

**Registered Charity: 1123521**

**Company Number: 06502248**

**LMS-Patriot Company Limited**  
**(A company limited by guarantee)**

**Financial Statements**

**For the Year Ended**  
**31st March 2013**

**LMS-Patriot Company Limited**  
**Financial Statements**  
**for the year ended 31 March 2013**

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**LMS-Patriot Company Limited**

**Report of the Trustees  
for the Year Ended 31 March 2013**

The trustees of LMS-Patriot Company Ltd present their annual report and accounts for the year ended 31 March 2013 and confirm they comply with the requirements of the Charities Act 2011, its Memorandum and Articles of Association and the Charities SORP 2005.

The trustees also confirm that section 4 of the Charities Act 2011 has been complied with and that this report is prepared in accordance with the small company regime (section 419 (2)) of the Companies Act 2006.

**Name:** LMS-Patriot Company Limited

**Registered Company Number:** 06502248

**Registered Charity Number:** 1123521

**Registered Office:** Bowcock Cuerdon LLP  
South Cheshire House  
Manor Road  
Nantwich  
Cheshire  
CW5 5LX

**Principal Office:** P O Box 3118  
Hixon  
Stafford  
Staffordshire  
ST16 9JL

**Independent Examiner:** Christopher Stonier FCA  
Rice & Co Limited  
Chartered Accountants  
Harance House  
Rumer Hill Road  
Cannock  
Staffordshire  
WS11 0ET

**Bankers:** CAF Bank Ltd  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

**LMS-Patriot Company Limited**

**Report of the Trustees  
for the Year Ended 31 March 2013**

**Trustees and Directors:**

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

Trustees serving during the year and their positions held were as follows:

D Bradshaw  
A R Laws  
R M Sant  
K J Finnerty  
S J Blackburn  
J Hastings-Thomson  
N Kinsey  
N Collinson (appointed 19th March 2013)

**Secretary:** R M Sant

**Treasurer :** N Collinson

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Principles.

Law applicable to charitable companies requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements the trustees 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping 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 Charities Act 2011 and the charitable company's Memorandum and Articles of Association. They are 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.

## **LMS-Patriot Company Limited**

### **Report of the Trustees for the Year Ended 31 March 2013**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing Documents**

LMS-Patriot Company Limited is a company limited by guarantee governed by its Memorandum and Articles of Association as amended on 12th November 2011. Anyone over the age of 16 can become a member of the company. The members of the company each agree to contribute the sum of £1 in the event of the company winding up.

The financial statements comply with the current statutory requirements and the Statement of Recommended Practice; Accounting and Reporting by Charities 2005.

The Trustees shall be appointed to serve for three years and shall be eligible to stand for re-election at that time.

##### **Trustee Induction and Training**

New trustees undergo a training process to explain to them their statutory obligations under charity and company law, the Memorandum and Articles of Association, the organisational structure and decision making process. Trustees are encouraged to attend suitable external events, where these will enhance the substance and quality of their role. All trustees, both existing and newly appointed are required to confirm that they have read and understood, the Charity Commission booklet CC3A, "The Essential Trustee" and CC3 "The Essential Trustee, what you need to know"

##### **Organisation**

The board of trustees, which shall number a minimum of three with no maximum numbers, administers the charity. The board meets between four and six times a year.

#### **RISK MANAGEMENT**

The trustees have a risk management strategy which comprises a formal review of the risks faced and the development implementation of procedures designed to mitigate the effects of those risks should they materialise. A formal review of the risks facing the Charity is undertaken annually.

Generally the board has adopted the principles of the Code of Governance to allow it to meet for openness and transparency.

#### **OBJECTIVES AND ACTIVITIES**

The objectives of the charity are to advance the education of the public in relation to the Patriot class of railway locomotive.

To further that objective the activities for the year continue to be:-

- To build, maintain, exhibit and operate locomotives of historic or scientific importance and in particular (but not limited to) a Fowler Patriot Class mixed traffic steam locomotive.
- To encourage and facilitate knowledge of the history of the Patriot Class of railway locomotives, including the dedication of the class name in remembrance of the railway employee casualties of war with particular reference to the London, Midland and Scottish Railway and its constituent companies and British Railways and its constituent companies.

## **LMS-Patriot Company Limited**

### **Report of the Trustees for the Year Ended 31 March 2013**

#### **ACHIEVEMENTS FOR THE YEAR**

During 2012/13 further excellent progress with the construction of the locomotive continued to be made. The problem experienced with three of the driving wheels was resolved in late summer and during the autumn the three driving wheelsets were assembled at the SDR following the assembly of the crank axle there. We believe that this is only the third built up crank axle produced in the history of railway preservation. The tyres were fitted and a start was made on the manufacture of the crankpins, which were completed and will be fitted to the wheelsets by the end of June 2013. Work commenced on the balance weight plates at Tyseley in February 2013 following major machining at FHT Southam earlier in the year. They will be due to be fitted to the wheels during May/June 2013 and the wheelsets delivered to Tyseley Locomotive Works in July 2013, where the axleboxes will be fitted.

Following protracted issues the remaining hornguides were fully machined in November. Stretcher 5, the last of the frame stretchers (to which the front tubeplate and inside valve guides are attached) was delivered during January 2013. Riveting of the frames began in the financial year but will not be completed until the new inside cylinder block has been delivered to Llangollen, expected mid July 2013.

The smokebox and front tubeplate were ordered from L&NWR Crewe in September 2012 and will be completed by May 2013 with much of the work taking place in the financial year.

We met a representative of the boiler insurers, Royal Sun Alliance on 27th November at Crewe Works and the design and manufacturing process in line with European Pressure Vessel Regulations was agreed.

We have been invited to take the rolling chassis to the Warley Model Rail Exhibition at the National Exhibition Centre, Birmingham (at their expense) in November 2013, so in order to capitalise on the publicity value of this invitation we ordered the bogie, running plate, smokebox, front tube plate and cab for delivery later in 2013.

Finally the tender; the one we bought from the East Lancs Railway arrived at Llangollen on 5th November 2012 and we are seeking grant aid to help complete the restoration. The wheels and springs are ready for fitting but we are short of two axleboxes, as 6 of the 10 we have acquired from our two tenders are damaged, possibly beyond repair.

Membership reached 802 by the end of the financial year with a 98% retention – we have lost a few members who have sadly passed away during the last twelve months. Income for the year reached £169,000 which, given that we have not had the benefit of significant corporate support is an improvement on 2011/2 which included a £25,000 corporate donation. It is hoped that the progress in 2013 being more visible will enable us to achieve 1000 members by the end of the financial year. The number of regular donors also increased during the year and now stands at £3008 per month. In addition sponsorship of individual items proved more popular with £9,000 being donated in this way.

#### **Future**

We look forward to continued progress in 2013/2014. We have received an extremely generous offer from Bromborough Paints to sponsor the paint for the frames and volunteers will start to paint the smokebox and begin cleaning the frames immediately Llangollen Railway Works have completed the frame assembly. In order to finance the boiler we have agreed to launch a boiler loan scheme in the Autumn of 2013. Much of the preparatory work was completed during the financial year. The remaining connecting rod forging will be completed in July by FHT Southam leaving about 20% of the motion to be sourced.

Following some further research into fabrication of the cylinders we came across a firm who indicated that they could cast the cylinders using polystyrene patterns rather than the traditional wood. After further investigation it was established that this was a viable alternative to (a) using wooden patterns which are prohibitively expensive and (b) fabrication, which is as yet untried in preservation. The inside cylinder block was ordered in March 2013 and was cast and delivered in May. Machining of the block will take place in June/July 2013 and be fitted to the frames during July. The cost, using this approach is approximately £50,000 less than we had originally budgeted and the substantial cost savings will extend to the outside cylinders when they are cast in 2014.

**LMS-Patriot Company Limited**

**Report of the Trustees  
for the Year Ended 31 March 2013**

**FINANCIAL REVIEW**

**Investment powers and policy**

Where surplus funds arise these will be invested in short term interest bearing deposit accounts.

**Reserves Policy**

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge funding gaps and also cater for unforeseen events, and special projects arising. The trustees consider that the minimum level of reserves to be held is £7500.

The trustees review the minimum level of reserves needed on a regular basis.

**RESTRICTED FUNDS**

Charities have an obligation to account to the donors of funds and the public in general that they are using monies entrusted to them for the purpose for which they are given. The charity has a number of restricted income funds for situations where a donor requires that a donation be spent on a particular purpose or where funds have been raised for a specific purpose. All other funds are unrestricted income funds.

Details of restricted funds are shown in note 2.

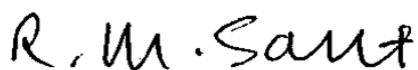
**FINANCIAL STATEMENTS**

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

The financial statements were not required to be audited in accordance with Part 16 of the 2006 Act.

Approved by the Board of Trustees on 27th July 2013

And signed on its behalf by



R M Sant  
Director & Company Secretary

**LMS-Patriot Company Limited**

**Independent Examiner's Report to the Trustees of  
LMS-Patriot Company Limited**

I report on the accounts of the company for the year ended 31st March 2013, which are set out on pages 7 to 12.

**Respective responsibilities of Trustees and Examiner**

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

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility

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

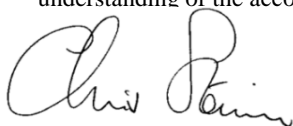
**Basis of independent examiner's report**

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

**Independent examiner's statement**

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

- which gives me reasonable cause to believe that in, any material respect, the requirements :
  - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006, and
  - (b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Christopher Stonier F.C.A.  
Rice & Co.Limited  
Chartered Accountants  
Harance House  
Rumer Hill Road  
Cannock  
Staffordshire  
WS11 0ET

Dated 27th July 2013

**LMS-Patriot Company Limited**

**Statement of Financial Activities  
for the Year Ended 31 March 2013**

	Unrestricted Fund £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>Voluntary Income</b>				
Donations - One off - Individuals	44,105	12,122	56,226	42,068
- Corporate	-	2,000	2,000	25,000
Donations - regular payments	35,514	400	35,914	29,208
Grants	-	-	-	6,650
Legacies	-	-	-	9,100
Just Giving donations	651	80	731	-
<b>Total of voluntary income</b>	<b>80,269</b>	<b>14,602</b>	<b>94,871</b>	<b>- 112,026</b>
<b>Tax Refunds</b>				
Gift Aid Claimed	25,048	-	25,048	19,466
	<b>25,048</b>	<b>-</b>	<b>25,048</b>	<b>19,466</b>
<b>Activities for generating funds</b>				
Sales	24,223	-	24,223	15,498
Raffle sales	3,598	-	3,598	3,875
Fundraising	356	-	356	-
Investment income (bank interest)	139	-	139	159
	<b>28,316</b>	<b>-</b>	<b>28,316</b>	<b>- 19,532</b>
<b>Membership income</b>				
Subscriptions	10,440	-	10,440	9,077
Life Membership one year subs	5,292	-	5,292	8,000
Members Day	3,313	-	3,313	-
	<b>19,044</b>	<b>-</b>	<b>19,044</b>	<b>17,077</b>
<b>Total Income</b>	<b>152,676</b>	<b>14,602</b>	<b>167,278</b>	<b>168,101</b>
<b>Resources Expended</b>				
<b>Costs of Generating Funds</b>				
Cost of sales	10,382	-	10,382	7,250
Galas & events	2,328	-	2,328	4,893
Fundraising expenses	3,289	61	3,350	2,098
Donation expenses, stationery & postage	3,259	-	3,259	4,529
Cost of membership	4,562	-	4,562	2,178
	<b>23,819</b>	<b>61</b>	<b>23,880</b>	<b>20,948</b>
<b>Charitable Activities</b>				
SGA administration	9,145	-	9,145	7,063
Website management	120	-	120	-
Affiliation	153	-	153	266
	<b>9,417</b>	<b>-</b>	<b>9,417</b>	<b>7,329</b>
<b>Governance Costs</b>				
Trustee expenses	7,971	-	7,971	6,723
Insurance	276	-	276	219
Finance/bank charges	124	-	124	2
Company expenses	356	-	356	121
Legal costs	300	-	300	-
Depreciation	190	-	190	37
Accountancy	780	-	780	775
	<b>9,997</b>	<b>-</b>	<b>9,997</b>	<b>7,877</b>
<b>Total Expenditure</b>	<b>43,233</b>	<b>61</b>	<b>43,294</b>	<b>36,154</b>

**LMS-Patriot Company Limited**  
**Statement of Financial Activities**  
**for the Year Ended 31 March 2013**

<b>Net incoming/(outgoing) resources before transfers</b>	<b>109,444</b>	<b>14,541</b>	<b>123,984</b>	<b>131,947</b>
<b>GROSS TRANSFERS BETWEEN FUNDS</b>	-	-	-	-
	<hr/> 109,444	<hr/> 14,541	<hr/> 123,984	<hr/> 131,947
<b>Net movement in funds</b>				
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	298,957	16,112	315,069	183,122
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	<b><u>408,401</u></b>	<b><u>30,653</u></b>	<b><u>439,053</u></b>	<b><u>315,069</u></b>

The restricted funds are given for specific projects and as such can only be spent on items specifically for that project, along with support costs to run the project.

**LMS-Patriot Company Limited**

**Balance Sheet as at 31 March 2013**

		2013		2012	
	Note	£	£	£	£
<b>Fixed assets</b>	3				
Patriot Build		391,056		224,753	
Fixtures & Fittings		905	391,961	110	224,863
<b>Current assets</b>					
Stock		7,613		7,926	
Debtors	4	4,532		5,286	
Prepayments		102		72	
VAT Recoverable		5,181		5,008	
Cash at bank - free		54,153		82,294	
- reserve		7,500		7,500	
		79,081		108,086	
<b>Creditors: Amounts falling due within one year</b>	5	(31,990)		(17,879)	
<b>Net current assets</b>			47,091		90,206
<b>Total assets less current liabilities</b>			439,053		315,069
<b>Capital and reserves</b>					
Unrestricted funds			0		298,957
Restricted funds	2		0		16,112
			0		315,069

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st March 2013.

Approved by the Board of Trustees on 27th July 2013

and signed on its behalf by



K J Finnerty  
Director

## **LMS-Patriot Company Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2013**

#### **1 ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards, the Statement of Recommended Practice - Accounting and Reporting by Charities 2005, the Financial Reporting Standards for Smaller Entities (effective January 2005), the Companies Act 2006 and the Charities Act 2011.

##### **Company status**

The charity is a company limited by guarantee and does not have share capital. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member.

##### **Incoming resources**

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

The donor specified that the grant or donation must only be used in future accounting periods or,

The donor has imposed conditions, which must be met before the charity has unconditional entitlement.

Income from commercial trading activities is recognised as earned (as related goods and services are provided).

Investment income is recognised on a receivable basis.

##### **Resources expended**

Resources expended have been included in the financial statements when an obligation to transfer value to a third party has been entered into.

Resources expended have been allocated in the Statement of Financial Activities as follows:-

- Costs of generating funds - all expenditure relating to fundraising and publicity.
- Charitable activities - all expenditure associated with meeting the objectives of the charitable company.
- Governance costs - all expenditure relating directly or indirectly to the general running of the charitable company.
- Other resources expended - all expenditure not in the above categories.

##### **Allocation of expenditure**

Expenditure is allocated on the following basis:

- a) Expenditure wholly incurred on activities falling within each category is charged direct.
- b) Expenditure involving more than one category is apportioned in accordance with reasonable estimates.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- Fixtures, fittings & office equipment    25% on reducing balance basis
- Locomotive parts & construction        no depreciation provided

The Patriot Class locomotive is in the course of a long period of construction. Until the locomotive construction is complete and it is operating, it is not considered that the asset is depreciating.

##### **Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. Those funds have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim of each restricted fund is set out in the notes to the financial statements.

LMS -Patriot Company Limited

Notes to the Financial Statements  
for the Year Ended 31 March 2013

	<u>Balance</u> <u>31.03.12</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance</u> <u>31.03.13</u>
	£	£	£	£	£
<b>2 RESTRICTED FUNDS</b>					
Wheels Appeal	-	364	-	-	364
Tender	4,386	-	-	-	4,386
Boiler	5,120	10,465	(61)	-	15,524
Cylinder Appeal	-	1,773	-	-	1,773
Crewe Exhibition	6,606	-	-	-	6,606
Sponsored Parts	-	2,000	-	-	2,000
	<u>16,112</u>	<u>14,602</u>	<u>-</u>	<u>61</u>	<u>30,653</u>

**3 TANGIBLE FIXED ASSETS**

	<u>Patriot</u> <u>Build</u>	<u>Fixtures</u> <u>&amp; Fittings</u>	<u>Total</u>	<u>2012</u>
<b>Cost</b>				
At 1st April 2012	224,752	347	225,099	86,120
Additions	166,304	985	167,289	138,979
At 31st March 2013	<u>391,056</u>	<u>1,332</u>	<u>392,388</u>	<u>225,099</u>
<b>Depreciation</b>				
At 1st April 2012	-	237	237	200
Charge for year	-	190	190	37
At 31st March 2013	<u>-</u>	<u>427</u>	<u>427</u>	<u>237</u>
<b>NBV at 31st March 2013</b>	<u><b>391,056</b></u>	<u><b>905</b></u>	<u><b>391,961</b></u>	<u><b>224,862</b></u>
NBV at 31st March 2012	<u>224,752</u>	<u>110</u>	<u>224,862</u>	<u>85,920</u>

**4 DEBTORS**

	<u>2013</u>	<u>2012</u>
Trade Debtors	6	-
Gift Aid	4,526	5,286
	<u>4,532</u>	<u>5,286</u>

**5 CREDITORS**

	<u>2013</u>	<u>2012</u>
Trade Creditors	31,210	17,104
Other Creditors	780	775
	<u>31,990</u>	<u>17,879</u>

## LMS -Patriot Company Limited

### Notes to the Financial Statements for the Year Ended 31 March 2013

#### 6 CAPITAL COMMITMENTS

At 31st March 2013 the charity had contracted for the following capital expenditure which has not been provided for in the financial statements:

	<u>2013</u>	<u>2012</u>
	£	£
Axleboxes	2,550	10,395
Driving Wheels	45	45
Tender repairs	-	2,160
Cylinder cover castings	-	80
Cylinder Pattern & casting	7,450	-
Spring Hangers	-	1,044
Motion Components	-	22,032
Coupling Rods	-	27,500
Railfest entry fee	-	960
Books & promotional items	2,211	1,463
Web Database	2,400	-
Smokebox	5,401	-
Bogie Assembly & frames	7,595	-
Conrod Machining	5,595	-
Drawings	604	-
	<u>33,851</u>	<u>65,679</u>

#### 7 TRANSACTIONS WITH DIRECTORS (TRUSTEES)

During the year the trustees received reimbursement of expenditure (generally for travelling and accommodation) incurred by them in undertaking functions on behalf of the charity as follows:

	<u>2013</u>	<u>2012</u>
	£	£
D Bradshaw	2,824	1,431
A R Laws	1,619	2,742
R M Sant	1,854	1,873
K J Finnerty	-	-
S J Blackburn	-	-
J Hastings-Thomson	-	-
N Kinsey	1,594	676
N Collinson	79	-
	<u>7,971</u>	<u>6,723</u>

The charity's trustees make membership payments to the charity at the same rate as ordinary members. No trustee received any remuneration from the charity in respect of the position of trustee. A substantial proportion of the above expenses are returned to the charity by way of donation.

#### 8 TAXATION

The company as a charity is not liable to tax on its charitable activities. It is not undertaking any non charitable activities which could be subject to tax.