

Company Number 4115126
Charity Number 1087318

The Swanage Railway Trust
(A Company Limited by Guarantee)
Consolidated Accounts
For the year ended 31 December 2015

**THE SWANAGE RAILWAY TRUST
INDEX TO CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**THE SWANAGE RAILWAY TRUST
COMPANY DETAILS**

COMPANY REGISTRATION NO: 4115126
CHARITY NO: 1087318
COMPANY SECRETARY: M R Woolley
REGISTERED OFFICE: Station House
Swanage
Dorset, BH19 1HB

**DIRECTORS AND TRUSTEES
(Collectively known as the
Council of Management)**

G C Johns (Chairman)
E M Sellen (Vice Chairman from Oct15)
T J Parsons (Vice Chairman Oct14 to Oct15)
M R Woolley (Secretary)
P T Clements (Treasurer to Oct15)
A L Moore (Treasurer from Nov15)
T D Buck (Resigned Oct15)
D A Budd
G Cope (Resigned Oct15)
N S C Coram
M A Gould
S I Magnus (Elected Jan 16)
M McManus (Resigned Oct15)
P N Sills
M A Stollery (Deceased Jan16)
W S Tritte
M A Whitwam
B R Ezzard (Elected Oct15)
J A Hagger (Elected Oct15)
D Bennett (Elected Oct15)

PROFESSIONAL ADVISERS

BANKERS

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

AUDITORS

Ward Goodman Limited
4 Cedar Park, Cobham Road
Ferndown Industrial Estate
Wimborne, BH21 7SF

**THE SWANAGE RAILWAY TRUST
CHAIRMAN'S STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

REVIEW OF BUSINESS

The trading period covered by this report built on the good foundations of previous years with excellent trading activity and sound progress delivering major projects preparing for reinstating regular services to Wareham.

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

The Railway continues to perform well. Although in previous years we have noted recovery from the financial crisis in the late 2000's, this does not enable us to relax and we have had to work hard to maintain passenger numbers at 217,080 for 2015 and a turnover of £2.7 million within the subsidiary company. It is a great testament to what we offer that we have achieved some growth as other Dorset tourist attractions have reported falls during the year, so to hold and grow our position is very good. Again in 2015 with receipts at this level it enabled some further capital investment projects to be self-funded by the Company. In addition the Trust funded further work for the Railway of a strategic nature.

The Trustees maintain a close oversight of Company activities and will continue to seek assurances that both income and expenses are actively and demonstrably managed to best advantage and are appropriate for the size of the Company's trading activity and meeting the Trusts objectives.

The Company has continued the practice started in 2014 of off-setting profit against capital investment allowances. The Company has accumulated capital investment allowances reflecting the capital investment made in recent years. Profit can be offset in an advantageous way against these allowances and the Directors have accepted the advice of our Tax Advisers that this would be the most prudent course of action. For 2015 profit has been retained by the Company and off-set against capital allowances.

The Trustees' would like to thank both Peter Sills who was Company Chairman until September 2015 and Trevor Parsons who is the current Chairman and the Board for their continued good work and support in directing the Company's affairs, to achieve this outcome.

Turning to the Trust's direct activity, during 2015 the Trust has continued to progress work on our Museums at Corfe Castle and Norden aided by the excellent support from those volunteers working in this area. Work continues to co-ordinate all museum and archiving activity in order to achieve a suitable standard for Accreditation. Education services continues to progress, at the speed that resources permit, and we continue to look for ways to fund and progress this important element of our charitable objectives. The Trust are actively looking for ways to progress work in this important area.

With the objectives we have as a Trust, and the trading and volunteer environment we operate in we cannot afford to be complacent. We need to do further work to understand what makes our volunteers so keen to work on the Railway, and to do what we can to retain and develop them, as well as recruiting new volunteers. There is increasing competition for volunteers, and as lifestyle demographics change we will need to continue to develop our approach.


**THE SWANAGE RAILWAY TRUST
CHAIRMAN'S STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

2015 saw significant progress with the project to re-commence regular services along the whole branch to Wareham. An early highlight during the year was the commissioning of the new signaling system in February. During the course of the year great progress has been made, led by the project team, to upgrade the condition of the track, stabilise earthworks, build a new road/rail transfer facility and level crossing at Norden to get ready for 25mph operation. Starting services to Wareham, have been put back to 2017, when we will have our main line fit DMU to use. The Trust is particularly grateful for all the hard work given by staff to achieve this.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties have been described in the Directors' Report on page 6.

The Trust and Railway continue to grow and remain an exciting and rewarding place to work. I want expressly to thank, on behalf of the Trust, everyone for their own contribution to the Swanage Railway. Without all these contributions, we would not have the Railway that today we can justifiably be proud of.


Gavin Johns
Chairman SR
April 2016

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors are pleased to present their report together with the consolidated financial statements of the charity for the year ended 31 December 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

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

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015).

MANAGEMENT

The Swanage Railway Trust has a single management body, the Board of Directors (also known as the Council of Management), elected by the members for a two year period. Fifty percent of the directors are required to retire by rotation each year at the Trust's Annual General Meetings.

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

Directors;

- Trevor Parsons (Director)
- Andrew Moore (Director)
- Kevin Potts (Director)
- Elizabeth Sellen (Director)
- Mark Woolley (Director)
- Gavin Johns (Director)

Senior Managers;

- Matthew Green (General Manager)
- David Rawsthorn (Head of Sales and Marketing)
- Lorna Lock (Finance and Payroll Manager)
- James Cox (Locomotive Carriage & Wagon Manager)
- Nicholas Lloyd (Operations Manager)
- Martin Trott (Passenger Services Manager)
- Barry Light (Permanent Way Manager)
- Tony North (Signal & Telegraph Manager)
- Barry Osgood (Health and Safety Manager)
- Graham Froud (Steam Locomotive Superintendent)

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

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

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 the Trust policies is held annually at the meeting following elections to ensure that these remain appropriate and that the new Directors are familiar with them.

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

OBJECTIVES AND ACTIVITIES

The objectives of the Swanage Railway Trust, as set down in its Memorandum of Association, is to study, compile records on and acquire, restore, preserve and maintain railway lines, locomotives, rolling stock and other items of railway interest, and to provide training and instruction in such activities and in particular but without prejudice to the generality of the foregoing those associated with the Isle of Purbeck, the former London and South Western Railway, other Railways which were in existence in Southern England during and before the year of nineteen hundred and twenty-three, the Southern Railway, and the Southern Region of British Railways, and to enter in such agreements and to take all such steps as may be necessary for these purposes, and to organize, sponsor and support displays and such other shows and events for the provision and stimulation of information, education and interest in such vehicles and other items of railway interest.

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

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

PUBLIC BENEFIT

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

The 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 endeavors to accommodate all sections of the community both as volunteers and as visitors.

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

RISK MANAGEMENT

The directors have considered the major risks that the Swanage Railway Trust and its trading subsidiary face when developing strategies and strategic plans for the future. The major risks are lack of funding to prevent the Trust from achieving its objectives and operational issues for the trading subsidiary which will be enhanced in the future with operations to and from the main line. These risks may cause a delay in the Trust achieving its objectives or curtail the operations of the trading subsidiary. Where appropriate, directors obtain the assistance of experts in the various areas that are a risk to the Trust or its trading subsidiary.

RELATED PARTIES

The charity acknowledges a relationship with:-

The Swanage Railway Company Limited	Drummond Locomotives Limited
6695 Locomotive Group	Southern Locomotives Ltd
Southern Locomotives Engineering Limited	JMB Locomotive Services
71A Locomotive Ltd	Class 33/1 Preservation Co. Ltd
Birmingham Railwaymen's Crompton Works Group	

The Swanage Railway Trust holds a controlling interest in the Swanage Railway Company Limited, which assists the Trust in meeting its objectives by operating the Swanage Railway and undertaking the associated trading activities. Whilst the company has a paid staff it is still heavily dependent on the supply of volunteers by the Trust for the operation of its train services and the maintenance and development of the railway.

A number of the directors of the Swanage Railway Trust are also directors of the Swanage Railway Company Limited. It is current Trust policy that the majority of voting Directors of the Swanage Railway Company are also Directors of the Swanage Railway Trust.

VOLUNTEERS

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

FINANCIAL REVIEW

The level of consolidated income has increased largely because of the capital grants from outside organisations which were made to the trading subsidiary. The number of passengers carried by the trading subsidiary has shown an increase of 1.2% over the previous year. This has resulted in a corresponding increase in both fare income and associated revenue. Overall, incoming resources have increased, due to Project Wareham Grants, by £1,712,983 (53%) while resources expended have also increased by £292,203 (11%). The Trust has continued to make grants to the Swanage Railway Company Limited for the restoration and construction of railway buildings, track maintenance, locomotives and rolling stock which are part of the objectives of the Trust.

Consolidated funds total £6,361,271 (2014 - £4,363,910). There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets.

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

RESERVES POLICY

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

Where funds have been raised for specific projects, the Group maintains separate funds either as designated or restricted funds – see notes 16 and 17.

The available reserves of the Group are as follows:

Total consolidated funds at 31 December 2015	£ 6,361,271
Less:-	
- Tangible Fixed assets	5,501,222
- Fixed asset investments	11,511
- Restricted funds held in bank balances	123,604
- Designated funds	330,700
Net reserves	<u>394,234</u>

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

The Group will continue to invest in fixed assets and locomotive overhaul in 2016.

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

FUTURE PLANS

The Group intends to use its strategic objectives to utilise its resources and to develop its museum facilities and collections and to restore further items of equipment appropriate to its need for use on the Swanage Railway. The Swanage Railway Company Limited continues to be engaged in the development of plans for the restoration of commercial services to Wareham. Initial trial services are planned to commence in June 2017.

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- 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 a going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

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

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.

**THE SWANAGE RAILWAY TRUST
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

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

Company Secretary

Date 21/5/16

THE SWANAGE RAILWAY TRUST
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF
THE SWANAGE RAILWAY TRUST
FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the consolidated financial statements of The Swanage Railway Trust for the year ended 31 December 2015 which comprise the consolidated 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 in law and under 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 page 9 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 and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

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 parent charitable company's affairs as at 31 December 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

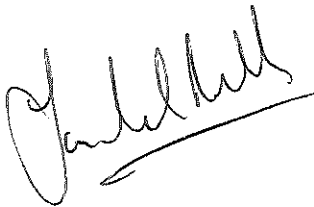
In our opinion the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE SWANAGE RAILWAY TRUST
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF
THE SWANAGE RAILWAY TRUST
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

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



Mr I Rodd ACA FCCA
Senior Statutory Auditor
c/o Ward Goodman Limited
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset BH21 7SF

Date: 21 May 2016

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2015
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

Notes	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total 2015 £	Total 2014 £
Incoming Resources				
Voluntary Income:				
Appeals, donations, grants and covenants	540,668	312,209	852,877	418,890
Activities for generating funds:				
Membership subscriptions	32,075	-	32,075	33,630
Fund raising and other income	25,688	-	25,688	24,426
Trading income	2,517,072	-	2,517,072	2,487,860
Capital grants received	-	1,455,955	1,455,955	207,057
Interest receivable	2,793	-	2,793	1,614
Total Incoming Resources	2	3,118,296	1,768,164	4,886,460
Resources Expended				
Cost of generating funds				
Trading expenses	2,438,966	234,820	2,673,786	2,411,083
Fundraising costs	10,713	-	10,713	6,197
Charitable activities	175,638	28,962	204,600	179,616
Total Resources Expended	3	2,625,317	263,782	2,889,099
Net Incoming Resources		492,979	1,504,382	1,997,361
Other recognised gains / (losses)	-	-	-	(67,665)
Revaluation adjustment	-	-	-	(27,032)
Transfers between funds	(73,366)	73,366	-	-
Net Movement In Funds		419,613	1,577,748	1,997,361
Funds at 1 January 2015 (As restated)		3,509,335	854,575	4,363,910
Funds at 31 December 2015	16,17	3,928,948	2,432,323	6,361,271

All incoming resources and resources expended derive from continuing activities.

	2015 £	2014 £
Total recognised gains as defined by the Companies Act 2006	<u>1,997,361</u>	<u>508,916</u>

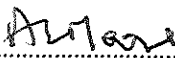
The notes on pages 16 to 34 form part of these financial statements.


THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Trust and Subsidiary		Trust	
		2015 £	2014 £	2015 £	2014 £
Fixed Assets					
Tangible Fixed Assets	5	5,501,222	3,927,400	-	-
Fixed asset investments - listed	9	11,511	10,666	11,511	10,666
Investment in subsidiaries	8	-	-	469,315	469,315
Total fixed assets		5,512,733	3,938,066	980,546	983,745
Current Assets					
Stocks	10	81,029	92,147	-	-
Debtors and prepayments	11	507,486	334,046	373,948	258,066
Cash at bank and in hand		898,889	738,148	730,019	572,049
		1,487,404	1,164,341	1,103,967	830,115
Creditors: Amounts falling due within one year					
Creditors and accruals	13	(608,925)	(709,617)	(31,039)	(20,542)
Total current liabilities		(608,925)	(709,617)	(31,039)	(20,542)
Net Current Assets		878,479	454,724	1,072,928	809,573
Total assets less current liabilities		6,391,212	4,392,790	2,053,474	1,793,318
Creditors: Amounts falling due after more than one year					
Life membership equalisation	14	(16,941)	(18,130)	(16,941)	(18,130)
Members Loans	12	(13,000)	(10,750)	(13,000)	(10,750)
Total long term liabilities		(29,941)	(28,880)	(29,941)	(28,880)
Net Assets		6,361,271	4,363,910	2,023,533	1,764,438
Unrestricted Funds					
General funds	16	3,537,986	3,118,373	1,707,501	1,496,833
Revaluation funds	15	373,314	373,314	2,112	2,112
		3,911,300	3,491,687	1,709,613	1,498,945
Restricted funds					
Minority shareholdings	17	2,432,323	854,575	313,920	265,493
		17,648	17,648	-	-
		6,361,271	4,363,910	2,023,533	1,764,438

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 FRS 102 Section 1A.

These financial statements were approved by the directors and authorised for issue on 21/5/16 2016, and are signed on their behalf by :


A L Moore - Director


Mr G C Johns - Director

**THE SWANAGE RAILWAY TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<u>Note</u>	<u>2015</u> £	<u>2014</u> £
Net cash flows from operating activities	1	1,937,365	849,974
Cash flows from investing activities			
Purchase of equipment		(1,779,418)	(936,983)
Interest received		2,793	1,614
Net cash flows from investing activities		<u>(1,779,418)</u>	<u>(936,983)</u>
Net increase/(decrease) in cash and cash equivalents		<u>160,740</u>	<u>(85,395)</u>
Cash and cash equivalents at the beginning of the year		738,149	823,544
Cash and cash equivalents at the end of the year		<u>898,889</u>	<u>738,149</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		898,889	777,833
Bank overdrafts		-	(39,684)
Cash and cash equivalents		<u>898,889</u>	<u>738,149</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

1. NET CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities

	<u>2015</u>	<u>2014</u>
	<u>£</u>	<u>£</u>
Net Surplus/(Deficit)	1,997,361	481,884
Adjustment for;		
Depreciation charges	143,084	94,505
Unrealised loss on revaluation of fixed assets	41,360	39,475
(Gains)/Losses on revaluation of investments	(845)	67,665
Fixed assets reclassified as revenue expenditure	21,151	-
Investment income	(2,793)	(1,614)
Other non cash movements	-	(10,878)
Cash flows before movement in working capital	2,199,318	671,037
(Increase) / Decrease in stock	11,118	9,473
(Increase) / Decrease in debtors	(173,440)	(240,825)
Increase / (Decrease) in creditors	(99,631)	410,288
Cash generated by operations	<u>1,937,365</u>	<u>849,973</u>

**THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (CONTINUED)

1.0 Legal form

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

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

1.1 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 FRS 102).

1.2 Basis of Consolidation

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

1.3 Incoming Resources

Membership income:

Annual subscriptions from members are included in full in the year they are received. Life membership subscriptions are credited to the life membership account and from there to income in equal annual instalments over ten years.

Voluntary income and donations:

All voluntary income and donations are accounted for gross when received. Due to the nature of donations and fund raising income the directors have no control over this until received and entered into the records.

Trading income: Income from the subsidiary trading company is included in the period in which it is generated.

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

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Resources Expended

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

- Cost of generating funds comprises the costs of fundraising and trading activities.
- Charitable activities include the costs incurred directly in the fulfillment of the Charity's objectives.
- Governance costs represent those costs of the strategic management of the charity and of complying with constitutional and statutory requirements.

Liabilities are recognised as resources expended once there is a legal or constructive obligation to make a payment to a third party.

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

1.5 Operating Leases

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

1.6 Tangible Fixed Assets

Fixed assets are included at cost or valuation. 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 FRS 102. During the year accounting policies in the subsidiary's accounts were amended to come in line with this group policy.

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

1.8 Infrastructure, plant and equipment

Infrastructure, plant and equipment 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%

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. ACCOUNTING POLICIES – CONTINUED

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. Investments in Listed Entities are referred to in Note 12.

1.12 Fund accounting

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

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

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

1.13 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as appropriate, as 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.

1.14 First year adoption of FRS 102

On transition to FRS 102, the company has taken advantage of the following transitional relief;

To measure fair value at the date of transition to FRS 102 and use as deemed cost on an item of property, plant and equipment.

Reconciliation of equity as at 1 January 2014

	UK GAAP	Effect of transition to FRS 102	FRS 102
Tangible assets	2,753,196	371,202	3,124,398
Unrestricted funds	2,609,175	371,202	2,980,377

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

1. ACCOUNTING POLICIES – CONTINUED

1.14 First year adoption of FRS 102 (continued)

Reconciliation of equity as at 31 December 2014

	UK GAAP	Effect of transition to FRS 102	Effect of change in accounting policy (depreciation)	FRS 102
Tangible assets	3,517,489	371,202	38,711	3,927,402
Surplus for the year	443,173	-	38,711	481,884
Unrestricted funds	3,099,422	371,202	38,711	3,509,335

Locomotives and rolling stock were reclassified as Heritage Assets and the group's policy of revaluation was adopted on transition to FRS 102. The assets were revalued to deemed cost on 1 January 2014 and from that point all depreciation recognised under UK GAAP was reversed leading to the £371,202 which is included in unrestricted funds as a revaluation reserve, and £38,711 which was added back to the SOFA to reverse depreciation charges.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2. INCOMING RESOURCES

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total 2015 £	Total 2014 £
Voluntary income (Trust)				
Appeals, donations, grants, covenants & legacies	540,668	77,389	618,057	338,765
Membership subscriptions	32,075	-	32,075	33,630
Fundraising and other income	25,688	-	25,688	24,426
Interest receivable	2,793	-	2,793	1,614
Total voluntary income from Trust	601,224	77,389	678,613	398,435
Activities for generating funds (Subsidiary Company)				
Capital grants				
Dorset County Council	-	-	-	7,808
National Lottery Big Fund	-	1,043,315	1,043,315	154,250
BP/Perenco	-	400,000	400,000	40,000
IMERYS	-	-	-	5,000
Network Rail	-	12,500	12,500	-
Other capital grants	-	140	140	-
Passenger fare income	1,979,881	-	1,979,881	1,944,660
Shop income	146,528	-	146,528	150,036
Catering income	278,756	-	278,756	267,314
Other income	111,923	-	111,923	125,850
Revenue grants	-	234,820	234,820	80,124
Total income from activities in subsidiary company	2,517,088	1,690,775	4,207,863	2,775,042
Total consolidated incoming resources	3,118,296	1,768,164	4,886,460	3,173,477

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Trust discharges part of its charitable objectives through its subsidiary the Swanage Railway Company Limited, a company incorporated in the UK. A summary of the trading results including intergroup trading is set out below. Audited accounts are filed with Companies House.

	2015	2014
	£	As restated £
Turnover	2,747,972	2,596,979
Cost of sales	<u>(1,176,203)</u>	<u>(1,057,175)</u>
Gross profit	1,571,769	1,539,804
Administrative expenses	<u>(1,517,284)</u>	<u>(1,390,020)</u>
Operating profit	54,485	149,784
Interest payable	(3,788)	(3,925)
Interest receivable	<u>15</u>	<u>-</u>
Profit on ordinary activities	<u>50,712</u>	<u>145,859</u>
Retained profit for the year	<u>50,712</u>	<u>145,859</u>
Net assets	<u>1,552,980</u>	<u>1,502,268</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. TOTAL RESOURCES EXPENDED

	Premises & railway running costs £	Admin, salaries and other £	Dep'n £	Total 2015 £	Total 2014 £
Charitable Activities:					
Rent	97,900		-	97,900	85,438
Rates & utilities	10,031		-	10,031	13,560
Printing & stationery	-	26,471	-	26,471	26,541
Repairs & other	39,604	5,588	8,763	53,955	44,233
Total charitable activities	147,535	32,059	8,763	188,357	169,772
Costs of generating funds:					
Fundraising costs	-	10,713	-	10,713	6,197
Trading costs (subsidiary only) ¹	1,482,535	1,015,570	175,681	2,673,786	2,411,083
Total cost of generating funds	1,482,535	1,026,283	175,681-	2,684,499	2,417,280
Governance costs:					
Auditors remuneration (audit)		3,610		3,610	1,281
Auditors remuneration (non audit)	-	4,865	-	4,865	1,299
Other legal and professional	-	7,768	-	7,768	7,264
Total other costs	-	16,243		16,243	9,844
Total resources expended	1,630,070	1,074,585	184,444	2,889,099	2,596,896

¹ Auditors remuneration for Swanage Railway Company audit £3,740, Non audit fees £2,750.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

4. DIRECTORS AND EMPLOYEES

	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Staff costs				
Wages and salaries	970,158	812,725	8,689	8,689
Social security costs	70,874	60,449	1,391	1,391
	<u>1,041,032</u>	<u>873,174</u>	<u>10,080</u>	<u>10,080</u>

The Swanage Railway Company Limited had 45 (2014 – 45) employees at the year end, excluding directors. All staff members are employed by The Swanage Railway Company Limited. A proportion 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. Expenses were reimbursed to the directors during the year for out of pocket expenses incurred in accordance with their duties as directors.

The aggregate total of Key Management Personnel salaries for the year to 31 December 2015 was £264,992. The names of the people that the Directors consider to be Key Management are listed in the Directors report on page 4.

The Swanage Railway Trust and the Swanage Railway Company Limited are both heavily reliant on volunteer staff in all areas of their activities.

There were no employees with emoluments above £60,000 in the SRC or SRT.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. TANGIBLE FIXED ASSETS

	Freehold Land (Norden)	Land and Buildings	Heritage Assets	Plant Machinery and Equipment	Shop Fittings and Equipment	Permanent Way and Other Assets	Assets Under Construction	Total
Swanage Railway Company Limited								
Cost	£	£	£	£	£	£	£	£
At 1 January 2015	-	499,565	556,035	430,714	41,575	784,859	1,614,413	3,927,161
Additions	-	5,881	-	67,678	1,026	10,426	1,689,686	1,774,697
Disposal	-	-	(4,572)	(78,443)	(36,165)	(9,921)	-	(129,101)
Reclassification	-	-	-	-	-	-	(21,152)	(21,152)
Transfer of completed assets	-	130,193	231,462	-	-	37,833	(399,488)	-
As 31 December 2015	-	635,639	782,925	419,949	6,436	823,197	2,883,459	5,551,605
Depreciation								
At 1 January 2015	-	95,662	-	189,335	21,774	196,753	-	503,524
Charge for the year	-	64,313	-	43,721	3,496	22,790	-	134,320
Adjustments on disposals	-	-	-	(56,567)	(23,876)	(7,297)	-	(87,740)
At 31 December 2015	-	159,975	-	176,489	1,394	212,246	-	550,104
Net Book Value								
At 31 December 2015	-	475,664	782,925	243,460	5,042	610,951	2,883,459	5,001,501
At 31 December 2014	-	403,903	556,035	241,379	19,801	588,106	1,614,413	3,423,637
Swanage Railway Trust Limited								
Cost								
At 1 January 2015	30,000	329,780	273,533	29,372	-	-	-	662,685
Additions	-	-	-	834	-	-	3,885	4,719
Disposal	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Transfer of completed assets	-	-	-	-	-	-	-	-
As 31 December 2015	30,000	329,780	273,533	30,206	-	-	3,885	667,404
Depreciation								
At 1 January 2015	-	133,355	-	25,565	-	-	-	158,920
Charge for the year	-	7,972	-	790	-	-	-	8,762
Adjustments on disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2015	-	141,328	-	26,355	-	-	-	167,683
Net Book Value								
At 31 December 2015	30,000	188,452	273,533	3,851	-	-	3,885	499,721
At 31 December 2014	30,000	196,425	273,533	3,807	-	-	-	503,765
Total Consolidated NBV								
at 31 December 2015	30,000	664,116	1,056,458	247,311	5,042	610,951	2,887,344	5,501,222

**THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

6. TANGIBLE FIXED ASSET REVALUATION – HERITAGE ASSETS

Heritage assets are held under a revaluation policy. According to the guidance of FRS 102 on Heritage Assets, there must be reliable evidence as to the valuation of an asset for it to be recognised at that value in the accounts. The directors consider that the most reliable value for the assets is original cost plus any overhaul costs exceeding that amount.

Heritage assets were revalued to £1,056,458 on 31 December 2014 by the Directors of the company who have knowledge of the value of such assets. If the assets had not been revalued, they would have been included at historical cost of £990,894.

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

The Trust discharges part of its charitable objectives through its subsidiary, the Swanage Railway Company Limited, which operates the Swanage Railway and undertakes the associated trading activities.

The share structure of the Swanage Railway Company Limited is such that The Swanage Railway Trust is the only shareholder who can hold voting shares in the Company. The effect of this structure is that The Swanage Railway Trust controls the Swanage Railway Company Limited. The trust owns 96% of the issued share capital of The Swanage Railway Company Limited.

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

An extract from the Balance Sheet of the Swanage Railway Company Limited at 31 December 2015 is as follows:-

	2015	2014
	£	£
Fixed assets	5,001,501	3,423,637
Current assets	446,987	470,393
Current liabilities	<u>(701,775)</u>	<u>(854,125)</u>
Total assets less current liabilities	4,746,713	3,039,905
Creditors due in more than one year	<u>(3,193,733)</u>	<u>(1,537,637)</u>
	<u>1,552,980</u>	<u>1,502,268</u>
Called up share capital	486,963	486,963
Revaluation reserve	371,202	371,202
Profit and loss account	<u>694,815</u>	<u>644,103</u>
	<u>1,552,980</u>	<u>1,502,268</u>

9. INVESTMENTS IN LISTED ENTITIES

	£
Market value at 1 January 2015	10,666
Additions at cost	-
Disposals at market value	-
Net investment (losses)/gains	845
Market value at 31 December 2015	11,511

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

10. STOCKS

	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Shop stocks for resale	19,160	32,297	-	-
Catering stock	6,390	6,008	-	-
Consumable stocks	16,548	8,509	-	-
Special events stock	1,718	4,079	-	-
Signals & telegraphs stock	356	204	-	-
Locomotive and carriages	36,857	41,050	-	-
	<u>81,029</u>	<u>92,147</u>	<u>-</u>	<u>-</u>

11. DEBTORS AND PREPAYMENTS

	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	13,820	36,695	222	607
Loan to the Swanage Railway Company Limited			63,554	96,482
Other debtors	434,390	274,162	297,992	158,385
Prepayments	59,276	23,189	12,180	2,592
	<u>507,486</u>	<u>334,046</u>	<u>373,948</u>	<u>258,066</u>

The total amount outstanding on the loan from Swanage Railway Trust Limited to Swanage Railway Company Limited at 31 December 2015 was £63,554 (2014: £96,482). The whole amount of the loan is repayable on demand.

Interest is charged at 1.5% above the banks base lending rate and the amount of interest charged in the year was £3,780 (2014 - £3,726).

12. MEMBERS LOANS

	2015	2014
	£	£
Members' loans	<u>13,000</u>	<u>10,750</u>

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13. CREDITORS AND ACCRUALS

Due within one year	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	509,611	505,244	14,450	4,587
Life membership equalisation account	7,927	8,755	7,927	8,755
Other creditors and accruals	91,387	195,618	8,662	7,200
	<u>608,925</u>	<u>709,617</u>	<u>31,039</u>	<u>20,542</u>

Due more than one year	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Members Loans	13,000	10,750	13,000	10,750
Life membership equalisation account	16,941	18,130	16,941	18,130
	<u>29,941</u>	<u>28,880</u>	<u>29,941</u>	<u>28,880</u>

14. LIFE MEMBERSHIP

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

	2015	2014
	£	£
Balance at start of year	26,885	33,158
Membership sold in year	7,420	-
Premier life memberships	(9,383)	(10,602)
Life member subscriptions	(114)	(114)
	<u>24,808</u>	<u>22,442</u>
Add: PLM subscriptions brought forward	2,175	6,618
Less: Amounts outstanding	(2,115)	(2,175)
Balance at close of year	<u>24,868</u>	<u>26,885</u>
Shown in:-		
Creditors under 1 year	7,927	8,755
Creditors over 1 year	16,941	18,130
	<u>24,868</u>	<u>26,885</u>

Both Premier Life Membership and Life membership have now closed to new applicants. A new LifeTime Travel Membership was introduced in the year for which memberships were sold.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

15. REVALUATION RESERVE

	2015 £	2014 £
At 1 January 2015	373,314	400,316
Revaluation of assets in year	-	(27,032)
At 31 December 2015	373,314	373,284

The revaluation reserve is in respect of Heritage Assets. £371,202 of the reserve was an adjustment made on transition to FRS 102 to bring in Heritage Assets in Swanage Railway Company Limited at "deemed cost" which was in fact equal to the original cost of those assets as this is the most reliable valuation in the opinion of the directors using the guidance in FRS 102 section on Heritage Assets.

16. UNRESTRICTED FUNDS

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

	General Reserves	Designated Funds	Total 2015
	2015 £	2015 £	£
Opening balance	2,667,176	451,197	3,118,373
Surplus for the year	613,475	(120,496)	492,979
Transfer to restricted funds	(73,366)		(73,366)
Balance per consolidated balance sheet	3,207,285	330,701	3,537,986

Designated funds comprise of the following:-

	Balance At 1 January 2015 £	Movement (Incoming Resources) £	In Funds (Resources Expended) £	Balance At 31 December 2015 £
Sygnets B van	1,512	-	(534)	978
Carriage shed	35,449	-	-	35,449
Maunsell 1346	5	-	(5)	-
Goods shed	6,726	-	(1,900)	4,826
Team Herston	634	-	(263)	371
Education and Museum	-	9,684	(4,716)	4,968
Heritage coaches	111,050	-	-	111,050
Loco Purchasing	100,000	-	-	100,000
Other special projects	2,391	-	(551)	1,840
B VAN 385	255	-	(255)	-
Army and Railway Link	5,013	-	(5,013)	-
Funds in memoriam	403	250	-	653
Staff facilities	16,724	-	(16,724)	-
Loco Overhaul Fund	159,632	107,750	(221,551)	45,831
Sleeper appeal	11,403	-	(11,347)	56
Mogul Marketing	-	1,000	(764)	236
Swanage Mogul Appeal	-	14,806	-	14,806
Notice boards	-	500	-	500
Repainting Corfe Station	-	6,000	-	6,000
Bullied Coach 1457	-	5,000	(2,606)	2,394
Museum Acquisitions	-	1,000	(257)	743
	451,197	145,990	(266,486)	330,701

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

16. UNRESTRICTED FUNDS (CONTINUED)

Designated funds are designated by the Council of Management for the following purpose:-

- Sygnets B van – the renovation of a brake van for the use of the Sygnets
- Carriage shed – the construction of a carriage shed
- Maunsell 1346 and DMU117 – the restoration of these vehicles
- Swanage canopy – work on the canopy at Swanage station
- Goods Shed – the refurbishment of Swanage Goods Shed
- Court Road Eng – the construction of an engineering workshop
- Team Herston – to promote Herston Halt
- Bookwagon – to create a bookstall at Corfe Castle
- Education and Museum – to promote education of the railway and museum
- Heritage Coaches – the refurbishment of heritage coaches
- Loco Purchasing – funds for future purchase of locomotives
- Other special projects – the restoration of various historic engines, wagons and structures around the railway.
- B Van 385 – renovation of this vehicle as a workshop for Heritage Coach Group
- Army & Railway Link – the promotion of joint events involving the army and the SR
- Funds in Memoriam – funds given in memory of two volunteers
- Staff facilities – grant towards new toilet/shower block at Swanage for locomotive crews
- 31874 Overhaul Fund – grant provided towards cost of restoration of this locomotive
- Sleeper Appeal – ongoing appeal towards the cost of replacement sleepers on the railway
- Volunteer Boards – supply of new station notice boards across the railway
- Corfe Goods Shed - grant towards replacement of roof on Goods Shed at Corfe Castle
- Loco Shed Roof – grant towards replacement of locomotive shed roof at Swanage

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. RESTRICTED FUNDS

The income funds of the charity include restricted funds in respect of unexpended balances of donations which are to be applied for the following specific purposes:-

	Balance At 1 January 2015	Movement in Funds			Balance At 31 December 2015
	£	Incoming Resources £	Resources Expended £	Transfers from general funds £	£
The 200 Club	42,046	16,719	(1,729)		57,036
The Southern Carriage Account	22,554	-	-	-	22,554
New Company Appeal	40,949	15,789	-	-	56,738
Mining Museum Group	150,327	36,893	(22,806)	-	164,414
Swanage 4TC Group	9,618	7,987	(4,427)	-	13,178
Charity	265,494	77,388	(28,962)	-	313,920
Dorset County Council	349,998	-	-	-	349,998
Chalk & Cheese	39,834	-	-	-	39,834
National Lottery Big Fund	154,250	1,278,135	(234,820)	73,366	1,270,931
BP Perenco	40,000	400,000	-	-	440,000
IMERYS	5,000	-	-	-	5,000
Network Rail	-	12,500	-	-	12,500
Other for PW	-	140	-	-	140
Consolidated	854,576	1,768,163	(263,782)	73,366	2,432,323

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. RESTRICTED FUNDS (CONTINUED)

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

	Fixed Assets £	Bank £	Total £
The 200 Club	25,771	31,265	57,036
The Southern Carriage Account	22,554	-	22,554
Purbeck Mineral and Mining Museum	122,328	42,085	164,414
Dorset County Council	349,999	-	349,999
Network Rail	12,500	-	12,500
National Lottery Big Fund	1,270,931	-	1,270,931
Other Project Wareham	140	-	140
BP Perenco	440,000	-	440,000
IMERYS	5,000	-	5,000
Swanage 4TC group	-	13,178	13,178
New Company Appeal	-	56,737	56,737
Chalk & Cheese	39,834	-	39,834
Restricted funds held in charity bank accounts	2,289,057	143,265	2,432,323

The purpose of the restricted funds is as follows:-

- The 200 Club – general fundraising for projects around the railway as decided by CoM
- The Southern Carriage Fund – to raise funds for the restoration of heritage coaches
- Purbeck Mineral & Mining Museum –donations towards the upkeep and development of the Mining Museum at Norden
- Grants were received between 2012 and 2014 from Dorset County Council, Network Rail, the National Lottery Big Fund (Coastal Communities Fund). These grants were used by the company to finance the purchase of fixed assets, particularly with regards to “Project Wareham”.
- BP/Perenco – part of grant totalling £500,000 towards the purchase and installation costs of new automatic crossing
- Imerys – grant given towards the cost of clay removal at Furzebrook
- The Swanage 4TC Group – fundraising for and restoration of a 4TC unit to be based at Swanage to provide a push-pull set working with a Class 33/1 diesel electric locomotive
- The New Company Appeal – to raise funds to launch mainline services
- Chalk and Cheese was partly used for the development of the Purbeck Mineral and Mining Museum, amounts went to the company with regards to Turntable/Water Tower project.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

18. FINANCIAL COMMITMENTS

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

	Trust and Subsidiary		Trust	
	2015	2014	2015	2014
	£	£	£	£
Lease expiring				
-in under 1 year	44,560	34,596	-	18,190
-after 1 year but within 5 years	327,436	13,915	-	-
-after 5 years	4,274,944	152,368	213,246	-

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 20 a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited.

The amount billed in respect of the year to the trading subsidiary by Southern Locomotives Engineering Limited was £113,026 (2014 - £108,785). At the year end, an amount of £10,258 (2014: £5,048) was owed to Southern Locomotives Engineering Limited. Goods and services totaling £16,285 (2014: £38,386) were sold to Southern Locomotives Engineering Limited. £5,522 (2014: £17,142) was outstanding at the year end.

- b) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, utilises the locomotive power provided by Drummond Locomotives Limited. As detailed in Note 20, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also shareholders in Drummond Locomotives Limited.

The amount invoiced by Drummond Locomotives Limited to the trading subsidiary for the supply of motive power in respect of the year was £45,846 (2014 - £37,233). At the year end, no balance (2014: £4,468) was owed to Drummond Locomotives Limited.

- c) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, utilised the locomotive power provided by JMB Locomotive Services. The amount invoiced by JMB Locomotive Services to the trading subsidiary for the supply of motive power in respect of the year was £59,280 (2014; £12,480).

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

18. FINANCIAL COMMITMENTS (CONTINUED)

d) On 1 June 2014 The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, entered into a hire agreement with John S Bunch (the owner) of three ex Southern Railway locomotives. This provides for the hire of the locomotives namely 31806, 31874 and 31625 for a period of twenty five years from the date of signing the agreement. The agreement contains a clause allowing the contract to be terminated after fifteen years i.e. on 1 June 2029 subject to twelve months' notice being given by either party.

19. CAPITAL COMMITMENTS

At 31 December 2015 the group was committed to capital expenditure of £369,368 on Project Wareham and £100,000 on locomotive overhaul.

20. DIRECTORS' INTERESTS

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 this note 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 2015 are as follows:

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

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

20. DIRECTORS' INTERESTS - continued

Swanage Railway Company

Directors

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 31 December 2015 was 8,907 ordinary £250 shares and that of Drummond Locomotives Limited 1,315 ordinary £100 shares. (This is the latest information available as at 31 January 2016.)

21. POST BALANCE SHEET EVENTS

Under the terms of the 25 year hire agreement, the Swanage Railway Company is responsible for ensuring that the current non-operational locomotives on hire from John S Bunch are restored to the same condition as at the commencement of the lease. It has entered into this contract upon the proviso that the Swanage Railway Company shall accept responsibility for funding the restoration to working order of the two locomotives which are currently non-operational, i.e. 31874 and 31625. It is provisionally estimated that such restoration will cost in the order of £400,000 each i.e. a total commitment over future years of circa £600,000.

As part of the national accreditation process to become formally recognised as Museums in their own right, the Purbeck Mineral & Mining Museum and the Corfe Castle Railway Museum now have their income and expenditure listed in a note to the accounts. However, both museums are under the auspices of and remain part of the Swanage Railway Trust and their income and expenditure is included in the Consolidated Accounts of the Trust.

22. RELATED PARTY TRANSACTIONS

Swanage Railway Company Limited is a 100% owned subsidiary of Swanage Railway Trust.

The total amount outstanding on loans made to the company by Swanage Railway Trust at 31 December 2015 was £63,554 (2014: £96,482.)

Interest is charged on the above loans at 1.5% above the Bank of England base rate. Interest charged in the year to 31 December 2015 was £3,780 (2014: £3,726).

In the year ended 31 December 2015, £nil of goods were purchased from Sillson Communications Limited (2014: £1,888) and £115 of goods were purchased from Coastal Publishing Limited (2014: £549). These are companies in which Peter Sills, a director of the Trust, has a controlling interest.

THE SWANAGE RAILWAY TRUST
NOTES TO THE CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

23. SUMMARY OF INCOME AND EXPENDITURE FOR THE TWO MUSEUMS

Corfe Castle Railway Museum

<u>Income</u>	£
Donations – collection boxes	5,763
Book Wagon – sales of secondhand books/DVD's	11,012
Investment income	5
Revenue Support per Swanage Railway Co. Ltd	3,000
	19,780
<u>Expenditure</u>	
Repairs and Maintenance	3,086
Telephone & Internet	114
Gas, Water and Electric	468
Publicity and audience development	36
Office Supplies	1,130
Professional fees	65
Grants made to Swanage Railway Co. Ltd	4,881
Other expenses	733
	10,513
Surplus of Income over Expenditure	9,267

Purbeck Mineral & Mining Museum

<u>Income</u>	£
Donations – collection boxes	10,673
Investment income	10
Revenue Support per Swanage Railway Co. Ltd	6,430
	17,113
<u>Expenditure</u>	
Repairs and Maintenance	6,839
Telephone & Internet	114
Publicity & advertising	3,355
Gas, Water and Electric	1,495
Office Supplies	173
Professional fees	35
Other expenses	-
	12,011
Surplus of Income over Expenditure	5,102