

The 2874 Trust Limited

(A company limited by guarantee)

Report and Financial Statements

For the year ended

31st March 2016

Company Number: 9190414

(England and Wales)

Registered Charity Number 1166258

The 2874 Trust Limited

Registered Office 22 South Park
Minehead
Somerset
TA24 8AL

Independent Examiner

David R Johnson & Co
Chartered Certified Accountants
110A Cher
Minehead
Somerset
TA24 5EW

Solicitors

Stanchion Ltd
The Old Stables
Stare Lane
Claverdon
Warwickshire
CV35 8LS

Bankers

Lloyds Bank plc
31 Fore Street
Taunton
Somerset
TA1 1HN

The 2874 Trust Limited

Trustees Report for the year to 31st March 2016

The Trustees are pleased to present their report together with the financial statements of The 2874 Trust Limited (Trust) for the year to 31st March 2016.

Objectives overview

The Trust was formed on 28th August 2014 as a Private Company limited by Guarantee and commenced trading on 1st March 2015. It has been established to acquire, restore and ensure the operation of heritage railway locomotives and ancillary equipment – initially and specifically a 1918 built Great Western Heavy Freight locomotive Number 2874, currently owned by Dinmore Manor Locomotive Ltd (DML) which has a unique (for its class) system of delivering steam to the cylinders. This locomotive was scrapped by BR in 1963, it has received minimal attention since that time having been stored in the open. It is now based on the Gloucestershire Warwickshire Steam Railway plc (GWSR) at their engineering base at Toddington.

The process of restoration will provide opportunities for training in traditional engineering, ensuring the skills of a generation involved with these heritage artefacts are passed on and not lost. During the restoration we will provide facilities for the young and not so young to experience practical examples of the engineering and design involved in the power of steam.

A top priority is education, working with DML a volunteer based company that has practical experience of restoring and operating heritage locomotives, we intend to extend the volunteer base by:

- producing an audio visual education package for use by the many schools who visit the GWSR or other heritage railways where the locomotive operates;
- visiting schools who cannot come to the railway and making the presentation on both the engineering involved and the historical importance of steam power in Britain;
- establishing a working relationship with engineering faculties of local universities;
- making a video recording of the restoration process to be shown when the loco visits Heritage Railways

Once restoration is complete, the locomotive will be hired to Heritage Railway lines (an option to hire the loco by the GWSR is included in the Restoration agreement), which are themselves living museums, and thus promote public knowledge, appreciation and understanding of the historical, scientific and cultural aspects and the significance of the engineering and design of the locomotive.

The Heritage Railways themselves play a significant role in the local economy of the areas in which they operate both in terms of the revenue they generate and as attractions which combine enjoyment with the opportunity to learn about our history and the role that steam power played in the industrial revolution.

Working with DML, a company that has fully restored two ex Great Western Railway (GWR) locomotives from scrap condition and successfully operated them (including carrying out a heavy overhaul) on a number of Heritage lines, we are confident we can achieve the same result with 2874 and ensure a viable future for the benefit of generations to come.

The efforts of last year have been directed towards putting in place the structures and agreements that will enable the restoration of locomotive 2874 to proceed.

2016 Achievements

- Received HM Revenue & Customs approval in July 2015 as a charity for Gift Aid claims.
- Submitted and received approval in March 2016 from the Charities Commission to be a Registered Charity.
- Signed an agreement with DML for the purchase of locomotive 2874 by the Trust for £3,950 plus VAT on a date to be decided by the Trust with the proviso that this occurs prior to 31 December 2016 with settlement not later than 12 months after that purchase date. It has been decided that the purchase date will be 1st December 2016. Also within that agreement was the transfer of historically appropriate driving wheels and axles from DML to the Trust in exchange for those currently on the locomotive.
- Agreed the terms of a Restoration agreement with GWSR where locomotive 2874 is restored at a GWSR facility at an annual facilities cost of £2,200 plus VAT for the first 5 years and £ 4,400 plus VAT annually thereafter until completion. This agreement will be dated from 1st January 2016 with first annual payment due 1st January 2017. The Trust has options for these payments to be settled by allocating free steamings and GWSR has an option to hire the locomotive on completion of the restoration.
- Agreed the terms of 2874 Restoration and Operational Hire Agreement with DML. DML will be the Restoration agent to supervise the physical work involved in the restoration of the locomotive. Following completion of restoration DML will make all operational arrangements for the hiring and maintenance of 2874.
- Received a donation from DML of £5k as part of the overall donations totalling £6.3k.
- As part of the effort to increase membership and fundraising, STEAM (the Museum of the GWR) at Swindon have agreed for the Trust to have a display and the Trust will have displays at the GWSR Gala and at The Fawley Hill Steam & Vintage Weekend held at the home of the Trust's President, Lady Judy McAlpine and Patron, Hon. Sir William McAlpine BT; both of these events occur in May 2016.

Future Developments

- Finalising and signing the Restoration Agreement with GWSR.
- Finalising and signing the 2874 Restoration and Operational Hire Agreement with DML.
- Providing a restoration plan for 2874 which will be periodically updated as restoration progresses. This is a necessity and also required as part of the agreement with GWSR.
- Work with DML to organise a pool of volunteers that will further the objectives of education and restoration of locomotive 2874.

- Application to Heritage Lottery Fund for a grant towards education and restoration objectives.
- Further fundraising and awareness activities to develop diverse voluntary, fundraising and legacy income to support the Trust's objectives and increase membership.

Members of the Board

The Board members of the Trust are its Trustees and throughout this report are collectively referred to as the trustees. The Board can have up to 10 members.

The trustees and officers, all volunteers, during the period were as follows:

Malcolm Temple Hon. Chairman

David Foster Hon. Secretary

John Sampson Hon. Treasurer

Ian Shapter

Hein Burger

Henry Howard

David Holmes

Tina Sutton

Neil Carr

Financial Report

The results for the period were satisfactory and reflected primarily donations from DML and trustees, and new memberships which were offset by operating expenses.

Trustee responsibilities.

The trustees (who are also directors of The 2874 Trust Limited for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Trust at the end of the financial period and of the surplus or deficit. 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 Charity SORP;
- make sound judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Trust will continue in business.

The trustees are responsible for maintaining proper accounting records that comply with Sections 386 and 387 of the Companies Act 2006 which disclose with reasonable accuracy, at any time, the financial position of the Trust and enable them to ensure that the financial statements comply with Sections 394 and 395 of the UK Companies Act 2006. The Trustees have prepared the financial statements in accordance 'Accounting and Reporting by Charities' produced by the Charities Commission applying the Financial Reporting Standard for Smaller Entities, FRSSE2015 and Companies Act 2006.

The trustees are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Structure, governance and management

The 2874 Trust Ltd, formed on 28th August 2014, is a private company limited by guarantee, as defined by the Companies Act 2006, and is controlled by its Articles of Association.

Under its Articles any person or corporation may become a member of the Trust and each person or corporation is entitled to a single vote on each matter at formal meetings. There are currently 20 voting members

Trustee induction and training

All new trustees are required to study 'The essential trustee: what you need to know' as published by the Charity Commission and to sign a declaration of their willingness to act as a charity trustee, full awareness of the Trust's purpose, eligibility to act and understanding the responsibilities of running a charity.

President

In April 2016 Lady Judy McAlpine agreed to be President of the Trust. The President is not a trustee, nor does Lady Judy have any specific duties or responsibilities other than the right to address the members at meetings and represent the Trust at external meetings.

Patrons

These persons are elected by the members and are not trustees, nor do they have any specific duties or responsibilities. They have a right to address the members at meetings and represent the Trust at external meetings.

Currently the single patron is The Hon. Sir William McAlpine BT

Related Parties

The Trust will conclude a 2874 Restoration and Operational Lease with Dinmore Manor Locomotive Ltd (DML) where DML will renovate then display the locomotive 2874 using its pool of volunteers and external contractors so that 2874 will join the DML group of locomotives with cross support for future repair and renewal. Integral in the agreement are the education and training opportunities that will be offered during renovation and display.

The restoration will take place primarily at the Toddington facilities of the Gloucestershire Warwickshire Steam Railway plc (GWSR) and such an arrangement requires a Restoration agreement between the Trust and GWSR.

The Chairman of DML, currently Kenneth Sims, can attend Board meetings and contribute to all discussions but has no responsibility for the Trust, nor vote on any matter. Also the Trust chairman, Malcolm Temple, may attend DML Board meetings in a similar capacity.

Ian Shapter and David Foster are Directors of DML, Neil Carr is an employee of GWSR and Henry Howard is a Trustee of Gloucestershire Warwickshire Railway Trust (GWRT).

Trustees may also be shareholders or members of DML, GWSR or GWRT.

Risk Management

The trustees have a risk management strategy that comprises:

- systems and procedures to mitigate any risks identified
- procedures to minimise the impact should these risks materialise

and to put in place an annual review of the risks the Trust faces.

The following have been identified as areas of potential risk;

- The Trust's ability to restore the locomotive 2874 and achieve its educational objectives in a timely manner if it were not successful with substantial grant funding applications.
- Similarly, delays would occur if the DML volunteer pool was not of sufficient size to fulfil the Trust's objectives.
- Expansion of the membership base is needed to provide subscription and donation income as well development of fundraising opportunities.

Vision

Our vision is for locomotive 2874 to be restored and operating on Heritage Railway lines as soon as possible.

Approved by the Board and signed on their behalf

.....
Malcolm Temple
Chairman of the Trustees
6th August 2016

Independent Examiner's Report to the Trustees of The 2874 Trust Limited

I report on the accounts of the company for the year ended 31 March 2016 set out on pages seven to eleven.

Respective responsibilities of trustees and examiner

The trustees (who are also directors 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
- to follow the procedures laid down in the General Directions given by the Charity Commission (under Section 145(5)(b) of the 2011 Act
- to state whether any particular matters have come to my attention.

Basis of the 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:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
- to keep accounting records in accordance with Section 386 and 387 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Sections 394 and 395 of the Companies Act 2006 and with the methods and principles of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)

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.

David R Johnson & Co
Chartered Certified Accountants
110A Cher
Minehead
Somerset
TA24 5EW

Date: 6th August 2016

The 2874 Trust Limited

Statement of Financial Activities (incl. Income & Expenditure Account) for the year ended
31st March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £	28-Aug-14 to 31 Mar15 Total Funds £
Income:					
Voluntary income	4	7,656	0	7,656	1,523
Total income		<u>7,656</u>	<u>0</u>	<u>7,656</u>	<u>1,523</u>
Expenditure:					
Costs of generating voluntary income	4	325	0	325	363
Charitable activities	5	0	0	0	605
Governance costs	6	544	0	544	522
Total expenditure		<u>869</u>	<u>0</u>	<u>869</u>	<u>1,490</u>
Net incoming resources		6,787	0	6,787	33
Total funds carried forward		<u>6,787</u>	<u>0</u>	<u>6,787</u>	<u>33</u>

The notes form part of these financial statements

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The 2874 Trust Limited
Balance Sheet as at 31st March 2016

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	31-Mar-15 Total Funds
		£	£	£	£
Fixed Assets					
Intangible assets - Investments	3	1	0	1	1
Current Assets					
Cash at bank		7,134	0	7,134	1,045
Debtors falling due within one year	8	293	0	293	0
Liabilities					
Creditors falling due within one year	9	(160)	0	(160)	(917)
Net current assets		<u>7,267</u>	<u>0</u>	<u>7,267</u>	<u>128</u>
Total assets less current liabilities		7,268	0	7,268	129
Liabilities					
Creditors falling due after more than one year 10		(448)	0	(448)	(96)
Net Assets		<u>6,820</u>	<u>0</u>	<u>6,820</u>	<u>33</u>
The funds of the Trust					
Income funds	11	<u>6,820</u>	<u>0</u>	<u>6,820</u>	<u>33</u>
Total Trust funds		<u>6,820</u>	<u>0</u>	<u>6,820</u>	<u>33</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2016.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2016 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that 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 charitable 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 charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015)

The financial statements were approved by the Board of Trustees on 6th August 2016 and were signed on its behalf by:

Malcolm Temple

David Foster

John Sampson

The 2874 Trust Limited
Notes to the Financial Statements
for the Year Ended 31 March 2016

1 Accounting Policies

A Basis of preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under historical cost convention.

Taxation - The charity is exempt from corporation tax on its charitable activities

The principal accounting policies are set out below.

B

Income

Income has been taken to the credit of the Income & Expenditure Account on an accruals basis.

Voluntary income includes donations, membership income and gift aid.

Annual membership income is taken to the credit of the Income and Expenditure Account on a cash basis, Five year memberships are credited to Sundry Creditors and written off over five years.

Legacy donations of shares in Dinmore Manor Locomotive Ltd (DML) are included in Incoming resources at a nominal value of £0.01 as DML is a company for which there is no recognised market for these shares.

C

Volunteers and donated services and facilities

The value of services and goods provided by volunteers without charge is not incorporated into these financial statements. Although it is considerable, it has been excluded due to the difficulty of determining when volunteers are working for the benefit of the Trust.

D

Expenditure

Expenditure is recorded when a liability is incurred on an accrual basis and includes VAT costs since those are irrecoverable as the company cannot be registered for VAT.

Costs of generating funds are those costs incurred in attracting voluntary income.

Charitable activities include cost associated with the restoration of the locomotive 2874

Governance costs include examination fees and Trustees Liability insurance costs.

E

Fixed Assets

Expenditure excludes restoration costs of locomotive 2874 which is included in Statement of Financial Activities

Legacy shares in DML are included at a nominal value of £1

F

Funds Structure

Unrestricted funds includes monies raised for the restoration of locomotive 2874.

2 Turnover

Turnover from membership income totalled £ 320 in the year (£ 112 in 2015).

3 Fixed Assets

Legacy donations of 542 ordinary shares of £10 each in Dinmore Manor Locomotive Ltd

-representing 0.8 % of the ordinary shares issued at 31st March 2016 by DML (452 shares and 0.8% at 31st March 2015) are included at a nominal £1 as DML is a company which has not paid dividends, is not expected to do so in the future and there is no recognised market for these shares.

4 Voluntary income & associated costs

	Unrestricted	Restricted	2016	28-Aug-14
	Funds	Funds	Total	Total
	£	£	Funds	Funds
			£	£
Donations	6,391	0	6,391	1,410
Membership income	320	0	320	112
Gift Aid receivable from HMRC	945	0	945	0
Legacy donations (nominal)	0	0	0	1
	<u>7,656</u>	<u>0</u>	<u>7,656</u>	<u>1,523</u>
Printing and Stationery costs	217	0	217	0
Website and other publicity costs	108	0	108	363
Net Voluntary Income	<u>7,331</u>	<u>0</u>	<u>7,331</u>	<u>1,160</u>

5 Charitable expenditure

	£	£	£	£
2874 Smokebox numberplate	<u>0</u>	<u>0</u>	<u>0</u>	<u>605</u>

6 Governance expenditure

	£	£	£	£
Independent Examination fee	270	0	270	0
Filing fees	13	0	13	0
Trustees Liability Insurance	261	0	261	0
Company formation expenses	0	0	0	522
Total	<u>544</u>	<u>0</u>	<u>544</u>	<u>522</u>

7 Members at 31 March

	Total	Total
Number of annual subscriptions	10	4
Number of 5 year subscriptions	10	2
Total	<u>20</u>	<u>6</u>

The 2874 Trust Ltd is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £10.

8 Debtors: amounts falling due within one year

HMRC - Gift Aid	<u>293</u>	<u>0</u>
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9 Creditors: amounts falling due within one year

	£	£
Company formation expenses	0	522
Website costs	0	363
Deferred income from five year subscriptions	160	32
Total	<u>160</u>	<u>917</u>

10 Creditors: amounts falling due after more than one year.

	£	£
Deferred income from five year subscriptions	<u>448</u>	<u>96</u>

11 Movement in Funds

		Net Movement £	At 31/03/2016 £	At 31/03/2015 £
Unrestricted Funds - General Fund		<u>6,787</u>	<u>6,820</u>	<u>33</u>
	£ Incoming Resources	£ Resources Expended	£ Net Movement	£ Net Movement
Net movement in funds - General Fund	<u>7,656</u>	<u>869</u>	<u>6,787</u>	<u>33</u>

11 Trustees

No pecuniary or other benefit was received from the Trust by any Trustee in respect of period reported other than reimbursement of agreed and approved expenses wholly, exclusively and necessarily incurred for the benefit of the Trust.

An insurance policy has been initiated to protect the Trustees or any one of them against personal liability arising from their actions as Trustees of the Trust

12 Contingent Liability

There were no contingent liabilities at 31st March 2016 (none at 31 March 2015)

13 Commitments

The Trust has committed to purchase the locomotive 2874 before 31 December 2016 for £3,950 plus VAT (none at 31 March 2015)