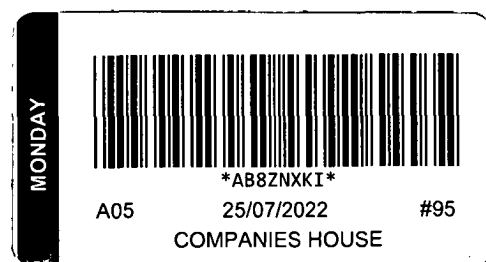

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY



Registered Office: Sheringham Station, Sheringham, Norfolk, NR26 8RA
A Company Limited by Guarantee Registered No. 03355411
Registered Charity No. 1063676



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

Reference and Administrative Details Company Information

Board of Trustees (Directors)

N Sharpe (Chairman)
K R Ashford
A M Barrs
M R Blee
A E Dewey
D C Greeno
P W Mayne
S D Roberts
N A Scarlett
R H Spicker
G Wigglesworth

Company Secretary

A E Dewey

Registered Office

Sheringham Station
Sheringham
Norfolk, NR26 8RA

Registered Company Number

03355411

Registered Charity Number

1063676

Working Names

M&GN Society
M&GN Joint Railway Society
M&GNJRS

Independent Examiner/Auditor

Mr M Hewett FCA DChA
Peters, Elworthy & Moore
Salisbury House
Station Road
Cambridge, CB1 2LA

Bankers

Lloyds Bank plc
1 West Street, Cromer
Norfolk, NR27 9HZ

Barclays Bank plc
P O Box 1, Banbury
Oxon, OX16 8PS

Paypal
Ballycoolin Industrial Estate
Dublin 15, Ireland

SumUp Payments Limited
32-34 Great Marlborough Street
London, W1F 7JB

CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London, EC4V 4ET

Investment Managers

Cazenove Capital
1 London Wall Place
London, EC2Y 5AU

Insight Financial Advisors
7a Alkmaar Way
Norwich International Business Park
Norwich, Norfolk, NR6 6BF

REPORT OF THE BOARD OF TRUSTEES

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the independently examined financial statements of Midland & Great Northern Joint Railway Society (the Charity/Society) for the year ended 31 January 2022. The Trustees confirm that the annual report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019).

The Charity qualifies as small under section 383, so the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 is not required.

Objectives and Activities

Objectives

The Society's principal objective is to advance public education by the acquisition, restoration, preservation and exhibition of locomotives, rolling stock and other railway artefacts and, in particular, those of the former Midland and Great Northern Joint Railway (M&GNJR) and its antecedent and successor companies. Its vision for the foreseeable future is to focus on the geographical area of the M&GNJR and other aspects of East Anglian railway history by means of this mission statement (reaffirmed annually in the 2018-2023 Strategic Plan):

- a) Ownership, restoration and operational display of locomotives appropriate to the Society;
- b) Ownership, restoration and operational display (where practicable) of historic carriages and wagons;
- c) Assisting other organisations to restore and display locomotives, rolling stock and other railway structures and artefacts, through the provision of financial support, technical advice or such other appropriate support;
- d) Ownership and display of museum collections that inform and educate;
- e) Assisting other organisations with an interest in educating about railway history, through the provision of advice, access to and loan of artefacts in the Society's possession and other appropriate support;
- f) The North Norfolk Railway (NNR) to be the Society's preferred (but not necessarily exclusive) partner for pursuing the aims in a) to e) above; and
- g) Maximise the Society's revenue earning capability in order to support the above aims.

Main Activities

The Society's main activities undertaken in relation to the above purposes are as follows:

- acquisition, restoration, preservation and exhibition of the railway items mentioned above principally utilising the facilities of the NNR which assists in these being achieved;
- scheduled running of locomotives, carriages and rolling stock for public access, mainly on the NNR but occasionally at other locations;
- where possible contracting restoration and maintenance works to the NNR's engineering facilities at Weybourne but using outside specialist contractors or volunteers where considered appropriate;
- operating the *William Marriott Museum* (WMM) at Holt for the display of artefacts and documents;
- operating a shop selling, amongst other items, railway publications of an historical and educational nature and increasingly, those produced in-house; and
- awarding grants to the NNR and others to support projects that are consistent with the Society's principal objective.

Main Activities to Further the Society's Purposes for the Public Benefit

The Society is based at the NNR, whose aims are to operate a heritage railway for the benefit of the public, currently 5¼ miles from Sheringham via Weybourne to Holt. Train services normally operate on around 280 days of the year for public enjoyment. This enables members of the public to view the Society's preserved steam and diesel locomotives in operation hauling carriages owned by the NNR but occasionally, particularly at special events, visitors may also travel in the Society's preserved operational vintage carriages.

REPORT OF THE BOARD OF TRUSTEES – Continued

Objectives and Activities (continued)

Main Activities to Further the Society's Purposes for the Public Benefit (continued)

The NNR's engineering facilities where Society locomotives and rolling stock are restored and maintained are not generally open to the public for safety reasons but viewing can be arranged, and guided tours are offered at some special events. The *William Marriott Museum*, named after the M&GNJR's chief engineer, located at Holt houses the Society's extensive collection of railway objects, artefacts and records. It is open to the public every day when the railway is running and offers free entry to visitors arriving by train.

These activities help to educate and entertain the general public as part of the development and history of railways. They are complemented by the educational reading material in the museum and the publications about railways which are available to purchase from the Society's Weybourne shop, the museum and online.

Public Benefit

The Society aspires to be a professional charitable organisation, adding historical value to the knowledge of the general public about the "M&GNJR" and East Anglian railways in general, in a manner which is both educational and fun for its members and the general public.

In the exercise of its powers in relation to its objectives and missions, the Board of Trustees has paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirements under the Charities Act 2011.

Volunteers

The Society relies entirely on volunteers to achieve its aims and objectives and has no paid staff. Volunteers are involved with restoration and maintenance projects, running the Society's Museum, sales and fund-raising, marketing, finance, governance and administration. Volunteers of the Society are normally members who pay an annual subscription, often supplemented by regular or one-off donations to their choice of fund and many are also volunteers for the NNR.

Achievements and Performance

Summary of the Main Achievements

Conservation (Restoration) – There were two projects under the care of the *Joint Heritage Coach Fund* volunteers' team throughout the year, albeit still working within Covid restrictions in the workshop. Good progress was made on the interior and electrics of Thompson BSF 1866. The erection of a tented scaffolding platform in the siding at Holt last year enabled a small group to fully restore and re-paint SR Brake 555167 by March 2022. As reported in *Joint Line* last year, a rail weighbridge being removed from an Ipswich yard for scrapping was secured for the Society and moved to Holt where it is planned to restore it as part of the Holt Development project.

Conservation (Operation) – Following the premature closure of the Railway from November 2020 due to Covid, the NNR was able to resume operations from April 2021, again with some restrictions. It remained in almost normal operation throughout the remainder of the year and indeed up to planned closure in early January 2022. This reflects an increase in the aggregate of Society steam locomotive turns of 151 (2021 111) with B12 achieving 54 (2021 58), Y14 43 (2021 34) and WD 54 (2021 19). For the diesels, out-of-overhaul Class 31 achieved 37 turns, including shunting and trip workings. The Class 08 was on duty as Sheringham pilot. Finally, the Class 101 DMU achieved 101 turns.

Conservation (Maintenance and overhauls) – This financial year has seen probably the lowest ever motive power maintenance costs at just over £13k in total, reflecting well-maintained and reliable units. *Wissington's* boiler overhaul cost £24k in this year and is virtually complete but awaits fitting of its new safety valve casting. A procurement process for new cylinder castings as spares for its next overhaul continues in 2022. The locomotive is likely to be spending this summer at *Mid Suffolk Light Railway*.

REPORT OF THE BOARD OF TRUSTEES – Continued

Achievements and Performance (continued)

Summary of the Main Achievements (continued)

Class 31 D5631 finally emerged from works last summer after its mechanical and electrical overhauls. Work continues to complete the installation of the new steam heating system. *Ring Haw* hasn't steamed since purchase by the Society and the B12 completed its season at a special weekend last October and was withdrawn for overhaul. Preliminary overhaul works on both locomotives have commenced.

The Society's other heritage vehicles continued to receive maintenance during the year, although both remained non-operational. The Austin TK lorry became a 'runner' again in March 2022 and it is hoped to have the Grove Allen crane operational again in 2022 to assist with the B12 and Ring Haw boiler lifts.

Museum – Visitors to *William Marriott Museum* in July – October were 5,848 (2020 February/March 712) compared with over 18k in a normal full season pre-Covid.

Railway Cottage at Holt – Following closure of the NNR's Education Department before Covid, the Society has assumed responsibility for the cottage, which it owns. The former volunteers continue to open and maintain it and hosted over 8,000 visitors between re-opening in July and the end of October.

Other education – *Joint Line* maintained its high-quality standards as a journal. The Society's new book *A Pictorial History of the B12s*, published in October to coincide with the locomotive's withdrawal for overhaul, achieved sales of £4,397 by the end of the financial year.

Grants – one was awarded and paid for the costs of interior panelling in one vehicle of the Class 104 DMU restoration project. This vehicle made its first test run in March 2022 and will become a very useful addition to the NNR DMU fleet. Other grants previously awarded to the NNR await completion of the relevant projects.

Legacies – Three cash legacies totalling £82,905 were notified and accounted for in 2021-22. One of £5k carries a direction for spending on wagon repairs but there are no directions attached to the other two.

Investments – The portfolios continued to perform well during the year, even if at £850k aggregate fair values at year end they were slightly down on earlier peaks but ahead of 2021's £833k and the £800k original investment from the legacy in 2019. In addition to the gains, the investments delivered over £13k of income (2021 - £13k) and the unquoted Loan Note of £100k continued to provide an 8% cash annual return.

Primary Purpose Trading comprising Weybourne bookshop, eBay shop and own-publications more than doubled turnover to £31k (2021 £14k), the Weybourne bookshop re-opening from July 2021, having been closed from the end of March 2020 due to Covid. These sales produced over £16k of net income compared with just under £8k in 2021.

REPORT OF THE BOARD OF TRUSTEES – Continued

Financial Review

The results for the year are set out in the attached financial statements from page 10 onwards. Total incoming resources amounted to £321,361 (2021 £276,515) which, after total expenditure of £169,575 (2021 £265,368) and unrealised investment gains of £20,474 (2021 £31,626), resulted in net income before transfers of £172,260 (2021 £42,773). At the end of the period, the Society had net assets of £3,103,434 (2021 £2,931,174).

General Fund is the sole purely unrestricted fund. The income amounted to £154,894 with expenditure of £95,750 and net transfers to/from other funds of £69,380 (see notes 19 and 22). Members' subscriptions raised £54,425 (including Gift Aid) to meet the Society running costs of £72,099, including *Joint Line*, asset insurance, premises, equipment, storage, administration and governance. Weybourne shop contributed £3,770 gross margin from sales of purchased goods. Donations (including Gift Aid), bequests, museum entry fees, interest received, and sundry income produced £85,278.

Designated funds have purposes determined by the Board, but these could be changed if considered appropriate. Because of this, they are classified as unrestricted in the Statement of Financial Activities and on the Balance Sheet. Details of these funds, their income and expenditure, balances and purposes are shown in note 20.

Restricted funds are for specific purposes enabling donors, who provide the majority of the income, to direct their donations to the funds in the knowledge they will only be spent on the specified purpose. Details of these funds are shown in note 21. The majority of funds are for locomotives and carriages and wagons restoration and maintenance but also a museum operating fund (which receives visitors' donations), a fund for developing Holt Goods Yard (also receives donations), a fund for the Heritage Lottery funded carriage sheds (the expense being the depreciation of the sheds' costs) and a fund for small grants (which receives donations).

Endowment Fund holds no cash and represents the acquisition values of NNR shares and heritage assets.

All funds maintained positive balances at 31 January 2022 (2021 all positive).

Reserves Policy and Going Concern

The Board of Trustees is aware of the need to maintain as a minimum sufficient unrestricted free reserves to meet ongoing direct and administrative expenditure for a period of at least 12 months. At 31 January 2022 the balance on General Fund is £280,815 of which approximately £189,000 is represented by free reserves. This is more than adequate for the Society's average annual running costs referred to above and so the Board considers its minimum free reserves policy is being achieved and the Society is a going concern.

However, the Board is also aware of the need to generate additional unrestricted free reserves to help meet the costs of specific restoration and ongoing maintenance projects when there are insufficient specific funds. In the past the General Fund has provided funds towards steam loco overhaul costs and the Class 31's steam heating facilities. In 2020-21 it funded the acquisition of the Class 101 DMU and mobile crane and maintenance of the crane, Class 08 shunter and Austin lorry.

Investment Policy

Cash which may be required at short notice is held in current and deposit accounts with the Society's banks except for that not required in the immediate short term which is deposited with CCLA Investment Management Ltd in its COIF Charity Funds. The Board considers this to be the most suitable place to safeguard such funds. However, with the receipt of the large legacy in 2019-20, the trustees reviewed the policy for market investments and sought appropriate investment advice. The new policy was adopted by the Board in their meeting on 21 September 2019.

REPORT OF THE BOARD OF TRUSTEES – Continued

Financial Review (continued)

Investment Policy (continued)

In formulating the policy, the Board had regard to the guidance given by the Charity Commission. A summary of the policy is as follows:

- Objectives - A target annual investment return of not less than 2% above the annual rate of inflation;
- Risk - Cautious, return as above and at least 60% of funds in assets with low to medium risk attached, diversified by asset class and fund manager with not more than 35% of funds invested in a single investment;
- Timeline - Not expected to liquidate in the short term, say less than three years; and
- Management of Investments - An Investment Committee comprising three Trustees to give instructions to investment/fund managers, monitor the investments' performance and report to the Board.

Other investment is in NNR shares and bonds which are explained elsewhere in this report.

Future Developments

The Society has a 5-year Strategic Plan which is reviewed and updated annually by the Board of Trustees. It was reviewed in December 2021, again considering the effects of COVID-19 and the recovery therefrom on the Society's operations and activities at the time and to the end of the plan in 2023.

Structure, Governance and Management

Governing Document and Constitution

Midland and Great Northern Joint Railway Society ('the Society') is a charitable company limited by guarantee, incorporated on 17 April 1997 and registered as a charity on 30 July 1997. The company was incorporated under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Each principal member of the Society is, therefore, a member of the company and has a right to attend and vote at company general meetings. In the event of the company being wound up each member undertakes to contribute an amount not exceeding £1.

Recruitment and Appointment to Board of Trustees

Under the company's Memorandum and Articles, the directors are known as members of the Council of Management or Governing Body. The 2012 Strategy Plan introduced the designation Board of Trustees. The articles require all Board members to be members of the company. The Board has power to appoint any person to be a member of the Board and any member (of the Board) so appointed may hold office until the following Annual General Meeting and shall then be eligible for re-election. Members of the Board aged 70 or over are subject to annual re-election. Apart from these and those retiring by choice, one-third of the Board is subject to re-election on an annual basis.

The Board of Trustees is always mindful of the need to maintain skills, knowledge and commitment on the Board and is alert to potential new candidates. When suitable candidates become available, their attributes are considered and where appointment is appropriate and desirable, a vote is taken by the Board. Most candidates are generally already known and have usually held a volunteer role before being elected.

REPORT OF THE BOARD OF TRUSTEES – Continued

Structure, Governance and Management (continued)

Organisational Structure and Decision Making

The Board of Trustees manages the Society. Board members are elected for their knowledge and/or expertise and each has specific unpaid executive responsibilities. The Board meets at least 6 times a year. In between meetings, matters requiring the Board's authorisation are dealt with by email and/or telephone and then ratified and minuted at its next meeting. Board members have responsibilities for projects and activities and have decision-making and spending authorities within parameters and budgets approved by the Board.

As the Society is entirely voluntarily run, it has no Chief Executive Officer, but the Chairman, Vice-Chairman, Treasurer, Society Secretary and Company Secretary are regarded as senior staff and comprise an informal Executive Board to deal with relevant matters as required.

Risk Management

The Society's policy when carrying out a project is that there must be sufficient expectation that it will be able to meet all costs from existing funds or new donations, appeals and/or grant applications. No project is allowed to proceed without the Board of Trustees being reasonably satisfied that suitable funds can be or have been raised. The Board also requires regular written reports on progress and ongoing funding of projects.

The Society uses the operations of the NNR as a venue for public exhibition of its assets and provision of facilities for restoration and storage. The Board feels that the level of involvement and general co-operation between the two organisations has justified its investment and reduced the risk of commercial failure.

The Board is responsible for safeguarding the Society's assets and so ensures that relevant levels of insurance cover are provided where appropriate. The trend has been and will continue to be one of increasing cost and the Society jointly insures its risks with the NNR to ensure that there are no gaps or duplication in cover across the two organisations. The cover held by the Society is reviewed annually and approved by the Board.

Wherever possible, liability for the protection of Society assets is passed to users and borrowers of assets under formal running/display agreements. The Society strongly encouraged the formal locomotive inspection documentation, schedules and examinations introduced on the NNR (mainline standard A, B and C exams) in order to help safeguard the condition of its operational locomotives.

The Board is aware of the membership's ageing profile and seeks to involve younger members at Board level and in restoration projects to help deliver a secure membership base for the future.

The Board considers from time to time the major risks to which the Society may be exposed and where possible takes action or introduces procedures to mitigate those risks. The situation is kept under review.

Relationships with related parties

Under the terms of the Society's Memorandum of Association, it has the power to subscribe for shares, stocks, debentures or other securities of any other company, enabling it to invest monies not immediately required for furtherance of its objects in such investments, securities or property as the Board may consider fit.

Shares have been subscribed for in the NNR, which is not a charity, as part of the strategic alliance between the two organisations. The Society, which is the major shareholder, is able to appoint up to three Board members to the NNR Board and has other members on strategic committees which helps to strengthen the partnership. This investment has been made purely for the purpose of assisting that company to enhance facilities and equipment, creating a more secure and appropriate base for the Society's assets and a venue to enable the Society to exhibit its assets to the public. No financial return is anticipated as the NNR does not have authority under its Articles of Association to pay dividends. However, investments in NNR Bonds in February 2014, January 2017 and March 2020 for a similar purpose do earn interest.

REPORT OF THE BOARD OF TRUSTEES – Continued

Structure, Governance and Management (continued)

Relationships with related parties (continued)

The Society continues to support by other means, e.g. grants, specific heritage projects undertaken by the NNR which, in the opinion of the Board of Trustees, are in line with the Society's charitable activities and objectives.

The Society and NNR are related parties and details of transactions etc. are shown in note 16 to the accounts.

The current method of 'investment' provides the following non-monetary benefits:

- influence at the NNR Board level through involvement of our nominated representatives;
- improved relationships between the two organisations, enabling them to progress the same strategic aim of developing the railway between Sheringham and Holt as a live working heritage museum; and
- the Society's continued use of NNR's facilities for storage, restoration and maintenance of its assets.

Over time, the investment has aided the provision of a permanent home for the Society's other equipment, artefacts, documents and records, enabling more of these to be publicly exhibited than had previously been possible due to the lack of adequate display facilities. Thus, the investment continues to be particularly relevant to the Society in meeting its charitable aims although without any dividend or distribution return.

The Society also owns 100% of the issued capital in Midland & Great Northern Heritage Ltd, which was set up as a wholly owned subsidiary for non-charitable trading activities. At the date of publication of the financial statements the company was not trading.

Fundraising Activities

Society Trustees are legally responsible for the Society's fundraising activities and are committed to comply fully with the Charity Commission guidance CC20 on the duty of Trustees to have oversight of fundraising practices.

Society members are encouraged to donate to Society funds through articles and advertisements in *Joint Line*. Members of the public travelling on the NNR are invited through leaflets displayed there to become Society members or to contribute to the various funds which support our heritage assets and charitable activities. The Society website, through which our eBay shop operates, also details ways in which supporters can raise funds for the Society by using easyfundraising when they shop online with various retail sites. The Society does not cold call or make public or static collections and has not used the services of a professional fundraiser or commercial participator during the year. All funds raised are used to enable the Society to undertake activities in pursuit of its charitable objectives, and if given for a restricted purpose recorded as such and only used for that purpose.

All fundraising activity by the Society is monitored by the Trustees, who are not aware of any failure to comply with the Fundraising Code of Practice. No complaints about our fundraising were received during the year.

Responsibilities of the Board of Trustees

Company and charity law requires the Board of Trustees to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in the UK and Republic of Ireland and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of the incoming resources and application of resources, including income and expenditure, of the charitable company for the financial year. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the current Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

REPORT OF THE BOARD OF TRUSTEES – Continued

Responsibilities of the Board of Trustees (continued)

The Board of Trustees is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Board is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Finally, the Board is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website.

Members of the Board of Trustees

Members of the Board of Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year to 31 January 2022 were:

N Sharpe	Chairman	P W Mayne	
K R Ashford		S D Roberts	
A M Barrs	Vice Chairman	N A Scarlett	
M R Blee	Assistant Treasurer	R H Spicker	Society Secretary
A E Dewey	Treasurer & Company Secretary	G Wigglesworth	
D C Greeno			

M R Blee and S D Roberts, having been co-opted to the Board on 6 October 2021, offer themselves for election at the forthcoming Annual General Meeting.

Pursuant to Article 37, A E Dewey, D C Greeno, N Sharpe and P W Mayne, being age 70 or over at the forthcoming Annual General Meeting, are subject to annual re-election. All four Trustees offer themselves for re-election at that meeting.

Pursuant to Articles 36 and 38 one-third of the remaining directors, N A Scarlett and G Wigglesworth, retire and being eligible offer themselves for re-election at the forthcoming Annual General Meeting.

As at 31 January 2022 N Sharpe, A M Barrs and A E Dewey represented the Society on the NNR Board.

The Society insures against risks to its assets and the various aspects of its activities by way of joint policies with the NNR. These include directors, officers and trustees' liability, including professional indemnity, cover and the estimated indemnity premium for Society board members is £211 (2021 £125), being a proportion of the total premium £1,923 (2021 £1,140).

Independent Examiner / Auditors

Peters, Elworthy & Moore were appointed Auditors/Independent Examiner at the 2021 Annual General Meeting and the Board of Trustees has elected to dispense with an audit for these financial statements.

Exemption Statement

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 applicable to smaller companies subject to the small company regime.

N Sharpe
Chairman

21 May 2022

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	Unrestricted funds £	Restricted funds £	Endowment fund £	2022 Total £	2021 Total £
Income and endowments from:						
Donations and legacies	3	81,904	32,814	-	114,718	109,832
Other trading activities	4	-	7,986	-	7,986	8,030
Investments & interest receivable	5	1,635	21,715	-	23,350	23,684
Charitable activities:						
Conservation activities	7	83,675	5,621	-	89,296	61,770
Education activities	8	521	-	-	521	2,005
Membership subscriptions	9	54,425	-	-	54,425	56,810
Primary purpose trading	10	15,409	15,656	-	31,065	14,384
Total income		<u>237,569</u>	<u>83,792</u>	<u>-</u>	<u>321,361</u>	<u>276,515</u>
Expenditure on:						
Raising funds	6	-	8,588	-	8,588	7,865
Charitable activities:						
Conservation activities	7	83,073	16,332	-	99,405	219,708
Education activities	8	3,601	1,361	-	4,962	6,500
Membership	9	41,924	-	-	41,924	24,679
Primary purpose trading	10	13,517	1,179	-	14,696	6,616
Total expenditure		<u>142,115</u>	<u>27,460</u>	<u>-</u>	<u>169,575</u>	<u>265,368</u>
Net income (expenditure) before investment gains		95,454	56,332	-	151,786	11,147
Net gains on investments	15	<u>-</u>	<u>20,474</u>	<u>-</u>	<u>20,474</u>	<u>31,626</u>
Net income before transfers	12	95,454	76,806	-	172,260	42,773
Transfers between funds	22	(63,585)	63,335	250	-	-
Net Movement in Funds		<u>31,869</u>	<u>140,141</u>	<u>250</u>	<u>172,260</u>	<u>42,773</u>
Total Funds brought forward		807,762	1,532,782	590,630	2,931,174	2,888,401
Total Funds carried forward	19	<u>839,631</u>	<u>1,672,923</u>	<u>590,880</u>	<u>3,103,434</u>	<u>2,931,174</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 13 to 30 form part of these financial statements.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY
Company Limited by Guarantee Registered Number 03355411

BALANCE SHEET AS AT 31 JANUARY 2022

	Note	2022 £	2021 £
Fixed Assets			
Heritage assets	14	525,455	532,450
Tangible assets	14	385,179	398,284
Investments	15	1,244,746	1,227,602
Total fixed assets		<u>2,155,380</u>	<u>2,158,336</u>
Current Assets			
Stocks		69,353	70,393
Debtors	17	97,395	92,904
Cash at bank and in hand		795,281	619,210
Total current assets		<u>962,029</u>	<u>782,507</u>
Liabilities			
Creditors: Amounts falling due within one year	18	13,975	9,669
Net current assets		<u>948,054</u>	<u>772,838</u>
Total assets less current liabilities/net assets		<u>3,103,434</u>	<u>2,931,174</u>
Funds of the charity			
Endowment fund	22	590,880	590,630
Restricted income funds	21	1,672,923	1,532,782
Unrestricted funds	19	839,631	807,762
Total charity funds		<u>3,103,434</u>	<u>2,931,174</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") relating to small companies, and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements, which have been prepared in accordance with the provisions applicable to companies subject to the small company regime.

The notes on pages 13 to 30 form part of these financial statements which comprise the Statement of Financial Activities (incorporating Income and Expenditure Account), Balance Sheet, Statement of Cash Flows and Notes thereto.

The financial statements were approved and authorised for issue by the Board of Trustees on 21 May 2022 and signed on its behalf by:

N Sharpe – Chairman

A E Dewey

A E Dewey - Treasurer

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	2022 Total £	£	2021 Total £	£
Cash flows from operating activities					
Net cash (used in)/generated by operating activities	24		173,474		(34,932)
Cash flows from investing activities					
Dividends, interest and rent from investments	24	23,350		23,684	
Purchase of property, plant and equipment	14	(24,083)		(171,102)	
Proceeds from the disposal of listed investments	15	58,796		140,162	
Gift of unlisted investments	15	(250)		-	
Purchase of listed investments	15	(65,097)		(136,657)	
Net cash used in investing activities			(7,284)		(143,913)
Change in cash and cash equivalents in the reporting period			166,190		(178,845)
Cash and cash equivalents at the beginning of the reporting period	25		633,692		812,537
Cash and cash equivalents at the end of the reporting period	25		799,882		633,692

The notes on pages 13 to 30 form part of these financial statements

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

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Charities SORP (FRS 102) (Second Edition – October 2019) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). The financial statements also comply with the requirements of sections 394 and 395 of the Companies Act 2006, and with the requirements of the Act relating to the financial statements in so far as applicable to the company.

During the year, there have been no discontinued activities or new activities acquired.

The financial statements are prepared in sterling, which is the functional currency of the Society. There are no recognised gains or losses other than those included in net income. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). Other than the unrealised gains on quoted assets, historical cost surpluses and deficits are as recorded in the Statement of Financial Activities.

Going concern

The Board has assessed by means of budgets, forecasts and other information that the Society will have adequate reserves and cash twelve months from the date these accounts are approved to maintain the Society's assets in operational condition. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing these financial statements.

Group accounts

These are the separate financial statements of the company as it is entitled to the exemption under Section 398 of the Companies Act 2006 from the obligation to prepare group accounts.

Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Subscriptions, donations etc., income from support clubs, shop and other sales, museum entry fees are recognised upon receipt. Locomotive steaming and rolling stock hire fees represent fees earned during the period exclusive of VAT.

Donation income is recognised when received or, before receipt if it becomes reasonably certain that the donation will be received and the value of the income can be reliably measured. Gift Aid reclaimed is included as received during the period and if claims have been lodged but not settled after the end of the period.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably, and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest represents income received from bank and COIF deposits (with the latter allocated to funds with average balances of at least £10,000 throughout the period), the NNR bond and the steam loco legacy investments. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank. Wholesale educational publishing sales are included at the point of invoicing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

1. Accounting policies - continued

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Expenditure is included on an accruals basis, exclusive of any VAT, provided that has been or is expected to be recovered. Costs are allocated to expense headings on a direct cost basis.

Trading costs are those incurred on the Charity's shops and publications. Costs of generating funds comprise costs associated with running the support clubs.

Charitable activities are costs incurred on the Charity's conservation and education activities, including support costs and costs relating to the governance of the Charity apportioned to charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include central costs. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the yearend are noted as a commitment, but not accrued as expenditure.

Tangible Fixed Assets (including Heritage Assets) and Depreciation

Purchased items are included at cost and donated items are included at no value or cost associated with acquisition. Individual items costing less than £1,000 are not generally capitalised, although exceptional Museum Collection items may be.

Restoration costs of heritage assets are not capitalised as the expense is intended to restore the items to original condition and not enhance or alter them. Steam locomotive boiler overhaul costs have been capitalised as components with effect from 1 February 2012.

Depreciation is only charged on these historic artefacts and items where the carrying value is considered to be greater than the residual value. For operational heritage assets and locomotive boilers, depreciation is provided at the rate of 10% straight line. Other items are depreciated on a straight-line basis as follows: storage facilities 10%, office equipment 33⅓%, shop equipment 10%, museum fittings and equipment 10% and carriage sheds 2%. Annual impairment reviews of all tangible assets, except the Museum Collection, are carried out at the time of preparation of the financial statements and coinciding with the review of sums assured for insurance purposes.

Museum lease

The cost of the museum lease premium is being amortised over fifty years from August 2006 when the museum building first came into use. The lease actually runs for fifty years from 11 April 2008. The costs of museum tenant's improvements are being depreciated over twenty five years.

Investments

Investments are included at fair value except for those not listed on a recognised stock exchange and subsidiary undertakings/associates which are included at cost or par value.

Intangible Income

No income is recognised for donated services etc. unless any cost borne by the donor can be determined. No monetary value is placed on the services of volunteers unless a value can be determined such as in grant claims.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

1. Accounting policies - continued

Fund Accounting

The Society's restricted funds relate to locomotives, rolling stock, museum and educational activities and grants for heritage projects. Restrictions arise when specified by the donor. Where the donor does not specify a particular fund, donations are included in unrestricted funds which are used in accordance with the charitable objects at the discretion of the Board of Trustees. This includes the designation of funds to specific projects, some of which may already be financed partly by restricted funds. Governance costs are charged to the general unrestricted fund. Endowment fund represents investments made by the Society under its Articles of Association, including in heritage assets.

Stock

Stock consists of relevant merchandise for sale and exceptional quantities or items of materials or spares for restoration projects and maintenance which have been purchased to secure special items or to gain a price advantage. All stock has been valued at the lower of cost and net realisable value.

In-house produced educational publications are not valued for stock purposes at the end of the year of publication or subsequently as they are considered as 'back issues' with less sales potential.

Donated items for sale are not valued upon receipt or at the year-end due to the large volume of items received and which would be onerous to count and value with limited volunteer resources and in any case most sell fairly quickly and it is considered that the aggregate value at selling price remains reasonably constant.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

2. Status

The Society has no share capital, being a company limited by guarantee incorporated in England and Wales and is a registered charity. Each member in the event of a winding up guarantees to contribute a sum not exceeding £1. Midland and Great Northern Joint Railway Society meets the definition of a public benefit entity under FRS 102.

3. Income from donations and legacies

	Unrestricted funds	Restricted funds	2022 Total funds	Unrestricted funds	Restricted funds	2021 Total funds
	£	£	£	£	£	£
Donations	3,999	27,814	31,813	7,515	26,187	33,702
Legacies	<u>77,905</u>	<u>5,000</u>	<u>82,905</u>	<u>76,130</u>	<u>-</u>	<u>76,130</u>
	<u>81,904</u>	<u>32,814</u>	<u>114,718</u>	<u>83,645</u>	<u>26,187</u>	<u>109,832</u>

4. Other trading activities

	Unrestricted funds	Restricted funds	2022 Total funds	Unrestricted funds	Restricted funds	2021 Total funds
	£	£	£	£	£	£
Locomotive support clubs	<u>-</u>	<u>7,986</u>	<u>7,986</u>	<u>-</u>	<u>8,030</u>	<u>8,030</u>

5. Investments & interest receivable

	Unrestricted funds	Restricted funds	2022 Total funds	Unrestricted funds	Restricted funds	2021 Total funds
	£	£	£	£	£	£
UK quoted investments	-	13,690	13,690	-	13,019	13,019
UK unquoted investments	1,549	7,992	9,541	-	8,014	8,014
Bank interest	<u>86</u>	<u>33</u>	<u>119</u>	<u>2,429</u>	<u>222</u>	<u>2,651</u>
	<u>1,635</u>	<u>21,715</u>	<u>23,350</u>	<u>2,429</u>	<u>21,255</u>	<u>23,684</u>

6. Expenditure on raising funds

	Unrestricted funds	Restricted funds	2022 Total funds	Unrestricted funds	Restricted funds	2021 Total funds
	£	£	£	£	£	£
Expenditure						
Locomotive support clubs	-	2,742	2,742	-	2,362	2,362
Marketing	-	431	431	285	-	285
Investment management charges	-	5,415	5,415	-	5,185	5,185
Support costs (note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>
	<u>-</u>	<u>8,588</u>	<u>8,588</u>	<u>318</u>	<u>7,547</u>	<u>7,865</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

7. Conservation activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income						
Locomotive & rolling stock hire fees	82,675	5,621	88,296	58,770	2,000	60,770
Premises licence fee	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>83,675</u>	<u>5,621</u>	<u>89,296</u>	<u>59,770</u>	<u>2,000</u>	<u>61,770</u>
Expenditure						
Maintenance & operation	22,348	2,100	24,448	72,635	16,638	89,273
Restoration costs	-	6,364	6,364	-	35,499	35,499
Grant paid	3,168	-	3,168	-	-	-
Insurance	13,239	-	13,239	15,592	-	15,592
Equipment & storage	1,100	-	1,100	1,100	198	1,298
Depreciation	32,068	7,868	39,936	53,720	7,868	61,588
Support costs (note 11)	<u>11,150</u>	<u>-</u>	<u>11,150</u>	<u>16,458</u>	<u>-</u>	<u>16,458</u>
	<u>83,073</u>	<u>16,332</u>	<u>99,405</u>	<u>159,505</u>	<u>60,203</u>	<u>219,708</u>
Net income/(expenditure)	<u>602</u>	<u>(10,711)</u>	<u>(10,109)</u>	<u>(99,735)</u>	<u>(58,203)</u>	<u>(157,938)</u>

8. Education activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income						
Museum entry fees	<u>521</u>	<u>-</u>	<u>521</u>	<u>2,005</u>	<u>-</u>	<u>2,005</u>
	<u>521</u>	<u>-</u>	<u>521</u>	<u>2,005</u>	<u>-</u>	<u>2,005</u>
Expenditure						
Equipment & storage	500	272	772	2,000	325	2,325
Subscriptions & donations	-	208	208	-	146	146
Depreciation	2,618	881	3,499	2,618	880	3,498
Support costs (note 11)	<u>483</u>	<u>-</u>	<u>483</u>	<u>531</u>	<u>-</u>	<u>531</u>
	<u>3,601</u>	<u>1,361</u>	<u>4,962</u>	<u>5,149</u>	<u>1,351</u>	<u>6,500</u>
Net expenditure	<u>(3,080)</u>	<u>(1,361)</u>	<u>(4,441)</u>	<u>(3,144)</u>	<u>(1,351)</u>	<u>(4,495)</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

9. Membership

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income						
Membership fees	<u>54,425</u>	<u>-</u>	<u>54,425</u>	<u>56,810</u>	<u>-</u>	<u>56,810</u>
	<u>54,425</u>	<u>-</u>	<u>54,425</u>	<u>56,810</u>	<u>-</u>	<u>56,810</u>
Expenditure						
Joint Line publishing	20,491	-	20,491	16,793	-	16,793
Administration	15,806	-	15,806	5,340	-	5,340
Support costs (note 11)	<u>5,627</u>	<u>-</u>	<u>5,627</u>	<u>2,546</u>	<u>-</u>	<u>2,546</u>
	<u>41,924</u>	<u>-</u>	<u>41,924</u>	<u>24,679</u>	<u>-</u>	<u>24,679</u>
Net income	<u>12,501</u>	<u>-</u>	<u>12,501</u>	<u>32,131</u>	<u>-</u>	<u>32,131</u>

10. Primary purpose trading

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income						
Shop & publishing sales	<u>15,409</u>	<u>15,656</u>	<u>31,065</u>	<u>8,107</u>	<u>6,277</u>	<u>14,384</u>
	<u>15,409</u>	<u>15,656</u>	<u>31,065</u>	<u>8,107</u>	<u>6,277</u>	<u>14,384</u>
Expenditure						
Cost of goods sold	11,422	1,179	12,601	4,296	1,187	5,483
Equipment & storage	-	-	-	359	-	359
Depreciation	281	-	281	214	-	214
Support costs (note 11)	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>560</u>	<u>-</u>	<u>560</u>
	<u>13,517</u>	<u>1,179</u>	<u>14,696</u>	<u>5,429</u>	<u>1,187</u>	<u>6,616</u>
Net income	<u>1,892</u>	<u>14,477</u>	<u>16,369</u>	<u>2,678</u>	<u>5,090</u>	<u>7,768</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

11. Support costs

	2022	2021
	Total expenditure	Total expenditure
Expenditure		
Office rent & charges	9,322	9,273
Bank & credit card charges	1,169	1,038
Subscriptions & donations	867	66
Office equipment depreciation	470	603
Governance	6,809	8,606
Miscellaneous expenditure	437	542
	<u>19,074</u>	<u>20,128</u>
Allocated to		
Expenditure on raising funds (note 6)	-	33
Conservation activities (note 7)	11,150	16,458
Education activities (note 8)	483	531
Membership (note 9)	5,627	2,546
Primary purpose trading (note 10)	1,814	560
	<u>19,074</u>	<u>20,128</u>

Support costs are allocated to expenditure on the same ratio as the direct costs associated with the relevant area of activity.

12. Net income before transfers

This is stated after charging/crediting:

	2022	2021
	£	£
Depreciation	44,183	65,903
Independent Examiner's remuneration	2,825	2,750
Expenses reimbursed to Board Members	1,506	1,571
Operating lease rentals	9,100	9,100

13. Staff costs, trustee remuneration and expenses

The Society has no employees. Apart from K R Ashford who is full-time Chief Mechanical Engineer of the NNR, none of the trustees have been paid any remuneration or received any other benefits from employment by the Society or a related entity.

Expenses reimbursed to board members relate to supplies of materials, spare parts and fuel used in the restoration and operation of heritage assets, shop merchandise and other supplies and sundry administration. In all cases the suppliers are those with which the Society does not have credit accounts. The total amount of reimbursed expenses was £1,506 to 7 trustees (2021 - £1,571 to 6 trustees).

Trustees and members of their families make unconditional donations to the Society, either by way of regular monthly payments or occasional lump sums to support projects and public appeals. The aggregate total of such specifically identified donations from trustees and related parties in 2021-22 was £580 (2020-21 £588). There may have been additional unidentified donations placed in collecting boxes located at the Society's shop and museum.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

14. Tangible Fixed Assets

	Collection Assets	Locomotive Boilers	Heritage Assets Total	Leasehold Buildings	Fixtures, Fittings & Equipment	Tangible Assets Total	Total
	£	£	£	£	£	£	£
Cost at start of year	627,117	486,470	1,113,587	520,403	48,582	568,985	1,682,572
Additions in year	-	24,083	24,083	-	-	-	24,083
Disposals during year	-	(143,101)	(143,101)	-	-	-	(143,101)
Cost at end of year	627,117	367,452	994,569	520,403	48,582	568,985	1,563,554
Depreciation at start of year	300,000	281,137	581,137	135,403	35,298	170,701	751,838
Charge for year	-	31,078	31,078	10,922	2,183	13,105	44,183
Disposals during year	-	(143,101)	(143,101)	-	-	-	(143,101)
Depreciation at end of year	300,000	169,114	469,114	146,325	37,481	183,806	652,920
Net book value at end of year	327,117	198,338	525,455	374,078	11,101	385,179	910,634
Net book value at start of year	327,117	205,333	532,450	385,000	13,284	398,284	930,734

Collection assets (and their cost/net book value) comprise historical locomotives (£459,555/£159,555), a diesel multiple unit (£100,000/£100,000), carriages and wagons (£51,732/£51,732), a road vehicle (£9,739/£9,739) and artefacts and collections (£6,091/£6,091) held for preservation and educational purposes. Locomotives and some carriages and wagons are included at cost of acquisition; no value is included for donated items as this is usually not available. The ages range from about 50 to 130 years. Locomotives and some other rolling stock are operational subject to completion of restoration or overhaul; the remainder is for static or museum display. Locomotive boilers are components related to the historical locomotives, the above disposal relating to the boiler of the B12 locomotive recently withdrawn for its 10 year overhaul.

Summary Analysis of Heritage Asset Transactions

	2022 £	2021 £	2020 £	2019 £	2018 £
Purchases & capitalisation:					
Locomotives	-	60,000	-	35,000	-
Diesel multiple unit	-	100,000	-	-	-
Carriages and wagons	-	-	-	35,000	-
Other collection items	-	250	1,674	1,417	-
Locomotive Boilers	24,083	5,766	47,332	-	13,850
Charge for depreciation:					
Locomotive boilers	31,078	52,544	52,543	43,757	39,559
Disposals carrying amounts:					
Locomotive boilers	0	-	-	-	-
Carriages and wagons	-	-	-	10	-
Proceeds from disposals:					
Locomotive boilers	0	-	-	-	-
Carriages and wagons	-	-	-	1,000	-

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

15. Investments

	2022		2021
	£	£	£
Shares in North Norfolk Railway PLC	<u>263,763</u>		
Total Shares in Associate at cost		<u>263,763</u>	<u>263,513</u>
North Norfolk Railway PLC Bond Issue 4	30,000		30,000
Midland & Great Northern Heritage Limited	1,000		1,000
Zenzic Loan Note	<u>100,000</u>		<u>100,000</u>
Total Unquoted Investments at cost		<u>131,000</u>	<u>131,000</u>
Cazenove Charity NURS Fund	316,855		313,686
Prudential Assurance and LGT Vestra Fund	<u>533,128</u>		<u>519,403</u>
Total quoted investments at fair value		<u>849,983</u>	<u>833,089</u>
Total investments at cost or fair value		<u>1,244,746</u>	<u>1,227,602</u>

Movement in quoted fixed asset investments:

	2022	2021
	£	£
Fair value at beginning of the year	818,607	790,486
Additions at cost	65,097	136,657
Disposal proceeds	(58,796)	(140,162)
Realised gains (losses)	2,691	(794)
Disposals at opening fair value	(56,105)	(140,956)
Net unrealised investment gains	<u>17,783</u>	<u>32,420</u>
Fair value at end of the year	845,382	818,607
Cash held by investment managers for re-investment	4,601	14,482
Total quoted investments at fair value	<u>849,983</u>	<u>833,089</u>

Purchases of Ordinary Shares of £1 each in North Norfolk Railway PLC (NNR), an unlisted public company, have been at par. In addition, the Society has added to its shareholding by accepting gifts and bequests of shares from members and others and these are also included at par. At 31 January 2021 the total number of shares purchased was 214,090 and the total shareholding was 263,513. During the year no shares were purchased and 250 shares were gifted to the Society, so at 31 January 2022 the total number of shares purchased was 214,090 and the total shareholding including gifted shares was 263,763. The Society is the largest single shareholder owning approximately 30.8% (2021 31.9%) of the issued share capital.

The Society's approximately 30.8% (2021 31.9%) proportions of the share capital and profits of the NNR are:

	2022		2021	
	£	%	£	%
Share Capital	263,763	30.8	263,513	31.9
Profit and loss account	(12,930)	30.8	(75,617)	31.9
Net profit / (loss) for the year	60,079	30.8	(47,250)	31.9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

15. Investments - continued

The not-for-profit constitution of the NNR precludes payment of any dividend or distribution on the Society's investment. However, the benefits that derive from the investment are considerable and are noted throughout the Report of the Board of Trustees. These include access to covered accommodation and engineering facilities for restoration and storage, a secure and appropriate base for the Society's assets and a venue to exhibit them to the public either operationally or static in accordance with the charitable objectives. While it is difficult to quantify a monetary value for the benefits, the Board is of the opinion that the value of the investment at cost in these accounts is not in excess of the potential value of the future ongoing benefits so derived.

In February 2014 the Society invested £20,000 in NNR 'Bonds I' for a 3-year term of 6% compound interest accrued annually, with £3,820 received at maturity in February 2017. The nominal value of £20,000 was rolled over into a third Bond issue with an additional £10,000 new investment. The term was 3 years at 5% compound interest with £4,735 maturing in February 2020. As part of the Society's COVID-19 support package to the NNR, this sum was left outstanding at 1% interest, with £4,784 being repaid in June 2021. In March 2020 the nominal value of £30,000 was rolled over into a fourth bond issue for a 3-year term of 5% compound interest accruing annually and maturing in February 2023.

The Society holds 1,000 ordinary £1 shares, being 100% of the issued and authorised share capital of Midland & Great Northern Heritage Limited (Company number 04009464). The company was set up to undertake non-charitable trading activities but is not currently trading.

The £100,000 Zenzic Loan note is an unquoted three-year fixed term property and property development bond guaranteeing a return of 8% per annum, interest paid six monthly, over the fixed term, maturing in June 2022.

Quoted investments consist of an initial £800,000 invested in three managed mixed funds, which are stated at market value as at 31 January 2022.

Valuation

Listed investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the Charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Charity investments are mainly traded in markets with good liquidity and high trading volumes. The Charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Charity does not make use of derivatives and similar complex financial instruments. Investments are held for their longer term yield and total return. Historic studies of quoted financial instruments have shown that short term volatility in any particular period will normally be corrected in the long-term.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

16. Related Parties

The trustees are the legal directors of the charity and its subsidiary and they do consider themselves part of the day-to-day management and are therefore key management personnel. However, none of the trustees received any remuneration or benefits during the year.

As outlined in note 15, Midland and Great Northern Joint Railway Society is the largest shareholder of the NNR. The following trustees holding office at the year-end are also directors of the NNR:-

A Dewey
N Sharpe
A Barrs

During the year sales to NNR were £90,374 (2021 £64,128) and purchases from them £50,298 (2021 £293,493) including assets of £nil (2021 £162,272) but excluding shares. At the year-end NNR owed the Society £16 (2021 £nil) and the Society owed NNR £nil (2021 £nil). The figures exclude VAT.

There are leases in place between the NNR and the Society in respect to its Museum Building and Carriage Sheds with provision for peppercorn ground rents payable by the Society to the NNR.

17. Debtors

	2022	2021
	£	£
Trade debtors	-	106
Prepayments and accrued income	18,991	91,427
Other debtors	78,404	1,371
	<u>97,395</u>	<u>92,904</u>

18. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade Creditors	4,165	5,809
Amounts owed to group and associated undertakings	802	802
Accruals and deferred income	4,853	3,058
Taxation and social security	4,155	-
	<u>13,975</u>	<u>9,669</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

19. Statement of Funds

Statement of Funds – Current year	Balance at beginning of year £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance at end of year £
General Fund	291,051	154,894	(95,750)	-	(69,380)	280,815
Designated Funds Note 20	516,711	82,675	(46,365)	-	5,795	558,816
Total Unrestricted Funds	<u>807,762</u>	<u>237,569</u>	<u>(142,115)</u>	<u>-</u>	<u>(63,585)</u>	<u>839,631</u>
Total Restricted Funds Note 21	1,532,782	83,792	(27,460)	20,474	63,335	1,672,923
Total Endowment Funds Note 22	590,630	-	-	-	250	590,880
	<u>2,931,174</u>	<u>321,361</u>	<u>(169,575)</u>	<u>20,474</u>	<u>-</u>	<u>3,103,434</u>

Statement of Funds – Prior year	Balance at beginning of year £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance at end of year £
General Fund	321,248	153,996	(83,943)	-	(100,250)	291,051
Designated Funds – Note 20	595,718	58,770	(111,137)	-	(26,640)	516,711
Total Unrestricted Funds	<u>916,966</u>	<u>212,766</u>	<u>(195,080)</u>	<u>-</u>	<u>(126,890)</u>	<u>807,762</u>
Total Restricted Funds Note 21 – As Restated	1,541,055	63,749	(70,288)	31,626	(33,360)	1,532,782
Total Endowment Funds Note 22	430,380	-	-	-	160,250	590,630
	<u>2,888,401</u>	<u>276,515</u>	<u>(265,368)</u>	<u>31,626</u>	<u>-</u>	<u>2,931,174</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

20. Designated Funds

Current year	Balance at beginning of year £	Income £	Expenditure £	Transfers £	Balance at end of year £
'Loco Pot'	445,711	82,675	(44,365)	5,795	489,816
Operation Phoenix	71,000	-	(2,000)	-	69,000
	<u>516,711</u>	<u>82,675</u>	<u>(46,365)</u>	<u>5,795</u>	<u>558,816</u>
 Prior year	 Balance at beginning of year £	 Income £	 Expenditure £	 Transfers £	 Balance at end of year £
'Loco Pot'	501,434	58,770	(109,137)	(5,356)	445,711
Locomotive Boilers	21,284	-	-	(21,284)	-
Operation Phoenix	73,000	-	(2,000)	-	71,000
	<u>595,718</u>	<u>58,770</u>	<u>(111,137)</u>	<u>(26,640)</u>	<u>516,711</u>

The Trustees have established a steam locomotive fund ('Loco Pot') which receives the steaming fees of the B12, J15/Y14 and WD when operational. This fund helps defray the costs of repairs and major overhauls of the locomotives with back-up funding from other steam locomotive funds and support clubs as required. With the new Steam Loco Legacy fund available for this purpose, the Society is well funded for repairs and major overhauls of its locomotives. At the board meeting on 18 July 2020, the trustees approved the widening of the fund's remit to include *Ring Haw*, *Wissington*, the Class 08 and the Class 101 DMU.

Locomotive Boilers fund was established from 2012-13 as part of the steam locomotive boiler capitalisation policy. The fund represented at 1 February 2012 £141,891 raised by B12 clubs' members and other donors specifically for the boiler overhaul which cost £143,101. The fund has been reduced in line with the depreciation of that cost and as at 31 January 2021 it was fully dispensed. The locomotive was withdrawn from service in October 2021 to undergo its 10 year overhaul, and as a result the £143,101 cost and accumulated depreciation has been written out of these financial statements as shown in note 14.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

21. Restricted Funds

Current year	Balance at beginning of year	Income	Expenditure	Investment Gains	Transfers	Balance at end of year
	£	£	£	£	£	£
Loco Club (all locos)	70,244	14,615	(110)	-	(5,795)	78,954
J15	5,258	4,239	(1,408)	-	-	8,089
B12	5,182	3,791	(1,224)	-	-	7,749
B12 Overhaul Appeal	-	6,269	(431)	-	44,130	49,968
WD	3,170	1,795	-	-	-	4,965
Wissington	2,874	510	-	-	-	3,384
Ring Haw	125	250	-	-	-	375
Steam Loco Legacy	1,070,622	21,708	(5,416)	20,474	-	1,107,388
31 Fund (Class 31)	802	444	-	-	-	1,246
Diesel Club	4,202	1,490	-	-	-	5,692
Heritage Coach Fund	10,480	26,121	(9,600)	-	25,000	52,001
Quad Art Set	2,467	125	-	-	-	2,592
Museum	37,791	1,980	(523)	-	-	39,248
Museum Improvements	20,910	-	(880)	-	-	20,030
Holt Development	4,509	455	-	-	-	4,964
Carriage Sheds	291,078	-	(7,868)	-	-	283,210
Society Grants	<u>3,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,068</u>
	<u>1,532,782</u>	<u>83,792</u>	<u>(27,460)</u>	<u>20,474</u>	<u>63,335</u>	<u>1,672,923</u>
Prior year	Balance at beginning of year	Income	Expenditure	Investment Gains	Transfers	Balance at end of year
	£	£	£	£	£	£
Loco Club (all locos)	81,473	15,731	-	-	(26,960)	70,244
J15	5,446	4,193	(1,381)	-	(3,000)	5,258
B12	4,940	3,723	(981)	-	(2,500)	5,182
WD	4,900	1,170	-	-	(2,900)	3,170
Wissington	11,433	510	(9,069)	-	-	2,874
Ring Haw	-	125	-	-	-	125
Steam Loco Legacy	1,023,437	21,216	(5,657)	31,626	-	1,070,622
31 Fund (Class 31)	3,386	444	(5,028)	-	2,000	802
Diesel Club	2,732	1,470	-	-	-	4,202
Heritage Coach Fund	34,404	14,664	(38,588)	-	-	10,480
Quad Art Set	2,467	-	-	-	-	2,467
Museum	38,454	173	(836)	-	-	37,791
Museum Improvements	21,790	-	(880)	-	-	20,910
Holt Development	4,179	330	-	-	-	4,509
Carriage Sheds	298,946	-	(7,868)	-	-	291,078
Society Grants	<u>3,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,068</u>
	<u>1,541,055</u>	<u>63,749</u>	<u>(70,288)</u>	<u>31,626</u>	<u>(33,360)</u>	<u>1,532,782</u>

The income of the funds relates to donations, other contributions, shop retail and donated sales, investment income, bank interest, and designated by the Trustees, Heritage Coach Fund rolling stock hire of £2,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

21. Restricted Funds - continued

At 31 January 2022 the Loco Club fund balance of £78,954 is attributable as follows: General (all locos) £26,676 J15 £5,195, B12 £3,235, W1500 £33,844, WD £5,740, *Wissington* £3,608 and Class 31 £656. The transfers of £5,795 are to 'Loco Pot' towards repairs and maintenance costs of all locomotives which the club supports.

A new fund was established during the year for the B12 Overhaul Appeal, to raise funds for the locomotive's forthcoming overhaul.

22. Endowment Fund and transfers between funds

Endowment Fund – This is not a cash fund. All heritage assets are represented in Endowment Fund, demonstrating the strategic permanency of the Society's ownership as they are unlikely to be sold or otherwise disposed of except in exceptional circumstances. Similarly, the investment in NNR shares is represented in Endowment due to the permanent nature and purpose of these in the pursuit of the charitable objectives as explained in note 15 and throughout the Report of the Board of Trustees. The transfer to Endowment Fund of £250 represents NNR shares gifted to the Society during the year.

Other Funds

The transfers totalling £5,795 from restricted funds are to 'Loco Pot' as contributions towards repairs and maintenance.

A legacy of £69,130 accounted for last year but received in February 2021 had no restrictions as to its use by the Society. At a meeting of the Trustees in March 2021, it was agreed that £25,000 of the legacy should be allocated to the Heritage Coach Fund with £44,130 being allocated to the B12 Overhaul Appeal.

The Trustees accept that this transfer of unrestricted income to restricted reserves is unusual, but the Society's Memorandum and Articles of Association empower the Trustees to make such transfers.

The transfer to the Heritage Coach Fund is appropriate, because prior necessary expenditure had depleted the fund, which was not replenished from the usual source of income as the Society shop was closed due to Covid.

Although the Society has a Steam Loco Legacy restricted fund for locomotive overhauls, the Trustees aim to allocate any unexpected unrestricted sources of income to fund locomotive overhauls, to preserve the restricted fund into the future, when such sources of income may not be available.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

23. Analysis of net assets between funds

	Designated Funds	General Fund	Restricted Funds	Endowment Fund	Total Funds
	£	£	£	£	£
Tangible fixed assets	219,255	61,022	303,240	327,117	910,634
Investments	-	31,000	949,983	263,763	1,244,746
Net Current Assets	339,561	188,793	419,700	-	948,054
	<u>558,816</u>	<u>280,815</u>	<u>1,672,923</u>	<u>590,880</u>	<u>3,103,434</u>

Prior year	Designated Funds	General Fund	Restricted Funds	Endowment Fund	Total Funds
	£	£	£	£	£
Tangible fixed assets	228,251	63,378	311,988	327,117	930,734
Investments	-	31,000	933,089	263,513	1,227,602
Net Current Assets	288,460	196,673	287,705	-	772,838
	<u>516,711</u>	<u>291,051</u>	<u>1,532,782</u>	<u>590,630</u>	<u>2,931,174</u>

24. Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net income for the year (as per the statement of financial activities)	172,260	42,773
Depreciation charges	44,183	65,903
Gains on investments	(20,474)	(31,626)
Dividends, interest and rent from investments	(23,350)	(23,684)
(Increase)/decrease in stocks	1,040	(11,952)
Increase in debtors	(4,491)	(78,459)
Increase in creditors	4,306	2,113
	<u>173,474</u>	<u>(34,932)</u>

25. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	795,281	619,210
Cash held by investment managers for re-investment	4,601	14,482
	<u>799,882</u>	<u>633,692</u>

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

26. Analysis of changes in net debt

	At 1 February 2021 £	Cash Flows	At 31 January 2022 £
Cash and cash equivalents	633,692	166,190	799,882
	<u>633,692</u>	<u>166,190</u>	<u>799,882</u>

27. Contracts and Commitments

Contracted

A contract for the supply, installation and commissioning of a steam heat boiler for Class 31 locomotive no. D5631 was entered into with King's Boiler Hire Ltd in October 2017 in the sum of £21,996. At 31 January 2022 £2,000 of the contract remained to be completed. It is planned for this work to be concluded by next winter, including the commissioning of the whole steam heating system. The loco returned to traffic in July 2021 following completion of its mechanical and electrical overhaul.

A contract for the overhaul of the boiler of 0-6-0ST No. 1700 *Wissington* was entered into with the NNR in December 2020 in the sum of £23,240. The contract provided for a contingency sum of £5,000 to cover unforeseen boiler plate replacement or other repairs pending further assessment on dismantling. In fact, in February 2021 such additional works were found to be required and £6,085 was added to the original contract, making a new total of £29,325. Repairs to the saddle tank costing £895 were added in August 2021 and a new safety valve casting costing £3,865 was added in September 2021, making a new total of £34,085. At 31 January 2022 £4,090 remained to be completed. There also remained about £2,500 of work to complete the previous contract for overhaul of the motion and frames and painting.

A contract for the overhaul phase 2 of Grove Allen H4084 crane NOY 366L was entered into with the NNR in December 2020 in the sum of £13,296. At 31 January 2022 £7,106 remained to be completed.

A contract for the overhaul of 0-6-0 ST No. 1982 *Ring Haw* was entered into with the NNR in January 2022 in the sum of £186,007. At 31 January 2022 £183,232 remained to be completed.

A contract for the dismantling prior to overhaul of B12/3 4-6-0 No. 8572 was entered into with the NNR in January 2022 in the sum of £19,525. The work commenced in March 2022.

Contingent Commitment

At 31 January 2022 grants have been awarded or pledges made towards three projects being undertaken or planned to be undertaken on the North Norfolk Railway. The aggregate amount is £16,250 but payments will be dependent upon the projects being completed.

Authorised but not contracted

In 2021 an opportunity arose to acquire a spare cylinder block casting for 0-6-0ST No. 1700 *Wissington* in a cost-sharing arrangement with the owner of the same type of locomotive. The trustees are advised by the Society's Chief Mechanical Engineer that a new cylinder block will almost certainly be required for *Wissington* at its next ten-year overhaul, if not before. Based on initial cost indications of about £3,500 to produce two new cylinder castings for a new block, the trustees approved the concept in May 2021. In December 2021, the cost indication had increased to £3,800. This figure does not include final machining of the two cylinders, which process could be left until the new block is required for fitting to the locomotive in due course. Further increased cost indications due to materials costs rises have been noted since 31 January 2022. The Society does not have a contract or any formal written agreement with a foundry.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022 continued

28. Commitments under Operating Leases

At 31 January 2022 there were future minimum lease payments under non-cancellable operating leases for land and buildings as follows:

	2022	2021
	£	£
Not later than 1 year	9,100	9,100
Later than 1 year and not later than 5 years	17,550	26,650
Later than 5 years	-	100
	<u>26,650</u>	<u>35,850</u>

29. Post Balance Sheet Events

The Board has determined that there are no events that impact on the financial position and results of operations as of and for the year ended 31 January 2022, that have occurred after this date.

The Board further considers there are no other post balance sheet events that materially affect these financial statements.

MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF MIDLAND AND GREAT NORTHERN JOINT RAILWAY SOCIETY FOR THE YEAR ENDED 31 JANUARY 2022

I report on the accounts of the charity for the year ended 31 January 2022, which are set out on pages 10 to 30.

Responsibilities and basis of report

As the charity's trustees of the company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination, I have followed the Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act).

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Michael Hewett

Mr. M Hewett FCA DChA

Peters Elworthy and Moore
Salisbury House, Station Road
Cambridge CB1 2LA

30 May 2022