

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 January 2023
for
Swanage Railway Company Limited**

**Contents of the Financial Statements
for the Year Ended 31 January 2023**

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Swanage Railway Company Limited

**Company Information
for the Year Ended 31 January 2023**

DIRECTORS:

Mr G C Johns
Mr K M Potts
Mrs E M Sellen
Mr T J Parsons
Mr K R Usher
Mr N Au
Mr R Patterson
Mr M Alldrick

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

**Strategic Report
for the Year Ended 31 January 2023**

The Directors present their strategic report for the period from 1st February 2022 to 31st January 2023. The main activity of the Company is running vintage steam and diesel locomotives with vintage rolling stock over a six mile line from Swanage to Norden Purbeck Park and Ride in a setting reminiscent of British Rail days in the middle of the twentieth century.

REVIEW OF BUSINESS

The business has continued to recover from the Coronavirus restrictions in 2020, however passenger footfall through 2022 is still 25% less than in 2019. With the cost of our major commodity, coal increasing in price by over 100% over this period together with the overall rate of national inflation it has inevitably created a challenging time for managing cashflow. The Railway is continuing to bring back annual events from pre pandemic times with successful events including a Diesel Gala, running the "Wessex Belle" dining service the "Train of Lights" at Christmas time but the most significant and major attraction was the 15-day visit of the famous "Flying Scotsman" locomotive in October the revenue from which significantly reduced the Companies losses for the year.

Regrettably it was still not possible to re-introduce the services to Wareham in 2022. This was mainly due to both technical issues with the rolling stock to be used and regulatory procedures still to be resolved. However, it is hoped that in April 2023 the service will resume.

Unfortunately, the Government grants we received in 2021 as the result of the pandemic were no longer available in 2022 and although other grants have become available it is proving to be a complex process which the Directors are keen to put a greater emphasis on going forward.

Turnover in the last year amounted to £2,981,420 and after expenditures unfortunately the Directors report a net loss of £286,207 As I have said this would have been significantly higher without the Flying Scotsman visit. The increase in the price of coal, occasioned by factors wholly outside the control of the railway, has further increased the loss. The Directors will continue to address where possible the impact increase costs have on the profitability and sustainability of the business.

The Board would like to acknowledge the contribution made by paid staff, volunteers and others for their continued support and input into running the Swanage Railway.

PRINCIPAL RISKS AND UNCERTAINTIES

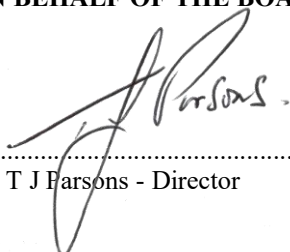
The Railway continues to face challenges and uncertainties which could impact on the very future of the railway. The Heritage Railway sector as a whole is still struggling to recover from the consequences of the pandemic. With costs continuing to rise the Directors are fully conscious of the need to review costs both fixed and other and to make cuts wherever possible. Towards the end of 2022 Directors invited staff to apply for voluntary redundancy and since some have accepted reducing the staff cost going forward with the continuing monitoring of the cash flow position the Directors will take further measures in an effort to maintain the profitability of the business. A detailed Risk Register is maintained and regularly reviewed and updated.

DEVELOPMENT AND PERFORMANCE

The operational performance of the services offered in terms of reliability, punctuality, cleanliness and the provision of information to our travelling passengers is continually being monitored by Directors with an objective of maintaining high standards of service.

The Company Board also continues to monitor key performance indicators including passenger numbers, ticket sale revenue, retail, and catering income on a regular basis. This leads to a constant review of the company's cash flows with regular comparisons between the actual and budget forecasts. With our business very much reliant on a seasonal uptake the company continues to be reliant on funds from the Railway Trust during certain times of the year. This is noticeably becoming more of a challenge in recent years.

ON BEHALF OF THE BOARD:



.....
Mr T J Parsons - Director

Date: 20th July 2023

**Report of the Directors
for the Year Ended 31 January 2023**

The directors present their report with the financial statements of the company for the year ended 31 January 2023.

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 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2022 to the date of this report.

Mr G C Johns
Mr K M Potts
Mrs E M Sellen
Mr T J Parsons
Mr K R Usher
Mr N Au

Other changes in directors holding office are as follows:

Mr A L Moore - resigned 23 December 2022
Mr R Patterson - appointed 21 April 2022
Mr R Coldham - appointed 21 April 2022 - resigned 15 October 2022
Mr M Alldrick - appointed 21 April 2022

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

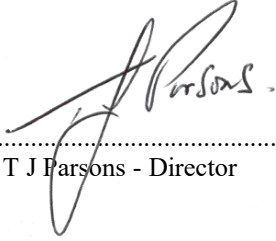
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware 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 2023**

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 'T J Parsons', is written over a horizontal dotted line.

Mr T J Parsons - Director

Date: 20th July 2023

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 2023 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 2023 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 three, 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.

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

Date:

Swanage Railway Company Limited (Registered number: 01412568)

Statement of Comprehensive
Income
for the Year Ended 31 January 2023


	Notes	2023 £	2022 £
TURNOVER	3	2,981,420	3,032,881
Cost of sales		<u>1,439,408</u>	<u>789,069</u>
GROSS PROFIT		1,542,012	2,243,812
Administrative expenses		<u>1,927,913</u>	<u>1,689,843</u>
		(385,901)	553,969
Other operating income	4	<u>-</u>	<u>58,252</u>
OPERATING (LOSS)/PROFIT	6	(385,901)	612,221
Interest receivable and similar income		<u>186</u>	<u>23</u>
		(385,715)	612,244
Interest payable and similar expenses	7	<u>8,624</u>	<u>12,534</u>
(LOSS)/PROFIT BEFORE TAXATION		(394,339)	599,710
Tax on (loss)/profit	8	<u>(108,132)</u>	<u>142,403</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(286,207)	457,307
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(286,207)</u></u>	<u><u>457,307</u></u>

The notes form part of these financial statements

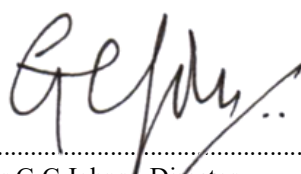
Balance Sheet
31 January 2023

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		4,259,090		4,304,585
CURRENT ASSETS					
Stocks	10	84,054		73,237	
Debtors	11	77,764		65,879	
Cash at bank and in hand		<u>123,065</u>		<u>516,887</u>	
		284,883		656,003	
CREDITORS					
Amounts falling due within one year	12	<u>780,067</u>		<u>603,854</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(495,184)</u>		<u>52,149</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,763,906		4,356,734
CREDITORS					
Amounts falling due after more than one year	13		(2,426,208)		(2,624,698)
PROVISIONS FOR LIABILITIES	16		<u>(34,272)</u>		<u>(142,403)</u>
NET ASSETS			<u>1,303,426</u>		<u>1,589,633</u>
CAPITAL AND RESERVES					
Called up share capital	17		486,963		486,963
Revaluation reserve	18		371,202		371,202
Retained earnings	18		<u>445,261</u>		<u>731,468</u>
SHAREHOLDERS' FUNDS			<u>1,303,426</u>		<u>1,589,633</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20th July 2023 and were signed on its behalf by:



.....
Mr T J Parsons - Director



.....
Mr G C Johns - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 January 2023**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 February 2021	486,963	274,161	371,202	1,132,326
Changes in equity				
Total comprehensive income	<u>-</u>	<u>457,307</u>	<u>-</u>	<u>457,307</u>
Balance at 31 January 2022	<u>486,963</u>	<u>731,468</u>	<u>371,202</u>	<u>1,589,633</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>(286,207)</u>	<u>-</u>	<u>(286,207)</u>
Balance at 31 January 2023	<u><u>486,963</u></u>	<u><u>445,261</u></u>	<u><u>371,202</u></u>	<u><u>1,303,426</u></u>

**Notes to the Financial Statements
for the Year Ended 31 January 2023**

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 loss in the period of £393k (2022 profit of: £457k) and the balance sheet is showing net current liabilities of £379k at 31 January 2023 (2022 net current asset of £52k).

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 2023 was £4,259,090.

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 2023

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

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.

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.

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2023**

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.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 January 2023

3. **TURNOVER**

The turnover and loss (2022 - profit) before taxation are attributable to the one principal activity of the company.

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

	2023	2022
	£	£
Rail operations	2,374,235	1,991,913
Sale of goods	531,549	358,651
Revenue grants	<u>75,636</u>	<u>682,317</u>
	<u>2,981,420</u>	<u>3,032,881</u>

4. **OTHER OPERATING INCOME**

	2023	2022
	£	£
Government grants	<u>-</u>	<u>58,252</u>

5. **EMPLOYEES AND DIRECTORS**

	2023	2022
	£	£
Wages and salaries	982,602	799,454
Social security costs	83,964	64,520
Other pension costs	<u>16,243</u>	<u>14,497</u>
	<u>1,082,809</u>	<u>878,471</u>

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

	2023	2022
Employees (full time equivalent)	<u>39</u>	<u>37</u>

	2023	2022
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

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

The operating loss (2022 - operating profit) is stated after charging:

	2023	2022
	£	£
Other operating leases	103,716	84,394
Depreciation - owned assets	179,497	160,233
Loss on disposal of fixed assets	12,110	172
Auditors' remuneration	<u>10,727</u>	<u>7,228</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2023

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank loan interest	8,624	6,000
Loan	<u>-</u>	<u>6,534</u>
	<u>8,624</u>	<u>12,534</u>

Interest of £nil was paid to Swanage Railway Trust Limited, the Parent Company (2022: £6,534).

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2023	2022
	£	£
Deferred tax	<u>(108,132)</u>	<u>142,403</u>
Tax on (loss)/profit	<u>(108,132)</u>	<u>142,403</u>

Reconciliation of total tax (credit)/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:

	2023	2022
	£	£
(Loss)/profit before tax	<u>(394,339)</u>	<u>599,710</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 25%)	(98,585)	149,928
Effects of:		
Expenses not deductible for tax purposes	3,245	418
Income not taxable for tax purposes	(105)	-
Capital allowances in excess of depreciation	(12,687)	(9,467)
Adjustments to tax charge in respect of previous periods	-	1,524
	<u>-</u>	<u>-</u>
Total tax (credit)/charge	<u>(108,132)</u>	<u>142,403</u>

Notes to the Financial Statements - continued
for the Year Ended 31 January 2023

9. TANGIBLE FIXED ASSETS

	Land & buildings £	Assets under construction £	Plant and machinery £	
COST				
At 1 February 2022	911,387	916,314	1,100,912	
Additions	-	6,086	165,370	
Disposals	-	-	(22,365)	
Reclassification	-	(39,796)	39,796	
At 31 January 2023	<u>911,387</u>	<u>882,604</u>	<u>1,283,713</u>	
DEPRECIATION				
At 1 February 2022	379,242	-	745,153	
Charge for year	35,998	-	105,951	
Eliminated on disposal	-	-	(13,046)	
At 31 January 2023	<u>415,240</u>	<u>-</u>	<u>838,058</u>	
NET BOOK VALUE				
At 31 January 2023	<u>496,147</u>	<u>882,604</u>	<u>445,655</u>	
At 31 January 2022	<u>532,145</u>	<u>916,314</u>	<u>355,759</u>	
	Shop fittings & equipment £	Heritage assets locomotive and rolling stock £	Permanent way & other assets £	Totals £
COST				
At 1 February 2022	3,387	1,031,635	1,905,827	5,869,462
Additions	-	-	3,657	175,113
Disposals	-	-	(35,000)	(57,365)
Reclassification	-	-	-	-
At 31 January 2023	<u>3,387</u>	<u>1,031,635</u>	<u>1,874,484</u>	<u>5,987,210</u>
DEPRECIATION				
At 1 February 2022	3,285	-	437,197	1,564,877
Charge for year	20	-	37,528	179,497
Eliminated on disposal	-	-	(3,208)	(16,254)
At 31 January 2023	<u>3,305</u>	<u>-</u>	<u>471,517</u>	<u>1,728,120</u>
NET BOOK VALUE				
At 31 January 2023	<u>82</u>	<u>1,031,635</u>	<u>1,402,967</u>	<u>4,259,090</u>
At 31 January 2022	<u>102</u>	<u>1,031,635</u>	<u>1,468,630</u>	<u>4,304,585</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 January 2023

10.	STOCKS	2023	2022
		£	£
	Shop stock for resale	29,774	21,314
	Catering stock	4,863	3,763
	Consumable stock	47,578	44,582
	Special events stock	1,666	3,488
	Driver experience stock	173	90
		<u>84,054</u>	<u>73,237</u>
11.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023	2022
		£	£
	Trade debtors	22,345	18,379
	Other debtors	-	3,286
	VAT	22,601	32,149
	Prepayments	<u>32,818</u>	<u>12,065</u>
		<u>77,764</u>	<u>65,879</u>
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023	2022
		£	£
	Bank loans and overdrafts (see note 14)	50,000	54,167
	Trade creditors	270,602	41,808
	Amounts owed to group undertakings	135,719	135,719
	Social security and other taxes	29,375	19,996
	Capital grants <1 year	115,178	152,572
	Other creditors	64,800	20,000
	Deferred income	58,106	73,724
	Accrued expenses	<u>56,287</u>	<u>105,868</u>
		<u>780,067</u>	<u>603,854</u>
13.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2023	2022
		£	£
	Bank loans (see note 14)	154,202	195,833
	Purbeck community rail partnership	-	30,622
	Capital grants from SRT	1,166,561	1,196,532
	DCC cabinet grant	77,774	96,949
	Big lottery fund	451,088	462,739
	BP perenco	322,766	338,330
	Department of transport	27,341	31,037
	Other capital grants	16,220	-
	Project Wareham	186,856	186,856
	Other creditors	<u>23,400</u>	<u>85,800</u>
		<u>2,426,208</u>	<u>2,624,698</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 January 2023

14. **LOANS**

An analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year or on demand:		
Bank loans	<u>50,000</u>	<u>54,167</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>50,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>104,202</u>	<u>195,833</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:

	2023 £	2022 £
Within one year	296,501	296,501
Between one and five years	1,487,207	1,482,505
In more than five years	<u>5,078,587</u>	<u>5,375,087</u>
	<u>6,862,295</u>	<u>7,154,093</u>

16. **PROVISIONS FOR LIABILITIES**

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
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>

18. **RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 February 2022	731,468	371,202	1,102,670
Deficit for the year	<u>(286,207)</u>	<u>-</u>	<u>(286,207)</u>
At 31 January 2023	<u>445,261</u>	<u>371,202</u>	<u>816,463</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 January 2023**

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 £16,243 (2022: £14,497).

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.

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 2023 was £135,719 (2022: £135,719).

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 2023 was £nil (2022: £6,534).

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 2023, the company had transactions totalling £151,550 (2022: £97,068). There were balances due at year end totalling £12,000 (2022: £nil).

No compensation was paid to key management personnel during the year. However during the year ended 31 January 2022 a total of key management personnel compensation of £224,006 was paid.