

COMPANY REGISTRATION NUMBER 1412568

SWANAGE RAILWAY COMPANY LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2009

SWANAGE RAILWAY COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

SWANAGE RAILWAY COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

A.L. Moore
P.A. Thrower
P.N. Sills
M.A. Whitwam
G.W. Carter
E.M. Sellen
S.W. Doughty

Company secretary

K.R. Gooding

Registered office

The Station House
Swanage
Dorset
BH19 1HB

Auditor

Shipleys LLP
Chartered Accountants
& Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

SWANAGE RAILWAY COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of operating the Swanage Railway, and associated trading activities.

DIRECTORS

The directors who served the company during the year were as follows:

A.L. Moore
P.A. Thrower
P.N. Sills
M.A. Whitwam
G.W. Carter
E.M. Sellen
S.W. Doughty

E.M. Sellen was appointed as a director on 1 November 2009.

S.W. Doughty was appointed as a director on 1 November 2009.

SHARE CAPITAL - SUBSTANTIAL SHAREHOLDINGS

Throughout the year the Swanage Railway Trust held all the voting shares and 30 non-voting out of a total issued share capital at 31 December 2009 of 468,334 voting shares and 18,619 non-voting shares.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SWANAGE RAILWAY COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Shipleys LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

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

Signed by order of the directors



K.R. GOODING
Company Secretary

Approved by the directors on 24th April 2010

SWANAGE RAILWAY COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SWANAGE RAILWAY COMPANY LIMITED

YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of Swanage Railway Company Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SWANAGE RAILWAY COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SWANAGE RAILWAY COMPANY LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2009

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



SIMON ROBINSON
(Senior Statutory Auditor)
For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

24 April 2010

SWANAGE RAILWAY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
TURNOVER		2,314,593	1,861,528
Cost of sales		(944,758)	(826,419)
GROSS PROFIT		1,369,835	1,035,109
Administrative expenses		(1,094,456)	(994,984)
OPERATING PROFIT	2	275,379	40,125
Interest receivable		61	422
Interest payable and similar charges		(4,828)	(15,978)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		270,612	24,569
Tax on profit on ordinary activities	4	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		270,612	24,569
Gift Aid payment to the Swanage Railway Trust	5	(91,345)	—
PROFIT FOR THE FINANCIAL YEAR		<u>179,267</u>	<u>24,569</u>

The notes on pages 8 to 14 form part of these financial statements.

SWANAGE RAILWAY COMPANY LIMITED

BALANCE SHEET

31 DECEMBER 2009

	Note	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		871,325		854,700
CURRENT ASSETS					
Stocks	7	41,045		29,553	
Debtors	8	66,513		59,363	
Cash at bank		344,137		79,604	
		<u>451,695</u>		<u>168,520</u>	
CREDITORS: Amounts falling due within one year	9	<u>(290,329)</u>		<u>(191,000)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>161,366</u>		<u>(22,480)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,032,691</u>		<u>832,220</u>
CREDITORS: Amounts falling due after more than one year	10		<u>(290,019)</u>		<u>(268,815)</u>
			<u>742,672</u>		<u>563,405</u>
CAPITAL AND RESERVES					
Called-up share capital	13		486,963		486,963
Profit and loss account	14		255,709		76,442
SHAREHOLDERS' FUNDS			<u>742,672</u>		<u>563,405</u>

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

These financial statements were approved by the directors and authorised for issue on 24/04/2010, and are signed on their behalf by:

A.L. Moore
A.L. MOORE

P.N. Sills
P.N. SILLS

Company Registration Number: 1412568

The notes on pages 8 to 14 form part of these financial statements.

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover represents the amount derived from the operation of the Swanage Railway and related activities, excluding value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Locomotives	- 10% on straight line basis
Plant, machinery & equipment	- 20% on reducing balance method
Shop fittings & equipment	- 20% on reducing balance method
Motor Vehicles	- 20% on reducing balance method
Land & buildings	- 10% straight line basis
Track & construction	- 4% on straight line basis

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

Capital grants

Capital grants received by the company are shown on the balance sheet by including the grant in creditors as deferred income. The grant is released to the Profit and Loss Account in accordance with the depreciation policy of the asset to which the grant relates.

Revenue grants

Revenue grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2009	2008
	£	£
Directors' remuneration	—	—
Depreciation of owned fixed assets	90,575	106,742
Profit on disposal of fixed assets	(23,348)	(5,507)
Auditor's fees	4,900	4,750
	<u> </u>	<u> </u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	No	No
Number of full and part time staff	42	40
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	548,554	509,264
Social security costs	42,945	40,844
Recharges to The Swanage Railway Trust	(4,800)	(3,192)
	<u> </u>	<u> </u>

The directors did not receive any remuneration for their services.

The company is heavily reliant on volunteer staff in all areas of its activities.

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

4. TAXATION ON ORDINARY ACTIVITIES

No corporation tax arises on the profit for the year due to the availability of tax losses brought forward and capital allowances for the year.

5. GIFT AID PAYMENT TO THE SWANAGE RAILWAY TRUST

The total of £91,345 was paid to The Swanage Railway Trust as follows:-

- £5,000 was paid in December 2009
- £86,345 is included in creditors in Note 9 and was paid in February 2010

6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Plant, Machinery & Equipment £	Loco- motives & Rolling Stock £	Shop Fittings & Equipment £	Perm- anent Way & other Assets £	Total £
COST						
At 1 Jan 2009	30,011	257,010	516,893	18,035	468,396	1,290,345
Additions	-	5,640	131,288	1,150	-	138,078
Disposals	-	-	(42,992)	-	(9,000)	(51,992)
Transfers	-	75,500	(75,500)	-	-	-
At 31 Dec 2009	<u>30,011</u>	<u>338,150</u>	<u>529,689</u>	<u>19,185</u>	<u>459,396</u>	<u>1,376,431</u>
DEPRECIATION						
At 1 Jan 2009	10,204	181,829	152,822	14,614	76,176	435,645
Charge for the year	3,001	15,036	52,969	684	18,885	90,575
On disposals	-	-	(14,152)	-	(6,962)	(21,114)
At 31 Dec 2009	<u>13,205</u>	<u>196,865</u>	<u>191,639</u>	<u>15,298</u>	<u>88,099</u>	<u>505,106</u>
NET BOOK VALUE						
At 31 Dec 2009	<u>16,806</u>	<u>141,285</u>	<u>338,050</u>	<u>3,887</u>	<u>371,297</u>	<u>871,325</u>
At 31 Dec 2008	<u>19,807</u>	<u>75,181</u>	<u>364,071</u>	<u>3,421</u>	<u>392,220</u>	<u>854,700</u>

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

7. STOCKS

	2009	2008
	£	£
Shop stock for resale	20,838	13,960
Catering stock	4,543	5,056
Consumable stock	9,572	4,912
Special events stock	5,442	4,725
Driver experience stock	650	900
	<u>41,045</u>	<u>29,553</u>

8. DEBTORS

	2009	2008
	£	£
Trade debtors	19,221	16,685
Other debtors	30,630	35,445
Prepayments and accrued income	16,662	7,233
	<u>66,513</u>	<u>59,363</u>

9. CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	110,019	125,872
Loan from The Swanage Railway Trust	27,672	27,826
Capital grants received	33,828	25,413
Other creditors	13,365	
Gift Aid payment due to The Swanage Railway Trust	86,345	—
Accruals and deferred income	19,100	11,889
	<u>290,329</u>	<u>191,000</u>

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

10. CREDITORS: Amounts falling due after more than one year

	2009 £	2008 £
Loan from the Swanage Railway Trust	133,949	157,931
Capital grants received	156,070	110,884
	<u>290,019</u>	<u>268,815</u>

Loan from the Swanage Railway Trust

The loan from The Swanage Railway Trust was for a period of 10 years and is repayable in equal monthly instalments. Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £4,828 (2008: £15,963).

The total amount outstanding on the loan at 31st December 2009 was £161,621 (2008: £185,757) and of this amount £63,323 is repayable in more than 5 years. The loan will be fully repaid in 2016.

Capital grants received

The capital grants received from The Swanage Railway Trust are shown in the Balance Sheet and credited to the Profit and Loss Account to match the depreciation of the Tangible Fixed Assets.

The total of the grants shown in the Balance Sheet at 31 December 2009 was £136,297 (2008: £136,927) and of this amount £41,485 (2008: £41,485) will be credited to the Profit & Loss Account in more than 5 years.

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2009 £	2008 £
Operating leases which expire:		
Within 2 to 5 years	29,250	29,250
After more than 5 years	151,625	151,625
	<u>180,875</u>	<u>180,875</u>

The company has an informal arrangement with The Swanage Railway Trust under which it pays a variable amount in respect of its occupation of Herston Works.

Locomotive Hire Agreements

a) The company utilises the motive power and engineering support provided by Southern Locomotives Engineering Limited for which there is an agreement under which Swanage Railway Company Limited pays a fixed amount each year. As detailed in note 12 a number of the directors are also directors and/or shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited.

The amount invoiced by Southern Locomotives Engineering Limited for the supply of motive power and engineering support in respect of the year was £152,442 (2008: £130,660).

b) The company utilises the motive power provided by Drummond Locomotives Limited. As detailed in note 12, one of the directors is also a director of Drummond Locomotives Limited.

The amount invoiced by Drummond Locomotives Limited for the supply of motive power in respect of the year was £34,236 (2008: £31,950).

12. RELATED PARTY TRANSACTIONS

Certain of the directors are shareholders in Southern Locomotives Limited which, as detailed in note 11, entered into an arrangement with Swanage Railway Company Limited for the provision of motive power and engineering support.

At 31st December 2009 the shareholdings of the directors in the £250 ordinary shares of Southern Locomotives Limited were:- S. Doughty - 3 shares, A.L. Moore - 61 shares, Mrs E.M. Sellen - 2 shares and G. Carter - 20 shares. At this time the company had 7,711 ordinary £250 shares in issue.

P.A. Thrower and A.L. Moore are shareholders in Drummond Locomotives Limited which, as detailed in note 11, entered into an arrangement with Swanage Railway Company Limited for the provision of motive power.

At 31st December 2009 P.A. Thrower held 3 ordinary £100 shares in Drummond Locomotives Limited and A.L. Moore held 1 ordinary £100 share. At this time the company had 1,223 ordinary £100 shares in issue.

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

13. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
75,000 Non-voting shares of £1 each	75,000	75,000
925,000 Ordinary Voting shares of £1 each	925,000	925,000
	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
18,619 Non-voting shares (2008 - 18,979) of £1 each	18,619	18,619	18,979	18,979
468,344 Ordinary Voting shares (2008 - 467,984) of £1 each	468,344	468,344	467,984	467,984
	<u>486,963</u>	<u>486,963</u>	<u>486,963</u>	<u>486,963</u>

The ordinary £1 voting shares are all held by The Swanage Railway Trust, a registered charity, which is the only body that may hold voting rights.

The Swanage Railway Trust also has a non-beneficial holding of 30 non-voting ordinary shares in the company.

14. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	76,442	51,873
Profit for the financial year	179,267	24,569
Balance carried forward	<u>255,709</u>	<u>76,442</u>

15. ULTIMATE PARENT COMPANY

As detailed in the Directors' Report, Swanage Railway Company Limited was controlled by the Swanage Railway Trust (a charity registered in the UK) throughout the year.

SWANAGE RAILWAY COMPANY LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2009

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 4 to 5.

SWANAGE RAILWAY COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	2009		2008	
	£	£	£	£
TURNOVER				
Passenger takings		1,620,820		1,314,897
Shop income		175,427		151,837
Catering income		289,131		232,468
Norden Park and Ride		111,963		101,369
Driver experience takings		12,317		24,596
Revenue grants from the Swanage Railway Trust		69,793		20,107
Sundry income		35,142		16,254
		<u>2,314,593</u>		<u>1,861,528</u>
COST OF SALES				
Locomotive running costs	(245,058)		(181,851)	
Special event costs	(96,189)		(93,389)	
Shop purchases	(116,354)		(99,055)	
Catering purchases	(122,287)		(113,217)	
Infrastructure charge	(15,900)		(17,827)	
Locomotive hire	(183,075)		(178,465)	
Locomotive, carriage and wagon repairs	(120,238)		(100,442)	
Norden Park & Ride	(45,657)		(42,173)	
		<u>(944,758)</u>		<u>(826,419)</u>
GROSS PROFIT		1,369,835		1,035,109
OVERHEADS				
Administrative expenses	(1,094,456)		(994,984)	
OPERATING PROFIT		275,379		40,125
Bank deposit interest		61		422
		<u>275,440</u>		<u>40,547</u>
Interest payable		(4,828)		(15,978)
PROFIT ON ORDINARY ACTIVITIES		<u>270,612</u>		<u>24,569</u>

SWANAGE RAILWAY COMPANY LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	2009		2008	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Personnel costs				
Wages	548,554		509,264	
Less: wages recharged to The Swanage Railway Trust	(4,800)		(3,192)	
National insurance	42,945		40,844	
		586,699		546,916
Establishment expenses				
Rent	22,921		26,315	
Contribution for use of Herston Works	27,498		25,454	
Rates	23,532		22,063	
Heat, light and water	23,021		16,083	
Insurance	40,228		46,238	
Cleaning and laundry	7,518		11,697	
Repairs and maintenance	147,656		89,817	
Marketing and publicity	47,609		26,688	
		339,983		264,355
General expenses				
Motor and travelling expenses	11,210		4,533	
Telephone	10,470		12,854	
Printing, stationery and postage	24,813		28,224	
General expenses	14,214		13,725	
Legal and professional fees	7,900		6,888	
Auditors remuneration	4,900		4,750	
Depreciation	90,575		106,742	
Amortisation of grant	(22,970)		(5,507)	
Profit on disposal of fixed assets	(378)		—	
		140,734		172,209
Financial costs				
Bad debt write off	7,600		(300)	
Bank charges	11,254		4,128	
Credit card charges	8,186		7,676	
		27,040		11,504
		<u>1,094,456</u>		<u>994,984</u>
INTEREST RECEIVABLE				
Bank deposit interest		61		422
INTEREST PAYABLE				
Bank interest		—		15
Loan interest		4,828		15,963
		<u>4,828</u>		<u>15,978</u>