

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.

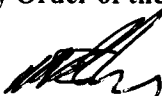
In so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Simon Robinson
Senior Statutory Auditor
For and on behalf of
Shipleys LLP
Chartered Accountants and
Statutory Auditors
10 Orange Street
Haymarket
London WC2H 7DQ**

27 April 2013

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Restated 2011 £
Incoming Resources					
Incoming resources from generated Funds					
Activities for generating funds:					
<i>Voluntary income:</i>					
Appeals, donations and covenants	2	257,243	-	257,243	209,211
<i>Activities for generating funds:</i>					
Membership subscriptions	2	32,448	-	32,448	36,254
Fund raising and other income	2	19,517	-	19,517	15,470
Trading income	3	2,160,653	-	2,160,653	2,210,905
Capital grants received	2	-	369,691	369,691	47,609
Interest receivable	2	68	39	107	65
Total incoming resources		<u>2,469,929</u>	<u>369,730</u>	<u>2,839,659</u>	<u>2,519,514</u>
Resources expended					
Costs of generating funds					
Trading expenses	3	2,151,196	-	2,151,196	2,135,611
Charitable activities	4	141,626	5,334	146,960	90,404
Governance costs	5	16,902	-	16,902	24,207
Total resources expended		<u>2,309,724</u>	<u>5,334</u>	<u>2,315,058</u>	<u>2,250,222</u>
Net incoming resources		<u>160,205</u>	<u>364,396</u>	<u>524,601</u>	<u>269,292</u>

The notes on pages 14 to 29 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED
FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Restated 2011 £
Net incoming resources	20 & 21	160,205	364,396	524,601	269,292
Revaluation adjustment	18	(250)	-	(250)	2,000
Adjustment to valuation figures		-	-	-	-
Net movement in funds		159,955	364,396	524,351	271,292
Funds at 1st January, 2012 - as restated	19	2,267,905	204,180	2,472,085	2,200,793
Funds at 31st December, 2012		£2,427,860	£568,576	£2,996,436	£2,472,085

All incoming resources and resources expended derive from continuing activities.

	2012	2011
Total recognised gains as defined by the Companies Act 2006	£524,601	£269,292

The notes on pages 14 to 29 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Notes	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Restated 2011 £
Incoming Resources					
Incoming resources from generated Funds					
Activities for generating funds:					
<i>Voluntary income:</i>					
Appeals, donations and covenants	2	257,243	-	257,243	209,211
<i>Activities for generating funds:</i>					
Membership subscriptions	2	32,448	-	32,448	36,254
Fund raising and other income	2	60,571	-	60,571	51,821
Capital grants received	2	-	26,265	26,265	47,609
Interest receivable	2	5,954	39	5,993	4,832
Total incoming resources		<u>356,216</u>	<u>26,304</u>	<u>382,520</u>	<u>349,727</u>
Resources expended					
Charitable activities	4	188,256	5,334	193,590	166,130
Governance costs	5	25,902	-	25,902	33,207
Total resources expended		<u>214,158</u>	<u>5,334</u>	<u>219,492</u>	<u>199,337</u>
Net incoming resources and movement in funds		142,058	20,970	163,028	150,390
Revaluation adjustment	18	(250)	-	(250)	2,000
Funds at 1st January, 2012 (restated)	19	1,379,540	204,180	1,583,720	1,431,330
Funds at 31st December, 2012		<u><u>£1,521,348</u></u>	<u><u>£225,150</u></u>	<u><u>£1,746,498</u></u>	<u><u>£1,583,720</u></u>

The notes on pages 14 to 29 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
Company number 4115126

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31ST DECEMBER, 2012

		Trust and Subsidiary		Trust	
	Notes	2012	Restated 2011	2012	Restated 2011
		£	£	£	£
Fixed Assets					
Tangible fixed assets					
Freehold Property	7	30,000	30,000	30,000	30,000
Infrastructure, plant and equipment	9	152,047	129,741	152,047	129,741
Assets held by trading subsidiary	10	1,792,355	1,393,714	-	-
Heritage assets	8	279,297	292,746	279,297	292,746
Investments in:-					
Swanage Railway Company Limited	11	-	-	468,985	468,785
Locomotive and carriage groups	12	72,450	72,450	72,450	72,450
		<u>2,326,149</u>	<u>1,918,651</u>	<u>1,002,779</u>	<u>993,722</u>
Current Assets					
Stocks	13	72,064	65,464	-	-
Debtors and prepayments	14	93,517	148,577	104,304	136,565
Cash at bank and in hand		759,871	584,709	709,256	540,923
		<u>925,452</u>	<u>798,750</u>	<u>813,560</u>	<u>677,488</u>
Creditors : Amounts falling due within one year					
Members' loans	15	(14,450)	(14,450)	(14,450)	(14,450)
Creditors and accruals	16	(200,877)	(188,306)	(15,553)	(30,480)
		<u>(215,327)</u>	<u>(202,756)</u>	<u>(30,003)</u>	<u>(44,930)</u>
Net current assets		<u>710,125</u>	<u>595,994</u>	<u>783,557</u>	<u>632,558</u>
Total assets less current liabilities		3,036,274	2,514,645	1,786,336	1,626,280
Creditors : Amounts falling due after more than one year					
Life membership equalisation account	17	(39,838)	(42,560)	(39,838)	(42,560)
Net Assets		<u><u>£2,996,436</u></u>	<u><u>£2,472,085</u></u>	<u><u>£ 1,746,498</u></u>	<u><u>£1,583,720</u></u>

The notes on pages 14 to 29 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
Company number 4115126

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31ST DECEMBER, 2012

	Notes	Trust and Subsidiary		Trust	
		2012 £	Restated 2011 £	2012 £	Restated 2011 £
Unrestricted funds:					
General funds	20	1,893,350	1,746,635	1,503,060	1,361,002
Revaluation funds	18	<u>18,288</u>	<u>18,538</u>	<u>18,288</u>	<u>18,538</u>
		1,911,638	1,765,173	1,521,348	1,379,540
Restricted funds	21	568,576	204,180	225,150	204,180
Swanage Railway Company Limited:					
Profit and loss account surplus		498,244	484,334	-	-
Minority shareholdings		<u>17,978</u>	<u>18,398</u>	-	-
		<u>£2,996,436</u>	<u>£2,472,085</u>	<u>£1,746,498</u>	<u>£1,583,720</u>

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

These financial statements were approved by the directors and authorised for issue on 27 April 2013, and are signed on their behalf by:

A.L. Moore

A.L. Moore
Director

E.M. Sellen

Mrs E.M. Sellen
Director

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
31ST DECEMBER, 2012

1. ACCOUNTING POLICIES

1.1 Accounting Convention

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

1.2 Basis of Consolidation

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

1.3 Incoming Resources

Membership income:

Annual subscriptions from members are included in full in the year they are received. Life membership subscriptions are credited to the life membership 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.

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

1.4 Resources expended

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

- Cost of generating funds comprise the costs of fundraising and trading activities.
- Charitable activities include the costs incurred directly in the fulfilment 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.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

1. ACCOUNTING POLICIES - continued

1.5 Operating leases

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

1.6 Tangible fixed assets

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

Freehold land is not depreciated.

1.7 Heritage Assets

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

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

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:-

Infrastructure and railway buildings	4%
Plant and equipment	15%
	==

1.9 Assets held by trading subsidiary

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

1.10 Stocks

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

1.11 Investments

All investments in locomotive preservation groups are stated at cost.

Investment in the Trust's subsidiary company the Swanage Railway Company Limited is stated at cost.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

1. ACCOUNTING POLICIES - continued

1.12 Fund accounting

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

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

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

1.13 Financial Instruments.

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

2. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Restated 2011 £
Appeals, donations and covenants				
Donations	244,287	-	244,287	196,375
Tax repayments on covenant and gift aid income	<u>12,956</u>	<u>-</u>	<u>12,956</u>	<u>12,836</u>
Consolidated and Trust	<u>£257,243</u>	<u>-</u>	<u>£257,243</u>	<u>£209,211</u>
Membership subscriptions				
Premier life membership	11,785	-	11,785	17,558
Subscriptions	<u>20,663</u>	<u>-</u>	<u>20,663</u>	<u>18,696</u>
Consolidated and Trust	<u>£32,448</u>	<u>-</u>	<u>£32,448</u>	<u>£36,254</u>
Fund raising and other income				
Fund raising income	10,263	-	10,263	10,886
Advertising income	1,108	-	1,108	150
Sundry income	<u>8,146</u>	<u>-</u>	<u>8,146</u>	<u>4,434</u>
Consolidated	19,517	-	19,517	15,470
Recharges to the Swanage Railway Company Limited	<u>41,054</u>	<u>-</u>	<u>41,054</u>	<u>36,351</u>
Trust	<u>£60,571</u>	<u>-</u>	<u>£60,571</u>	<u>£51,821</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

ACTIVITIES FOR GENERATING FUNDS - continued

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Restated 2011 £
Capital grants received				
Trust				
from "Chalk & Cheese"	-	26,265	26,265	47,609
Company				
Dorset County Council	-	331,575	331,575	-
Chalk & Cheese	-	11,851	11,851	-
Consolidated	-	£369,691	£369,691	£47,609
Interest receivable				
Consolidated - Bank	68	39	107	65
The Swanage Railway Company Limited	5,886	-	5,886	4,770
Trust	£5,954	£39	£5,993	£4,832

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.

Profit and Loss Account	2012 £	2011 £
Turnover	2,160,653	2,210,905
Direct costs	(881,785)	(901,920)
Gross profit	1,278,868	1,308,985
Administrative expenses	(1,269,411)	(1,233,691)
Other operating income	-	3
Net income per consolidated accounts	9,457	75,297
Reconciliation to statutory accounts		
Net income per consolidated accounts	9,457	75,297
Transactions with The Swanage Railway Trust:		
Revenue grant received	5,558	-
Adjustments re grants	39,442	27,151
Infrastructure charge	(7,738)	(9,547)
Recharge for financial services	9,000	9,000
Rent re Herston Works	(35,923)	(26,805)
Interest payable	(5,886)	(4,770)
Profit per Swanage Railway Company Limited statutory accounts	£13,910	£70,326

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

4. CHARITABLE ACTIVITIES

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Total 2011 £
Support costs				
Magazines and stationery costs	25,139	-	25,139	24,538
Running and maintenance costs				
Repairs, restoration and maintenance costs	48,792	5,334	54,126	20,597
Herston Works establishment costs:-				
Rent and service charges	35,962	-	35,962	24,734
Rates	2,090	-	2,090	2,070
Insurance	5,700	-	5,700	6,071
Finance charges:				
Bank charges	593	-	593	303
Bad debts written off	(126)	-	(126)	20
Depreciation of infrastructure, plant & equipment	8,064	-	8,064	8,435
Adjustment to cost of heritage assets	13,980	-	13,980	-
Transfer from Restricted Funds - credit relating to depreciation of assets	(1,772)	-	(1,772)	(1,772)
Grants to the Swanage Railway Company Limited	-	-	-	5,114
Loss on sale of fixed assets	3,204	-	3,204	-
Membership special events	-	-	-	294
	<u>116,487</u>	<u>5,334</u>	<u>121,821</u>	<u>65,866</u>
Consolidated - Total charitable activities	141,626	5,334	146,960	90,404
Grants to the Swanage Railway Company Limited	<u>46,630</u>	<u>-</u>	<u>46,630</u>	<u>75,726</u>
Trust - Total charitable activities	<u>£188,256</u>	<u>£5,334</u>	<u>£193,590</u>	<u>£166,130</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

5. GOVERNANCE COSTS

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Total 2011 £
Administration and establishment costs	18,850	-	18,850	28,335
Telephone	600	-	600	600
Auditors' remuneration	3,400	-	3,400	3,300
General expenditure	3,052	-	3,052	972
	<u>25,902</u>	<u>-</u>	<u>25,902</u>	<u>33,207</u>
Trust	25,902	-	25,902	33,207
Less: consolidation adjustment	(9,000)		(9,000)	(9,000)
	<u>(9,000)</u>		<u>(9,000)</u>	<u>(9,000)</u>
Consolidated	<u>£16,902</u>	<u>-</u>	<u>£16,902</u>	<u>£24,207</u>

	Group 2012 £	Group 2011 £
Net incoming resources are stated after charging		
Depreciation	147,773	132,796
Auditors remuneration		
- as auditors	8,800	8,550
- other services	12,550	12,150
	<u>147,773</u>	<u>132,796</u>

6. DIRECTORS AND EMPLOYEES

	Trust and Subsidiary 2012 £	2011 £	Trust 2012 £	Trust 2011 £
Staff costs including directors' Emoluments				
Wages and salaries	638,427	686,689	7,979	7,979
Social security costs	47,698	51,003	1,021	1,021
	<u>£686,125</u>	<u>£737,692</u>	<u>£9,000</u>	<u>£9,000</u>

The Swanage Railway Company Limited had 44 (2011 – 48) employees at the year end, excluding directors. Some of the salary costs are recharged to the Swanage Railway Trust.

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

The Swanage Railway Trust 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 - CONTINUED

31ST DECEMBER, 2012

HERITAGE ASSETS :LOCOMOTIVES AND ROLLING STOCK - Continued

The total at 31 December 2012 of £279,297 is split as to cost £193,929 and assets at valuation £85,368.

The Trust's locomotives and rolling stock are included in the accounts at valuation which was carried out in December 2012 by those directors of the company who have knowledge of the value of such assets. They are not subject to an annual depreciation charge, as in the opinion of the directors the nature of the assets concerned and the level of maintenance is such that there is no significant annual depreciation.

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

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

	2008	2009	2010	2011	2012
Additions - at cost	30,731	14,898	87,776	19,567	5,031
Disposals - at carrying value	405	700	-	1,046	4,250
Disposals - sale proceeds	-	5,800	-	-	-

9. FIXED ASSET SCHEDULE : INFRASTRUCTURE, PLANT AND EQUIPMENT

	Plant and Equipment £	Railway Buildings £	Signal Equipment £	Office Equipment £	Total £
Cost or valuation:					
At 1st January, 2012	12,596	192,306	10,482	2,194	217,578
Restatement	-	47,609	-	-	47,609
Additions	-	29,935	-	436	30,371
At 31st December, 2012	<u>12,596</u>	<u>269,850</u>	<u>10,482</u>	<u>2,630</u>	<u>295,558</u>
Depreciation					
At 1st January, 2012	12,337	110,865	10,482	1,762	135,446
Charge for the year	259	7,739	-	67	8,065
At 31st December, 2012	<u>12,596</u>	<u>118,604</u>	<u>10,482</u>	<u>1,829</u>	<u>143,511</u>
Net Book Value					
At 31st December, 2012	£-	£151,246	£-	£801	£152,047
At 31st December, 2011 -restated	£259	£129,050	£-	£432	£129,741

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

10. TANGIBLE FIXED ASSETS : HELD BY TRADING SUBSIDIARY

Cost	Land & Buildings £	Locomotives & Rolling Stock £	Plant, Machinery & Equipment £	Shop Fittings & Equipment £	Permanent Way & Other assets £	Total £
At 1st January, 2012	318,562	663,669	439,485	33,449	588,602	2,043,767
Additions	74,398	29,444	17,614	4,235	412,658	538,349
Disposals	-	-	-	-	-	-
At 31st December, 2012	<u>392,960</u>	<u>693,113</u>	<u>457,099</u>	<u>37,684</u>	<u>1,001,260</u>	<u>2,582,116</u>
Depreciation						
At 1st January, 2012	37,749	307,272	242,481	10,583	51,968	650,053
Charge for the year	24,965	61,869	24,251	4,579	24,044	139,708
Adjustment on disposals	-	-	-	-	-	-
At 31st December, 2012	<u>62,714</u>	<u>369,141</u>	<u>266,732</u>	<u>15,162</u>	<u>76,012</u>	<u>789,761</u>
Net Book Value						
At 31st December, 2012	<u>£330,246</u>	<u>£323,972</u>	<u>£190,367</u>	<u>£22,522</u>	<u>£925,248</u>	<u>£1,792,355</u>
At 31st December, 2011	<u>£280,813</u>	<u>£356,397</u>	<u>£197,004</u>	<u>£22,866</u>	<u>£536,634</u>	<u>£1,393,714</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.

An extract from the Balance Sheet of the Swanage Railway Company Limited at 31 December 2012 is as follows:-

	2012 £	2011 £
Fixed assets	1,792,355	1,393,714
Current assets	208,545	233,005
Current liabilities	<u>(278,699)</u>	<u>(225,803)</u>
Total assets less current liabilities	1,722,201	1,400,916
Creditors due in more than one year	<u>(736,994)</u>	<u>(429,619)</u>
	<u>£985,207</u>	<u>£971,297</u>
Called up share capital	486,963	486,963
Profit and loss account	<u>498,244</u>	<u>484,334</u>
	<u>£985,207</u>	<u>£971,297</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED
31ST DECEMBER, 2012

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	236	7,711	57,500
Drummond Locomotives Limited	52	1,223	5,200
Project 62	4	218	1,000
Swanage Railway Carriage Group	35	419	5,000
6695 Locomotive Group	15	278	3,750
			<u>£72,450</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.

13. STOCKS

	Trust and Subsidiary		Trust	
	2012 £	2011 £	2012 £	2011 £
Shop stocks for resale	50,884	45,031	-	-
Catering stock	2,712	4,734	-	-
Consumable stocks	4,692	10,423	-	-
Special events stock	2,442	5,276	-	-
Signals & telegraph stock	2,245	-	-	-
Locomotive & carriages	9,089	-	-	-
	<u>£72,064</u>	<u>£65,464</u>	<u>£ -</u>	<u>£ -</u>

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

14. DEBTORS AND PREPAYMENTS	Trust and Subsidiary		Trust	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	26,704	21,452	452	229
Loan to the Swanage Railway Company Limited	-	-	96,653	111,743
Other debtors	49,136	73,015	4,475	24,593
Prepayments	17,677	54,110	2,724	-
	<u>£93,517</u>	<u>£148,577</u>	<u>£104,304</u>	<u>£136,565</u>

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

During 2012 a short term loan was made to the Swanage Railway Company Limited.

The total amount outstanding on these loans at 31st December 2012 was £96,653 (2011: £111,743). The long term loan will be fully repaid in 2016. The amount of the loan at 31st December, 2012 that was repayable in more than a year was £58,382 (2011 - £84,071).

Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £5,886 (2011 - £4,770).

15. MEMBERS' LOANS

	2012	2011
Members' loans	£14,450	£14,450
	<u>£14,450</u>	<u>£14,450</u>

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

16. CREDITORS AND ACCRUALS	Trust and Subsidiary		Trust	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	118,606	143,854	3,963	16,546
Life membership equalisation account	4,873	7,024	4,873	7,024
Other creditors and accruals	77,398	37,428	6,717	6,910
	<u>£200,877</u>	<u>£188,306</u>	<u>£15,553</u>	<u>£30,480</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

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:-

	2012	2011
	£	£
Balance at start of year	64,912	81,420
Membership sold in year	-	2,200
Transferred to income and expenditure account :		
Premier life memberships	(12,647)	(17,193)
Life member subscriptions	<u>(936)</u>	<u>(1,515)</u>
	51,329	64,912
Less : PLM subscriptions outstanding	<u>(6,618)</u>	<u>(15,328)</u>
Balance at close of year	<u>£44,711</u>	<u>£49,584</u>
Shown in:-		
Creditors under 1 year	4,873	7,024
Creditors over 1 year	<u>39,838</u>	<u>42,560</u>
	<u>£44,711</u>	<u>£49,584</u>

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

18. REVALUATION RESERVE

	2012	2011
	£	£
At 1st January, 2012	18,538	16,538
Revaluation of assets in year	<u>(250)</u>	<u>2,000</u>
At 31st December, 2012	<u>£18,288</u>	<u>£18,538</u>

The Trust's rolling stock was fully revalued in December 2012 and the revaluation was adopted by the directors in preparing these accounts.

19. RESTATEMENT OF FUNDS AT 1ST JANUARY 2012

	Trust and Subsidiary		Trust	
	2012	2011	2012	2011
	£	£	£	£
At 1st January, 2012				
- as previously reported	2,424,476	2,200,793	1,536,111	1,441,330
Prior period adjustment - see below	<u>47,609</u>	<u>-</u>	<u>47,609</u>	<u>-</u>
At 1st January 2012 - as restated	<u>£2,472,085</u>	<u>£2,200,793</u>	<u>£1,583,720</u>	<u>£1,441,330</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

RESTATEMENT OF FUNDS AT 1ST JANUARY 2012 - continued

Prior period adjustment

There has been a adjustment of the figures for 2011 to reflect amounts received from a capital grant which were used to fund additions to fixed assets. In the 2011 accounts the costs and revenue were incorrectly offset. The 2011 figures have been restated to include in income the capital grant of £47,609 and fixed assets have been increased by the same amount.

20. UNRESTRICTED FUNDS

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

	General Reserves 2012 £	Designated Funds 2012 £	Total 2012 £
Opening balance	1,645,012	101,623	1,746,635
Surplus for the year	3,887	156,738	160,625
Swanage Railway Company Limited - profit for the year	(13,910)	-	(13,910)
	<hr/>	<hr/>	<hr/>
Balance per consolidated balance sheet	£1,634,989	£258,361	£1,893,350
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Designated funds comprise of the following:-

	Balance At 1st January, 2012 £	Movement in Funds Incoming Resources £	Resources Expended £	Balance At 31st December, 2012 £
Sygnets B van	1,286	-	(50)	1,236
Shower block	8,280	-	-	8,280
Carriage shed	35,349	100	-	35,449
Locomotive maintenance	15,000	-	-	15,000
Maunsell 1346	10,676	20,156	(30,827)	5
DMU117	372	12,281	(10,808)	1,845
Infrastructure appeal	-	23,629	(4,703)	18,926
Swanage canopy	-	150,000	(3,771)	146,229
Other special projects	30,660	2,296	(1,565)	31,391
	<hr/>	<hr/>	<hr/>	<hr/>
	£101,623	£208,462	(£51,724)	£258,361
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The purpose of the ongoing designated funds is as follows:-

- Sygnets B Van - the renovation of a brake van for the use of the Sygnets
- Shower block - the construction of a shower block for the use of volunteers and staff.
- Carriage shed - the construction of a carriage shed
- Locomotive maintenance - to improve maintenance facilities for locomotives.
- Maunsell 1346 & DMU 117 - the restoration of these vehicles
- Infrastructure appeal
- Swanage canopy- work on the canopy at Swanage station
- Other special projects - the restoration of various historic engines, wagons and structures around the railway.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

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 1 January 2012 £	Restated 1 January 2012 £	Movement in funds		Balance 31 December 2012 £
			Incoming Resources £	Resources Expended £	
The 200 Club	54,075	54,075	13	(5,052)	49,036
The Southern Carriage Account	22,554	22,554	-	-	22,554
Mercury Group	191	191	-	-	191
New Company Appeal	35,794	35,794	22	-	35,816
Mining Museum Group	13,198	60,807	26,269	(282)	86,794
257 Squadron Appeal	<u>30,759</u>	<u>30,759</u>	-	-	<u>30,759</u>
Charity	156,571	204,180	26,304	(5,334)	225,150
Dorset County Council	-	-	331,575	-	331,575
Chalk & Cheese	<u>-</u>	<u>-</u>	<u>11,851</u>	<u>-</u>	<u>11,851</u>
Consolidated	<u>156,571</u>	<u>204,180</u>	<u>369,730</u>	<u>(5,334)</u>	<u>568,576</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	25,770	23,266	49,036
The Southern Carriage Account	22,554	-	22,554
257 Squadron Appeal	30,759	-	30,759
Mining museum Group	78,978	7,816	86,794

The purpose of the restricted funds is as follows:-

- The 200 Club - to raise funds for the ongoing enhancement of Corfe Castle Station.
- The Southern Carriage Account - to raise funds for the restoration of heritage coaches.
- The Mercury Group - to promote the Swanage Railway and assist with special projects.
- The New Company Appeal - to raise funds for the development of the project to operate services to Wareham.
- Mining Museum Group Donations - to raise funds for the improvement of the Mining Museum at Norden.
- The 257 Squadron Appeal - to promote the overhaul of the locomotive, 257 squadron, for future use on the Swanage Railway.

Grants were received during 2012 from Dorset County Council and Chalk & Cheese by the Swanage Railway Company. These grants were used by the company to finance the purchase of fixed assets.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

22. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result the following payments falling due in the year to 31st December, 2012 :-

	Trust & Subsidiary		Trust	
	2012	2011	2012	2011
	£	£	£	£
Leases expiring				
- In under 1 year	109,100	90,550	44,850	-
- After 1 year but within 5 years	24,734	53,984	24,734	24,734
- After 5years	164,425	164,425	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </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 12 and note 22, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also directors and/or shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited.

The amount billed in respect of the year to the trading subsidiary by Southern Locomotives Engineering Limited was £143,195 (2011 - £138,400). At the year end, an amount of £14,479 (2011: £13,650) was owed to Southern Locomotives Engineering Limited.

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

The amount invoiced by Drummond Locomotives Limited to the trading subsidiary for the supply of motive power in respect of the year was £29,266 (2011 - £35,101). At the year end, an amount of £1,488 (2011: £4,200) was owed to Drummond Locomotives Limited. Goods and services totalling £7,947 (2011: £nil) were sold to Drummond Locomotives Limited. £7,947 (2011: £nil) was outstanding at the year end.

23. CAPITAL COMMITMENTS

At 31 December 2012 the Swanage Railway Trust had authorised grants to the Swanage Railway Company Limited of £288,000 to fund capital expenditure.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2012

24. DIRECTORS' INTERESTS (see note 12 and note 22)

A number of the directors of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited are shareholders in Southern Locomotives Limited and Drummond Locomotives Limited which as detailed in note 22 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, 2012 are as follows:

	Southern Locomotives Ltd No of Ordinary £250 Shares Held	Drummond Locomotives Ltd No of Ordinary £100 Shares Held
Trust:		
N. Au	-	-
S.J. Barker	-	-
T.D. Buck	-	-
D.A. Budd	-	10
P.T. Clements	-	-
G. Cope	-	-
J.E. Gregory	10	-
G.C. Johns	-	-
I.J. McDavid	-	-
A.L. Moore	61	1
T Parsons	-	-
Mrs. E.M. Sellen	2	-
M.A. Stollery	14	12
W.S. Tritte	37	2
M.A. Whitwam	-	-
M.R. Woolley	2	-
Subsidiary:		
A.L. Moore	61	1
Mrs. E.M. Sellen	2	-
M.R. Woolley	2	-
P.N. Sills	-	-
K.M. Potts	-	-

The total issued share capital of Southern Locomotives Limited at 31st December, 2012 was 8,139 ordinary £250 shares and that of Drummond Locomotives Limited 1,258 ordinary £100 shares.

25. POST BALANCE SHEET EVENTS

In January 2013 The Swanage Railway Company Limited was awarded a grant by the Coastal Communities Fund totalling £1,469,000 in connection with "Project Wareham".