

REGISTERED COMPANY NUMBER: 2147443 (England and Wales)

REGISTERED CHARITY NUMBER: 1015635

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015
FOR
STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED**

Cotterell & Co
The Curve
83 Tempest Street
Wolverhampton
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STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

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STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

The Trustees, who are also the directors of the charity for the purposes of the Companies Act 2006, present their report, together with the financial statements of the company for the year ended 31st March 2015.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company Number	2147443 (England and Wales)
Registered Charity Number	1015635
Registered Office	Amerton Farm Stowe-by-Chartley Staffordshire ST18 0LA
Principal Office	Amerton Farm Stowe-by-Chartley Staffordshire ST18 0LA
Directors (Trustees)	L E Hodgkinson J Strike P F Mason I M W Rae – resigned 17 th June 2014 D A Luker P M Gully M J Potter S P Bell M W Garner – resigned 1 st December 2014 P J Calvert – appointed 17 th December 2014 K J Douglas – appointed 17 th December 2014
Company Secretary	L E Hodgkinson
Independent Examiners	Cotterell & Co The Curve 83 Tempest Street Wolverhampton West Midlands WV2 1AA
Bankers	HSBC Bank plc 8 Market Square Stafford ST16 2JP
Bankers	Stafford Railway Building Society 4 Market Square Stafford ST16 2JH

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The organisation is a charitable company, limited by guarantee and not having a share capital, incorporated on 15th July 1987 and registered as a charity on 18th December 1992. It operates under the name of "Staffordshire Narrow Gauge Railway Limited". The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of New Trustees

Trustees (who are also the directors of the company) are elected or appointed in accordance with the company's Articles of Association and form the Council of Management ("the Council"). The Council shall have no less than four and no more than twelve members. One third of the members of the Council retire annually by rotation, but are eligible for re-election. New members of the Council may be elected by the members or appointed by the Council either to fill a casual vacancy or by way of an addition to the Council. A member appointed by the Council will retain his office only until the next Annual General Meeting, but shall then be eligible for re-election. Stafford Borough Council may from time to time and at any point appoint a member of the Council. All members of the Council must be members of the company. The Chairman of the Council is elected by the members of the Council from amongst their number.

Organisational Structure

The organisation comprises members of the company working in a voluntary capacity under the general direction of the Council of Management. All are unpaid although an honorarium is available to those members (including trustees) who operate weekday train services, should they choose to take it. Any honorarium paid to a trustee in the year is reported at Note 9 of the financial statements.

Governance, Risk Management and Financial Control

The major risks to which the company and charity is exposed, as identified by the Council of Management ("the Council"), are kept under review by the Council and systems implemented to mitigate those risks. The Council meets monthly to review and plan the activities of the company. Financial control is exercised through an annual cash flow planning process supported by monthly cash flow reports prepared within the company.

OBJECTIVE AND ACTIVITIES

Objectives and Aims

The main objective of this charity is "to promote and to further the education of the public in the history of the Narrow Gauge Railway and General Transport Heritage of the United Kingdom, with special emphasis to the Staffordshire Area, by the creation and operation of narrow gauge railways, tramways and other forms of transport".

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

OBJECTIVES AND ACTIVITIES - continued

Main Activities

The principal activities undertaken to fulfil the charitable objectives are:

- The operation of the narrow gauge Amerton Railway, open to the public, using locomotives and rolling stock in the custody of, or provided to, the charity.
- The collection, restoration and preservation of locomotives, rolling stock and other artefacts connected with narrow gauge railways in the United Kingdom.

The charity's activities are mainly undertaken at the Amerton Railway, a 17 acre site comprising land and buildings owned by the charity at Stowe-by-Chartley near Stafford, and in reasonably close proximity to Stoke-on-Trent and the northern part of the West Midlands conurbation. The Amerton Railway is almost one mile in length, with subsidiary yards and sidings, together with locomotive and carriage sheds, a large modern workshop and other ancillary buildings, some of intrinsic historic railway interest that are subject to ongoing conservation and restoration work.

The charity owns a number of locomotives and most of the rolling stock. The "flagship" locomotive, W G Bagnall "Isabel" of 1897, built in Stafford, is jointly owned with Stafford Borough Council. W G Bagnall "no. 1" of 1911 was purchased by the charity in 2008 and is in dismantled condition pending long term restoration. Diesel engine locomotives "Golspie" (Baguley, 1935) and "Gordon" (Hunslet, 1978) are also owned by the charity. The charity also has custody of Kerr Stuart Wren class locomotive "Lorna Doone" of 1922, built in Stoke-on-Trent, owned by Birmingham Museum of Science and Industry, which is on long term loan for restoration to working order for eventual use on the Amerton Railway.

In addition, a number of privately owned locomotives and items of rolling stock, some of which are beneficially owned by trustees of the charity (see Note 16 of the financial statements) are located at the Amerton Railway for restoration or use as appropriate to their condition. Agreements cover the location, restoration and use of these locomotives and rolling stock at the Amerton Railway; the charity pays most of the cost of storage and use, but does not pay any rental or hire fees for these items.

ACHIEVEMENT AND PERFORMANCE

The main achievements of the charity in the year to 31st March 2015 have been:

- Intensive operation of the Amerton Railway to generate funds to support the charity's work and to make the Amerton Railway collection accessible to both lay visitors and those with a particular interest in narrow gauge railways.
- Successful inaugural diesel locomotive gala and steam gala days.
- Hosting visits by kindred organisations.
- Completion and introduction to service of the ballast hopper wagon.
- Substantial mainline renewal work.
- Progress with restoration of motion work and boiler on "Lorna Doone".
- Progress with assessment works for the restoration of "Golspie".
- Progress with the construction of an additional passenger carriage.
- Further substantial work on the restoration and return to use of the ex-Leek & Manifold Railway Waterhouses signal box.
- Full implementation of the revised Safety Management System, including web access.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

ACHIEVEMENT AND PERFORMANCE - continued

- Implementation of new accounting software and financial management procedures.
- Recruitment of additional active volunteers for activities at the Amerton Railway.

Narrow Gauge Railway activities

The Amerton Railway was open for 132 days during the financial year, operating each Saturday and Sunday except for close periods in November, January, February and March when substantial track maintenance and renewal projects were undertaken. The railway opened every day during school holidays (except at Christmas). This intensive operation (wholly undertaken by volunteers) generates the larger part of the charity's funds, with about 85% of the charity's unrestricted revenue income coming from this source in the year.

Train services are generally diesel operated during the week and on Saturdays, with steam locomotives used on Sundays and bank holidays. Patrons can see some of the rolling stock during their journey and popular informal "shed visits" are often provided to inform visitors about the locomotive and rolling stock collection.

In May 2014 the charity held a low-key diesel locomotive gala to gauge interest in this type of event as a means of making the collection of historic diesel locomotives resident at the Amerton Railway more accessible to interested persons. There was a positive response to this trial and similar events are planned for future years.

The highly regarded steam gala was held in June and featured six locomotives in operation, including the debut appearance of visiting W G Bagnall locomotive "Woto" after a 12 year overhaul. The galas provide enthusiast visitors with the opportunity to see operations at close quarters as well as view the full collection of locomotives, rolling stock and the restoration projects being undertaken in the railway workshop.

The charity has also continued to host visits by several people who wished to examine certain locomotives in detail to collect information for research. The charity hosted formal visits by the Heywood Society and the Steeple Grange Light Railway during the period.

Restoration work on one of the three ex-Trecwn RNAD vans was completed by the application of lettering. This vehicle has been displayed in the Amerton Railway station loop for much of the period, where it attracts considerable interest.

The restoration to working order of the steam locomotive "Lorna Doone" (Kerr Stuart, 1922, built in Stoke-on-Trent) continued with the purchase and fitting of new valve spindles, the purchase and machining of new connecting rod bearings, refurbishment of the weighshaft and bearings and specialist refurbishment of the spring sets. Specialist suppliers Jones Springs also generously made new leaves, without charge, to replace broken units. The charity wishes to record its thanks to Mr Graham Lee and the Statfold Barn Railway for their generosity in undertaking remedial works, without charge, to Lorna Doone's boiler and boiler fittings, which were returned to Amerton in March 2015.

Activity on the diesel engined steam-outline locomotive "Golspie", ex-Trentham Gardens railway (Baguley, 1935, built in Burton-on-Trent) to assess what work is required for a return to full working order was undertaken during the year, focussing mainly on the gearboxes.

Work on construction of a new wooden framed, fully enclosed coach on existing Baguley running gear, started in the 2012-13 period, has continued with the side panels and roof substantially completed by the year end.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

ACHIEVEMENT AND PERFORMANCE – continued

Members completed to a very high standard the construction of the ballast hopper wagon, which started in 2012-13. The substantially completed wagon was delivered to Amerton from members' premises off-site in July 2014 and, after addition of final details, commissioning and operator training were undertaken. The wagon has proved to be very effective in use, allowing appropriate amounts ballast to be readily placed with much reduced requirements for manual handling. The considerable benefits of the time and money invested in this project have been made apparent in the Winter 2014-15 track relay project as well as in routine maintenance work.

The charity was pleased to receive the donation of a Cornish china clay tipping wagon from Mr Mike Cowley for refurbishment and display. The wagon is presently in storage pending assessment and restoration work.

Significant progress was made on the restoration and return to use of the ex-Leek & Manifold Railway signal box from Waterhouses station. Conservation work on the door, window frames and porch has been completed and at the year end new flooring of an appropriate specification was being fitted. On 1st October 2014 a substantial concrete base was cast and the signal box has subsequently been positioned on it. The base is designed to accommodate the operating equipment for a revised system of point and signal control now in preparation. All of this work has been undertaken by SNGRL volunteer members.

The Chasewater Railway has generously provided an ex-Midland Railway 12 lever frame for use in the Waterhouses signal box, which will form the basis of the revised point operation and signalling scheme. Work on refurbishing the lever frame was underway at the year end.

The main trackwork undertaken during the 2014-15 period was to complete the replacement of the mainline, laid in second-hand material during establishment of the Amerton Railway in 1990, with heavier rail obtained some years ago from the Vale of Rheidol Railway. This rail was laid during the winter close period using new sleepers, rail fastenings and ballast, the ballast wagon demonstrating its considerable value on the project. Again, all work was undertaken by SNGRL volunteer members.

The activities noted above relate to the operation of the Amerton Railway or work on artefacts owned or in the custody of the charity. In addition, the objects of the charity are further met by the work that is undertaken by groups of members who are restoring their locomotives at Amerton and which will see eventual service on the Amerton Railway. These projects are of interest to members and visitors alike, and during the year have encompassed work on the Henschel "Feldbahn" steam locomotive and diesel locomotives Ruston "Yard No. 70" and Hibberd 2025.

It is pleasing to note that the charity has continued to attract new members during the year, including those who wish to become actively involved in operations at Amerton. These members have brought a welcome range of skills to the highly valued input of all volunteers. The charity benefits from a relatively high proportion of its membership being actively involved in volunteering in some form, although there remain challenges in obtaining sufficient members to sustain the planned programme of activities at all times.

Communication with members of the charity is achieved by a colour newsletter, the "Isabel Gazette", issued three times per year. The charity website carries general news items for members and a wider audience, as well as specific communications in the secure access area for working volunteers, especially those in safety critical roles. Towards the end of the period a monthly email distribution, "Amerton News", was introduced, aiming to provide a summary of progress on current projects and related volunteering opportunities.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

ACHIEVEMENT AND PERFORMANCE - continued

Communication about the charity's work to a wider audience in principally achieved through the website and an increasing use of social media. During the year the charity has also aimed at increasing coverage of its activities in the print media.

Management activities

Of particular significance during the year was the full implementation of the revised Safety Management System, including secure web access to all SMS policies and procedures. SNGRL requested an informal visit by a member of HM Railway Inspectorate to critique the SMS; the resulting view that the SMS is a very sound basis for safety management at the Amerton Railway was a pleasing outcome of the considerable effort put into development and implementation of the system by a number of members. All ongoing and development activities are regulated by the Safety Management System.

The HMRI visit also indicated a number of matters affecting the track and workshop that required attention and which were promptly dealt with thereafter.

From the start of the year accounting records have been kept on a new software system which has given better access to financial data and eased the task of preparing management accounts and cash flow forecasts. In parallel, revised cash management policies and procedures came into use which have improved the ease and timeliness of financial reporting.

Business continuity

The charity operates the Amerton Railway on land it owns adjacent to the Amerton Farm activity centre, a popular destination in the area with whom it shares a large number of visitors, providing a significant income to the charity. The charity and proprietor of Amerton Farm collaborate on suitable visitor events throughout the year.

In March 2014 the owner of Amerton Farm advised that he intended to sell the Farm and business as a going concern. Whilst such a sale indicates a likely continuation of the mutually supportive relationship of farm activity and the Amerton Railway, the trustees decided to set aside cash reserves as a prudent approach to cushioning any short term effects while the Farm business transitions to a new owner, and potential long term effects if the sale were to lead to a change in direction for activities at Amerton Farm that might affect the charity. Cash contingency funds in addition to those routinely held were created to provide 12 months cover for the "non-discretionary costs" of mortgage payments, loan repayments and insurance premiums, sufficient to allow the effects of any changes to be recognised, evaluated and any necessary remedial actions developed.

Prior to the end of the 2014-15 financial year the trustees were advised that contracts had been exchanged to sell Amerton Farm to parties familiar with the business. Completion is awaited at the date of this report. Informal discussions with the intending purchasers indicate a continuation and enhancement of the Amerton Farm business which should be beneficial to the charity's activities, nevertheless the trustees will maintain their prudent approach to cash reserves to cushion any short term effects during the transition of the Farm to new management.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2015 (INCORPORATING THE DIRECTORS' REPORT)

FINANCIAL REVIEW

Reserves Policy

At the balance sheet date the charity held unrestricted funds of £248,531 and restricted funds of £46,652. Reserves are held to ensure ongoing services are funded for the foreseeable future.

The Council of Management takes great care to ensure that there is tight financial control over the way the charity is operated. Spending priorities are agreed at the start of the year and the income and expenditure is closely monitored and funds allocated accordingly to spending or placed in reserves to meet known short term commitments and medium to long term plans.

Principal Funding Sources

The principal funding source for the charity is income from the sale of train tickets for the Amerton Railway. No grant aid was received during the year. An application to Biffaward for grant funding for construction of a replica Leek & Manifold Railway building was not successful, and alternative sources of grant funding are under investigation at the year end.

FUTURE DEVELOPMENTS

Short term activity for the next 12 – 18 months will mainly focus on projects already in hand:

- Completion of the restoration of Lorna Doone.
- Completion of the additional coach.
- Further restoration work on the Leek & Manifold signalbox.
- Relocation of the former Stafford & Uttoxeter Railway waiting room, known as the “Chartley Building”, to provide a platform waiting room and museum display area.
- Continuous improvement review of the Safety Management System content and operation.
- Design, specification and implementation of new lever frame/point operation/signalling system using the donated Midland Railway lever frame.
- Construction of “industrial railway” track extensions by re-use of existing track materials.
- Progress on restoration of further RNAD flat wagons or vans.
- Contingent on obtain grant funding, construction of a replica Leek & Manifold Light Railway building at Chartley Road platform.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2015
(INCORPORATING THE DIRECTORS' REPORT)**

STATEMENT OF DIRECTORS RESPONSIBILITIES - continued

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT EXAMINERS

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2015 in accordance with section 476 of the Companies Act 2006.

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

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

It was approved by the Council of Management and signed on its behalf by:


P J CALVERT
Member of the Council of Management and Trustee

Date: 11/6/2015

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2015**

I report on the accounts of the company for the year ended 31st March 2015, which are set out on pages 10 to 21.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

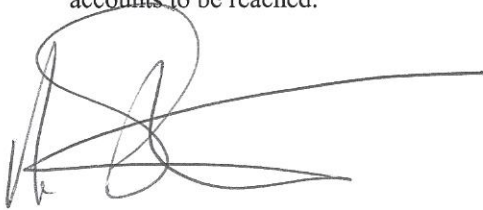
Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning 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:

- which gives me reasonable cause to believe that, in any material respect, the requirements:
 - o to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - o to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



11/6/15

Mr A Storey FCA
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83 Tempest Street
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STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2015**

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total Funds £	2014 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	9,076	2,025	11,101	11,140
Activities for generating funds	3	4,299	-	4,299	4,170
Investment income	4	409	333	742	779
Incoming resources from charitable activities:					
Operating of Narrow Gauge Railway	5	57,990	-	57,990	50,821
Other incoming resources:					
Rent	6	1,061	-	1,061	908
Total incoming resources		72,835	2,358	75,193	67,818
RESOURCES EXPENDED					
Costs of generating funds:					
Fundraising trading: cost of goods sold	7	4,245	-	4,245	1,034
Charitable activities:					
Operation of Narrow Gauge Railway	7	62,034	7,225	69,259	49,905
Total resources expended		66,279	7,225	73,504	50,939
NET (EXPENDITURE)/INCOME BEFORE TRANSFERS		6,556	(4,867)	1,689	16,879
Gross transfers between funds		-	-	-	-
NET (EXPENDITURE)/INCOME FOR THE YEAR		6,556	(4,867)	1,689	16,879
RECONCILIATION OF FUNDS					
Total funds brought forward		241,975	51,519	293,494	276,615
TOTAL FUNDS CARRIED FORWARD		248,531	46,652	295,183	276,615

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

BALANCE SHEET
AT 31ST MARCH 2015

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total Funds £	2014 Total Funds £
FIXED ASSETS					
Tangible assets	10	267,140	39,500	306,640	311,059
CURRENT ASSETS					
Stocks		2,895	-	2,895	4,932
Debtors: amounts falling due within one year	11	2,371	-	2,371	6,571
Cash at bank and in hand		48,306	31,114	79,420	74,813
		53,572	31,114	84,686	86,316
CREDITORS					
Amounts falling due within one year	12	(5,166)	(4,025)	(9,191)	(9,408)
NET CURRENT ASSETS		48,406	27,089	75,495	76,908
TOTAL ASSETS LESS CURRENT LIABILITIES		315,5846	66,589	382,135	387,967
CREDITORS					
Amounts falling due after more than one year	13	(60,877)	(26,075)	(86,952)	(94,473)
NET ASSETS		254,669	40,514	295,183	293,494
FUNDS	15				
Unrestricted funds				248,531	241,975
Restricted funds				46,652	51,519
				295,183	293,494

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st March 2015.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2015 in accordance with section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
AT 31ST MARCH 2015

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on ...10th June 2015... and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P J Calvert', with a long horizontal stroke extending to the right.

P J CALVERT - Trustee

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31ST MARCH 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice (SORP), issued in 2005.

Going concern

The trustees believe that there are no material uncertainties that may cast significant doubt on the ability of the company to continue as a going concern and therefore the going concern basis remains appropriate in the preparation of the financial statements.

Incoming resources

Income receivable by the charitable company falls within the charitable company's activities, including donations, legacies and subscriptions and is shown excluding Value Added Tax, where applicable. The sale of goods, including donated items is shown under income and the related costs/expenses are shown in cost of goods for resale. Gifts and donations in kind for re-sale by the charity are recognised as income only when sold, they are brought into account at the sales value achieved.

Subscriptions from members are considered to be donations in substance and are recognised on receipt.

Investment income is recognised when it is received.

Gift Aid recoverable is recognised within the same category of income to which the Gift Aid claim relates in the same period in which that income is recognised.

Grant income is not recognised until any conditions for receipt have been complied with. If there is evidence of the accounting period to which it relates then grant income is recognised in line with that evidence. If there is no evidence, grant income is recognised in the period in which it is received. If grant funding contains conditions that closely specify the service to be performed by the charity (possibly by way of a service level agreement), entitlement to the incoming resources derived from the grant may be conditional upon the delivery of a specified level of service. Where such circumstances clearly apply, income is only recognised to the extent that the charity has provided the service detailed.

Grants received for specific purposes set out by the grant provider are treated as restricted funds. Recognised restricted funds are carried forward in these financial statements unless there is evidence to suggest that a grant provider actually intends to obtain repayment of grants already given.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure comprises those costs incurred by the charity in delivery of its activities and services.

Governance costs include costs associated with meeting the constitutional and statutory requirements of the charity and include accountancy fees and costs linked to the strategic management of the charity.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31ST MARCH 2015

1. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

All costs are allocated between the expenditure categories of the Statement of Financial Activities (SOFA) on a basis designed to reflect the use of the resource.

Tangible fixed assets

Expenditure on the acquisition of fixed assets in excess of £100 and any receipts of fixed assets by way of a gift are capitalised and included in the balance sheet. Assets received by way of a gift are capitalised at the value at which the gift is included in income, being the estimated value at the time of the gift. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- straight line over 10 years
Plant and machinery etc	- straight line over 10 years and 20 years

Stocks

Stock, which consists of goods for resale and fuel, has been valued by the directors at the lower of cost and net realisable value.

Taxation

No corporation tax liability arises in respect of the year since the company has been accepted as a charity within section 467 Corporation and Income Taxes Act 2010. The exemptions afforded by section 466(2) are available as all income and gains are applied to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees in furtherance of the objects of the charity.

Restricted and designated funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

Donated services

The company has the use of engines and rolling stock which belong to third parties. These items are not capitalised in the financial statements and the benefit to the company has not been quantified for inclusion in the Statement of Financial Activities.

Services donated to the charity, which it would otherwise have had to purchase, are included in the Statement of Financial Activities as intangible income at the amount of the benefit to the charity (provided that this benefit is quantifiable). An equivalent amount is included as expenditure under the appropriate heading.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

2. VOLUNTARY INCOME

	2015 £	2014 £
Grants from Staffordshire Environmental Fund	-	1,581
Donations and gifts	3,982	4,646
Subscriptions	2,019	1,889
Donated services	5,100	3,024
Donated assets	-	-
	11,101	11,140

3. ACTIVITIES FOR GENERATING FUNDS

	2015 £	2014 £
Sale of goods	4,299	4,170

4. INVESTMENT INCOME

	2015 £	2014 £
Deposit account interest – general fund	409	430
Deposit account interest – restricted fund	333	349
	742	779

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2015 £	2014 £
Train ticket receipts	57,990	50,821

6. OTHER INCOMING RESOURCES

	2015 £	2014 £
Grazing fees & shooting rights	1,061	908

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

7. RESOURCES EXPENDED

	2015 £	2014 £
Cost of generating funds		
Fundraising trading: cost of goods sold:		
Goods for resale	4,245	1,034
Charitable activities		
Operation of Narrow Gauge Railway:		
Building and workshop maintenance	2,003	4,691
Rolling stock and locomotive maintenance	15,433	7,764
Fuel and oil consumed	3,729	3,629
Train service costs	10,357	4,151
Depreciation of tangible fixed assets	19,069	18,622
	50,591	38,857
Support costs		
Management		
Insurance	10,570	3,533
Water	408	-
Light and heat	1,135	1,129
Telephone	345	156
Postage and stationery, and advertising	1,665	985
Sundries	257	256
Interest	-	-
Bank loan interest	3,788	3,988
Legal and professional fees	-	501
Accountancy	500	500
Bank charges	-	-
	18,668	11,048
	69,259	49,905
Governance costs		
Governance costs included in support costs:		
Accountancy	500	500

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

8. NET INCOMING/(OUTGOING) RESOURCES

	2015 £	2014 £
The results for the period are stated after charging:		
Depreciation – owned assets	19,069	18,622
Donated services – restoration of Lorna Doone	5,100	-
	<u> </u>	<u> </u>

9. TRUSTEES' REMUNERATION AND BENEFITS

No honorarium was paid to any trustee during the year, however honorarium payments of £820 (2014: £760) were made to a member, the wife of a trustee, during the year.

The honorarium payments relate to monies paid regarding the running of the mid-week train service and such payments were agreed with the Charity Commission in July 2007. The honorarium payments are included in train service costs – see note 7.

Trustees' expenses

No expenses were paid to trustees during the year (2014: nil).

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

10. TANGIBLE FIXED ASSETS

	Freehold Land £	Buildings £	Isabel £	Workshop £	Plant and Machinery £
COST					
At 1 st April 2014	141,322	19,465	50,000	70,022	8,795
Additions	-	2,139	-	-	1,851
At 31 st March 2015	141,322	21,604	50,000	70,022	10,646
DEPRECIATION					
At 1 st April 2014	-	18,685	17,500	34,861	7,920
Charge for year	-	127	2,500	7,003	648
At 31 st March 2015	-	18,812	20,000	41,864	8,568
NBV					
At 31 st March 2015	141,322	2,792	30,000	28,158	2,078
At 31 st March 2014	141,322	780	32,500	35,161	875

	Amerton Railway Civil Works £	Permanent Way £	Rolling Stock £	TOTALS £
COST				
At 1 st April 2014	70,234	25,004	88,169	473,011
Additions	1,998	4,327	4,335	14,650
At 31 st March 2015	72,232	29,331	92,504	487,661
DEPRECIATION				
At 1 st April 2014	35,491	9,670	37,825	161,952
Charge for year	3,467	1,090	4,234	19,069
At 31 st March 2015	38,958	10,760	42,059	181,021
NBV				
At 31 st March 2015	33,274	18,571	50,445	306,640
At 31 st March 2014	34,743	15,334	50,344	311,059

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Accrued income	-	-
Other debtors	257	591
VAT	1,401	1,237
Prepayments	713	4,743
	2,371	6,571

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Bank loans and overdrafts	4,034	4,184
Trade creditors	32	-
Accrued expenses	1,100	1,199
Members loans	4,025	4,025
	9,191	9,408

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £	2014 £
Bank loans	60,877	64,373
Members loans	26,075	30,100
	86,952	94,473
Amounts falling due in more than five years:		
Repayable by instalments	42,742	59,137
Not repayments by instalments	-	-
	42,742	59,137

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The following secured debts are included within creditors:

	2015 £	2014 £
Bank loans	64,911	68,556

The bank loan is a commercial mortgage secured by way of a debenture on the company's freehold property.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

15. MOVEMENT IN FUNDS

	At 01/04/14 £	Net movement in funds £	Transfers between funds £	At 31/03/15 £
Unrestricted funds				
General fund	241,975	6,556	-	248,531
Restricted funds				
Henschel fund	37,547	(2,354)	-	35,193
Land purchase	4,572	(2,513)	-	2,059
Staffordshire Environmental Fund	9,400	-	-	9,400
	<u>293,494</u>	<u>1,689</u>	<u>-</u>	<u>295,183</u>

Net movements in funds, included in the above, are as follows:

	Incoming resources	Resources expended	Movement in funds
Unrestricted funds			
General fund	67,735	(61,179)	6,556
Restricted funds			
Henschel fund	1,083	(3,437)	(2,354)
Land purchase	1,275	(3,788)	(2,513)
Staffordshire Environmental Fund	-	-	-
TOTAL FUNDS	<u>70,093</u>	<u>(68,404)</u>	<u>1,689</u>

Purpose of restricted fund

The Henschel fund comprises money given to the charity under the Charities Aid scheme for the restricted purpose of restoration of the Feldbahn locomotive owned by two trustees and two other members, which will be available to the charity for a period of operation on the Amerton Railway after restoration is completed.

The land purchase fund is loans and donations received to be used towards the costs of purchasing the land upon which the railway operates.

The Staffordshire Environmental Fund is a grant that contributed towards the extension of a siding to form a passing loop on the main line track. The balance on the restricted fund represents the total contribution by the Staffordshire Environmental Fund to the cost of the project (included in Amerton Railway Civil Works in tangible fixed assets). The project was completed in June 2013.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31ST MARCH 2015

16. RELATED PARTY TRANSACTIONS

During the year the company operated locomotives and rolling stock which are beneficially owned by the trustees of the charity under a rent free, formal, locomotive agreement between the company and the trustee concerned, as listed below. In addition, the locomotives and rolling stock marked with an asterisk owned by the trustees are located at Amerton for restoration with a view to eventual use on the Amerton Railway.

<u>Trustee</u>	<u>Locomotive</u>
L E Hodgkinson	Baguley Diesel Locomotive 3024/1939 Ruston LBT Littleton Diesel Locomotive 506491/1964 Fauld Wagon (77)
J Strike	Motorail Diesel Locomotive 40SD501/1975 Eastriggs Riding Van* Ruston 48DM Diesel Locomotive 221623/1943* Henschel "Feldbahn" Locomotive 14019/1916* Jung Diesel Locomotive 5869/1934*
I Rae	Hudson Wagon Rolling Chassis Allens Dropside Wagon
P F Mason	Motorail Diesel Locomotive 7471/1940
K J Douglas	Hibberd Diesel Locomotive 2025/1937*
S P Bell	Henschel "Feldbahn" Locomotive 14019/1916* Jung Diesel Locomotive 19531/1937* Deutz Diesel Locomotive 19531/1937*

The locomotives listed against J Strike, P F Mason K J Douglas and S P Bell are jointly owned with other members of the charity.

During the year an amount of £3,437 was paid from the restricted Henschel fund towards the restoration of the Henschel locomotive which is beneficially owned by two trustees (J Strike and S Bell) and two other members. The locomotive will be available to the charity for a period of operation on the Amerton Railway after restoration is completed.

During the year ended 31st March 2013 the charitable company received loans from members to be used for the purchase of the land upon which the railway operates. These loans are interest free and repayable over 10 years with repayments commencing in January 2013. The balances outstanding at 31st March 2015 in respect of the trustees are as follows:

	2015	2014
	£	£
L E Hodgkinson and his wife	9,800	11,200
J Strike	3,500	4,000

During the year the company received donations amounting to £80 (2014: £110) from trustees to be used towards the costs of the purchase of the land on which the railway operates.

STAFFORDSHIRE NARROW GAUGE RAILWAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST MARCH 2015**

17. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital. The liability of the members is limited to £1 each.

18. CONTROLLING PARTY

In the opinion of the trustees, because of the way that the charity is constituted, there is no single controlling party. The charity is effectively controlled by the board, as a body.