

Narrow Gauge Railway Society

Company number: 9925208

Report of the Directors and unaudited Financial Statements for the year ended 31 December 2017

Officers and Professional Advisers

Directors	Alan Burgess – chairman Steve Barber Paul Bennett Jim Hay Mick Morgan Chris Roberts Phil Thompson Robert Watson
Company secretary	Steve Barber
Registered office	246 Hillbury Road Warlingham Surrey CR6 9TP
Accountants	Carter Smith 12/14 Church Street Ecclesfield Sheffield S35 9WE

Narrow Gauge Railway Society

Report of the Directors for the year ended 31 December 2017

The Directors have pleasure in presenting their report and the unaudited Financial Statements of the company for the year ended 31 December 2017.

Principal activities

The company's main object is to maintain interest in and record details of all forms of narrow gauge rail transport and to bring together people interested in narrow gauge rail transport. To fulfil this object, the company publishes two magazines (*The Narrow Gauge* and *Narrow Gauge News*); it also maintains a library of magazines, books, films, photographs, drawings and other artefacts and promotes visits to locations of interest relating to narrow gauge rail transport.

Membership

At 31 December 2017, the company had 1,393 (2016: 1,383) full- and e-members. There were also 56 (2016: 20) associate members and 2 (2016: nil) visits-only members.

Directors

The following people have served as directors during the period:

Alan Burgess – chairman	Lawson Little (until 24 September 2017)
Ian Ashby (until 13 May 2017)	Mick Morgan
Steve Barber	Chris Roberts
Paul Bennett	Phil Thompson
Jim Hay	Robert Watson
Mike Jackson (until 13 May 2017)	

At the second annual general meeting of the company on 12 May 2018, all directors will retire in accordance with Article 20 of the company's constitution. All the current directors offer themselves for re-election.

Small company exemption

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare Financial Statements for each financial period which 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. In preparing those Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the Financial Statements.
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 of fraud and other irregularities.

By Order of the Board
Steve Barber, Company secretary

246 Hillbury Road, Warlingham, Surrey CR6 9TP
25 February 2018

Narrow Gauge Railway Society

Profit and loss account for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	1	52,969	28,231
Cost of sales		(38,794)	(22,810)
Gross surplus		14,175	5,421
Administrative expenses		(2,898)	(2,206)
Profit on ordinary activities before interest		11,277	3,215
Bank interest received		724	296
Profit on ordinary activities before taxation	2	12,001	3,511
Taxation payable	3	(139)	(59)
Profit on ordinary activities after taxation for the period	9	11,862	3,452
Legacies received	9	-	13,000
Surplus after taxation and legacies received	9	11,862	16,452
Surplus for the financial period		11,862	16,452

Narrow Gauge Railway Society

Balance sheet as at 31 December 2017

	Note	31 December 2017		31 December 2016	
		£	£	£	£
FIXED ASSETS	4				
Intangible assets			250		250
Tangible assets			894		999
Investment in Society library			29,838		29,573
			<u>30,982</u>		<u>30,822</u>
LONG TERM LOANS RECEIVABLE					
Moseley Railway Trust	5		4,151		5,336
CURRENT ASSETS					
Current portion of loans receivable	5	1,202		1,220	
Stocks	6	1,137		1,361	
Debtors and prepayments	7	2,161		2,075	
Cash at bank and in hand		102,067		94,141	
		<u>106,567</u>		<u>98,797</u>	
CURRENT LIABILITIES					
Creditors, accruals & subscriptions in advance	8	(13,529)		(18,646)	
NET CURRENT ASSETS			93,038		80,151
NET ASSETS			<u>128,171</u>		<u>116,309</u>
GENERAL FUND	9		<u>128,171</u>		<u>116,309</u>

For the period in question, the company was entitled to exemption from an audit under Section 477 of the Companies Act 2006. No notice has been deposited under Section 476 of the Act in relation to the accounts for the period.

The directors 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 period and of its surplus or deficit for each financial period in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

The 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 accounts were approved by the directors on 25 February 2018.

P A Thompson
Director

Narrow Gauge Railway Society

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover includes subscription income, sales of magazines and other items and income from visits to narrow gauge railways organised by the company. The subscription year normally runs for a 12-month period from 1 April to 31 March and subscriptions are treated as income in the accounting period in which the member receives the related membership benefits.

Intangible fixed assets

The costs relating to registering the Society logo have been capitalised. If the directors considered the value of this asset had reduced, it would be written down in the year the diminution arose.

Tangible fixed assets

Leasehold improvements are depreciated over four years, being the expected minimum term of the lease. Other tangible fixed assets are depreciated on a straight-line basis over their estimated remaining useful lives, ranging from three to five years.

Investment in library assets

The costs of acquiring items in the library collection are capitalised, but not amortised. The library collection is valued periodically and any diminution in value is written off if the loss of value is expected to be permanent.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete and slow moving items.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging directors' emoluments of £nil.

3. Taxation

There is a corporation tax charge of £139 (2016: £59), calculated at a rate of 19.25% (2016: 20%) on bank interest received of £724 (2016: £296).

4. Tangible fixed assets

	Intangible asset Trademark £	Tangible fixed assets			Investment Library £
		Leasehold improvements £	Equipment £	Total fixed assets £	
Cost					
At 1 January 2017	250	617	646	1,263	29,573
Additions	-	-	272	272	265
At 31 December 2017	<u>250</u>	<u>617</u>	<u>918</u>	<u>1,535</u>	<u>29,838</u>
Depreciation					
At 1 January 2017	-	(116)	(148)	(264)	-
Charge for the year	-	(154)	(223)	(377)	-
At 31 December 2017	<u>-</u>	<u>(270)</u>	<u>(371)</u>	<u>(641)</u>	<u>-</u>
Net book value					
At 31 December 2017	<u>250</u>	<u>347</u>	<u>547</u>	<u>894</u>	<u>29,838</u>
At 31 December 2016	<u>250</u>	<u>501</u>	<u>498</u>	<u>999</u>	<u>29,573</u>

5. Loans to Moseley Railway Trust

The Society library occupies part of a building at the Apedale site of the Moseley Railway Trust, under a 10-year lease originally signed in September 2007, and also has use of an adjacent storage container. These premises have been occupied since October 2010 (the building) and September 2013 (the container).

The predecessor unincorporated society advanced two loans to the Moseley Railway Trust. The first loan (for the use of the building) amounted to £10,000 and the second (for use of the container) amounted to £2,982. These loans were treated as being repaid when the annual rents fell due.

The directors are in discussion with the Moseley Railway Trust to novate both leases over to the company. As part of these arrangements, the parties have agreed to confirm certain matters which, in their opinion, were not properly addressed in the original documentation; in addition, the periods of the leases may also be extended.

Movements on the loans have been as follows:

	2017	2016
	£	£
Loans outstanding at 1 January 2017	6,556	7,759
Rents charged in the period	(1,203)	(1,203)
Loans outstanding at 31 December 2016	<u>5,353</u>	<u>6,556</u>
Estimated repayment due within 12 months	1,202	1,220
Estimated repayment due in more than 12 months	4,151	5,336
	<u>5,353</u>	<u>6,556</u>

Under the original leases, the loans to Moseley Railway Trust do not carry interest and are unsecured. Moseley Railway Trust undertook to repay any outstanding balance on the loans either in cash, or by an agreed payment in kind, if it closes the Apedale site before either loan is fully repaid.

6. Stocks

	2017	2016
	£	£
Magazines for resale	407	340
Binders, tumblers, caps and packing materials	730	1,021
	<u>1,137</u>	<u>1,361</u>

7. Debtors and prepayments

	2017	2016
	£	£
Trade debtors	198	163
Prepayments	1,963	1,912
	<u>2,161</u>	<u>2,075</u>

8. Creditors, accruals & subscriptions in advance

	2017	2016
	£	£
Trade creditors	(711)	(798)
Accruals	(328)	(229)
Corporation tax payable	(139)	(59)
Subscriptions received in advance	(12,351)	(17,560)
	<u>(13,529)</u>	<u>(18,646)</u>

9. General fund

The Narrow Gauge Railway Society is a company without share capital that is limited by guarantee. Movements on the general fund in the period were as follows:

	2017	2016
	£	£
Balance at the start of the year	116,309	-
Net assets transferred from the unincorporated society	-	99,857
Profit on ordinary activities after taxation for the year	11,862	3,452
Legacies received	-	13,000
Balance at the end of the year	<u>128,171</u>	<u>116,309</u>

10. Financial commitments

The company has committed to make a payment of £10,000, as an outright gift to Moseley Railway Trust, upon completion of the proposed museum building at its Apedale site. Building work has not yet progressed beyond the foundation level and so the timing of this payment is uncertain.

12. Controlling interest

The company is controlled by its members.

Accountants' report to the directors on the unaudited accounts for the year ended 31 December 2017

As stated on page 4 you are responsible for the preparation of accounts for the year ended 31 December 2017 set out on pages 3 to 7 and you consider that the company is exempt from audit. In accordance with your instructions we have examined the format of these unaudited accounts and confirm that they have been properly prepared in accordance with the Companies Act 2006.

Carter Smith
12/14 Church Street
Ecclesfield, Sheffield, S35 9WE

25 February 2018

Narrow Gauge Railway Society
Detailed profit and loss account for the year ended 31 December 2017

	Year ended 31 December 2017 (operating for 12 months)			Period ended 31 December 2016 (operating for 9 months)		
	Income £	Related costs £	Net £	Income £	Related costs £	Net £
MEMBERS' BENEFITS & SALES						
Annual membership subscriptions, less related costs	36,508	(1,462)	35,046	34,589	(956)	33,633
Add: subscriptions for the quarter to 31 March 2017	17,494	-	17,494	-	-	-
Less: subscriptions for the quarter to 31 March 2018	(12,299)	-	(12,299)	(17,494)	-	(17,494)
Income from magazine, book, clothing & other sales	6,296	(3,122)	3,174	8,069	(4,168)	3,901
Donations received	1,520	-	1,520	887	-	887
Visits to narrow gauge railways	3,450	(3,063)	387	2,180	(1,766)	414
Printing magazines and other items	-	(18,662)	(18,662)	-	(8,707)	(8,707)
Mailing charges	-	(9,655)	(9,655)	-	(5,266)	(5,266)
Costs of library	-	(2,830)	(2,830)	-	(1,947)	(1,947)
	<u>52,969</u>	<u>(38,794)</u>	14,175	<u>28,231</u>	<u>(22,810)</u>	5,421
ADMINISTRATIVE EXPENSES						
Officers' travel and other expenses		(406)			(459)	
AGM expenses		(416)			(312)	
Insurance		(598)			(509)	
Publicity & promotion expenses		(199)			(74)	
Direct debit & PayPal charges		(722)			(438)	
Accountancy and audit fees		(180)			(150)	
Depreciation of tangible fixed assets		(377)			(264)	
			<u>(2,898)</u>			<u>(2,206)</u>
			11,277			3,215
Bank interest received			724			296
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>12,001</u>			<u>3,511</u>

This page does not form part of the statutory financial statements