

**COMPANY NUMBER : 4115126**

**THE SWANAGE RAILWAY TRUST**  
**(A Company Limited By Guarantee)**  
**CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2011**

**THE SWANAGE RAILWAY TRUST**  
**INDEX TO CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2011**

<b>Page</b>	
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)  
N. Lloyd (Deputy Chairperson)  
A.L. Moore (Treasurer)  
P.T. Clements (Assistant Treasurer)  
M.R. Woolley (Secretary)  
S.J. Barker  
D.A. Budd  
D.M. Chick  
G. Cope  
S.W. Doughty  
J. Gregory  
Mrs L.A. Moore  
P.W. Renaut  
M.A. Stollery  
W.S. Trite  
M. Whitwam  
C. Morris - retired 8 October 2011  
F. Roberts - retired 8 October 2011

**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, 2011

2011 was given the position globally a relatively good year for Swanage Railway with both the Trust and its trading subsidiary Swanage Railway Company delivering positive if more modest results than the previous few years being achieved. We needed to work hard for both our passenger numbers and our income and also to exercise restraint in planning areas of work required to be undertaken through out the year. As in previous years it was and still is important that both entities work closely together whilst also recognising the separate charitable and commercial responsibilities each holds.

During the year the Trust continued in its efforts to raise funds for its capital projects already under way in the form of its Carriage Shed, the platform building at Harmans Cross and within the Heritage Coach plan on coaches 4365 & 5761. It also as usual assisted in other smaller but equally as valuable projects around the railway. During the year it also turned its attentions to looking to generate and support the provision of funding to aid improved volunteer facilities in the form of a new signing on and locker room facility at Swanage and to supporting the various water abstraction schemes under discussion, which amongst other things will assist greatly in the area of locomotive watering.

For our trading subsidiary with passenger numbers down as they had been projected around 5% for the year it was some what more of a challenge than previous years at times to continue with the programme of reinvestment in areas such as permanent way works required but with this project broken down into smaller work packages much work was achieved at the Swanage end of our line. This included Swanage Platform areas where work to replace the previous drainage system installed some 25 years ago was carried out leaving only a small number of packages remaining to be completed. A fare increase in April ensured a year-end profit being returned however the need is for this to be held for future requirements of capital works should other forms of funding not be available to use.

The Trusts aim of a reconnection with Wareham and a connection with the main line moved ever closer during the year. No one should however under estimate the amount of work and finance still required to achieve this. Whilst funding for the signalling work required was pledged it is for that work and that work alone and similarly the grant from BP on relinquishing their possession of Furzebrook will require most if not all of that money to progress the required level crossing system at Norden and leaves little for anything else. This aim must be balanced with our core business of running our already established Heritage Steam Railway, which should not be compromised in any way going forward.

As ever and as written by previous Chairmen also I remain grateful to you, the members of the Trust for enabling the railway to move forward as it is through the provision of your support whether that be financial, physical or both. Your continued commitment and enthusiasm for our Railway is paramount. Thank you.

Liz Sellen  
Chairman

19 May 2012

## **THE SWANAGE RAILWAY TRUST**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31ST DECEMBER, 2011**

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31st December, 2011.

#### **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, 2011**

**Directors meetings**

The Council of Management meets on a monthly basis. The Southern Steam Trust has now been dissolved as its activities have now been fully transferred to The Swanage Railway Trust.

**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.

**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. 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, 2011**

### **FINANCIAL REVIEW**

The level of consolidated income has largely been maintained and shows a small decrease of £13,334 (0.5%). Income is largely dependant on the number of passengers carried by the trading subsidiary and while this number has shown a small decrease this has been offset by the increase in ticket prices and the income of the Trust. Resources expended have increased by 3% to £2,250,222. 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 £5,114 from Restricted Funds and £75,726 from Unrestricted Funds.

Consolidated funds total £2,422,476 an increase from the 2010 figure of £2,200,793. This increase has arisen due to the surplus for the year of £223,683 (2010 - £313,920). 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**

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 Trust is continuing to accumulate general reserves in order to finance the Charity's declared objectives. There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets.

### **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

### **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 SWANAGE RAILWAY TRUST**  
**DIRECTORS' REPORT - CONTINUED**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2011**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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**

19 May 2012



## **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, 2011, 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 2011, 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**

19 May 2012

**THE SWANAGE RAILWAY TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2011**

	Notes	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total 2011 £	Total 2010 £
<b>Incoming Resources</b>					
<b>Incoming resources from generated Funds</b>					
<b>Activities for generating funds:</b>					
<i>Voluntary income:</i>					
Appeals, donations and covenants	2	195,576	13,635	209,211	176,253
<i>Activities for generating funds:</i>					
Membership subscriptions	2	36,254	-	36,254	43,107
Fund raising and other income	2	15,470	-	15,470	20,426
Trading income	3	2,210,905	-	2,210,905	2,245,298
Interest receivable	2	21	44	65	155
		-----	-----	-----	-----
<b>Total incoming resources</b>		2,458,226	13,679	2,471,905	2,485,239
		-----	-----	-----	-----
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Trading expenses	3	2,135,611		2,135,611	1,996,056
Fund-raising costs	4	-	-	-	77
		-----	-----	-----	-----
		2,135,611	-	2,135,611	1,996,133
<b>Charitable activities</b>	5	77,873	12,531	90,404	167,410
<b>Governance costs</b>	6	24,207	-	24,207	17,922
		-----	-----	-----	-----
<b>Total resources expended</b>		2,237,691	12,531	2,250,222	2,181,465
		-----	-----	-----	-----
<b>Net incoming resources</b>		220,535	1,148	221,683	303,774
		-----	-----	-----	-----

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, 2011**

	Notes	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total 2011 £	Total 2010 £
<b>Net incoming resources</b>	20 & 21	220,535	1,148	221,683	303,774
Revaluation adjustment	19	2,000	-	2,000	(2,500)
Adjustment to valuation figures		-	-	-	12,646
		-----	-----	-----	-----
<b>Net movement in funds</b>		222,535	1,148	223,683	313,920
Funds at 1st January, 2011		2,045,370	155,423	2,200,793	1,886,873
		-----	-----	-----	-----
Funds at 31st December, 2011		£2,267,905	£156,571	£2,424,476	£2,200,793
		=====	=====	=====	=====

All incoming resources and resources expended derive from continuing activities.

	<b>2011</b>	<b>2010</b>
Total recognised gains as defined by the Companies Act 2006	£221,683	£303,774
	=====	=====

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, 2011**

	Notes	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total 2011 £	Total 2010 £
<b>Incoming Resources</b>					
<b>Incoming resources from generated Funds</b>					
<b>Activities for generating funds:</b>					
<i>Voluntary income:</i>					
Appeals, donations and covenants	2	195,576	13,635	209,211	176,253
<i>Activities for generating funds:</i>					
Membership subscriptions	2	36,254	-	36,254	43,107
Fund raising and other income	2	51,821	-	51,821	57,253
Interest receivable	2	4,788	44	4,832	3,647
		-----	-----	-----	-----
<b>Total incoming resources</b>		288,439	13,679	302,118	280,260
		-----	-----	-----	-----
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Fund-raising costs	4	-	-	-	77
<b>Charitable activities</b>	5	153,599	12,531	166,130	254,525
<b>Governance costs</b>	6	33,207	-	33,207	26,922
		-----	-----	-----	-----
<b>Total resources expended</b>		186,806	12,531	199,337	281,524
		-----	-----	-----	-----
<b>Net incoming resources and movement in funds</b>		<b>101,633</b>	<b>1,148</b>	<b>102,781</b>	(1,264)
Revaluation adjustment	19	2,000	-	2,000	(2,500)
Funds at 1st January, 2011		1,275,907	155,423	1,431,330	1,435,094
		-----	-----	-----	-----
Funds at 31st December, 2011		£1,379,540	£156,571	£1,536,111	£1,431,330
		=====	=====	=====	=====

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, 2011**

		<b>Trust and Subsidiary</b>		<b>Trust</b>	
	<b>Notes</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed Assets</b>					
<b>Tangible fixed assets</b>					
Freehold Property	8	30,000	30,000	30,000	30,000
Infrastructure, plant and equipment	10	82,132	90,567	82,132	90,567
Assets held by trading subsidiary	11	1,393,714	1,264,924	-	-
<b>Heritage assets</b>	9	292,746	284,240	292,746	284,240
Investments in:-					
Swanage Railway Company Limited	12	-	-	468,785	468,565
Locomotive and carriage groups	13	72,450	72,450	72,450	72,450
		-----	-----	-----	-----
		1,871,042	1,742,181	946,113	945,822
		-----	-----	-----	-----
<b>Current Assets</b>					
Stocks	14	65,464	61,961	-	-
Debtors and prepayments	15	148,577	117,636	136,565	164,642
Cash at bank and in hand		584,709	493,932	540,923	420,501
		-----	-----	-----	-----
		798,750	673,529	677,488	585,143
		-----	-----	-----	-----
<b>Creditors : Amounts falling due within one year</b>					
Members' loans	16	(14,450)	(14,450)	(14,450)	(14,450)
Creditors and accruals	17	(188,306)	(147,468)	(30,480)	(32,186)
		-----	-----	-----	-----
		(202,756)	(161,918)	(44,930)	(46,636)
		-----	-----	-----	-----
<b>Net current assets</b>		595,994	511,611	632,558	538,507
		-----	-----	-----	-----
<b>Total assets less current liabilities</b>		2,467,036	2,253,792	1,578,671	1,484,329
		-----	-----	-----	-----
<b>Creditors : Amounts falling due after more than one year</b>					
Life membership equalisation account	18	(42,560)	(52,999)	(42,560)	(52,999)
		-----	-----	-----	-----
<b>Net Assets</b>		£2,424,476	£2,200,793	£1,536,111	£1,431,330
		=====	=====	=====	=====

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, 2011**

	Notes	Trust and Subsidiary		Trust	
		2011 £	2010 £	2011 £	2010 £
<b>Unrestricted funds:</b>					
General funds	20	1,746,635	1,596,426	1,361,002	1,259,369
Revaluation funds	19	18,538	16,538	18,538	16,538
		-----	-----	-----	-----
		1,765,173	1,612,964	1,379,540	1,275,907
<b>Restricted funds</b>	21	156,571	155,423	156,571	155,423
Swanage Railway Company Limited:					
Profit and loss account surplus		484,334	414,008	-	-
Minority shareholdings		18,398	18,398	-	-
		-----	-----	-----	-----
		£2,424,476	£2,200,793	£1,536,111	£1,431,330
		=====	=====	=====	=====

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 19 May 2012, and are signed on their behalf by:

**A.L. Moore**  
**Director**

**Mrs E.M. Sellen**  
**Director**

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

**THE SWANAGE RAILWAY TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**31ST DECEMBER, 2011**

**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). There have been no changes in the accounting policies.

**1.2 Basis of Consolidation**

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

**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.



**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**1. ACCOUNTING POLICIES - continued**

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. 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](http://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, 2011**

**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**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
<b>Appeals, donations and covenants</b>				
Donations	182,740	13,635	196,375	169,967
Tax repayments on covenant and gift aid income	12,836	-	12,836	6,286
	-----	-----	-----	-----
<b>Consolidated and Trust</b>	£195,576	£13,635	£209,211	£176,253
	=====	=====	=====	=====
<b>Membership subscriptions</b>				
Premier life membership	17,558	-	17,558	23,693
Subscriptions	18,696	-	18,696	19,414
	-----	-----	-----	-----
<b>Consolidated and Trust</b>	£36,254	-	£36,254	£43,107
	=====	=====	=====	=====
<b>Fund raising and other income</b>				
Fund raising income	10,886	-	10,886	15,017
Advertising income	150	-	150	150
Sundry income	4,434	-	4,434	5,259
	-----	-----	-----	-----
<b>Consolidated</b>	15,470	-	15,470	20,426
Recharges to the Swanage Railway Company Limited	36,351	-	36,351	36,827
	-----	-----	-----	-----
<b>Trust</b>	£51,821	-	£51,821	£57,253
	=====	=====	=====	=====

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**2. ACTIVITIES FOR GENERATING FUNDS - continued**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
<b>Interest receivable</b>				
<b>Consolidated</b>				
Bank	£21	£44	£65	£155
	=====	=====	=====	=====
<b>Trust</b>				
Bank	18	44	62	112
The Swanage Railway Company Limited	4,770	-	4,770	3,535
	-----	-----	-----	-----
	£4,788	£44	£4,832	£3,647
	=====	=====	=====	=====

**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.

<b>Profit and Loss Account</b>	<b>2011 £</b>	<b>2010 £</b>
Turnover	2,210,905	2,245,298
Direct costs	(901,920)	(903,778)
	-----	-----
<b>Gross profit</b>	1,308,985	1,341,520
Administrative expenses	(1,233,691)	(1,092,278)
Other operating income	3	43
	-----	-----
<b>Net income per consolidated accounts</b>	75,297	249,285
	-----	-----
<b>Reconciliation to statutory accounts</b>		
Net income per consolidated accounts	75,297	249,285
Transactions with The Swanage Railway Trust:		
Adjustments re grants	27,151	(59,624)
Infrastructure charge	(9,547)	(9,546)
Wages recharge	9,000	9,000
Rent re Herston Works	(26,805)	(27,281)
Interest payable	(4,770)	(3,535)
	-----	-----
<b>Profit per Swanage Railway Company Limited statutory accounts</b>	£70,326	£158,299
	=====	=====

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**4. ANALYSIS OF FUND RAISING COSTS**

	<b>Unrestricted Funds 2011</b>	<b>Restricted Funds 2011</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>Consolidated and Trust</b>				
Marketing and publicity	-	-	-	£77
	=====	=====	=====	=====

**5. CHARITABLE ACTIVITIES**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
<b>Support costs</b>				
Magazines and stationery costs	24,538	-	24,538	25,638
	-----	-----	-----	-----
<b>Running and maintenance costs</b>				
Repairs, restoration and maintenance costs	13,180	7,417	20,597	28,744
Herston Works establishment costs:-				
Rent and service charges	24,734	-	24,734	23,938
Rates	2,070	-	2,070	2,118
Insurance	6,071	-	6,071	6,068
Finance charges:				
Bank charges	303	-	303	323
Bad debts written off	20	-	20	-
Depreciation of infrastructure, plant & equipment	8,435	-	8,435	8,433
Transfer from Restricted Funds				
- credit relating to depreciation of assets	(1,772)	-	(1,772)	(11,228)
Grants to the Swanage Railway Company Limited	-	5,114	5,114	83,376
Membership special events	294	-	294	-
	-----	-----	-----	-----
	53,335	12,531	65,866	141,772
	-----	-----	-----	-----
Consolidated - Total charitable activities	77,873	12,531	90,404	167,410
Consolidation adjustment				(420)
Grants to the Swanage Railway Company Limited	75,726	-	75,726	87,535
	-----	-----	-----	-----
Trust - Total charitable activities	£153,599	£12,531	£166,130	£254,525
	=====	=====	=====	=====

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**6. GOVERNANCE COSTS**

	<b>Unrestricted Funds 2011 £</b>	<b>Restricted Funds 2011 £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
Administration and establishment costs	28,335	-	28,335	21,276
Telephone	600	-	600	240
Auditors' remuneration	3,300	-	3,300	3,150
General expenditure	972	-	972	2,256
	-----	-----	-----	-----
<b>Trust</b>	33,207	-	33,207	26,922
Less: consolidation adjustment	(9,000)		(9,000)	(9,000)
	-----	-----	-----	-----
<b>Consolidated</b>	£24,207	-	£24,207	£17,922
	=====	=====	=====	=====

**7. DIRECTORS AND EMPLOYEES**

	<b>Trust and Subsidiary</b>		<b>Trust</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs including directors' Emoluments</b>				
Wages and salaries	686,689	619,058	7,979	7,979
Social security costs	51,003	46,589	1,021	1,021
	-----	-----	-----	-----
	£737,692	£665,647	£9,000	£9,000
	=====	=====	=====	=====

The Swanage Railway Company Limited had 40 (2010 – 38) 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.

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.

**8. FIXED ASSET SCHEDULE : FREEHOLD PROPERTY**

	<b>2011</b>
<b>Cost</b>	
At 1st January, 2011 and at 31st December, 2011	£30,000
	=====

**THE SWANAGE RAILWAY TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**  
**31ST DECEMBER, 2011**

**9. HERITAGE ASSETS :LOCOMOTIVES AND ROLLING STOCK**

Description	Cost/Valuation As at 1st January, 2011 £			Additions £	Disposals £	Insurance adjustment re 2010 £	Valuation adjustment £	Cost/Valuation As at 31st December, 2011 £
<b>Locomotives:</b>								
48DL Ruston Hornby Diesel	1,046				(1,046)			-
Fowler 0-4-0 Diesel Mechanical 'May'	-						1,250	1,250
Hibberd 4-wheel Petrol Shunter no. 2054 'Beryl'							250	250
<b>Vans and Wagons:</b>								
PMV, S1638S	600							600
PMV, S2212S	1,000							1,000
Scenery Van, S4594	2,000							2,000
Match Wagon, ADB 502826	426							426
Crane, DS 2009	428							428
Brighton B Van S256S	19,986	427						20,413
Walrus ballast hopper 62070							250	250
Tank wagon 48442							250	250
Crane cc 1101 (FBC2)							250	250
LSWR 8 plank open wagon S 59342							250	250
<b>Coaches:</b>								
Pullman Observation Car 14	105,838	2,700				(12,015)		96,523
GBLV 'Churchill' bogie van S2464S	25,369							25,369
Mk1 SK, S25424	-							-
Ironclad TK, S728S	1,930							1,930
Bulleid RTO, S1457S	2,650							2,650
Bulleid B TSO, S4365S	65,125	3,313						68,438
Bulleid B TSO, S4366S	3,000							3,000
Bulleid S5761S	50,342	8,127						58,469
Share in Maunsell BCK, S6699S	500							500
Maunsell 6697	2,000						(1,000)	1,000
Maunsell 1323	2,000							2,000
Maunsell 6699		1,000						1,000
Maunsell 1346		4,000						4,000
LSWR carriage body 2296							250	250
LSWR carriage body 4550							250	250
Total	£284,240	19,567		(1,046)		(12,015)	2,000	292,746

The total at 31 December 2011 of £292,746 is split as to cost £207,128 and assets at valuation £85,618.

The Trust's locomotives and rolling stock are included in the accounts at valuation and are not subject to an annual depreciation charge, as in the opinion of the directors the nature of the assets concerned and the level of maintenance is such that there is no significant annual depreciation.

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

As detailed in note 19, locomotives and rolling stock were fully revalued in December 2006 and partial valuations have been undertaken in subsequent years. The historical cost of these assets is £286,464.

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

	2007	2008	2009	2010	2011
Additions - at cost	79,220	30,731	14,898	87,776	19,567
Disposals - at carrying value	-	405	700	-	1,046
Disposals - sale proceeds	-	-	5,800	-	-

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**10. FIXED ASSET SCHEDULE : INFRASTRUCTURE, PLANT AND EQUIPMENT**

	<b>Plant and Equipment £</b>	<b>Railway Buildings £</b>	<b>Signal Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost or valuation:</b>					
At 1st January, 2011	12,596	192,306	10,482	2,194	217,578
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31st December, 2011	12,596	192,306	10,482	2,194	217,578
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1st January, 2011	12,337	102,430	10,482	1,762	127,011
Charge for the year	-	8,435	-	-	8,435
Eliminated on disposal	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31st December, 2011	12,337	110,865	10,482	1,762	135,446
	-----	-----	-----	-----	-----
<b>Net Book Value</b>					
At 31st December, 2011	£259	£81,441	£-	£432	£82,132
	=====	=====	=====	=====	=====
At 31st December, 2010	£259	£89,876	£-	£432	£90,567
	=====	=====	=====	=====	=====

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**11. 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, 2011	263,554	577,420	418,009	29,446	542,187	1,830,616
Additions	55,008	86,249	21,476	4,003	94,215	260,951
Disposals	-	-	-	-	(47,800)	(47,800)
At 31st December, 2011	318,562	663,669	439,485	33,449	588,602	2,043,767
<b>Depreciation</b>						
At 1st January, 2011	21,245	249,554	217,602	5,935	71,356	565,692
Charge for the year	16,504	57,718	24,879	4,648	20,612	124,361
Adjustment on disposals	-	-	-	-	(40,000)	(40,000)
At 31st December, 2011	37,749	307,272	242,481	10,583	51,968	650,053
<b>Net Book Value</b>						
At 31st December, 2011	£280,813	£356,397	£197,004	£22,866	£536,634	£1,393,714
At 31st December, 2010	£242,309	£327,866	£200,407	£23,511	£470,831	£1,264,924

**12. 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 2011 is as follows:-

	2011 £	2010 £
Fixed assets	1,393,714	1,264,924
Current assets	233,005	225,315
Current liabilities	(225,803)	(190,216)
Total assets less current liabilities	1,400,916	1,300,023
Creditors due in more than one year	(429,619)	(399,052)
	£971,297	£900,971
	=====	=====
Called up share capital	486,963	486,963
Profit and loss account	484,334	414,008
	£971,297	£900,971
	=====	=====



**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**13. 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
			-----
			£72,450
			=====

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 23 to the accounts.

**14. STOCKS**

	Trust and Subsidiary		Trust	
	2011 £	2010 £	2011 £	2010 £
Shop stocks for resale	45,031	43,774	-	-
Catering stock	4,734	5,052	-	-
Consumable stocks	10,423	7,873	-	-
Special events stock	5,276	5,262	-	-
	-----	-----	-----	-----
	£65,464	£61,961	£ -	£ -
	=====	=====	=====	=====

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

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

<b>15. DEBTORS AND PREPAYMENTS</b>	<b>Trust and Subsidiary</b>		<b>Trust</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	21,452	19,180	229	258
Loan to the Swanage Railway Company Limited	-	-	111,743	136,929
Other debtors	73,015	84,912	24,593	27,455
Prepayments	54,110	13,544	-	-
	-----	-----	-----	-----
	£148,577	£117,636	£136,565	£164,642
	=====	=====	=====	=====

The loan to The Swanage Railway Company Limited was for a period of 10 years and is repayable in equal monthly instalments. Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £4,770 (2010 - £3,535).

The amount of the loan at 31<sup>st</sup> December, 2011 that was repayable in more than a year was £84,071 (2010 - £109,257). The loan will be fully repaid in 2016.

**16. MEMBERS' LOANS**

	<b>2011</b>	<b>2010</b>
Members' loans	£14,450	£14,450
	=====	=====

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

<b>17. CREDITORS AND ACCRUALS</b>	<b>Trust and Subsidiary</b>		<b>Trust</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	143,854	102,048	16,546	21,362
Life membership equalisation account	7,024	3,609	7,024	3,609
Other creditors and accruals	37,428	41,811	6,910	7,215
	-----	-----	-----	-----
	£188,306	£147,468	£30,480	£32,186
	=====	=====	=====	=====

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**18. LIFE MEMBERSHIP EQUALISATION ACCOUNT**

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Balance at start of year	81,420	88,485
Membership sold in year	2,200	15,500
Transferred to income and expenditure account :		
Premier life memberships	(17,193)	(20,719)
Life member subscriptions	(1,515)	(1,846)
	-----	-----
	64,912	81,420
Less : PLM subscriptions outstanding	(15,328)	(24,812)
	-----	-----
Balance at close of year	£49,584	£56,608
	=====	=====
Shown in:-		
Creditors under 1 year	7,024	3,609
Creditors over 1 year	42,560	52,999
	-----	-----
	£49,584	£56,608
	=====	=====

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

**19. REVALUATION RESERVE**

	<b>£</b>	<b>£</b>
At 1st January, 2011	16,538	64,407
Revaluation of assets in year	2,000	(2,500)
Transfer to unrestricted funds in respect of previous valuations	-	(45,369)
	-----	-----
At 31st December, 2011	£18,538	£16,538
	=====	=====

The Trust's rolling stock was fully revalued in December 2006 and the revaluation was adopted by the directors in preparing these accounts. Partial revaluations have been undertaken in subsequent years. A full revaluation at 31 December 2011 is not considered necessary as many of the items of rolling stock are considered to be close to the figures shown in these financial statements.

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**20. UNRESTRICTED FUNDS**

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

	<b>General Reserves 2011 £</b>	<b>Designated Funds 2011 £</b>	<b>Total 2011 £</b>
Opening balance	1,518,791	77,635	1,596,426
Surplus for the year	196,547	23,988	220,535
Swanage Railway Company Limited - profit for the year	(70,326)	-	(70,326)
	-----	-----	-----
Balance per consolidated balance sheet	£1,645,012 =====	£101,623 =====	£1,746,635 =====

Designated funds comprise of the following:-

	<b>Balance At 1st January, 2011 £</b>	<b>Movement in Funds Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Balance At 31st December, 2011 £</b>
Sygnets B van	182	1,714	(610)	1,286
Shower block	8,600		(320)	8,280
Carriage shed	21,849	13,583	(83)	35,349
Locomotive maintenance	15,000	-	-	15,000
Other special projects	32,004	16,077	(6,373)	41,708
	-----	-----	-----	-----
	£77,635 =====	£31,374 =====	(£7,386) =====	£101,623 =====

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.
- 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, 2011**

**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:-

	<b>Balance At 1st January, 2011 £</b>	<b>Movement in Funds</b>		<b>Balance At 31st December, 2011 £</b>
		<b>Incoming Resources £</b>	<b>Resources Expended £</b>	
Harmans Cross Project Appeal	1	-	(1)	-
The 200 Club	51,228	12,330	(9,483)	54,075
The Southern Carriage Account	22,554	-	-	22,554
Mercury Group	191	200	(200)	191
Carriage Shed Fund	1	-	(1)	-
New Company Appeal	36,950	1,144	(2,300)	35,794
Mining Museum Group Donations	13,738	5	(545)	13,198
257 Squadron Appeal	30,759	-	-	30,759
Corfe Signal Box Appeal	1	-	(1)	-
	-----	-----	-----	-----
	£155,423	£13,679	(£12,531)	£156,571
	=====	=====	=====	=====

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

	<b>Fixed assets £</b>	<b>Bank £</b>	<b>Total £</b>
The 200 Club	27,260	26,815	54,075
The Southern Carriage Account	22,554	-	22,554
257 Squadron Appeal	30,759	-	30,759
Mining museum Group Donations	5,397	7,801	13,198

The purpose of the restricted funds is as follows:-

- Harmans Cross Project Appeal - to raise funds for the ongoing enhancement of Harmans Cross station.
- 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 Carriage Shed Fund - to raise funds for the construction of a carriage shed.
- 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.
- The Corfe Signal Box Appeal - to raise funds for the construction of a signal box at Corfe Castle.

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**22. FINANCIAL COMMITMENTS**

Financial commitments under non-cancellable operating leases will result the following payments falling due in the year to 31st December, 2011 :-

	<b>Trust &amp; Subsidiary</b>		<b>Trust</b>	
	<b>Land &amp; Buildings</b>		<b>Land &amp; Buildings</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Leases expiring after 1 year but within 5 years	£24,734	£23,938	£24,734	£23,938
	=====	=====	=====	=====
Leases expiring after 5 years	£21,625	£21,625	-	-
	=====	=====	=====	=====

**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 13 and note 23, 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 £138,400 (2010 - £129,996). At the year end, an amount of £13,650 (2010: £12,766) was owed to Southern Locomotives Engineering Limited. £nil (2010: £nil) was written off during the period.

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 23, 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 £35,101 (2010 - £35,000). At the year end, an amount of £4,200 (2010: £nil) was owed to Drummond Locomotives Limited. £nil (2010: £nil) was written off during the period.

**THE SWANAGE RAILWAY TRUST**

**NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED**

**31ST DECEMBER, 2011**

**23. DIRECTORS' INTERESTS (see note 13 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 23 have entered into arrangements with the Swanage Railway Company Limited for the provision of motive power and engineering support.

The directors' interests in the shares at 31 December, 2011 are as follows:

	<b>Southern Locomotives Ltd No of Ordinary £250 Shares Held</b>	<b>Drummond Locomotives Ltd No of Ordinary £100 Shares Held</b>
<b>Trust:</b>		
S.J. Barker	-	-
D.A. Budd	-	10
D.M. Chick	1	-
P.T. Clements	-	-
G. Cope	-	-
S.W. Doughty	3	-
J.E. Gregory	10	-
N.A. Lloyd	-	-
A.L. Moore	61	1
Mrs L.A. Moore	1	-
P.W. Renaut	12	-
Mrs. E.M. Sellen	2	-
M.A. Stollery	14	12
W.S. Trite	37	2
M.A. Whitwam	-	-
M.R. Woolley	2	-
<b>Subsidiary:</b>		
A.L. Moore	61	1
Mrs. E.M. Sellen	2	-
P.A. Thrower	-	4 - Director
M.R. Woolley	2	-
G.W. Carter	-	-
M.A. Whitwam	-	-
P.N. Sills	-	-
S.W. Doughty	3	-

The total issued share capital of Southern Locomotives Limited at 31st December, 2011 was 8,139 ordinary £250 shares and that of Drummond Locomotives Limited 1,258 ordinary £100 shares.