

THE SOMERSET & DORSET RAILWAY TRUST LTD

(A company limited by guarantee)

REPORT & FINANCIAL STATEMENTS

Year ending 31st December 2020



Charity number 1158865

Company number 8945535

Registered address:

The Railway Station, Washford, Watchet, Somerset TA23 0PP



Report of the Directors for the year ending 31 December 2020

The Trustees are pleased to present their annual Directors' report together with the financial statements of the charity for the year ending 31 December 2020 which are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

Chairman's review

The Trust has completed one of the most extraordinary and challenging years in its history. The nearest comparison would be the move from Radstock in 1974 to the then fledgling West Somerset Railway plc. It has been the relationship between the Trust and its landlord which has dominated the activities of the Trustees. Receiving a notice to quit rented premises is never going to be a welcome experience. This was especially the case for the S&DRT, an established charity which had invested so much time, energy, and resources over forty years. The amount of disruption to the routine management of the Trust was considerable. Development plans were halted. Then came the COVID-19 pandemic, eventually stopping all activities though Washford volunteers were able carry out some activities during the summer. More detail of the Trust's responses to both challenges will be found on page 4.

Out of adversity came unexpected support. This came from the existing membership and it soon became apparent that many new applications were being received. Many of these new members brought skills and offers of help. Others just wanted to show solidarity and did so from near and far. As unexpected and reassuring were the approaches and enquiries from other heritage railways. Of the discussions which ensued, some are still ongoing. The most significant of them was with The Mid-Hants Railway which has developed very successfully, extending to a much-needed period of hire of 53808. The relationship promises to be an enduring one.

The past year has involved hard work and difficult decisions by the Trustees. The circumstances exposed the risks to the Trust but, at the same time, sufficient resilience was available on the Board or recruited from the membership. This has included strategy, secretarial and health and safety.

Inevitably, each year marks the passing of familiar or notable people. I would like to mention here a few of them. Roy Larcombe was an ex-S&D fireman at Bath who never missed a reunion until he became ill. Roger Newman was lost to COVID-19. His extensive knowledge and dry wit will be missed. Brian Parnell was a previous organiser of the Hampshire Area Group. Also of Hampshire, and Board member was Rosie Jacob who passed away somewhat unexpectedly having given many years of loyal service.

The Trust will continue to face challenges and risks during the coming year. However, it is much better placed to deal with these than it was twelve months ago.

Ian Young (Chairman)

Purposes and activities

The charity's objects are specifically restricted to the following:

- to advance the education of the public about the history and social and economic impact of the Somerset & Dorset Railway, its antecedents and its successors, on local communities, in the context of Britain's railway heritage;
- to establish and maintain a museum for the benefit of the public relating to the Somerset & Dorset Railway and railway heritage generally, and to preserve or restore historic railway items for public display and demonstration;

- to provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation of all individuals, including those who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances, with the object of improving their conditions of life.

In shaping its objectives for the year and planning its activities the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

In planning the programme for 2020, the Trustees paid particular attention to activities involving public benefit, including introducing interactive displays and extending video facilities at Washford. Unfortunately, these plans were soon overtaken by events, notably the Covid-19 pandemic and the receipt in February of notice from West Somerset Railway plc to leave the Washford site. These events fundamentally changed what the Trust was able to do in 2020 and how it went about it. Fuller details are incorporated into "Activities, Achievements and Performance" on page 4.

As a result of the exceptional events in early 2020 the Trustees refined their strategic vision:

- The Trust is looking to exhibit its collection, both of rolling stock and museum artefacts, at locations and in a manner to attract a larger footfall and/or relevance to the 'S&D Story'.
- The Trust needs to make sure that its future operations are financially sustainable. The Trust is looking for collaborative partnerships with other like minded organisations.
- Its locomotives need to be operational in a manageable way so that they can continue to be used as flagships of the collection in realistic settings. The Trust recognises that its ability to undertake restoration and engineering work may be financially constrained for a period and will plan a restoration and maintenance programme for the next 10 years in line with this.
- The Trust is actively seeking to increase its educational role, making use of new locations and audiences to promote the S&D. It is also seeking to develop its research and archival function to provide an ever improving resource to modellers and railway historians.

In order to do this the Trust will attract, encourage and support members and volunteers; secure financial resilience for the Trust; and build positive relationships and partnerships with related organisations.

The Trustees will develop and adopt a forward action plan during 2021 and will continue to evolve the established organisational structure with clear accountabilities and engage the membership in the development of the Trust.

Members and volunteers

With a 50% increase in membership over the last two years the Trustees have increased the frequency of member communications via the website and Facebook, and by post in addition to the quarterly magazine, "Pines Express". The Board continues working to strengthen the Trust's volunteer management. Continued attention has been given to the Trust's membership database as a resource to identify and nurture future volunteers, particularly as the Trust will be operating over a wider geographical footprint than in recent years. During 2020 it has been particularly pleasing to welcome new volunteers in such diverse roles as Strategic Adviser, Health & Safety Manager, Raffle Promoter, 200 Club Organiser and Company Secretary. This provides a real level of support to the Trustees at a time of heightened activity and responsibility. During 2021 the Trust is looking for volunteers within sensible travelling distance of its new museum locations to assist in a variety of roles. The Trustees have also identified a particular need to supplement its existing heritage, conservation and history volunteer base. Once the future at Washford is clearly defined, Trustees are keen to reaffirm support and encouragement for the volunteers based there so that full advantage can be taken of the facilities available to us.

Activities, achievements and performance

January – February 2020

The Annual Model Railway Exhibition was held successfully at Edington in January. The Washford volunteers completed refurbishment of the museum room, ladies WC and station shop in anticipation of what would turn out to be a non operational season.

Impact of Covid-19

At the end of March the Washford site was closed and remained so until July. Most of the workshop volunteers returned, observing social distancing and hygiene protocols, from July but the site was closed again just before Christmas with the advent of the latest lockdown. Whilst limited working on the site was possible, the West Somerset Railway was unable to run a train service at any time during the regular season and it was not feasible for the Trust to open the Washford shop or museum. The volunteers managed to put on an Open Weekend at the end of August.

All the previous annual fund raising events were cancelled, including the Special Train, Washford open weekends during WSR Galas and it was not possible to take the sales stall to a number of steam rallies, model railway exhibitions and similar.

The Trustees were unable to meet as usual bi-monthly on a Saturday, and have met by Zoom video conference on 33 occasions. It was not possible to hold a physical Annual General Meeting and a Zoom meeting was held on 25 July. This was attended by 40 members from a much wider catchment area than has been the case in recent years.

Whilst Washford shop sales were negligible and stall sales dramatically reduced much of the shortfall has been made up with a 170% increase in online sales. The Trust benefitted, especially during the first lockdown, by having a fully functioning online shop with a wide range of items for sale, and selling not just to members but to railway enthusiasts all over the country.

Financially, the Trust has not been hit as hard as many charities as many of its income streams were unaffected by the lockdown. Other than site costs much expenditure that had been planned has simply been deferred. Site costs for the period of the first lockdown, totalling £4,300 were paid from the National Lottery Heritage Emergency Funding programme.

Washford: Notice to leave Washford Site & Subsequent Events

On 11 February 2020 the Trust received notice via solicitors acting for West Somerset Railway plc to vacate Washford by February 2021 citing WSR's wish to use the site for their own purposes. This came without warning and a mere 22 months after signing a 50 year lease extension which had been due to come into effect on 1 May 2020. This formal notice was followed up by a number of public statements by members of the WSR board. These were largely unhelpful and indicated quite clearly that there was no intention on WSR's part at that time to back down or negotiate.

As a result the Trustees set about an urgent review of activities, took appropriate legal and professional advice and started to draw up plans to vacate the site, recognising that a huge proportion of the Trust's resources would have to be diverted from its core functions to protect its legacy. It was quite clear that alternative locations, permanent or temporary, had to be identified and discussions entered into with multiple parties.

At the same time news of WSR's action generated a large amount of goodwill towards the Trust from across the Heritage Railway Movement and further afield, and the Trustees were heartened by the volume of offers of assistance both financial and in kind. It gave the Trustees hope that out of this unexpected crisis a new and stronger future might emerge. This coloured the activities and events for the remainder of 2020.

Trustees had been concerned that the relationship with WSR had declined and this was borne out by the events of early 2020 where not only had WSR given notice to leave Washford but had then declined the Trust's approaches to discuss the position. The Trustees called in the Heritage Railway Association to assist, as laid out in the agreement, and they put

forward John Bailey, the highly respected Chairman of the North Yorkshire Moors Railway, to act as an independent facilitator to bring the two parties together and identify common ground.

Since that point there has been regular dialogue between senior representatives of WSR and the Trust, utilising the services of John Bailey as and when required.

There were several months of discussions with WSR as to when and how the Trust would exit the Washford site. These discussions needed to take account of Covid related delays and the level of investment the Trust had made to improve the site over 45 years.

In late October, WSR made a fundamental change in their approach. WSR admitted that it would not be in a position to make use of the site nor to pay compensation for the Trust owned infrastructure assets, and, as a consequence, offered the Trust an opportunity to stay at Washford on a 10 year lease. Given the advanced nature of collaboration plans (see below) the Trust subsequently requested that the new lease be for the yard only and that the station be handed back to WSR. There were a number of differences in requirements which are taking longer than anticipated to resolve. Discussions were ongoing at the end of 2020.

Trustees believe that by retaining a facility at Washford, covered accommodation for the vintage coaches can be assured, a continuing base for the existing volunteer restoration team can be maintained and the intrinsic value of the infrastructure improvements can be preserved.

Whilst matters have improved, and some progress has been achieved, Trustees have concluded that it is in the best interests of the Trust to loosen its ties with WSR wherever this is practicable, but to seek to remain on as good terms as possible with WSR for the foreseeable future.

Locomotive 53808

Before formal dialogue with WSR had commenced, WSR deepened the crisis in early May by issuing a public statement to the effect that they would not be in a position to meet their contractual liability to overhaul locomotive 53808 in 2023. Hitherto, Trustees regarded the two agreements with WSR to be separate, but this brought the future of the locomotive into the scope of the discussions facilitated by John Bailey.

As a result it was agreed that the current agreement with WSR to hire the locomotive for 10 years until 2030 in return for maintaining and overhauling it free of charge, would be suspended with immediate effect for the duration of the current boiler certificate, currently expected to expire in Winter 2022/23. This would enable the Trust to enter into an external hire agreement on a daily steaming fee basis for this period and for the Trust to retain the cash on the strict understanding that it be made available for the overhaul of the locomotive. The suspension agreement clarifies WSR's requirement to provide funding which will reflect WSR's usage since the previous overhaul. Crucially, the original agreement remains in place and WSR's contractual commitment to carry out the overhaul is unaffected.

The Trust was already in discussions with the Mid-Hants Railway regarding wider collaboration (see below) and MHR offered to hire the locomotive for the period to the end of the current boiler certificate on a daily steaming fee basis. The locomotive moved to Alresford by road on 26 August, and took its bow on the MHR during their Steam Gala in October. Although restricted by the latest Covid lockdown, 53808 played a major part in MHR's innovative and highly regarded Christmas "Steam Illuminations" event which generated much welcome good publicity and income for MHR and a high profile for the Trust.

Collaboration with new partners

It became clear early in the year that there was a number of options opening up for the Trust with regard to its museum collection and rolling stock. After a refreshing of the Trust's strategic intentions, Trustees concluded that irrespective of the outcome of discussions with WSR, it was in the Trust's best interests to move the museum and the majority of the rolling stock away from Washford and to seek collaborative agreements rather than formal leases with other heritage

railways. This would enable the collection to be appreciated and bring the "S&D Story" to the attention of a larger and wider audience, without the physical restrictions of the Washford site.

In November, the Trust announced that it was entering a collaboration agreement with the Mid Hants Railway with the intention of moving museum artefacts to the MHR, some vans and wagons and to work towards creating a joint museum highlighting railway issues of common interest, such as SR Secondary Main Lines. In advance of the bulk move, the SR Parcels & Miscellaneous Vehicle (PMV), currently set up as a museum display vehicle, transferred to MHR by road in November and after upgrading at MHR's cost acted as a "Steam Illuminations" generator vehicle.

The Trust has also been in discussions with another heritage railway regarding a similar collaboration to create a museum utilising two of the Trust's display vehicles, and moving some vans and wagons there. It is hoped that this can be announced early in 2021.

The Trust has agreed to loan the Peat Railway exhibits to the Westonzoyland Pumping Museum.

"Progressing Our Future" Appeal

Soon after the news of the notice to leave Washford became public, the Trust received a number of donations. Once Trustees received details of the likely range of costs of moving, a fund raising appeal, "Safeguarding Our Future", was launched to raise funds to meet the expected considerable costs of moving and potential legal fees, together with making good any deficit arising from the Covid disruption. As soon as the Trustees were assured that progress towards entering into new arrangements was underway the title of the appeal was amended to "Progressing Our Future".

Trustees have been encouraged by and are immensely grateful to the large number of members and well wishers who have donated to the appeal. As at 31 December 2020 £29,450 including Gift Aid, had been pledged of which £28,646 had been received in cash.

Membership

As a result of the increased public profile in 2020, membership of the Trust has increased significantly. The figure of 170 new memberships in the year is exceptional, of which many are younger members and more geographically spread than the longer-standing members. Many of the new members have offered their support and skills over a wide range of interests and these are being followed up. The total number of members at 31 December 2020 was 755.

Locomotive 'Kilmersdon'

Kilmersdon's 10 year boiler certificate expired in January 2020 coinciding with the end of its hire period at the Helston Railway. Due to the Covid restrictions and closure of Helston Railway in 2020, the locomotive has remained in safe keeping at Helston, pending transfer by road to be overhauled in 2021.

Regulatory Inspection

Following a request from the Office of Road and Rail, ORR inspectors visited the site in December and carried out a full and successful inspection. The Trust has agreed with ORR on a way forward for operations on the site on the basis that the new lease with WSR is signed.

Pines Express' and website

The 'Pines Express' magazine continues to go from strength to strength. A high standard of articles and member research during the lockdown led to an increase in magazine size to 48 pages for the Autumn issue and 44 pages for the Winter issue. The website and Facebook page have proved invaluable in keeping members and others up to date with news during a year when the Trust was in the spotlight rather more than usual.

Sales Developments

Despite losing a large volume of sales with the closure of the Washford shop and many cancelled events, the online ecommerce site had yet another record year with sales more than doubling. The overall impact on Trust finances was therefore minimal. In the Spring a reprint of Donald Beale's "Southbound with the Pines" booklet was produced in

house. Dapol produced limited runs in "O" and "OO" gauge of private owner wagons in the "Mendip Mountain Quarries" livery. These initiatives have been very successful, not only increasing sales but attracting a wider clientele to the website.

Photographic Collection

Progress has continued in digitising and cataloguing the Trust's photographic collection. The number of images available for purchase via the website is now over 750, including the Casserley images acquired in 2019.

65 non S&D negatives from the Casserley collection were sold to a third party for £300, in accordance with the Trust's collections policy.

Deferred and cancelled activities

As a result of the pandemic and uncertainty regarding Washford a number of activities planned were deferred. In particular carriage and wagon restoration work was put back by c9 months, the launch of the Coach Restoration Appeal fund was deferred until finances for moving and refocusing the museum are secured and Kilmersdon's overhaul. Planned projects to upgrade the Washford site were aborted in February and are unlikely to occur in the foreseeable future.

Organisation structure

The Trust adopted an organisation structure which is reviewed regularly. In 2020 it has evolved to encompass new and revised roles which are and will be required as a result of new collaborations and revised methods of operating in the future. In 2020 the Board assigned a new portfolio to be responsible for moving the collection and planning new arrangements with future partners to Roger Hardingham. David Meaden took on the new role of Strategic Adviser and has also played a key role in negotiations with West Somerset Railway. In November the Trust was pleased to welcome Abbie Onibonoje to the vacant role of Secretary to the Board and Mark Stanistreet to the newly created specific role of Health & Safety Officer. The Trustees identified the need to recruit volunteers at its new sites during 2021 particularly on the museum side and continue to welcome offers to volunteer from members and others to assist the Trust as it enters a new phase of its existence.

Current board responsibilities are shown on page 9.

Financial review

There was a net inflow of £46,747 in the year boosted by Appeal donations, locomotive hire fees, NLHF Covid Emergency Funding and a much reduced level of spending as a result of Covid restrictions. Of the closing unrestricted funds balance, £42,523 is in the General fund with the remainder designated (see note 16 for details). Restricted funds increased from £931 to £28,941 primarily as a result of Appeal funds held which will be utilised in 2021.

The financial impact of Covid lockdowns and restricted activity has not had a major impact on the Trust's finances in 2020. Income from Sales held up well with reductions in shop and event sales being offset by a large increase in online sales. Income from events was well down but was more than matched by deferred project costs which were unable to be carried out due to lockdown. The site costs for the period of the first lockdown were covered in full by NLHF Emergency Funding. The Trust has been fortunate that no single income or expenditure stream is dominant, and much of its activity was not impacted by the pandemic. Unless the pandemic restrictions are escalated dramatically the Trust will not be unduly affected financially for a period of at least two years.

In 2016, the Trustees determined that a minimum of 4 months of unrestricted general expenditure should be held in reserves. At the end of 2020 this threshold was comfortably exceeded, but the ratio was distorted by the exceptional activities during the year. It is anticipated that the future position will exceed the 4 month threshold.

It is policy to invest funds at United Trust Bank and CCLA. At December 31 2020, £58,000 was held at CCLA in a no notice deposit, and £15,787 was held at United Trust Bank in a 12 month charity bond maturing in June 2021 earning interest at a fixed rate of 1.35%. Cash balances at HSBC were higher than normal due to the exceptionally low interest achievable on no notice deposit accounts.

The Trustees have concluded from their review of financial activities and forward expenditure requirements, including the likelihood of longer than anticipated Covid restrictions and the various impacts of moving the museum collection and rolling stock, that the charity is a going concern and accounts have been prepared on this basis. Review of financial performance is an important agenda item at Trustees' meetings.

Plans for future periods

Plans for 2021 include:

Locomotives

53808 is expected to be in service as a mainstay of Mid-Hants Railway fleet throughout the 2021 operating season.

Following the expiry of Kilmersdon's 10 year boiler ticket in January 2020 it is expected that the locomotive will be transported by road from Helston to the Mid-Hants Railway for overhaul. Funds set aside for this purpose are expected to be utilised in full. Trustees will consider hiring opportunities post overhaul.

Museum Collection and Collaboration Arrangements

Discussions are underway with Mid-Hants Railway to transfer further vehicles and some museum artefacts, on a long term loan basis, with the intention of creating a joint museum at MHR. This will be based in museum display vehicles and a new joint museum room. Discussions are also expected as to potential opportunities for a signalling display and the transfer of one or more of the S&D buildings from Washford.

In parallel with this, discussions are expected with another heritage railway to transfer some vehicles and some museum artefacts, on a long term loan basis, with the intention of creating a joint museum based principally in museum display vehicles.

Trustees remain open to other collaborative opportunities.

Washford

Negotiations with West Somerset Railway for a new lease for Washford yard are a priority for completion early in 2021.

Once concluded, satisfactorily revised working arrangements at Washford will need to be finalised and a comprehensive work programme drawn up for the Washford volunteer team once Covid restrictions are eased.

Safe and secure transfer of assets to new locations as dictated by agreements will be a priority including remedial work to some vehicles. Operation of the site, and in particular the movement of stock, will be strictly in accordance with the requirements of the Office of Road and Rail and prevailing Health & Safety legislation.

Fund Raising and Sales Income

Fund Raising Events will be reinstated as soon as Covid restrictions are eased although events in the early part of 2021, including the Model Railway Exhibition, have been cancelled. The Annual Raffle is being reinstated with a new promoter, Brian Read. It is hoped to run a Special train later in the year and to hold some events at Washford, albeit on a more limited scale than previously. Trustees will also seek to maximise fund raising opportunities at MHR and elsewhere.

Sales income will again be reliant on a strong online presence. Further in house publishing and limited edition wagon opportunities will be worked on. It is hoped that the Trust's sales stall can be present at more widely spread events, once events restart.

Volunteer Management, Communications and Website

Identification of volunteers to assist with moving to and operating at its new museum sites is a priority. Work will continue to strengthen the resilience of the Trust and to ensure an appropriate range of skills and interests is represented in the management of the Trust.

Communications to members and the wider heritage railway movement will be important during this period of change and work will continue to improve the methods of keeping in touch with members and publishing information in a timely and accurate manner.

The ecommerce site will migrate to an updated platform, Woocommerce, in early 2021 and advantages to be gained from this change will be fully utilised across the whole website.

Digitisation of records

The digitisation and availability of the Trust's photo library will continue to be worked on through 2021.

Resilience and Governance

Once the peak workload of moving the collection has passed, Trustees will resume their work on the structure and governance of the Trust. The events of 2020 have brought about an increased resilience and Trustees will seek to build on this in future planning work. Trustees will also work to take account of the increased locomotive hire activity, larger online sales activity and the new challenges of working on multiple sites.

Funding and Appeals

Trustees will consider the future of the successful "Progressing Our Future" Appeal, taking into consideration the large volume of costs to be incurred in moving and renegotiating to stay at Washford. Trustees will also consider the funding requirements of future projects, most importantly restoration of Coaches 98 and 114, and assuring the future of both locomotives as well as any project expenditure with collaboration partners.

Administrative details

Charity number	1158865
Company number	8945535
Registered Office	The Railway Station, Washford, Watchet, Somerset TA23 0PP

Advisers

Independent examiner	Martin & Co	Bridport
Bankers	HSBC Bank plc	Yeovil
Solicitors	Nantes	Weymouth

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law. The Trustees and principal officers serving during the year and since the year end, together with the portfolios currently held, are as follows:

Elected Directors and Trustees:	I M Young	Chairman	(Governance, Volunteers)
	M Atkins	(resigned 31 January 2020)	
	A N Davies		(Sales, Washford Site)
	R Hardingham		(Locomotives, Site Moves, Promotions)
	R Jacob	(retired 25 July 2020)	
	R D W Ormston		(Communications)
	R S Pope	(resigned 30 January 2020)	
	M J Rice		(Finance)
	J Rodney-Jones	(resigned 18 January 2020)	
	P J C Trenchard		(Partnerships, Heritage)

Secretary	A Onibonoje	(from 1 November 2020)
Principal Officers:		
Health & Safety Officer	M Stanistreet	(from 1 November 2020)
Magazine Editor	R D W Ormston	
Membership Secretary	A J M Young	
Museum Collections Assistant	S R Gillett	
Strategic Adviser	D Meaden	(from 5 June 2020)
Treasurer	M J Rice	
Webmaster	A Beale	
Washford Site:		
Manager	P Cracknell	
Restoration Team Leader	E L Lambe	
Museum Displays Coordinator	D Temple	

Structure, Governance and Management

Governing Document

The Somerset & Dorset Railway Trust Ltd is a company limited by guarantee governed by its Memorandum and Articles of Association dated 14 August 2014. It is registered with the Charity Commission. Existing members of the Somerset & Dorset Railway Trust transferred to the present Trust when the charities were listed on the Register of Mergers on 4 March 2015. New members apply for membership. In the event of the charity's dissolution, members resolve that any net assets will be passed directly for the objects, or any charity for purposes similar to the objects or to any charity for use for particular purposes that fall within the objects. Members are liable up to £10 per member for any debts remaining after dissolution.

Appointment of Trustees

As set out in the Articles of Association the Chairman of Trustees is appointed by the Trustees. Trustees are elected in rotation for three years by members either in person at the AGM or by proxy vote. The Trustees have the power to co-opt Trustees who stand until the following AGM.

All members are circulated with invitations to nominate Trustees prior to the AGM advising them of the retiring Trustees and requesting nominations for the AGM. When considering appointing Trustees the Board has regard to the requirement for any specialist skills needed.

Trustee induction and training

New Trustees are briefed on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and informed of the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. Trustees attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Board of Trustees administers the charity. To facilitate effective operations, the Board has authority to delegate certain operational matters to working groups and volunteer officers. During the pandemic the Board has met online on an almost weekly basis. During 2021 it is expected that the Board will transition back to fewer regular face to face meetings, whilst retaining the option for online meetings as and when required. The Board may establish sub-committees and time-limited working groups. Other officers attend Board meetings as required.

Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior officer of the charity with a related party must be disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party. Details of related party transactions are disclosed in note 17 to the accounts. In accordance with Trust policy Trustees withdraw from decisions where conflicts of interest arise.

Risk management

The Trust has identified a number of risks which are more numerous than has been the case in past years. Trustees address these risks regularly and ensure that adequate monitoring and mitigation is in place to deal with them.

Short term heightened level of risk:

- potential inability to agree a new lease with WSR and/or remain at Washford
- breakdown of one or more collaborations leading to difficulties in housing museum and vehicle collection
- ability to recruit volunteers at new locations is critical to the success of those activities
- ability to retain existing volunteer base is key to keeping the Trust on an even keel during a period of change
- ability of heritage railway partners to return to "normality" post Covid restrictions may impact on the Trust's arrangements

Medium term risk:

- the successful overhaul of 53808 expected to commence in 2023 is critically dependent on WSR being able to meet its contractual liabilities
- a newly dispersed collection presents new challenges in keeping track of all museum items
- the ability to keep true to the Trust's objectives in a changed environment
- the ability to retain an individual identity across a number of locations and activities
- the ability to fund all planned programmes may not be possible

Impact of macro risks on Trust:

- the future of the heritage railway movement faces unprecedented challenges as a result of climate change, eradication of fossil fuels and the ability to recover post Covid. Whilst spreading the risk across multiple arrangements with different partners, the Trust is exposed to more uncertainty if any of those partners fail to recover as is currently anticipated
- whilst the Trust is currently able to withstand the financial effects of the Covid pandemic this cannot be sustained indefinitely.

Other risks are being addressed by maintaining up to date risk assessments of Trust activities, contingency planning where appropriate, emphasis of safe working practices and the development of, maintenance of, adherence to and monitoring of robust policies and regular training.

Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also Directors of The Somerset & Dorset Railway Trust Ltd for the purposes of company law) are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Statement as disclosure to the independent examiner

In so far as the Trustees are aware at the time of approving the Trustees' annual report:

- There is no relevant information, being information needed by the independent examiner in connection with preparing their report, of which the independent examiner is unaware, and;
- The Trustees, having made enquiries of fellow Directors and the independent examiner that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a Director in order to make themselves aware of any relevant information and to establish that the independent examiner is aware of that information.

By order of the Board of Trustees



I M Young (Chairman)

26 March 2021



INDEPENDENT EXAMINER'S REPORT

To the Members of The Somerset & Dorset Railway Trust Ltd on the accounts for the year ended 31st December 2020.

This report is made solely to the society's members, as a body. My examination work has been undertaken so that I might state to the society's members those matters I am required to state to them in an examiners' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the society and the society's members as a body, for my work, for this report, or for the opinions I have formed.

Respective responsibilities of Society Board Members and the examiner

The Society Board Members consider that an audit is not required this year as an appropriate resolution was approved by members at the last AGM and that an independent examination is therefore appropriate.

It is my responsibility; to:

- examine the accounts
- state whether particular matters have come to my attention.

Basis of Independent Examiner's statement

An examination includes a review of the accounting records kept by the Company and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Board Members concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

- a) which gives me reasonable cause to believe that, in any material respect, the Board Members have not met the requirements to ensure that :
 - i) proper accounting records are kept
 - ii) accounts are prepared which agree with the accounting records and comply with generally accepted accounting requirements; or
- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed 

Date 25th March 2021

Name B.R. Kenway

Qualification FCCA

Address 2, VICTORA GROVE, BRIDPORT, DORSET, DT6 3AA

THE SOMERSET & DORSET RAILWAY TRUST LTD

STATEMENT OF FINANCIAL ACTIVITIES

for year ending 31st December 2020

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
INCOMING RESOURCES					
Subscriptions		12,055		12,055	9,998
Donations and grants	3	13,685	35,396	49,081	14,750
Charitable activities	4	3,871	0	3,871	14,462
Other activities	5	16,374		16,374	19,076
Investment income	6	381		381	514
Total incoming resources		46,366	35,396	81,762	58,800
RESOURCES EXPENDED					
Expenditure on charitable activities	7	23,420	3,250	26,670	35,183
Cost of generating funds	8	1,126	0	1,126	3,003
Governance and support costs	9	3,083	4,136	7,219	12,899
Total resources expended		27,629	7,386	35,015	51,085
Net incoming resources for the year before transfers		18,737	28,010	46,747	7,715
Transfers between funds		0	0	0	0
Net incoming resources for the year		18,737	28,010	46,747	7,715
Accumulated fund brought forward	16	84,746	931	85,677	77,962
Accumulated fund carried forward	16	103,483	28,941	132,424	85,677

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE SOMERSET & DORSET RAILWAY TRUST LTD

BALANCE SHEET

as at 31st December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible Assets	11	11,993	13,498
Investments	12	1	1
CURRENT ASSETS			
Retail stock		3,387	3,460
Debtors and prepayments	13	11,602	10,080
Bank deposits		73,786	51,984
Bank & cash in hand		39,664	15,744
		<u>128,439</u>	<u>81,268</u>
LESS			
CURRENT LIABILITIES			
<i>Falling due within one year</i>			
Creditors and accruals	14	2,552	3,457
Deferred income	15	5,457	5,633
		<u>8,009</u>	<u>9,090</u>
NET CURRENT ASSETS		120,430	72,178
NET ASSETS		<u>132,424</u>	<u>85,677</u>
REPRESENTED BY:			
Unrestricted funds	16	103,483	84,746
Restricted funds	16	28,941	931
ACCUMULATED FUNDS		<u>132,424</u>	<u>85,677</u>

The notes at pages 16 to 22 form part of these accounts

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the year ending 31 December 2020 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved and authorised for issue by the Board on 26 March 2021

Signed on behalf of the board of directors

I M Young, Chairman



26 March 2021

THE SOMERSET & DORSET RAILWAY TRUST LTD

NOTES ON THE ACCOUNTS

1. Accounting Policies

- a. *General information and basis of preparation* The Somerset & Dorset Railway Trust Ltd is a company limited by guarantee incorporated in England within the United Kingdom. The address of the registered office is given in the company information on page 9 of these financial statements. The financial statements are presented in sterling which is the functional currency of the company. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.
- b. *Preparation of the accounts on a going concern basis* The accounts have been prepared on a going concern basis as the Trustees have no material uncertainties about the charity's ability to continue operating.
- c. *Income recognition policies* Items of income are recognised and included in the accounts when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met or fully within the control of the charity, there is sufficient certainty that the receipt of the income is considered probable and the amount can be measured reliably. Income received in advance, such as future year membership subscriptions, is deferred until the criteria for income recognition are met. Since the amount and timing of receipt of legacy income are unpredictable, it is accounted for only when received.
- d. *Donated services and facilities* The value of items received as donations to the charity would be difficult to quantify, and therefore not assessed. Consequently, they are not included in the accounts.
- e. *Interest receivable* Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity.
- f. *Fund accounting* Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular activities of the charity.
- g. *Expenditure and irrecoverable VAT* Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.
- h. *Heritage assets* Accounting standard FRS30 applies to all heritage assets that are held principally for their contribution to knowledge and culture, having historical and other qualities. In 1988 the net book value of all items then classified as museum items, including steam locomotive 53808, was written off as an expense in order to comply with museum regulations prevailing at that time.
- i. *Tangible fixed assets* Individual fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

<i>Asset Category</i>	<i>Annual Rate</i>
Land	Nil
Buildings & Trackwork	10%
Rolling Stock	5 %
Engineering Equipment	10 – 20%
Office & Other Equipment	10 – 20%

Steam locomotives owned by the charity are not capitalised and details by individual asset are found at Note 11.

- j. *Stock* Stock of books, DVDs and other items for resale is included at the lower of cost or net realisable value.
- k. *Debtors* Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid after taking account of any discounts due.

- l. *Cash at bank and in hand* Cash at bank and in hand includes cash and short term highly liquid investments.
- m. *Creditors and provisions* Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably and are recognised at their settlement value after allowing for any discounts due.

2. Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is restricted to a maximum of £10 per Trustee.

3. Income from donations and grants

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
General donations		3,830		3,830	3,226
Grants and specific donations	16	4,900	33,635	38,535	0
Gift Aid		4,955	1,761	6,716	1,524
Legacies	16	0		0	10,000
		13,685	35,396	49,081	14,750

Details of the income into specific restricted funds can be found in Note 16.

The charity greatly benefits from the involvement and enthusiastic support of its many volunteers, details of which are given in the annual report. In accordance with accounting standards, the economic contribution of volunteers is not measured in the accounts.

4. Income from charitable activities

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Museum entrance	0		0	1,499
Raffle		0	0	5,222
Model railway display	2,666		2,666	2,354
Special train	0		0	2,153
Other events	0		0	1,234
S&D 200 Club	1,205		1,205	2,000
	3,871	0	3,871	14,462

5. Income from other activities

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Retail Sales		20,226		20,226	19,441
Less : Cost of Sales:					
Stock 1 January		3,460		3,460	3,763
Add: Purchases		9,990		9,990	9,989
Less: Stock 31 December		(3,387)		(3,387)	(3,460)
		10,063	0	10,063	10,292
Gross Profit		10,163	0	10,163	9,149
Less: Post, packing and sundry costs		2,699		2,699	1,385
Retail sales contribution		7,464	0	7,464	7,764
Photo collection income		249		249	162
Loco hire and other income	11, 16	8,661		8,661	11,150
		16,374	0	16,374	19,076

6. Investment income

All investment income arises from money held in interest bearing deposit accounts.

7. Expenditure on charitable activities

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Magazines		7,873		7,873	6,633
Insurance		3,904		3,904	5,130
Museum electricity		2,218		2,218	2,796
Museum rent, water, phone etc.		1,473		1,473	1,868
Museum safety and security		1,911		1,911	1,816
Museum maintenance		2,053		2,053	4,500
Shed, track, equipment maintenance	16	631		631	1,110
Locomotives expenditure		138	2,970	3,108	528
Carriage maintenance		481		481	323
Wagons maintenance		0		0	43
Website, publicity, other events	13	823		823	1,138
Museum purchase	10	0		0	425
Museum displays and administration		411	280	691	1,093
Depreciation	11	1,504		1,504	7,780
		23,420	3,250	26,670	35,183

8. Cost of generating funds

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Cost of generating funds - Raffle		0	0	1,495
- Model Railway Display	1,126		1,126	907
- Special train	0		0	378
- Washford events	0		0	223
	1,126	0	1,126	3,003

9. Governance and support costs

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
AGM and board meetings	703		703	647
HRA subs, travel, stationery, postage	701	169	869	395
Trustees' travel expenses	323		323	209
Legal and Professional fees		3,968	3,968	0
Consultancy	0		0	10,840
Volunteer Management expenses	0		0	36
Membership administration	978		978	412
Examiner's fee and expenses	378		378	360
	3,083	4,136	7,219	12,899

The charity has no paid employees (2019: None).

The charity Trustees were not paid nor received any other benefits from the charity (2019: None). No Trustee were reimbursed expenses in attending Trustees' meetings (2019: None) in accordance with procedures laid down by the Trustees. No charity Trustee received payment for professional or other services supplied to the charity (2019: None)

10. Heritage assets

In 1988 all items then classified as museum items were written off as an expense in order to comply with museum regulations prevailing at that time. This amounted to £2,940 historical cost, £2,581 net book value. Since then the cost of additional museum items has been written off as an expense against income when incurred, totalling £20,800 to the end of 2020. No asset value is carried in the accounts for heritage assets held by the charity, whether obtained by purchase or donation.

The charity's collection of museum exhibits also includes donated items. The charity has a museum collection acquisitions and disposals policy, adopted by the Trustees in July 2015. Detailed records of the collection are kept.

11. Tangible fixed assets

	Totals	Buildings, Land & Trackwork	Rolling stock	Engineering equipment	Office & other equipment
Cost	£	£	£	£	£
Brought forward	152,089	91,503	13,375	15,124	32,087
Additions in the year	0	0	0	0	0
Carried forward	152,089	91,503	13,375	15,124	32,087
Depreciation					
Brought forward	138,591	87,789	10,492	14,937	25,374
Charge for the year	1,505	44	157	90	1,213
Carried forward	140,096	87,833	10,649	15,027	26,587
Net Book Value					
31st December 2019	13,498	3,714	2,883	187	6,713
31st December 2020	11,993	3,670	2,726	97	5,500

The charity owns two steam locomotives. Both locomotives are operational and do not qualify to be treated as heritage assets.

Locomotive 53808 had a book cost of £42,635 in 1988 when it was written out of the accounts, along with the heritage assets. It is subject to a long term hire agreement with West Somerset Railway plc whereby the hirer is responsible for all

maintenance and overhaul costs. The current agreement expires on 30 April 2030. In 2020 the West Somerset Railway agreed to suspend the agreement for a period up until the boiler certificate runs out, currently expected to be at the end of 2022. The Trust has entered into a short term agreement with Mid-Hants Railway Ltd to hire the locomotive for this period, and is responsible for invoicing and collecting steaming fees from Mid-Hants Railway. In 2020 income includes £7,920 in respect of hiring fees for 53808 (see note 5) (2019: Nil).

Locomotive 'Kilmersdon' was acquired in 2010 at nil cost after many years on loan. Overhaul costs in 2011-2012 (£37,000) and minor costs since then were treated as an expense. In 2020 income includes £200 in respect of hiring fees for 'Kilmersdon' (see note 5) (2019: £9,000).

12. Investments

The charity holds 5,150 shares in West Somerset Railway plc which were donated in previous years. These shares are considered to have no marketable value.

13. Debtors

	2020	2019
	£	£
Prepaid website costs	1,110	0
Prepaid insurance	3,019	3,192
Other prepaid expenses	1,569	2,109
Accrued income	5,904	4,779
	11,602	10,080

14. Creditors: amounts falling due within one year

	2020	2019
	£	£
Creditors	1,043	1,896
Accruals	1,509	1,561
	2,552	3,457

15. Deferred income

Deferred income comprises subscriptions received in advance for the following year, and for payment received in respect of security deposit received from Helston Railway Preservation Company Ltd in respect of hire of 'Kilmersdon'.

16. Analysis of charitable funds

Movements in restricted funds

	Opening Balance 01/01/2020	Incoming Resources	Resources Expended	Transfers in year	Closing Balance 31/12/2020
Restricted Funds	£	£	£	£	£
HLF Resilience Project	(6,750)	6,750	0		0
Museum Collection	900	0	(280)		620
Kilmersdon Tyres	3,053	0			3,053
Coach Restoration	3,727	0	0		3,727
Progressing Our Future Appeal		28,646	(7,106)		21,540
Total Restricted Funds	931	35,396	(7,386)	0	28,941

- a) *HLF Resilience Project*: This represents the grant received from the Heritage Lottery Resilience Fund less costs to date. The project completed during 2019 and income in 2020 represents the final grant instalment received from NLHF.
- b) *Museum Collection*: This represents a single specific donation for the acquisition of appropriate items for the Trust's museum collection and display at Washford. There has been expenditure of £280 in 2020 (2019: £100).
- c) *Kilmersdon Tyres Fund*: The net proceeds of the 2018 raffle were restricted for the purpose of renewing the tyres on Kilmersdon's driving wheels. The proceeds have been set aside to meet this anticipated liability which is likely to be incurred at the date of the next overhaul.
- d) *Coach Restoration Fund*: The net proceeds of the 2019 raffle were restricted for the purpose of restoring vintage coaches 98 and 114. The proceeds have been set aside to meet anticipated liabilities when this project gets underway.
- e) *'Progressing Our Future' Appeal*: This appeal was launched in April 2021 to take the Trust forward into the next period of its long existence whilst meeting the many challenges facing it in the near future including the consequences of the WSR Notice to Leave and the Covid-19 pandemic. During 2020 costs included legal and professional fees and locomotive move costs for 53808.

Movements in unrestricted funds

	Opening Balance 01/01/2020	Incoming Resources	Resources Expended	Transfers in year	Closing Balance 31/12/2020
Unrestricted Funds	£	£	£	£	£
General Fund	31,906	38,246	(27,629)		42,523
Designated Funds:					
Coach Restoration (including coaches 98/114)	12,628				12,628
53808 Overhaul		7,920			7,920
Kilmersdon Overhaul	26,863	200			27,063
Legacies	12,945	0			12,945
Baker Memorial	404				404
Total Unrestricted Funds	84,746	46,366	(27,629)	0	103,483

- a) *Coach Restoration Designated Fund (including coaches 98 & 114)*: During 2014 the Trustees agreed to set aside £38,700 from Unrestricted General funds to cover full restoration of Coach 4, and restoration of the two other vintage coaches (98/114). After the completion of Coach 4 in 2016 a balance of £12,628 is therefore available to contribute towards the restoration and/or conservation of the two remaining unrestored vintage coaches.
- b) *53808 Overhaul Fund*: On 15 January 2021 the Trustees agreed to designate hiring fees earned whilst 53808 is on hire at Mid-Hants Railway to create a fund to contribute towards funding for the next overhaul which is due

following the expiry of the 10 year boiler ticket currently expected to be at the end of 2022. Fees designated in 2020 amount to £7,920.

- c) *'Kilmersdon' Overhaul Fund*: On 21 January 2017 the Trustees agreed to designate hiring fees earned since 'Kilmersdon' was overhauled in 2012 to create a fund to provide funding for future overhauls. The next overhaul is now due following the expiry of the 10 year boiler ticket in January 2020. Fees designated to date amount to £27,063.
- d) *Legacies*: This represents legacies received in prior years. The Trustees have agreed to designate these amounts whilst an appropriate use for the money is identified.
- e) *Baker memorial*: This represents donations received from the funeral of the Trust's late Chairman, Godfrey Baker in 2018. The Trustees have agreed to designate this amount whilst an appropriate use for the money is identified.

17. Related party transaction

Mr Roger Hardingham is the owner of Kingfisher Productions, a supplier of railway books and DVDs. During 2020 the Trust purchased goods to the value of £528 from, and sold goods to the value of £Nil to Kingfisher Productions (2019: £539 and £210 respectively). At 31 December 2020 £Nil was owing to Kingfisher Productions (2019: £Nil), and £Nil was owing to the Trust (2019: £Nil)

Cover picture:

The Trust's 7F, 53808, awaiting its train at Ropley on the last day of the Watercress Line Autumn Steam Gala – Sunday 16 October 2020. Picture: Jason Baker