

Company Number 4115126
Charity Number 1087318

The Swanage Railway Trust
(A Company Limited by Guarantee)
Consolidated Accounts
For the year ended 31 December 2014

**THE SWANAGE RAILWAY TRUST
INDEX TO CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Contents

Detail	Page
Administration & Management	1
Chairman's Report	2-3
Directors' Report	4-8
Independent Auditors' Report	9-10
Consolidated Statement of Financial Activities	11-12
Consolidated and Charity Balance Sheets	13-14
Notes to the Financial Statements	15-32

**THE SWANAGE RAILWAY TRUST
COMPANY DETAILS**

COMPANY REGISTRATION NO: 4115126
CHARITY NO: 1087318
COMPANY SECRETARY: M R Woolley
REGISTERED OFFICE: Station House
Swanage
Dorset, BH19 1HB

**DIRECTORS AND TRUSTEES
(Collectively known as the
Council of Management)**

G C Johns (Chairman)
Mrs E M Sellen (Vice Chairman)
(until October 2014)
T J Parsons (Vice Chairman wef October 2014)
M R Woolley (Secretary)
P T Clements (Treasurer)
N Au (Resigned October 2014)
S J Barker (Resigned October 2014)
T D Buck
D A Budd (Elected October 2014)
G Cope
N Coram (Elected October 2014)
MA Gould (Elected October 2014)
J E Gregory (Resigned October 2014)
I J McDavid (Resigned October 2014)
M McManus
P N Sills
M A Stollery
W S Trite
M A Whitwam

PROFESSIONAL ADVISERS

BANKERS

Barclays Bank Plc
Barclays House
Wimborne Road
Poole
Dorset BH15 2BB

AUDITORS

Ward Goodman Limited
4 Cedar Park, Cobham Road
Ferndown Industrial Estate
Wimborne, BH21 7SF

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

2014 continued the trend of recent years with a further year of solid progress. The Trust has two main ways of meeting its charitable objectives: firstly by the work undertaken by the Swanage Railway, through our subsidiary Company (the Swanage Railway Company), and secondly, by direct activities undertaken by the Trust.

The Railway continues to perform well. Economic conditions continue to improve after the financial crisis on the late 2000's, and our passengers demonstrated that they like what we offer with over 216,000 travelling and a turnover in excess of £2.48 Million. With receipts at this level some further capital investment projects were self-funded by the Company. In addition the Trust funded further work for the Railway of a strategic nature.

Although in the previous year profits were covenanted to the Trust, which the Trust promptly returned to the Company as a grant, in 2014 a more advantageous position existed. The Company has accumulated capital allowances reflecting the capital investment made, both in recent years and in 2014. Profit can be offset against these allowances and the Directors have accepted the advice of our Auditors that this would be the most prudent course of action. For 2014 therefore, profit has been retained by the Company and off-set against these allowances. The Trustees' would like to thank Peter Sills and the Board for their continued good work and support in directing the Company's affairs to achieve this outcome.

Turning to the Trust's direct activity, during 2014 the Trust has continued to progress work on our Museums at Corfe Castle and Norden aided by the excellent support from those volunteers working in this area. Work continues to co-ordinate all museum and archiving activity in order to achieve a suitable standard for Accreditation. Education services continue to progress at the speed that resources permit, and we seek to look for ways to fund and progress this important element of our charitable objectives. We are also proud of the work done by the team working on heritage coaches which for our customers can provide an even more memorable visit to the line. 2014 was notable for the entry into service early in the year of two Bullied coaches, splendidly restored and looking a real treat behind the M7.

With the objectives we have as a Trust, and the trading and volunteer environment we operate in we cannot afford to be complacent. We need to improve our understanding of what makes our volunteers so keen to work on the Railway, and to do what we can to retain and develop them. This is as important as the continuing need to recruit new volunteers. There is increasing competition for volunteers, and as lifestyle demographics change we need to continue to develop our approach.

Although trading positions improve we cannot be complacent: we need to provide what our passengers want and keep costs as low as practicable. The Trust is keen to see the Company become more self-sufficient. We need to develop ways to ensure this.

2014 saw significant progress with the project to re-commence regular services along the whole branch to Wareham. We completed a new 99 year lease for the whole line giving us a high degree of certainty that the work we do now will be sustained in the longer term. Significant planning was undertaken for the main elements of the project: main line approved rolling stock; Norden Gates Level Crossing and a new road-rail pad; restoration of the new length of track and structures we have taken on. Crucial to this was the establishment of the Project team which has led on all this preparatory work. 2015 will see much work on the ground and we look forward to trial services starting in 2016.

(continued)

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

In 2014 we celebrated 35 years since the Swanage Railway first started operating trains. It was an opportunity to say thank you in particular to those founding volunteers. However, on behalf of the Trust, I also want expressly to thank each and every member of our staff, both paid and volunteer, regardless of how long you have supported the Railway, for your contribution. Without such a significant level of support and commitment, we would not have the Railway that today we can justifiably be proud of.

Gavin Johns
Chairman SRT
25 June 2015

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Swanage Railway Trust is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Its Charity Number is 1087318 and its Company Number is 4115126.

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

OBJECTIVES AND ACTIVITIES

The objectives of the Swanage Railway Trust, as set down in its Memorandum of Association, is to study, compile records on and acquire, restore, preserve and maintain railway lines, locomotives, rolling stock and other items of railway interest, and to provide training and instruction in such activities and in particular but without prejudice to the generality of the foregoing those associated with the Isle of Purbeck, the former London and South Western Railway, other Railways which were in existence in Southern England during and before the year of nineteen hundred and twenty-three, the Southern Railway, and the Southern Region of British Railways, and to enter in such agreements and to take all such steps as may be necessary for these purposes, and to organize, sponsor and support displays and such other shows and events for the provision and stimulation of information, education and interest in such vehicles and other items of railway interest.

PUBLIC BENEFIT

The directors have given due regards to the requirement of the Charity Commission with respect to public benefit.

The Trust discharges its obligations for the public benefit through the direct management of its museum functions and through the operation of train services by its subsidiary, the Swanage Railway Company Limited. As well as providing railway services using heritage locomotives and rolling stock, the Company's activities provide the opportunity for volunteers to give their services in support of the railway and to gain additional skills by so doing. The Trust's activities, directly and indirectly as above, make a significant contribution to the Purbeck and Dorset economy. The Trust endeavours to accommodate all sections of the community both as volunteers and as visitors.

MANAGEMENT

The Swanage Railway Trust has a single management body, the Board of Directors (also known as the Council of Management), elected by the members for a two year period. Fifty percent of the directors are required to retire by rotation each year at the Trust's Annual General Meetings.

(continued)

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

CHANGES OF OFFICERS

At the Trust's Council of Management meeting held on 25 October 2014, the following new appointments were made:-

Vice-Chairman – Trevor Parsons

DIRECTORS MEETINGS

The Council of Management meets on a monthly basis.

DIRECTOR INDUCTION AND TRAINING

The Directors of the Trust are elected by the membership of the Trust or, in the case of the Secretary and Treasurer, can be appointed ex-officio in order to ensure that the Board has suitably experienced persons in these positions. All Directors of the Trust are members of the Trust and as such are familiar with the overall goals of the Trust. A formal review of the Trust policies is held annually at the meeting following elections to ensure that these remain appropriate and that the new Directors are familiar with them.

The Swanage Railway Trust provides a briefing pack to members considering standing for election to the Council of Management. This pack includes, inter-alia, a copy of the Trust's Articles of Association, a copy of the Trust's formal policies and a copy of CC3 – The Charity Commission's guide for new Trust Directors. Successful candidates are asked to confirm receipt of these in writing and that they understand the information contained therein. Any changes to the guidance issued by the Charity Commission will be considered by the appropriate director, and where necessary, discussed at a meeting of the Council of Management.

RISK MANAGEMENT

The directors have considered the major risks that the Swanage Railway Trust and its trading subsidiary face when developing strategies and strategic plans for the future. The major risks are lack of funding to prevent the Trust from achieving its objectives and operational issues for the trading subsidiary which will be enhanced in the future with operations to and from the main line. These risks may cause a delay in the Trust achieving its objectives or curtail the operations of the trading subsidiary. Where appropriate, directors obtain the assistance of experts in the various areas that are a risk to the Trust or its trading subsidiary.

RELATED PARTIES

The charity acknowledges a relationship with:-

The Swanage Railway Company Limited
6695 Locomotive Group
Southern Locomotives Engineering Limited
71A Locomotive Ltd
Birmingham Railwaymen's Crompton Works Group

Drummond Locomotives Limited
Southern Locomotives Ltd
JMB Locomotive Services
Class 33/1 Preservation Co. Ltd

(continued)

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

The Swanage Railway Trust holds a controlling interest in the Swanage Railway Company Limited, which assists the Trust in meeting its objectives by operating the Swanage Railway and undertaking the associated trading activities. Whilst the company has a paid staff it is still heavily dependent on the supply of volunteers by the Trust for the operation of its train services and the maintenance and development of the railway.

A number of the directors of the Swanage Railway Trust are also directors of the Swanage Railway Company Limited. It is current Trust policy that the majority of voting Directors of the Swanage Railway Company are also Directors of the Swanage Railway Trust.

VOLUNTEERS

The charity is heavily dependent on the volunteers who perform many different tasks to assist with the management, administration, maintenance and operation of the railway.

FINANCIAL REVIEW

The level of consolidated income has increased largely because of the capital grants from outside organisations which were made to the trading subsidiary. The number of passengers carried by the trading subsidiary has shown an increase of 10.2% over the previous year. This has resulted in a corresponding increase in both fare income and associated revenue. Overall, incoming resources have increased by £238,714 (8.13%) while resources expended have also increased by £204,185 (8.40%). The Trust has continued to make grants to the Swanage Railway Company Limited for the restoration and construction of railway buildings, track maintenance, locomotives and rolling stock which are part of the objectives of the Trust.

Consolidated funds total £3,953,997 (2013 - £3,510,824). The total surplus for the year is £537,870 (2013 - £503,532). There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets.

RESERVES POLICY

The Trust has a requirement for a high level of reserves due to its large investment in fixed assets for both the charity and its trading subsidiary and for setting aside resources for future projects.

Where funds have been raised for specific projects, the Trust maintains separate funds either as designated or restricted funds – see notes 19 and 20.

(continued)

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

RESERVES POLICY (CONTINUED)

The available reserves of the Trust are as follows:

Total consolidated funds at 31 December 2014	£ 3,953,997
Less:-	
- Fixed assets	3,547,815
- Restricted funds held in bank balances	38,507
- Designated funds	451,197
Net reserves	<u>(83,522)</u>

The Trust will continue to make grants to its trading subsidiary for the purchase of fixed assets in 2015 which will reduce the available reserves shown above. In view of the expenditure required for Project Wareham and also meeting the locomotive policy it is anticipated that the deficit of net reserves as shown above will increase unless a major fund-raising exercise to finance the costs of the locomotive overhauls is successful.

The Directors review the finances of the Trust each month at the Council of Management meetings.

FUTURE PLANS

A new 99 year lease from Swanage Town Council for the Swanage Station site (i.e. to the east of Northbrook Road bridge) was signed on 1 May 2014.

A new 99 year lease from Dorset County Council for the remainder of the branch from Northbrook Road bridge up to Bridge 2 at Worgret was signed on 8 September 2014.

The trust intends to use its resources to develop its museum facilities and collections and to restore further items of equipment appropriate to its need for use on the Swanage Railway. The Trust's subsidiary continues to be engaged in the development of plans for the restoration of commercial services to Wareham. Initial trial services are planned to commence in June 2016.

The award of a £1.47 million grant in January 2013 from the Coastal Communities Fund, later increased to £1.86 million, will enable the plans to be expedited during 2015. This grant expires in March 2016.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors 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 the group and of the incoming resources and application of resources, including income and expenditure of the charitable company and the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that 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 charitable company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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.

By Order of the Directors

M R Woolley 

Company Secretary

Date 18 JUL 2015

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF THE SWANAGE RAILWAY TRUST

We have audited the financial statements of The Swanage Railway Trust for the year ended 31 December 2014 which comprise the consolidated statement of financial activities, the consolidated and parent company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable in law and under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 and 7 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF THE SWANAGE RAILWAY TRUST (CONTINUED)

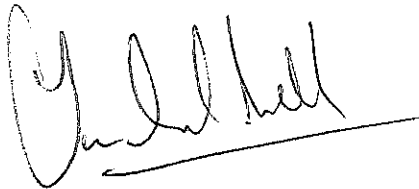
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the group and parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent charitable company 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.



Mr I Rodd ACA FCCA
Senior Statutory Auditor
c/o Ward Goodman Limited
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset BH21 7SF

Date: ...18th July 2015.....

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2014
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
Incoming Resources					
Voluntary Income:					
Appeals, donations, grants and covenants		256,687	162,203	418,890	338,804
Activities for generating funds:					
Membership subscriptions		33,630	-	33,630	32,224
Fund raising and other income		24,426	-	24,426	31,616
Trading income	2	2,487,860	-	2,487,860	2,465,993
Capital grants received		-	207,057	207,057	64,483
Interest receivable		1,614	-	1,614	1,643
Total Incoming Resources	2	2,804,217	369,260	3,173,477	2,934,763
Resources Expended					
-					
Cost of generating funds					
Trading expenses	3	2,369,670	80,124	2,449,794	2,260,529
Fundraising costs	4	6,197	-	6,197	6,025
Charitable activities	4	96,762	73,010	169,772	145,134
Governance costs	4	9,844	-	9,844	19,543
Total Resources Expended		2,482,473	153,134	2,635,607	2,431,231
Net Incoming Resources		321,744	216,126	537,870	503,532

The notes on pages 15 to 32 form part of these financial statements.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
Other recognised gains / (losses)	11,12	(67,665)	-	(67,665)	-
Revaluation adjustment	18	(27,032)	-	(27,032)	10,856
Transfers between funds		30,759	(30,759)	-	-
Net Movement In Funds	19,20	257,806	185,367	443,173	514,388
Funds at 1 January 2014	19,20	2,841,616	669,208	3,510,824	2,996,436
Funds at 31 December 2014	19,20	3,099,422	854,575	3,953,997	3,510,824

All incoming resources and resources expended derive from continuing activities.

	2014 £	2013 £
Total recognised gains as defined by the Companies Act 2006	<u>470,396</u>	<u>503,532</u>

The notes on pages 15 to 32 form part of these financial statements.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

**CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	Trust and Subsidiary 2014 £	2013 £	Trust 2014 £	2013 £
Fixed Assets					
Tangible Fixed Assets					
Freehold Property	6	30,000	30,000	30,000	30,000
Infrastructure, plant and equipment	8	200,231	206,911	200,231	206,911
Assets held by trading subsidiary	9	3,013,722	2,219,351	-	-
Heritage Assets	7	273,533	296,934	273,533	296,934
Investments in:- Swanage Railway Company Limited		-	-	469,315	468,985
Locomotive and carriage groups	11	-	67,450	-	67,450
Listed entities	12	10,666	-	10,666	-
Total fixed assets		3,528,152	2,820,646	983,745	1,070,280
Current Assets					
Stocks	13	92,147	101,620	-	-
Debtors and prepayments	14	334,046	93,221	258,066	172,767
Cash at bank and in hand		738,149	823,544	572,049	671,354
		1,164,342	1,018,387	830,115	844,121
Creditors: Amounts falling due					
Within one year					
Creditors and accruals	16	(709,617)	(284,641)	(20,542)	(26,178)
Total current liabilities		(709,617)	(284,641)	(20,542)	(26,178)
Net Current Assets		454,725	733,746	809,573	817,943
Total assets less current liabilities		3,982,877	3,554,392	1,793,318	1,888,223
Creditors: Amounts falling due after more than one year					
Life membership equalisation account	17	(18,130)	(29,118)	(18,130)	(29,118)
Members Loans	15	(10,750)	(14,450)	(10,750)	(14,450)
Total long term liabilities		(28,880)	(43,568)	(28,880)	(43,568)
Net Assets		3,953,997	3,510,824	1,764,438	1,844,655

The notes on pages 15 to 32 form part of these financial statements.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Trust and Subsidiary		Trust	
		2014 £	2013 £	2014 £	2013 £
Unrestricted Funds					
General funds	19	2,474,270	2,580,031	1,496,833	1,528,327
Revaluation funds	18	2,112	29,144	2,112	29,144
		<u>2,476,382</u>	<u>2,609,175</u>	<u>1,498,945</u>	<u>1,557,471</u>
Restricted funds	20	854,575	669,208	265,493	287,184
Swanage Railway Company Limited Profit and loss account surplus		605,392	214,463	-	-
Minority shareholdings		17,648	17,978	-	-
		<u>3,953,997</u>	<u>3,510,824</u>	<u>1,764,438</u>	<u>1,844,655</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 18 July 2015, and are signed on their behalf by :



P T Clements
Director



Mr G C Johns
Director

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial statements have been prepared under the historical cost convention as modified by the revaluation of the locomotives and rolling stock and are in accordance with applicable Accounting Standards, the Companies Act 2006 and the Charities Accounting Statement of Recommended Practice (SORP 2005).

1.2 Basis of Consolidation

The consolidated accounts incorporate the financial statements of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited. The results of the subsidiary are consolidated on a line by line basis.

1.3 Incoming Resources

Membership income:

Annual subscriptions from members are included in full in the year they are received. Life membership subscriptions are credited to the life membership account and from there to income in equal annual instalments over ten years.

Voluntary income and donations:

All voluntary income and donations are accounted for gross when received. Due to the nature of donations and fund raising income the directors have no control over this until received and entered into the records.

Trading income: Income from the subsidiary trading company is included in the period in which it is generated.

Legacy income: Legacy income is recognised at the earlier of the charity being notified or the legacy being received.

1.4 Resources Expended

All resources expended are classified under activity headings that aggregate all costs related to the category.

- Cost of generating funds comprises the costs of fundraising and trading activities.
- Charitable activities include the costs incurred directly in the fulfillment of the Charity's objectives.
- Governance costs represent those costs of the strategic management of the charity and of complying with constitutional and statutory requirements.

Liabilities are recognised as resources expended once there is a legal or constructive obligation to make a payment to a third party.

All expenditure is included in the Statement of Financial Activities on an accruals basis net of recoverable VAT.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. ACCOUNTING POLICIES – CONTINUED

1.5 Operating Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

1.6 Tangible Fixed Assets

Fixed assets are included at cost or valuation. There are no uncapitalised fixed assets. Expenditure on repairs and renewals and minor items of equipment is written off in the year in which it is incurred.

Freehold land is not depreciated.

1.7 Heritage Assets

Part of the Objectives of the Trust are to acquire, restore, preserve and manage heritage locomotives and rolling stock. These assets are included in the accounts of the Trust at valuation and are not subject to an annual depreciation charge, as in the opinion of the directors the nature of the assets concerned and the level of maintenance is such that there is no significant annual depreciation. Any permanent diminution in the value of such assets is charged to the Consolidated Statement of Financial Activities when recognised in accordance with FRS11.

Detailed information on the locomotives and rolling stock of the Trust and its subsidiary company can be found at www.swanagerailway.co.uk.

1.8 Infrastructure, plant and equipment

Infrastructure, plant and equipment are stated in the balance sheet at cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets concerned on a straight line basis over their estimated useful lives at the following rates:-

Infrastructure and railway buildings	4%
Plant and equipment	15%

1.9 Assets held by trading subsidiary

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets on a reducing balance and straight line basis over their estimated useful lives using rates between 10% and 25%.

1.10 Stocks

Stocks are valued at the lower of cost or net realisable value.

1.11 Investments

All investments in locomotive preservation groups are stated at cost. Investment in the Trust's subsidiary company the Swanage Railway Company Limited is stated at cost. Investments in Listed Entities are referred to in Note 12.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

1. ACCOUNTING POLICIES – CONTINUED

1.12 Fund accounting

Unrestricted funds are available to use to further any of the purposes of the charity, at the discretion of the trustees.

Designated funds are unrestricted funds of the charity which have been set aside by the trustees to fund particular activities of the charity.

Restricted funds are donated for particular areas of the charity work or specific projects undertaken. Restrictions arise when specified by the donor, by the trust deed or when funds are raised for particular restricted purposes.

1.13 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 its liabilities.

2. Voluntary and trading income

	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
Appeals, donations, covenants & legacies	256,687	82,078	338,765	338,804
Membership subscriptions	33,630	-	33,630	32,224
Fundraising and other income	24,426	-	24,426	31,616
Capital grants	-	-	-	64,483
Interest receivable	1,614	-	1,614	1,643
Total Trust income	316,357	82,078	398,435	468,770

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

2. ACTIVITIES FOR GENERATING FUNDS (CONTINUED)

Company	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total 2014 £	Total 2013 £
Capital grants				
Dorset County Council	-	7,808	7,808	10,616
Chalk & Cheese	-	-	-	27,983
National Lottery Big Fund	-	154,250	154,250	73,940
BP/Perenco	-	40,000	40,000	-
IMERYS	-	5,000	5,000	-
Passenger takings	1,944,660	-	1,944,660	1,833,093
Shop income	150,036	-	150,036	156,552
Catering income	267,314	-	267,314	236,368
Other income	125,850	-	125,850	127,441
Revenue grants	-	80,124	80,124	-
Total	<u>2,487,860</u>	<u>287,182</u>	<u>2,775,042</u>	<u>2,465,993</u>
Consolidated Total	<u>2,813,937</u>	<u>359,540</u>	<u>3,173,477</u>	<u>2,934,763</u>

3. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Trust discharges part of its charitable objectives through its subsidiary the Swanage Railway Company Limited, a company incorporated in the UK. A summary of the trading results including intergroup trading is set out below. Audited Accounts are filed with Companies House.

	2014 £	2013 (As Restated) £
Turnover	2,596,979	2,369,446
Cost of sales	(977,051)	(851,535)
Gross profit	1,619,928	1,517,911
Administrative expenses	(1,508,855)	(1,448,702)
Operating profit	111,073	69,209
Interest payable	(3,925)	(1,469)
Profit on ordinary activities	107,148	67,740
Gift Aid to The Swanage Railway Trust	-	(67,740)
Retained profit for the year	<u>107,148</u>	-
Net assets	<u>1,092,355</u>	<u>985,207</u>

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4. CHARITABLE ACTIVITIES

ANALYSIS OF TOTAL RESOURCES EXPENDED

	Premises costs £	Admin and other £	Depreciation £	Total 2014 £	Total 2013 £
Charitable Activities:					
Rent	85,438	-	-	85,438	82,585
Rates & utilities	13,560	-	-	13,560	10,527
Printing & stationery	-	26,541	-	26,541	26,163
Repairs & other	33,990	1,686	8,557	44,233	25,859
Total charitable activities	132,988	28,227	8,557	169,772	145,134
Costs of generating funds:					
Fundraising costs	-	6,197	-	6,197	6,025
Total cost of generating funds	-	6,197	-	6,197	6,025
Governance costs:					
Auditors remuneration	-	2,580	-	2,580	11,200
Investments written off	-	-	-	-	5,000
Bad debts written off	-	-	-	-	180
Other	-	7,264	-	7,264	3,163
Total other costs	-	9,844	-	9,844	19,543
Total resources	132,988	44,268	8,557	185,813	170,702

	2014 £	2013 £
Auditors remuneration (see note 25)	1,281	5,562
Auditors remuneration for non audit services (see note 25)	1,299	5,638

5. DIRECTORS AND EMPLOYEES

	Trust and Subsidiary		Trust	
	2014 £	2013 £	2014 £	2013 £
Staff costs including directors' emoluments				
Wages and salaries	807,000	685,687	8,689	7,758
Social security costs	53,832	50,453	1,391	1,242
	<u>860,832</u>	<u>736,140</u>	<u>10,080</u>	<u>9,000</u>

The Swanage Railway Company Limited had 45 (2013 – 36.5) employees at the year end, excluding directors. Some of the salary costs are recharged to the Swanage Railway Trust.

None of the directors of either The Swanage Railway Trust or the Swanage Railway Company Limited received any remuneration for their services and no expenses were reimbursed to the directors during the year.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

5. DIRECTORS AND EMPLOYEES (continued)

The Swanage Railway Trust and the Swanage Railway Company Limited are both heavily reliant on volunteer staff in all areas of their activities.

There were no employees with emoluments above £60,000 in the SRC or SRT

6. FIXED ASSET SCHEDULE : FREEHOLD PROPERTY

Cost

2014

As at 1 January 2014 and at 31 December 2014

£30,000

7. HERITAGE ASSETS : LOCOMOTIVES AND ROLLING STOCK

Description	Cost/Valuation As at 1 January 2014 £	Additions £	Disposals £	Valuation Adjustment £	Cost/Valuation As at 31 December 2014 £
Locomotives:					
48DL Ruston Hornby Diesel	6,000	-	-	-	6,000
Fowler 0-4-0 Diesel Mechanical May	1,500	-	-	-	1,500
Hibberd 4-wheel Petrol Shunter 2054 'Beryl'	250	-	-	-	250
Vans and Wagons:					
PMV,S1638S	600	-	-	-	600
PMV S2212S	1,000	-	-	-	1,000
Scenery Van S4594	5,000	-	-	(500)	4,500
Match Wagon ADB 502826	426	-	-	-	426
Crane DS2009	3,000	-	-	-	3,000
Brighton B Van S256S	5,000	-	-	(500)	4,500
Walrus ballast hopper 62070	250	-	-	-	250
Tank wagon 48442	250	-	-	-	250
Crane cc 1101 (FBC2)	-	-	-	-	-
LSWR 8 plank open wagon S59342	250	-	-	-	250
Coaches:					
Pullman Observation Car 14	78,184	-	-	(7,818)	70,366
GBLV ;'Churchill' bogie van S2464S	20,550	-	-	(2,055)	18,495
QMAS	-	-	-	-	-
Ironclad TK S728S	1,930	-	-	-	1,930
Bulleid RTO S1457S	2,650	-	-	-	2,650
Bulleid BTSO S4365S	61,594	-	-	(6,159)	55,435
Bulleid BTSO S4366S	3,000	-	-	-	3,000
Bullied S5761S	100,000	3,631	-	(10,000)	93,631
Maunsell 6697	1,000	-	-	-	1,000
Maunsell 1323	2,000	-	-	-	2,000
Maunsell 6699	2,000	-	-	-	2,000
Maunsell 1346	-	-	-	-	-
LSWR carriage body 2296	250	-	-	-	250
LSWR carriage body 4550	250	-	-	-	250
Total	296,934	3,631	-	(27,032)	273,533

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7. HERITAGE ASSETS : LOCOMOTIVES AND ROLLING STOCK (CONTINUED)

The total at 31 December 2014 of £273,533 is split as to cost £207,970 and assets at valuation £65,563.

The Trust's locomotives and rolling stock are included in the accounts at valuation which was carried out in December 2014 by those directors of the company who have knowledge of the value of such assets. In general they are not subject to an annual depreciation charge, as in the opinion of the directors the nature of the assets concerned and the level of maintenance is such that there is no significant annual depreciation. Heritage Assets in daily operational use are "revalued" by 10% as shown.

Any permanent diminution in the value of such assets is charged to the Consolidated Statement of Financial Activities when recognised in accordance with FRS11 and deducted from unrestricted funds.

A five year summary of heritage asset transactions is as follows:-

	2010	2011	2012	2013	2014
Additions - at cost	87,776	19,567	5,031	6,781	3,631
Disposals - at carrying value	-	-	-	-	-
Disposals - sale proceeds	-	-	-	-	-

8. FIXED ASSET SCHEDULE : INFRASTRUCTURE, PLANT AND EQUIPMENT

	Plant and Equipment £	Railway Buildings £	Signal Equipment £	Office Equipment £	Total £
Cost or valuation					
At 1 January 2014	12,596	329,212	10,482	4,984	357,274
Additions	-	568	-	1,309	1,877
At 31 December 2014	12,596	329,780	10,482	6,293	359,151
Depreciation					
As at 1 January 2014	12,596	125,382	10,482	1,903	150,363
Charge for the year	-	7,974	-	583	8,557
At 31 December 2014	12,596	133,356	10,482	2,486	158,920
Net Book Value					
At 31 December 2014	-	196,424	-	3,807	200,231
At 31 December 2013	-	203,830	-	3,081	206,911

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

9. TANGIBLE FIXED ASSETS – HELD BY TRADING SUBSIDIARY

	Land And Buildings	Locomotives and Rolling Stock	Plant Machinery and Equipment	Shop Fittings and Equipment	Permanent Way and other assets	Assets under construction £	Total £
Cost	£	£	£	£	£		
At 1 January 2014	781,158	764,095	502,035	41,790	1,062,920	-	3,151,998
Additions	609	-	52,068	949	15,287	862,562	931,475
Disposal	-	-	(40,667)	(300)	-	-	(40,967)
Reclassification	<u>(282,202)</u>	<u>(114,602)</u>	<u>(176,180)</u>	<u>(864)</u>	<u>(293,348)</u>	<u>751,851</u>	(115,345)
As 31 December 2014	499,565	649,493	337,256	41,575	784,859	1,614,413	3,927,161
Depreciation							
At 1 January 2014	89,738	429,154	291,927	19,943	101,885	-	932,647
Charge for the year	25,915	47,940	29,437	4,374	28,526	-	136,192
Adjustments on disposals	-	-	(28,366)	(157)	-	-	(28,523)
Reclassification	<u>(19,991)</u>	<u>(48,347)</u>	<u>(122,497)</u>	<u>(2,384)</u>	<u>66,342</u>	-	(126,877)
At 31 December 2014	95,662	428,747	170,501	21,776	196,753	-	913,439
Net Book Value							
At 31 December 2014	403,903	220,746	166,755	19,801	588,106	1,614,413	3,013,722
At 31 December 2013	691,420	334,941	210,108	21,847	961,035	-	2,219,351

10. INVESTMENT IN THE SWANAGE RAILWAY COMPANY LIMITED

The Trust discharges part of its charitable objectives through its subsidiary, the Swanage Railway Company Limited, which operates the Swanage Railway and undertakes the associated trading activities.

The share structure of the Swanage Railway Company Limited is such that The Swanage Railway Trust is the only shareholder who can hold voting shares in the Company. The effect of this structure is that The Swanage Railway Trust controls the Swanage Railway Company Limited.

An extract from the Balance Sheet of the Swanage Railway Company Limited at 31 December 2014 is as follows:-

	2014 £	2013 £
Fixed assets	3,013,724	2,219,351
Current assets	470,394	316,558
Current liabilities	<u>(854,126)</u>	<u>(418,433)</u>
Total assets less current liabilities	2,629,992	2,117,476
Creditors due in more than one year	<u>(1,537,637)</u>	<u>(1,132,269)</u>
	<u>1,092,355</u>	<u>985,207</u>
Called up share capital	486,963	486,963
Profit and loss account	<u>605,392</u>	<u>498,244</u>
	<u>1,092,355</u>	<u>985,207</u>

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

11. INVESTMENT IN LOCOMOTIVE AND CARRIAGE GROUPS

The Trust is the beneficial owner of a number of shares in the following Locomotive Preservation Groups:-

Loco and Carriage Group	Number of Shares Held	Total Shares Issue	Shares written off	Cost or Valuation £
Southern Locomotives Limited	236	7,711	236	-
Drummond Locomotives Limited	52	1,223	52	-
Project 62	4	218	4	-
6695 Locomotive Group	15	278	15	-
				<u>-</u>

The investments were written off during the year to reflect the Director's belief that the shares held no value at the balance sheet date. This amount is included in other recognised gains / (losses) for the amount of £67,450.

A number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary Swanage Railway Company Limited are shareholders in these and other locomotive preservation groups from whom the company hires locomotives and purchases engineering services. The directors' interests are disclosed in Note 24 to the accounts.

12. INVESTMENTS IN LISTED ENTITIES

Market value at 1st January 2014	-
Additions at cost	10,882
Disposals at market value	-
	<u>10,882</u>
Net investment (losses)/gains	(216)
Market value at 31 December 2014	10,666
Revaluation gains / (losses) at 31 December 2014	(216)
Gains realised in year	-

13. STOCKS

	Trust and Subsidiary		Trust	
	2014	2013	2014	2013
	£	£	£	£
Shop stocks for resale	73,347	77,574	-	-
Catering stock	4,259	4,155	-	-
Consumable stocks	8,509	11,166	-	-
Special events stock	4,079	5,979	-	-
Signals & telegraphs stock	204	1,079	-	-
Locomotive and carriages	1,749	1,667	-	-
	<u>92,147</u>	<u>101,620</u>	<u>-</u>	<u>-</u>

Stocks are valued at the lower of cost and net realisable value.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

**NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

14. DEBTORS AND PREPAYMENTS

	Trust and Subsidiary		Trust	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	36,695	29,375	607	21,170
Loan to the Swanage Railway Company Limited	-	-	96,482	127,591
Other debtors	274,162	56,629	158,385	17,213
Prepayments	23,189	7,217	2,592	6,793
	<u>334,046</u>	<u>93,221</u>	<u>258,066</u>	<u>172,767</u>

In 2006 the Swanage Railway Trust made a loan to the Swanage Railway Company Limited for a period of 10 years that is repayable in equal monthly instalments. During 2012 a short term loan was made to the Swanage Railway Company Limited.

At the balance sheet date Swanage Railway Company Limited also owes Swanage Railway Trust £0 (2013 - £67,740), being its profits for the period.

The total amount outstanding on these loans and profits passed up to the charity at 31 December 2014 was £96,482 (2013: £127,591). The long term loan will be fully repaid in 2016. The amount of the loan at 31 December 2014 that was repayable in more than a year was £3,029 (2013 - £31,160).

Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £3,729 (2013 - £1,469).

15. MEMBERS LOANS

	2014	2013
	£	£
Members' loans	<u>10,750</u>	<u>14,450</u>

The Trust has received various interest free loans in respect of special projects which are unsecured and have no specific date for repayment. Amounts totalling £3,700 that were confirmed as no longer repayable were written off in the year and reflected as donations.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

**NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

16. CREDITORS AND ACCRUALS

	Trust and Subsidiary		Trust	
	2014	2013	2014	2013
Due within one year	£	£	£	£
Trade creditors	505,244	158,637	4,587	3,853
Life membership equalisation account	8,755	10,658	8,755	10,658
Other creditors and accruals	195,618	115,346	7,200	11,667
	<u>709,617</u>	<u>284,641</u>	<u>20,542</u>	<u>26,178</u>
Due more than one year	2014	2013	2014	2013
	£	£	£	£
Members Loans	10,750	14,450	10,750	14,450
Life membership equalisation account	18,130	29,118	18,130	29,118
	<u>28,880</u>	<u>43,568</u>	<u>28,880</u>	<u>43,568</u>

17. LIFE MEMBERSHIP

Life membership subscriptions are credited to the accounts and released over ten years.
The movements during the year were:-

	2014	2013
	£	£
Balance at start of year	33,158	44,711
Membership sold in year	-	-
Premier life memberships	(10,602)	(11,097)
Life member subscriptions	<u>(114)</u>	<u>(456)</u>
	22,442	33,158
Add: PLM subscriptions brought forward	6,618	6,618
Less: Amounts outstanding	<u>(2,175)</u>	<u>-</u>
Balance at close of year	26,885	39,776
Shown in:-		
Creditors under 1 year	8,755	10,658
Creditors over 1 year	<u>18,130</u>	<u>29,118</u>
	<u>26,885</u>	<u>39,776</u>

Both Premier Life Membership and Life membership have now closed to new applicants.

18. REVALUATION RESERVE

	2014 £	2013 £
At 1 January 2014	29,144	18,288
Revaluation of assets in year	<u>(27,032)</u>	<u>10,856</u>
At 31 December 2014	<u>2,112</u>	<u>29,144</u>

The Trust's rolling stock was fully revalued in December 2014 and the revaluation was adopted by the directors in preparing these accounts.

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

19. UNRESTRICTED FUNDS

The balance of the unrestricted fund may be reconciled as follows:-

	General Reserves 2014 £	Designated Funds 2014 £	Total 2014 £
Opening balance	2,577,401	264,215	2,841,616
Surplus for the year	70,824	186,982	257,806
Balance per consolidated balance sheet	<u>2,648,225</u>	<u>451,197</u>	<u>3,099,422</u>

Designated funds comprise of the following:-

	Balance At 1 January 2014 £	Movement (Incoming Resources) £	In Funds (Resources Expended) £	Transfers £	Balance At 31 December 2014 £
Sygnets B van	1,739	170	(397)	-	1,512
Carriage shed	35,449	-	-	-	35,449
Maunsell 1346	5	-	-	-	5
DMU117	1,845	-	-	(1,845)	-
Swanage canopy	5,151	-	-	(5,151)	-
Goods shed	9,626	-	(2,900)	-	6,726
Court Road eng	27,847	-	-	(27,847)	-
Team Herston	666	-	(32)	-	634
Book wagon	84	-	-	(84)	-
Education and Museum	25,973	-	(25,973)	-	-
Heritage coaches	100,000	-	(2,450)	13,500	111,050
Loco Purchasing	53,000	-	-	47,000	100,000
Other special projects	2,830	-	(439)	-	2,391
B VAN 385	-	1,250	(995)	-	255
Army and Railway Link	-	5,085	(72)	-	5,013
Funds in memoriam	-	533	(130)	-	403
Staff facilities	-	-	(276)	17,000	16,724
Loco Overhaul Fund	-	-	(82,618)	242,250	159,632
Sleeper appeal	-	-	-	11,403	11,403
Volunteer boards	-	1,075	(1,075)	-	-
Corfe Good shed Museum	-	17,000	(17,000)	-	-
Loco Shed roof	-	-	(20,000)	20,000	-
	<u>264,215</u>	<u>25,113</u>	<u>(154,357)</u>	<u>316,226</u>	<u>451,197</u>

Designated funds are designated by the Council of Management for the following purpose:-

- Sygnets B van – the renovation of a brake van for the use of the Sygnets
- Carriage shed – the construction of a carriage shed
- Maunsell 1346 and DMU117 – the restoration of these vehicles
- Swanage canopy – work on the canopy at Swanage station
- Goods Shed – the refurbishment of Swanage Goods Shed
- Court Road Eng – the construction of an engineering workshop
- Team Herston – to promote Herston Halt
- Bookwagon – to create a bookstall at Corfe Castle
- Education and Museum – to promote education of the railway and museum
- Heritage Coaches – the refurbishment of heritage coaches
- Loco Purchasing – funds for future purchase of locomotives

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

19. Unrestricted Funds (Continued)

- Other special projects – the restoration of various historic engines, wagons and structures around the railway.
- B Van 385 – renovation of this vehicle as a workshop for Heritage Coach Group
- Army & Railway Link – the promotion of joint events involving the army and the SR
- Funds in Memoriam – funds given in memory of two volunteers
- Staff facilities – grant towards new toilet/shower block at Swanage for locomotive crews
- 31874 Overhaul Fund – grant provided towards cost of restoration of this locomotive
- Sleeper Appeal – ongoing appeal towards the cost of replacement sleepers on the railway
- Volunteer Boards – supply of new station notice boards across the railway
- Corfe Goods Shed - grant towards replacement of roof on Goods Shed at Corfe Castle
- Loco Shed Roof – grant towards replacement of locomotive shed roof at Swanage

20. RESTRICTED FUNDS

The income funds of the charity include restricted funds in respect of unexpended balances of donations which are to be applied for the following specific purposes:-

	Balance At 1 January 2014	Movement in Funds			Balance At 31 December 2014
	£	Incoming Resources £	Resources Expended £	Transfers £	£
The 200 Club	45,089	61,194	(64,237)	-	42,046
The Southern Carriage Account	22,554	-	-	-	22,554
Mercury Group New Company Appeal	191	-	(191)	-	-
Mining Museum Group	40,949	-	-	-	40,949
257 Squadron Appeal	147,642	11,164	(8,480)	-	150,327
Swanage 4TC Group	30,759	-	-	(30,759)	-
Charity	287,184	82,078	(73,010)	(30,759)	265,493
Dorset County Council	342,190	7,808	-	-	349,998
Chalk & Cheese National Lottery Big Fund	39,834	-	-	-	39,834
BP Perenco	-	234,374	(80,124)	-	154,250
IMERYS	-	40,000	-	-	40,000
	-	5,000	-	-	5,000
Consolidated	669,208	369,260	(153,134)	(30,759)	854,575

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

The balance on a restricted fund is held in separate bank accounts except for the following funds which are composed :-

	Fixed Assets £	Bank £	Total £
The 200 Club	25,770	16,276	42,046
The Southern Carriage Account	22,554	-	22,554
Mining Museum Group	137,714	12,613	150,327
Dorset County Council	349,998	-	349,998
Chalk & Cheese	39,834	-	39,834
National Lottery Big Fund	154,250	-	154,250
BP/Perenco	40,000	-	40,000
IMERYS	5,000	-	5,000
Swanage 4TC group	-	9,618	9,618
Restricted funds held in charity bank accounts	<u>775,120</u>	<u>38,507</u>	<u>813,627</u>
			<u>854,575</u>

The purpose of the restricted funds is as follows:-

- The 200 Club – general fundraising for projects around the railway as decided by CoM
- The Southern Carriage Fund – to raise funds for the restoration of heritage coaches
- The Mercury Group – funds raised by army supporters to assist with development of Herston Halt
- The New Company Appeal – to raise funds to launch a separate TOC for mainline services
- Corfe Castle Railway Museum – donations towards upkeep and development of this museum
- Purbeck Mineral & Mining Museum – donations towards the upkeep and development of the Mining Museum at Norden
- The Swanage 4TC Group – fundraising for and restoration of a 4TC unit to be based at Swanage to provide a push-pull set working with a Class 33/1 diesel electric locomotive
- The 257 Squadron Appeal – funds raised towards the cost of boiler overhaul of Battle of Britain class locomotive. (Owned by Southern Locomotives Engineering Ltd)
- BP/Perenco – part of grant totalling £500,000 towards the purchase and installation costs of new automatic crossing
- Imerys – grant given towards the cost of clay removal at Furzebrook
- Grants were received between 2012 and 2014 from Dorset County Council, Chalk & Cheese, the National Lottery Big Fund and the Coastal Community Fund. These grants were used by the company to finance the purchase of fixed assets, particularly with regards to "Project Wareham".

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

21. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2014:-

	Trust and Subsidiary		Trust	
	2014	2013	2014	2013
	£	£	£	£
Lease expiring				
-in under 1 year	34,596	109,100	18,190	44,850
-after 1 year but within 5 years	13,915	24,734	-	24,734
-after 5 years	152,368	164,425	-	-

Locomotive hire agreements

- a) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, 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 and Note 22 a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also directors and/or shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited.

The amount billed in respect of the year to the trading subsidiary by Southern Locomotives Engineering Limited was £108,785 (2013 - £97,658). At the year end, an amount of £5,048 (2013: £14,748) was owed to Southern Locomotives Engineering Limited. Goods and services totaling £38,386 (2013: £2,781) were sold to Southern Locomotives Engineering Limited. £17,142 (2013: £2,678) was outstanding at the year end.

- b) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, utilises the locomotive power provided by Drummond Locomotives Limited. As detailed in Note 24, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also directors/or shareholders in Drummond Locomotives Limited.

The amount invoiced by Drummond Locomotives Limited to the trading subsidiary for the supply of motive power in respect of the year was £37,233 (2013 - £29,094). At the year end, an amount of £4,468 (2013: £3,637) was owed to Drummond Locomotives Limited. Goods and services totaling £nil (2013: £7,947) were sold to Drummond Locomotives Limited. £nil (2013: £nil) was outstanding at the year end.

- c) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, utilised the locomotive power provided by JMB Locomotive Services. The amount invoiced by JMB Locomotive Services to the trading subsidiary for the supply of motive power in respect of the year was £18,200 (ex VAT).

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

**NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

21. FINANCIAL COMMITMENTS (CONTINUED)

d) On 1 June 2014 The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, entered into a hire agreement with John S Bunch (the owner) of three ex Southern Railway locomotives. This provides for the hire of the locomotives namely 31806, 31874 and 31625 for a period of twenty five years from the date of signing the agreement. The agreement contains a clause allowing the contract to be terminated after fifteen years i.e. on 1 June 2029 subject to twelve months' notice being given by either party.

22. CAPITAL COMMITMENTS

At 31 December 2014, the Swanage Railway Trust had authorised grants to the Swanage Railway Company Limited of £329,500 to fund capital expenditure.

23. DIRECTORS' INTERESTS (SEE NOTES 11 AND 21)

In the year ended 31 December 2014, £1,888 of goods were purchased from Sillson Communications Limited (2013: Nil) and £549 of goods were purchased from Coastal Publishing Limited (2013: Nil) by Swanage Railway Company Limited. These are companies in which Peter Sills, a director of both Swanage Railway Company Limited and The Swanage Railway Trust, has a controlling interest.

A number of the directors of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited are shareholders in Southern Locomotives Limited and Drummond Locomotives Limited which as detailed in Note 21 have entered into arrangements with the Swanage Railway Company Limited for the provision of motive power and engineering support.

The directors' interests in the shares at 31 December 2014 are as follows:

	Southern Locomotives Ltd No of Ordinary £250 Shares Held	Drummond Locomotives Ltd No of Ordinary £100 Shares Held
Trust:		
N Au	-	-
S J Barker	-	-
T D Buck	-	-
D A Budd	-	-
P T Clements	-	10
G Cope	-	-
J E Gregory	10	-
G C Johns	-	-
I J McDavid	-	-
T Parsons	-	-
Mrs E M Sellen	2	-
P N Sills	-	-
M A Stollery	14	-
W S Trite	37	12
M A Whitwam	2	2
M R Woolley	2	-

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

23. DIRECTORS' INTERESTS (SEE NOTES 11 AND 21) - continued

Subsidiary:

A L Moore	61	1
Mrs E M Sellen	2	-
M R Woolley	2	-
P N Sills	-	-
K M Potts	-	-

The total issued share capital of Southern Locomotives Limited at 31 December 2014 was 9,035 ordinary £250 shares and that of Drummond Locomotives Limited 1,258 ordinary £100 shares. (This is the latest information available as at 31 December 2013)

24. POST BALANCE SHEET EVENTS

Under the terms of the 25 year hire agreement, the Swanage Railway Company is responsible for ensuring that the current non-operational locomotives on hire from John S Bunch are fully restored to operational condition. It has entered into this contract upon the proviso that the Swanage Railway Trust shall accept responsibility for funding the restoration to working order of the two locomotives which are currently non-operational, i.e. 31874 and 31625. It is provisionally estimated that such restoration will cost in the order of £300,000 each i.e. a total commitment over future years of circa £600,000. The arrangements for the overhaul costs of 31806 when its 10 year boiler ticket ends are unknown at present but again the Trust will be expected to contribute significant sums. Accordingly, it may be prudent to allow a further £250,000 towards this commitment.

During the 2015 financial year to date (June), the Trust has received in excess of £77,000 in legacies. Further legacies have recently been advised which are estimated to produce a further £350,000 of income by the end of the current year.

As part of the national accreditation process to become formally recognised as Museums in their own right, the Purbeck Mineral & Mining Museum and the Corfe Castle Railway Museum now have their income and expenditure listed in a note to the accounts. However, both museums are under the auspices of and remain part of the Swanage Railway Trust and their income and expenditure is included in the Consolidated Accounts of the Trust.

25. AUDITORS' REMUNERATION

	Audit	Non-audit	Total
Swanage Railway Co Ltd.	£5,970	£2,225	£8,195
Swanage Railway Trust	£1,380	£3,725	£5,105
Total fees for 2014 Audit	£7,350	£5,950	£13,300
Adjustments re 2013 (*)	(£5,350)	(£5,370)	(£10,720)
Net fees as per Consolidated Accounts	£2,000	£580	£2,580

Company Number 4115126
Charity Number 1087318

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

26. SUMMARY OF INCOME AND EXPENDITURE FOR THE TWO MUSEUMS

Corfe Castle Railway Museum

Income	
Donations – collection boxes	£
Book Wagon – sales of secondhand books/DVD's	3,345
Revenue Support per Swanage Railway Co. Ltd	8,023
	<u>2,386</u>
	13,754
Expenditure	
Repairs and Maintenance	741
Telephone & Internet	144
Gas, Water and Electric	2,204
Office Supplies	651
Professional fees	60
Other expenses	<u>83</u>
	3,883
Surplus of Income over Expenditure	9,871

Purbeck Mineral & Mining Museum

Income	
Donations – collection boxes	£
Revenue Support per Swanage Railway Co.Ltd	11,253
	<u>8,065</u>
	19,318
Expenditure	
Repairs and Maintenance	8,487
Telephone & Internet	144
Publicity & advertising	2,592
Gas, Water and Electric	3,414
Office Supplies	389
Professional fees	30
Other expenses	<u>405</u>
	15,461
Surplus of Income over Expenditure	3,857

Company Number 4115126
Charity Number 1087318

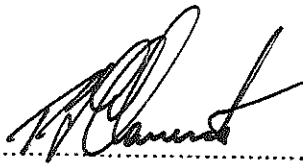
THE SWANAGE RAILWAY TRUST


**CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	Trust and Subsidiary		Trust	
		2014 £	2013 £	2014 £	2013 £
Unrestricted Funds					
General funds	19	2,474,270	2,580,031	1,496,833	1,528,327
Revaluation funds	18	2,112	29,144	2,112	29,144
		<u>2,476,382</u>	<u>2,609,175</u>	<u>1,498,945</u>	<u>1,557,471</u>
Restricted funds	20	854,575	669,208	265,493	287,184
Swanage Railway Company Limited Profit and loss account surplus		605,392	214,463	-	-
Minority shareholdings		17,648	17,978	-	-
		<u>3,953,997</u>	<u>3,510,824</u>	<u>1,764,438</u>	<u>1,844,655</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 18 July 2015, and are signed on their behalf by :


.....
P T Clements
Director


.....
Mr G C Johns
Director

Company Number 4115126
Charity Number 1087318

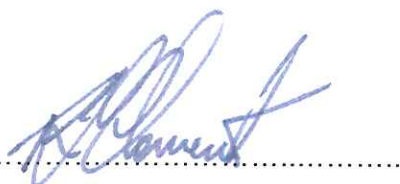
THE SWANAGE RAILWAY TRUST

CONSOLIDATED AND CHARITY BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2014

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