Registry

COMPANY NUMBER : 4115126

THE SWANAGE RAILWAY TRUST

(A Company Limited By Guarantee)

CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2010

THE SWANAGE RAILWAY TRUST

INDEX TO CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2010

THE SWANAGE RAILWAY TRUST

ADMINISTRATION AND MANAGEMENT

Directors

The directors of the charitable company ("the charity") are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the directors

Directors - (Collectively known as the Council of Management)

S W Doughty (Chairman)
Mrs E M Sellen (Deputy Chairperson)
A L Moore (Treasurer)
M R Woolley (Secretary)
S J Barker
D A Budd
D M Chick
G Cope
J Gregory (appointed 9 October 2010)
C Morris
Mrs L A Moore
P W Renaut (appointed 9 October 2010)
F Roberts
P Sills (resigned 9 October 2010)
M A Stollery
W S Trite
A Vincent (resigned 9 October 2010)
M Whitwam

Company Secretary

M R Woolley

Registered Office

Station House,
Swanage,
Dorset BH19 1HB

Bankers

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

Nationwide Building Society,
29 Station Road,
Swanage,
Dorset BH19 1AD

Auditors

Shipleys LLP,
Chartered Accountants,
10 Orange Street,
Haymarket,
London WC2H 7DQ

THE SWANAGE RAILWAY TRUST

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2010

2010 was another good year for the Swanage Railway, with both the Trust and its trading subsidiary the Swanage Railway Company Ltd delivering positive results As a large part of the Trust's work is delivered via its subsidiary, it is important that both work closely together whilst recognising their separate charitable and commercial imperatives In 2010, the Trust continued to raise funds for capital projects on the railway, contributing notably to the launch of the carriage shed project and the overhaul of the second 'heritage' coach, Bulleid 5761 together with many other smaller but no less worthy ones The healthy demand for the Company's train services enabled the programme of reinvestment in permanent way works to continue, with the work at Herston undertaken at the beginning of the year set to be continued at the same time in 2011 While this will see the most worn rail on the line replaced, it remains a sobering fact that relaying some two-thirds of a mile of track has consumed most of two years of operating surplus With so many calls on available cash, restoring the railway to first class condition and keeping it that way will be both a long term and ongoing task – truly like the 'painting of the Forth Bridge' But for those who might be daunted by the mountains of work that lie ahead, I invite you to look back ten and twenty years to see what we have achieved together We should also remind ourselves that had the early pioneers been required to have all the answers as to how to rebuild the railway from next to nothing, I suspect that Swanage Station would long since have been redeveloped Thus going forward and with all this work to be done and goals such as Wareham still to be achieved, we must continue to strike the balance between good business discipline and not losing that vision and enthusiasm which allows us to find new ways to achieve our goals I remain grateful to you, the members of the Trust, for enabling the railway to move forward through the provision of your muscle-power, your generous financial support and for your continuing enthusiasm and commitment to the Swanage Railway

Stephen Doughty
Chairman

28 May 2011

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2010

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31st December, 2010

STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

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

The legal and administrative information set out on page 1 forms part of this report The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005)

Objectives and activities

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

Public Benefit

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

The Trust discharges its obligations for the public benefit through the direct management of its museum functions and through the operation of train services by its subsidiary, the Swanage Railway Company Limited As well as providing railway services using heritage locomotives and rolling stock, the Company's activities provide the opportunity for volunteers to give their services in support of the railway and to gain additional skills by so doing The Trust's activities, directly and indirectly as above, make a significant contribution to the Purbeck and Dorset economy The Trust endeavours to accommodate all sections of the community both as volunteers and as visitors

Appointment of the Directors

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

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2010

Directors meetings

The Council of Management meets on a monthly basis The Southern Steam Trust is remaining in existence for a limited period in order that any payments that may be made to it in the foreseeable future under existing arrangements can be transferred to The Swanage Railway Trust

Director induction and training

The Directors of the Trust are elected by the membership of the Trust or, in the case of the Secretary and Treasurer, can be appointed ex-officio in order to ensure that the Board has suitably experienced persons in these positions All Directors of the Trust are members of the Trust and as such are familiar with the overall goals of the Trust A formal review of Trust policies is held annually at the meeting following elections to ensure that these remain appropriate and that new Directors are familiar with them

The Swanage Railway Trust provides a briefing pack to members considering standing for election to the Council of Management This pack includes, inter-alia, a copy of the Trust's Articles of Association, a copy of the Trust's formal policies and a copy of CC3 – The Charity Commission's guide for new Trust Directors Successful candidates are asked to confirm receipt of these in writing and that they understand the information contained therein

Risk Management

The directors have considered the major risks that The Swanage Railway Trust and its trading subsidiary face when developing strategies and strategic plans for the future Where appropriate the directors obtain the assistance of experts in the various areas that are a risk to the Trust or its trading subsidiary

Related Parties

The charity acknowledges a relationship with -

The Swanage Railway Company Limited
Southern Locomotives Limited
Southern Locomotives Engineering Limited
Drummond Locomotives Limited
The Southern Steam Trust

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

A number of the directors of The Swanage Railway Trust are also directors of the Swanage Railway Company Limited

VOLUNTEERS

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

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2010

FINANCIAL REVIEW

Consolidated income has largely maintained the level seen in 2009 following the increase of 22% from 2008 However, there has been a small reduction of £61,594 (2 4%) to £2,485,239 but this is still 19% above the 2008 figure Income is largely dependant on the number of passengers carried by the trading subsidiary Resources expended are slightly less than for 2009 by 1% The Trust has continued to make grants to the Swanage Railway Company Limited for the restoration and construction of railway buildings and rolling stock which are part of the objects of the Trust The grants paid were £83,376 from Restricted Funds and £87,535 from Unrestricted Funds

Consolidated funds total £2,200,793 an increase from the 2009 figure of £1,886,873 This increase has arisen due to the surplus for the year of £313,920 (2009 - £340,747) There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets

RESERVES POLICY

Where funds have been raised for specific projects, the Trust maintains separate funds either as restricted or designated funds - see notes 20 and 21 The Trust is continuing to accumulate general reserves in order to finance the Charity's declared objectives There is a requirement for a high level of reserves given the substantial investment by the Trust and its subsidiary in fixed assets

FUTURE PLANS

The Trust intends to use its resources to develop its museum facilities and collections and to restore further items of equipment appropriate to its Deed for use on the Swanage Railway The Trust's subsidiary continues to be engaged in the development of plans for the restoration of commercial services to Wareham

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

THE SWANAGE RAILWAY TRUST

DIRECTORS' REPORT - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions

AUDITORS

A resolution to reappoint Shipleys LLP will be proposed at the Annual General Meeting

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

By Order of the Directors

M.R. Woolley
Secretary

28 May 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF THE SWANAGE RAILWAY TRUST

We have audited the financial statements of The Swanage Railway Trust for the year ended 31st December, 2010, which comprise the consolidated statement of financial activities, the individual statement of financial activities, the consolidated and parent company balance sheets and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Chairman's Report and the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 December 2010, and of the group's incoming resources and application of resources for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006 and the Charities Act 1993

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE SWANAGE RAILWAY TRUST – CONTINUED

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion

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

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

28 May 2011

THE SWANAGE RAILWAY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Incoming Resources					
Incoming resources from generated Funds					
Activities for generating funds:					
Voluntary income					
Appeals, donations and covenants	2	133,311	42,942	176,253	237,642
Activities for generating funds					
Membership subscriptions	2	43,107	-	43,107	44,748
Fund raising and other income	2	20,426	-	20,426	19,383
Trading income	3	2,245,298	-	2,245,298	2,244,800
Interest receivable	2	108	47	155	260
Total incoming resources		2,442,250	42,989	2,485,239	2,546,833
Resources expended					
Costs of generating funds					
Trading expenses	3	1,996,056	-	1,996,056	2,023,165
Fund-raising costs	4	77	-	77	7,254
		1,996,133	-	1,996,133	2,030,419
Charitable activities	5	69,963	97,447	167,410	157,895
Governance costs	6	17,922	-	17,922	15,450
Total resources expended		2,084,018	97,447	2,181,465	2,203,764
Net incoming resources		358,232	(54,458)	303,774	343,069

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

THE SWANAGE RAILWAY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Net incoming resources		358,232	(54,458)	303,774	343,069
Revaluation adjustment	19	(2,500)	-	(2,500)	(2,322)
Adjustment to valuation figures		12,646	-	12,646	-
Net movement in funds	**20 & 21**	368,378	(54,458)	313,920	340,747
Funds at 1st January, 2010		1,676,992	209,881	1,886,873	1,546,126
Funds at 31st December, 2010		£2,045,370	£155,423	£2,200,793	£1,886,873

All incoming resources and resources expended derive from continuing activities

	2010	2009
Total recognised gains as defined by the Companies Act 2006	£303,774	£343,069

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

THE SWANAGE RAILWAY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER, 2010

	Notes	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Incoming Resources					
Incoming resources from generated Funds					
Activities for generating funds:					
Voluntary income					
Appeals, donations and covenants	2	133,311	42,942	176,253	237,642
Activities for generating funds					
Membership subscriptions	2	43,107	-	43,107	44,748
Fund raising and other income	2	57,253	-	57,253	154,126
Interest receivable	2	3,600	47	3,647	5,027
Total incoming resources		237,271	42,989	280,260	441,543
Resources expended					
Costs of generating funds					
Fund-raising costs	4	77	-	77	7,254
Charitable activities	5	157,078	97,447	254,525	303,838
Governance costs	6	26,922	-	26,922	20,250
Total resources expended		184,077	97,447	281,524	331,342
Net incoming resources and movement in funds		53,194	(54,458)	(1,264)	110,201
Revaluation adjustment	19	(2,500)	-	(2,500)	(2,322)
Funds at 1st January, 2010		1,225,213	209,881	1,435,094	1,327,215
Funds at 31st December, 2010		£1,275,907	£155,423	£1,431,330	£1,435,094

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

THE SWANAGE RAILWAY TRUST
Company number 4115126

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31ST DECEMBER, 2010

	Notes	Trust and Subsidiary 2010 £	Trust and Subsidiary 2009 £	Trust 2010 £	Trust 2009 £
Fixed Assets					
Tangible fixed assets					
Freehold Property	8	30,000	30,000	30,000	30,000
Infrastructure, plant and equipment	10	90,567	99,000	90,567	99,000
Assets held by trading subsidiary	11	1,264,924	858,488	-	-
Heritage assets	9	284,240	199,464	284,240	199,464
Investments in -					
Swanage Railway Company Limited	12	-	-	468,565	467,954
Locomotive and carriage groups	13	72,450	72,450	72,450	72,450
		1,742,181	1,259,402	945,822	868,868
Current Assets					
Stocks	14	61,961	41,045	-	-
Debtors and prepayments	15	117,636	67,989	164,642	251,177
Cash at bank and in hand		493,932	765,905	420,501	421,768
		673,529	874,939	585,143	672,945
Creditors : Amounts falling due within one year					
Members' loans	16	14,450	14,450	14,450	14,450
Creditors and accruals	17	147,468	180,855	32,186	40,106
		161,918	195,305	46,636	54,556
Net current assets		511,611	679,634	538,507	618,389
Total assets less current liabilities		2,253,792	1939,036	1,484,329	1,487,257
Creditors : Amounts falling due after more than one year					
Life membership equalisation account	18	(52,999)	(52,163)	(52,999)	(52,163)
Net Assets		£2,200,793	£1,886,873	£1,431,330	£1,435,094

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

THE SWANAGE RAILWAY TRUST
Company number 4115126

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31ST DECEMBER, 2010

		Trust and Subsidiary		Trust	
	Notes	2010 £	2009 £	2010 £	2009 £
Unrestricted funds:					
General funds	20	1,596,426	1,338,287	1,259,369	1,206,175
Revaluation funds	19	16,538	64,407	16,538	19,038
		1,612,964	1,402,694	1,275,907	1,225,213
Restricted funds	21	155,423	209,881	155,423	209,881
Swanage Railway Company Limited					
Profit and loss account surplus		414,008	255,709	-	-
Minority shareholdings		18,398	18,589	-	-
		£2,200,793	£1,886,873	£1,431,330	£1,435,094

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

These financial statements were approved by the directors and authorised for issue on 28/06/2011, and are signed on their behalf by

A.L. Moore
Director

ALMoore

S. Doughty
Director

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS

31ST DECEMBER, 2010

1. ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the locomotives and rolling stock and are in accordance with applicable Accounting Standards, the Companies Act 2006 and the Charities Accounting Statement of Recommended Practice (SORP 2005) There have been no changes in the accounting policies

1.2 Basis of Consolidation

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

1.3 Incoming Resources

Membership income

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

Voluntary income and donations

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

Trading income

Income from the subsidiary trading company is included in the period in which it is generated

1.4 Resources expended

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

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

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

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

1. ACCOUNTING POLICIES - continued

1.5 Operating leases

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

1.6 Tangible fixed assets

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

Freehold land is not depreciated

1.7 Heritage Assets

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

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

The Swanage Railway Company Limited locomotives are depreciated at 10% on a straight line basis

1.8 Infrastructure, plant and equipment

Infrastructure, plant and equipment are stated in the balance sheet at cost less accumulated depreciation Depreciation is calculated to write off the cost of the assets concerned on a straight line basis over their estimated useful lives at the following rates -

Infrastructure and railway buildings	4%
Plant and equipment	15%

1.9 Assets held by trading subsidiary

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

1.10 Stocks

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

1.11 Investments

All investments in locomotive preservation groups are stated at cost

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

1. ACCOUNTING POLICIES - continued

1.12 Fund accounting

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

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

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

1.13 Financial Instruments.

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

2. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Appeals, donations and covenants				
Donations	127,025	42,942	169,967	216,269
Tax repayments on covenant and gift aid income	6,286	-	6,286	21,373
Consolidated and Trust	£133,311	£42,942	£176,253	£237,642
Membership subscriptions				
Premier life membership	23,693	-	23,693	25,131
Subscriptions	19,414	-	19,414	19,617
Consolidated and Trust	£43,107	-	£43,107	£44,748
Fund raising and other income				
Fund raising income	15,017	-	15,017	16,537
Advertising income	150	-	150	295
Sundry income	5,259	-	5,259	2,551
Consolidated	20,426	-	20,426	19,383
Gift Aid from The Swanage Railway Company Limited	-	-	-	91,345
Recharges to the Swanage Railway Company Limited	36,827	-	36,827	43,398
Trust	£57,253	-	£57,253	£154,126

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

2. ACTIVITIES FOR GENERATING FUNDS - continued

	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Interest receivable				
Consolidated				
Bank	£108	£47	£155	£260
Trust				
Bank	65	47	112	199
The Swanage Railway Company Limited	3,535	-	3,535	4,828
	£3,600	£47	£3,647	£5,027

3. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

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

Profit and Loss Account	2010 £	2009 £
Turnover	2,245,298	2,244,800
Direct costs	(903,778)	(937,395)
Gross profit	1,341,520	1,307,405
Administrative expenses	(1,092,278)	(1,085,770)
Other operating income	43	61
Net income per consolidated accounts	249,285	221,696
Reconciliation to statutory accounts		
Net income per consolidated accounts	249,285	221,696
Transactions with The Swanage Railway Trust		
Adjustments re grants	(59,624)	92,342
Infrastructure charge	(9,546)	(15,900)
Wages recharge	9,000	4,800
Rent re Herston Works	(27,281)	(27,498)
Interest payable	(3,535)	(4,828)
Profit per Swanage Railway Company Limited statutory accounts	£158,299	£270,612

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

4. ANALYSIS OF FUND RAISING COSTS

	Unrestricted Funds 2010	Restricted Funds 2010	Total 2010	Total 2009
Consolidated and Trust				
Marketing and publicity	£77	-	£77	£7,254

5. CHARITABLE ACTIVITIES

	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Support costs				
Magazines and stationery costs	25,638	-	25,638	23,198
Running and maintenance costs				
Repairs, restoration and maintenance costs	14,673	14,071	28,744	92,424
Herston Works establishment costs -				
Rent and service charges	23,938	-	23,938	25,286
Rates	2,118	-	2,118	2,211
Insurance	6,068	-	6,068	4,750
Finance charges				
Bank charges	323	-	323	322
Bad debts written off	-	-	-	20
Depreciation of infrastructure, plant & equipment	8,433	-	8,433	14,784
Transfer from Restricted Funds - credit relating to depreciation of assets	(11,228)	-	(11,228)	-
Grants to the Swanage Railway Company Limited	-	83,376	83,376	-
Profit on sale of fixed assets	-	-	-	(5,100)
	44,325	97,447	141,772	134,697
Consolidated - Total charitable activities	69,963	97,447	167,410	157,895
Consolidation adjustment	(420)	-	(420)	(420)
Grants to the Swanage Railway Company Limited	87,535	-	87,535	146,363
Trust - Total charitable activities	£157,078	£97,447	£254,525	£303,838

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

6. GOVERNANCE COSTS

	Unrestricted Funds 2010 £	Restricted Funds 2010 £	Total 2010 £	Total 2009 £
Administration and establishment costs	21,276	-	21,276	15,086
Telephone	240	-	240	240
Auditors' remuneration	3,150	-	3,150	3,000
General expenditure	2,256	-	2,256	1,924
Trust	26,922	-	26,922	£20,250
Less consolidation adjustment	(9,000)	-	(9,000)	(4,800)
Consolidated	£17,922	-	£17,922	£15,450

7. DIRECTORS AND EMPLOYEES

	Trust and Subsidiary		Trust	
	2010 £	2009 £	2010 £	2009 £
Staff costs including directors' Emoluments				
Wages and salaries	619,058	548,554	7,979	4,255
Social security costs	46,589	42,945	1,021	545
	£665,647	£591,499	£9,000	£4,800

The Swanage Railway Company Limited had 48 (2009 – 42) full and part-time employees at the year end, excluding directors Some of the salary costs are recharged to the Swanage Railway Trust

None of the directors of either The Swanage Railway Trust or the Swanage Railway Company Limited received any remuneration for their services

No expenses were reimbursed to the directors during the year

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

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

8. FIXED ASSET SCHEDULE : FREEHOLD PROPERTY

	2010
Cost	
At 1st January, 2010 and at 31st December, 2010	£30,000

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

9. HERITAGE ASSETS :LOCOMOTIVES AND ROLLING STOCK

Description	Cost/Valuation As at 1st January, 2010 £	Additions £	Disposals £	Valuation adjustment £	Cost/Valuation As at 31st December, 2010 £
Locomotive					
48DL Rushton Hornby Diesel	1,046				1,046
Vans and Wagons					
PMV, S1638S	600				600
PMV, S2212S	1,000				1,000
Scenery Van, S4594	2,000				2,000
Match Wagon, ADB 502826	426				426
Crane, DS 2009	428				428
Brighton B Van S256S	1,500	18,486			19,986
Coaches					
Pullman Observation Car 14	92,073	13,765			105,838
S2464S	24,044	1,325			25,369
Mk1 SK, S25424	-				-
Ironclad TK, S728S	2,430			(500)	1,930
Bulleid RTO, S1457S	3,150			(500)	2,650
Bulleid BTSO, S4365S	61,267	3,858			65,125
Bulleid BTSO, S4366S	3,500			(500)	3,000
Bulleid S5761S		50,342			50,342
Share in Maunsell BCK S6699S	1,000			(500)	500
Maunsell 6697	2,500			(500)	2,000
Maunsell 1323	2,500			(500)	2,000
Total	£199,464	£87,776	-	(£3,000)	£284,240
				Cost	96,744
				Valuation	187,496
					£284,240

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

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

As detailed in note 19, locomotives and rolling stock were fully revalued in December 2006 and a partial valuation has been undertaken at December 2010 and the directors have adopted these valuations in preparing these accounts The valuation was undertaken by members of the Trust with expertise in this area The historical cost of these assets is £285,958

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

	2006	2007	2008	2009	2010
Additions - at cost	42,991	79,220	30,731	14,898	87,776
Disposals - at carrying value	226,449	-	405	700	-
Disposals - sale proceeds	226,449	-	-	5,800	-

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

10. FIXED ASSET SCHEDULE : INFRASTRUCTURE, PLANT AND EQUIPMENT

	Plant and Equipment £	Railway Buildings £	Signal Equipment £	Office Equipment £	Total £
Cost or valuation:					
At 1st January, 2010	12,596	192,306	10,482	2,194	217,578
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31st December, 2010	12,596	192,306	10,482	2,194	217,578
Depreciation					
At 1st January, 2010	12,337	93,997	10,482	1,762	118,578
Charge for the year	-	8,433	-	-	8,433
Eliminated on disposal	-	-	-	-	-
At 31st December, 2010	12,337	102,430	10,482	1,762	127,011
Net Book Value					
At 31st December, 2010	£259	£89,876	£-	£432	£90,567
At 31st December, 2009	£259	£98,309	£-	£432	£99,000

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

11. TANGIBLE FIXED ASSETS : HELD BY TRADING SUBSIDIARY

Cost	Land & Buildings £	Locomotives & Rolling Stock £	Plant, Machinery & Equipment £	Shop Fittings & Equipment £	Permanent Way & Other assets £	Total £
At 1st January, 2010	30,011	516,852	338,150	19,185	459,396	1,363,594
Additions	233,543	47,731	79,859	24,226	122,791	508,150
Disposals	-	-	-	(13,965)	(40,000)	(53,965)
Adjustment	-	12,837	-	-	-	12,837
At 31st December 2010	263,554	577,420	418,009	29,446	542,187	1,830,616
Depreciation						
At 1st January, 2010	13,205	191,639	196,865	15,298	88,099	505,106
Charge for the year	8,040	57,915	20,737	3,292	23,257	113,241
Adjustment on disposals	-	-	-	(12,655)	(40,000)	(52,655)
At 31st December, 2010	21,245	249,554	217,602	5,935	71,356	565,692
Net Book Value						
At 31st December 2010	£242,309	£327,866	£200,407	£23,511	£470,831	£1,264,924
At 31st December, 2009	£16,806	£325,213	£141,285	£3,887	£371,297	£858,488

12. INVESTMENT IN THE SWANAGE RAILWAY COMPANY LIMITED

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

The share structure of the Swanage Railway Company Limited is such that The Swanage Railway Trust is the only shareholder who can hold voting shares in the Company The effect of this structure is that The Swanage Railway Trust controls the Swanage Railway Company Limited

An extract from the Balance Sheet of the Swanage Railway Company Limited at 31 December 2010 is as follows -

	2010 £	2009 £
Fixed assets	1,264,924	871,325
Current assets	225,315	451,695
Current liabilities	(190,216)	(290,329)
Total assets less current liabilities	1,300,023	1,032,691
Creditors due in more than one year	(399,052)	(290,019)
	£900,971	£742,672
Called up share capital	486,963	486,963
Profit and loss account	414,008	255,709
	£900,971	£742,672

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

13. INVESTMENT IN LOCOMOTIVE AND CARRIAGE GROUPS

The Trust is the beneficial owner of a number of shares in the following Locomotive Preservation Groups -

Loco and carriage group	Number of Shares Held	Total Shares Issue	Cost or Valuation £
Southern Locomotives Limited	236	7,711	57,500
Drummond Locomotives Limited	52	1,223	5,200
Project 62	4	218	1,000
Swanage Railway Carriage Group	35	419	5,000
6695 Locomotive Group	15	278	3,750
			£72,450

The shares held in the Swanage Railway Carriage Group are stated in the balance sheet at valuation

The shares held in the four loco groups are stated in the balance sheet at cost Due to the nature of the investment no provision has been included for any decrease or increase in the value of the Trust's holding

A number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary Swanage Railway Company Limited are shareholders in these and other locomotive preservation groups from whom the company hires locomotives and purchases engineering services The directors' interests are disclosed in Note 24 to the accounts

14. STOCKS

	Trust and Subsidiary 2010 £	Trust and Subsidiary 2009 £	Trust 2010 £	Trust 2009 £
Shop stocks for resale	43,774	20,838	-	-
Catering stock	5,052	4,543	-	-
Consumable stocks	7,873	9,572	-	-
Special events stock	5,262	6,092	-	-
	£61,961	£41,045	£ -	£ -

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

15. DEBTORS AND PREPAYMENTS

	Trust and Subsidiary		Trust	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	19,180	19,793	258	572
Gift Aid payment due from The Swanage Railway Company Limited	-	-	-	86,345
Loan to the Swanage Railway Company Limited	-	-	136,929	161,621
Other debtors	84,912	31,534	27,455	2,639
Prepayments	13,544	16,662	-	-
	£117,636	£67,989	£164,642	£251,177

The loan to The Swanage Railway Company Limited was for a period of 10 years and is repayable in equal monthly instalments Interest is charged at 1 5% above the banks base lending rate and the amount of interest charged in the year was £3,535 (2009 - £4,828)

The amount of the loan at 31st December, 2010 that was repayable in more than a year was £109,257 (2009 - £133,948) The loan will be fully repaid in 2016

16. MEMBERS' LOANS

	2010	2009
Members' loans	£14,450	£14,450

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

17. CREDITORS AND ACCRUALS

	Trust and Subsidiary		Trust	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	102,048	136,371	21,362	26,352
Life membership equalisation account	3,609	8,054	3,609	8,054
Other creditors and accruals	41,811	36,430	7,215	5,700
	£147,468	£180,855	£32,186	£40,106

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

18. LIFE MEMBERSHIP EQUALISATION ACCOUNT

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

	2010 £	2009 £
Balance at start of year	88,485	90,111
Membership sold in year	15,500	22,650
Transferred to income and expenditure account		
Premier life memberships	(20,719)	(21,906)
Life member subscriptions	(1,846)	(2,370)
	81,420	88,485
Less PLM subscriptions outstanding	(24,812)	(28,268)
Balance at close of year	£56,608	£60,217
Shown in -		
Creditors under 1 year	3,609	8,054
Creditors over 1 year	52,999	52,163
	£56,608	£60,217

The category of membership known as Premier Life Membership has now closed to new applicants

19. REVALUATION RESERVE

	£
At 1st January, 2010	64,407
Revaluation of assets in year	(2,500)
Transfer to unrestricted funds in respect of previous valuations	(45,369)
At 31st December, 2010	£16,538

The Trust's rolling stock was fully revalued in December 2006 and the revaluation was adopted by the directors in preparing these accounts A full revaluation at 31 December 2010 is not considered necessary as many of the items of rolling stock are considered to be close to the figures shown in these financial statements However, changes to the valuation have been made on certain assets where the current value is considered to be very different from the previous valuation

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

20. UNRESTRICTED FUNDS

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

	General Reserves 2010 £	Designated Funds 2010 £	Total 2010 £
Opening balance	1,270,862	67,425	1,338,287
Surplus for the year	358,168	10,210	368,378
Swanage Railway Company Limited - profit for the year	(158,299)	-	(158,299)
Revaluation reserve -			
Valuation in year	2,500	-	2,500
Transfer in respect of previous valuations	58,206	-	58,206
Adjustment in respect of valuations	(12,646)	-	(12,646)
Balance per consolidated balance sheet	£1,518,791	£77,635	£1,596,426

Designated funds comprise of the following -

	Balance At 1st January, 2010 £	Movement in Funds Incoming Resources £	Resources Expended £	Balance At 31st December, 2010 £
Heritage Coaches	-	13,929	(13,929)	-
Winston Churchill funeral van	13,281	-	(13,281)	-
Project Wareham	14,803	3,064	(17,867)	-
Sygnets B van	-	18,688	(18,506)	182
Shower block	-	8,600	-	8,600
Carriage shed	-	45,509	(23,660)	21,849
Locomotive maintenance	-	15,000	-	15,000
Other special projects	39,341	2,376	(9,713)	32,004
	£67,425	£107,166	(£96,956)	£77,635

The purpose of the ongoing designated funds is as follows -

- Sygnets B Van - the renovation of a brake van for the use of the Sygnets
- Shower block - the construction of a shower block for the use of volunteers and staff
- Carriage shed - the construction of a carriage shed
- Locomotive maintenance - to improve maintenance facilities for locomotives
- Other special projects - the restoration of various historic engines, wagons and structures around the railway

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

21. RESTRICTED FUNDS

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

	Balance At 1st January, 2010	Movement in Funds Incoming Resources	Resources Expended	Balance At 31st December, 2010
	£	£	£	£
Harmans Cross Project Appeal	15,107	12,978	(28,084)	1
The 200 Club	57,707	13,961	(20,440)	51,228
The Southern Carriage Account	22,554	-		22,554
Mercury Group	195	-	(4)	191
Carriage Shed Fund	29,480	14,264	(43,743)	1
New Company Appeal	38,281	27	(1,358)	36,950
Mining Museum Group Donations	13,537	1,757	(1,556)	13,738
257 Squadron Appeal	30,759	-	-	30,759
Corfe Signal Box Appeal	2,261	1	(2,261)	1
	£209,881	£42,988	(£97,446)	£155,423

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

	Fixed assets	Bank	Total
	£	£	£
The 200 Club	28,750	22,478	51,228
The Southern Carriage Account	22,554	-	22,554
257 Squadron Appeal	30,759	-	30,759
Mining museum Group Donations	5,678	8,060	13,738

The purpose of the restricted funds is as follows -

- Harmans Cross Project Appeal - to raise funds for the ongoing enhancement of Harmans Cross station
- The 200 Club - to raise funds for the ongoing enhancement of Corfe Castle Station
- The Southern Carriage Account - to raise funds for the restoration of heritage coaches
- The Mercury Group - to promote the Swanage Railway and assist with special projects
- The Carriage Shed Fund - to raise funds for the construction of a carriage shed
- The New Company Appeal - to raise funds for the development of the project to operate services to Wareham
- Mining Museum Group Donations - to raise funds for the improvement of the Mining Museum at Norden
- The 257 Squadron Appeal - to promote the overhaul of the locomotive, 257 squadron, for future use on the Swanage Railway
- The Corfe Signal Box Appeal - to raise funds for the construction of a signal box at Corfe Castle

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

22. CONTINGENT LIABILITIES

The directors are satisfied that all the terms and conditions associated with grants received by the former Southern Steam Trust will be fully adhered to, and in consequence, no contingent liability to repay the grants exists

23. FINANCIAL COMMITMENTS

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

	Trust & Subsidiary Land & Buildings		Trust Land & Buildings	
	2010	2009	2010	2009
Leases expiring after 1 year but within 5 years	£22,938	£25,286	£23,938	£25,286
Leases expiring after 5 years	£21,625	£21,625	£ -	£ -

Locomotive hire agreements

a) The Swanage Railway Trust's trading subsidiary, Swanage Railway Company Limited, utilises the motive power and engineering support provided by Southern Locomotives Engineering Limited for which there is an agreement under which Swanage Railway Company Limited pays a fixed amount each year As detailed in note 13 and note 24, a number of the directors of The Swanage Railway Trust and the directors of the trading subsidiary are also directors and/or shareholders in Southern Locomotives Limited, the holding company of Southern Locomotives Engineering Limited

The amount billed in respect of the year to the trading subsidiary by Southern Locomotives Engineering Limited was £129,996 (2009 - £152,442)

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

The amount invoiced by Drummond Locomotives Limited to the trading subsidiary for the supply of motive power in respect of the year was £35,000 (2009 - £34,236)

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS - CONTINUED

31ST DECEMBER, 2010

24. DIRECTORS' INTERESTS (see note 13 and note 23)

A number of the directors of The Swanage Railway Trust and its subsidiary the Swanage Railway Company Limited are shareholders in Southern Locomotives Limited and Drummond Locomotives Limited which as detailed in note 23 have entered into arrangements with the Swanage Railway Company Limited for the provision of motive power and engineering support

The directors' interests in the shares at 31 December, 2010 are as follows

	Southern Locomotives Ltd No of Ordinary £250 Shares Held	Drummond Locomotives Ltd No of Ordinary £100 Shares Held
Trust:		
D A Budd	-	10
D M Chick	1	-
S W Doughty	3	-
A L Moore	61	1
Mrs L A Moore	1	-
P W Renaut	12	-
Mrs E M Sellen	2	-
M A Stollery	14	12
W S Trite	37	2
M R Woolley	2	-
Subsidiary:		
S W Doughty	3	-
A L Moore	61	1
Mrs E M Sellen	2	-
P A Thrower	-	3 - Director

The total issued share capital of Southern Locomotives Limited at 31st December, 2010 was 8,139 ordinary £250 shares and that of Drummond Locomotives Limited 1,223 ordinary £100 shares