

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 January 2019
for
Swanage Railway Company Limited**

Swanage Railway Company Limited

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for the Year Ended 31 January 2019

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Swanage Railway Company Limited

Company Information
for the Year Ended 31 January 2019

DIRECTORS: Mr G C Johns
Mr A L Moore
Mr K M Potts
Mrs E M Sellen
Mr M R Woolley
Mr K R Usher

SECRETARY: Mr P J Milford

REGISTERED OFFICE: The Station House
Swanage
Dorset
BH19 1HB

REGISTERED NUMBER: 01412568 (England and Wales)

SENIOR STATUTORY AUDITOR: Ian M Rodd

AUDITORS: Ward Goodman
Statutory Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Swanage Railway Company Limited

Strategic Report for the Year Ended 31 January 2019

The directors present their strategic report for the period 1st February 2018 to 31st January 2019. The principal activity of the Company is the operation of the Swanage Railway, historic locomotives, historic rolling stock and the promotion of items of railway interest.

REVIEW OF BUSINESS

In 2018/2019 the Swanage Railway operated its planned train services throughout the year. Passenger numbers were slightly less than the previous year but in keeping with other nearby visitor attractions. Turnover for the year amounted to £3,013,813 compared with £2,903,858 the year before. This is the first time the Company's turnover has surpassed £3 million. National and other factors render it difficult to assess whether there will be growth in 2019. It will be a challenging year. The gross margin was £1,872,368 and after expenses this reduced to an operating profit of £21,298. However, subsequent to the loss arising from the sale of an asset (Class 108 DMU) this converted to a net loss after interest charges of £134,277. This is not expected to be repeated in 2019/2020 and particularly so following commercial success of the visit by 60103 Flying Scotsman.

Highlights of the year included the Diesel Gala and Beer Festival, the autumn steam gala when we welcomed two visiting steam locomotives, LMS Coronation Class No 6233 Duchess of Sutherland and an ever popular workhorse in LMS Black 5 No 44871. Once again Christmas services proved successful and in particular the Christmas Belle services using the Pullman Observation Car, more commonly known as Car 14.

Unfortunately it was not possible to operate scheduled services to Wareham in 2019 as a result of continue delays with the restoration of the Class 117 DMU and also the Class 121 DMU. We are now optimistic of both of these units being returned to Swanage before the commencement of 2019 summer services after which intensive testing will be undertaken together with crew training. Our application to the Office of Road and Rail for a Non Main Line Safety Certificate and Passenger Licence is scheduled for submission in May 2019.

During 2018/2019 the Company has continued to make improvements to its infrastructure and efforts have been made to enhance the passenger experience in our fleet of aged Mark 1 coaches. The availability of cash remains a challenge to the Board and Directors have made strenuous efforts to consolidate the cash flow position.

It has been a challenging year and the Board anticipates further significant challenges will have to be addressed in the future. It is hoped that some train services to Wareham may recommence later in 2019 but this has yet to be confirmed.

The Board would acknowledge the contribution made by paid staff, volunteers and others in the operation of the Swanage Railway in 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

As a business in the heritage tourism sector the principal risk facing the company when preparing its annual budget is the uncertainty of forecast visitor numbers and the resulting revenue from passenger fares and secondary expenditure. This is affected by a number of issues beyond the control of the company, including the weather, the overall state of the economy, the level of disposable income and regional demographic trends.

A certain amount of the company's overhead cost is fixed and is not dependent upon passenger numbers. These costs have to be met from business operations.

There are further risks arising from the various pieces of legislation associated with the operation of a heritage railway, but the Board believes that the systems in place are adequate to manage these risks which remain under constant review. A detailed risk register is maintained which is regularly reviewed and updated as necessary.

Swanage Railway Company Limited

Strategic Report
for the Year Ended 31 January 2019

DEVELOPMENT AND PERFORMANCE


The operational performance of the services offered by the Swanage Railway, in terms of reliability, punctuality, cleanliness and the provision of information to passengers is monitored by the General Manager and the Board with the objective of maintaining high standards of service.

The Board also monitors key performance indicators such as passenger numbers, ticket sales revenue, retail and catering income on a regular basis. The Board keeps under review the company's cash flows and working capital requirements, with regular comparison between actual results and budgets. Financial management is exercised principally from the adequacy of cash flow. It is necessary to seek a short term loan of funds during the winter when income is at its lowest. The level of capital expenditure is largely dependent upon funding being available. Capital and other items of major expenditure will not be possible unless sufficient funding can be identified. This is becoming more of a challenge as time moves forward

Due to further delays with the overhaul of the Class 117 and 121 Diesel Multiple Units and other regulatory issues the company does not expect to operate regular services to Wareham in the summer of 2019 although it may be possible to do so later in the year. It is hoped to operate a full service in 2020 with the Swanage Railway becoming a train operating company in its own right. The service to Wareham in 2020 will be for at least 90 days.

It is anticipated that 2019 will be a year of further consolidation as we prepare to the challenges that lay ahead.

ON BEHALF OF THE BOARD:


.....
Mr A L Moore - Director

Date: 22/01/19

Swanage Railway Company Limited

Report of the Directors
for the Year Ended 31 January 2019

The directors present their report with the financial statements of the company for the year ended 31 January 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of passenger land transport.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2018 to the date of this report.

Mr G C Johns
Mr A L Moore
Mr K M Potts
Mrs E M Sellen
Mr M R Woolley
Mr K R Usher

Other changes in directors holding office are as follows:

Mr M J Green - resigned 28 September 2018
Mr M A Gould - appointed 8 August 2018

Mr T J Parsons and Mr M A Gould ceased to be directors after 31 January 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ward Goodman, have shown their willingness to be put forward for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

AL Moore

Mr A L Moore - Director

Date: *22/6/19*

**Report of the Independent Auditors to the Members of
Swanage Railway Company Limited**

Opinion

We have audited the financial statements of Swanage Railway Company Limited (the 'company') for the year ended 31 January 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its loss 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Report of the Independent Auditors to the Members of
Swanage Railway Company Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

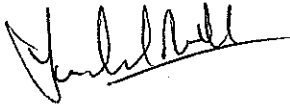
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.



Ian M Rodd (Senior Statutory Auditor)
for and on behalf of Ward Goodman
Statutory Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Date: 22 June 2019.....

Swanage Railway Company Limited

Statement of Comprehensive Income
for the Year Ended 31 January 2019

	Notes	Year Ended 31.1.19		Period 1.1.17 to 31.1.18	
		£	£	£	£
TURNOVER	3		3,013,813		2,903,858
Cost of sales			1,141,445		1,249,244
GROSS PROFIT			1,872,368		1,654,614
Distribution costs		56,809		34,397	
Administrative expenses		1,791,061		1,885,046	
			1,847,870		1,919,443
			24,498		(264,829)
Other operating income			(3,200)		144,764
OPERATING PROFIT/(LOSS)	5		21,298		(120,065)
Loss on sale of fixed asset	6		147,533		6,329
			(126,235)		(126,394)
Interest receivable and similar income			-		16
			(126,235)		(126,378)
Interest payable and similar expenses	7		8,042		7,677
LOSS BEFORE TAXATION			(134,277)		(134,055)
Tax on loss	8		-		-
LOSS FOR THE FINANCIAL YEAR			(134,277)		(134,055)
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			(134,277)		(134,055)


The notes form part of these financial statements

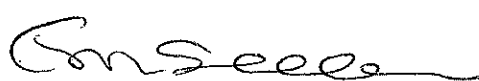
Swanage Railway Company Limited (Registered number: 01412568)

Balance Sheet
31 January 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		5,281,213		5,482,181
CURRENT ASSETS					
Stocks	10	93,381		98,593	
Debtors	11	54,327		172,810	
Cash at bank and in hand		123,559		5,797	
			<u>271,267</u>		<u>277,200</u>
CREDITORS					
Amounts falling due within one year	12	609,398		561,104	
NET CURRENT LIABILITIES			<u>(338,131)</u>		<u>(283,904)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,943,082		5,198,277
CREDITORS					
Amounts falling due after more than one year	13		3,552,860		3,673,778
NET ASSETS			<u>1,390,222</u>		<u>1,524,499</u>
CAPITAL AND RESERVES					
Called up share capital	15		486,963		486,963
Revaluation reserve	16		371,202		371,202
Retained earnings	16		532,057		666,334
SHAREHOLDERS' FUNDS			<u>1,390,222</u>		<u>1,524,499</u>

The financial statements were approved by the Board of Directors on ...22 June 2019... and were signed on its behalf by:


.....
Mr A L Moore - Director


.....
Mrs E M Sellen - Director

The notes form part of these financial statements

Swanage Railway Company Limited

Statement of Changes in Equity
for the Year Ended 31 January 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 January 2017	486,963	800,389	371,202	1,658,554
Changes in equity				
Total comprehensive income	-	(134,055)	-	(134,055)
Balance at 31 January 2018	<u>486,963</u>	<u>666,334</u>	<u>371,202</u>	<u>1,524,499</u>
Changes in equity				
Total comprehensive income	-	(134,277)	-	(134,277)
Balance at 31 January 2019	<u><u>486,963</u></u>	<u><u>532,057</u></u>	<u><u>371,202</u></u>	<u><u>1,390,222</u></u>

The notes form part of these financial statements

Swanage Railway Company Limited

Notes to the Financial Statements for the Year Ended 31 January 2019

1. STATUTORY INFORMATION

Swanage Railway Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In the prior year the directors made the decision to extend the financial reporting date to 31 January 2018. As a result, the comparative period covers 13 months and is therefore are not entirely comparable.

The company made a loss for the period of £134k and the balance sheet is showing net current liabilities of £338k at 31 January 2019.

The reason for the loss is entirely due to a book loss on the sale of a heritage asset during the year. This was a one off event. Steps taken in the period to both increase income and decrease expenditure were otherwise successful and therefore the directors are satisfied that the Company will continue as a going concern and that the adoption of the going concern basis for preparation of these accounts is appropriate.

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Significant judgements and estimates

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following paragraph describes the critical judgements, apart from those involving estimates (dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

There are no areas of significant judgement.

The following are areas that are considered to be key sources of estimation uncertainty.

Useful life and residual values of tangible fixed assets;

The economic useful life of tangible fixed assets and the expected residual value on future disposal is estimated by the Directors based on their knowledge and experience. The total carrying value of fixed assets at 31 January 2019 was £5,281,213.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

Notes to the Financial Statements - continued
for the Year Ended 31 January 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life;

Plant and machinery;
Fixtures and fittings, plant and equipment - 20% reducing balance
Computer equipment - 25% straight line
Motor vehicles - 10% straight line
Rolling stock - 10% straight line
Furniture - 20% straight line

Shop fittings and equipment;
Fixtures and catering equipment - 20% straight line

Permanent way - 2% straight line
Buildings and railway structures - 4% straight line

Heritage assets are held at valuation and were last revalued on transition to FRS 102. Heritage assets are not depreciated as residual values are considered to be at least equal to the current valuation. As the heritage assets are not usually traded on an open market, values are hard to determine. Therefore the directors choose to value the assets at cost plus costs to the company to overhaul or restore.

Stocks

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

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

Basic financial liabilities;

Basic financial liabilities, including trade and other payables, bank loans, and loans from group companies are initially recognised at transaction price. Financial liabilities due in more than one year are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities constituting financing transactions are initially measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial assets and liabilities;

Financial assets and liabilities are derecognised when the company's contractual rights or obligations expire or are discharged, transferred or cancelled.

Financial instruments are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets;

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2019**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase

Hire purchase creditors are measured at the present value of future lease payments and interest is accrued using the sum of digits method.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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.

Capital Grants

Capital grants received by the company are shown on the balance sheet by including the grant in creditors as deferred income. The grant is released to the Profit and Loss Account in accordance with the depreciation policy of the asset to which the grant relates.

Revenue Grants

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

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	Year Ended 31.1.19	Period 1.1.17 to 31.1.18
	£	£
Rail operations	2,294,229	2,329,977
Sale of goods	588,464	573,256
Revenue grants	131,120	625
	<u>3,013,813</u>	<u>2,903,858</u>

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.1.19	Period 1.1.17 to 31.1.18
	£	£
Wages and salaries	1,041,453	1,077,242
Social security costs	78,543	81,479
Other pension costs	10,478	5,872
	<u>1,130,474</u>	<u>1,164,593</u>

Swanage Railway Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 January 2019

4. **EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	Year Ended 31.1.19	Period 1.1.17 to 31.1.18
Employees (full time equivalent)	<u>43</u>	<u>41</u>

	Year Ended 31.1.19 £	Period 1.1.17 to 31.1.18 £
Directors' remuneration	41,275	34,397
Compensation to director for loss of office	<u>15,534</u>	<u>-</u>

5. **OPERATING PROFIT/(LOSS)**

The operating profit (2018 - operating loss) is stated after charging:

	Year Ended 31.1.19 £	Period 1.1.17 to 31.1.18 £
Other operating leases	122,504	126,520
Depreciation - owned assets	224,267	178,411
Auditors' remuneration	<u>4,991</u>	<u>7,035</u>

6. **EXCEPTIONAL ITEMS**

	Year Ended 31.1.19 £	Period 1.1.17 to 31.1.18 £
Loss on sale of fixed asset	<u>(147,533)</u>	<u>(6,329)</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.1.19 £	Period 1.1.17 to 31.1.18 £
Loan	3,841	1,545
Hire purchase	<u>4,201</u>	<u>6,132</u>
	<u>8,042</u>	<u>7,677</u>

Interest of £3,841 was paid to Swanage Railway Trust Limited, the Parent Company (2018: £1,545).

8. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 January 2019 nor for the period ended 31 January 2018.

Swanage Railway Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 January 2019

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.1.19 £	Period 1.1.17 to 31.1.18 £
Loss before tax	<u>(134,277)</u>	<u>(134,055)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19.250%)	(25,513)	(25,806)
Effects of:		
Expenses not deductible for tax purposes	28,031	6,329
Capital allowances in excess of depreciation	(31,601)	(47,067)
Trading losses	<u>29,083</u>	<u>66,544</u>
Total tax charge	<u>-</u>	<u>-</u>

9. TANGIBLE FIXED ASSETS

	Land & buildings £	Assets under construction £	Plant and machinery £
COST			
At 1 February 2018	845,256	1,756,888	1,007,056
Additions	-	165,532	39,299
Transfer to ownership	-	(69,937)	2,567
At 31 January 2019	<u>845,256</u>	<u>1,852,483</u>	<u>1,048,922</u>
DEPRECIATION			
At 1 February 2018	239,315	-	277,886
Charge for year	33,604	-	155,133
At 31 January 2019	<u>272,919</u>	<u>-</u>	<u>433,019</u>
NET BOOK VALUE			
At 31 January 2019	<u>572,337</u>	<u>1,852,483</u>	<u>615,903</u>
At 31 January 2018	<u>605,941</u>	<u>1,756,888</u>	<u>729,170</u>

Swanage Railway Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 January 2019

9. TANGIBLE FIXED ASSETS - continued

	Shop fittings & equipment £	Heritage assets locomotive and rolling £	Permanent way & other assets £	Totals £
COST				
At 1 February 2018	3,387	917,611	1,763,730	6,293,928
Additions	-	-	-	204,831
Disposals	-	(181,533)	-	(181,533)
Transfer to ownership	-	67,370	-	-
At 31 January 2019	<u>3,387</u>	<u>803,448</u>	<u>1,763,730</u>	<u>6,317,226</u>
DEPRECIATION				
At 1 February 2018	1,782	-	292,763	811,746
Charge for year	682	-	34,848	224,267
At 31 January 2019	<u>2,464</u>	<u>-</u>	<u>327,611</u>	<u>1,036,013</u>
NET BOOK VALUE				
At 31 January 2019	<u>923</u>	<u>803,448</u>	<u>1,436,119</u>	<u>5,281,213</u>
At 31 January 2018	<u>1,605</u>	<u>917,611</u>	<u>1,470,967</u>	<u>5,482,182</u>

The directors' consider that the value of Heritage Assets, which includes locomotives and rolling stock, would be £2,717,000. However, due to the lack of an open market, the value of the Heritage Assets will not be updated and the assets will continue to be held at cost.

At the year end, the carrying amount of plant and machinery included £55,687 (2018; £62,597) of assets under Hire Purchase agreements.

10. STOCKS

	2019 £	2018 £
Shop stock for resale	22,867	27,224
Catering stock	5,978	4,797
Consumable stock	62,687	62,885
Special events stock	1,105	3,315
Driver experience stock	744	372
	<u>93,381</u>	<u>98,593</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	11,083	6,092
VAT	21,458	57,201
Accrued income	85	94,720
Prepayments	21,701	14,797
	<u>54,327</u>	<u>172,810</u>

Swanage Railway Company Limited

Notes to the Financial Statements - continued
for the Year Ended 31 January 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 14)	15,167	23,613
Trade creditors	95,613	121,936
Amounts owed to group undertakings	5,000	200,000
Social security and other taxes	20,202	21,676
Capital grants <1 year	155,678	112,915
Deferred income	302,452	67,644
Accrued expenses	15,286	13,320
	<u>609,398</u>	<u>561,104</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Hire purchase contracts (see note 14)	14,052	25,347
Purbeck community rail partnership	49,595	18,410
Capital grants from SRT	1,163,300	1,153,454
Chalk and cheese grant	40,397	40,397
DCC cabinet grant	350,000	350,000
Big lottery fund	1,305,512	1,396,970
BP perenco	399,298	447,620
Department of transport	48,654	70,441
Other capital grants	17,890	17,890
Project Wareham	164,162	153,249
	<u>3,552,860</u>	<u>3,673,778</u>

Amounts above are related to capital grants and will be reduced by amortisation. No payments are due on these amounts.

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	15,167	23,613
Between one and five years	14,052	25,347
	<u>29,219</u>	<u>48,960</u>
	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	303,791	303,561
Between one and five years	1,215,164	1,207,604
In more than five years	6,419,460	6,728,092
	<u>7,938,415</u>	<u>8,239,257</u>

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2019**

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
17,978	Non-voting shares	£1	16,368	16,378
468,985	Ordinary Voting shares	£1	470,595	470,585
			<u>486,963</u>	<u>486,963</u>

16. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 February 2018	666,334	371,202	1,037,536
Deficit for the year	<u>(134,277)</u>	<u></u>	<u>(134,277)</u>
At 31 January 2019	<u>532,057</u>	<u>371,202</u>	<u>903,259</u>

17. ULTIMATE PARENT COMPANY

Swanage Railway Trust Limited is regarded by the directors as being the company's ultimate parent company.

18. CONTINGENT LIABILITIES

The company has received insurance monies in relation to the damage incurred to Skew arch bridge and there is an intention to make the necessary repairs.

19. RELATED PARTY DISCLOSURES

Swanage Railway Company Limited is a 96% owned subsidiary of Swanage Railway Trust.

The total amount outstanding on loans made to the company by Swanage Railway Trust at 31 January 2019 was £5,000 (2018: £200,000.)

Interest is charged on the above loans at 1.5% above the Bank of England base rate. Interest charged in the year to 31 January 2019 was £3,841 (2018: £1,545).

In the year ended 31 January 2019 there were no available profits to gift to Swanage Railway Trust, in the year ended 31 January 2018 there were no available profits to gift.

During the year, a total of key management personnel compensation of £302,926 (2018 - £314,952) was paid.

20. ULTIMATE CONTROLLING PARTY

The company is controlled by Swanage Railway Trust by virtue of its 96% shareholding. The remaining 4% of issued share capital is non-voting.

21. DEFERRED TAX

The net deferred tax asset of £4,104 at 31 January 2019 (£45,318 at 31 January 2018) has not been recognised. It is considered that if the company continues to make profits and the current level, there would not be tax payable for a number of years and therefore the deferred tax asset is unlikely to be realised.

Swanage Railway Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 January 2019

	Year Ended 31.1.19		Period 1.1.17 to 31.1.18	
	£	£	£	£
Turnover				
Passenger takings	2,262,609		2,129,737	
Shop income	171,544		189,668	
Catering income	258,174		274,878	
Driver experience takings	31,620		44,779	
Wareham fares	-		155,461	
Revenue grants	131,120		625	
Sundry income	158,746		108,710	
		3,013,813		2,903,858
Cost of sales				
Locomotive running costs	262,767		206,536	
Special event costs	130,070		155,937	
Shop purchases	95,554		102,545	
Catering purchases	141,955		157,100	
Infrastructure charge	-		5,000	
Locomotive hire	258,633		247,135	
Locomotive, carriage and wagon repairs	234,897		132,087	
Wareham operating costs	-		223,232	
Third party ticket sales	17,569		19,672	
		1,141,445		1,249,244
GROSS PROFIT		1,872,368		1,654,614
Other income				
Insurance receipts	(3,200)		144,764	
Deposit account interest	-		16	
		(3,200)		144,780
		1,869,168		1,799,394
Expenditure				
Directors' salaries	41,275		34,397	
Directors' compensation for loss of office	15,534		-	
Rent	122,504		126,520	
Business rates and domestic water	62,549		54,671	
Insurance	94,162		78,785	
Light and heat	49,539		38,260	
Repairs and maintenance	128,979		158,478	
Cleaning and laundry	49,245		53,226	
Marketing and publicity	48,872		51,550	
Wages	984,644		1,042,845	
Employers national insurance	78,543		81,479	
Pensions	10,478		5,872	
Services recharge to The Swanage Railway Trust	(39,299)		(27,370)	
Telephone	33,276		27,961	
Post and stationery	21,323		22,940	
Advertising	140		-	
Travelling	14,059		17,869	
Motor expenses	9,577		8,636	
General expenses	6,127		11,383	
Training	5,118		3,950	
Professional services	-		2,045	
Subscriptions	300		-	
Legal fees	2,050		500	
Auditors' remuneration	4,991		7,035	
Donations	1,948		1,692	
Carried forward	1,745,934	1,869,168	1,802,724	1,799,394

This page does not form part of the statutory financial statements

Swanage Railway Company Limited

Trading and Profit and Loss Account
for the Year Ended 31 January 2019

	Year Ended 31.1.19		Period 1.1.17 to 31.1.18	
	£	£	£	£
Brought forward	1,745,934	1,869,168	1,802,724	1,799,394
Bad debts	<u>1,079</u>	<u>1,747,013</u>	<u>(80)</u>	<u>1,802,644</u>
		122,155		(3,250)
Finance costs				
Bank charges	5,989		7,094	
Credit card	26,279		30,103	
Loan	3,841		1,545	
Hire purchase	<u>4,201</u>	<u>40,310</u>	<u>6,132</u>	<u>44,874</u>
		81,845		(48,124)
Depreciation				
Amortisation of capital grants	(155,678)		(98,815)	
Depn of railway buildings	33,604		36,337	
Plant and machinery	155,188		115,058	
Depn of shop fixtures and equipment	627		556	
Depn of permanent way	<u>34,848</u>	<u>68,589</u>	<u>26,466</u>	<u>79,602</u>
		13,256		(127,726)
Exceptional items				
Loss on sale of fixed asset		<u>147,533</u>		<u>6,329</u>
NET LOSS		<u><u>(134,277)</u></u>		<u><u>(134,055)</u></u>