

REGISTERED NUMBER: 01412568 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 January 2024
for
Swanage Railway Company Limited**

**Contents of the Financial Statements
for the Year Ended 31 January 2024**

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Swanage Railway Company Limited

**Company Information
for the Year Ended 31 January 2024**

DIRECTORS:

Mr G C Johns
Mr K M Potts
Mrs E M Sellen
Mr N Au
Mr F Roberts
Mr R Patterson

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 BSc FCA FCCA

AUDITORS:

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

**Strategic Report
for the Year Ended 31 January 2024**

STRATEGIC COMMENTARY

The trading year under review reflects the difficulties continuing to face the Railway after the pandemic and the Country as a whole. These difficulties have been felt across the whole heritage railway sector causing deep reviews of activity and products, which I will return to later.

The pandemic in 2020 greatly impacted on the numbers of passengers and in turn our income, and was closely linked to increases in inflation that not only significantly increased our own costs but also caused our customers, under the pressure of similar increased living costs, to think twice about spending on discretionary activities such as travelling with us. Using passenger numbers as a barometer for activity and the resulting challenges we have had to contend with in 2019 we had 202,000 customers; 2020 59,000; 2021 144,000 and in 2022 142,000. In 2023 we carried 178,000 customers which is reasonable growth on the previous two years but slower than anticipated progress towards earning sufficient to cover our costs and generate surpluses for maintenance and repair of our assets.

The loss reported this year shows an improvement on last years reported loss but this reflects:

- o continued levels of revenue grant support received from the Swanage Railway Trust (the Trust) to deliver train services to Wareham and other educational activities in support of the Trust's charitable objectives;
- o the impact of rolling stock asset revaluation (as recommended the previous year) which has benefited the profit and loss account; and
- o a tax benefit from future trading required in the 2020 accounts.

(In 2019 Swanage Railway received government grants and subsidies which resulted in the accounts for year ended 31st January 2020 showing a profit of £239,895. Under accounting rules as laid down by the Institute of Chartered Accountants, a provision for future tax had to be made on the assumption that the level of profit will continue. As this year is a loss a part of that provision (deferred tax) is reclaimed which has the effect of reducing the loss in the 2024 accounts by £12,033).

Together these have reduced the reported loss but the trading loss is much higher and in the short term is un-sustainable as the Company has no further cash reserves on which to call.

Although the overall picture paints a serious challenge facing the Railway during the trading year there were a number of highlights of note:

- o on the back of increased customers our income increased slightly ahead of inflation with notable increases in family ticket sales;
- o the second - and final - year of our commitment to Dorset Council to operate 90 days of train services to/from Wareham was completed;
- o operating the Railway safely was achieved with no significant incidents to report;
- o a new seasonal product - The Polar Express - was produced in collaboration with the Promoter and other Companies giving us experience of outsourcing activity at lower commercial risk to the Railway; and
- o shop sales margins improved significantly - a trend we want to maintain and improve.

We can only achieve all this by the combined efforts of our employees, volunteers members, suppliers and stakeholders and I would on behalf of the Board like to thank them for their ongoing commitment and support to enable us to deliver a Railway we are proud of.

As the trading year progressed it became clear from our auditors and cash flow forecasting that the Company would need significant sums over the forthcoming quiet winter period in 2023/2024 in order to remain solvent. The size of the sum needed and the speed with which this need became apparent galvanised a response.

We had to develop a three year Business Plan to deliver a stable and sustainable business. The plan would need to be robust to face scrutiny of those who would be asked to provide further support for or scrutinise our activities and both realistic and prudent to ensure that we can achieve it.

**Strategic Report
for the Year Ended 31 January 2024**

At the heart of the Plan is the aim to start to transform the Railway from the transport undertaking to an attraction in its own right in a way consistent with the aims of the Strategic Plan issued by the Trust in Autumn 2023. Ordinary turn up and go sales will still be the most significant part of our activity but increasingly - as much as a third of our revenue - will come from other sources including special events, retail and catering and engineering services.

We will use existing serviceable assets to achieve this and will review other assets for fit with future business needs and if appropriate sell assets not required. Some activity we plan to put on a concession basis to reduce commercial risk to us, improve customer facilities and experience and produce income: catering at stations and on trains is a case in point where we have struggled to provide consistent services at locations on operating days.

The Plan requires continuing fundraising support, managed by the Trust under Save Your Railway and makes full provision for repayment of any financial support provided by the Trust to enable continued trading. The Plan does not contain a commitment to run further services to Wareham at our sole risk. We have explained this decision to Dorset Council and are keen to participate in discussions over affordable future train service plans.

The outcome of the Plan is break even in year one (2024) and move to a surplus in years two and three. To get the starting point for year one to a viable position two employee posts were made redundant and two posts that had been vacated by resignation suspended, in addition to other cost cutting measures.

The Plan provided the confidence to the Trustees to loan to the Company sufficient cash to support its needs during winter which were codified, for the first time, in a formal agreement and secured against assets of the Company.

The new focus on special events and other additional activities such as cream teas, fish and chip specials is illustrative of a different and more structured approach. Each event requires a lead person/group and a positive business case before it is given the go-ahead. This has happened in the past but not consistently or transparently for every activity. Performance of each event is monitored to gain business intelligence to support future event decision making. The Plan envisages at least one event a month (with a break in the summer holidays when our focus is solely on transportation by rail between heath, castle and seaside). Events have been expanded to include those intended to attract families (e.g. Dinosaurs, Bluey the Dog, the Polar Express) as well as events aimed at those who enjoy railways (e.g. steam and diesel galas). The mix should produce significant surpluses to help with the overall aim to become sustainable.

As I write, in June 2024, the early indications are that we are ahead of our plan target and we can now look in more detail at the planning needed for 2025 and 2026.

The Board's overall focus remains on delivering to the Plan a safe and enjoyable experience for our customers, employees and volunteers.

I would like to conclude by thanking our Auditors, Ward Goodman under the leadership of Ian Rodd, for their support over the time that they have provided audit services to the Company. They have always provided support with a degree of professionalism that is much valued and appreciated. We will be tabling proposals to appoint a new Auditor at the Annual General Meeting because good practise recommends that routine changes of auditor are appropriate. In addition I must thank Lorna Lock the Finance and Personnel Manager and her team Vicki Searle and Nichola Watts for their continued work in maintaining good standards of financial processes and reporting.

**Strategic Report
for the Year Ended 31 January 2024**

Lastly I will take the liberty of placing on record, on behalf of all those who support the Railway in what ever way, our thanks to the Directors and Secretary of the Company for the work they do in discharging their governance of the business. They are all volunteers who have stepped forward to take on these challenges in a rapidly changing economic environment and we should not underestimate the skills and commitment that this requires and that collectively they bring. To Liz, Nathan, Frank, Robert, Kevin and Peter our thanks for the work you continue to do. I will conclude by thanking the other directors Marcus and Keith who have resigned during the year and mention in particular thanks to Robert and Trevor for the lengths of time they served as Chairman of the Company.

ON BEHALF OF THE BOARD:



.....
Mr G C Johns - Director

Date: 29th August 2024

**Report of the Directors
for the Year Ended 31 January 2024**

The directors present their report with the financial statements of the company for the year ended 31 January 2024.

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 2024.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2023 to the date of this report.

Mr G C Johns
Mr K M Potts
Mrs E M Sellen
Mr N Au

Other changes in directors holding office are as follows:

Mr T J Parsons - resigned 26 October 2023
Mr K R Usher - resigned 14 October 2023
Mr R Patterson - resigned 23 February 2023
Mr M Alldrick - resigned 23 February 2023
Mr F Roberts - appointed 4 November 2023
Mr R Patterson - appointed 4 November 2023

DONATIONS AND EXPENDITURE

Total donations of £12,655 were made to the museums under control of the Trust.

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.

**Report of the Directors
for the Year Ended 31 January 2024**

AUDITORS

We will be tabling proposals to appoint a new Auditor at the Annual General Meeting because good practise recommends that routine changes of auditor are appropriate.

ON BEHALF OF THE BOARD:



.....
Mr G C Johns - Director

Date: .29th August 2024.

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 2024 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 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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 five, 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.

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities including fraud. The extent to which we are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the sector in which they operate. We determined that the following laws and regulations were most significant: the Companies Act 2006, the UK Corporate Governance Code, UK corporate taxation laws and UK government Covid-19 support schemes.
- We obtained an understanding of how the Group are complying with those legal and regulatory frameworks by making inquiries to the management. We corroborated our enquiries through our review of board minutes and papers provided to the Committee of Management.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
and
-

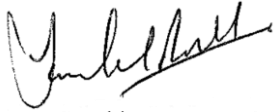
Assessing the extent of compliance with the relevant law and regulations.

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.

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

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 BSc FCA FCCA (Senior Statutory Auditor)
for and on behalf of Ward Goodman Audit Services Limited
Statutory Auditor
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

Date: 29th August 2024

Swanage Railway Company Limited (Registered number: 01412568)

**Statement of Comprehensive
Income
for the Year Ended 31 January 2024**

	Notes	2024 £	2023 as restated £
TURNOVER	3	3,013,671	2,981,420
Cost of sales		<u>1,345,225</u>	<u>1,439,408</u>
GROSS PROFIT		1,668,446	1,542,012
Administrative expenses		<u>1,850,981</u>	<u>1,960,555</u>
OPERATING LOSS	5	(182,535)	(418,543)
Interest receivable and similar income		<u>65</u>	<u>186</u>
		(182,470)	(418,357)
Interest payable and similar expenses	6	<u>33,658</u>	<u>8,624</u>
LOSS BEFORE TAXATION		(216,128)	(426,981)
Tax on loss	7	<u>(12,154)</u>	<u>(108,132)</u>
LOSS FOR THE FINANCIAL YEAR		(203,974)	(318,849)
OTHER COMPREHENSIVE INCOME			
Heritage asset revaluation		198,365	-
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>198,365</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,609)	<u>(318,849)</u>
Prior year adjustment	8	<u>(130,566)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(136,175)</u>	

The notes form part of these financial statements


Swanage Railway Company Limited (Registered number: 01412568)

**Balance Sheet
31 January 2024**

		2024		2023 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		4,138,020		4,128,524
CURRENT ASSETS					
Stocks	10	85,361		84,054	
Debtors	11	83,025		77,764	
Cash at bank and in hand		<u>79,680</u>		<u>123,065</u>	
			248,066		284,883
CREDITORS					
Amounts falling due within one year	12	<u>974,030</u>		<u>780,067</u>	
NET CURRENT LIABILITIES			<u>(725,964)</u>		<u>(495,184)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,412,056		3,633,340
CREDITORS					
Amounts falling due after more than one year	13		(2,222,688)		(2,426,208)
PROVISIONS FOR LIABILITIES	16		<u>(22,117)</u>		<u>(34,272)</u>
NET ASSETS			<u><u>1,167,251</u></u>		<u><u>1,172,860</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		486,963		486,963
Revaluation reserve	18		569,567		371,202
Retained earnings	18		<u>110,721</u>		<u>314,695</u>
SHAREHOLDERS' FUNDS			<u><u>1,167,251</u></u>		<u><u>1,172,860</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 29th August 2024 and were signed on its behalf by:


.....
Mr G C Johns - Director


.....
Mr R Patterson - Director

The notes form part of these financial statements

Swanage Railway Company Limited (Registered number: 01412568)

**Statement of Changes in Equity
for the Year Ended 31 January 2024**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 February 2022	486,963	633,544	371,202	1,491,709
Changes in equity				
Total comprehensive income	<u>-</u>	<u>(188,283)</u>	<u>-</u>	<u>(188,283)</u>
Balance at 31 January 2023	<u>486,963</u>	<u>445,261</u>	<u>371,202</u>	<u>1,303,426</u>
Prior year adjustment	<u>-</u>	<u>(130,566)</u>	<u>-</u>	<u>(130,566)</u>
As restated	<u>486,963</u>	<u>314,695</u>	<u>371,202</u>	<u>1,172,860</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>(203,974)</u>	<u>198,365</u>	<u>(5,609)</u>
Balance at 31 January 2024	<u><u>486,963</u></u>	<u><u>110,721</u></u>	<u><u>569,567</u></u>	<u><u>1,167,251</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 January 2024**

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 as modified by the revaluation of certain assets.

The company made a loss in the period of £136k (2023 loss of: £318k) and the balance sheet is showing net current liabilities of £725k at 31 January 2024 (2023 net current liabilities of £495k).

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 2024 was £4,138,318.

Turnover

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

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

Furniture - 20% straight line

Rolling Stock - 10% 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 now held at valuation and were revalued at 31st January 2024. 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 often hard to determine. The directors have therefore used the values of the assets as provided by the Loco, Carriage & Wagon staff and volunteers, as best estimates.

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of financial activities as described below.

An Asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, that estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

2. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial liabilities;

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

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

Derecognition of financial assets and liabilities;

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

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

Basic financial assets;

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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.

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

2. ACCOUNTING POLICIES - continued

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.

During the year rent holidays were received from some of the lease holders, in the case of a lease for Locomotive hire a discounted rate has been used for when the railway can operate. As no other payments are expected by the leaseholder, the expenditure recorded in the accounts is under the reduced rate.

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. Where an impairment has taken place on assets under capital funding the offset has reduced the credit balance on the grant.

Revenue Grants

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

3. TURNOVER

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

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

	2024	2023 as restated
	£	£
Rail operations	2,269,445	2,374,235
Sale of goods	573,405	531,549
Revenue grants	<u>170,821</u>	<u>75,636</u>
	<u>3,013,671</u>	<u>2,981,420</u>

4. EMPLOYEES AND DIRECTORS

	2024	2023 as restated
	£	£
Wages and salaries	938,610	982,602
Social security costs	76,491	83,964
Other pension costs	<u>17,507</u>	<u>16,243</u>
	<u>1,032,608</u>	<u>1,082,809</u>

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

	2024	2023 as restated
Employees (full time equivalent)	<u>35</u>	<u>39</u>

Swanage Railway Company Limited (Registered number: 01412568)

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

4. EMPLOYEES AND DIRECTORS - continued

	2024	2023 as restated
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	2024	2023 as restated
	£	£
Other operating leases	107,909	103,716
Depreciation - owned assets	206,261	212,139
Loss on disposal of fixed assets	13,363	12,110
Auditors' remuneration	<u>10,270</u>	<u>10,727</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2024	2023 as restated
	£	£
Bank loan interest	12,936	8,624
Loan	<u>20,722</u>	<u>-</u>
	<u>33,658</u>	<u>8,624</u>

Interest of £20,722 was paid to Swanage Railway Trust Limited, the Parent Company (2023: £nil).

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2024	2023 as restated
	£	£
Deferred tax	<u>(12,154)</u>	<u>(108,132)</u>
Tax on loss	<u>(12,154)</u>	<u>(108,132)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

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

	2024	2023 as restated
	£	£
Loss before tax	<u>(216,128)</u>	<u>(426,981)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2023 - 25%)	(54,032)	(106,745)
Effects of:		
Expenses not deductible for tax purposes	3,513	3,245
Income not taxable for tax purposes	(16)	(105)
Capital allowances in excess of depreciation	-	(4,527)
Depreciation in excess of capital allowances	38,381	-
	<u> </u>	<u> </u>
Total tax credit	<u>(12,154)</u>	<u>(108,132)</u>

Tax effects relating to effects of other comprehensive income

	Gross	2024 Tax	Net
	£	£	£
Heritage asset revaluation	<u>198,365</u>	<u>-</u>	<u>198,365</u>

8. PRIOR YEAR ADJUSTMENT

During the year ended 31 January 2024 the board conducted a full review of fixed assets. Within Assets Under Construction, an asset to the value of £326,415 was identified which has been in operation for 5 years. A prior year adjustment has therefore been completed to recognise the asset within Plant & Machinery as a rolling stock asset which is depreciated over a 10 years straight line basis. The overall effect on the brought forward reserves as a result of the depreciation charge is a reduction of £130,566.

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

9. TANGIBLE FIXED ASSETS

	Land & buildings £	Assets under construction £	Plant and machinery £
COST OR VALUATION			
At 1 February 2023	911,387	556,189	1,610,128
Additions	-	30,755	-
Disposals	(4,004)	-	(48,311)
Revaluations	-	-	-
Reclassification	(26,008)	-	-
Transfer to ownership	-	(31,217)	31,217
	<u>881,375</u>	<u>555,727</u>	<u>1,593,034</u>
At 31 January 2024	<u>881,375</u>	<u>555,727</u>	<u>1,593,034</u>
DEPRECIATION			
At 1 February 2023	415,240	-	968,624
Charge for year	38,378	-	123,942
Eliminated on disposal	-	-	(38,952)
	<u>453,618</u>	<u>-</u>	<u>1,053,614</u>
At 31 January 2024	<u>453,618</u>	<u>-</u>	<u>1,053,614</u>
NET BOOK VALUE			
At 31 January 2024	<u>427,757</u>	<u>555,727</u>	<u>539,420</u>
At 31 January 2023	<u>496,147</u>	<u>556,189</u>	<u>641,504</u>

Swanage Railway Company Limited (Registered number: 01412568)

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

9. TANGIBLE FIXED ASSETS - continued

	Shop fittings & equipment £	Heritage assets locomotive and rolling stock £	Permanent way & other assets £	Totals £
COST OR VALUATION				
At 1 February 2023	3,387	1,031,635	1,874,484	5,987,210
Additions	-	-	-	30,755
Disposals	-	-	-	(52,315)
Revaluations	-	198,365	-	198,365
Reclassification	-	-	26,008	-
Transfer to ownership	-	-	-	-
At 31 January 2024	<u>3,387</u>	<u>1,230,000</u>	<u>1,900,492</u>	<u>6,164,015</u>
DEPRECIATION				
At 1 February 2023	3,305	-	471,517	1,858,686
Charge for year	17	-	43,924	206,261
Eliminated on disposal	-	-	-	(38,952)
At 31 January 2024	<u>3,322</u>	<u>-</u>	<u>515,441</u>	<u>2,025,995</u>
NET BOOK VALUE				
At 31 January 2024	<u>65</u>	<u>1,230,000</u>	<u>1,385,051</u>	<u>4,138,020</u>
At 31 January 2023	<u>82</u>	<u>1,031,635</u>	<u>1,402,967</u>	<u>4,128,524</u>

The directors consider that the value of Heritage Assets, which includes locomotives and rolling stock, would be £1,230,000.

Cost or valuation at 31 January 2024 is represented by:

	Land & buildings £	Assets under construction £	Plant and machinery £
Cost	<u>881,375</u>	<u>555,727</u>	<u>1,593,034</u>

Swanage Railway Company Limited (Registered number: 01412568)

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

9. TANGIBLE FIXED ASSETS - continued

	Shop fittings & equipment £	Heritage assets locomotive and rolling stock £	Permanent way & other assets £	Totals £
Valuation in 2024	-	198,365	-	198,365
Cost	<u>3,387</u>	<u>1,031,635</u>	<u>1,900,492</u>	<u>5,965,650</u>
	<u>3,387</u>	<u>1,230,000</u>	<u>1,900,492</u>	<u>6,164,015</u>

10. STOCKS

	2024 £	2023 as restated £
Shop stock for resale	33,895	29,774
Catering stock	3,541	4,863
Consumable stock	47,763	47,578
Special events stock	-	1,666
Driver experience stock	<u>162</u>	<u>173</u>
	<u>85,361</u>	<u>84,054</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 as restated £
Trade debtors	45,847	22,345
VAT	6,715	22,601
Prepayments	<u>30,463</u>	<u>32,818</u>
	<u>83,025</u>	<u>77,764</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023 as restated
	£	£
Bank loans and overdrafts (see note 14)	50,000	50,000
Trade creditors	134,449	270,602
Amounts owed to group undertakings	455,719	135,719
Social security and other taxes	18,336	29,375
Capital grants <1 year	132,074	115,178
Other creditors	43,350	64,800
Deferred income	90,444	58,106
Accrued expenses	49,658	56,287
	<u>974,030</u>	<u>780,067</u>

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

	2024	2023 as restated
	£	£
Bank loans (see note 14)	104,205	154,202
Capital grants from SRT	1,263,426	1,166,561
DCC cabinet grant	62,434	77,774
Big lottery fund	439,438	451,088
BP Perenco	308,818	322,766
Department of transport	24,383	27,341
Other capital grants	19,984	16,220
Project Wareham	-	186,856
Other creditors	-	23,400
	<u>2,222,688</u>	<u>2,426,208</u>

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

14. LOANS

An analysis of the maturity of loans is given below:

	2024	2023 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>50,000</u>	<u>50,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>50,000</u>	<u>50,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

14. **LOANS - continued**

	2024	2023 as restated
	£	£
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>54,205</u>	<u>104,202</u>

Barclays plc holds fixed and floating charges over the undertaking all property and assets present and future. This includes goodwill, land, buildings, fixtures and fittings and other equipment owned by the company.

15. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2024	2023 as restated
	£	£
Within one year	299,188	296,501
Between one and five years	1,484,520	1,487,207
In more than five years	<u>4,782,085</u>	<u>5,078,587</u>
	<u>6,565,793</u>	<u>6,862,295</u>

16. **PROVISIONS FOR LIABILITIES**

	2024	2023 as restated
	£	£
Deferred tax	<u>22,117</u>	<u>34,272</u>
		Deferred tax
		£
Balance at 1 February 2023		34,272
Provided during year		<u>(12,155)</u>
Balance at 31 January 2024		<u>22,117</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2024	2023 as restated
			£	£
16,358	Non-voting shares	£1	16,358	16,358
470,605	Ordinary Voting shares	£1	<u>470,605</u>	<u>470,605</u>
			<u>486,963</u>	<u>486,963</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2024

18. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 February 2023	445,261	371,202	816,463
Prior year adjustment	<u>(130,566)</u>		<u>(130,566)</u>
	314,695		685,897
Deficit for the year	(203,974)		(203,974)
Heritage assets revaluation	<u>-</u>	<u>198,365</u>	<u>198,365</u>
At 31 January 2024	<u>110,721</u>	<u>569,567</u>	<u>680,288</u>

19. 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 £17,507 (2023: £16,243).

20. 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.

21. CONTINGENT LIABILITIES

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

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2024**

22. 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 2024 was £455,719 (2023: £135,719).

Interest is charged on any Winter Loans at 1.5% above the Bank of England base rate. Interest charged in the year to 31 January 2024 was £20,722 (2023: £nil).

Two directors have a shareholding in the parent of a Locomotives group which Swanage Railway group use as a supplier. For the year ended 31 January 2024, the company had transactions totalling £156,000 (2023: £151,550). There were balances due at year end totalling £12,000 (2023: £12,000).

Two directors have a shareholding in a Locomotives company which Swanage Railway group have as a customer. For the year ended 31 January 2024, the company had sales totalling £12,606 (2023: £110,101), balances due at year end totalling £21,537 (2023: £17,109).

During the year ended 31 January 2024 a total of key management personnel compensation of £214,193 (2023: £247,908) was paid.