

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 January 2020
for
Swanage Railway Company Limited**

Swanage Railway Company Limited

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for the Year Ended 31 January 2020**

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Swanage Railway Company Limited

**Company Information
for the Year Ended 31 January 2020**

DIRECTORS:

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

SECRETARY:

Mr P J Milford

REGISTERED OFFICE:

The Station House
Swanage
Dorset
BH19 1HB

REGISTERED NUMBER:

01412568 (England and Wales)

SENIOR STATUTORY AUDITOR: Ian M Rodd

AUDITORS:

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

Swanage Railway Company Limited

Strategic Report for the Year Ended 31 January 2020

The directors present their strategic report for the period 1st February 2019 to 31st January 2020. The principal activity of the Company is the operation of the Swanage Railway, historic locomotives, historic rolling stock and the promotion of items of railway interest.

REVIEW OF BUSINESS

In 2019/2020 the Swanage Railway operated its planned train services throughout the year although locomotive availability and a lack of train crew did occasionally compromise its ability to do this.. Passenger numbers were very slightly above the previous year but had it not been for the increased footfall during the visit of Flying Scotsman this would have been significantly less. However, a reduction in the number of visitors across the year is in keeping with other nearby visitor attractions. Turnover for the year amounted to £3,437,352, a 12% increase compared with the year before. However, this figure is inflated upwards as a consequence of the visit of Flying Scotsman in March and April of 2019. With the emergence of the global Coronavirus Pandemic in January 2020 any realistic assessment of the Companys likely performance in 2020/2021 is unrealistic and it is expected to be only small percentage of what might have been expected. The gross margin in 2019/2020 was £2.2 million and after expenses this reduced to a trading profit of £240,971. However, had Flying Scotsman not visited the railway it is probably that this profit would have converted to a net loss.

The highlight of the year was undoubtedly the visit of 60103 Flying Scotsman which was an outstanding commercial success. This was followed by the ever popular Diesel Gala and Beer Festival. A number of steam locomotives visited during the year including Ivatt Class 2 No 46521, Caledonian C419 and BR Standard Class 5 No. 73156. The latter was the star attraction at the Autumn Steam gala. Once again Christmas services proved successful and in particular the Christmas Belle services using the Pullman Observation Car, more commonly known as Car 14.

Unfortunately it was not possible to operate schedules services to Wareham in 2019 as a result of continued delays with the restoration of the Class 117 DMU and also the Class 121 DMU. Both units had returned to Swanage and were being commissioned in preparation for Wareham services in the summer of 2020. Our application to the Office of Road and Rail for a Non Main Line Safety Certificate and Passenger Licence had progressed well and was on the cusp of being granted. However, the appearance of the coronavirus has brought these initiatives to a halt and it is now unclear as to when Wareham services might commence.

During 2019/2020 once funding had been identified, the Company has continued to make improvements to its infrastructure and we continued with our efforts to enhance the passenger experience in our fleet of aged Mark 1 coaches. The availability of cash remained a significant challenge to the Directors throughout the year and it has made strenuous efforts to consolidate the cash flow position.

It has been a challenging year and at the end of the financial year the Board anticipated further significant challenges would have to be addressed in the future and had started steps to do so. However, the arrival of Covid 19 added a completely different dimension to these challenges and the very survival of the railway and other similar organisations has since been called in to question.

The Board would like to, as ever, acknowledge the contribution made by paid staff, volunteers and others in the operation of the Swanage Railway in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

As a business in the heritage tourism sector the principal risk facing the company when preparing its annual budget is the uncertainty of forecast visitor numbers and the resulting revenue from passenger fares and secondary expenditure. This is affected by a number of issues beyond the control of the Company, including the weather, the overall state of the economy, the level of disposable income and regional demographic trends. This certainly proved to be an accurate assessment of reality in 2019.

A certain amount of the company's overhead cost is fixed and is not dependent upon passenger numbers. These costs have to be met from business operations. Increasingly through the year the Directors have been reviewing fixed and other costs and some work was undertaken to ascertain the cost of operating trains. The Directors consider that the profitability of the business is important but this is over-ridden by the need to ensure a sustainable cash flow.

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

Swanage Railway Company Limited

Strategic Report for the Year Ended 31 January 2020

DEVELOPMENT AND PERFORMANCE

The Swanage Railway continued to develop during 2019 but perhaps not as rapidly as the Directors had hoped for possibly due to factors such as the weather, the extended absence of the Sandbanks to Shell Bay ferry service and, at times, a lack of steam traction. The availability of steam traction was unpredictable and the availability of appropriate train crew was also a great challenge which, on occasions, resulted in the use of the Class 33 diesel locomotives.

The visit of Flying Scotsman in the first part of the year was a triumph both financially and more so in terms of organisation. Our staff, both paid and volunteer rose to the occasion and the event passed off with few problems. The Directors would thank all those who participated.

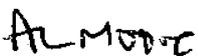
As alluded to, the visit of Flying Scotsman was a financial success but it should be noted that without this visit the Company may well not have returned a profit. The Directors hope that a further visit can be arranged in due course. The operational performance of the services offered by the Swanage Railway, in terms of reliability, punctuality, cleanliness and the provision of information to passengers is monitored by the Board with the objective of maintaining high standards of service.

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

As stated earlier, since the end of the financial year under review the worldwide Coronavirus pandemic has rendered the future of the Swanage Railway uncertain. Upon instructions from HM Government the Railway ceased all operations on 23rd March 2020 and remained closed until 11th July when a limited service resumed. The loss of income at a crucial time of year has had serious consequences. Upon closure the Directors placed the railway in to a care and maintenance mode, reduced expenditure to an absolute minimum necessary to facilitate care and maintenance and most paid staff were "furloughed" under the governments Job Retention Scheme. The Directors conducted a review of potential essential expenditure for the remainder of the current year and in to early next.

The railway re-opened to the public on 11th July having taken comprehensive steps to comply with the Government's Covid 19 restrictions and ensure the safety of visitors and staff. Early indications are favourable and plans are now being made for the winter of 2020/2021. Based upon experiences this summer, the Directors remain optimistic that the railway will recover in 2021 and it is planning for a strong sustainable future.

ON BEHALF OF THE BOARD:



Mr A L Moore - Director

26 September 2020

Swanage Railway Company Limited

Report of the Directors for the Year Ended 31 January 2020

The directors present their report with the financial statements of the company for the year ended 31 January 2020.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2019 to the date of this report.

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

Other changes in directors holding office are as follows:

Mr T J Parsons - resigned 29 April 2019
Mr M A Gould - resigned 30 April 2019
Mr G R Pitman - appointed 2 November 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

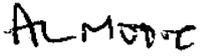
Swanage Railway Company Limited

**Report of the Directors
for the Year Ended 31 January 2020**

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A L Moore'.

Mr A L Moore - Director

26 September 2020

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

Opinion

We have audited the financial statements of Swanage Railway Company Limited (the 'company') for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

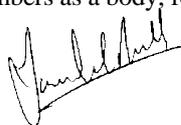
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

26 September 2020

Swanage Railway Company Limited

**Statement of Comprehensive Income
for the Year Ended 31 January 2020**

		2020		2019	
	Notes	£	£	£	£
TURNOVER	3		3,437,352		3,013,813
Cost of sales			1,253,782		1,141,445
GROSS PROFIT			2,183,570		1,872,368
Distribution costs		-		56,809	
Administrative expenses		1,966,769	1,966,769	1,791,061	
			216,801		24,498
Other operating income			12,745		(3,200)
OPERATING PROFIT	5		229,546		21,298
Profit/loss on sale of fixed assets	6		12,311		(147,533)
			241,857		(126,235)
Interest payable and similar expenses	7		1,962		8,042
PROFIT/(LOSS) BEFORE TAXATION			239,895		(134,277)
Tax on profit/(loss)	8		-		-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			239,895		(134,277)
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			239,895		(134,277)

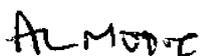
The notes form part of these financial statements

Swanage Railway Company Limited (Registered number: 01412568)

**Balance Sheet
31 January 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		5,457,998		5,281,213
CURRENT ASSETS					
Stocks	10	84,910		93,381	
Debtors	11	70,402		54,327	
Cash at bank and in hand		51,524		123,559	
			<hr/>	<hr/>	
		206,836		271,267	
CREDITORS					
Amounts falling due within one year	12	564,351		609,398	
			<hr/>	<hr/>	
NET CURRENT LIABILITIES			(357,515)		(338,131)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,100,483		4,943,082
CREDITORS					
Amounts falling due after more than one year	13		3,470,366		3,552,860
			<hr/>	<hr/>	
NET ASSETS			1,630,117		1,390,222
			<hr/> <hr/>	<hr/> <hr/>	
CAPITAL AND RESERVES					
Called up share capital	15		486,963		486,963
Revaluation reserve	16		371,202		371,202
Retained earnings	16		771,952		532,057
			<hr/>	<hr/>	
SHAREHOLDERS' FUNDS			1,630,117		1,390,222
			<hr/> <hr/>	<hr/> <hr/>	

The financial statements were approved by the Board of Directors and authorised for issue on 26 September 2020 and were signed on its behalf by:



Mr A L Moore - Director



Mr G C Johns - Director

The notes form part of these financial statements

Swanage Railway Company Limited

**Statement of Changes in Equity
for the Year Ended 31 January 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 February 2018	486,963	666,334	371,202	1,524,499
Changes in equity				
Total comprehensive income	-	(134,277)	-	(134,277)
Balance at 31 January 2019	<u>486,963</u>	<u>532,057</u>	<u>371,202</u>	<u>1,390,222</u>
Changes in equity				
Total comprehensive income	-	239,895	-	239,895
Balance at 31 January 2020	<u><u>486,963</u></u>	<u><u>771,952</u></u>	<u><u>371,202</u></u>	<u><u>1,630,117</u></u>

The notes form part of these financial statements

Swanage Railway Company Limited

Notes to the Financial Statements for the Year Ended 31 January 2020

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company made a profit for the period of £241k (2019 loss of: £134k) and the balance sheet is showing net current liabilities of £358k at 31 January 2020 (2019 £338k).

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

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

- the requirements of Section 7 Statement of Cash Flows.

Significant judgements and estimates

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

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

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

There are no areas of significant judgement.

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

Useful life and residual values of tangible fixed assets;

The economic useful life of tangible fixed assets and the expected residual value on future disposal is estimated by the Directors based on their knowledge and experience. The total carrying value of fixed assets at 31 January 2020 was £5,459,074.

Turnover

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

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

Swanage Railway Company Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Plant and machinery;

Fixtures and fittings, plant and equipment - 20% reducing balance

Computer equipment - 25% straight line

Motor vehicles - 10% straight line

Rolling stock - 10% straight line

Furniture - 20% straight line

Shop fittings and equipment;

Fixtures and catering equipment - 20% straight line

Permanent way - 2% straight line

Buildings and railway structures - 4% straight line

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

Stocks

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

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

Financial instruments

Basic financial liabilities;

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

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

Derecognition of financial assets and liabilities;

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

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

Basic financial assets;

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

Swanage Railway Company Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2020

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Hire purchase

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

Pension costs and other post-retirement benefits

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

Operating lease agreements

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

Capital Grants

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

Revenue Grants

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

3. TURNOVER

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the company.

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

	2020	2019
	£	£
Rail operations	2,742,063	2,294,229
Sale of goods	625,865	588,464
Revenue grants	69,424	131,120
	<u>3,437,352</u>	<u>3,013,813</u>

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2020**

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,043,328	1,041,453
Social security costs	80,001	78,543
Other pension costs	16,976	10,478
	<u>1,140,305</u>	<u>1,130,474</u>

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

	2020	2019
Employees (full time equivalent)	<u>43</u>	<u>43</u>
	2020	2019
	£	£
Directors' remuneration	-	41,275
Compensation to director for loss of office	-	15,534
	<u>-</u>	<u>56,809</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Other operating leases	128,379	122,504
Depreciation - owned assets	203,737	224,267
Auditors' remuneration	7,086	4,991
	<u>339,202</u>	<u>351,762</u>

6. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Profit/loss on sale of fixed assets	<u>12,311</u>	<u>(147,533)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Loan	290	3,841
Hire purchase	1,672	4,201
	<u>1,962</u>	<u>8,042</u>

Interest of £290 was paid to Swanage Railway Trust Limited, the Parent Company (2019: £3,841).

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 January 2020 nor for the year ended 31 January 2019.

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2020**

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2020 £	2019 £
Profit/(loss) before tax	239,895	(134,277)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	45,580	(25,513)
Effects of:		
Expenses not deductible for tax purposes	-	28,031
Income not taxable for tax purposes	(2,338)	-
Capital allowances in excess of depreciation	(77,168)	(31,601)
Trading losses	33,926	29,083
Total tax charge	-	-

9. TANGIBLE FIXED ASSETS

	Land & buildings £	Assets under construction £	Plant and machinery £
COST			
At 1 February 2019	845,256	1,852,483	1,048,922
Additions	-	326,411	37,574
Disposals	-	(9,404)	(15,859)
Transfer to ownership	66,131	(91,827)	25,696
At 31 January 2020	911,387	2,077,663	1,096,333
DEPRECIATION			
At 1 February 2019	272,919	-	433,019
Charge for year	33,825	-	134,059
Eliminated on disposal	-	-	(10,983)
At 31 January 2020	306,744	-	556,095
NET BOOK VALUE			
At 31 January 2020	604,643	2,077,663	540,238
At 31 January 2019	572,337	1,852,483	615,903

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2020**

9. TANGIBLE FIXED ASSETS - continued

	Shop fittings & equipment £	Heritage assets locomotive and rolling stock £	Permanent way & other assets £	Totals £
COST				
At 1 February 2019	3,387	803,448	1,763,730	6,317,226
Additions	-	17,187	46,130	427,302
Disposals	-	(32,500)	-	(57,763)
Transfer to ownership	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2020	3,387	788,135	1,809,860	6,686,765
DEPRECIATION				
At 1 February 2019	2,464	-	327,611	1,036,013
Charge for year	621	-	35,232	203,737
Eliminated on disposal	-	-	-	(10,983)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2020	3,085	-	362,843	1,228,767
NET BOOK VALUE				
At 31 January 2020	<hr/> <hr/> 302	<hr/> <hr/> 788,135	<hr/> <hr/> 1,447,017	<hr/> <hr/> 5,457,998
At 31 January 2019	<hr/> <hr/> 923	<hr/> <hr/> 803,448	<hr/> <hr/> 1,436,119	<hr/> <hr/> 5,281,213

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

At the year end, the carrying amount of plant and machinery included £48,777 (2019; £55,687) of assets under Hire Purchase agreements.

10. STOCKS

	2020 £	2019 £
Shop stock for resale	27,916	22,867
Catering stock	7,359	5,978
Consumable stock	43,711	62,687
Special events stock	5,893	1,105
Driver experience stock	31	744
	<hr/>	<hr/>
	84,910	93,381
	<hr/> <hr/>	<hr/> <hr/>

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2020**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020	2019
	£	£
Trade debtors	12,413	11,083
Other debtors	1,147	-
VAT	36,906	21,458
Accrued income	925	85
Prepayments	19,011	21,701
	<u>70,402</u>	<u>54,327</u>
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020	2019
	£	£
Hire purchase contracts (see note 14)	14,415	15,167
Trade creditors	145,889	95,613
Amounts owed to group undertakings	95,000	5,000
Social security and other taxes	21,774	20,202
Capital grants <1 year	139,833	155,678
Other creditors	40,000	-
Deferred income	88,425	302,452
Accrued expenses	19,015	15,286
	<u>564,351</u>	<u>609,398</u>
13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2020	2019
	£	£
Hire purchase contracts (see note 14)	-	14,052
Purbeck community rail partnership	60,875	49,595
Capital grants from SRT	1,158,365	1,163,300
Chalk and cheese grant	40,397	40,397
DCC cabinet grant	197,063	350,000
Big lottery fund	1,409,348	1,305,512
BP perenco	376,028	399,298
Department of transport	41,434	48,654
Other capital grants	-	17,890
Project Wareham	186,856	164,162
	<u>3,470,366</u>	<u>3,552,860</u>

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

Swanage Railway Company Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2020**

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

		Hire purchase contracts	
		2020	2019
		£	£
Net obligations repayable:			
Within one year		14,415	15,167
Between one and five years		-	14,052
		<u>14,415</u>	<u>29,219</u>
		<u>14,415</u>	<u>29,219</u>
		Non-cancellable operating leases	
		2020	2019
		£	£
Within one year		303,561	303,791
Between one and five years		1,172,004	1,215,164
In more than five years		6,122,089	6,419,460
		<u>7,597,654</u>	<u>7,938,415</u>
		<u>7,597,654</u>	<u>7,938,415</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
16,358	Non-voting shares	£1	16,358	16,368
(2019 - 16,368)				
470,605	Ordinary Voting shares	£1	470,605	470,595
(2019 - 470,595)				
			<u>486,963</u>	<u>486,963</u>
			<u>486,963</u>	<u>486,963</u>

16. RESERVES

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 February 2019	532,057	371,202	903,259
Profit for the year	239,895		239,895
	<u>771,952</u>	<u>371,202</u>	<u>1,143,154</u>
At 31 January 2020	<u>771,952</u>	<u>371,202</u>	<u>1,143,154</u>

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions paid during the year amounted to £16,976 (2019: £10,478).

Swanage Railway Company Limited

Notes to the Financial Statements - continued for the Year Ended 31 January 2020

18. **ULTIMATE PARENT COMPANY**

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

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

19. **CONTINGENT LIABILITIES**

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

20. **RELATED PARTY DISCLOSURES**

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

The total amount outstanding on loans made to the company by Swanage Railway Trust at 31 January 2020 was £95,000 (2019: £5,000.)

Interest is charged on the above loans at 1.5% above the Bank of England base rate. Interest charged in the year to 31 January 2020 was £290.41 (2019: £3,841).

In the year ended 31 January 2020 there was £241,971 of available profits to gift to Swanage Railway Trust, however the profits have been re-invested into the trading company, in the year ended 31 January 2019 there were no available profits to gift.

During the year, a total of key management personnel compensation of £253,806 (2019 - £302,926) was paid.

21. **DEFERRED TAX**

The net deferred liability of £51,482 at 31 January 2020 (net asset £4,104 at 31 January 2019) has not been recognised. It is considered that if the company continues to make profits at the current level, there would not be tax payable for a number of years and therefore the deferred tax asset is unlikely to be realised.

Swanage Railway Company Limited

**Trading and Profit and Loss Account
for the Year Ended 31 January 2020**

	2020		2019	
	£	£	£	£
Turnover				
Passenger takings	2,718,383		2,262,609	
Shop income	181,798		171,544	
Catering income	294,275		258,174	
Driver experience takings	23,680		31,620	
Revenue grants	69,424		131,120	
Sundry income	149,792		158,746	
	<hr/>	3,437,352	<hr/>	3,013,813
Cost of sales				
Locomotive running costs	250,606		262,767	
Special event costs	218,433		130,070	
Shop purchases	103,002		95,554	
Catering purchases	142,516		141,955	
Locomotive hire	326,696		258,633	
Locomotive, carriage and wagon repairs	201,513		234,897	
Third party ticket sales	11,016		17,569	
	<hr/>	1,253,782	<hr/>	1,141,445
GROSS PROFIT		2,183,570		1,872,368
Other income				
Insurance receipts		12,745		(3,200)
		<hr/>		<hr/>
		2,196,315		1,869,168
Expenditure				
Directors' salaries	-		41,275	
Directors' compensation for loss of office	-		15,534	
Rent	128,379		122,504	
Rates and water	8,923		14,975	
Business rates	59,826		47,574	
Insurance	118,562		94,162	
Light and heat	56,952		49,539	
Repairs and maintenance	183,175		128,979	
Cleaning and laundry	53,539		49,245	
Marketing and publicity	55,078		48,872	
Wages	1,043,328		984,644	
Employers national insurance	80,001		78,543	
Pensions	16,976		10,478	
Services recharge to The Swanage Railway Trust	(40,626)		(39,299)	
Telephone	20,998		33,276	
Post and stationery	18,435		21,323	
Advertising	-		140	
Travel and station car parking	18,844		14,059	
Motor expenses	9,783		9,577	
General expenses	3,648		6,127	
Training	6,793		5,118	
Subscriptions	900		300	
Legal fees	4,957		2,050	
Auditors' remuneration	7,086		4,991	
Donations	954		1,948	
	<hr/>	<hr/>	<hr/>	<hr/>
Carried forward	1,856,511	2,196,315	1,745,934	1,869,168

This page does not form part of the statutory financial statements

Swanage Railway Company Limited

**Trading and Profit and Loss Account
for the Year Ended 31 January 2020**

	2020		2019	
	£	£	£	£
Brought forward	1,856,511	2,196,315	1,745,934	1,869,168
Bad debts	-		1,079	
	-	1,856,511	-	1,747,013
		339,804		122,155
Finance costs				
Bank charges	3,711		5,989	
Credit card	42,643		26,279	
Loan	290		3,841	
Hire purchase	1,672		4,201	
	-	48,316	-	40,310
		291,488		81,845
Depreciation				
Amortisation of capital grants	(139,833)		(155,678)	
Depn of railway buildings	33,825		33,604	
Plant and machinery	134,099		155,188	
Depn of shop fixtures and equipment	581		627	
Depn of permanent way	35,232		34,848	
	-	63,904	-	68,589
		227,584		13,256
Exceptional items				
Profit/loss on sale of fixed assets		12,311		(147,533)
NET PROFIT/(LOSS)		239,895		(134,277)