With Trust members already engaged in other projects during 2018, no physical progress on the restoration of this locomotive was possible. It is hoped to be able to put together a plan for its conservation in the not too distant future.

The second hand portable building which was purchased in 2017 was successfully fitted out at Preston and brought into use as a high quality mess room for the Trust's volunteers in the first half of 2018.

The Trustees conduct an annual Risks and Vulnerabilities Review. The new shed at Preston has been built to allay the concerns of the Trustees in being able to provide the necessary long term protection and maintenance facilities for its rolling stock. The new shed development has now been completed, the sub-lease was subsequently executed on the 25th March 2019.

All activities of the Furness Railway Trust are undertaken by volunteers and the Trustees wish to thank all the hard working members once again for their support over the year. There are no paid staff employed by the Trust.

5. Financial Position

Total income rose to £130,080 compared with £103,615 in 2017, principally as a result of a single bequest of £85,000 from a former Trustee who sadly passed away during the year. Rolling Stock Hire, at £28,849, was £12,232 less than in 2017 reflecting the fact that locomotive No. 5643 was undergoing a re-tube of its boiler for the first eight months of the year.

Expenditure on Locomotive Restoration increased to £37,083, compared with £10,235 in 2017, the majority of which was in respect of the purchase of a second hand tender tank and key new fittings for 'Hall' Class 4-6-0 locomotive No. 4979 *Wootton Hall*. The generous bequest referred to above has enabled the Trustees to accelerate restoration work on this and other projects. Repairs and Maintenance to operational locomotives rose to £17,620, a rise of £12,621 on that incurred in 2017, and included the cost of re-tubing locomotive No. 5643. Travelling Expenses, £1,897, incurred by three Trustees in attending to on-hire locomotives, was in line with that of 2017 (£1,849) and was kindly gift aided back to the Trust. Overall expenditure, at £64,993 was nearly three times higher than in 2017 as a result of the increased expenditure on Locomotive Restoration and Repairs/Maintenance.

Fund raising activities were carried out in the form of a sales stand and also from the Trust's folk group, *Live Steam*, which again brought in some welcome income. Sales income was reduced as a result of fewer events available at which to sell and net Sales income was affected by a write off of old stock.

6. Reserves Policy


The Trustees believe that the Furness Railway Trust's current finances are satisfactory and that they will be adequate to enable it to complete the purchase of the sub-lease for the new shed.

There is an ongoing need to maintain an appropriate level of reserve to provide for future overhauls of the Trust's operational locomotives and coaches. Fundraising will continue primarily for this purpose and also to fund the longer term restoration projects.

The Trustees declare that they have approved the Trustees' Report above.



Tim Owen
Chairman
21st May 2019



Neil Smith
Secretary
21st May 2019

Appendix A

SUMMARY OF OBJECT AND POWERS

The object of the CIO is to establish a railway museum for the benefit of the public and the CIO has power to do anything to further its object, in particular, the power to:

- (a) acquire and preserve railway locomotives, railway carriages and other items of rolling stock and associated equipment.
- (b) restore and maintain such items, house them and put them on display; loan or hire them so that they may be used, if practicable, and make suitable arrangements for their continued preservation as far as is possible.
- (c) sponsor the publication of books, articles etc. containing information about these items and rolling stock and railways generally, and otherwise to promote interest in these subjects.
- (d) Procure contributions to the CIO by personal or written appeals, public meetings or otherwise.
- (e) employ and remunerate such staff as are necessary for carrying out the work of the CIO.
- (e) buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use.
- (g) sell, lease or otherwise dispose of all or any part of the property belonging to the CIO.
- (h) borrow money and to charge the whole or any part of its property as security for the repayment of the money borrowed.

FURNESS RAILWAY TRUST

Registered Charity No. 1163073

Accounts for the 12 Months Ended 31st December 2018

Notes

Statement of Financial Activities

	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £	2017 Total Funds £
INCOMING RESOURCES				
Incoming Resources				
3 Income and Endowments from:				
4 Donations/Legacies and Tax Recoverable	98,127	-	98,127	39,468
5 Charitable Activities	30,121	-	30,121	41,097
6 Other Trading Activities	1,784	-	1,784	2,210
7 Investments	48	-	48	7
Other	-	-	-	20,833
Total Incoming Resources	130,080	-	130,080	103,615
Less RESOURCES EXPENDED				
8 Expenditure on:				
9 Raising Funds	1,755	-	1,755	1,545
10 Charitable Activities	62,733	-	62,733	21,257
11 Governance	505	-	505	206
Total Resources Expended	64,993	-	64,993	23,008
Net Income/(Expenditure)	65,087	-	65,087	80,607
Reconciliation of Funds				
Total Funds Brought Forward	411,632	33,073	444,705	364,098
Total Funds Carried Forward	476,719	33,073	509,792	444,705

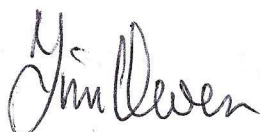
FURNESS RAILWAY TRUST

Registered Charity No. 1163073

Notes

Balance Sheet as at 31st December 2018

	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Fixed Assets:				
13 Tangible Assets	3,687	-	3,687	4,022
14 Heritage Assets	106,296	-	106,296	105,546
Total Fixed Assets	109,983	-	109,983	109,568
Current Assets:				
15 Stock	1,686	-	1,686	1,876
16 Debtors	55,231	-	55,231	10,827
Cash at Bank	179,546	-	179,546	146,193
Loan (New Shed)	156,927	33,073	190,000	190,000
Cash in Hand	60	-	60	60
Total Current Assets	393,450	33,073	426,523	348,956
17 Creditors: amounts due within one yr.	(23,557)	-	(23,557)	(10,420)
Net Current Assets/(Liabilities)	369,893	33,073	402,966	338,536
Total Assets less Current Liabilities	479,876	33,073	512,949	448,104
17 Creditors: amounts due after one yr.	(3,157)	-	(3,157)	(3,399)
Total Net Assets	476,719	33,073	509,792	444,705
Funds of the Charity:				
Total Funds Brought Forward	411,632	33,073	444,705	364,098
Add Net Incoming Resources	65,087	-	65,087	80,607
Total Funds as at 31.12.2018	476,719	33,073	509,792	444,705



Tim Owen
Chairman

26th May 2019



Neil Smith
Secretary

21/5/19

FURNESS RAILWAY TRUST

Registered Charity No. 1163073

Notes to the Accounts –12 Months Ended 31st December 2018

Note 1 **Basis of Accounting**

The accounts are for the third full year of operation of the new Charitable Incorporated Organisation Furness Railway Trust 1163073 which took over the assets and operations of the unincorporated Furness Railway Trust Registered Charity 1005211 from the 1st December 2015.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16th July 2014, Financial Reporting Standard 102, and with the Charities Act 2011.

The accounts have been prepared on the basis that the unincorporated and CIO charities have merged, as defined in the Statement of Recommended Practice.

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The Furness Railway Trust constitutes a public benefit entity as defined by FRS 102

These accounts have been prepared on the basis that the Furness Railway Trust is a going concern after taking into account the current and anticipated levels of activity,

Note 2 **Accounting Policy**

Income

Incoming Resources, including grants, are accounted for on a receivable basis.

One legacy was notified and the estimated full amount receivable was included in the accounts.

The value of donated goods is recognised only on sale because of the practicalities of measuring the value of such goods.

Goods donated for ongoing use by the charity are recognised as tangible assets and included in the Statement of Financial Activities as incoming resources when receivable.

The value of any voluntary help received is not included in the accounts but is described in the Trustees' Annual Report.

Expenditure

Resources Expended are accounted for on an accruals basis and include recognition of liabilities arising from legal or constructive obligation which commits the organisation to expenditure.

Certain support costs (Insurance and Printing, Stationery, Postage) are apportioned between activities based, where possible, on known cost drivers.

Governance Costs are shown separately for the purpose of clarity and, contrary to the SORP, not spread across activities because they are difficult to allocate and are not material in size.

Assets

Tangible and fixed assets for use by the charity

Plant and Equipment assets purchased which can be used for more than one year are capitalised and depreciated on a straight line basis at a rate of 25% per annum.

The portable building purchased in 2017 is being depreciated on a straight line basis over 15 years..

Assets purchased after 1st December 2015 are only capitalised if they cost £200 or more.

Heritage Assets

Heritage Assets are shown on the balance sheet at cost or, in the case of donated items, a realistic value estimated at the time of donation. An exception has been made for Furness Railway No. 20, built 1863. This historic locomotive is unique, difficult to value and is not included; there has been approximately £148,000 spent on it. The Trust's Collection and Disposal Policy states that there "should be a presumption against disposal." Grants received of £111,000 would potentially be repayable if this item was sold.

Stocks

Stocks are valued at the lesser of cost or recoverable value.

Debtors

Debtors (including trade debtors and loans receivable) are measured on initial recognition at settlement amount after any trade discounts. Subsequently they are measured at the cash or other consideration expected to be received.

Creditors

Creditors are measured at transaction price.

Note	Analysis of Income	2018	2018	2018	2017
		Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds £
Note 4	Donations and Legacies				
	Donations and Gifts	9,766	-	9,766	34,585
	Legacies	85,000	-	85,000	-
	Gift Aid	1,689	-	1,689	3,343
	Membership Subscriptions	1,672	-	1,672	1,540
	Total	98,127	-	98,127	39,468
Note 5	Charitable Activities				
	Rolling Stock Hire	28,849	-	28,849	41,081
	Book Sales	8	-	8	16
	Work Wear	1,264	-	1,264	0
	Total	30,121	-	30,121	41,097
Note 6	Other Trading Activities				
	Fundraising Sales	806	-	806	1,311
	Proceeds from <i>Live Steam</i>	761	-	761	655
	Donated Goods	217	-	217	244
	Total	1,784	-	1,784	2,210
Note 7	Investment Income				
	Bank Interest Received	48	-	48	7
	Total	48	-	48	7
	Other Income				
	Gain on Asset Disposal	-	-	-	20,833
	Total	0	-	0	20,833

Note 8 Analysis of Expenditure

	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Note 9 Expenditure on Raising Funds				
Sales Goods	872	-	872	892
Membership Subscription Costs	160	-	160	160
Insurance	549	-	549	316
Printing, Stationery, Postage etc	174	-	174	177
Total	1,755	-	1,755	1,545
Note 10 Expenditure on Charitable Activities				
Locomotive Restoration	37,083	-	37,083	10,235
Locomotive Repair/Maintenance	17,620	-	17,620	4,999
Coach Restoration	953	-	953	1,354
Transport Costs	2,144	-	2,144	-
Work Wear	-	-	-	-
Books	5	-	5	-
Magazine Publication	990	-	990	990
Insurance	1,183	-	1,183	815
Travelling Expenses	1,897	-	1,897	1,849
Printing, Stationery, Postage etc	144	-	144	111
Depreciation of Fixed Assets	714	-	714	904
Total	62,733	-	62,733	21,257
Note 11 Governance Costs				
Independent Examination	200	-	200	200
Printing, Stationery, Postage etc	305	-	305	6
Total	505	-	505	206

Note 12 Expenditure Details

Insurance, amounting to £1,732 was purchased (£1,131 in 2017) which includes public liability insurance for certain activities (including funds generation) undertaken by the Trust, its Trustees and Members.

The work of the charity in restoring, maintaining and assisting in the operation of its assets is, in the main, carried out by volunteers with only specialist activities contracted out.

No staff were employed in either 2018 or 2017.

No fee for the Independent Examination of the 2018 accounts has been included. The cost of examining the 2017 accounts was £200 which is included in the 2018 accounts.

Note 13 Tangible Fixed Assets

	Portable Building £	Plant & Equipment £	Total £
Cost			
At 1st January 2018	3,495	4,741	8,236
Additions	-	378	378
At 31st December 2018	3,495	5,119	8,614
Depreciation			
At 1st January 2018	233	3,981	4,214
Depreciation	233	481	714
At 31st December 2018	466	4,462	4,928
Net Book Value at 1st January 2018	3,262	760	4,022
Net book Value at 31st December 2018	3,029	657	3,686

Note 14 Heritage Assets

	Locomotives	Other Rolling Stock	Other Artefacts	Total
	£	£	£	£
Cost				
At 1st January 2018	79,595	22,111	3,840	105,546
Additions/Disposals	-	750	-	750
At 31st December 2018	79,595	22,861	3,840	106,296

No depreciation has been applied to the Heritage Assets. Therefore the book values at 31st December 2018 are as above.

Five Year Summary of Heritage Asset Transactions

A locomotive, valued at £20,000, was donated in 2017.

A coach was disposed of during 2017 with a gain of £20,833.

There have been no other purchases, donations, disposals or impairments to Heritage Assets during the last five years.

Note 15 Stocks

	Stock £
Charitable Activities	
Opening	31
Added in Period	0
Expensed in Period	5
Closing	<u>26</u>
Other Trading Activities	
Opening	1,845
Added in Period	686
Expensed in Period	871
Closing	<u>1,660</u>
Total Closing Stock This year	<u>1,686</u>
Total Closing Stock Previous Year	<u>1,876</u>

Note 16 Analysis of Debtors

	2018	2017
	£	£
Trade Debtors	11,880	3,862
Prepayments and Accrued Income	2,068	1,610
Other Debtors	41,283	5,355
Total	<u>55,231</u>	<u>10,827</u>

**Note 17 Creditors and Accruals
Analysis of Creditors**

	Amounts Falling Due Within One Year		Amounts Falling Due After One Year	
	2018	2017	2018	2017
	£	£	£	£
Trade Creditors	21,439	5,111	-	-
Accruals & Deferred Income	1,020	730	3,157	3,399
Other Creditors	1,098	4,579	-	-
Total	<u>23,557</u>	<u>10,420</u>	<u>3,157</u>	<u>3,399</u>

Note 18 Deferred Income

Income was deferred in respect of some membership subscriptions which were paid in advance and also a vehicle hire fee which covered two financial years.

Movement in Deferred Income Account

	2018		2017	
	Membership Subscriptions	Vehicle Hire	Membership Subscriptions	Vehicle Hire
	£	£	£	£
Balance at the Start of the Reporting Period	3,825	305	3,300	297
Amounts Added in Current Period	190	625	990	305
Amounts Released to Income from Prev Periods	462	305	465	297
Balance at End of Reporting Period	<u>3,553</u>	<u>625</u>	<u>3,825</u>	<u>305</u>

Note 19 Charity Funds**Details of Movements in Funds in 2018**

Purpose	Balance at 01.01.2018	Income	Expenditure	Balance at 31.12.2018
	£	£	£	£
Restricted Funds				
Shed Appeal New shed at Preston	33,073	-	-	33,073
Total Restricted Funds	<u>33,073</u>	<u>-</u>	<u>-</u>	<u>33,073</u>
Unrestricted Funds				
Wootton Hall Locomotive restoration	12,020	4,712	6,675	10,057
Caliban Locomotive restoration	4,914	1,351	480	5,785
Nth London Rly Brake Carriage restoration	1,238	-	-	1,238
Total Designated Funds	18,172	6,063	7,155	17,080
Total Non Designated Funds	393,461	124,017	57,838	459,639
Total Unrestricted Funds	<u>411,632</u>	<u>130,080</u>	<u>64,993</u>	<u>476,719</u>
Total All Funds	<u>444,705</u>	<u>130,080</u>	<u>64,993</u>	<u>509,792</u>

Details of Movements in Funds in 2017

Purpose	Balance at 01.01.2017	Income	Expenditure	Balance at 31.12.2017
	£	£	£	£
Restricted Funds				
Shed Appeal New shed at Preston	33,073	-	-	33,073
Total Restricted Funds	<u>33,073</u>	<u>-</u>	<u>-</u>	<u>33,073</u>
Unrestricted Funds				
Wootton Hall Locomotive restoration	9,201	9,919	7,100	12,020
Caliban Locomotive restoration	3,089	1,983	158	4,914
Nth London Rly Brake Carriage restoration	990	248	-	1,238
Total Designated Funds	13,280	12,150	7,258	18,172
Total Non Designated Funds	317,745	117,931	57,735	393,461
Total Unrestricted Funds	<u>331,025</u>	<u>130,080</u>	<u>64,993</u>	<u>411,632</u>
Total All Funds	<u>364,098 0</u>	<u>130,080</u>	<u>64,993</u>	<u>444,705</u>

The restricted funds of £33,073.50 are for a new shed development at Preston. This has been completed by the Ribble Steam Railway at its leased site at Preston.

A Heads of Agreement has been drawn up whereby the Furness Railway Trust will take out a sub-lease on its share of the development. A short term loan of £190,000 has been made to the Ribble Steam Railway in order to part fund the building work pending the purchase of the sub-lease. The sub-lease was subsequently executed on the 25th March 2019

Note 20 Transactions with Trustees and Related Parties

None of the trustees have been paid any remuneration or received any other benefits.

Three trustees were paid a total of £1,897 for travel expenses in 2018 (£1,849 in 2017).

Independent Examiner's Report to the Trustees of the Furness Railway Trust

Registered Charity No. 1163073

I report on the accounts of the Trust for the 12 months ended 31st December 2018, which are set out on pages 1 to 7.

Respective Responsibilities of Trustees and Examiner

The charity's trustees are responsible for the preparation of the accounts.

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

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the General Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act; and
- to state whether particular matters have come to my attention

Basis of Independent Examiner's Statement

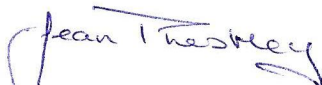
My examination was carried out in accordance with General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures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

Independent Examiner's Statement

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

- (1) Which gives me reasonable cause to believe that in, any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act;have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:



Name: J. Priestley ACMA, CGMA

Address: 24, Scarborough Road, St. Annes, Lytham St. Annes, Lancashire FY8 3ES

Date: 21st May 2019