

Registration number 4115126

THE SWANAGE RAILWAY TRUST
(A Company Limited By Guarantee)
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

FILER KNAPPER
CHARTERED ACCOUNTANTS
CHRISTCHURCH
DORSET



REGISTRAR
OF COMPANIES

THE SWANAGE RAILWAY TRUST
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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THE SWANAGE RAILWAY TRUST

LEGAL AND ADMINISTRATIVE DETAILS

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.

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.

The directors serving during the year and since the year end were as follows:-

W S Trite Esq	Chairman		
A L Moore Esq	Treasurer	Appointed	27.04.2002
M R Woolley Esq	Secretary		
W T Bagley Esq		Resigned	19.10.2002
R D Buckle Esq		Appointed	19.10.2002
D A Budd Esq		Appointed	02.11.2002
G W Carter Esq		Resigned	01.02.2003
Mrs A Catt			
D M Chick Esq			
S W Doughty Esq			
M J Hayne Esq		Resigned	19.10.2002
B C Langdown Esq			
R D McGaw Esq			
D O'Neil Esq		Resigned	22.04.2003
R A Noble Esq		Resigned	19.10.2002
R D Payne Esq		Resigned	19.10.2002
Mrs S C Payne		Resigned	30.08.2002
P W Renaut Esq			
Mrs E M Sellen		Appointed	30.11.2002
M A Stollery Esq		Appointed	26.01.2002
R E Welham Esq		Appointed	19.10.2002
M Whitwam Esq			

M J Hayne Esq retired as Treasurer on 27 April 2002, the date on which A L Moore Esq was appointed.

Registered office

Station House
Swanage
Dorset BH19 1HB

Bankers

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

Portman Building Society
29 Station Road
Swanage
Dorset BH19 1AD

Auditors

Filer Knapper
Chartered Accountants
10 Bridge Street
Christchurch
Dorset BH23 1EF

THE SWANAGE RAILWAY TRUST
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2002.

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.

Charitable objects

The objects of The Swanage Railway Trust are to preserve and restore for the public benefit items of historical, architectural, engineering or scientific value in connection with railways and to advance the education of the public in the history and development of railway transportation.

Organisational structure and future developments

The Swanage Railway Trust has a single management body, the Board of Directors, 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 Board of directors meets on a monthly basis. The Swanage Railway Trust took over the assets and liabilities, obligations and rights of The Southern Steam Trust on 1 January 2002.

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.

Subsidiary trading company

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.

As detailed above, on 1 January 2002 The Southern Steam Trust's controlling interest in Swanage Railway Company Limited was transferred to The Swanage Railway Trust.

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

Related parties

As detailed in Note 24, a number of the directors of The Swanage Railway Trust and the Swanage Railway Company Limited are also directors and shareholders in Southern Locomotives Limited.

THE SWANAGE RAILWAY TRUST
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002

Review of activities and achievements

2002 was yet another remarkable year for the Swanage Railway. In the first few days of the year, we witnessed the completion of tracklaying to the Network Rail boundary at Motala. Before the summer was over, we had witnessed the sight of the first through working of a train between Wareham and Swanage for over thirty years, thanks to Chris Green of Virgin, a long standing friend of the Swanage Railway. Chris' inspirational leadership of Virgin Rail unlocked doors at Network Rail, such that a willing army of their staff could work with an equally enthusiastic Swanage Railway team to make it all happen. Those few weeks were truly remarkable and it just proves what can be done when the will exists and encouragement and empowerment are the order of the day. Our thanks to all concerned. Some good foundations were laid for progress in 2003 and beyond as we strive not just to make a permanent connection for special trains, but also see that line in daily use providing a year round public transport service.

The accounts reveal another solid year for the Swanage Railway, largely driven by the continued growth in the turnover of the Swanage Railway Company. The Trust itself, while comfortably in the black, does continue to suffer from a shortage of available funds as much of what has been raised recently has been for specific purposes and as such cannot, by law, be used for anything else. Thus like elsewhere, Trust expenditure remains under tight control. Members will however notice that expenditure on repairs and maintenance has risen dramatically in 2002, but this is due to a change in how Trust assets are funded between the Company and the Trust. This change is more than offset by the gift aid payment made by the Company to the Trust. The other significant event in 2002 was the decision by the Trust to take on the running of the Norden Park & Ride car park from Purbeck District Council, who would have been obliged by their auditors to levy parking charges had we not done so. The Trust, in discussion with the Company, agreed that this would not be desirable. The facility was taken on a 12 month trial period, with the goal of the Railway that it should as far as possible be self-financing. Whether this is achievable remains to be seen, but without doubt this is a valuable facility and it is essential to the success of the railway.

Despite the growth of the Swanage Railway, the project remains dependent on the goodwill of those who make it work, whether by paid employment, volunteer labour or by financial support. We have many exciting challenges ahead and the maintenance of this goodwill is without doubt our 'critical success factor'. Whilst growth and law demand ever higher levels of professionalism in all that we do, it is essential that we strive to make being part of the Swanage Railway something that is not just worthwhile, but is also *fun*. Our thanks to all for the huge effort that is put in day in and day out to make the Swanage Railway without doubt one of the most exciting railways to be part of and we hope you get as much fun out of it as we do.

We are delighted to be writing this report earlier than ever before due to the huge improvements that have been made in our internal accounting arrangements and are equally delighted to note that the efforts of our team in achieving this have resulted in reduced charges by our auditors. Our thanks to all concerned.

Risks

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.

THE SWANAGE RAILWAY TRUST
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002

Reserves

As detailed in Note 19 unrestricted funds amounted to £760,288 and, as detailed in Note 20, restricted funds amounted to £61,562 giving total reserves excluding revaluation surpluses of £821,850. There is a requirement for a high level of reserves given the substantial investment by the Trust in fixed assets.

The Trust's policy is to continue to accumulate reserves in order to finance the Charity's declared objectives.

As detailed in Note 18, the Trust's rolling stock has been revalued giving rise to a revaluation surplus of £62,676.

Directors' interests

The Trust is a company is limited by guarantee and has no share capital. In consequence, there are no directors' interests to be reported.

Directors' responsibilities in relation to the financial statements

Company law requires the directors to prepare financial statements that give a true and fair view of the state of the charity and its subsidiary at the end of the financial year and of its surplus or deficit for the financial year. In doing so, the directors are required to:

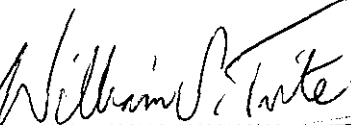
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and its subsidiary and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the charity and its subsidiary and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be proposed at the Annual General Meeting that Filer Knapper be re-appointed as auditors to the charity for the ensuing year.

This report was approved by the Board on 28th June '03 and signed on its behalf by



W S Trite Esq
Chairman

THE SWANAGE RAILWAY TRUST**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF THE SWANAGE RAILWAY TRUST**

We have audited the financial statements of The Swanage Railway Trust for the year ended 31 December 2002 which comprise the consolidated statement of financial activities, consolidated balance sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the trustees' annual report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the trustees' annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 an opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charity's state of affairs as at 31 December 2002, and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Filer Knapper

**Chartered Accountants and
Registered Auditors**

21 July 2003

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2002

		Unrestricted Funds 2002	Restricted Funds 2002	Total 2002	The Southern Steam Trust Total 2001 (Note only)
	Note	£	£	£	£
Incoming resources					
Appeals, donations and covenants	2	42,536	29,197	71,733	49,139
Membership subscriptions	2	50,145	-	50,145	55,095
Activities in furtherance of the Charity's objects:					
Fund raising and other income	2	25,319	1,630	26,949	23,295
Other activities to generate funds:					
Trading income	3	1,352,292	-	1,352,292	1,178,448
Interest receivable		521	25	546	7,455
Total incoming resources		<u>1,470,813</u>	<u>30,852</u>	<u>1,501,665</u>	<u>1,313,432</u>
Less: Costs of generating funds					
Trading expenses	3	1,213,370	-	1,213,370	1,112,144
Fund-raising costs	4	41	1,913	1,954	-
		<u>1,213,411</u>	<u>1,913</u>	<u>1,215,324</u>	<u>1,112,144</u>
Net incoming resources available for charitable application		<u>257,402</u>	<u>28,939</u>	<u>286,341</u>	<u>201,288</u>
Charitable expenditure					
Support costs	5	33,206	-	33,206	31,173
Running and maintenance costs	5	131,057	7,001	138,058	75,371
Management and administration	5	8,916	-	8,916	13,127
Total charitable expenditure		<u>173,179</u>	<u>7,001</u>	<u>180,180</u>	<u>119,671</u>
Total resources expended		<u>1,386,590</u>	<u>8,914</u>	<u>1,395,504</u>	<u>1,231,815</u>

The notes on pages 8 to 24 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2002

	Unrestricted Funds 2002	Restricted Funds 2002	Total 2002	The Southern Steam Trust Total 2001 (Note only)
	£	£	£	£
Net incoming resources	84,223	21,938	106,161	81,617
(Deficit)/gain on revaluation of tangible fixed assets	(9,734)	-	(9,734)	1,129
	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming resources before transfers	74,489	21,938	96,427	82,746
Transfer between funds	5,056	(5,056)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	79,545	16,882	96,427	82,746
Increase in minority interest in subsidiary company	1,000	-	1,000	-
Fund balances brought forward at 1 January 2002				
from The Southern Steam Trust	750,481	44,680	795,161	712,415
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward at 31 December 2002	831,026	61,562	892,588	795,161
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 8 to 24 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31 DECEMBER 2002

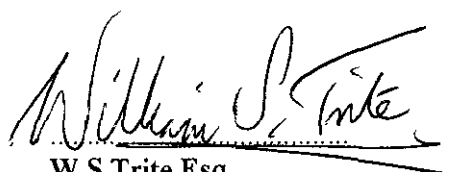
		Trust and Subsidiary		Trust	
	Notes	2002	The Southern Steam Trust 2001 (Note only)	2002	The Southern Steam Trust 2001 (Note only)
		£	£	£	£
Fixed assets					
Tangible fixed assets					
Locomotives and rolling stock	7	206,622	185,028	206,622	185,028
Infrastructure, plant and equipment	8	573,354	589,899	573,354	589,899
Assets held by trading subsidiary	9	58,705	56,885	-	-
Investments in:-					
Swanage Railway Company Limited	10	-	-	81,419	-
Locomotive and carriage groups	11A	25,750	25,750	25,750	25,750
Listed companies	11B	93	93	93	93
		<u>864,524</u>	<u>857,655</u>	<u>887,238</u>	<u>800,770</u>
Current assets					
Stocks	12	37,284	27,720	-	-
Debtors and prepayments	13	48,060	61,820	19,952	11,987
Cash at bank and in hand		214,193	130,969	144,092	80,435
		<u>299,537</u>	<u>220,509</u>	<u>164,044</u>	<u>92,422</u>
Creditors: amounts falling due within one year					
Bank overdraft		-	13,352	-	9,255
Members loans	14	33,175	22,675	33,175	22,675
Creditors and accruals	15	122,948	130,022	18,231	30,149
		<u>156,123</u>	<u>166,049</u>	<u>51,406</u>	<u>62,079</u>
Net current assets		<u>143,414</u>	<u>54,460</u>	<u>112,638</u>	<u>30,343</u>
Total assets less current liabilities		<u>1,007,938</u>	<u>912,115</u>	<u>999,876</u>	<u>831,113</u>
Creditors: amounts falling due after more than one year					
Life membership equalisation account	16	112,850	111,954	112,850	111,954
Swanage Town Council loan	17	2,500	5,000	2,500	5,000
Net assets		<u>892,588</u>	<u>795,161</u>	<u>884,526</u>	<u>714,159</u>

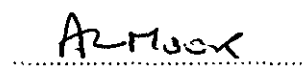
The notes on pages 8 to 24 form part of these financial statements.

THE SWANAGE RAILWAY TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 DECEMBER 2002

		Trust and Subsidiary		Trust	
	Notes	2002	The Southern Steam Trust 2001 (Note only)	2002	The Southern Steam Trust 2001 (Note only)
		£	£	£	£
Capital funds					
Revaluation reserve	18	62,676	63,176	62,676	63,176
Income funds:					
Unrestricted funds:					
Designated and general funds	19	760,288	687,722	760,288	606,303
Restricted	20	61,562	44,680	61,562	44,680
Swanage Railway Company Limited:					
Profit and loss account deficit	21	(9,787)	(17,266)	-	-
Minority shareholdings	21	17,849	16,849	-	-
		<u>892,588</u>	<u>795,161</u>	<u>884,526</u>	<u>714,159</u>

These accounts were approved by the directors on 28/6/2003 and signed on its behalf by:


W S Trite Esq
Chairman


A L Moore Esq
Treasurer

THE SWANAGE RAILWAY TRUST**NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002****1 Accounting policies****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, and the Charities Accounting Statement of Recommended Practice. There have been no changes in the accounting policies.

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. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

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.

Expenditure

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

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Direct charitable expenditure includes the direct costs of the activities and depreciation on related assets.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

1 Accounting policies (Continued)

Operating leases

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

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.

Locomotives and rolling stock

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.

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

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:

Track and associated infrastructure, railway buildings	4%
Plant, equipment, vehicles	15%

Depreciation is not charged on track and infrastructure under construction. The Trust's policy in respect of such assets is to commence charging depreciation in the year in which the asset is brought into use.

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%.

Stocks

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

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 AT 31 DECEMBER 2002

2 Analysis of incoming resources

	Unrestricted Funds 2002	Restricted Funds 2002	Total 2002	The Southern Steam Trust Total 2001 (Note only)
	£	£	£	£
Appeals, donations and covenants	40,601	29,197	69,798	48,817
Donations Norden Station	1,723	-	1,723	-
Tax repayments on covenant and gift aid income	212	-	212	322
	<u>42,536</u>	<u>29,197</u>	<u>71,733</u>	<u>49,139</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Membership subscriptions				
Premier life membership	26,134	-	26,134	31,564
Subscriptions	24,011	-	24,011	23,531
	<u>50,145</u>	<u>-</u>	<u>50,145</u>	<u>55,095</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Fund raising and other income				
Fund raising income	15,967	1,630	17,597	15,303
Advertising income	6,164	-	6,164	5,476
Sundry income	3,188	-	3,188	2,516
	<u>25,319</u>	<u>1,630</u>	<u>26,949</u>	<u>23,295</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

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 the Companies House.

Profit and Loss Account

	2002	2001
	£	£
Turnover	1,352,292	1,178,448
Direct costs	(554,583)	(496,530)
	<hr/>	<hr/>
Gross profit	797,709	681,918
Administrative expenses	(658,778)	(615,659)
Other operating income	383	972
Taxation	(9)	45
	<hr/>	<hr/>
Net income per consolidated accounts	139,305	67,276
	<hr/>	<hr/>
Reconciliation to statutory accounts		
Net Income per consolidated accounts	139,305	67,276
Transactions with The Swanage Railway Trust:		
Gift Aid	(80,807)	-
Infrastructure charge	(29,762)	(30,206)
Wages recharge	9,309	-
Rent re Herston Works	(30,566)	(30,000)
	<hr/>	<hr/>
Profit per Swanage Railway Company Limited statutory accounts	7,479	7,070
	<hr/>	<hr/>

4 Analysis of fund raising costs

	Unrestricted Funds	Restricted Funds	The Southern Steam Trust	
	2002	2002	Total 2002	Total 2001
	£	£	£	(Note only) £
Marketing and publicity	41	1,913	1,954	-
	<hr/>	<hr/>	<hr/>	<hr/>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

5 Charitable expenditure

Analysis of charitable expenditure

	Unrestricted Funds 2002 £	Restricted Funds 2002 £	Total 2002 £	The Southern Steam Trust Total 2001 (Note only) £
Support costs				
Magazines and stationery costs	33,206	-	33,206	31,173
Running and maintenance costs				
Repairs, restoration and maintenance costs	45,355	7,001	52,356	5,097
Transport and storage costs	4,910	-	4,910	-
Herston Works establishment costs:-				
Rent and service charges	21,286	-	21,286	26,911
Rates	3,061	-	3,061	2,232
Insurance	575	-	575	578
Heat, light and water	15,283	-	15,283	9,839
Norden Car Park operating costs	9,668	-	9,668	-
Finance charges:				
Bank charges	306	-	306	188
Bank interest	-	-	-	8
Loan interest	151	-	151	312
Depreciation				
Depreciation of fixed assets	29,762	-	29,762	30,206
Loss on disposal of fixed assets	700	-	700	-
	<u>131,057</u>	<u>7,001</u>	<u>138,058</u>	<u>75,371</u>
Management and administration				
Administration rent and establishment costs	2,009	-	2,009	2,193
Telephone	112	-	112	156
Auditors remuneration	2,250	-	2,250	3,250
Accountancy	2,250	-	2,250	2,250
Legal and professional fees	1,735	-	1,735	3,886
General expenditure	560	-	560	1,392
	<u>8,916</u>	<u>-</u>	<u>8,916</u>	<u>13,127</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

6 Directors and employees

	Trust and subsidiary		Trust	
	The Southern Steam Trust		The Southern Steam Trust	
	2002	2001	2002	2001
	(Note only)		(Note only)	
	£	£	£	£
Staff costs including directors' emoluments				
Wages and salaries	359,333	281,573	-	-
Social security costs	23,055	17,746	-	-
	<u>382,388</u>	<u>299,319</u>	<u>-</u>	<u>-</u>

The Swanage Railway Company Limited had 36 full and part-time employees at the year end, excluding directors.

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

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

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

7 Fixed asset schedule : Locomotives and rolling stock

Description	Cost/Valuation From The Southern Steam Trust at 1.1.02 £	Additions £	Disposals £	Revaluation surplus/(deficit) £	As at 31.12.02 £
Locomotive:					
Diesel 3591	13,000	-	-	-	13,000
Dismantled Peckett 0-4-0 Saddle Tank	1,500	-	-	-	1,500
	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,500</u>
Vans and Wagons:					
PMV, S1638S	570	-	-	-	570
PMV, S2212S	680	-	-	-	680
Scenery Van, S4594	2,000	-	-	-	2,000
Palvan B779696	-	500	-	-	500
Marlin Bogie Flat Wagon, 083656	840	-	-	-	840
Dolphin Bogie Flat Wagon, DB 274569	4,000	-	-	-	4,000
Match Wagon, ADB 502826	650	-	-	-	650
Turbot Bogey Ballast Wagon DB 978059	700	-	-	-	700
Dogfish Hopper Wagon, DB 992784	3,000	-	-	-	3,000
Salmon Bogie Flat Wagon, DB 996437	840	-	-	-	840
Bream Ramp Wagon, 083660	700	-	(700)	-	-
Crane, CB 5968	3,477	-	-	-	3,477
Crane, CC 1101	3,442	-	-	-	3,442
Crane, DS 2008	650	-	-	-	650
	<u>21,549</u>	<u>500</u>	<u>(700)</u>	<u>-</u>	<u>21,349</u>
Coaches:					
Mk1 RU, Kitchen Car, S1937	55,000	-	-	(5,000)	50,000
Mk1 FO, S3090	7,000	-	-	-	7,000
Mk1 TSO, Royal Wessex Bar Car, S4055	10,000	-	-	-	10,000
Mk1 TSO, S4074	1,500	-	-	(750)	750
Mk1 TSO, S4349	8,000	-	-	(500)	7,500
Mk1 TSO, S4416	3,000	-	-	-	3,000
Mk1 SO, S4803	5,200	-	-	(200)	5,000
Mk1 TSO, S4842	2,395	5,000	-	-	7,395
Mk1 TSO, S4961	6,000	-	-	(1,000)	5,000
Mk1 TSO, S4983	2,650	24,528	-	-	27,178
Mk1 CK, S7673	1,500	-	-	(750)	750
Mk1 BSO(B), S9015	10,000	-	-	(400)	9,600
Mk1 BCK, S21205	3,200	-	-	1,800	5,000
Mk1 SK(H), S24127	5,200	-	-	(1,200)	4,000
Mk1 SK, S25424	3,000	-	-	-	3,000
Mk1 BSK, S35464	7,500	-	-	(400)	7,100
Mk1 BG, S81146	3,334	-	-	(1,834)	1,500
Mk1 BG 92607	-	2,000	-	-	2,000
Ironclad TK, S728S	3,000	-	-	-	3,000
Maunsell BTK S 2768	-	500	-	-	500
Bulleid RTO, S1457S	3,500	-	-	-	3,500
Bulleid BTSO, S4365S	3,500	-	-	-	3,500
Bulleid BTSO, S4366S	3,500	-	-	-	3,500
Share in Maunsell BCK, S6699S	1,000	-	-	-	1,000
	<u>148,979</u>	<u>32,028</u>	<u>-</u>	<u>(10,234)</u>	<u>170,773</u>
Total	<u>185,028</u>	<u>32,528</u>	<u>(700)</u>	<u>(10,234)</u>	<u>206,622</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

7 Fixed asset schedule : Locomotives and rolling stock (Continued)

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 18, locomotives and rolling stock were revalued in November 2002 and the directors have adopted these valuations in preparing these accounts.

8 Fixed asset schedule : Infrastructure, plant and equipment

	Track and Construction Costs £	Plant and Equipment £	Railway Buildings £	Signal Equipment £	Office Equipment £	Total £
Cost or valuation:						
Transferred from The Southern Steam Trust at 1 January 2002	428,704	10,581	143,315	6,949	350	589,899
Additions	4,311	1,495	3,878	3,533	-	13,217
31 December 2002	433,015	12,076	147,193	10,482	350	603,116
Depreciation:						
Charge for the year	15,346	3,768	7,207	3,231	210	29,762
31 December 2002	15,346	3,768	7,207	3,231	210	29,762
Net book value:						
31 December 2002	417,669	8,308	139,986	7,251	140	573,354
1 January 2002	428,704	10,581	143,315	6,949	350	589,899

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:-

Track and associated infrastructure, railway buildings	4%
Plant, equipment, vehicles	15%

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

9 Tangible fixed assets: held by trading subsidiary

	Locomotives £	Plant Machinery & Equipment £	Shop Fittings & Equipment £	Motor Vehicles £	Total £
Cost:					
1 January 2002	-	116,726	11,069	3,500	131,295
Additions	8,000	7,302	1,191	-	16,493
31 December 2002	8,000	124,028	12,260	3,500	147,788
Depreciation:					
1 January 2002	-	61,851	9,875	2,684	74,410
Charge for the year	400	13,592	477	204	14,673
31 December 2002	400	75,443	10,352	2,888	89,083
Net book value:					
31 December 2002	7,600	48,585	1,908	612	58,705
1 January 2002	-	54,875	1,194	816	56,885

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%.

10 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.

The shares held by The Swanage Railway Trust may be analysed as follows:

	2002	The Southern Steam Trust 2001 (Note only)
	£	£
Original acquisition	20	20
Acquired by way of gifts	23,173	23,173
Shares previously subscribed for	58,226	58,226
	81,419	81,419

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

10 Investment in the Swanage Railway Company Limited (continued)

Shares previously subscribed for were written off in the income and expenditure account of The Southern Steam Trust as they were effectively of no value given the financial position of the Swanage Railway Company Limited at the time of acquisition.

As the Swanage Railway Company Limited had net assets of £89,481 at 31 December 2002 the investment held by The Swanage Railway Trust of £81,419 has been re-instated at cost.

11A 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 in issue	Cost £
Southern Locomotives Limited	66	5,586	16,500
Drummond Locomotives Limited	10	1,000	1,000
Project 62	4	218	1,000
Swanage Railway Carriage Group	35	49	5,000
6695 Locomotive Group	9	200	2,250
			<hr/> 25,750 <hr/>

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.

11B Investment in listed companies

The Swanage Railway Trust owns 23 shares in Railtrack Group Plc and in view of the amount involved these are stated at cost rather than market value.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

12 Stocks

	Trust and Subsidiary The Southern Steam Trust		Trust The Southern Steam Trust	
	2002	2001 (Note only)	2002	2001 (Note only)
	£	£	£	£
Shop stocks for resale	20,147	24,679	-	-
Consumable stocks	17,137	3,041	-	-
	<u>37,284</u>	<u>27,720</u>	<u>-</u>	<u>-</u>

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

13 Debtors and prepayments

	Trust and Subsidiary The Southern Steam Trust		Trust The Southern Steam Trust	
	2002	2001 (Note only)	2002	2001 (Note only)
	£	£	£	£
Trade debtors	11,452	19,151	747	3,357
Swanage Railway Company Limited:				
General trading account	-	-	3,296	-
Swanage Railway Company Limited:				
Accrued infrastructure costs	-	-	5,320	2,525
Other debtors	22,485	22,224	10,589	6,105
Prepayments	14,123	20,445	-	-
	<u>48,060</u>	<u>61,820</u>	<u>19,952</u>	<u>11,987</u>

Swanage Railway Company Limited:

Accrued infrastructure charge:

The Swanage Railway Trust levies a charge to the Swanage Railway Company Limited for use of the rolling stock, track and infrastructure and is equal to the annual depreciation charge on the assets concerned.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

14 Members' loans

Members' loans may be classified as follows:-

	2002	The Southern Steam Trust 2001 (Note only)
	£	£
Members' loans	33,175	22,675

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

15A Creditors and accruals

	Trust and Subsidiary		Trust	
	2002	The Southern Steam Trust 2001 (Note only)	2002	The Southern Steam Trust 2001 (Note only)
	£	£	£	£
Trade creditors	104,343	81,850	11,100	20,261
Corporation tax	9	97	-	-
Swanage Railway Company Limited	-	-	-	3,398
Other taxes and social security	-	11,371	-	-
Other creditors and accruals	18,596	36,704	7,131	6,490
	<u>122,948</u>	<u>130,022</u>	<u>18,231</u>	<u>30,149</u>

15B Bank Security

The assets of the Trust's trading subsidiary the Swanage Railway Company Limited are subject to a debenture charge in support of bank borrowings by both the Swanage Railway Company Limited and The Swanage Railway Trust. As at the balance sheet date there were no bank borrowings (2001 £13,352).

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

16 Life membership equalisation account

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

	2002	The Southern Steam Trust 2001 (Note only)
	£	£
Balance at start of year	141,514	155,245
Memberships sold in year	37,534	26,092
Transferred to income and expenditure account:		
Premier life memberships	(31,297)	(36,023)
Life member subscriptions	(3,956)	(3,800)
	<u>143,795</u>	<u>141,514</u>
Less: PLM subscriptions outstanding	(30,945)	(29,560)
Balance at close of year	<u>112,850</u>	<u>111,954</u>

17 Swanage Town Council loan

	2002	The Southern Steam Trust 2001 (Note only)
	£	£
Long term unsecured loan facility	<u>2,500</u>	<u>5,000</u>

The loan carries interest at the rate set by the Local Authority Public Works Loan Board.

18 Revaluation reserve

	2002 £
1 January 2002	63,176
Revaluation deficit in year	(500)
Balance carried forward	<u>62,676</u>

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

18 Revaluation reserve (continued)

The Trust's rolling stock was revalued in November 2002 by a committee set up by the Trust consisting of people who have specialist knowledge of rolling stock and their revaluation was adopted by the directors in preparing these accounts.

The revaluation deficit during the year of £9,734 compared to cost has been deducted from unrestricted funds on the Statement of Financial Activities, whereas the deficit compared to previous valuations has been debited to the revaluation reserve as detailed above.

19 Unrestricted funds

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

	General Reserves 2002 £	Designated Funds 2002 £	Total 2002 £
Opening balance	606,303	-	606,303
Surplus for the year	79,545	-	79,545
Increase in minority shareholdings in subsidiary company	1,000	-	1,000
Swanage Railway Company Limited profit for the year	(7,479)	-	(7,479)
Revaluation reserve movement	(500)	-	(500)
Adjustment for investment in the Swanage Railway Company Limited	81,419	-	81,419
Transfers to designated funds	(37,698)	37,698	-
Balance per consolidated balance sheet	<u>722,590</u>	<u>37,698</u>	<u>760,288</u>

As detailed in note 10, the Trust's investment in the Swanage Railway Company Limited whether purchased or acquired by way of gift, has historically been carried in the accounts of The Southern Steam Trust at nil value given the financial position of the Company at the time of acquisition.

As the Swanage Railway Company Limited had net assets of £89,481 at 31 December 2002 the investment now held by The Swanage Railway Trust has been re-instated at its cost of £81,419.

Transfers to designated funds relate to the designation by the directors of general reserves for the purposes of the construction of a carriage shed and specific projects.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

20 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 from The Southern Steam Trust 1 January 2002 £	Movement in funds		Balance 31 December 2002 £
		Incoming Resources £	Resources Expended £	
Wessex Belle Stock Pot Appeal	1,137	44	1,181	-
Project Wareham Appeal	4,056	-	4,056	-
Harmans Cross Project Appeal	4,899	3,851	5,118	3,632
The 200 Club	8,110	9,476	-	17,586
The 51 Club	1,540	39	-	1,579
The Southern Carriage Account	24,938	1,121	702	25,357
The Publicity Unit Account	-	3,005	2,913	92
Carriage Shed Fund	-	3	-	3
New Company Appeal	-	13,313	-	13,313
	<u>44,680</u>	<u>30,852</u>	<u>13,970</u>	<u>61,562</u>

The Wessex Belle Stock Pot Appeal was established to raise funds for the refurbishment of the Coach RU1937 Kitchen Car and ceased during the year.

The Project Wareham Appeal was established to raise funds for the extension of the railway to Wareham and ceased during the year.

The Harmans Cross Project Appeal was established to raise funds for the ongoing enhancement of Harmans Cross station.

The 200 Club and The 51 Club were established to raise funds for specific projects from time to time.

The Southern Carriage Account was established to raise funds for the restoration of heritage coaches.

The Publicity Unit Account was established in order to publicise the railway.

The Carriage Shed Fund was established to raise funds for the construction of a carriage shed.

The New Company Appeal was established to raise funds for the formation of a new company in order to operate a railway service to Wareham.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

21 Swanage Railway Company Limited deficit

	2002	The Southern Steam Trust 2001 (Note only)
	£	£
Deficit per company balance sheet	9,787	17,266
Minority shareholdings	17,849	16,849

The minority shareholdings carry no voting rights and the Swanage Railway Company Limited has been treated as a wholly owned subsidiary of The Swanage Railway Trust.

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 resulting the following payments falling due in the year to 31 December 2003:

	Trust & Subsidiary Land & Buildings		Trust Land and Buildings	
	2002	2001 (Note only)	2002	2001 (Note only)
	£	£	£	£
Leases expiring after 1 year but within 5 years	23,102	23,102	23,102	23,102
Leases expiring after 5 years	20,125	20,125	-	-

The directors are currently in negotiations with the landlords regarding the renewal of the lease over Herston Works.

Locomotive hire agreements

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 £90,000 per annum, subject to inflationary adjustments. As detailed in note 11A 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 trading subsidiary also enters into other operating agreements for the use of locomotives which are subject to a daily or monthly usage charge.

THE SWANAGE RAILWAY TRUST

NOTES TO THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2002

24 Directors' interests (See Note 11A 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 which as detailed in note 23 has entered into an arrangement with the Swanage Railway Company Limited for the provision of motive power and engineering support.

The directors' interests in Southern Locomotives Limited are as follows:

		No of Ordinary £250 shares held
Trust:		
W T Bagley Esq	Resigned 19.10.02	2
G W Carter Esq	Resigned 01.02.03	20
Mrs A Catt		1
D M Chick Esq		1
S W Doughty Esq		2
M J Hayne Esq	Resigned 19.10.02	13
R D McGaw Esq		15
A L Moore Esq	Appointed 27.04.02	41
P W Renaut Esq		10
Mrs E M Sellen	Appointed 30.11.02	2
M A Stollery Esq	Appointed 26.01.02	14
W S Trite Esq		37
Subsidiary:		
W J Bath Esq		59
G W Carter Esq	Resigned 01.02.03	20
S W Doughty Esq		2
M J Hayne Esq	Resigned 19.10.02	13
R D McGaw Esq	Appointed 26.05.02	15
A L Moore Esq		41
W S Trite Esq		37

The total issued share capital of Southern Locomotives Limited at 31 December 2002 was 5,586 ordinary £250 shares.