

Company Number 4115126
Charity Number 1087318

The Swanage Railway Trust
(A Company Limited by Guarantee)
Consolidated Accounts
For the year ended 31 January 2018

**THE SWANAGE RAILWAY TRUST
INDEX TO CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2018**

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**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)
E M Sellen (Deputy Chairman)
T J Parsons
M R Woolley (Secretary)
P T Clements
A L Moore (Treasurer)
D A Budd
N S C Coram
S I Magnus
P N Sills
W S Trite
M A Whitwam
B R Ezzard
J A Hagger (resigned Sep17, reappointed Mar18)
D Bennett
G W Carter
M McManus (Elected Sep17)

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

**THE SWANAGE RAILWAY TRUST
CHAIRMAN'S STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2018**

Review of business.

The trading period covered in this report was one of the most exciting since work started some 40 years or so ago, on the restoration of rail links between Swanage and Wareham. The inauguration of a summer season of scheduled trains over 60 days, between Swanage and Wareham, marked the culmination of all our work and the Trustees would like to congratulate and thank everyone for the part they played, no matter how large or small, in achieving this milestone.

We hosted two magnificent galas; the Bullied Gala focused on our Southern steam heritage and modern traction enthusiasts were catered for at the ever popular diesel gala. Both required intensive preparation and delivery, placing huge demands on our staff but the strong positive response of our customers demonstrated that the effort was worthwhile.

Later in the early summer the announcement that H.M.The Queen had awarded the Swanage Railway volunteers the coveted Queens Award for Voluntary Service was a surprise. It is a very welcome recognition of the dedicated way, over the years, volunteers have maintained focus on the project both actively supporting the development and operation of the line. This award is for all volunteers, and it is something that we can wear with pride.

However, these successes cannot mask the reality presented in these accounts that trading during the period under review did not match the positive face presented by the Railway.

The Trust meets its charitable objectives in two main ways: firstly by the work undertaken by the Swanage Railway, through our subsidiary Company (the Swanage Railway Company), and secondly, by direct activity undertaken by the Trust.

Trust income was less in 2017/18 compared with 2016 and this was largely due to the fact that we received less from legacies in the year in comparison with 2016. Expenditure by the Trust fell very slightly in 2017/18 but as costs are largely fixed and not linked to income, this led to the Trust making an overall loss in its individual accounts of £109,341. Overall the Trust's financial position remains positive, but there remain some serious systemic issues that the Trustees need to address: our fundraising should not be dependent on legacies. Grateful though we are to receive legacies, they are by their very nature unpredictable. During the period under review they fell considerably in comparison with the previous year. Our fundraising to support the delivery of our strategic plan requires more certainty. The need to provide annually, winter funding support to the Company (necessary due to the absence of trains in the quiet winter periods) inhibits the scope for the Trust to invest. Fundraising is an area we must tackle in a more thoughtful and bold way. Additionally the heightened need for retention and recruitment of volunteers requires a similar approach. Failure to tackle both areas will seriously impede the Trust's development plans as well as the viable operation of the Company. I will comment further on what we are doing about this later in this report.

The Trust's Museum activity is performing well. The teams at Corfe Castle and Norden, ably managed by the newly recruited Museum Manager, are focused on gaining accreditation (to improve the quality of our museums activity and experience, as well as to unlock funding

**THE SWANAGE RAILWAY TRUST
CHAIRMAN'S STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2018**

opportunities) and on improving interpretation for our customers. Explaining in an engaging way the history of the line is a major opportunity for encourage interest in what we do and why we exist.

Turning to our subsidiary, the Swanage Railway Company, I am sorry to have to report that during the period it sustained a loss of £134,055. This is a very disappointing result and one directly at odds with the achievements made during the year.

There are four principle reasons for this result:

- The change in our accounting year to end on 31 January means that this report includes thirteen monthly periods. In future years we will revert to a twelve period year but ending on the new date. The addition of January 2018 contributed to this loss, as we received no income in that period;
- The operation of the Wareham services last summer incurred a loss of some £70,000.
- Other un-budgeted, but necessary maintenance spends were incurred; and
- Trading in the latter part of the summer was affected by the serious incident in late July that meant that diesel traction substituted steam traction, marginally affecting income but increasing costs as repairs needed to be completed.

Passenger numbers remained buoyant at 213,518. We did not experience the downturn in visitor numbers that other attractions have reported, but they did not grow as much as forecast. We were expecting better growth in view of the new Wareham services, but in practice the new service enabled us to maintain our figures rather than achieve a significant step change in usage and income.

Looking ahead to 2018 and beyond, there are some important lessons learnt and actions needing to be taken to ensure a sustainable future for the Railway.

1. Trading conditions remain uncertain, with much competition from other tourist attractions in the area. We need to be flexible and responsive to customer needs. Maintaining value for money combined with being a great day out will be an important task for us all.
2. We must maintain a rigorous approach to costs. Unplanned overspends last year have affected out cash flow forecasts and we must closely manage this aspect of our business. We anticipated that some difficult choices may need making to ensure we maintain a positive cash flow.
3. Our fundraising strategy and resource need overhaul. We have prepared a prioritised capital investment plan. This will in turn support preparation of a Fundraising Plan. We are considering recruiting a Fundraising Officer to increase activity in this vital area.

**THE SWANAGE RAILWAY TRUST
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FOR THE YEAR ENDED 31 JANUARY 2018**

4. With increased pressure to manage costs, retaining and recruiting volunteers becomes even more vital. Our long standing methods need a good overhaul and additional resources to better respond to current demographic changes. We have created and recruited a Volunteer Recruitment Officer, who together with others is working to overhaul this significant process.
5. We learnt from last summer that it is not cost effective to deliver Wareham services using a third party operator contracted in the way we did. Future proposals must be more carefully analysed so that risks are better understood and managed. We anticipate that in future, services will be in a different form, preferably managed and delivered by the SRC, so as permit a close control on income and cost. There is though significant work to be done to achieve this and work will continue during the year.

We continue to develop future facilities for the Railway. Work on the initial development of rail served maintenance facility at Herston continues to take place. At Furzebrook we continue to navigate the complex negotiations with the Owner and Council with the aim of taking a lease of the redundant sidings that will give us much needed storage space.

The Trustees are very grateful to Matt Green, the General Manager, and his management team, together with all the staff and volunteers, for all their hard work. With careful attention to detail during the year ahead we remain confident that we can continue to produce an experience that our customer's value and that we, as volunteers, enjoy supporting.

Principal risks and uncertainties.

Principal risks and uncertainties have been described in the Directors' Report on page 7.

The Trust and Railway continue to grow and remain an exciting and rewarding place to work.

I want expressly to thank, on behalf of the Trust, everyone for their own contribution to the Swanage Railway. Without all these contributions, we would not have the Railway that today we can justifiably be proud of.



Gavin Johns
Chairman SRT

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018

The directors are pleased to present their report together with the consolidated financial statements of the charity and its subsidiary company for the year ended 31 January 2018.

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 FRS 102).

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.

The Council of Management delegate day to day responsibilities of managing the Railway to The Swanage Railway Company's Senior Management Team, overseen by the Board. The Directors consider the following people to be part of Key Management.

Directors;

- Trevor Parsons (Director)
- Andrew Moore (Director)
- Kevin Potts (Director)
- Elizabeth Sellen (Director)
- Mark Woolley (Director)
- Gavin Johns (Director)
- Matthew Green (Director/General Manager)
- Keith Usher (Director)

Senior Managers;

- Matthew Green (Director/General Manager)
- David Rawsthorn (Head of Sales and Marketing)
- Lorna Lock (Finance and Payroll Manager)
- James Cox (Locomotive Carriage & Wagon Manager)
- Ashley Haines (Operations Manager)
- Martin Trott (Passenger Services Manager)
- Barry Light (Permanent Way Manager)
- Tony North (Signal & Telegraph Manager)
- Barry Osgood (Health and Safety Manager)
- Graham Froud (Steam Locomotive Superintendent)
- Christopher Morgan (Museums Manager)
- Jon Bridgland (Business Development Manager)

Key Management Personnel are employed by the Swanage Railway Company and are remunerated in accordance with the pay structures established by its Directors who act with the authority delegated by the Council of Management.

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018 (Continued)**

DIRECTORS MEETINGS

The Council of Management meets 11 times a year.

DIRECTOR INDUCTION AND TRAINING

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

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.

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 organise, 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.

The Board use annual passenger numbers on the railway to measure the performance of the Group.

A review of business describing how objectives and activities have been achieved in the current year has been included in the Chairman's Strategic Report which starts on page 2.

PUBLIC BENEFIT

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

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018 (Continued)**

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.

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	Drummond Locomotives Limited
Southern Locomotives Ltd	JMB Locomotive Services
Southern Locomotives Engineering Limited	Class 33/1 Preservation Co. Ltd
71A Locomotive Ltd	

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 decreased largely because of the reduction of capital grants from outside organisations which were made to the trading subsidiary as those projects near completion although this is matched by a decrease in capital and revenue expenditure. Legacy income in the Trust was also substantially lower this year. The number of passengers carried by the trading subsidiary has shown a decrease of 1% over the previous year. 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 £6,972,151 at 31 January 2018 (2016 - £7,181,203). There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018 (Continued)

RESERVES POLICY

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

Where funds have been raised for specific projects, the Group maintains separate funds either as designated or restricted funds – see notes 13 and 14.

The available reserves of the Group are as follows:

	£
Total consolidated funds at 31 January 2018	6,972,151
Less:-	
- Tangible Fixed assets	6,122,247
- Fixed asset investments	6,419
- Restricted funds held in bank balances	197,759
- Designated funds	412,388
	<hr/>
Net reserves	233,338

Funds in relation to fixed assets would only be released on the sale of those assets.

The Group will continue to invest in fixed assets and locomotive overhaul in 2018 although at much lower levels than in previous years due to the completion of Project Wareham.

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

FUTURE PLANS

The Group intends to use its strategic objectives to utilise its resources and to develop its museum facilities and collections and to restore further items of equipment appropriate to its need for use on the Swanage Railway.

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 19 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.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the consolidated 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;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable group 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.

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.

In so far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware;
- The trustees 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 auditors, Ward Goodman, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by Order of the Directors



M R Woolley

Company Secretary

Date 28/4/18

REPORT OF THE INDEPENDENT AUDITORS OF THE SWANAGE RAILWAY TRUST

Opinion

We have audited the consolidated financial statements of The Swanage Railway Trust (the parent company and its trading subsidiary, together 'the group') for the period ended 31 January 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets and the consolidated statement of cashflows and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the group and charitable company. Our audit work has been undertaken so that we might state to the group and charitable company those matters we are required to state to them in an auditors' 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 group and charitable company as a body, for our audit work, for this report, or for the opinions we have formed.

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 January 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees and directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If,

**REPORT OF THE INDEPENDENT AUDITORS OF
THE SWANAGE RAILWAY TRUST**

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Director's Responsibilities set out on page nine, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.



Ian M Rodd (Senior Statutory Auditor)
For and on behalf of Ward Goodman
Registered Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Date: *28 April 2018*

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 JANUARY 2018
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Period to 31 January 2018 £	Total Year to 31 December 2016 £
Incoming Resources					
Voluntary Income:					
Appeals, donations, legacies and covenants		146,880	52,968	199,848	533,899
Grant income		677	-	677	394,398
Activities for generating funds:					
Membership subscriptions		37,121	-	37,121	30,802
Fund raising and other income		12,506	21,970	34,476	36,454
Trading income		3,047,997	-	3,047,997	2,760,325
Investment income		637	9	646	1,903
Total Incoming Resources	2	<u>3,245,818</u>	<u>74,947</u>	<u>3,320,765</u>	<u>3,757,781</u>
Resources Expended					
Cost of generating funds					
Trading expenses		3,208,350	-	3,208,350	2,642,087
Fundraising costs		4,751	4,781	9,532	74,995
Charitable activities		263,166	45,571	308,737	218,873
Total Resources Expended	3	<u>3,476,267</u>	<u>50,352</u>	<u>3,526,619</u>	<u>2,935,955</u>
Net Incoming Resources		<u>(230,449)</u>	<u>24,595</u>	<u>(205,854)</u>	<u>821,826</u>
Revaluation adjustment		(3,198)	-	(3,198)	(1,894)
Transfers between funds		2,510,394	(2,510,394)	-	-
Net movement in funds		<u>2,276,747</u>	<u>(2,485,799)</u>	<u>(209,052)</u>	<u>819,932</u>
Funds at 1 January 2017		4,357,819	2,823,384	7,181,203	6,361,271
Funds at 31 January 2018	13, 14	<u>6,634,566</u>	<u>337,585</u>	<u>6,972,151</u>	<u>7,181,203</u>

All incoming resources and resources expended derive from continuing activities.


	2018 £	2016 £
Total recognised gains/(losses) as defined by the Companies Act 2006	<u>(209,052)</u>	<u>819,932</u>

The notes on pages 16 to 33 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE PERIOD ENDED 31 JANUARY 2018

	Notes	Trust and Subsidiary		Trust	
		2018 £	2016 £	2018 £	2016 £
Fixed Assets					
Tangible Fixed Assets	5	6,122,248	5,822,008	640,066	620,467
Fixed asset investments - listed	8	6,420	9,617	6,420	9,617
Investment in subsidiaries	7	-	-	470,585	469,315
Total fixed assets		6,128,668	5,831,625	1,117,070	1,099,399
Current Assets					
Stocks	9	98,593	87,718	-	-
Debtors and prepayments	10	382,518	436,459	409,708	346,095
Cash at bank and in hand		806,744	1,275,067	800,947	1,031,200
		1,287,855	1,799,244	1,210,655	1,377,295
Creditors: Amounts falling due within one year					
Creditors and accruals	11	(361,827)	(374,956)	(95,222)	(143,196)
Net Current Assets		926,028	1,424,288	1,115,433	1,234,099
Total assets less current liabilities		7,054,696	7,255,913	2,232,503	2,333,498
Creditors: Amounts falling due after more than one year					
Finance leases		(25,347)	(26,077)	-	-
Life membership equalisation	12	(39,198)	(35,633)	(39,198)	(35,633)
Members Loans		(18,000)	(13,000)	(18,000)	(13,000)
Total long term liabilities		(82,545)	(74,710)	(57,198)	(48,633)
Net Assets		6,972,151	7,181,203	2,175,305	2,284,865
Unrestricted Funds;					
General funds	13	5,853,956	3,584,813	1,343,290	1,487,654
Designated funds		412,388	383,938	389,853	383,938
Revaluation funds		368,222	371,420	4,005	219
		6,634,566	4,357,819	1,737,148	1,871,811
Restricted funds	14	337,585	2,823,384	438,157	413,054
Total funds		6,972,151	7,181,203	2,175,305	2,284,865

These financial statements were approved by the directors and authorised for issue on 28 April 2018, and are signed on their behalf by:


 A L Moore - Director


 Mr G C Johns - Director

**THE SWANAGE RAILWAY TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2018**

	<u>Note</u>	<u>2018</u> £	<u>2016</u> £
Net cash flows from operating activities	1	58,462	797,629
Cash flows from investing activities			
Purchase of equipment		(537,926)	(430,107)
Interest received		630	1,903
Proceeds from sale of fixed assets		1,726	7,500
Net cash flows from investing activities		<u>(535,570)</u>	<u>(420,704)</u>
Cash flows from financing activities			
Capital repayment of Hire Purchase leases		(10,947)	(409)
New Hire Purchase leases in year		25,865	
Interest paid		(6,132)	(338)
Net cash flows from financing activities		<u>8,786</u>	<u>(747)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(468,322)</u>	<u>376,178</u>
Cash and cash equivalents at the beginning of the year		1,275,067	898,889
Cash and cash equivalents at the end of the year		<u>806,745</u>	<u>1,275,067</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		806,745	1,275,067
Bank overdrafts		-	-
Cash and cash equivalents		<u>806,745</u>	<u>1,275,067</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2018

1. NET CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities

	<u>2018</u>	<u>2016</u>
	<u>£</u>	<u>£</u>
Net Surplus/(Deficit)	(209,044)	819,932
Adjustment for;		
Depreciation charges	190,597	143,008
(Gains)/Losses on revaluation of investments	3,198	1,894
Investment income	(630)	(1,903)
Interest paid	6,132	338
(Gain)/loss on disposal of fixed assets	45,382	(6,738)
	<hr/>	<hr/>
Cash flows before movement in working capital	35,609	956,531
(Increase) / Decrease in stock	(10,875)	(6,689)
(Increase)/Decrease in debtors	53,941	71,029
Increase / (Decrease) in creditors	(20,213)	(223,242)
	<hr/>	<hr/>
Cash generated by operations	<u>58,462</u>	<u>797,629</u>

**THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018**

1. ACCOUNTING POLICIES

1.0 Legal form

The Swanage Railway Trust Limited, a public benefit company under FRS 102, is incorporated as a Company limited by guarantee, registered in England and Wales (company number 4115126). The registered office address is on page 1 of these accounts. The company is also a registered charity in England (charity number 1087318).

The Swanage Railway Company Limited is incorporated as a Company limited by shares, registered in England and Wales (company number 01412568). The registered office address is on page 1 of these accounts.

1.1 Basis of preparation

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 Financial Reporting Standard 102, the Companies Act 2006 and the Charities Accounting Statement of Recommended Practice (SORP FRS 102).

The directors took the decision to change the charitable company's accounting reference date from 31 December 2017 to 31 January 2018, therefore these accounts have been prepared for a 13 month period and as a result the comparatives are not wholly comparable.

1.2 Basis of Consolidation

The consolidated accounts present the financial statements of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited as if they formed a single entity. Intercompany transactions and balances have therefore been eliminated in full.

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.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

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.

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. 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 is 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 FRS 102. During the year accounting policies in the subsidiary's accounts were amended to come in line with this group policy.

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 is stated in the balance sheet at cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets concerned on either a straight line basis or a reducing balance basis over their estimated useful lives at the following rates:-

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Infrastructure, plant and equipment (continued)

Plant and machinery;
Fixtures and fittings, plant and equipment – 20% Reducing balance
Computer equipment – 25% Straight line
Motor vehicles – 10% Straight line
Rolling stock – 10% Straight line
Furniture – 20% Straight line

Shop fittings and equipment;
Fixtures and catering equipment – 20% Straight line

Permanent way – 2% Straight line
Buildings and railway structures – 4% Straight line

1.9 Stocks

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

1.10 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 measured at market value at the year end. The listed investments were gifted to the Trust as part of a legacy in previous years and are held to earn investment income. The Trust has no plans or policies in place for further investment in listed entities.

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 recognised in the balance sheet when the Group becomes party to the contractual provisions of the instrument.

Basic financial assets;

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Financial instruments (continued)

Basic financial liabilities;

Basic financial liabilities, including trade and other payables, bank loans, and loans from group companies are initially recognised at transaction price. Financial liabilities due in more than one year are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities constituting financing transactions are initially measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial assets and liabilities;

Financial assets and liabilities are derecognised when the Group's contractual rights or obligations expire or are discharged, transferred or cancelled.

1.14 Significant judgement and estimates

In the application of the group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are areas that are considered to be key sources of estimation uncertainty, there are no significant judgements to note.

Useful life and residual values of tangible fixed assets;

The economic useful life of tangible fixed assets and the expected residual value on future disposal is estimated by the Directors based on their knowledge and experience. The total carrying value of fixed assets at 31 January 2018 was £6,128,667.

1.15 Finance Leases

Finance leases are measure at the present value of future lease payments and interest is accrued using the sum of digits method.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

2. INCOMING RESOURCES

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2016 £
Voluntary income (Trust)				
Appeals, donations, legacies and covenants	146,880	52,968	199,848	533,899
Grant income	52	-	52	75,000
Membership subscriptions	37,121	-	37,121	30,802
Fundraising and other income	12,506	21,970	34,476	36,454
Investment income	621	9	630	1,903
Total voluntary income from Trust	197,180	74,947	272,127	678,058
Activities for generating funds (Subsidiary Company)				
Capital grants				
National Lottery Big Fund	-	-	-	239,395
BP/Perenco	-	-	-	46,162
Heritage passenger fare income	2,129,737	-	2,129,737	2,128,356
Wareham fare income	155,461	-	155,461	-
Shop income	189,668	-	189,668	170,325
Catering income	274,878	-	274,878	272,412
Driver experience days	44,779	-	44,779	25,988
Other income	108,726	-	108,726	163,244
Insurance claims	144,764	-	144,764	-
Revenue grants	625	-	625	33,841
Total income from activities in subsidiary company	3,048,638	-	3,048,638	3,079,723
Total consolidated incoming resources	3,245,818	74,947	3,320,765	3,757,781

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

2. 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.

	2018	2016
	£	£
Turnover	2,903,858	2,804,233
Cost of sales	(1,249,244)	(974,033)
Gross profit	1,654,614	1,830,200
Administrative expenses	(1,781,008)	(1,720,755)
Operating profit	(126,394)	109,445
Interest payable	(7,677)	(3,886)
Interest receivable	16	15
Profit on ordinary activities	(134,055)	105,574
Retained profit/(loss) for the year	(134,055)	105,574
Net assets	1,524,499	1,658,554

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

3. TOTAL RESOURCES EXPENDED

	Premises & railway running costs £	Admin, salaries and other £	Dep'n £	Total 2018 £	Total 2016 £
Charitable Activities:					
Rent	124,766	-	-	124,766	103,166
Rates & utilities	21,161	-	-	21,161	9,565
Printing & stationery	-	23,686	-	23,686	30,514
Repairs & other	47,125	600	50,637	98,362	61,269
Auditors remuneration (audit)	-	3,650	-	3,650	3,610
Auditors remuneration (non audit)	-	4,568	-	4,568	4,475
Other legal and professional	-	32,544	-	32,544	6,274
Total charitable activities	193,052	65,048	50,637	308,737	218,873
Costs of generating funds:					
Fundraising costs	-	9,532	-	9,532	74,995
Trading costs (subsidiary only) ¹	1,696,356	1,327,248	184,746	3,208,350	2,642,087
Total cost of generating funds	1,696,356	1,336,780	184,746	3,217,882	2,717,082
Total resources expended	1,889,408	1,401,828	235,383	3,526,619	2,935,955

1 Auditors remuneration for both audit and non-audit fees for the Swanage Railway Company was £9,080 (2016: £6,965).

**THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)**

4. DIRECTORS AND EMPLOYEES

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
	£	£	£	£
Staff costs				
Wages and salaries	1,077,242	929,743	-	-
Social security costs	81,479	68,506	-	-
Pension costs	5,872	4,818	-	-
	<u>1,164,593</u>	<u>1,003,067</u>	<u>-</u>	<u>-</u>

The Swanage Railway Company Limited had 39 (2016 – 49) employees at the year end, excluding directors. All staff members are employed by Swanage Railway Company Limited.

None of the directors of The Swanage Railway Trust received any remuneration for their services. One director of The Swanage Railway Company Limited received remuneration of £34,397. Expenses were reimbursed to the directors during the year for out of pocket expenses incurred in accordance with their duties as directors.

The aggregate total of Key Management Personnel salaries for the year to 31 January 2018 was £314,952 (2016: £277,018). The names of the people that the Directors consider to be Key Management are listed in the Directors report on page 5.

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.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

5. TANGIBLE FIXED ASSETS

	Freehold Land (Norden)	Land and Buildings	Heritage Assets	Plant Machinery and Equipment	Shop Fittings and Equipment	Permanent Way and Other Assets	Assets Under Construction	Total
Swanage Railway Company Limited								
Cost	£	£	£	£	£	£	£	£
At 1 January 2017	-	840,979	787,099	423,339	3,387	807,197	3,000,368	5,862,369
Additions	-	4,277	7,500	60,851	-	-	394,548	467,176
Disposal	-	-	-	(35,618)	-	-	-	(35,618)
Transfer of completed assets	-	-	123,011	558,484	-	956,533	(1,638,028)	-
As 31 January 2018	-	845,256	917,610	1,007,056	3,387	1,763,730	1,756,888	6,293,927
Depreciation								
At 1 January 2017	-	202,978	-	190,674	880	266,296	-	660,828
Charge for the year	-	36,337	-	114,705	902	26,467	-	178,411
Adjustments on disposals	-	-	-	(27,493)	-	-	-	(27,493)
Reclassification	-	-	-	-	-	-	-	-
At 31 January 2018	-	239,315	-	277,886	1,782	292,763	-	811,746
Net Book Value								
At 31 January 2018	-	605,941	917,610	729,170	1,605	1,470,967	1,756,888	5,482,181
At 31 December 2016	-	638,001	787,099	232,665	2,507	540,901	3,000,368	5,201,541
Swanage Railway Trust								
Cost								
At 1 January 2017	30,000	335,750	399,160	32,093	-	-	3,885	800,888
Additions	-	1,039	69,711	-	-	-	-	70,750
Disposal	-	(192,306)	-	(2,195)	-	-	-	(194,501)
As 31 January 2018	30,000	144,483	468,871	29,898	-	-	3,885	677,137
Depreciation								
At 1 January 2017	-	153,012	-	27,409	-	-	-	180,421
Charge for the year	-	10,938	-	1,230	-	-	-	12,168
Adjustments on disposals	-	(153,459)	-	(2,059)	-	-	-	(155,518)
Reclassification	-	-	-	-	-	-	-	-
At 31 January 2018	-	10,492	-	26,580	-	-	-	37,071
Net Book Value								
At 31 January 2018	30,000	133,991	468,871	3,318	-	-	3,885	640,066
At 31 December 2016	30,000	182,738	399,160	4,684	-	-	3,885	620,467
Total Consolidated NBV								
at 31 January 2018	30,000	740,033	1,368,481	732,488	1,605	1,470,967	1,760,773	6,122,247

Included in the above carrying amount of fixed assets is £62,597 (2016; £37,629) in respect of assets held under hire purchase agreements

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

6. TANGIBLE FIXED ASSET REVALUATION – HERITAGE ASSETS

If Heritage assets had not been revalued on transition to FRS 102, they would be included at £1,290,827 (2016; £1,090,695).

7. INVESTMENT IN THE SWANAGE RAILWAY COMPANY LIMITED (company number 01412568)

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 trust owns 96% of the issued share capital of The Swanage Railway Company Limited.

An extract of the subsidiary's income statement is in note 2 to these accounts.

An extract from the Balance Sheet of the Swanage Railway Company Limited at 31 January 2018 is as follows:-

	2018	2016
	£	£
Fixed assets	5,482,181	5,201,541
Current assets	277,200	421,939
Current liabilities	<u>(561,104)</u>	<u>(261,414)</u>
Total assets less current liabilities	5,198,277	5,362,066
Creditors due in more than one year	<u>(3,673,778)</u>	<u>(3,703,512)</u>
	<u>1,524,499</u>	<u>1,658,554</u>
Called up share capital	486,963	486,963
Revaluation reserve	371,202	371,202
Profit and loss account	<u>666,334</u>	<u>800,839</u>
	<u>1,524,499</u>	<u>1,658,554</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

8. INVESTMENTS IN LISTED ENTITIES

	£
Market value at 1 January 2017	9,617
Additions	-
Disposals	-
Net investment (losses)/gains	(3,198)
Market value at 31 January 2018	6,419

9. STOCKS

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
	£	£	£	£
Shop stocks for resale	27,224	22,221	-	-
Catering stock	4,797	5,604	-	-
Consumable stocks	18,177	9,599	-	-
Special events stock	3,315	2,887	-	-
Signals & telegraphs stock	2,350	177	-	-
Rolling stock spares	42,730	47,230	-	-
	<u>98,593</u>	<u>87,718</u>	<u>-</u>	<u>-</u>

10. DEBTORS AND PREPAYMENTS

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
	£	£	£	£
Trade debtors	6,153	14,186	61	402
Loan to the Swanage Railway Company Limited	-	-	200,000	-
Other debtors	235,994	363,187	178,793	304,601
Prepayments and accrued income	140,371	59,086	30,854	41,092
	<u>382,518</u>	<u>436,459</u>	<u>409,708</u>	<u>346,095</u>

The total amount outstanding on the loan from Swanage Railway Trust Limited to Swanage Railway Company Limited at 31 January 2018 was £200,000 (2016: £nil). The whole amount of the loan is repayable on demand.

Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £1,545 (2016 - £3,548).

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

11. CREDITORS AND ACCRUALS

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
Due within one year	£	£	£	£
Trade creditors	136,403	138,966	14,461	38,962
Taxation and social security	21,677	18,057	-	-
Life membership equalisation account	9,035	9,145	9,035	9,145
Hire purchase creditors	23,613	7,964	-	-
Other creditors and accruals	171,099	200,824	71,726	95,089
	<u>361,827</u>	<u>374,956</u>	<u>95,222</u>	<u>143,196</u>

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
Due more than one year	£	£	£	£
Members Loans	18,000	13,000	18,000	13,000
Hire purchase creditors (1-3 years)	25,347	26,077	-	-
Life membership equalisation account	39,198	35,633	39,198	35,633
	<u>82,545</u>	<u>74,710</u>	<u>57,198</u>	<u>48,633</u>

Hire purchase creditors are in respect of two hire purchase contracts for motor vehicles purchase in the year, both expiring in four years and repayable in monthly installments. The creditor is measured at the present value of future lease payments.

12. LIFE MEMBERSHIP

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

	2018	2016
	£	£
Ordinary Life, Lifetime Travel and Premier Life Memberships brought forward	44,778	24,868
Memberships paid in the year	14,000	30,695
Premier life memberships released over 10 years	(5,545)	(7,185)
Life member subscriptions released over 10 years	<u>(5,000)</u>	<u>(3,600)</u>
Balance of life memberships at close of year	48,233	44,778
Shown in:-		
Creditors under 1 year	9,035	9,145
Creditors over 1 year	<u>39,198</u>	<u>35,633</u>
	<u>48,233</u>	<u>44,778</u>

Both Premier Life Membership and Ordinary Life membership have now closed to new applicants. A new Life Time Travel Membership continues.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

13. UNRESTRICTED FUNDS

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

	Opening balance at 1 January 2017 £	Incoming Resources £	Expenditure £	Transfers £	Gains/(losses) on revaluation £	Closing balance at 31 January 2018 £
General funds	3,602,461	3,117,646	(3,292,665)	2,426,514	-	5,853,956
Designated funds for;						
Restoration and purchasing of Locomotives, coaches etc.	242,724	87,158	(131,769)	-	-	198,113
Other capital expenditure	39,467	725	-	-	-	40,192
Education and museum expenditure	65,711	-	(16,900)	500	-	49,311
Other designated	36,036	40,289	(34,933)	83,380	-	124,772
Total designated	383,938	128,172	(183,602)	-	-	412,388
Revaluation reserve	371,420	-	-	-	(3,198)	368,222
Total	4,357,819	3,245,818	(3,476,267)	-	(3,198)	6,634,566

The designated funds for purposes as described above are designated and reviewed annually by the Council of Management. Incoming resources are received into the general fund and are subsequently reallocated to the designated funds at the discretion of the directors.

The revaluation reserve is in respect of Heritage Assets and Listed Fixed Asset Investments.

Included within general funds is £16,378 of share capital representing non voting shares in Swanage Railway Company Limited which are owned by members of the company. The funds raised on issue of the shares were included in unrestricted income and are not due back to shareholders. Minority shareholders have no entitlement to profit.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

14. RESTRICTED FUNDS

	Balance At 1 January 2017	Movement in Funds			Balance At 31 January 2018
	£	Incoming Resources £	Resources Expended £	Transfers from general funds £	£
The 200 Club	66,305	21,970	(4,395)	(83,880)	-
The Southern Carriage Account	22,554	-	-	(22,554)	-
Project Wareham Appeal	103,421	16,236	-	-	119,657
Mining Museum Group	170,330	27,562	(42,962)	-	154,930
Swanage 4TC Group	56,814	9,179	(2,995)	-	62,998
Charity total	419,424	74,947	(50,352)	(106,434)	337,585
Dorset County Council	349,998	-	-	(349,998)	-
Chalk & Cheese National Lottery	39,834	-	-	(39,834)	-
Big Fund	1,510,326	-	-	(1,510,326)	-
BP Perenco	486,162	-	-	(486,162)	-
IMERYS	5,000	-	-	(5,000)	-
Network Rail	12,500	-	-	(12,500)	-
Other for PW	140	-	-	(140)	-
Consolidated	2,823,384	74,947	(50,352)	(2,510,394)	337,585

Transfers have been made from restricted funds to general funds to account for grants that have been fully expended on fixed assets in line with the restriction. The original restriction is therefore released on these funds.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

15. RECONCILIATION OF TOTAL FUNDS TO NET ASSETS

	Fixed Assets £	Bank £	Current Assets £	Current Liabilities £	Total £
General funds	5,615,463	196,597	480,287	(450,353)	5,853,956
Designated funds	-	412,388			412,388
Restricted funds	144,983	197,759	824	(5,981)	337,585
Revaluation	368,222	-	-	-	368,222
	6,128,668	806,744	481,111	(456,334)	6,972,151

The purpose of each of the restricted funds is as follows:-

- The 200 Club – general fundraising for projects around the railway as decided by CoM (now correctly presented within designated funds)
- The Southern Carriage Fund – funds have been fully expended on heritage assets and the Southern Carriage Group is no longer active
- Purbeck Mineral & Mining Museum –donations towards the upkeep and development of the Mining Museum at Norden
- Grants were received between 2012 and 2014 from Dorset County Council, Network Rail, the National Lottery Big Fund (Coastal Communities Fund). These grants were used by the company to finance the purchase of fixed assets, particularly with regards to “Project Wareham”.
- 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 removal of contaminated permanent way materials at Furzebrook
- 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
- Project Wareham Appeal – to raise funds to launch mainline services
- Chalk and Cheese was partly used for the development of the Purbeck Mineral and Mining Museum, amounts went to the company with regards to Turntable/Water Tower project.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

16. FINANCIAL COMMITMENTS

The group is committed to paying the following remaining lease payments on non-cancellable operating leases;

	Trust and Subsidiary		Trust	
	2018	2016	2018	2016
	£	£	£	£
Lease expiring				
-in under 1 year	313,975	204,898	10,414	8,686
-after 1 year but within 5 years	1,249,258	372,346	41,654	34,742
-after 5 years	7,275,854	3,139,514	547,762	258,622
	<u>8,839,087</u>	<u>3,716,758</u>	<u>599,830</u>	<u>302,050</u>

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 18, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also 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 £163,054 (2016 - £102,686). At the year end, an amount of £15,192 (2016: £408) was owed to Southern Locomotives Engineering Limited. Goods and services totaling £nil (2016: £13,241) were sold to Southern Locomotives Engineering Limited. £nil (2016: £5,010) 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 18, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also 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 £45,334 (2016 - £46,277). At the year end, no balance (2015: £nil) was owed to Drummond Locomotives Limited.

- 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 £106,080 (2016; £74,880). £9,360 was outstanding at the year end (2016: £nil). During the period, one of the locomotives has been commercially hired to other heritage railways.

**THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)**

17. CAPITAL COMMITMENTS

At 31 January 2018, there were contractual commitments to undertake capital expenditure on Mogul locomotives and the Wareham DMUs.

18. RELATED PARTY TRANSACTIONS

Swanage Railway Company Limited is a 96% owned subsidiary of Swanage Railway Trust.

The total amount outstanding on loans made to the company by Swanage Railway Trust at 31 January 2018 was £200,000 (2016: £nil).

Interest is charged on the above loans at 1.5% above the Bank of England base rate. Interest charged in the year to 31 January 2018 was £1,545 (2016: £3,548).

In the year ended 31 January 2018, £nil of goods were purchased from Coastal Publishing Limited (2016: £230). A company in which Peter Sills, a director of the Trust, has a controlling interest.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 31 JANUARY 2018 (CONTINUED)

19. SUMMARY OF INCOME AND EXPENDITURE FOR THE TWO MUSEUMS

Corfe Castle Railway Museum

<u>Income</u>	2018	2016
	£	£
Donations – collection boxes	2,714	6,865
Book Wagon – sales of secondhand books/DVD's	12,952	10,835
Investment income	5	6
Revenue Support per Swanage Railway Co. Ltd	912	-
	18,415	17,706
<u>Expenditure</u>		
Repairs and Maintenance	8,992	1,234
Telephone & Internet	193	114
Gas, Water and Electric	570	573
Publicity and audience development	271	873
Office Supplies	1,692	2,934
Professional fees	338	180
Grants made to Swanage Railway Co. Ltd/Trust	1,185	6,368
Other expenses	2,892	1,480
	14,946	13,756
Surplus of Income over Expenditure	3,469	3,950

Purbeck Mineral & Mining Museum

<u>Income</u>	2018	2016
	£	£
Donations – collection boxes	10,055	7,705
Investment income	3	8
Insurance income	-	12,995
Revenue Support per Swanage Railway Co. Ltd	780	-
	10,839	20,708
<u>Expenditure</u>		
Repairs and Maintenance	23,339	20,027
Telephone & Internet	180	-
Publicity & advertising	386	524
Gas, Water and Electric	749	615
Office Supplies	570	70
Professional fees	338	-
Other expenses	1,897	3,616
	28,015	24,852
Surplus of Income over Expenditure	(17,176)	(4,144)