

Shirley

COMPANY NUMBER : 4115126

THE SWANAGE RAILWAY TRUST
(A Company Limited By Guarantee)
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2005

THE SWANAGE RAILWAY TRUST
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FOR THE YEAR ENDED 31ST DECEMBER, 2005

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THE SWANAGE RAILWAY TRUST

LEGAL AND ADMINISTRATIVE DETAILS

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.

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 directors.

Directors - (Collectively known as the Council of Management)

W.S. Trite (Chairman)
 A.L. Moore (Treasurer)
 M.R. Woolley (Secretary)
 D.A. Budd
 D.M. Chick
 G. Cope
 S.W. Doughty
 C. Morris (appointed September, 2005)
 M. Munro (appointed 4 June, 2005)
 P. Pickering (appointed September, 2005)
 P.W. Renaut
 Mrs. E.M. Sellen
 P. Sills
 M.A. Stollery
 A. Vincent (retired September, 2005 and co-opted October, 2005)
 S. Ward (resigned 22 February 2006)
 R. White (appointed September, 2005)
 M. Whitwam

Company Secretary

M.R. Woolley

Registered Office

Station House,
 Swanage,
 Dorset BH19 1HB.

Bankers

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

Portman Building Society,
 29 Station Road,
 Swanage,
 Dorset BH19 1AD.

Auditors

AGN Shipleys,
 Chartered Accountants,
 10 Orange Street,
 Haymarket,
 London WC2H 7DQ.

THE SWANAGE RAILWAY TRUST**DIRECTORS' REPORT****FOR THE YEAR ENDED 31ST DECEMBER, 2005**

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31st December, 2005.

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 2000)

CHARITABLE OBJECTS

The objects of The Swanage Railway Trust are to preserve and restore for the public benefit items of historical, architectural, engineering or scientific value in connection with railways and to advance the education of the public in the history and development of railway transportation.

ORGANISATIONAL STRUCTURE AND FUTURE DEVELOPMENTS

The Swanage Railway Trust has a single management body, the Board of Directors (also known as the Council of Management), elected by the members. Fifty percent of the directors are required to retire by rotation each year at the Trust's Annual General Meeting. The Board of directors meets on a monthly basis. The Southern Steam Trust is remaining in existence for a limited period in order that any payments that may be made to it in the foreseeable future under existing arrangements can be transferred to The Swanage Railway Trust.

SUBSIDIARY TRADING COMPANY

The Swanage Railway Trust holds a controlling interest in the Swanage Railway Company Limited, which assists the Trust in meeting its objective 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.

RELATED PARTIES

As detailed in Note 24, a number of the directors of The Swanage Railway Trust and the Swanage Railway Company Limited are also directors and shareholders in Southern Locomotives Limited.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2005

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

The directors are pleased to report an improved performance for the Trust in 2005. During the year, both the Trust and its trading subsidiary the Swanage Railway Company Ltd have made great steps to disentangle their finances and activities which will help in future years to give greater clarity of their respective roles and responsibilities. Inevitably in a Project such as ours, lines do get blurred not least because so many people involved in managing and running the railway wear several hats. However, it is important that we all know what decisions go with which hat. The directors are grateful to everyone who has laboured to this objective, which we hope will enable the Trust Council to focus more of its efforts on its charitable responsibilities to greater effect.

This is important, for more detailed scrutiny of the accounts does highlight that fact that the improved performance is largely due to measures taken to reduce costs and, furthermore, these disguise a fall-off in the Trust's own direct income from appeals, donations, subscriptions and other activities. This is not universal, and the directors are grateful to the many Trust members who continue to raise funds effectively in many ways and especially to those who have led new initiatives during the year. 2005 has also seen a welcome improvement in the performance of the Company, but margins remain thin and there is no scope for complacency here. We also cannot escape from the fact that the Trust cannot rely on the Company to generate all the money we need to achieve all of our charitable objectives.

The Trust Council is aware that in the future it will increasingly be focussed on such matters.

The directors are grateful to all Swanage Railway staff and supporters for their unceasing efforts without which none of what we do would be possible.

VOLUNTEERS

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

RISKS

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. Where appropriate the directors obtain the assistance of experts in the various areas that are a risk to the Trust or its trading subsidiary.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2005

RESERVES

Unrestricted funds total £883,164 (2004 - £823,131) and consist of general and designated funds of £823,670 (2004 - £763,599) as detailed in Note 20 and the revaluation reserve of £59,494 (2004 - £59,532) as detailed in note 19. Restricted funds amount to £130,115 (2004 - £118,088) as shown by note 21 and this gives total reserves of £1,013,279 (2004 - £941,219). There is a requirement for a high level of reserves given the substantial investment by the Trust in fixed assets.

The Trust's policy is to continue to accumulate reserves in order to finance the Charity's declared objectives. As detailed in Note 19, the Trust's rolling stock has been revalued giving rise to a total revaluation surplus to date of £59,494.

DIRECTORS' INTERESTS

The Trust is a company that is limited by guarantee and has no share capital. In consequence, there are no directors' interests to be reported.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial period and of the result for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to reappoint AGN Shipleys will be proposed at the Annual General Meeting.

On Behalf of the Directors



W.S. Trite
Chairman

22nd April, 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE SWANAGE RAILWAY TRUST**

We have audited the financial statements of The Swanage Railway Trust for the year ended 31st December, 2005, which comprise the consolidated statement of financial activities, consolidated and charity balance sheets and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)..

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE SWANAGE RAILWAY TRUST – CONTINUED**

Opinion

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31st December, 2005 and of its incoming resources and application of resources in the year then ended; and

have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "AGN Shipley". The signature is written in a cursive style. A long horizontal line extends from the end of the signature to the right.

AGN Shipley
Chartered Accountants and
Registered Auditors
10 Orange Street
Haymarket
London WC2H 7DQ

22nd April, 2006

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Notes	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total 2005 £	Total 2004 £
Incoming Resources					
Appeals, donations and covenants	2	80,016	17,581	97,597	142,726
Membership subscriptions	2	47,852	-	47,852	53,935
Activities in furtherance of the Charity's objects:					
Fund raising and other income	2	44,546	-	44,546	33,958
Other activities to generate funds:					
Trading income	3	1,636,752	-	1,636,752	1,504,745
Interest receivable		688	3,094	3,782	2,547
Total incoming resources		<u>1,809,854</u>	<u>20,675</u>	<u>1,830,529</u>	<u>£1,737,911</u>
Less : Costs of generating funds					
Trading expenses	3	1,550,039	-	1,550,039	1,463,174
Fund-raising costs	4	954	-	954	1,196
		<u>£1,550,993</u>	<u>£ -</u>	<u>£1,550,993</u>	<u>£1,464,370</u>
Net incoming resources available for charitable application		<u>£258,861</u>	<u>£20,675</u>	<u>£279,536</u>	<u>£273,541</u>
Charitable expenditure					
Support costs	5	23,359	-	23,359	32,202
Running and maintenance costs	5	118,430	8,648	127,078	167,360
Management and administration	5	20,059	-	20,059	37,014
Total charitable expenditure		<u>161,848</u>	<u>8,648</u>	<u>170,496</u>	<u>236,576</u>
Total resources expended		<u>1,712,841</u>	<u>8,648</u>	<u>1,721,489</u>	<u>£1,700,946</u>
Net incoming resources		<u>£97,013</u>	<u>£12,027</u>	<u>£109,040</u>	<u>£36,965</u>

The notes on pages 11 to 26 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2005

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total 2005 £	Total 2004 £
Net incoming resources	97,013	12,027	109,040	36,965
(Deficit)/gain on revaluation of tangible fixed assets	<u>(38)</u>	<u>-</u>	<u>(38)</u>	<u>3,436</u>
Net movement in funds	96,975	12,027	109,002	40,401
Fund balances brought forward at 1st January, 2005	<u>801,361</u>	<u>118,088</u>	<u>919,449</u>	<u>879,048</u>
Fund balances carried forward at 31st December, 2005	<u><u>£898,336</u></u>	<u><u>£130,115</u></u>	<u><u>£1,028,451</u></u>	<u><u>919,449</u></u>

All incoming resources and resources expended derive from continuing activities.

	2005	2004
Total recognised gains as defined by the Companies Act 1985	<u><u>£109,040</u></u>	<u><u>£36,965</u></u>

The notes on pages 11 to 26 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31ST DECEMBER, 2005

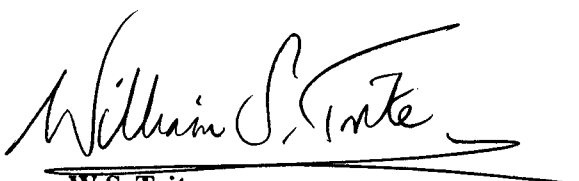
	Notes	Trust and Subsidiary 2005 £	2004 £	Trust 2005 £	2004 £
Fixed Assets					
Tangible fixed assets					
Freehold Property	7	30,000	30,000	30,000	30,000
Locomotives and rolling stock	8	271,408	258,189	271,408	258,189
Infrastructure, plant and equipment	9	523,942	527,008	523,942	527,008
Assets held by trading subsidiary	10	121,328	99,851	-	-
Investments in:-					
Swanage Railway Company Limited	11	-	-	110,341	81,419
Locomotive and carriage groups	12	63,200	27,250	63,200	27,250
		<u>1,009,878</u>	<u>942,298</u>	<u>998,891</u>	<u>923,866</u>
Current Assets					
Stocks	13	22,462	26,324	-	-
Debtors and prepayments	14	76,843	31,505	14,381	12,120
Cash at bank and in hand		175,682	197,996	150,691	193,845
		<u>274,987</u>	<u>255,825</u>	<u>165,072</u>	<u>205,965</u>
Creditors : Amounts falling due within one year					
Members' loans	15	29,050	29,450	29,050	29,450
Creditors and accruals	16	120,615	132,784	27,750	58,320
		<u>149,665</u>	<u>162,234</u>	<u>56,800</u>	<u>87,770</u>
Net current assets		<u>125,322</u>	<u>93,591</u>	<u>108,272</u>	<u>118,195</u>
Total assets less current liabilities		1,135,200	1,035,889	1,107,163	1,042,061
Creditors : Amounts falling due after more than one year					
Life membership equalisation account	17	(93,884)	(100,842)	(93,884)	(100,842)
Bank loan	18	(12,865)	(15,598)	-	-
Net Assets		<u>£1,028,451</u>	<u>£919,449</u>	<u>£1,013,279</u>	<u>£941,219</u>

The notes on pages 11 to 26 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31ST DECEMBER, 2005

	Notes	Trust and Subsidiary		Trust	
		2005 £	2004 £	2005 £	2004 £
Income Funds:					
Unrestricted funds:					
Designated and general funds	20	823,670	763,599	823,670	763,599
Revaluation reserve	19	59,494	59,532	59,494	59,532
		<u>883,164</u>	<u>823,131</u>	<u>883,164</u>	<u>823,131</u>
Restricted	21	130,115	118,088	130,115	118,088
Swanage Railway Company Limited:					
Profit and loss account deficit		(3,837)	(39,619)	-	-
Minority shareholdings		19,009	17,849	-	-
		<u>£1,028,451</u>	<u>£919,449</u>	<u>£1,013,279</u>	<u>£941,219</u>

Approved by the Board on 22nd April, 2006


W.S. Trite
Chairman


A.L. Moore
Treasurer

The notes on pages 11 to 26 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31ST DECEMBER, 2005

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, and the Charities Accounting Statement of Recommended Practice (SORP 2000). There have been no changes in the accounting policies.

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. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

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 equalisation 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.

1.4 Expenditure

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

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Direct charitable expenditure includes the direct costs of the activities and depreciation on related assets.

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.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

1. ACCOUNTING POLICIES - continued

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.

1.7 Locomotives and rolling stock

The Trust's locomotives and rolling stock are included in the accounts 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.

The Swanage Railway Company Limited locomotives are depreciated at 10% on a straight line basis.

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:-

Track and associated infrastructure, 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.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED
31ST DECEMBER, 2005

2. ANALYSIS OF INCOMING RESOURCES

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total 2005 £	Total 2004 £
Appeals, donations and covenants				
Donations	68,831	17,581	86,412	120,329
Donations Norden Park & Ride – See Note below	-	-	-	12,450
Tax repayments on covenant and gift aid income	<u>11,185</u>	<u>-</u>	<u>11,185</u>	<u>9,947</u>
	<u>£80,016</u>	<u>£17,581</u>	<u>£97,597</u>	<u>£142,726</u>
Membership subscriptions				
Premier life membership	28,712	-	28,712	34,093
Subscriptions	<u>19,140</u>	<u>-</u>	<u>19,140</u>	<u>19,842</u>
	<u>£47,852</u>	<u>-</u>	<u>£47,852</u>	<u>£53,935</u>
Fund raising and other income				
Fund raising income	39,820	-	39,820	22,084
Advertising income	1,740	-	1,740	6,652
Sundry income	<u>2,986</u>	<u>-</u>	<u>2,986</u>	<u>5,222</u>
	<u>£44,546</u>	<u>-</u>	<u>£44,546</u>	<u>£33,958</u>
Interest receivable	<u>£688</u>	<u>£3,094</u>	<u>£3,782</u>	<u>£2,547</u>
Total Incoming Resources For the Trust	<u>£173,102</u>	<u>£20,675</u>	<u>£193,777</u>	<u>£233,166</u>

Note: The operation of the Norden park and ride facility was transferred to the Swanage Railway Company Limited from 1st January, 2005 and hence the income and expenditure relating to the car park is no longer shown in the accounts of The Swanage Railway Trust.

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 is set out below. Audited accounts are filed with Companies House.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

3. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY - continued

Profit and Loss Account	2005	2004
	£	£
Turnover	1,636,752	1,504,745
Direct costs	<u>(739,055)</u>	<u>(686,510)</u>
Gross profit	897,697	818,235
Administrative expenses	(811,964)	(796,487)
Other operating income	2	92
Interest payable	<u>(3,870)</u>	<u>(2,203)</u>
Net income per consolidated accounts	<u>81,865</u>	<u>19,637</u>
Reconciliation to statutory accounts		
Net income per consolidated accounts	81,865	19,637
Transactions with The Swanage Railway Trust:		
Infrastructure charge	(27,158)	(25,692)
Wages recharge	6,969	21,935
Rent re Herston Works	<u>(25,894)</u>	<u>(23,128)</u>
Profit / (Loss) per Swanage Railway Company Limited statutory accounts	<u>£35,782</u>	<u>£(7,248)</u>

4. ANALYSIS OF FUND RAISING COSTS

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2005	2004
	2005	2005		
Marketing and publicity	<u>954</u>	<u>-</u>	<u>954</u>	<u>£1,196</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

5. CHARITABLE EXPENDITURE

Analysis of charitable expenditure

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total 2005 £	Total 2004 £
Support costs				
Magazines and stationery costs	23,359	-	23,359	32,202
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Running and maintenance costs				
Repairs, restoration and maintenance costs	47,479	8,648	56,127	60,532
Transport and storage costs	735	-	735	2,400
Herston Works establishment costs:-				
Rent and service charges	23,826	-	23,826	23,127
Rates	-	-	-	967
Norden Car Park operating costs – see Note below	-	-	-	32,950
Finance charges:				
Bank charges	2,349	-	2,349	344
Bad debts written off	-	-	-	77
Depreciation				
Depreciation of infrastructure, plant & equipment	34,744	-	34,744	34,386
Depreciation of locomotives & rolling stock	9,297	-	9,297	11,827
Loss/(gain) on disposal of fixed assets	-	-	-	750
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£118,430	£8,648	£127,078	£167,360
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Management and administration				
Administration and establishment costs	13,360	-	13,360	26,472
Telephone	401	-	401	224
Auditors' remuneration	2,600	-	2,600	2,500
General expenditure	3,698	-	3,698	7,818
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£20,059	-	£20,059	£37,014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total charitable expenditure	£161,848	£8,648	£170,496	£236,576
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: The operation of the Norden park and ride facility was transferred to the Swanage Railway Company Limited from 1st January, 2005 and hence the income and expenditure relating to the car park is no longer shown in the accounts of The Swanage Railway Trust.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

6. DIRECTORS AND EMPLOYEES	Trust and Subsidiary		Trust	
	2005	2004	2005	2004
	£	£	£	£
Staff costs including directors' Emoluments				
Wages and salaries	470,906	461,012	6,402	20,407
Social security costs	<u>35,465</u>	<u>35,493</u>	<u>567</u>	<u>1,528</u>
	<u>£506,371</u>	<u>£496,505</u>	<u>£6,969</u>	<u>£21,935</u>

The Swanage Railway Company Limited had 35 (2004 – 34) full and part-time 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.

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 £50,000 in the SRC or SRT.

7. FIXED ASSET SCHEDULE : FREEHOLD PROPERTY

	2005
Cost:	
At 1 st January, 2005 and at 31st December, 2005	<u>£30,000</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

8. FIXED ASSET SCHEDULE : LOCOMOTIVES AND ROLLING STOCK

Description	Cost/Valuation			Revaluation Surplus/ (Deficit) £	As at 31st December, 2005 £
	As at 1st January, 2005 £	Additions £	Disposals £		
Locomotive:					
Diesel 3591	11,700	-	-	(1,170)	10,530
Dismantled Peckett 0-4-0 Saddle Tank	900	-	-	(100)	800
	<u>12,600</u>	<u>-</u>	<u>-</u>	<u>(1,270)</u>	<u>11,330</u>
Vans and Wagons:					
PMV, S1638S	750	-	-	(75)	675
PMV, S2212S	1,000	-	-	-	1,000
Scenery Van, S4594	2,000	-	-	-	2,000
Palvan B779696	405	-	-	(40)	365
Marlin Bogie Flat Wagon, 083656	500	-	-	(50)	450
Dolphin Bogie Flat Wagon, DB 274569	3,240	-	-	(324)	2,916
Match Wagon, ADB 502826	525	-	-	(52)	473
Turbot Bogie Ballast Wagon DB 978059	567	-	-	(57)	510
Dogfish Hopper Wagon, DB 992784	2,430	-	-	(243)	2,187
Salmon Bogie Flat Wagon, DB 996437	684	-	-	(68)	616
Crane, CB 5968	2,816	-	-	-	2,816
Crane, CC 1101	2,788	-	-	(279)	2,509
Crane, DS 2008	525	-	-	(50)	475
	<u>18,230</u>	<u>-</u>	<u>-</u>	<u>(1,238)</u>	<u>16,992</u>
Coaches :					
Mk1 RU, Kitchen Car, S1937	45,000	-	-	(4,500)	40,500
Mk1 FO, S3090	10,000	-	-	-	10,000
Mk1 TSO, Royal Wessex Bar Car, S4055	8,100	-	-	1,900	10,000
Pulman Car 347	29,689	-	-	-	29,689
Mk1 TSO, S4349	6,075	-	-	(608)	5,467
Mk1 TSO, S4416	18,764	-	-	-	18,764
Mk1 SO, S4803	4,050	-	-	(405)	3,645
Mk1 TSO, S4842	27,680	-	-	(2,768)	24,912
Mk1 TSO, S4961	5,000	-	-	(500)	4,500
Mk1 TSO, S4983	22,014	-	-	(2,201)	19,813
Mk1 CK, S7673	575	-	-	(575)	-
Mk1 BSO(B), S9015	7,776	-	-	(778)	6,998
Mk1 BCK, S21205	10,000	-	-	-	10,000
Mk1 SK(H), S24127	3,240	-	-	(324)	2,916
Mk1 SK, S25424	2,430	-	-	(243)	2,187
Mk1 BSK, S35464	5,751	-	-	(575)	5,176
Mk1 BG, S81146	250	-	-	(250)	-
Mk1 BG 92607	1,620	-	-	5,000	6,620
Ironclad TK, S728S	2,430	-	-	-	2,430
Bulleid RTO, S1457S	3,150	-	-	-	3,150
Bulleid BTSO, S4365S	4,265	22,554	-	-	26,819
Bulleid BTSO, S4366S	3,500	-	-	-	3,500
Share in Maunsell BCK, S6699S	1,000	-	-	-	1,000
BCK 35059	5,000	-	-	-	5,000
	<u>227,359</u>	<u>22,554</u>	<u>-</u>	<u>(6,827)</u>	<u>243,086</u>
Total	<u>£258,189</u>	<u>£ 22,554</u>	<u>£ -</u>	<u>(£9,335)</u>	<u>£271,408</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

8. FIXED ASSET SCHEDULE : LOCOMOTIVES AND ROLLING STOCK – continued

The Trust's locomotives and rolling stock are included in the accounts 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 and deducted from unrestricted funds.

As detailed in note 19, locomotives and rolling stock were revalued in December 2005 and the directors have adopted these valuations in preparing these accounts. The valuation was undertaken by members of the Trust with expertise in this area. The historical cost of these assets is £280,743.

9. FIXED ASSET SCHEDULE : INFRASTRUCTURE, PLANT AND EQUIPMENT

	Track and Construction Costs £	Plant and Equipment £	Railway Buildings £	Signal Equipment £	Office Equipment £	Total £
Cost or valuation:						
At 1st January, 2005	447,831	12,596	152,967	10,482	2,194	626,070
Additions	<u>1,609</u>	<u>-</u>	<u>30,069</u>	<u>-</u>	<u>-</u>	<u>31,678</u>
At 31st December, 2005	<u>449,440</u>	<u>12,596</u>	<u>183,036</u>	<u>10,482</u>	<u>2,194</u>	<u>657,748</u>
Depreciation						
At 1st January, 2005	60,125	9,415	21,895	7,140	487	99,062
Charge for the year	<u>22,463</u>	<u>1,879</u>	<u>9,137</u>	<u>988</u>	<u>277</u>	<u>34,744</u>
At 31st December, 2005	<u>82,588</u>	<u>11,294</u>	<u>31,032</u>	<u>8,128</u>	<u>764</u>	<u>133,806</u>
Net Book Value						
At 31st December, 2005	<u>£366,852</u>	<u>£1,302</u>	<u>£152,004</u>	<u>£2,354</u>	<u>£1,430</u>	<u>£523,942</u>
At 31st December, 2004	<u>£387,706</u>	<u>£3,181</u>	<u>£131,072</u>	<u>£3,342</u>	<u>£1,707</u>	<u>£527,008</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

10. TANGIBLE FIXED ASSETS : HELD BY TRADING SUBSIDIARY

	Land & Buildings £	Locomotives £	Plant, Machinery & Equipment £	Shop Fittings & Equipment £	Motor Vehicles £	Total £
Cost						
At 1st January, 2005	-	30,000	171,069	13,302	9,000	223,371
Additions	<u>30,011</u>	<u>2,100</u>	<u>10,507</u>	-	-	<u>42,619</u>
At 31st December, 2005	<u>30,011</u>	<u>32,100</u>	<u>181,576</u>	<u>13,302</u>	<u>9,000</u>	<u>265,990</u>
Depreciation						
At 1st January, 2005	-	833	108,465	11,147	3,075	123,520
Charge for the year	<u>1,200</u>	<u>3,710</u>	<u>14,622</u>	<u>431</u>	<u>1,185</u>	<u>21,148</u>
At 31st December, 2005	<u>1,200</u>	<u>4,543</u>	<u>123,087</u>	<u>11,578</u>	<u>4,260</u>	<u>144,668</u>
Net Book Value						
At 31st December, 2005	<u>£28,811</u>	<u>£27,557</u>	<u>£58,489</u>	<u>£1,724</u>	<u>£4,740</u>	<u>£121,321</u>
At 31st December, 2004	<u>£ -</u>	<u>£29,167</u>	<u>£62,604</u>	<u>£2,155</u>	<u>£5,925</u>	<u>£99,851</u>

11. 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.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

12 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	Cost or Valuation £
Southern Locomotives Limited	209	6,233	52,250
Drummond Locomotives Limited	12	1,062	1,200
Project 62	4	218	1,000
Swanage Railway Carriage Group	35	419	5,000
6695 Locomotive Group	15	278	<u>3,750</u>
			<u><u>£63,200</u></u>

The shares held in the Swanage Railway Carriage Group are stated in the balance sheet at valuation.

The shares held in the four loco groups are stated in the balance sheet at cost. Due to the nature of the investment no provision has been included for any decrease or increase in the value of the Trust's holding.

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.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

13. STOCKS	Trust and Subsidiary		Trust	
	2005	2004	2005	2004
	£	£	£	£
Shop stocks for resale	14,123	18,339	-	-
Catering stock	2,527	2,264	-	-
Consumable stocks	2,072	3,777	-	-
Special events stock	3,740	1,944	-	-
	<u>£22,462</u>	<u>£26,324</u>	<u>£ -</u>	<u>£ -</u>

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

14. DEBTORS AND PREPAYMENTS	Trust and Subsidiary		Trust	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	13,905	12,870	364	4,947
Swanage Railway Company Limited	-	-	7,834	-
Other debtors	41,783	7,757	5,417	7,173
Prepayments	21,155	10,878	766	-
	<u>£76,843</u>	<u>£31,505</u>	<u>£14,381</u>	<u>£12,120</u>

15. MEMBERS' LOANS

Members' loans may be classified as follows:-	2005	2004
Members' loans	<u>£29,050</u>	<u>£29,450</u>

The Trust has received various interest free loans in respect of special projects which are unsecured and have no specified date for repayment.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

16.1 CREDITORS AND ACCRUALS	Trust and Subsidiary		Trust	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	3,367	17,012	-	-
Trade creditors	95,392	76,135	24,750	18,210
Swanage Railway Company Limited	-	-	-	36,656
Other creditors and accruals	21,856	39,637	3,000	3,454
	<u>£120,615</u>	<u>£132,784</u>	<u>£27,750</u>	<u>£58,320</u>

16.2 BANK SECURITY

The assets of the Trust's trading subsidiary the Swanage Railway Company Limited are subject to a debenture charge in support of bank borrowings by the Swanage Railway Company Limited.

17. LIFE MEMBERSHIP EQUALISATION ACCOUNT

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

	2005	2004
	£	£
Balance at start of year	125,807	139,252
Membership sold in year	19,033	24,450
Transferred to income and expenditure account :		
Premier life memberships	(23,401)	(33,504)
Life member subscriptions	(4,225)	(4,391)
	<u>117,214</u>	<u>125,807</u>
Less : PLM subscriptions outstanding	(23,330)	(24,965)
Balance at close of year	<u>£93,884</u>	<u>£100,842</u>

18. BANK LOAN	Trust and Subsidiary		Trust	
	2005	2004	2005	2004
	£	£	£	£
Bank loan	<u>£12,865</u>	<u>£15,598</u>	<u>£ -</u>	<u>£ -</u>

The bank loan totals £16,232 and is repayable by monthly instalments by November 2009.

The subsidiary's assets are subject to a debenture charge in respect of bank borrowings.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

19. REVALUATION RESERVE	£
At 1st January, 2005	59,532
Revaluation deficit in year	<u>(38)</u>
At 31st December, 2005	<u><u>£59,494</u></u>

The Trust's rolling stock was revalued in December 2005 and the revaluation was adopted by the directors in preparing these accounts.

The revaluation deficit during the year of £9,297 compared to cost has been deducted from unrestricted funds on the Statement of Financial Activities, whereas the deficit compared to previous valuations has been debited to the revaluation reserve as detailed above.

20. UNRESTRICTED FUNDS

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

	General Reserves 2005 £	Designated Funds 2005 £	Total 2005 £
Opening balance	705,974	57,625	763,599
Surplus for the year	96,975	-	96,975
Swanage Railway Company Limited			
- profit for the year	(35,782)	-	(35,782)
- issue of non voting shares	(1,160)	-	(1,160)
Revaluation reserve movement	38	-	38
	<u> </u>	<u> </u>	<u> </u>
Balance per consolidated balance sheet	<u><u>£766,045</u></u>	<u><u>£57,625</u></u>	<u><u>£823,670</u></u>

Transfers to designated funds relate to the designation by the directors of general reserves for the purposes of the construction of a carriage shed and specific projects.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

21. 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 1st January, 2005 £	Movement in Funds Incoming Resources £	Resources Expended £	Balance At 31st December, 2005 £
Harmans Cross Project Appeal	7,345	1,688	(865)	8,168
The 200 Club	38,802	11,620	(1,925)	48,497
The Southern Carriage Account	20,294	2,260	-	22,554
Mercury Group	433	897	(1,117)	213
Carriage Shed Fund	2,266	-	-	2,266
New Company Appeal	13,418	153	-	13,571
Mining Museum Group Donations	4,125	3,465	(4,459)	3,131
257 Squadron Appeal	30,943	387	(282)	31,048
Corfe Signal Box Appeal	462	205	-	667
	<u>£118,088</u>	<u>£20,675</u>	<u>£(8,648)</u>	<u>£130,115</u>

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

	Fixed assets £	Bank £	Total £
The 200 Club	28,533	19,964	48,497
The Southern Carriage Account	22,554	-	22,554
New Company Appeal	1,358	12,213	13,571
257 Squadron Appeal	30,750	298	31,048

The 200 Club was established to raise funds for the ongoing enhancement of Corfe Castle Station.

The Southern Carriage Account was established to raise funds for the restoration of heritage coaches.

The Carriage Shed Fund was established to raise funds for the construction of a carriage shed.

The New Company Appeal was established to raise funds for the formation of a new company in order to operate a railway service to Wareham.

The 257 Squadron Appeal was established to promote the overhaul of the locomotive for future use on the Swanage Railway.

The Corfe Signal Box Appeal was established to raise funds for the construction of a signal box at Corfe Castle.

The Mercury Group consists of members of the Swanage Railway Trust and its aim is to promote the Swanage Railway and assist with special projects.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

22. CONTINGENT LIABILITIES

The directors are satisfied that all the terms and conditions associated with grants received by the former Southern Steam Trust will be fully adhered to, and in consequence, no contingent liability to repay the grants exists.

23. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result the following payments falling due in the year to 31st December, 2005 :-

	Trust & Subsidiary		Trust	
	Land & Buildings		Land & Buildings	
	2005	2004	2005	2004
Leases expiring after 1 year but within 5 years	£23,826	£23,127	£23,826	£23,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Leases expiring after 5 years	£18,000	£18,000	£ -	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The directors are currently in negotiations with the landlords regarding the renewal of the lease over Herston Works.

Locomotive hire agreements

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 24, 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 by Southern Locomotives Engineering Limited was £110,000.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2005

24. DIRECTORS' INTERESTS (see note 12 and note 23)

A number of the directors of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited are shareholders in Southern Locomotives Limited which as detailed in note 23 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, 2005 are as follows:

	Southern Locomotives Ltd No of Ordinary £250 Shares Held
Trust:	
D.M. Chick	1
S.W. Doughty	3
A.L. Moore	41- Director
P.W. Renaut	10
Mrs. E.M. Sellen	2
M.A. Stollery	14
W.S. Trite	37
M.R. Woolley	2
Subsidiary:	
S.W. Doughty	2
A.L. Moore	41
W.S. Trite	37

The total issued share capital of Southern Locomotives Limited at 31st December, 2005 was 6,233 ordinary £250 shares.

25. POST BALANCE SHEET EVENTS

On 31st March, 2006 fixed assets were sold for £583,400 to the subsidiary organisation, The Swanage Railway Company Limited. The fixed assets sold comprise track and rolling stock which are used in the operation of the Swanage Railway. This sale has been financed by the subsidiary organisation issuing new shares to The Swanage Railway Trust and by a loan from The Swanage Railway Trust.