

COMPANY NUMBER : 4115126

THE SWANAGE RAILWAY TRUST
(A Company Limited By Guarantee)
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2012

THE SWANAGE RAILWAY TRUST
INDEX TO CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2012

Page	
1	Administration & Management
2	Chairman's Report
3 – 6	Directors' Report
7 – 8	Auditors' Report
9 – 10	Consolidated Statement of Financial Activities
11	The Trust's Statement of Financial Activities
12 – 13	Consolidated and Charity Balance Sheets
14 – 29	Notes to the Financial Statements

THE SWANAGE RAILWAY TRUST
ADMINISTRATION AND MANAGEMENT

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)

Mrs. E.M. Sellen (Chairperson)
A.L. Moore (Treasurer)
P.T. Clements (Assistant Treasurer)
M.R. Woolley (Secretary)
N. Au - appointed 13 October 2012
S.J. Barker
T.D. Buck - appointed 13 October 2012
D.A. Budd
G. Cope
J. Gregory
G.C. Johns - appointed 13 October 2012
I.J. McDavid - appointed 13 October 2012
T.J. Parsons - appointed 13 October 2012
M.A. Stollery
W.S. Trite
M. Whitwam
D.M. Chick - retired 13 October 2012
S.W. Doughty - retired 13 October 2012
N. Lloyd resigned 29 July 2012
Mrs L.A. Moore - retired 13 October 2012
P.W. Renault - retired 13 October 2012

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.

Auditors

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

THE SWANAGE RAILWAY TRUST
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2012

Notwithstanding the widespread continuing economic uncertainties, the Swanage Railway Trust enjoyed a profitable year in 2012. In the case of its subsidiary, the Swanage Railway Company, the year-end profit was smaller than we would have wished for but, given the current economic climate, a net profit nonetheless which represents a good outcome. The Swanage Railway Trust itself had a very good year with its general donation income, including legacies, surpassing expectations. This included one very significant legacy which has allowed major works to be commenced during the year which will benefit those visiting and working on the Railway for many years to come.

We all need to continue to work hard going forward and not assume that our income will just come to us. During the coming year we must again concentrate on all areas, including our passenger numbers, striving to make improvements. We need to continue reviewing the opportunities and experience we seek to give our passengers and visitors, and improve it if required. At the same time we must of course continue to exercise financial control and other restraints as deemed necessary.

It remains vitally important that all areas which make up the Swanage Railway, whether under the auspices of the Railway Company or the Trust, work closely together whilst each recognising the separate charitable and commercial responsibilities each holds.

The Trust has continued to focus on its charitable aims over the past year, including its fundraising efforts and was able to provide funds to new areas of work including the refurbishment of Swanage Station building, to include a largely new canopy, and the replacement of the Swanage goods shed roof (a listed building). Work on both these will be concluded during 2013.

In addition, ongoing projects continued to be worked on and various new projects worked up for moving forward on once our volunteer and paid staff needed to undertake the work are available.

Passenger numbers for our trading subsidiary during 2012 slightly dropped in number as anticipated, ending the year at 5% down. This fall however was not as great as many of our competitors in the tourist/travel/heritage railway industry saw although we must not be complacent. Fare income at the end of 2012 was 1% down on the previous year.

The Trust's founding aim of a reconnection with Wareham and a connection with the main line moved ever closer during the year with us entering the new year of 2013 with an application for grant aid to the Coastal Communities Fund (CCF) being approved in February. During 2012 we were also grateful to receive a grant from Dorset County Council to cover the cost of the Swanage Railway element of the Worgret Junction resignalling scheme which is on target for completion in November 2013. However, much work remains to be done in respect of that funding stream which is far from simple in its application to us and our thanks should be recorded to all those involved in unraveling this on our behalf. As said previously, no one should underestimate the amount of work and finance still required to achieve this objective. Its realisation must also be balanced with our core business of running the already established heritage steam railway we have and which should not be compromised - this is acknowledged by both Trust and Board directors.

In closing, as last year I must say thank you to you all as members of the Trust for enabling the Railway to move forward as it does through the provision of your support in whatever way it is given. Your continued commitment and enthusiasm for our Railway is paramount. Thank you.



Liz Sellen
Chairman
27 April 2013

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2012

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31st December, 2012.

STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

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

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

Objectives and activities

The objectives of the Swanage Railway Trust, as set down in its Memorandum of Association, is to study, compile records on and acquire, restore, preserve and maintain railway lines, locomotives, rolling stock and other items of railway interest, and to provide training and instruction in such activities and in particular but without prejudice to the generality of the foregoing those associated with the Isle of Purbeck, the former London and South Western Railway, other Railways which were in existence in Southern England during and before the year of nineteen hundred and twenty-three, the Southern Railway, and the Southern Region of British Railways, and to enter into 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.

Public Benefit

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

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

Appointment of the Directors

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 SWANAGE RAILWAY TRUST
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2012

Directors meetings

The Council of Management meets on a monthly basis.

Director induction and training

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

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

Risk Management

The directors have considered the major risks that The Swanage Railway Trust and its trading subsidiary face when developing strategies and strategic plans for the future. The major risks are lack of funding to prevent the Trust from achieving its objectives and operational issues for the trading subsidiary. These risks may cause a delay in the Trust achieving its objectives or curtail the operations of the trading subsidiary. Where appropriate the 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
Southern Locomotives Limited
Southern Locomotives Engineering Limited
Drummond Locomotives Limited

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.

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.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2012

FINANCIAL REVIEW

The level of consolidated income has increased largely because of capital grants from outside organisations which were made to the trading subsidiary. The number of passengers carried by the trading subsidiary has again shown a small decrease which has resulted in a fall in the income from fares and associated revenue. Overall, incoming resources have increased by £320,145 (12.7%) while resources expended have also increased by £64,836 (2.9%). The Trust has continued to make grants to the Swanage Railway Company Limited for the restoration and construction of railway buildings and rolling stock which are part of the objects of the Trust. The grants paid were £46,630 from Unrestricted Funds.

Consolidated funds total £2,996,436 an increase from the restated 2011 figure of £2,472,085. This increase has arisen mainly due to the grants received by the trading subsidiary which have been spent on fixed assets. The total surplus for the year is £524,351 (2011 - £271,292). There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets.

RESERVES POLICY

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

Where funds have been raised for specific projects, the Trust maintains separate funds either as restricted or designated funds - see notes 20 and 21.

The available reserves of the Trust are as follows:

	£
Total consolidated funds at 31 December 2012	2,996,436
Less:-	
- Fixed assets	(2,326,149)
- Restricted funds held in bank balances	(67,089)
- Designated funds	<u>(258,361)</u>
	<u>£344,837</u>

The Trust will continue to make grants to its trading subsidiary for the purchase of fixed assets in 2013 which will reduce the available reserves shown above. In view of the expenditure required for Project Wareham it is anticipated that reserves will reduce over the next few years.

The directors review the finances of the Trust each month at the Council of Management meeting.

FUTURE PLANS

The Trust intends to use its resources to develop its museum facilities and collections and to restore further items of equipment appropriate to its Deed for use on the Swanage Railway. The Trust's subsidiary continues to be engaged in the development of plans for the restoration of commercial services to Wareham. The award of a £1.4 million grant in January 2013 from the Coastal Communities Fund will enable the plans to be expedited in 2013/14.

THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the directors are required to:

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

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

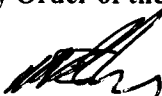
In so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

SMALL COMPANY PROVISIONS

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

By Order of the Directors



M.R. Woolley
Secretary

27 April 2013

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

We have audited the financial statements of The Swanage Railway Trust for the year ended 31st December, 2012, which comprise the consolidated statement of financial activities, the individual statement of financial activities, the consolidated and parent company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 December 2012, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006 and the Charities Act 2011.