

**COMPANY REGISTRATION NUMBER 1412568**

**SWANAGE RAILWAY COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

# SWANAGE RAILWAY COMPANY LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

<b>The board of directors</b>	A.L. Moore P.A. Thrower P.N. Sills M.A. Whitwam G.W. Carter
<b>Company secretary</b>	K.R. Gooding
<b>Registered office</b>	The Station House Swanage Dorset BH19 1HB
<b>Auditor</b>	Shipleys LLP Chartered Accountants & Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ

# SWANAGE RAILWAY COMPANY LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of operating the Swanage Railway, and associated trading activities.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

W.S. Trite  
A.L. Moore  
K.R. Gooding  
S.W. Doughty  
P.A. Thrower  
P.N. Sills  
M.A. Whitwam  
G.W. Carter

G.W. Carter was appointed as a director on 29 November 2008.

W.S. Trite retired as a chairman and director on 31 May 2008.

K.R. Gooding retired as a director on 27 July 2008.

S.W. Doughty retired as a director on 29 November 2008.

#### **SHARE CAPITAL - SUBSTANTIAL SHAREHOLDINGS**

Throughout the year the Swanage Railway Trust held all the voting shares and 30 non-voting out of a total issued share capital at 31 December 2008 of 467,984 voting shares and 18,979 non-voting shares.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# SWANAGE RAILWAY COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

### 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 1985. They are also responsible for safeguarding the assets of the company 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 auditor is 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 auditor is aware of that information.

### AUDITOR

Shipleys LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



K.R. Gooding

Company secretary

Approved by the directors on 25/04/2009.

# **SWANAGE RAILWAY COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SWANAGE RAILWAY COMPANY LIMITED**

**YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements of Swanage Railway Company Limited for the year ended 31 December 2008, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# SWANAGE RAILWAY COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SWANAGE RAILWAY COMPANY LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2008

### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



SHIPLEYS LLP  
Chartered Accountants  
& Registered Auditors

10 Orange Street  
Haymarket  
London  
WC2H 7DQ

*25/04/2009*

# SWANAGE RAILWAY COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
<b>TURNOVER</b>	2	1,861,528	1,859,069
Cost of sales		826,419	808,654
<b>GROSS PROFIT</b>		1,035,109	1,050,415
Administrative expenses		994,984	1,013,460
<b>OPERATING PROFIT</b>	3	40,125	36,955
Interest receivable		422	985
Interest payable and similar charges	5	(15,978)	(18,376)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		24,569	19,564
Tax on profit on ordinary activities		—	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>		24,569	19,564
Balance brought forward		51,873	32,309
Balance carried forward		76,442	51,873

The notes on pages 8 to 13 form part of these financial statements.

# SWANAGE RAILWAY COMPANY LIMITED

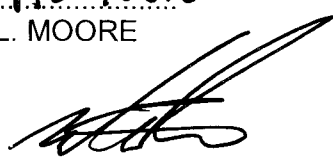
## BALANCE SHEET

31 DECEMBER 2008

	Note	2008		2007	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		854,700		720,153
<b>CURRENT ASSETS</b>					
Stocks	7	29,553		36,445	
Debtors	8	59,363		105,216	
Cash at bank		79,604		57,259	
		<u>168,520</u>		<u>198,920</u>	
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>191,000</u>		<u>158,901</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(22,480)</u>		<u>40,019</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			832,220		760,172
<b>CREDITORS: Amounts falling due after more than one year</b>	10		268,815		221,336
			<u>563,405</u>		<u>538,836</u>
<b>CAPITAL AND RESERVES</b>					
Called-up share capital	13		486,963		486,963
Profit and loss account			76,442		51,873
<b>SHAREHOLDERS' FUNDS</b>			<u>563,405</u>		<u>538,836</u>

These financial statements were approved by the directors and authorised for issue on 25/04/2009, and are signed on their behalf by:

A.L. Moore  
A.L. MOORE

  
M.A. WHITWAM

The notes on pages 8 to 13 form part of these financial statements.



# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### Turnover

Turnover represents the amount derived from the operation of the Swanage Railway and related activities, excluding value added tax.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Locomotives	- 10% on straight line basis
Plant, machinery & equipment	- 20% on reducing balance method
Shop fittings & equipment	- 20% on reducing balance method
Motor Vehicles	- 20% on reducing balance method
Land & buildings	- 10% straight line basis
Track & construction	- 4% on straight line basis

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### 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 of its liabilities.

#### Capital grants

Capital grants received by the company shall be presented on the balance sheet by setting up the grant as deferred income, which is recognised as income in accordance with the depreciation policy of the asset the grant relates to.

# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### Income grants

Grants shall be recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	1,861,528	1,859,069

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Directors' emoluments	—	—
Depreciation of owned fixed assets	106,742	102,069
Operating lease rentals:		
- Locomotive hire	178,465	127,625
- Land & buildings	21,625	21,625
- Contribution for use of Herston Works	25,454	26,479
Infrastructure charge	17,827	17,865
Auditor's remuneration	4,750	4,650

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of full and part time staff	40	40

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	509,264	503,051
Social security costs	40,844	39,699
Recharges to The Swanage Railway Trust	(3,192)	(3,192)
	546,916	539,558

The directors did not receive any remuneration for their services.

The company is heavily reliant on volunteer staff in all areas of its activities.

# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on bank borrowing	15	22
Interest on loan from The Swanage Railway Trust	15,963	18,354
	<u>15,978</u>	<u>18,376</u>

### 6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Plant, Machinery & Equipment £	Locomotives & Rolling Stock £	Shop Fittings & Equipment £	Motor Vehicles £	Permanent Way £	Total £
<b>COST</b>							
At 1 Jan 2008	30,011	228,006	387,560	17,305	9,000	377,174	1,049,056
Additions	-	29,004	129,333	730	-	82,222	241,289
<b>At 31 Dec 2008</b>	<u>30,011</u>	<u>257,010</u>	<u>516,893</u>	<u>18,035</u>	<u>9,000</u>	<u>459,396</u>	<u>1,290,345</u>
<b>DEPRECIATION</b>							
At 1 Jan 2008	7,202	162,299	99,546	13,711	5,878	40,267	328,903
Charge for the year	3,002	19,530	53,276	903	575	29,456	106,742
<b>At 31 Dec 2008</b>	<u>10,204</u>	<u>181,829</u>	<u>152,822</u>	<u>14,614</u>	<u>6,453</u>	<u>69,723</u>	<u>435,645</u>
<b>NET BOOK VALUE</b>							
<b>At 31 Dec 2008</b>	<u>19,807</u>	<u>75,181</u>	<u>364,071</u>	<u>3,421</u>	<u>2,547</u>	<u>389,673</u>	<u>854,700</u>
At 31 Dec 2007	<u>22,809</u>	<u>65,707</u>	<u>288,014</u>	<u>3,594</u>	<u>3,122</u>	<u>336,906</u>	<u>720,153</u>

### 7. STOCKS

	2008 £	2007 £
Shop stock for resale	13,960	15,963
Catering stock	5,056	6,443
Consumable stock	4,912	8,942
Special events stock	4,725	3,507
Driver experience stock	900	1,590
	<u>29,553</u>	<u>36,445</u>

# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 8. DEBTORS

	2008	2007
	£	£
Trade debtors	16,685	35,926
Other debtors	35,445	43,109
Prepayments and accrued income	7,233	26,181
	<u>59,363</u>	<u>105,216</u>

### 9. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	125,872	109,960
Loan from The Swanage Railway Trust	27,826	20,833
Capital grants received	25,413	5,507
Accruals and deferred income	11,889	22,601
	<u>191,000</u>	<u>158,901</u>

### 10. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£	£
Loan from the Swanage Railway Trust	157,931	186,034
Capital grants received	110,884	35,302
	<u>268,815</u>	<u>221,336</u>

#### Loan from The Swanage Railway Trust

The loan 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 £15,963 (2007: £18,304).

The total amount outstanding on the loan at 31st December 2008 was £185,757 (2007: £206,867) and of this amount £59,854 is repayable in more than 5 years. The loan will be fully repaid in 2016.

#### Capital grants received

The capital grants received from The Swanage Railway Trust are shown in the Balance Sheet and credited to the Profit and Loss Account to match the depreciation of the Tangible Fixed Assets.

The total of the grants shown in the Balance Sheet at 31 December 2008 was £136,297 (2007: £40,809) and of this amount £41,485 will be credited to the Profit & Loss Account in more than 5 years.

# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2008 £	2007 £
Operating leases which expire: After more than 5 years	21,625	21,625

The company also has an informal arrangement with The Swanage Railway Trust under which it pays a variable amount in respect of its occupation of Herston Works.

#### Locomotive Hire Agreements

a) The company 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 a number of the directors are also directors and/or shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited.

The amount invoiced by Southern Locomotives Engineering Limited for the supply of motive power and engineering support in respect of the year was £130,660 (2007: £88,969).

b) The company utilises the motive power provided by Drummond Locomotives Limited. As detailed in note 12, one of the directors is also a director of Drummond Locomotives Limited.

The amount invoiced by Drummond Locomotives Limited for the supply of motive power in respect of the year was £31,950 (2007: £9,750).

### 12. RELATED PARTY TRANSACTIONS

A.L. Moore and G. Carter are shareholders in Southern Locomotives Limited which, as detailed in note 11, entered into an arrangement with Swanage Railway Company Limited for the provision of motive power and engineering support.

At 31st December 2008 A.L. Moore held 61 ordinary £250 shares in Southern Locomotives Limited and G. Carter held 20 ordinary £250 shares. At this time the company had 7,229 ordinary £250 shares in issue.

P.A. Thrower and A.L. Moore are shareholders in Drummond Locomotives Limited which, as detailed in note 11, entered into an arrangement with Swanage Railway Company Limited for the provision of motive power.

At 31st December 2008 P.A. Thrower held 2 ordinary £100 shares in Drummond Locomotives Limited and A.L. Moore held 1 ordinary £100 share. At this time the company had 1,216 ordinary £100 shares in issue.

# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 13. SHARE CAPITAL

#### Authorised share capital:

	2008	2007
	£	£
75,000 Non-voting shares of £1 each	75,000	75,000
925,000 Ordinary Voting shares of £1 each	925,000	925,000
	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Non-voting shares of £1 each	18,979	18,979	18,979	18,979
Ordinary Voting shares of £1 each	467,984	467,984	467,984	467,984
	<u>486,963</u>	<u>486,963</u>	<u>486,963</u>	<u>486,963</u>

The ordinary £1 voting shares are all held by The Swanage Railway Trust, a registered charity, which is the only body that may hold voting rights.

The Swanage Railway Trust also has a non-beneficial holding of 30 non-voting ordinary shares in the company.

### 14. CONTROLLING INTEREST

As detailed in the Directors' Report, Swanage Railway Company Limited was controlled by The Swanage Railway Trust throughout the year.

**SWANAGE RAILWAY COMPANY LIMITED**

**MANAGEMENT INFORMATION**

**YEAR ENDED 31 DECEMBER 2008**

**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 4 to 5.**

# SWANAGE RAILWAY COMPANY LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	2008		2007	
	£	£	£	£
<b>TURNOVER</b>				
Passenger takings		1,314,897		1,219,388
Shop income		151,837		199,663
Catering income		232,468		268,339
Norden Park and Ride		101,369		87,071
Driver experience takings		24,596		27,974
Sundry income		36,361		56,634
		<u>1,861,528</u>		<u>1,859,069</u>
<b>COST OF SALES</b>				
Locomotive running costs	181,851		132,216	
Special event costs	93,389		152,114	
Shop purchases	99,055		119,792	
Catering purchases	113,217		125,498	
Infrastructure charge	17,827		17,865	
Locomotive hire	178,465		127,625	
Locomotive, carriage and wagon repairs	100,442		101,274	
Norden Park & Ride	42,173		32,270	
		<u>826,419</u>		<u>808,654</u>
<b>GROSS PROFIT</b>		<u>1,035,109</u>		<u>1,050,415</u>
<b>OVERHEADS</b>				
Administrative expenses		994,984		1,013,460
<b>OPERATING PROFIT</b>		<u>40,125</u>		<u>36,955</u>
Bank deposit interest		422		985
		<u>40,547</u>		<u>37,940</u>
Interest payable		(15,978)		(18,376)
<b>PROFIT ON ORDINARY ACTIVITIES</b>		<u>24,569</u>		<u>19,564</u>



# SWANAGE RAILWAY COMPANY LIMITED

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	2008		2007	
	£	£	£	£
<b>ADMINISTRATIVE EXPENSES</b>				
<b>Personnel costs</b>				
Wages	509,264		503,051	
Less: wages recharged to The Swanage Railway Trust	(3,192)		(3,192)	
National insurance	40,844		39,699	
		546,916		539,558
<b>Establishment expenses</b>				
Rent	26,315		21,625	
Contribution for use of Herston Works	25,454		26,479	
Rates	22,063		17,617	
Heat, light and water	16,083		21,336	
Insurance	46,238		38,717	
Cleaning and laundry	11,697		19,624	
Repairs and maintenance	89,817		99,255	
Marketing and publicity	26,688		43,249	
		264,355		287,902
<b>General expenses</b>				
Motor and travelling expenses	4,533		7,752	
Telephone	12,854		12,122	
Printing, stationery and postage	28,224		25,630	
General expenses	13,725		14,182	
Legal and professional fees	6,888		4,614	
Auditors remuneration	4,750		4,650	
Depreciation	106,742		102,069	
Amortisation of capital grant	(5,507)		-	
		172,209		171,019
<b>Financial costs</b>				
Bad debt write off	(300)		236	
Bank charges	4,128		6,750	
Credit card charges	7,676		7,995	
		11,504		14,981
		994,984		1,013,460
<b>INTEREST RECEIVABLE</b>				
Bank deposit interest		422		985
<b>INTEREST PAYABLE</b>				
Bank interest		15		22
Interest on loan from The Swanage Railway Trust		15,963		18,354
		15,978		18,376