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SAFETY MANAGEMENT SYSTEM



JUNE 2021

This Standard prescribes the Management of Safety on the Kent & East Sussex Railway.

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Issue Record

Version	Date	Prepared by	Approved by	Authorised by
01	Dd mmm 2019	Len Pullinger	General Manager	Safety Director
02	June 2021	Neil Sime		

Signed by Approving Officer

Signed by Authorising Officer

 General Manager

 Safety Director
Responsibilities and distribution

The following officers will keep controlled copies of this Standard;

Controlled Copy No.	Owner
01	Safety Director
02	Company Secretary
03	General Manager
04	Operating Manager
05	Locomotive Delivery Manager
06	Carriage & Wagon Delivery Manager
07	Infrastructure Manager
08	Permanent Way Manager
09	S&TE Manager
10	Forestry & Conservation Manager
11	Commercial Manager
12	Catering & Retail Manager
13	Tenterden train crew signing on point
14	Rolvenden train crew signing on point

Implementation and review

All staff and contractors must comply with this Standard.

The provisions of this Standard are mandatory and apply from the date of issue in all respects.

This Standard will normally be reviewed annually, but it may be necessary to review it prior to its planned review date in light of any change in the operation, legislation, staff feedback or other such pertinent change.

This Standard will be updated as necessary by distribution of a complete replacement.

1 SAFETY MANAGEMENT SYSTEM OVERVIEW

1.1 Purpose of this document

The purpose of this document is to outline the Safety Management System (SMS) adopted by The Kent & East Sussex Railway Limited (K&ESR) so that the requirements of the Railways and Other Guided Transport Systems (Safety) Regulations 2006 (ROGS), as amended, are met in full.

1.2 Scope of this document

This document provides a summary and explanation of the arrangements for managing safety of K&ESR's activities, Infrastructure, Health and Safety and Operations as a heritage railway.

Cross-reference can be made between document headings and assessment criteria contained within Office of Rail Regulation (ORR) publication "Assessment Criteria For Non-Mainline Safety Certification And Safety Authorisation Applications" dated March 2014.

It has been designed to act as a signpost to the component parts of the SMS, grouped as follows:

- A Safety Standards Manual (SSM) containing procedures that apply throughout the company, and other documents such as the Volunteer Handbook and Paid Staff Handbook.
- Rule Book (Includes Rules, Regulations, Instructions, Train Signalling Regulations and other operating instructions).
- Departmental Standards Manuals (DSM).

1.3 Responsibilities

The K&ESR Board of Directors holds the principal accountability for the safety of activities carried out on the K&ESR. This document describes how this accountability is discharged:-

- The Safety Director and General Manager are responsible for planning, development and maintenance of the SMS.
- The General Manager is responsible for implementation of the SMS.
- The General Manager and Management Team are responsible for planning, development and maintenance of the SSM.
- The Management Team is responsible for implementation of the SSM.
- The Railway Rules Working Group (RRWG) is responsible for periodic review of the Rule Book. Reviews may also be carried out following incidents and when otherwise requested by the Safety Committee. All resultant proposed changes must be approved by the Safety Committee prior to presentation for adoption by the K&ESR Board of Directors.
- Relevant Managers are responsible for planning, development and maintenance of DSMs and subsidiary documents.

1.4 Control of the Safety Management System (SMS)

- The SMS is authorised by Safety Director after formal adoption by the K&ESR Board.
- The SSM is approved by the Safety Director after authorisation by the General Manager.
- DSMs are approved by the General Manager.

1.5 Structure of the Safety Management System

See Figure 1. The System is outlined in this document and is known as the Safety Management System (SMS). It describes the K&ESR and its activities, and how it manages safety. Signposted from the main document are more detailed documents relating to generic safety procedures and departmental standards.

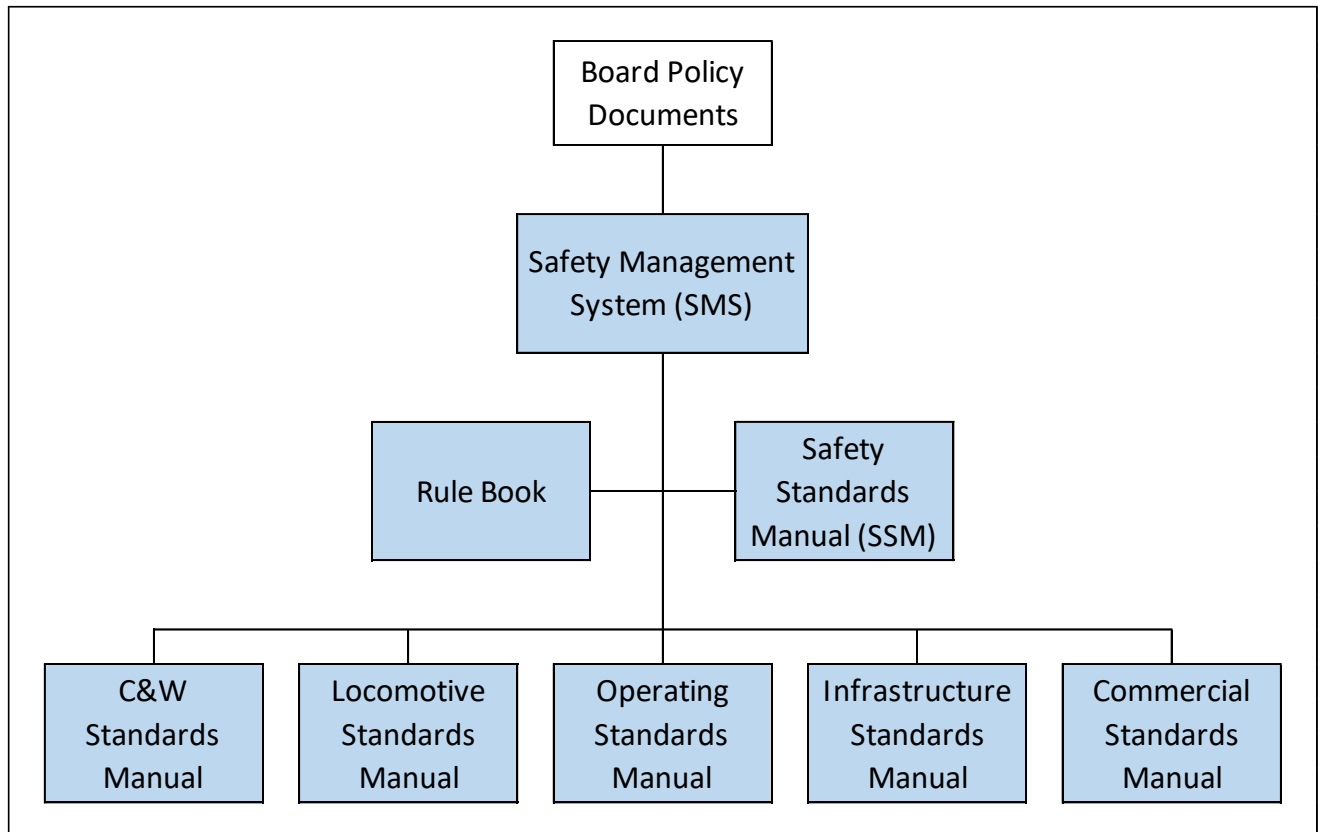


Figure 1 – SMS Document Structure

Top Tier:

Main SMS document.

Second Tier:

Rule Book (covering operating rules), and the Safety Standards Manual (SSM) (covering generic cross-department safety standards).

Third Tier:

Departmental Standards Manuals (DSM) including details of safety procedures and arrangements applicable to the individual departments and various areas within each.

2 TYPE AND EXTENT OF OPERATION

2.1 Duty holder

The Kent & East Sussex Railway (K&ESR) is operated by The Kent and East Sussex Railway Company Limited, registered in England and Wales No. 01007871, and is the Transport Undertaking and Infrastructure Manager of this vertically integrated heritage railway.

The K&ESR is a charitable company, Registered charity No. 262481, and is limited by guarantee and not having a share capital.

The address of the Duty Holder is:

The Kent & East Sussex Railway,
Tenterden Town Station,
Station Road,
Tenterden,
Kent, TN30 6HE.
Telephone 01580 765155

All safety documentation relevant to this document, including risk assessment and safety audit records is kept at this notified address.

Copies of this document may be obtained from the General Manager at the above address.

2.2 Ownership of the Company

The railway is owned and operated by the **Kent and East Sussex Railway Company Limited**, a Company limited by guarantee but without a share capital. Membership of the Company is available by annual subscription.

The Chairman presides over a Board of Directors consisting of Safety Director, Finance Director and a number of non-executive directors. The Board delegate the day-to-day operations of the Company to a management organisation.

The land on which the Railway is built and operates between Tenterden and Bodiam is owned by the Kent and East Sussex Railway Company Limited.

The land on which the proposed extension between Bodiam and Robertsbridge will operate is owned by the **Rother Valley Railway Ltd**.

2.3 Subsidiary Companies

Colonel Stephens Railway Enterprises Limited is a wholly owned subsidiary which conducts the non-charitable trading activities.

Robertsbridge 20/20 Limited is a wholly owned subsidiary, incorporated to investigate the long-term objective of operating the railway to Robertsbridge.

Tenterden Railway Company Limited is a wholly owned subsidiary which continues in existence to protect the parent company's previous name.

The Kent and East Sussex Railway Co. Ltd. holds a majority interest in **6619 Limited**, owner of a steam locomotive awaiting overhaul.

2.4 Scope of activities

The K&ESR objectives are to preserve, restore and operate parts of the railway from Tenterden in Kent to Robertsbridge in Sussex as a heritage railway, which includes the preservation, display and operation of steam and other locomotives, and rolling stock and other relics. As a charity it aims to contribute to technical, historical and general education concerning the operation of a rural light railway.

Its core business activity is the delivery of heritage railway passenger services, at a maximum speed of 25 mph (40 kph) in a rural area, operating on infrastructure currently with five stations over the 10 ½ mile single-line railway that extends from Tenterden Town to Bodiam. All trains are either locomotive-hauled or operated by Diesel Mechanical Multiple Unit.

Train services are seasonal in nature. Service of up to eight round trips per day are scheduled according to commercial demand plus charter trains and evening dining services.

Approximately 90,000 people visit the railway annually.

A small number of engineering trains are operated to transport materials for infrastructure maintenance, etc. Plans exist to extend the regular operation a further 3½ miles from Bodiam to Robertsbridge, Paras 2.2 and 2.3 are relevant.

2.5 Stations

In addition to the two terminal stations of Tenterden Town and Bodiam the railway serves intermediate stations at Rolvenden, Wittersham Road and Northiam. There are passing loop facilities and sidings at each station, but single platform faces only at Tenterden Town, Rolvenden, Wittersham Road and Bodiam. Northiam has two platforms but only one is available when Northiam signal box is switched out.

Passenger rolling stock is mainly stabled on sidings at Tenterden Town station at which the Carriage and Wagon works is also located in covered accommodation.

Locomotives and cranes are normally stabled at Rolvenden, which also houses the locomotive repair and servicing facilities. Locomotives awaiting repair are also stored in the open in sidings at Rolvenden. A four-road storage shed houses rolling stock in need of covered accommodation. An adjacent siding provides accommodation for Permanent Way vehicles.

The Permanent Way depot is located at Wittersham Road where sidings have been laid for ballast hoppers and other service vehicles. This yard is also used on occasions for the road delivery of rolling stock to the railway.

2.6 Type of signalling and control systems

Between Tenterden and Northiam the single line is signalled on token operated, absolute block principles utilising mechanical or electrical motor-operated semaphore signals interlocked with mechanical or point machine-operated running line points. The signalling is controlled from four signal boxes located at Tenterden Town, Rolvenden, Wittersham Road and Northiam stations. Between Northiam and Bodiam the single line is signalled using the “one engine in steam” principle.

This theoretically permits the operation of four trains simultaneously but in practice the normal train service uses either two or three trains.

All signal boxes are designed to be closed out but Wittersham Road and Northiam signal boxes are also designed to be switched out when not required by the timetable as passing loops.

A responsible person, known as “Controller” is rostered on days when deemed appropriate to act as responsible person on site, in overall charge of operating. Otherwise, managers are available on-call to act as necessary and in emergencies.

2.7 Number of employees

K&ESR is a volunteer base operated railway of some 400 volunteers supported by a team of full and part time paid staff to provide management of the railway and to ensure resilience and seven-day operation.

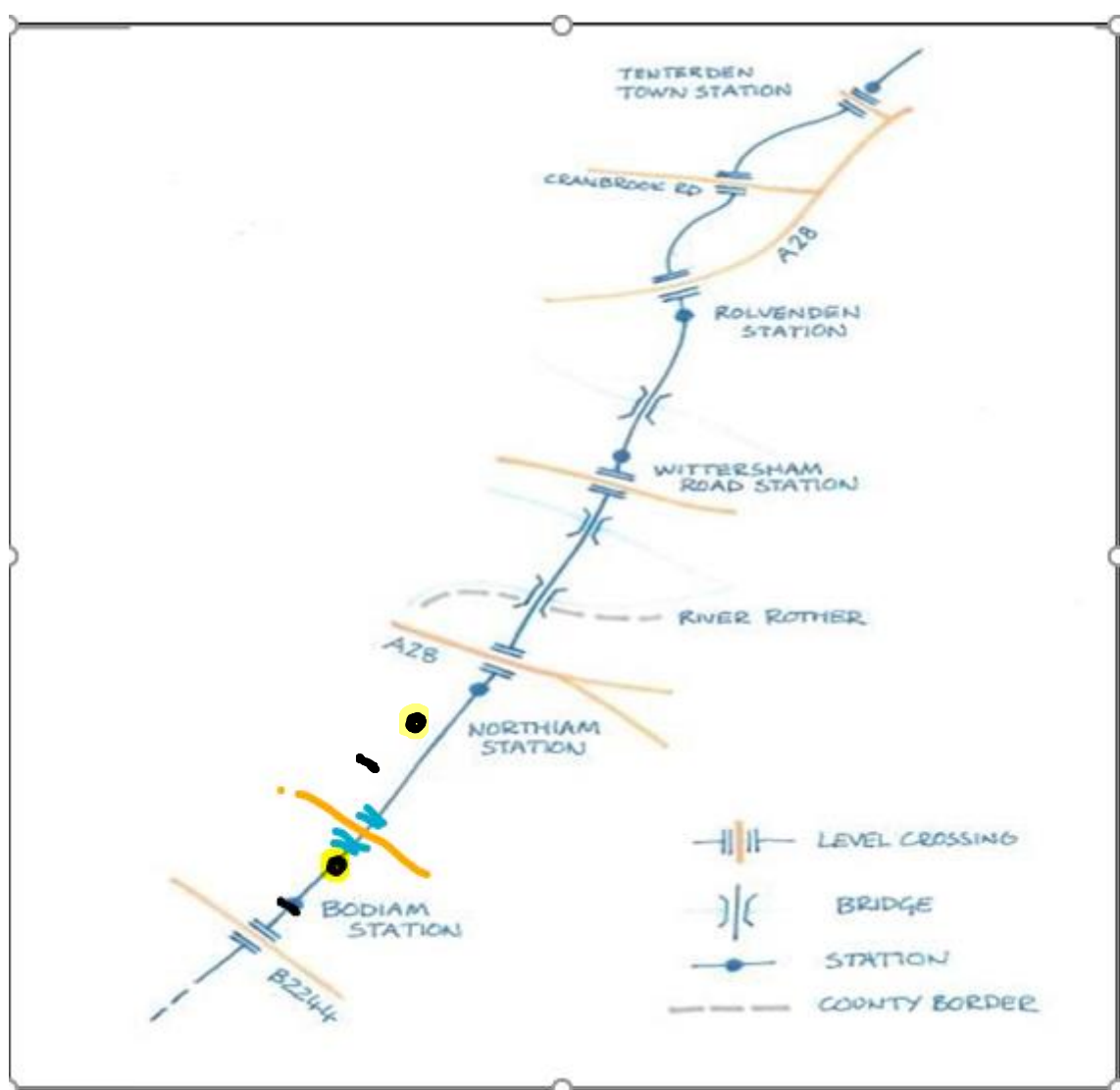
For safety management purposes, the terms “employee” and “staff” include volunteers, who are deemed to be unpaid employees.

Approximately 350 staff undertake Safety Critical Work in connection with operating the railway.

2.8 Geographical boundaries

The K&ESR operation runs between Tenterden Town Station and Bodiam Station with proposals to extend to Robertsbridge at a future date.

Figure 2 – Sketch map of line



2.9 Features and structures affecting safe operation

The line is broadly level except for a 1½ mile length of 1 in 50 gradient rising from the level crossing (A28) at Rolvenden to Tenterden Town and a short length of similar gradient rising from Wittersham Road towards Northiam.

The line crosses public roads at five locations and one accommodation road. Protection of road traffic on public roads and one occupation crossing is achieved by means of manually-operated gates. The line crosses a number of other rights of way, including one open crossing, 30 user-worked crossings (UWC) and four footpath (FP) crossings.

The line crosses a number of watercourses. Whilst eight of these crossings are achieved by means of small or medium sized brick or concrete culverts, there are three significant metal river bridges of single spans each of approximately 20 metres.

There are no tunnels or over bridges on the line.

2.10 Interfaces with other railways

At Bodiam, the Kent and East Sussex Railway is currently connected to infrastructure owned by Rother Valley Railway (RVR), the first 500m of which is occasionally used for services operated by the K&ESR with permission of RVR under the provisions of this SMS. The boundary with RVR-owned infrastructure is approximately 100 metres west of Bodiam Station.

The remainder of the original track formation is currently a disused and partly dismantled, non-operational railway as far as Northbridge Street (Robertsbridge) from where the Rother Valley Railway have relaid track and constructed a station (Robertsbridge Junction) which is currently not in use and out with the provisions of this document.

K&ESR leases steam and diesel locomotives from various owning groups, and interfaces with other rail companies for visiting locomotives for special events etc. Movements on to and from the K&ESR are made by road transport.

Plans to extend the K&ESR operation over the RVR-owned infrastructure from the boundary at Bodiam to Robertsbridge includes a physical connection with the Network Rail infrastructure there and would be subject to access agreements, and would also allow other transport undertakings to operate over the K&ESR.

3 SAFETY POLICY STATEMENT

Safety Policy Statement

I believe the Kent & East Sussex Railway is one of Britain's most loved and original heritage railways, running over ten and a half miles from Tenterden, the capital of the Kentish Weald to the village of Bodiam, sitting in the shadow of the 600-year-old Bodiam Castle in Sussex.

Our forebears invested a lot of time, energy and money in achieving this fine example of a rural light railway that we all so enjoy today. The tradition has been taken on by our Directors, Staff and Volunteers across all departments, everyone working together, delivering with immense pride a superb heritage railway to over three and a quarter million visitors since 1974.

Our role today is to continue to build on these achievements for our successors to enjoy. It is our prime responsibility to run a safe railway at all times because ***"we want everyone - our staff, contractors and our visitors - to have a great time at the Kent & East Sussex Railway and go home safe and sound at the end of their visit."***

"We must put our own, our colleagues' and our visitors' safety at the heart of everything we do, all the time. To achieve this, we all have a part to play, by working safely and within our Safety Management System, and if you have any safety concerns, we have established an open and just safety reporting culture to encourage free and frank reporting of safety concerns and events however insignificant they may seem at the time."

As Chairman, I will ensure that adequate resources and training are provided to manage safety effectively across the railway, so with your help we will strive to achieve:

- An accident free environment
- An effective safety management system and continuous improvement
- Compliance with statutory and national regulations that apply to us.

Thank you for helping make the railway a place we can all be proud of.

Simon Marsh

Chairman

3.1 Communication of the safety policy statement

The Safety Policy Statement is distributed for display on notice boards as described in SSM, Section 9, and is available on the K&ESR website and Heritage Operating Processing System (HOPS). Relevant extracts are also included in pre-tender information supplied to contractors undertaking work on behalf of K&ESR and briefed to new volunteers on induction.

4 ORGANISATION

4.1 Organisational Structure

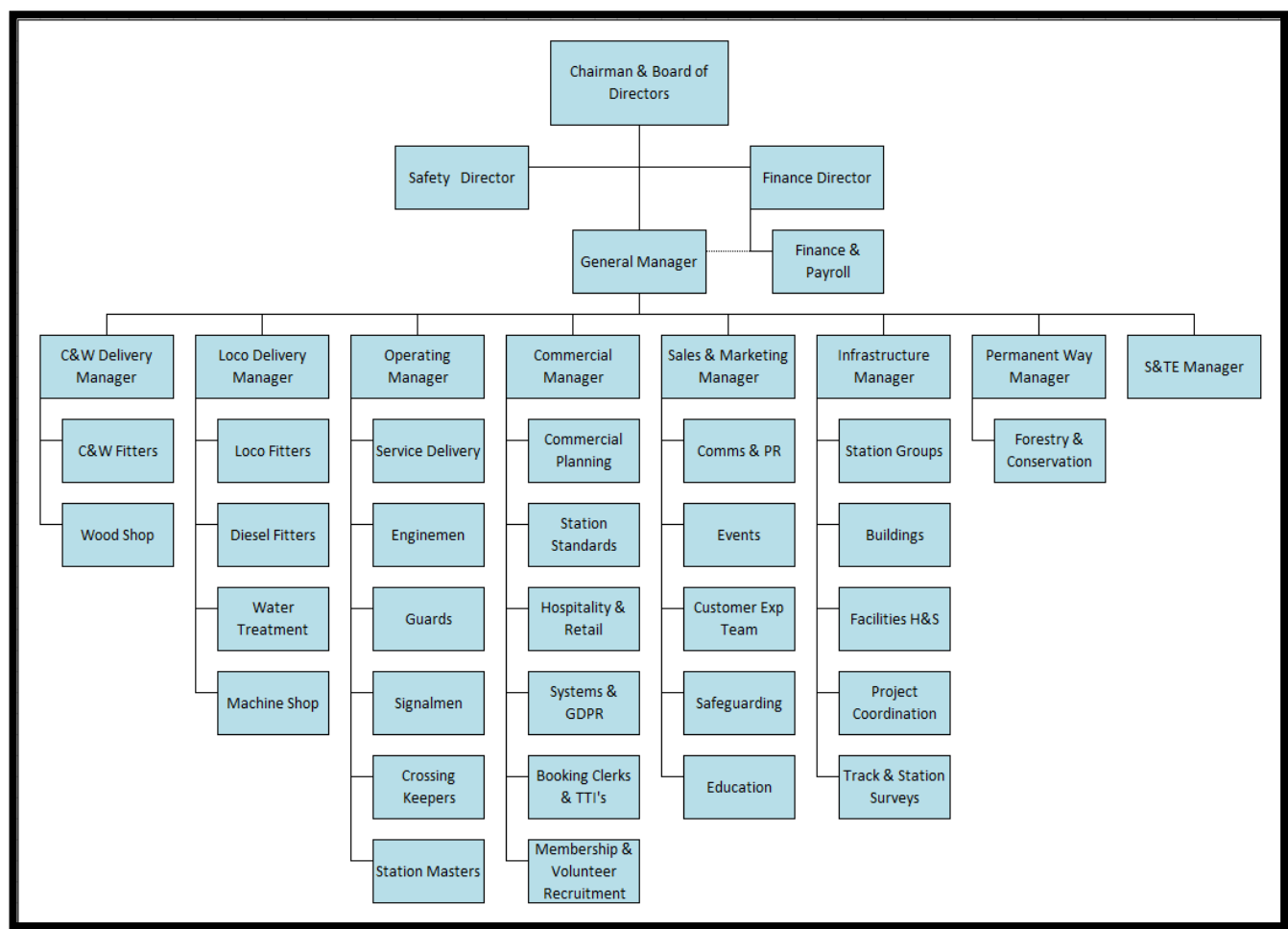


Figure 3 – Management Organisation

4.2 Organisational arrangements

The K&ESR governance is wholly managed by the Kent and East Sussex Railway Company Limited, formerly called the Tenterden Railway Company Ltd. The Chairman presides over a Board of Directors consisting of the Safety Director, Finance Director, Strategy Director and a number of non-executive directors. All directors are trustees of the charity and are volunteers from within the company membership, elected by their fellow members.

A number of K&ESR Directors are also directors of Colonel Stephens Railway Enterprises Ltd (CSRE) and there is one CSRE Director who is independently appointed to the K&ESR Board.

Company Policy Number 208 (POL 208) provides a framework for the governance of the business including the structure of board committees and responsibilities of key positions within the leadership structure. Reference is made to some of these committees and individuals in this document where they have responsibilities for safety but reference should be made to POL 208 for a full explanation of the governance arrangements.

4.3 Key safety posts

The **Safety Director**, who sits on the K&ESR Board, is responsible for overseeing the development and implementation of Company safety policy through the General Manager. He works closely with the Safety Committee (SC) to monitor and report on safety matters to the Board.

The **General Manager (GM)** is accountable to the K&ESR Board and has the responsibility to deliver a safe, efficient, profitable undertaking as well as ensuring that the necessary interfaces with the local community and local and county authorities are maintained. The General Manager will identify good practice within other heritage railways that is transferrable to the K&ESR. He is a member of the SC which meets monthly to discuss and formulate safety management.

The **Commercial Manager** is a full-time post accountable to the General Manager for Commercial Planning, Hospitality, Station Standards, Heritage and membership.

The **Sales & Marketing Manager** is accountable to the General Manager for Marketing, planning and execution of Events, Retail activities, Safeguarding and customer facing roles including Booking Office Clerks, Reservations Staff, and Travelling Ticket Inspectors.

The **Operating Standards Manager** is a full-time post accountable to the General Manager for maintaining standards in the operating department and works closely with the Service Delivery Manager to provide safety critical staff for train crew, signalmen, shunters, guards, crossing keepers and station staff. The Operating Standards Manager is experienced and competent in Rules and Regulations for the K&ESR.

The **Service Delivery Manager** is a full-time post accountable to the Operating Standards Manager for safe delivery of train services to meet the requirements of the Commercial Department as agreed. Safety critical tasks include covering for operating duties to meet the daily roster requirements. The Service Delivery Manager is experienced and competent in Rules and Regulations for the K&ESR.

The **Controller** is competent in Rules and Regulations for the K&ESR and is the rostered on-site person responsible for the operation of the railway on a daily basis when a full service of passenger trains are running. The role ensures the requirements of the Operating Standards Managers are maintained, and to take appropriate action in the event of irregularities, incidents and emergencies occurring. When light services, such as evening trains or engineers' trains, are being operated, the Controller may be substituted by a responsible person on-call.

The **Locomotive Delivery Manager** is accountable to the General Manager for running the Locomotive Department and workshops, and for locomotive provision, overhaul, repair and maintenance, to meet the requirements of the Operating Department. The position is full-time and based at Rolvenden. Safety critical work under his control includes locomotive examination, and fitness to run.

The **Carriage & Wagon (C&W) Delivery Manager** is accountable to the General Manager for running the Carriage and Wagon Department and workshops, and for carriage and wagon provision, overhaul, repair and maintenance to meet the requirements of the Operating Department. The position is part-time and based at Tenterden. Safety critical work under his control includes carriage and wagon examination, and fitness to run.

The **Infrastructure Manager** is accountable to the General Manager for setting standards and ensuring safety compliance for all buildings and utilities on behalf of the users. Station Groups, Fire and First Aid will be his responsibility along with co-ordination of approved projects and technical support to other departments.

The **Permanent Way Manager** is accountable to the General Manager and is responsible for the maintenance of the Permanent Way, platforms, fences and earthworks. Safety critical duties include signing off routine and other track inspections.

The **Signals and Telecommunications Equipment Manager** is accountable to the General Manager and is responsible for the safe and efficient delivery and maintenance of signalling and telephone communication equipment directly related to signalling. Safety critical duties include signing off routine and other signal equipment inspections.

The **Forestry and Conservation (F&C) Manager** is accountable to the Permanent Way Manager and is responsible for the safe clearance and disposal of lineside vegetation.

5 STRATEGIC SAFETY MANAGEMENT

5.1 The management of safety

The K&ESR Board's objective is to provide and develop a Safety Management System (SMS) which will enable the management of health, safety and welfare to keep pace with business requirements whilst taking account of:-

- Health and Safety legislative requirements.
- Railway & Other Guided Transport Systems (Safety) Regulations (ROGS).
- The Risk Management Maturity Model (RM3) published by the UK Office of Rail and Road (ORR).
- Good Practice Guides issued by the UK Rail Safety & Standards Board in so far as they are relevant.
- Guidance issued by the ORR, Health & Safety Executive and other UK regulatory bodies.
- Best practice from other railways, the Heritage Railway Association (HRA), other similar industries etc.

It is recognised that Strategic Management of safety issues and the allocation of management responsibilities is a key element of delivering a culture of active engagement and continuous improvement in safety matters throughout the organisation.

The Company uses the Railway Management Maturity Model (RM3) as a key tool for its management of safety and strives to follow the principles contained therein to continuously improve its safety performance and inform the development of systems and processes that are relevant to its operations and appropriate to the size and scale of the organisation.

The key document for the management of safety within K&ESR is this Safety Management System. The SMS is developed from consideration of the risks arising from the company's current and projected activities. This principle ensures that risks arising from the scope of K&ESR's activities can be identified and measures established through the SMS for mitigating these risks. The SMS is implemented by members of the management team carrying out the requirements for which they have been allocated within the SMS.

The SMS lays down the strategic arrangements for the management of safety within the business. The detail of the processes by which this is achieved, and the interface with other areas of the management function are described in the Safety Standards Manual (SSM), chapters which are subordinate documents and supported by appropriate policies and standards. The SMS is reviewed periodically as determined by the Board arising from circumstances such as changes in business activities, revised legislation, standards or other external directives and audit findings. Such reviews will take account of recommendations from the audits performed in accordance with SMS Section 12 and also from proposals arising from the Board or Risk & Compliance Committee discussions.

It is the intent that staff are involved as appropriate in the process of SMS & SSM development.

K&ESR strives to continuously improve its safety performance and looks to achieve this by engagement with other organisations at all levels to share best practice, learning from incidents and accidents, understanding evolving trends and emerging legislation and benchmarking performance against its peers using RM3 and other appropriate means.

5.2 Board-level engagement

Board Members are aware of their safety responsibilities and understand the health and safety issues in the context of the company's operations. The board obtains additional support as appropriate to ensure that it is able to effectively challenge and support the management team on matters appertaining to health and safety.

New Board Members are given appropriate training and supported to fully understand the company's activities in order that they can contribute to this process.

Board Meetings are structured so that Health and Safety Matters and Risk and Compliance issues are considered as substantive items on the agenda. The Safety Director will report on key safety measures including incident & accidents for the previous period, outcomes of internal and external audits, progress against safety targets and key issues arising from external reports or events.

The Board will also:

- review Safety Committee Minutes and monitor actions arising therefrom as appropriate.
- set the strategic safety objectives for the company.
- review and approve Safety Targets proposed by Safety Committee.
- review and agree the Annual Report to the membership.
- review and authorise changes to the Safety Management System proposed by the Safety Director.

In all of their review and approval roles, the Board will refer back to the Safety Director changes to draft documents that they consider appropriate for consideration and amendment as necessary for re-presentation at the next suitable meeting.

When discussing strategic issues including business development, the Board will always ensure that safety issues are considered as an integral part of their deliberations.

5.3 Safety targets

K&ESR recognises the importance of establishing robust annual safety targets for the purpose of enabling the Company to contribute to the continuous improvements in overall rail safety performance mandated in ROGS.

Safety targets also contribute to K&ESR complying with its own health and safety policy and obligations by demonstrating to regulators, employees and suppliers that all reasonably practical efforts are being made by the company to achieve the highest levels of safety performance on a consistent basis through a process of continuous review and improvement.

Safety targets are formulated by the Safety Director and General Manager and presented to members of the Safety Committee for review and agreement. They are then presented to the K&ESR Board at a subsequent board meeting for discussion, approval or amendment as appropriate. The safety targets finalised by the Board are then implemented and monitored by the Safety Committee with periodic reports on progress to the Board via the Safety Directors monthly report.

In formulating safety targets, cognisance is taken of the following:-

- The provisions of the Company's Strategic plans
- Progress with the achievement of safety targets from the previous twelve months
- K&ESR's own safety performance and Key Performance Indicators as well as the safety performance of K&ESR's key suppliers
- Recently introduced change objectives introduced by K&ESR that warrant the creation of safety targets as part of the post implementation monitoring and review arrangements
- Findings from audits, management checks, accident/incident investigations, safety inspections, learning outcomes and safety tour activities
- Suggestions made by K&ESR's own employees and volunteers

Where possible safety targets are SMART (Specific, Measurable, Agreed, Realistic and Time bound). Each safety target is allocated to a post holder within the company or a nominated group where applicable. The person or group concerned is then responsible for leading the achievement of the allocated safety target. A timescale for the achievement of the target is also allocated.

5.4 Risk and Compliance Committee

The **Risk and Compliance Committee (RCC)** is the means by which key strategic risk matters appertaining to the company's activities are monitored, discussed and actions agreed.

The Safety Director is a standing member of this committee.

The agenda covers the key areas of risk within the business. Minutes and action plans are produced which are reviewed by the Board as part of their Risk Management agenda.

Key safety responsibilities of the group are:

- i. Maintain an overview of the cross business significant risks of the organisation and to ensure that these are all encapsulated in a risk register and, as far as is possible, mitigated in company policies or standards.
- ii. Perform “Horizon Scanning” to identify significant safety risks that could affect the business in future
- iii. Ensure that these risks are communicated, discussed, and where appropriate included in the risk register and strategic planning.
- iv. Ensure at a strategic level that where control measures are in place to mitigate risks, these control measures are both effective and are being applied.
- v. Ensure that change management arrangements are suitable and sufficient to address the various areas of risk, including organisational change and that such arrangements are applied robustly.
- vii. Review monitoring arrangements put in place by the management team.
- viii. Perform or commission internal or external audits of key risk areas.
- ix. Ensure that actions from management monitoring activities and audit reports are recorded, followed up and closed out within agreed timescales.
- x. Report regularly to the Board on these activities, including an Annual Report and Monitoring Plan.

5.5 Safety Committee

The Safety Committee, consisting of Safety Director, General Manager and senior representatives from Operating, Loco, C&W, Commercial, and Infrastructure Departments meets monthly to review safety performance, audits, trends, and change proposals (including revised safety documentation). Others may attend as observers (no executive power but can contribute to any debate).

The committee will be chaired by the General Manager or, in the GM's absence, the Safety Director. Secretarial support is normally provided via the General Manager.

The committee's key responsibilities are:-

- To review safety performance across the business and monitor corrective actions agreed with managers.
- To support the General Manager in ensuring standards and procedures adopted by the K&ESR are properly assessed and maintained so that they are compliant with ROGS and other applicable legislation, and that they do not introduce conflicts with other standards in use.
- To drive continuous improvement in Health & Safety risk management, standards and performance and share best practice across the organisation in accordance with the ORR Risk Management Maturity Model (RM3).
- To assist the General Manager in making informed decisions regarding change management proposals in accordance with SSM Section 07, so that unnecessary risks are not imported to the K&ESR.
- To provide means of distributing safety information including the SMS so that all staff and volunteers at the K&ESR are made aware and involved.
- To review safety concerns and agree and monitor corrective actions where appropriate.
- To consider and deal with other aspects of Health and Safety management so that the requirements of the SMS and relevant legislation are met in full.

Full Terms of Reference can be found in SSM Section 03.

5.6 Project Assessment Committee

The company Project management procedure is predicated around the Project Assessment Committee having oversight of projects up to the stage of approval. The General Manager will highlight any key safety factors as part of the formulation of a project proposal.

The assessment process includes liaison with the Risk & Compliance committee to ensure that any safety related matters have been adequately considered, and appropriate mitigation measures applied.

5.7 Staff involvement

It is K&ESR policy to involve its staff – both paid and volunteer - actively in the development and application of the SMS and safety matters generally. Such engagement helps to perpetuate a healthy and positive culture towards safety within the company. This objective is achieved through the following means:

- periodic meetings between management and staff
- the employee briefing process described in SSM Section 09.
- involvement in the risk assessment process activities detailed in SSM Section 04.
- a copy of the Company Safety Targets is made available to all staff via HOPS.
- a process that encourages employees to raise concerns about safety with their local manager at any time, set out in SSM Section 02.

5.8 Management responsibilities

The identification of key safety responsibilities and an effective and understood structure are essential parts of the Safety Management System.

The current organisation chart can be found in Section 3 above. This structure is deemed sufficient to adequately manage the current and projected level of company activity and to resource the requirements of the SMS.

The structure of the company is kept under regular review by the Board through the General Manager as part of their strategic overview of K&ESR's development. Where business growth, or a change in the scale or scope of activities is identified the General Manager will assess whether adjustments need to be made to the resources required and if this is deemed to be the case, a strengthening or restructuring of the management team will be proposed.

Proposals for changes to the company organisational structure will be dealt with under management of change arrangements outlined in Section 7 below and will include an assessment of the changes to safety responsibilities and structure. As part of this process, a disposition review will be undertaken by the General Manager and reviewed by the Safety Director to ensure that all safety responsibilities have been satisfactorily addressed.

Where changes to the senior management team are proposed, this will be dealt with as a Major Change as set out in SSM Section 07 and be subject to full Board consideration. Changes to lower levels of the management team may be treated as Level 2 changes and dealt with accordingly.

Each line management position has a job description in which is laid down the specific safety responsibilities of that position and the areas of the SMS for which that post has accountability. It will also detail the upward reporting lines for the post and which subordinate positions report to it.

Each SSM Section will identify which member(s) of the management team with prime responsibility for the effective delivery of the provisions of that Chapter are identified.

When considering changes to the management structure, the disposition process described herein will ensure that all affected job descriptions and SMS Elements are reviewed to ensure that safety accountabilities and reporting lines are adjusted to reflect the changes being made.

Each manager will hold periodic appraisals with all members of their line management team during which the effectiveness of their performance in relation to their safety responsibilities will be reviewed and strategies agreed to address any weakness or poor performance. If any such deficiencies are not rectified after a reasonable period of time, the provisions of the K&ESR Capability/Disciplinary Policy may be invoked.

These appraisals will also consider additional professional personal development, including training, that may be required for the position held or beneficial for the future prospects of the post holder.

Where vacancies are created by individuals leaving post, or new positions being created, the recruitment process will ensure that the safety responsibilities of the position are clearly identified and the selection process will take account of these requirements.

5.9 Communication with regulatory authorities and outside bodies

Communication with the HSE, ORR or other regulatory and statutory organisations on safety matters will be led by the General Manager or Safety Director. Other members of the management team may deal with these organisations as appropriate with the authority of the General Manager.

Liaison with other railways, the HRA, other attractions and external bodies to share best practise and mutually useful information is encouraged. Sharing of any confidential or sensitive information must be authorised by the Safety Director or General Manager.

5.10 Management of interfaces

Where external risks may be imported as a consequence of the operation being undertaken, e.g. hire of locomotives and rolling stock, they will be identified under the provisions of the relevant SSM Section(s) and appropriate control measures put in place in co-operation with the parties concerned.

Cognisance will also be taken of potential risks that are out with the control of any party, such as vandalism or trespass, and generic arrangements will be applied to identify and mitigate such risks where reasonably practicable.

Where suppliers or other contractors are providing services to K&ESR, there will be a member of the management team nominated as the key contact for that interface as outlined in SSM Section 06.

5.11 Real-time operational management

Currently real time management when the railway is operating public services is vested in the Duty Controller, who is an experienced member of the Operating Department suitably trained for the role. When no public trains are operating, the management of the railway will be exercised by the Management Team, co-ordinated by the General Manager.

On call arrangements are in place at all times to ensure that experienced back up is available in the event of accident or incidents, serious service disruption, requirement for specialist advice or staff sickness/non-availability. These on call arrangements will be published to all staff in the Fortnightly Operating Notice (FON).

Staff covering on call duties will be given suitable training and will be issued with necessary guidance to equip them to perform these duties.

The duties of the Controller are set out in SSM 39.

Staff involved in compiling safety critical staff rosters, and those covering on call commitments, will be briefed on the provisions of SSM Section 11 to ensure compliance with ROGS and fatigue management.

5.12 Compliance with legislation

Compliance is maintained through the development and implementation of company safety standards covering operational safety, occupational health and safety and quality. Controlled copies of these standards are available electronically and accessible by all managers and staff.

5.13 Strategic safety information

Documents and material regarding safety, legislation, standards and good practice are issued by a wide range of organisations including:-

- railway legislation, including parts of The Railways and Other Guided Transport (Safety) Regulations 2006 (as amended) (ROGS), provisions contained in the Transport and Works Act 1992 Railway Safety "Miscellaneous provision regulations" Regulations 1997 and Railway Safety Regulations 1999. Heritage Railway Association (HRA) guidance is also reviewed and utilised where applicable.

- General duties under the Health and Safety at Work etc. Act 1974, Management of Health and Safety at Work Regulations 1999, and other legislation relating to the undertaking.
- Industry standards, where relevant to heritage operation in rail vehicle maintenance, alcohol and drugs standards, medical requirements for safety critical staff, and other guidance.
- Industry and civil engineering standards relating to infrastructure.
- Relevant safety guidance issued by ORR and HRA and other informed bodies.

A key part of the RCC's Horizon Scanning role is to review proposed legislation and industry standards changes to assess the likely impact on risk for K&ESR activities and take appropriate action to prepare the business for such changes.

Through the SC, a review process ensures that the K&ESR has the ability to input to the development of procedures and is proactive in ensuring that any changes to working practices necessary to comply with the requirements of new standards and guidance are properly managed.

A Safety Library is being established online where strategic documents and other media relating to safety including, Legislation, Annual Safety Reports, Guidance and research papers etc., is catalogued and disseminated through the organisation as determined by the management team.

5.14 Internal communication

Safety notice boards at signing-on points provide information on hazards, methods of working and temporary changes etc., as described in SSM Section 09. Safety information is increasingly being migrated to HOPS but managers will ensure that all staff have access to safety related information, regardless of the IT literacy.

The SMS, SSM, Rule Book, Safety Bulletins, Safety Targets, Safety Notices, Working Timetable, Board and Committee minutes and other items of interest are made available using the HOPS System or by other electronic means.

5.15 Staff induction information

Safety information is briefed to all new recruits including volunteer staff during induction as detailed in SSM Section 28. Generic and department specific handbooks are issued for new volunteers, outlining communication methods and safety information, promoting awareness of the SMS.

5.16 Safety training

A general culture of Safety Management System awareness is encouraged by all Managers and every training opportunity is taken to include effective SMS use and relevance to the K&ESR.

5.17 Monitoring safety performance

The General Manager monitors the K&ESR's ongoing safety performance and reports to the Safety Director any adverse or non-compliance situations.

Each Department Manager is responsible for monitoring Health & Safety performance within their department and reporting the results of such monitoring to the Safety Committee.

The Safety Director presents an annual report to the Board each February, identifying any trends relating to Health and Safety from the previous calendar year, Health and Safety initiatives that have been developed or introduced, and any concerns identified during audits or site visits.

The Risk & Compliance Committee is responsible for developing and implementing the internal audit programme, based upon criteria laid down in accordance with Section 12 of this document.

6 IDENTIFYING AND CONTROLLING RISK

6.1 Introduction

The K&ESR takes account of the relevant legal requirements of:

- Health and Safety at Work etc. Act 1974
- Management of Health and Safety at Work Regulations 1999 with amendments.
- Railways and Other Guided Transport Systems (Safety) Regulations 2006 (as amended)
- Other appropriate legislation and guidance

6.2 Principles of risk management

The principles of risk management for the K&ESR are set down in the Company Risk Management policy. This document describes the methodology adopted to control risk across the organisation.

Several procedures are used to identify and address risk including:-

- The use of Risk Assessments to inform Safe Systems of Work or other processes that mitigate the risks identified described in SSM Section 04.
- The Hazard Reporting/Safety Concern process described in SSM Section 02.
- The Control of Contractor arrangements described in SSM Section 06.
- The Change Management arrangements described in SSM Section 07.
- The Fatigue Management arrangements described in SSM Section 11.
- Identification and use of suitable PPE as described in SSM Section 13.
- Adherence to SSM's specific to particular activities.

6.3 Identification of hazards

The Change Management Procedure detailed in SSM Section 07, is designed to identify hazards from activities new to K&ESR.

The Management Team is responsible for monitoring of company activities as necessary to ensure safety risks are identified and suitably mitigated, taking into account recent trends and data.

Any member of staff identifying a safety hazard is encouraged to follow procedures identified in SSM, Section 02, to ensure the hazard is reported and managed correctly. Serious or urgent concerns should be reported through line management as soon as possible.

6.4 Assessing risk

All Managers should ensure that the hazards and risks created by the activities of their department are regularly reviewed by means of Risk Assessment. New or altered activities should be the subject of a Risk Assessment prior to being undertaken or introduced. Process or procedural risk (i.e. that created by developing new or altered processes, procedures or organisational structure should be address under the Change Management provisions. Risk associated with new, altered or novel vehicles, structures or equipment should in addition be subject to review by an Independent Competent Person as defined in SSM Section 07.

Activity based risk assessments are carried out by the appropriate departmental managers using various processes based on the principles detailed in SSM Section 04.

A Risk Register for each department is maintained by the appropriate manager identifying key risks and the measures in place to mitigate them. These registers will be considered by the Risk & Compliance Committee to provide high level assessments of both imported and exported risks bought about by K&ESR activities.

6.5 Risks associated with the procurement of goods and services

The procurement of goods and services for routine work is the responsibility of the relevant Departmental Manager and in certain cases defined in the Departmental Standards Manuals.

Risks associated with non-routine and new requirements are covered by SSM Section 07.

6.6 Risks associated with the use of contractors

The policy for the engagement of contractors in normal circumstances is described in SSM Section 06.

Risks associated with new requirements for contractors are also considered and controlled by the Change Management Procedures contained in SSM Section 07.

6.7 Risks associated with buildings and facilities

The General Manager is responsible for ensuring that appropriate risk assessments are performed and recorded in respect of all buildings and other facilities used as work places or accommodation by customers, staff or visitors.

6.8 Risks associated with projects

The Project Evaluation process, overseen by the Project Assessment Committee includes provisions to ensure that safety risks are properly considered, and mitigations considered prior to any project being approved.

During project delivery the responsible department or Project Manager is responsible for ensuring that all relevant provisions of the SMS suite of documents are applied as appropriate.

6.9 Risk assessment training

The General Manager is responsible for training in risk assessment for all managers and other staff as necessary.

7 MEETING STANDARDS FOR OPERATIONS AND MAINTENANCE

7.1 Identification of external requirements

The K&ESR is committed to ensuring that locomotives and rolling stock operated on its infrastructure are designed to comply with ORR's Railway Safety Publications (RSP) 5, General Guidance on Trains", and RSP 6 "The Management of Steam Locomotive Boilers", also, "Guidance on Minor Railways" and other guidance as issued by the Heritage Railway Association.

7.2 Document control arrangements

- Control of the SMS is covered under Section 1.4 of this document.
- The Safety Director is the document controller for the SMS and SSM.
- The Operating Standards Manager is the document controller for the Rule Book.
- Department Managers are the document controllers for the appropriate Department Standards Manuals.

7.3 Development of railway procedures

The Operations Dept. Standards Manual sets out policies and procedures for the operation of trains on the K&ESR. The Locomotive and Carriage and Wagon Delivery Managers are responsible for setting the train maintenance plans and procedures which are contained in the appropriate Standards Manuals.

7.4 Implementing railway procedures

The General Manager and all Department Managers are responsible for implementing the K&ESR procedures.

7.5 Monitoring the effectiveness of railway procedures

The Safety Director is responsible for implementing safety audits to ensure compliance with railway procedures and to ensure effectiveness.

7.6 Dealing with ineffective Standards and Procedures

If required on completion of an audit, the Safety Director shall issue a non-compliance report to the relevant manager. A deadline for rectifying the non-compliance will also be set. If an incident investigation identifies non-compliance or areas not adequately covered by standards or procedures, a corrective action report shall be issued to the manager for rectification.

8 CHANGE MANAGEMENT

8.1 Aims of the change management process

Procedures contained in SSM Section 07, are designed to identify and consider all significant changes made to the organisation, engineering changes and changes of practice, to ensure risks arising from those changes are controlled and kept as low as reasonably practicable.

8.2 Ensuring effective use of the change management process

The SC will normally meet monthly to consider changes proposed by Managers. The meetings should be attended by the General Manager, the Safety Director and representatives of the key safety critical departments. Approvals by the meetings of such proposals must be recorded before work is implemented. Administration support is normally provided by the General Manager.

8.3 Identification of significant changes

Significant changes are identified and categorised as minor, major, and changes requiring independent safety verification. They are assessed and controlled as prescribed by SSM Section 07. Records of proposals and assessments for such changes are kept by the Safety Director.

9 COMPETENCY MANAGEMENT

9.1 Competency management overview

Competency training, assessment, maintenance, monitoring, and recording is carried out at departmental level by the manager concerned in accordance with the relevant DSM.

9.2 Identification of safety critical tasks

Staff groups carrying out specific safety critical duties are identified in departmental standards. Detailed competency records containing evidence of competency and assessment etc. are held by the manager concerned.

9.3 Recruitment and selection

Recruitment and selection of staff is covered by the relevant DSM.

9.4 Fitness for duty

SSM, Section 08, contains the policy, procedure and medical fitness standards for members of staff engaged in safety critical work. Confirmation of medical examinations result summaries for each is recorded in individual records held by the relevant Departmental Manager.

9.5 Alcohol and Drugs Policy

The Kent & East Sussex Railway Ltd operates a zero tolerance in the use of alcohol and drugs for all staff paid or volunteers in line with the rail industry guidelines and standards. The policy contained in SSM, Section 05 explains the control measures in place to minimise unacceptable risks due to alcohol and drugs.

9.6 Provision of training

Competency-based training is covered by the relevant DSM.

Training will be delivered in a variety of forms including, but not limited to, formal training courses delivered through various appropriate media forms and informal training such as Mutual Improvement Classes.

Departmental Managers are responsible for maintaining appropriate training records for their staff. Ongoing monitoring of training and development of staff will be undertaken and may include the use of training diaries and log books.

9.7 Competence assessment

Competency assessment is carried out in accordance with the relevant DSM. A variety of means of assessment, including unobtrusive and remote methods, are adopted as appropriate to the task being performed.

9.8 Monitoring performance

The performance of all safety critical workers is monitored by competence assessment in accordance with the relevant DSM and informally by casual monitoring by the manager and supervisors.

9.9 Competency records

Competency records in the form of individual hard copy files are kept, controlled and maintained by the relevant Departmental Manager.

9.10 Competence of contractors, consultants and suppliers

The competency of specific contractors, consultants and suppliers shall be considered when engaging them, and is instigated by the Change Management process, SSM Section 07 refers.

9.11 Competency requirements for safety related work

The competency requirements for the following specific safety critical duties as defined by the ORR are contained in the appropriate departmental standards:

- Footplate Staff competence standards, - Operating
- Signalmen competence standards - Operating
- Guards competence standards - Operating
- Shunters standards - Operating
- Train Dispatch Staff standards - Operating
- Managers and Controllers standards - Operating
- Inspectors, assessors and trainers standards - Operating
- Crossing Keepers, Pilotmen and Others standards - Operating
- Loco maintainers - Locomotive
- C&W maintainers – C&W
- S&T Technician or Linesman - Infrastructure
- Permanent Way staff – Infrastructure
- F&C staff – Infrastructure

DSMs identify the specific level of competence required to undertake duties or to sign off work as complete and safe.

10 ACCIDENT AND INCIDENTS**10.1 Emergencies and incidents involving trains**

Refer to SSM Section 01 for instructions on dealing with incidents involving operations.

10.2 Reporting

Reporting of notifiable incidents is described in SSM Section 01.

Other accidents, incidents, near misses, and dangerous occurrences are reported to the relevant Manager in accordance with SSM Section 10, using the accident forms provided.

In addition, a confidential reporting system exists whereby any member of staff can report an incident directly to the Safety Director.

10.3 Investigation of accidents and incidents

Procedures for the investigation of accidents and incidents are contained in SSM Section 10.

10.4 Implementing preventative measures

Procedures for managing recommendations arising from investigations are contained in SSM Section 10.

10.5 Trend analysis and identification

The SC is responsible for identification of trends, their analysis, and reporting its findings to the Board.

11 EMERGENCY PLANNING

11.1 Incident Manual

Note:

Copies of the Incident Manual are available in printed form and held in key locations including signalboxes, stations and guards' bags.

Emergency and Incident response procedures are contained in SSM Section 01. It covers:

- Emergency response plans
- Contact names and numbers of key staff and emergency services
- Provision of information to public bodies
- Roles and responsibilities
- Reporting instructions
- Breakdown arrangements
- Station layout plans and evacuation procedures

The Incident Manual is revised and reissued by the Operating Department annually or sooner if necessary to ensure contacts information etc. is kept up to date.

11.2 Evacuation procedures

Evacuation procedures for particular stations are detailed in SSM Sections 20 to 24, copies of which are kept at the appropriate station.

11.3 Training for emergencies

Emergency and incident response are an integral part of training for Controllers, Signalmen and Incident Officers.

11.4 Testing and exercises

Exercises for evacuation of buildings and stations are carried out annually to test their effectiveness, usually prior to the main operating season.

12 AUDIT

12.1 External auditing

The K&ESR, being a Heritage Railway, has no specific requirement for external auditing other than those carried out by HMRI.

Cross auditing by other HRA member railways is encouraged as a useful tool to improve effectiveness and is described in the appropriate DSM.

12.2 Internal auditing programme

The Board Audit Committee, consisting of the Safety Director and other Directors, is responsible for developing and implementing the internal audit programme, which contains separate audit protocols for each department as appropriate.

The audit plan is prepared annually but may be amended throughout the year as required.

12.3 Using the results of audits

Non-conformances brought to light during an audit will be advised to the relevant department manager for correction and a close out. Evidence may be submitted within a short time scale after the audit if it is simply a matter of location of hard copy reports etc. If the non-conformance report is of minor detail this will be rectified within the department, however it will be noted on the audit report provided to the General Manager and Safety Director.

Non-conformances of a more serious nature in which safety is compromised will result in the General Manager or Nominated Deputy being notified immediately for whatever action is required. This may result in a disciplinary action, and measures put in place to avoid re-occurrence.

The audit reports are available for inspection if required. A review and executive summary is prepared annually indicating improvements or otherwise in safety critical areas.

13 CO-OPERATION

13.1 Co-operation with other Infrastructure Managers

The maintenance of the infrastructure at the boundary between K&ESR and RVR-managed infrastructures has no relevance to K&ESR operations at present.

13.2 Liaison with other transport undertakings and contractors

There are no interfaces with any other transport undertaking at present.

13.3 Other landowners

K&ESR will as far as is reasonably practicable liaise with its neighbours to minimise imported risks, e.g. dangerous trees and misuse of user worked crossings.

14 DESIGN OF THE INFRASTRUCTURE

14.1 Former British Railways Branch Line

The K&ESR consists of parts of a longer light railway which was opened in sections between Headcorn and Robertsbridge as a private concern from 1900, and was absorbed into British Railways in 1947, finally closing to passenger trains in 1954 and to freight in 1961. It utilises original station buildings and associated structures where they survive.

14.2 K&ESR designed works

The track layout has been enhanced with additional sidings etc., which are designed in line with principles contained in the former British Railways (BR) Handbook 49, Railtrack Company Specification RT/CE/S/049, The Railways Safety Principles and Guidance Notes, (RSPG) and Railways Safety Publications, Guidance on Minor Railways, (RSP 5), where appropriate.

14.3 Control of specific infrastructure risks (excluding stations)

Changes to the infrastructure are managed in accordance with Section 7 of this document, and SSM Section 07. Procedures are contained in the Infrastructure Standards Manual.

15 MAINTENANCE OF THE INFRASTRUCTURE

The K&ESR is a heritage railway operating at 25 mph (40 kph) and is maintained in accordance with guidance prepared by the ORR, such as Railway Safety Publications, Book 5, Minor Railways. The infrastructure maintenance boundary is the same as the K&ESR operation.

The maintenance of the infrastructure and equipment is further described in the Infrastructure Standards Manuals, which are grouped as follows:

- Departmental Procedures Manual, Permanent Way
- Departmental Procedures Manual, Signals and Telecomms
- Departmental Procedures Manual, Forestry and Conservation

The manuals contain procedures, method statements, competency management systems, and performance standards relevant to each area, and are further supported by guidance notes produced for heritage railways by nationally accepted bodies such as the Permanent Way Institution and Heritage Railway Association.

Independent specialist engineering consultants are used where appropriate and in particular regarding safety critical structures and equipment.

16 OPERATION OF THE INFRASTRUCTURE

K&ESR-controlled infrastructure is operated in accordance with the KESR Operating Standards Manual and Rule Book. These detail operation of the infrastructure under normal and degraded conditions, including reporting of defects or other emergencies.

K&ESR is a Heritage Railway with a maximum permitted line speed of 25 mph (40 kph). Rolling stock route availability is restricted to RA8 in accordance with the BR standard system.

Safety of staff likely to be working on or near the line is covered by the Rule Book and SSM Section 29, applicable to all members of staff and delivered on induction by the Operating Department or other authorised individuals.

17 TYPES OF WORK AND COMPLIANCE WITH LEGISLATION

Safety critical work is controlled in accordance with HRA Guidance Note S0002 (Management of Safety Critical Work) where appropriate to ensure full compliance with ROGS.

The training of Safety Critical Workers is covered in the relevant Standards Manuals for each Department. Medical standards for all safety critical grades are detailed in SSM Section 08.

Competency records are maintained and held by the appropriate Departmental Head.

Applicable safety legislation relating to other types of work is controlled by departmental procedures contained in the relevant chapters of the Safety Standards Manual.

Management of specific occupational Health and Safety subjects e.g. Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), and Provision and Use of Work Equipment Regulations 1998 (PUWER), are covered in SSM Sections 14 and 34 respectively.

Specialists are used or consulted where competencies are not held internally, e.g. independent civil engineer. Appointment of these specialists must be approved by the General Manager taking account of professional qualifications, experience and evidence of senior responsibilities in the relevant disciplines.

18 ROLLING STOCK DESIGN AND MAINTENANCE

18.1 Types of rolling stock used by the K&ESR

The K&ESR owns rolling stock and also leases rolling stock from various owning groups and individuals.

It operates steam and diesel locomotives, and a diesel-mechanical multiple unit for heritage services on the line. Diesel locomotives have a mix of mechanical, hydraulic and electric power transmission systems.

Passenger-carrying vehicles include bogie vehicles and vintage four and six wheeled carriages.

All vehicles used in passenger trains are fitted with continuous automatic vacuum brakes and are provided with screw or buckeye couplings and side buffers. All bogie corridor vehicles have an internal passenger-operated alarm system which is accessible to all passengers and which applies the train's brakes in an emergency. Vintage style vehicles are not all fitted with a passenger operated alarm system.

Some non-passenger carrying vehicles are fitted with continuous automatic vacuum brakes and all have hand brakes. A few vehicles are "piped" but do not themselves have automatic brakes.

The diesel mechanical multiple unit used in passenger trains is fitted with a continuous braking system.

A number of engineers' and goods vehicles are used for storage, to support engineering activities and are also occasionally used for demonstration purposes. The company also employs non-passenger-carrying vehicles, such as wagons, trolleys, on track plant and road-rail vehicles of a variety of designs to undertake the maintenance and renewal of its track and infrastructure in general and on occasional use in public demonstrations.

18.2 Relevant safety rules and requirements

Trains will travel at a maximum speed of 25 mph (40 kph).

18.3 Maintenance plans and procedures

All maintenance plans and procedures are contained in the Loco and C&W Standards Manuals. The procedures contain method statements, competency management systems, and performance standards relevant to each area, some of which overlap other areas of the SMS, but are being gradually slimmed down as necessary for simplicity.

Periodic examinations for all vehicles are carried out by competent staff and recorded with details of remedial action and maintenance. Final fitness to run in each case is signed off by qualified supervisors, whose competence is recorded in the department's competency records.

18.4 Placing new or altered vehicles in service

The Change Management Procedure, outlined in Section 7 of this document, and fully detailed in SSM Section 07, describes the procedures for controlling the risk of significant change, including placing vehicles in service, and modifications to vehicles. As most changes of this type will have implications for more than one department, they will be classed as "major" therefore requiring approval from the SC.

SSM Section 07 also sets out procedures for independent safety verification when required by ROGS, vehicle acceptance procedures, and for tests and trials on those not yet placed into service.

19 OTHER ACTIVITIES (NON-ROGS)

19.1 Special public events

Special events attracting large crowds of visitors may need to meet certain legal requirements and best practices contained in the 'Event Safety Guide', a document issued by the Health & Safety Executive (HSE), and information contained in 'Events Safety Made Simple' published on the HSE website. Additionally, information and guidance is contained in the National Traction Engine Trust and Military Vehicle Trust codes of practice for shows containing moving vehicles and large crowds.

19.2 Contractors

The safety arrangements concerning the hire of contractors for site work, supply of materials and services to the K&ESR, are to a large extent controlled by the Change Management process, SSM Section 07 refers. In considering changes that may import unacceptable risks, it is reasonable to be concerned about contracts involving personnel other than K&ESR employees. Very often these contractual activities involve unfamiliar or new elements with potential hazards affecting the safety of normal operations.

SSM Section 06, serves to offer assistance to managers and project leaders with suggestions and guidance when considering contractor hire so that a comprehensive and well thought-out change is presented for approval.

19.3 Working at height

Working at height presents considerable potential for serious accidents, especially from falling. The Working at Heights Regulations 2005 contain rules and guidance to reduce risks when activities involve working at heights. Guidance for managers on compliance and responsibilities is contained in SSM Section 15.

19.4 Control of substances hazardous to health (COSHH)

Most areas of the Railway use substances, or products that are mixtures of substances. Some processes create substances. These could cause harm to employees, contractors and other people.

It is the responsibility of Departmental Managers to assess risks and to minimise and control those risks when prescribing methods of work involving exposure of employees to hazardous substances. Guidance for managers on COSHH compliance and responsibilities is contained in SSM Section 17.

19.5 Lifting operations and lifting equipment

It is the responsibility of each Departmental Manager to ensure relevant equipment and activities under his control comply with the requirements of the Lifting Operations and Lifting Equipment Regulations 1998 (LOLER), in order to protect staff. Guidance for managers on compliance and responsibilities is contained in SSM Section 14.

19.6 Safe use of Work Equipment

SSM Section 34 outlines the relevant provisions of the PUWER regulations

19.7 Miscellaneous regulations

SSM Section 19, highlights some of the responsibilities for compliance with certain regulations applicable to K&ESR activities not covered by the other parts of the SMS. It includes guidance on:

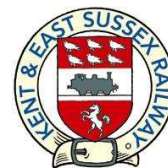
- Catering,
- Hot working,
- Safety of young persons.

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Kent & East Sussex Railway



TENTERDEN TOWN STATION, TENTERDEN, KENT TN30 6HE
Telephone 01580 765155 • enquiries@kesr.org.uk • kesr.org.uk

26/04/2021

Dear,

As you may be aware, the railway is due to start running public trains again on May 22nd 2021. In preparation for re-opening a number of trains for maintenance and crew training will be operating all along the line prior to that date.

We have noticed that some farm crossing users have been a little more relaxed than normal with keeping crossing gates closed. It is of course very important to protect crossing users from a potentially fatal accident involving a train, therefore we ask you and any authorised users to use the crossings with care and in accordance with the signage adjacent to each crossing. It is very important to us that we keep you, any staff you may have and railway passengers safe.

We would appreciate it if you could remind anyone who is likely to use a crossing over the railway of their responsibilities in law to keep gates closed and remind them that the gates on both sides of the line must be opened first before attempting to cross the railway line with a vehicle.

Best Regards

Pete Salmon
Operating Manager

The Kent & East Sussex Railway Company Limited

A charitable company, limited by guarantee and not having a share capital
A company registered in England No. 01007871 • Registered Charity No 262481 • VAT No. 202 1098 21

Registered number: 01007871
Charity number: 262481

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 October 2019

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Financial Headlines

31 October 2019

- The Company's consolidated income for the year ended 31st October 2019 was £2,273,677 compared with £2,030,181 in 2018.
- The Company recorded a net consolidated surplus of £12,162 in 2019 compared with a deficit of £107,922 in 2018 (page 45).
- Colonel Stephens Railway Enterprises Ltd, the wholly owned trading subsidiary, which includes all the commercial activities, achieved sales of £877,288 compared with £879,322 in the previous year and a surplus of £152,064 compared with £238,252 in 2018 (page 49).
- The total net cash in the balance sheet at the year-end was £270,823 Compared with £207,078 in 2018 (see below).
- Total visitor numbers during the year rose by 7.5% (see below).

6-Year Net Cash and Debt Profile (year end)

	2019	2018	2017	2016	2015	2014
CAF Bank Loan	(357,008)	(390,890)	(424,141)	(456,788)	(487,718)	(512,658)
Other Loan	(34,000)	-	-	-	-	-
Total Capital	(391,008)	(390,890)	(424,141)	(456,788)	(487,718)	(512,658)
Cash at Bank and In Hand	661,831	597,968	793,063	490,833	460,006	376,822
Total Net Cash / (Debt)	<u>270,823</u>	<u>207,078</u>	<u>368,922</u>	<u>34,045</u>	<u>(27,712)</u>	<u>(135,836)</u>

The figures for cash include Advance Bookings.

Visitor Numbers

	2019	2018	2017	2016	2015	2014
Service Trains / Admissions	83,907	77,491	85,270	76,670	76,291	80,828
Pullman Dining Trains	3,085	3,404	3,091	3,617	3,198	3,058
	<u>86,992</u>	<u>80,895</u>	<u>88,361</u>	<u>80,287</u>	<u>79,489</u>	<u>83,886</u>

Platform Tickets (2,296 in 2019) excluded from the above.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

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The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Reference and administrative details of the Charity, its Trustees and Advisers
for the year ended 31 October 2019

Constitution

The Kent & East Sussex Railway Company Limited is a company limited by guarantee and a registered charity. Charity Number: 262481. Company Number 01007871.

Directors and Trustees

The Directors of the Charitable Company ('the Charity') are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and at the date of this report were as follows:

S A Marsh	Chairman from 15 December 2018
I C Legg 1	Chairman until 15 December 2018
G A Crouch 1	Finance Director
M J Hyner	(appointed 17 November 2018)
D J Nibloe	(appointed 16 November 2019)
P D Shaw 1	
N D Sime	
P E Vidler	(appointed 16 November 2019)
R M White	
B R Atkins	(resigned 16 November 2019)
D J Hazeldine	(resigned 3 May 2019)
C R Mitchell	(resigned 17 November 2018)
S C Phillips	(resigned 17 November 2018)

1 also directors of Colonel Stephens Railway Enterprises Limited at the date of this report

Registered office

Tenterden Town Station, Station Road, Tenterden, Kent, TN30 6HE

Company Secretary and Assistant Company Secretary

C H Mavor and P Edwards

Senior management team

S Dewey (General Manager), A Freeman (Commercial Manager), H Douglas (Marketing Manager), P Salmon (Operations Manager), P Wilson (Carriage & Wagon Delivery Manager), A Hardy (Service Delivery Manager), D Brenchley (Locomotive Delivery Manager)

Independent auditor

Kreston Reeves LLP, Chartered Accountant, Statutory Auditor, Kreston Reeves LLP, Montague Place, Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU

Bankers

CAF Bank Limited, PO Box 289, West Malling, Kent, ME19 4TA
National Westminster Bank plc, 58 High Street, Tenterden, Kent, TN30 6AX

Solicitors

Rix & Kay LLP, The Courtyard, River Way, Uckfield, East Sussex, TN22 1SL

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report
For the year ended 31 October 2019

The Trustees are pleased to present their report together with the financial statements of the Charity for the year ended 31 October 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS 102) in preparing the annual report and financial statements of the Charitable Company.

Legal and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Our purposes and activities

The purposes of the Charity are to preserve, restore and operate the whole or parts of the railway from Tenterden in Kent to Robertsbridge in Sussex (known as The Kent & East Sussex Railway) as a permanent public exhibition and museum, which includes the preservation, display and operation of steam and other locomotives, rolling stock, equipment, and other relics. The Charity thereby aims to contribute to technical, historical, and general education concerning the operation of a rural light railway.

The Trustees consider that the Charity's objectives are for the public benefit and that its activities, achievements, and performance are consistent with its objectives having had regard to Charity Commission guidance, including the guidance "Public Benefit: running a charity (PB2)".

To achieve its objects the Charity: -

- operates a heritage railway service with authentic locomotives and rolling stock.
- acquires, preserves, and restores steam and other locomotives, rolling stock and relics of historical, operational, educational, and general interest.
- maintains, improves, and develops the railway and the land, works and buildings relating thereto.
- encourages and promotes the interest, support, and participation of young people in the railway by establishing and maintaining contacts with schools, universities etc.; and
- maintains a public museum and library of objects of interest to the history of the railway, its founder, Colonel Stephens, and his other railways.

The major area of activity of the Charity continues to be the operation of a heritage railway service as a means of demonstrating and exhibiting steam and other railway locomotives, rolling stock etc., which provides funding for the restoration of engines, carriages and wagons and the railway itself.

The Charity offers people the opportunity to experience the delights of the steam age, and to understand this historic means of travel which changed the face of Britain. For others it offers the opportunity to volunteer their time, helping us maintain and renovate the locomotives, carriages, and other infrastructure.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report
For the year ended 31 October 2019

Our purposes and activities (continued)

For many years, the Charity has also run special events, principally "Santa Specials" at Christmas and "Days out with Thomas" at various other times of the year. While providing a valuable source of income to assist with various preservation and other similar projects, such events are important in encouraging and promoting the interest of young people in the railway. In furtherance of this aim the Charity has close links with the education departments of local authorities, as illustrated by our "Evacuation Experience" and now regarded by many schools in Kent and East Sussex as an essential ingredient in their teaching of this aspect of modern history.

Members and volunteers

The Trustees greatly value the support given by the members. At 31 October 2019, the membership stood at 2,565, including approximately 500 active volunteers. The Charity and its wholly owned trading subsidiary is grateful for the continued efforts of their volunteers whose contributions are integral to the growth, development, and operation of activities.

Colonel Stephens Museum

The museum has offered free admission to all visitors in 2019 and will continue to do so throughout 2020.

Financial review

Your Company achieved a modest surplus of £12,162 (on unrestricted funds) for the year compared with an unrestricted deficit of £102,973 in 2018/19. Total income, before legacies and share of associated company profits, was up from £1,975,709 to £2,155,849. Our highly regarded Santa Specials achieved record visitors of 15,240 and income of £381,973. "Day Out with Thomas" receipts were up from £74,155 to £148,405, which reflected an increased number of operating days. Our net cash in hand at the end of the year was £661,831, up from £597,968 in 2018 and total cash net of debt improved from £207,078 to £270,823. However, year-end cash is always a seasonally high figure reflecting advance income receipts for Santa Specials and Pullman dining trains. Our low point for cash is usually April, when we have incurred the cost of the winter overheads, but the season has yet to get under way. The total number of passengers carried in 2019 was 86,992 compared with 80,895 in 2018, representing an increase of over 7% and our total costs were contained by a relatively modest 4% increase at £2,178,695.

Outlook for 2020

At the time of writing the Corona virus outbreak has necessitated a complete closure of the Railway and the cancellation of the Easter Thomas event. It is unlikely that we shall be able to resume operations before the end of June at the earliest, and there will be no Thomas services this year. It is clear that we will need the support of our members, our bankers and our backers to get through the current difficulties. The decision has been taken to furlough virtually all of our staff, although some functions such as accounting, future marketing and general management will be carried on from home. Working members are still active, enthusiastic and looking forward to when we can resume operations once again.

Investment powers and policy

Under the memorandum and articles of association, the Charity has the power to make any investment which the Trustees see fit.

Reserves policy

The Trustees have reviewed the reserves of the Charity. The review considered the nature of the income and expenditure streams and the need to match variable income with fixed commitments and the nature of the reserves.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report
For the year ended 31 October 2019

Reserves policy (continued)

The unrestricted reserves of the Group increased in the year by £12,162 to £1,167,016 (see Note 22). The unrestricted reserves are maintained to meet the Charity's ongoing unrestricted charitable expenditure as well as the longer-term financing of the Charity.

Restricted reserves have decreased by £25,546 to £1,698,367 and the purpose of these funds is detailed in Note 21 in the financial statements.

The Group normally meets its day to day working capital requirements through internally generated revenues. The nature of the Group's activities is such that there can be considerable variation in the timing of cash inflows. The Trustees have prepared projected cash flow information for the year ending October 2020 incorporating additional loan and overdraft support from our bankers as well as Government schemes introduced to mitigate the effect of the Covid-19 lockdown.

At 31 October 2019, the Charity had net current assets of £80,151, which include cash at bank and in hand of £661,951. These funds include amounts held to enable the Charity to operate during the winter months when income levels are much reduced; sums received in advance for future bookings; and balances in respect of restricted funds. Further details in respect of the latter are provided in note 21.

Structure, governance, and management

Governing document

The Kent and East Sussex Railway Company Limited is a company limited by guarantee governed by its memorandum and articles of association. It is registered as a charity with the Charity Commission. Anyone can apply to become a member of the Company. At the year-end there were 2,565 members (2018: 2,466) each of whom undertakes to contribute an amount not exceeding £1 in the event of the winding up or dissolution of the Charity.

Recruitment and appointment of Trustees

As set out in the articles of association the Chairman of the Trustees is elected by them. Every Trustee who has served for a term of three years must retire from office. A retiring Trustee is eligible for re-election by the Members. The Trustees have the power at any time to appoint any member to be a Trustee, either to fill a casual vacancy or as an addition to the existing Trustees.

Trustee induction and training

New Trustees are briefed informally on their legal obligations under charity and company law, the content of the memorandum and articles of association, the committee, and decision-making processes, and recent financial performance of the Charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

A Board of Trustees of up to ten members, who meet monthly, administers the Charity. There are subcommittees covering individual areas of activity and individual Trustees have taken responsibility for monitoring the activities in specific operational areas. They report points for action at Trustee meetings. A General Manager is appointed by the Trustees to manage the day to day operations of the Charity.

The non-charitable trading activities are conducted through the wholly owned trading subsidiary, Colonel Stephens Railway Enterprises Limited.

A wholly owned subsidiary, Robertsbridge 20/20 Limited, has been incorporated to investigate the long-term objective of operating the railway to Robertsbridge. This Company is dormant.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report
For the year ended 31 October 2019

Organisation (continued)

A separate dormant Company, Tenterden Railway Company Limited, continues in existence to protect the parent company's previous name.

On 19/10/2019, the Company acquired additional share capital in 6619 Limited for £15,886, which was settled in cash. That took the total investment in this Company to 51%, meaning that it should now be classified as a subsidiary, rather than an associate.

Key management personnel

The Board of Trustees is responsible for setting Policies and Instructions including those relating to Safety. The Board monitors the performance of the Management team against these Policies and Instructions and directs the General Manager accordingly. Key Management consists of the General Manager who oversees day to day operations, as well as Departmental Managers, some of whom are remunerated. The remuneration of the General Manager and the Employed Departmental Managers is set by the Board.

Related parties

Details of related parties are provided in Note 26 to the accounts.

Principal risks and uncertainties

The Trustees actively review the strategic business and operational risks to which the Charity is exposed and systems have been established to enable regular reports to be submitted to them. Arising from these regular reporting procedures the Trustees can take all necessary steps to lessen any risk to the Charity. The principal risks and uncertainties facing the Charity are as follows:

- The lockdown of the company's activities as a result of the Covid-19 pandemic has resulted in the Charity receiving no operating income in the first 5 months of 2020 and there is no indication as to when the Railway may re-open
- Competing tourist attractions - the market in which the Charity operates is relatively competitive, and therefore the attractions of competing tourist destinations could result in losing income to them. The Charity manages this risk by providing quality and innovative attractions to engender public interest in the Charity's heritage locomotives and other assets.
- Health and safety - attention is focused on non-financial risks relating to safety issues arising from the operation of the railway. This is monitored by a Management Safety Group chaired by the General Manager.
- Financial risk - a key element in the management of financial risk is the regular review of the Charity's internal management accounts and cash flow generally against budget. Cash resources are reviewed on a weekly basis.
- Loss of key personnel or fewer people willing to volunteer their time - these would present significant operational difficulties for the Charity. The Trustees seek to ensure that key paid personnel are appropriately remunerated, and efforts are made to encourage volunteering.

The Charity also regularly issues policy documents dealing with risk management.

Trustees

The Trustees in office during the year and at the date of this report are set out on page 1. No Trustee is remunerated by the Charity or its trading subsidiary.

Post balance sheet events

At the time of signing the accounts the Trustees are aware of the potential economic and social effects of the Covid-19 virus outbreak. The full impact of the pandemic on the UK economy is yet to be seen, but the Charity will continue to seek to mitigate this risk by following the UK Government's guidelines and adapting/developing its own internal strategy.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Trustees' report
For the year ended 31 October 2019

Trustees' responsibilities in relation to the financial statements

The Trustees as Directors are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial period. Under that law the Trustees 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 trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation of the Charity and of the results of the Charity for that period. In preparing these 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; and
- 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 adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:

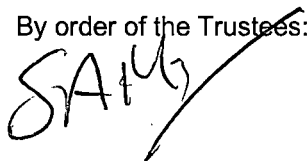
- so far as we are aware, there is no relevant audit information of which the Charity's auditors are unaware.
- and
- as the Directors of the Company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

All Directors have signed declarations to the effect that they are fit and proper persons to act for the Charity in accordance with the requirements of the Finance Act 2010.

Auditor

The auditor, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the Trustees:



S A Marsh
Chairman

Date: 30 May 2020

The Kent & East Sussex Railway Company Limited

(A company limited by guarantee)

Independent auditor's report to the Members of The Kent & East Sussex Railway Company Limited

Opinion

We have audited the financial statements of The Kent & East Sussex Railway Company Limited (the 'Parent Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 October 2019 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, 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 Group's and Parent Charitable Company's affairs as at 31 October 2019 and of the group's income and application of resources, including its income and expenditure 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 and the Charities Act 2011.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Charitable Company's in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

The Kent & East Sussex Railway Company Limited

(A company limited by guarantee)

Independent auditor's report to the Members of The Kent & East Sussex Railway Company Limited (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Trustees' report (incorporating the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

The Kent & East Sussex Railway Company Limited

(A company limited by guarantee)

Independent auditor's report to the Members of The Kent & East Sussex Railway Company Limited (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) 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 Trustees determine is 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 Trustees are responsible for assessing the Group's and Parent Charitable 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 Trustees either intend to liquidate the Group or Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an Auditor's report 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Charitable Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charitable Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Charitable Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

The Kent & East Sussex Railway Company Limited

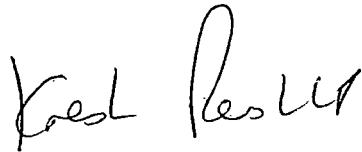
(A company limited by guarantee)

**Independent auditor's report to the Members of The Kent & East Sussex Railway Company Limited
(continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Charitable 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 Charitable Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



S Robinson BA FCA FCIE DChA MCMI (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor
Chatham Maritime

Date: 15 June 2020

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Consolidated Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 October 2019

		Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	As restated Total funds 2018 £
	Note				
Income from:					
Donations and legacies	6	146,587	85,885	232,472	149,156
Charitable activities	6	1,156,211	-	1,156,211	996,754
Other trading activities	6	877,288	-	877,288	879,322
Share of associate net income		7,706	-	7,706	4,949
Total income		2,187,792	85,885	2,273,677	2,030,181
Expenditure on:					
Raising funds		462,988	-	462,988	453,027
Charitable activities	7 - 10	1,712,642	111,431	1,824,073	1,709,026
Total expenditure		2,175,630	111,431	2,287,061	2,162,053
Net movement in funds		12,162	(25,546)	(13,384)	(131,872)
Reconciliation of funds:					
Total funds brought forward	22	1,154,854	1,723,913	2,878,767	3,010,639
Net income / (expenditure) attributable to the parent company		134,745	(25,546)	109,199	(131,872)
Total funds		1,289,599	1,698,367	2,987,966	2,878,767
Non-controlling interests recognised in the year	20	(122,583)	-	(122,583)	-
		1,167,016	1,698,367	2,865,383	2,878,767

The notes on pages 15 to 44 form part of these financial statements.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)
Registered number: 01007871

Consolidated balance sheet
as at 31 October 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	13	6,646	-
Tangible assets	14	3,197,609	3,002,124
Heritage assets	14	16,511	16,511
Investments	15	9,789	122,040
		<u>3,230,555</u>	<u>3,140,675</u>
Current assets			
Stocks	16	33,159	37,178
Debtors	17	107,043	159,208
Cash at bank and in hand		661,951	597,968
		<u>802,153</u>	<u>794,354</u>
Creditors: amounts falling due within one year	18	<u>(722,002)</u>	<u>(698,011)</u>
Net current assets		<u>80,151</u>	<u>96,343</u>
Total assets less current liabilities		<u>3,310,706</u>	<u>3,237,018</u>
Creditors: amounts falling due after more than one year	19	<u>(322,740)</u>	<u>(358,251)</u>
Net assets		<u><u>2,987,966</u></u>	<u><u>2,878,767</u></u>
Charity funds			
Restricted funds	21	1,698,367	1,723,913
Unrestricted funds	22	1,167,016	1,154,854
Total funds		<u>2,865,383</u>	<u>2,878,767</u>
Non-controlling interests	20	122,583	-
		<u><u>2,987,966</u></u>	<u><u>2,878,767</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 30 May 2020 and signed on their behalf by:


S A Marsh
Chairman


G A Crouch
Trustee

The notes on pages 15 to 44 form part of these financial statements.

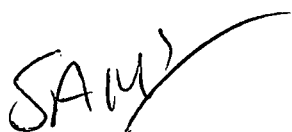
The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)
Registered number: 01007871

Company balance sheet
as at 31 October 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Tangible assets	14	3,001,576	3,057,880
Heritage assets	14	16,511	16,511
Investments	15	145,640	122,048
		<u>3,163,727</u>	<u>3,196,439</u>
Current assets			
Debtors	17	103,375	145,233
Cash at bank and in hand		601,683	546,386
		<u>705,058</u>	<u>691,619</u>
Creditors: amounts falling due within one year	18	<u>(625,034)</u>	<u>(592,219)</u>
Net current assets		<u>80,024</u>	<u>99,400</u>
Total assets less current liabilities		<u>3,243,751</u>	<u>3,295,839</u>
Creditors: amounts falling due after more than one year	19	(322,740)	(358,251)
Net assets		<u><u>2,921,011</u></u>	<u><u>2,937,588</u></u>
Charity funds			
Restricted funds	21	1,698,367	1,723,913
Unrestricted funds	22	1,222,644	1,213,675
Total funds		<u><u>2,921,011</u></u>	<u><u>2,937,588</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 30 May 2020 and signed on their behalf by:



S A Marsh
Chairman



G A Crouch
Trustee

The notes on pages 15 to 44 form part of these financial statements.

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Consolidated statement of cashflows
for the year ended 31 October 2019

	2019 £	As restated 2018 £
Cash flows from operating activities		
Net cash used in operating activities (note 30)	<u>175,178</u>	<u>22,169</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(87,840)	(157,223)
Purchase of investments, net of cash acquired	(15,767)	(21,841)
Share of associates profit / (loss)	(7,706)	(4,949)
Net cash used in investing activities	<u>(111,313)</u>	<u>(184,013)</u>
Cash flows from financing activities		
Cash inflows from new borrowing	34,000	-
Repayments in borrowing	(33,882)	(33,251)
Net cash provided by / (used in) financing activities	<u>118</u>	<u>(33,251)</u>
Changes in cash and cash equivalents in the year	63,983	(195,095)
Cash and cash equivalents at the beginning of the year	597,968	793,063
Cash and cash equivalents at the end of the year	<u><u>661,951</u></u>	<u><u>597,968</u></u>

The notes on pages 15 to 44 form part of these financial statements.

Notes to the financial statements
for the year ended 31 October 2019

1 General information

The Kent & East Sussex Railway Company Limited is a company limited by guarantee in the United Kingdom. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company. The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charitable Company's operations and principal activities are set out on page 2.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Kent & East Sussex Railway Company Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertakings Colonel Stephens Railway Enterprises Limited, Robertsbridge 20/20 Limited, Tenterden Railway Company Limited and the Company's controlling interest in 6619 Limited. The results of the subsidiaries are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2.2 Group financial statements

The financial statements consolidate the results of the Charity and its wholly-owned subsidiary companies, Colonel Stephens Railway Enterprises Limited, Robertsbridge 20/20 Limited and Tenterden Railway Company Limited, as well as the 51% owned 6619 Limited, on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the Charity itself is not presented because the Charity has taken advantage of exemptions afforded by section 480 of the Companies Act 2006.

2.3 Going concern

After reviewing the Charity's forecasts and projections, the Trustees are taking the necessary steps to ensure as far as is possible in the current economic climate that the Charity has adequate resources to continue to function in "lockdown mode", and then resume operating services when safe to do so. The Charity therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Notes to the financial statements
for the year ended 31 October 2019

2 Accounting policies (continued)

2.4 Income

Charitable activities

Income from fares and charter trains is included in income in the period in which the journey is taken.

Donations, Subscriptions, Grants, Legacies and Similar Income

Income from donations, subscriptions (including life), grants, legacies and similar income is included when receivable, except as follows:

- when donors specify that donations and grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.
- when donors impose conditions, which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included until the pre-conditions for use have been met.
- when donors specify that donations and grants, including capital grants, are for particular purposes, which do not amount to pre-conditions regarding entitlement, the income is included in restricted funds when receivable.

Income from commercial trading operations

The trading subsidiary's income is recognised as earned when goods and services are provided, net of value added tax.

2.5 Volunteers and donated services and assets

The value of voluntary services provided by members and others is not incorporated into these financial statements on the basis that no financial cost is borne by a third party.

Where assets are provided to the Charity as a donation that would normally be purchased from a third party, the donated asset is included in the financial statements at an estimated valuation.

2.6 Expenditure

Expenditure is recognised when a liability is incurred on an accruals basis. Costs are classified as follows:-

- Charitable activities include expenditure in relation to the operation and maintenance of the railway, rolling stock and stations and include both the direct costs and support costs relating to these activities.
- Costs of raising funds are those costs attributable to attracting voluntary and similar income and those incurred in relation to commercial trading activities that raise funds.
- Support costs include central functions that have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating staff costs by reference to an estimate of the overall time spent and other costs by their estimated usage. They include those costs incurred in the governance of the Charity and its assets, which are primarily associated with constitutional and statutory requirements.

Notes to the financial statements
for the year ended 31 October 2019

2 Accounting policies (continued)

2.7 Intangible assets and amortisation

Intangible assets costing £Nil or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Goodwill	5 years straight line
----------	-----------------------

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of reconstruction, at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

Permanent way, bridges and buildings	2% / 10% straight line
Car park	10% straight line
Railway locomotive and rolling stock	2% / 10% straight line
Plant	10% straight line
Furniture and equipment	10% / 25% / 33% straight line

The railway loco stock includes costs associated with work arising from ten year boiler inspections of locomotives on long term loan to the railway from third parties.

At each reporting date, the Charity reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Financial Activities.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

Notes to the financial statements
for the year ended 31 October 2019

2 Accounting policies (continued)

2.9 Heritage assets

Since April 2001 the Charity has held many thousands of papers and artefacts comprising the Colonel Stephens Railway Museum collection. The collection in existence at the date of transfer to the Charity is not recognised in the balance sheet as cost information is not readily available and the Trustees believe that the benefits of obtaining valuations for these items would not justify the cost. The vast majority of items in the collection were acquired by individuals on behalf of, and subsequently donated to, Colonel Stephens Railway Museum over a period of 30 years.

The Charity's management policy in respect of its heritage assets is summarised in Note 14. Individual heritage assets acquired after April 2011 and costing up to £1,000 (up to 31 December 2014 £500) or more have been capitalised. The capitalised cost is not subject to depreciation in view of the nature of the collection.

2.10 Investments

Investments in subsidiary and associate undertakings are recognised at cost less any provisions for impairment.

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Associated undertakings

Investments in associates are stated at the amount of the Company's share of net assets. The Statement of financial activities includes the Company's share of the associated companies' profits after taxation using the equity accounting basis.

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises direct costs of purchase that have been incurred in bringing the stock to its present location and condition.

2.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to the financial statements
for the year ended 31 October 2019

2 Accounting policies (continued)

2.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.15 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest

2.16 Leasing and hire purchase

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance lease are recognised as assets at the lower of each asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the Balance Sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Financial Activities so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into prior to the date of transition of the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

Notes to the financial statements
for the year ended 31 October 2019

2 Accounting policies (continued)

2.17 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2.18 Taxation

The Kent and East Sussex Railway Company Limited is a registered charity and accordingly no provision is considered necessary for taxation.

2.19 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The pension scheme cost charged in the period represents contributions payable by the Charity or its trading subsidiary into individual stakeholder pension schemes.

Notes to the financial statements
for the year ended 31 October 2019

3 Critical accounting estimates and areas of judgement

In the application of the Charity's accounting policies, the trustees are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from their sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

The critical judgements that the trustees have made in the process of applying the Company's policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the trustees have considered both external and internal sources of information such as market conditions, counter-party credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial period.

Provisioning for dilapidations

No provision has been made for dilapidations on hired assets. This is on the basis that at the end of the year trustees had not been notified by any of the owners of the hired assets that they wished to terminate their agreements and, where applicable, therefore require the Charity to undertake repairs to put the hired asset back into its state of repair at the time it was first made available to the Charity.

While it is recognised that during the course of the operation of hired assets, wear and tear will occur, no provision is made because:

- the amount of any obligation cannot be estimated reliably; and
- it is more likely than not that the Charity will not be required to make payment to the hirers of the dilapidation's.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating value in use

Where an indication of impairment exists the trustees will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the trustees to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate the present

Notes to the financial statements
for the year ended 31 October 2019

3 Critical accounting estimates and areas of judgement (continued)

Determining residual values and useful economic lives of tangible assets (property, plant and equipment)

The Charity depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the Charity would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

4 Financial activities of the Charity

	Year Ended 31.10.2019 £	As restated Year Ended 31.10.2018 £
Gross income	1,807,624	1,575,269
Total expenditure on charitable activities	(1,662,617)	(1,555,859)
Cost of raising funds	(147,490)	(140,455)
Interest payable and similar charges (net of interest received)	(14,094)	(14,500)
Net expenditure	(16,577)	(135,545)
Total funds brought forward	2,937,588	3,073,133
Total funds carried forward	2,921,011	2,937,588
Represented by:		
Restricted income funds	1,698,367	1,723,913
Unrestricted income funds	1,222,644	1,213,675
	2,921,011	2,937,588

Notes to the financial statements
for the year ended 31 October 2019

5 Raising funds - commercial trading operations

The wholly-owned trading subsidiary, Colonel Stephens Railway Enterprises Limited, pays all of its profits to the Charity under a deed of covenant. A summary of its trading results is shown below:

	Year Ended 31.10.2019	As restated Year Ended 31.10.2018
	£	£
Summary of profit and loss account		
Turnover	877,288	879,322
Cost of sales and administration expenses (including group recharges)	(725,224)	(641,070)
Net profit	152,064	238,252
Payments to charity - deed of covenant	(152,064)	(238,252)
Retained in subsidiary	-	-

Colonel Stephens Railway Enterprises Limited paid the Charity £259,171 in respect of train charter charges during the year (2018 - £188,043).

The assets and liabilities of the subsidiary were:

	Year Ended 31.10.2019	As restated Year Ended 31.10.2018
	£	£
Current assets	131,552	152,692
Creditors: amounts falling due within one year	(131,545)	(152,685)
Aggregate of share capital and reserves	7	7

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

6 Income

	Year Ended 31.10.2019 £	Year Ended 31.10.2018 £
Unrestricted funds		
Income from charitable activities	1,156,211	996,754
Donations	47,359	24,250
Legacies	27,302	12,810
Gift aid	32,342	34,856
Membership subscriptions	39,584	40,527
Other trading activities	877,288	879,322
	2,180,086	1,988,519
Restricted funds		
Donations	85,885	36,713
	2,265,971	2,025,232

Notes to the financial statements
for the year ended 31 October 2019

7 Analysis of expenditure on charitable activities

	Year Ended 31.10.2019 Unrestricted funds £	Year Ended 31.10.2019 Restricted funds £	Year Ended 31.10.2019 Total funds £
Locomotive and rolling stock operating expenses	446,147	62,875	509,022
Permanent way and building upkeep	33,941	-	33,941
Insurance costs	51,833	-	51,833
Rent and rates	10,009	-	10,009
Salaries and wages	460,974	-	460,974
Event expenses	270,612	-	270,612
Depreciation	87,346	48,556	135,902
Amortisation	1,661	-	1,661
Museum expenses	9,712	-	9,712
Support costs (note 8)	150,084	-	150,084
Governance costs (note 9)	27,078	-	27,078
	1,549,397	111,431	1,660,828

	Year Ended 31.10.2018 Unrestricted funds £	Year Ended 31.10.2018 Restricted funds £	Year Ended 31.10.2018 Total funds £
Locomotive and rolling stock operating expenses	446,964	16,265	463,229
Permanent way and building upkeep	47,829	-	47,829
Insurance costs	52,737	-	52,737
Rent and rates	10,611	-	10,611
Salaries and wages	473,111	-	473,111
Event expenses	181,522	-	181,522
Depreciation	80,035	49,347	129,382
Museum expenses	8,385	-	8,385
Support costs (note 8)	157,822	-	157,822
Governance costs (note 9)	27,654	-	27,654
	1,486,670	65,612	1,552,282

Notes to the financial statements
for the year ended 31 October 2019

8 Allocation of support costs

	Year Ended 31.10.2019 Operation of railway £	Year Ended 31.10.2019 Costs of raising funds £	Year Ended 31.10.2019 Total funds £
Administrative salaries etc.	85,633	82,627	168,260
Advertising and publicity	22,942	22,942	45,884
Telephone, postage and stationery	8,780	8,780	17,560
Membership, magazine printing and distribution	-	9,067	9,067
Office and other expenses	14,590	14,588	29,178
Training	14,001	-	14,001
Depreciation	4,138	526	4,664
	150,084	138,530	288,614

	Year Ended 31.10.2018 Operation of railway £	Year Ended 31.10.2018 Costs of raising funds £	Year Ended 31.10.2018 Total funds £
Administrative salaries etc.	72,662	70,110	142,772
Advertising and publicity	31,293	31,293	62,586
Telephone, postage and stationery	10,821	10,821	21,642
Membership, magazine printing and distribution	-	7,927	7,927
Office and other expenses	10,753	10,754	21,507
Training	23,511	-	23,511
Depreciation	8,782	1,117	9,899
	157,822	132,022	289,844

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

9 Governance costs

	Year Ended 31.10.2019 Operation of railway £	Year Ended 31.10.2019 Costs of raising funds £	Year Ended 31.10.2019 Total funds £
Audit fees	4,000	4,000	8,000
Legal and professional fees	3,046	3,046	6,092
Bank and credit card charges	20,032	1,786	21,818
	27,078	8,832	35,910

	Year Ended 31.10.2018 Operation of railway £	Year Ended 31.10.2018 Costs of raising funds £	Year Ended 31.10.2018 Total funds £
Audit fees	4,190	4,190	8,380
Legal and professional fees	2,754	2,754	5,508
Bank and credit card charges	20,710	1,489	22,199
	27,654	8,433	36,087

10 Interest payable and similar charges

	Year Ended 31.10.2019 £	Year Ended 31.10.2018 £
Interest on bank loan repayable after more than five years	14,094	14,500

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

11 Staff costs

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	742,074	714,530	571,648	557,875
Social security costs	54,403	58,630	46,180	51,233
Other pension costs	13,322	7,930	11,406	6,775
	809,799	781,090	629,234	615,883

The average number of full-time equivalents employed by the Group and Company during the year, excluding the Trustees, was:

	2019 No.	2018 No.
Office, management and commercial	20	21
Maintenance, restoration and operation	13	11
	33	32

The corresponding average monthly headcount expressed was:

	2019 No.	As restated 2018 No.
	49	49

No employee received remuneration equal to or in excess of the statutory maximum for disclosure of £60,000 in either year.

The Trustees received no remuneration or benefits in kind for the year ended 31 October 2019 (2018 - £Nil) and were reimbursed for expenses of £25 (2018 - £5,509) incurred on behalf of the Charity in the year.

The key management personnel of the Charity comprise the Trustees, the General Manager and other Managers. The total employee remuneration of the key management personnel of the Charity, including employer's national insurance contributions, for the year ended 31 October 2019 was £159,199 (2018 - £125,658).

Notes to the financial statements
for the year ended 31 October 2019

12 Retirement benefit schemes

Defined contribution schemes

The Charity pays into individual pension schemes for the benefit of employees. The assets of the schemes are held separately from those of the Charity in independently administered funds. The pension cost and charge represents contributions payable by the Charity to the funds and amounts to £13,322 (2018 - 7,930). At 31 October 2019 there were outstanding pension contributions of £2,293 (2018 - £1,547).

13 Intangible assets

Group

	Goodwill
	£
Cost	
Additions	8,307
At 31 October 2019	<u>8,307</u>
Amortisation	
Charge for the year	1,661
At 31 October 2019	<u>1,661</u>
Net book value	
At 31 October 2019	6,646
At 31 October 2018	<u>-</u>

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

14 Tangible fixed assets

Group

	Freehold land, permanent way, bridges & buildings £	Railway locomotive and rolling stock (including) expenditure on hired items) £	Plant £	Furniture & equipment £	Total £
Cost or valuation					
At 1 November 2018	3,540,105	1,465,286	268,584	179,017	5,452,992
Additions	10,779	72,671	4,390	-	87,840
On acquisition of subsidiaries	-	250,000	-	-	250,000
At 31 October 2019	<u>3,550,884</u>	<u>1,787,957</u>	<u>272,974</u>	<u>179,017</u>	<u>5,790,832</u>
Depreciation					
At 1 November 2018	1,222,799	885,684	182,715	159,670	2,450,868
Charge for the year	79,056	44,571	14,064	4,664	142,355
At 31 October 2019	<u>1,301,855</u>	<u>930,255</u>	<u>196,779</u>	<u>164,334</u>	<u>2,593,223</u>
Net book value					
At 31 October 2019	<u>2,249,029</u>	<u>857,702</u>	<u>76,195</u>	<u>14,683</u>	<u>3,197,609</u>
At 31 October 2018	<u>2,317,306</u>	<u>579,602</u>	<u>85,869</u>	<u>19,347</u>	<u>3,002,124</u>

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

14 Tangible fixed assets (continued)

Company

	Freehold land, permanent way, bridges & buildings £	Railway locomotive and rolling stock (including) expenditure on hired items) £	Plant £	Furniture & equipment £	Total £
Cost or valuation					
At 1 November 2018	3,629,554	1,465,286	268,584	179,017	5,542,441
Additions	10,779	72,671	4,390	-	87,840
At 31 October 2019	<u>3,640,333</u>	<u>1,537,957</u>	<u>272,974</u>	<u>179,017</u>	<u>5,630,281</u>
Depreciation					
At 1 November 2018	1,256,492	885,684	182,715	159,670	2,484,561
Charge for the year	80,845	44,571	14,064	4,664	144,144
At 31 October 2019	<u>1,337,337</u>	<u>930,255</u>	<u>196,779</u>	<u>164,334</u>	<u>2,628,705</u>
Net book value					
At 31 October 2019	<u>2,302,996</u>	<u>607,702</u>	<u>76,195</u>	<u>14,683</u>	<u>3,001,576</u>
At 31 October 2018	<u>2,373,062</u>	<u>579,602</u>	<u>85,869</u>	<u>19,347</u>	<u>3,057,880</u>

Notes to the financial statements
for the year ended 31 October 2019

14 Tangible fixed assets (continued)

Heritage assets

The Charity has, since April 2011, been entrusted with the papers and artefacts comprising the Colonel Stephens Railway Museum collection. No value is, however, recognised in the balance sheet in respect of the collection in existence at the date of transfer to the Charity, as explained in note 2.9. A member of the Board who is appointed by the Board on an annual basis administers this collection. The museum had 15,516 visitors during the year.

Funding for further acquisitions will come from donations. The Museum will continue to dispose of donated goods, which have no relevance to the collection (principally books) to help fund its operations. The Museum committee has delegated powers to use these funds to acquire significant items that will enhance the collection

Cost of the museum collection:

	£
At 1 November 2018 and 31 October 2019	<u>16,511</u>

Summary analysis of heritage asset transactions in excess of £1,000 (£500 prior to 1 January 2015):

	31.10.2019	31.10.2018	31.10.2017	31.10.2016	31.10.2015	31.10.2014
	£	£	£	£	£	£
Purchases at cost	-	-	2,300	1,250	-	5,870

Notes to the financial statements
for the year ended 31 October 2019

15 Fixed asset investments

Group	Investments in associates £
Market value	
At 1 November 2018 (as restated)	122,040
Additions	15,886
Share of associates profit /(loss)	7,706
Transfers	(135,843)
At 31 October 2019	9,789
Historical cost	10,000

The transfer of £135,843 represents the Company gaining a controlling interest in 6619 Limited and therefore now being classified as a subsidiary company requiring consolidation in these financial statements.

The investment costing £9,789 (2018 - £10,000) represents the fair value of the Company's investment in Kent and East Sussex Railway Adventures Company Limited comprising 40 (2018 - 40) ordinary shares. The Company is currently dormant.

Subsidiaries

i). The wholly-owned trading subsidiary, Colonel Stephens Railway Enterprises Limited, which is incorporated in England, pays all its profits to the Charity by deed of covenant. Colonel Stephens Railway Enterprises Limited operates the Wealden Pullman and other dining trains, the buffet and other catering facilities, the book and gift shop, and all commercial trading operations carried on by the group.

ii). Robertsbridge 20/20 Limited, which is incorporated in England, continues to be dormant. The investment cost is shown as £1.

iii). Tenterden Railway Company Limited, the Company formerly known as The Kent and East Sussex Railway Company Limited, a company limited by guarantee and incorporated in England, also continues to be dormant. The investment cost is shown as £7.

iv). The investment costing £135,843 (2018 - £120,333) represents the Company's investment in 6619 Limited comprising 2,058 (2018 - 1,818) ordinary shares, which represents a 51% (2018 - 48%) interest. This company owns a former GWR locomotive with the same number. G A Crouch is a director of, and has an interest in, the shares of 6619 Limited. At 31 March 2019 the last date for which accounts are available, 6619 Limited had net assets totalling £250,119 (2018 - £212,125).

The Kent East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

15 Fixed asset investments (continued)

Company	Shares in group undertakings £	Investments in participating interests £	Total £
Market value			
At 1 November 2018 (as restated)	8	122,040	122,048
Additions	-	15,886	15,886
Share of associates profit /(loss)	-	7,706	7,706
Transfers	135,843	(135,843)	-
At 31 October 2019	<u>135,851</u>	<u>9,789</u>	<u>145,640</u>
Historical cost	<u>135,851</u>	<u>10,000</u>	<u>145,851</u>

16 Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Goods for resale	<u>33,159</u>	<u>37,178</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	5,010	12,883	1,965	196
VAT and gift aid	29,844	67,858	29,844	67,858
Other debtors	2,401	2,401	2,401	2,401
Prepayments and accrued income	69,788	76,066	69,165	74,778
	<u>107,043</u>	<u>159,208</u>	<u>103,375</u>	<u>145,233</u>

The Kent East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

18 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	34,268	32,639	34,268	32,639
Other loans	34,000	-	34,000	-
Trade creditors	144,663	133,509	124,202	108,163
Amounts owed to group undertakings	-	-	34,577	46,893
Other taxation and social security	46,093	48,583	13,306	14,622
Other creditors	2,293	1,547	2,293	1,547
Accruals and deferred income	460,685	481,733	382,388	388,355
	722,002	698,011	625,034	592,219

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Deferred income				
Deferred income at 1 November 2018	405,708	334,944	324,330	254,043
Resources deferred during the year	394,440	405,708	324,513	324,330
Amounts released from previous periods	(405,708)	(334,944)	(324,330)	(254,043)
Deferred income at 31 October 2019	394,440	405,708	324,513	324,330

The Kent East Sussex Railway Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 October 2019

19 Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Bank loans	322,740	358,251	322,740	358,251

Included within the above are amounts falling due as follows:

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Between two and five years				
Bank loans	152,020	146,433	152,020	146,433
Over five years				
Bank loans	170,720	211,818	170,720	211,818

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Repayable by instalments	170,720	211,818	170,720	211,818

The current portion of the secured loan amounts to £34,268 (2018 - £32,639) and this is included under creditors falling due within one year. The CAF Bank loan is repayable in monthly instalments of £3,901, which commenced in August 2013, and interest is charged at a rate of 3.0% per annum over bank base rate.

All property of the Charity is subject to either a fixed or floating charge in favour of CAF Bank Limited as security for the bank loan.

The Statement of Recommended Practice requires disclosure of the amount of the secured loans as a proportion of the value of the assets charged. However, in the opinion of the Trustees, obtaining an up-to-date version of these assets would not provide benefits commensurate with the costs involved.

20 Non-controlling interests

	2019
	£
At 1 November 2018	-
Non-controlling interests recognised in the year	122,583
At 31 October 2019	122,583

Notes to the financial statements
for the year ended 31 October 2019

21 Restricted funds - group and company - 2019

The income funds of the group include restricted funds arising from grants, donations etc. received for specific purposes. The movements during the year were as follows:

	Balance at 01.11.2018	Income	Expenditure	Balance at 31.10.2019
	£	£	£	£
Bodiam extension	818,159	-	(26,181)	791,978
Rolvenden carriage shed	459,075	-	(9,338)	449,737
6619 Limited	13,617	-	-	13,617
Aries Pullman Car	76,626	2,243	(906)	77,963
Other projects	356,436	83,642	(75,006)	365,072
	1,723,913	85,885	(111,431)	1,698,367

The funds for other projects relate to grants and donations in respect of work for individual projects of restoration and improvement of rolling stock and infrastructure.

Included in other projects is a fund for the Blue RU No. 1987. This fund was overdrawn at year end by £9,081. £34,000 of loans have been provided by individuals in relation to this fund and can be seen in Note 18 under other loans. These loans do not form part of the income of the fund however expenditure has been offset against the fund and so a deficit can be seen. The Charity is aiming to generate enough funds to repay the loans.

The balance at 31 October 2019 amounting to £365,072 (2018 - £356,436) includes unspent cash balances of £170,737 (2018 - £161,870). The movements in the restricted fund cash balances, which form part of the 'other projects' fund, are analysed as follows:

	Cash balance at 01.11.2018	Cash received	Cash spent capital expenditure	Cash spent other expenses	Cash balance at 31.10.2019
	£	£	£	£	£
Aries Pullman Car	23,082	2,243	-	(906)	24,419
Balcony Saloon	1,690	-	-	-	1,690
Bodiam Loco 3	500	-	-	-	500
Cavell Van	9,398	1,265	-	(1,531)	9,132
District Coach 100	-	350	-	-	350
Funded Expenditure - Signal Frame	1,250	-	-	-	1,250
GWR Railcar Appeal	-	7,934	(1,546)	-	6,388
Kit Kat Van	2,226	-	-	-	2,226
Marcia	3,660	-	-	-	3,660
Museum - Miller Legacy	35,615	-	-	-	35,615
Pullman Donations	63,315	9,689	-	(10,416)	62,588
Ready for Robertsbridge	20,779	1,785	-	-	22,564
Staff Accommodation	355	-	-	-	355
	161,870	23,266	(1,546)	(12,853)	170,737

Notes to the financial statements
for the year ended 31 October 2019

Restricted funds - group and company - 2018

The income funds of the group include restricted funds arising from grants, donations etc. received for specific purposes. The movements during the year were as follows:

	Balance at 01.11.2017	Income	Expenditure	Balance at 31.10.2018
	£	£	£	£
Bodiam extension	844,340	-	(26,181)	818,159
Rolvenden carriage shed	470,913	8,247	(20,085)	459,075
619 Limited	13,617	-	-	13,617
Aries Pullman Car	70,624	6,002	-	76,626
Other projects	353,318	22,464	(19,346)	356,436
	1,752,812	36,713	(65,612)	1,723,913

The funds for other projects relate to grants and donations in respect of work for individual projects of restoration and improvement of rolling stock and infrastructure. The balance at 31 October 2018, amounting to £356,436 includes unspent cash balances of £161,870.

22 Unrestricted funds - 2019

	Group 2019 £	Company 2019 £
<i>General funds</i>		
At 1 November 2018 (as restated)	1,131,956	1,190,778
Deficit for the year	(842)	(4,035)
At 31 October 2019	1,131,114	1,186,743
<i>Designated funds</i>		
At 1 November 2018	22,898	22,897
Surplus for the year	13,004	13,004
At 31 October 2019	35,902	35,901
Total	1,167,016	1,222,644

There are also funds held by non-controlling minority interests, in respect of the investment in 6619 Limited, amounting to £122,583 at the balance sheet date.

The Kent & East Sussex Railway Company limited
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Notes to the financial statements
for the year ended 31 October 2019

Unrestricted funds - 2018

	As restated Group 2018 £	As restated Company 2018 £
<i>General funds</i>		
At 1 November 2017	1,239,535	1,297,081
Deficit for the year	(109,879)	(108,603)
Transfers between funds	2,300	2,300
At 31 October 2018	1,131,956	1,190,778
<i>Designated funds</i>		
At 1 November 2017	18,292	18,291
Surplus for the year	6,906	6,906
Transfers between funds	(2,300)	(2,300)
At 31 October 2018	22,898	22,897
Total	1,154,854	1,213,675

The movements in the unrestricted designated fund cash balances are analysed as follows:

	Cash balance at 01.11.2018 £	Cash received £	Cash spent other expenses £	Cash balance at 31.10.2019 £
Museum	17,560	14,236	(1,232)	30,564
C&W extension	5,338	-	-	5,338
	22,898	14,236	(1,232)	35,902

The movements in the 2018 unrestricted designated fund cash balances are analysed as follows:

	Cash balance at 01.11.2017 £	Cash received £	Cash spent other expenses £	Transfers between funds £	Cash balance at 31.10.2018 £
Museum	12,954	8,871	(1,965)	(2,300)	17,560
C&W extension	5,338	-	-	-	5,338
	18,292	8,871	(1,965)	(2,300)	22,898

Notes to the financial statements
for the year ended 31 October 2019

23 Prior year adjustments

Consolidated accounts are prepared, which bring in the full results of Colonel Stephens Railways Enterprises Limited, since this is a wholly owned subsidiary of the Charity.

The Charity also had investments in two associates at the beginning of the year, which have been historically accounted for on a cost basis, held on the balance sheet at their original cost. However, the Charities SORP (FRS102) requires that, within consolidated accounts, associates be accounted for using the equity method.

The accounting treatment is further complicated due to 6619 Limited becoming a subsidiary company during the year, and so there is a step acquisition to account for. In order to reflect the accounting treatment of the associates, a prior year adjustment is to be made in order to reflect the position as at 31 October 2018 and 31 October 2017.

24 Business combinations

On 19/10/2019, the Company acquired additional share capital in 6619 Limited for £15,886, which was settled in cash. That took the total investment in this company to 51%, meaning that it should now be classified as a subsidiary company, rather than an associate. The total investment made in this company, at the acquisition date amounted to £135,843.

The useful life of goodwill recognised in the business combination is five years.

	Book Value £	Fair Value £
Fixed assets		
Tangible assets	127,478	127,478
Current assets		
Cash at bank and in hand	58	58
Total assets	127,536	127,536
Total Identifiable net assets	127,536	127,536
Goodwill		8,307
Total purchase consideration		135,843

Notes to the financial statements
for the year ended 31 October 2019

25 Analysis of net assets between funds

Analysis of net assets between funds - current year:

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Intangible fixed assets	6,646	-	6,646
Tangible fixed assets	1,726,851	1,470,758	3,197,609
Heritage assets	-	16,511	16,511
Fixed asset investments	-	9,789	9,789
Current assets	600,844	201,309	802,153
Creditors due within one year	(722,002)	-	(722,002)
Creditors due in more than one year	(322,740)	-	(322,740)
	<u>1,289,599</u>	<u>1,698,367</u>	<u>2,987,966</u>

Analysis of net assets between funds - prior year (as restated):

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	-
Tangible fixed assets	1,470,209	1,531,915	3,002,124
Heritage assets	-	13,617	13,617
Fixed asset investments	108,423	16,511	124,934
Current assets	632,484	161,870	794,354
Creditors due within one year	(698,011)	-	(698,011)
Creditors due in more than one year	(358,251)	-	(358,251)
	<u>1,154,854</u>	<u>1,723,913</u>	<u>2,878,767</u>

Notes to the financial statements
for the year ended 31 October 2019

26 Related party transactions

- i). The Charity as a mutual body receives annual subscriptions from its members.
- ii). G A Crouch and the former Director B R Atkins, have personal interests in certain items of locomotive and rolling stock, which are made available to the Charity and, in consideration, are maintained by the Charity.
- iii). G A Crouch, I C Legg, S A Marsh, P D Shaw, N D Sime, C H Mavor, the company secretary, P Edwards, the assistant company secretary, and the former directors B R Atkins, D J Hazeldine, C R Mitchell and S C Phillips are members or shareholders of organisations which own certain items of locomotive, rolling stock and other equipment, which are made available to the Charity, and in consideration, are maintained by the Charity.
- iv). The Charity is a member of The Terrier Trust and has a 25% interest in the Terrier locomotive 'Bodiam' owned jointly by the Trust which has been included in fixed assets.

27 Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets that are measured at amortised cost	705,965	688,640	609,613	587,192
Financial liabilities that are measured at amortised cost	(604,943)	(600,597)	(573,048)	(563,248)

Financial assets that are measured at amortised cost comprise stocks, trade debtors, other debtors and cash at bank and in hand.

Financial liabilities that are measured at amortised cost comprise bank loans, other loans, trade creditors, other creditors and accruals.

28 Contingent liabilities

- i). Articles 8 to 10 of the British Railways Board (Kent and East Sussex) Light Railway (Transfer and Amendment) Order 1973 have imposed upon the Charity certain obligations for the protection of County Councils and landowners through whose jurisdiction and land the Railway
- ii). A mortgage debenture has been granted to The Big Lottery Fund (formerly the Millennium Commission) secured against the Charity's freehold property and other assets in support of their grant aid to the Bodiam extension project.

Notes to the financial statements
for the year ended 31 October 2019

29 Operating lease commitments

As at 31 October 2019 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	8,006	11,402
Later than 1 year and not later than 5 years	16,040	24,046
	<u>24,046</u>	<u>35,448</u>

30 Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2019 £	As restated Group 2018 £
Net expenditure for the year (as per the Statement of financial activities)	(13,384)	(131,872)
Adjustments for:		
Depreciation charges	142,355	141,069
Amortisation charges	1,661	-
Decrease in stocks	4,019	2,658
Decrease / (increase) in debtors	52,165	(50,092)
Increase / (decrease) in creditors	(11,638)	60,406
Net cash provided by operating activities	<u>175,178</u>	<u>22,169</u>

31 Analysis of cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash in hand	<u>661,951</u>	<u>597,968</u>

32 Post balance sheet events

At the time of signing the accounts the Trustees are aware of the potential economic and social effects of the Covid-19 virus outbreak. The full impact of the pandemic on the UK economy is yet to be seen, but the Charity will continue to seek to mitigate this risk by following the UK Government's guidelines and adapting/developing its own internal strategy.

The Kent & East Sussex Railway Company Limited

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 October 2019

33. Principal subsidiaries and associates

The principal subsidiaries of the Company were:

Names	Company number	Registered office or principal place of business	Principal activity	Class of shares	Holding	Included in consolidation
Colonel Stephens Railway Enterprises Limited	02668156	Tenterden Town Station, Tenterden, Kent, TN30 6HE	The provision of catering services and a small gift shop, on behalf of its parent company.	Ordinary	100%	Yes
Robertsbridge 20/20 Limited	03838535	Tenterden Town Station, Station Road, Tenterden, Kent, TN30 6HE	Dormant	Ordinary	100%	Yes
Tenterden Railway Company Limited	04319270	Tenterden Town Station, Station Road, Tenterden, Kent, TN30 6HE	Dormant	Ordinary	100%	Yes
6619 Limited	08012491	Tenterden Town Station, Station Road, Tenterden, Kent, TN30 6HE	The restoration of the 6619 Locomotive	Ordinary	51%	Yes

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss)/ Surplus/ (Deficit) for the year £	Net assets £
Colonel Stephens Railway Enterprises Limited	877,288	(877,288)	-	7
Robertsbridge 20/20 Limited	-	-	-	1
Tenterden Railway Company Limited	-	-	-	-
6619 Limited	-	-	-	250,119

The following was an associate of the Company:

Name	Fair value of investment at 31 October 2019 £	Registered office or principal place of business	Class of shares	Holding
Kent and East Sussex Railway Adventures Company Limited	48,947	Rolvenden Layne, TN17 4NL	Ordinary	20%

The Kent & East Sussex Railway Company Limited
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Consolidated detailed Income and Expenditure Account
For the year ended 31 October 2019

	Parent Company	Designated Funds	Colonel Stephens	Intra-Group Transactions	Total 2019	Total 2018
Income before legacies:						
Fares and donations to travel	848,023	-	-	(259,171)	588,852	564,862
Santa Special receipts	381,933	-	-	-	381,933	344,773
Day out with Thomas	148,405	-	-	-	148,405	74,165
Lego event	610	-	-	-	610	-
Membership subscriptions	39,584	-	-	-	39,584	40,527
Donations	33,123	14,236	-	-	47,359	24,250
Gift aid	32,342	-	-	-	32,342	34,856
Wealden Pullman	-	-	274,242	-	274,242	277,573
Gift shop takings	-	-	95,838	-	95,838	81,453
Buffet and catering	-	-	464,976	-	464,976	465,143
Railway Experience Days	-	-	32,482	-	32,482	45,538
Footplate Tasters	-	-	9,750	-	9,750	5,075
Hire of locomotive	17,875	-	-	-	17,875	4,540
Sundry income	18,536	-	-	-	18,536	12,954
	1,520,431	14,236	877,288	(259,171)	2,152,784	1,975,709
Covenant from subsidiary	152,064	-	(152,064)	3,065	3,065	-
	1,672,495	14,236	725,224	(256,106)	2,155,849	1,975,709
Direct operating expenses	1,496,140	1,232	438,194	-	1,935,566	1,857,769
Train charter costs	-	-	259,171	(259,171)	-	-
Administration expenses	105,716	-	27,859	-	133,575	132,450
Finance charges (net of interest received)	14,094	-	-	-	14,094	14,500
Depreciation	97,249	-	-	1,789	95,460	91,722
	1,713,199	1,232	725,224	(260,960)	2,178,695	2,096,441
Surplus / (deficit) before legacy income	(40,704)	13,004	-	4,854	(22,846)	(120,732)
Add: legacy income	27,302	-	-	-	27,302	12,810
Share of associates profit / (loss)	7,706	-	-	-	7,706	4,949
Total surplus / (deficit) for the year	(5,696)	13,004	-	4,854	12,162	(102,973)

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Detailed Income and Expenditure Account
For the year ended 31 October 2019

	Schedules	Total 2019	As restated Total 2018
Income before legacies:			
Fares and donations to travel		848,023	752,905
Santa Special receipts		381,933	344,773
Day out with Thomas		148,405	74,165
Lego event		610	-
Membership subscriptions (including life)		39,584	40,527
Donations		33,123	15,379
Gift aid		32,342	34,856
Museum income (donations)		4,179	4,811
Filming income		7,500	2,360
Sundry income		6,857	1,243
Hire of locomotives		17,875	4,540
Enterprises Limited - covenanted profits		152,064	238,252
		<u>1,672,495</u>	<u>1,513,811</u>
Direct operating expenses	1	1,496,140	1,429,582
Administration expenses	2	105,716	110,674
Finance charges	3	14,094	14,500
Depreciation and amortisation	4	97,249	93,511
		<u>1,713,199</u>	<u>1,648,267</u>
Deficit before legacy income		(40,704)	(134,456)
Add: legacy income		27,302	12,810
Total deficit for the year		<u>(13,402)</u>	<u>(121,646)</u>

Schedules to the detailed Income and Expenditure Account
For the year ended 31 October 2019

	Total 2019	Total 2018
1. Direct operating expenses		
Cost, fuel, oil and water	122,158	108,163
Hire of locomotives	38,587	34,623
Operating department expenses	26,193	23,706
Signals and telegraph expenses	8,970	14,502
Permanent way and civil engineering expenditure	22,705	23,515
Forestry and conservation	3,634	5,971
Loco department costs	92,242	114,246
Carriage and wagon departments costs	53,690	55,758
Rent	10,009	10,611
Repair and maintenance of buildings	16,913	28,907
JCB Lease Hire	11,059	-
Electricity and power	62,071	59,063
Cleaning	20,634	26,339
Insurance	51,833	52,737
Wages, national insurance and pension	629,234	615,883
Advertising and publicity	45,387	62,586
Event expenses:		
Santa and Day Out with Thomas	190,976	141,004
Other	80,133	43,583
	<u>271,109</u>	<u>184,587</u>
Museum overheads	9,712	8,385
	<u>1,496,140</u>	<u>1,429,582</u>
2. Administration expenses		
Audit	8,000	8,380
Telephone, postage and stationery	17,559	21,643
Membership, magazine printing and distribution expenses	9,067	7,927
Legal and professional fees	6,092	5,508
Training and personnel costs	14,002	23,511
Office and other expenses	7,822	4,030
Computer expenses	21,357	17,477
Bank charges	3,571	2,978
Credit card charges	18,246	19,221
	<u>105,716</u>	<u>110,675</u>
3. Finance charges		
Bank loan interest	<u>14,094</u>	<u>14,500</u>
4. Depreciation and amortisation		
Charge for the period (gross - see note 14 - page 30)	145,805	141,069
Less: amortisation of capital grants and donations received in	(48,556)	(49,347)
	<u>97,249</u>	<u>91,722</u>

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Colonel Stephens Railway Enterprises Limited

Balance sheet

As at 31 October 2019

	Year ended 31/10/2019	Year ended 31/10/2018
Current assets		
Stock	33,159	37,178
Trade debtors	3,045	12,687
Other debtors	624	1,288
Amounts owed by parent undertakings	34,577	49,957
Cash at bank and in hand	60,147	51,582
	<u>131,552</u>	<u>152,692</u>
Creditors: amounts falling due within one year		
Trade creditors	20,461	25,346
Other taxation and social security	32,787	33,961
Accruals and deferred income	78,297	93,378
	<u>(131,545)</u>	<u>(152,685)</u>
Net assets	<u>7</u>	<u>7</u>
Capital and reserves		
Called up share capital	7	7
Profit and loss account	-	-
Shareholders funds	<u>7</u>	<u>7</u>

The Kent & East Sussex Railway Company Limited
(A company limited by guarantee)

Colonel Stephens Railway Enterprises Limited
Trading and profit and loss account
For the year ended 31 October 2019

		Year ended 31/10/2019	Year ended 31/10/2018
Sales	1	877,288	879,322
Less: cost of sales	2	697,929	614,995
Gross trading profit		<u>179,359</u>	<u>264,327</u>
Less: Overhead expenses			
Audit		8,000	8,490
Repairs and maintenance		9,275	9,223
Light and heat		2,188	1,647
Printing, postage and stationery		250	-
Credit card charges		5,579	4,664
Bank charges		2,003	2,051
		<u>27,295</u>	<u>26,075</u>
Net profit before charitable donation		152,064	238,252
Less: charitable donation		(152,064)	(238,252)
Net profit		<u>-</u>	<u>-</u>

Schedules to the trading and profit and loss account
For the year ended 31 October 2019

	Year ended 31/10/2019	Year ended 31/10/2018
1. Sales		
Wealden Pullman and Sunday lunches	274,232	277,573
Gift shop takings	95,838	81,453
Buffet and catering	464,976	465,143
Railway Experience Days	32,482	45,538
Footplate Tasters	9,750	5,075
Hire of locomotive	-	4,540
	<u>877,278</u>	<u>879,322</u>
2. Costs of sales		
Wealden Pullman purchases and expenses	68,162	65,829
Gift shop purchases and expenses	44,382	48,403
Buffet purchases and expenses	141,084	146,173
Train charter costs and fares	259,171	188,043
Railway Experience Days expenses	4,565	1,340
Wages and national insurance	178,649	164,052
Staff pension scheme costs	1,916	1,155
	<u>697,929</u>	<u>614,995</u>



BANK OF ENGLAND

Speech

In giving, how much do we receive? The social value of volunteering

Speech given by

Andrew G Haldane, Chief Economist, Bank of England

A Pro Bono Economics lecture to the Society of Business Economists, London
9 September 2014

Relevant extracts (the link to the full document is at the end)

The Scale of Volunteering

The *volunteer army in the UK is huge*. Figure 4 illustrates the extent of participation in voluntary activities in 2012, based on the Community Life Survey. Around 44% of respondents had done some form of formal voluntary work over the previous 12 months and 29% volunteer formally at least once a month. This means around 15 million people in the UK volunteer ‘frequently’.

Figure 4: Estimates of the extent of formal volunteering in the UK in 2012

	Total (at least once per year)	Of which frequent (at least once per month)
Hours (billions per year)	2.29	2.12
Proportion of the sample	44%	29%

Source: ONS (2013), 'Household Satellite Accounts: Valuing Voluntary Activity in the UK'. Underlying data from the Community Life Survey.

Looking at hours worked, this equates to just over 2 billion hours per year spent formally volunteering. To give you some context, that is just under one hour per week for every person over 16 in the UK. It is 5% of the total hours worked in the UK by paid employees. It is equivalent to 1.25 million full-time equivalents (FTEs), or double the number of paid FTEs in the voluntary sector. 4

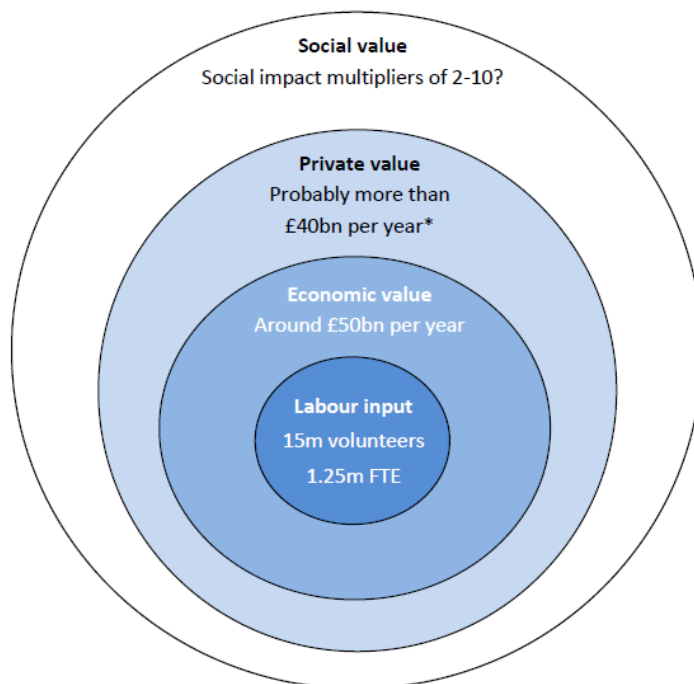
Put differently, there are around the same number of FTE volunteers in the UK as there are paid employees in the Construction, IT or Financial Services sectors. Indeed, there are more FTE volunteers than paid employees in nearly half of the industrial sectors in the UK.

Measuring the Value of Volunteering

So far we have established that labour inputs into volunteering are considerable. But this does not tell us what *value* these volunteers create for the economy, much less for society. This is important when gauging the contribution volunteering makes to societal welfare.

It is possible to build up an incremental, if somewhat piecemeal, picture of this contribution from its various sources. These are shown schematically in Figure 9 as layers of a “volunteering onion”.

Figure 9: The “Volunteering Onion”, a summary of the estimated contribution from volunteering activities in the UK



Source: Bank and Pro Bono Economics calculations.

Note: The estimate of private value shown is an estimate of the benefits to an individual's well-being, not including health benefits or improvements to an individual's skills or employability.

At the centre of the onion are the volunteer army, all 15 million of them. The outer three layers then measure respectively:

- The *economic value* of goods and services created by volunteers – if you like, the GDP-equivalent value of volunteering services;
- The *private value* of volunteering activities, in particular the benefits felt by volunteers themselves; and
- The *social value* of volunteering activities, as societal gains may be a multiple of economic and private benefits.

The Economic Value of Volunteering

Estimates of the overall contribution of volunteering to the UK economy [suggest] this *could* exceed £50 billion per year, or around 3.5% of annual UK GDP. This would place the volunteering sector on a level pegging with the UK energy sector (both extraction and utilities). Very few sectors add more value. Clearly, the inner layer of the volunteering onion – economic value - is a very significant one.

Private Value of Volunteering

The balance of benefits differs across individuals. For example, younger people are most likely to highlight the importance of acquiring new skills and enhancing employment prospects, while older

volunteers see the benefits from increased social interaction and improved health. But enjoyment and satisfaction rank high across all volunteer types.

... self-reported benefits appear to fall roughly into three categories: *enhanced well-being*, *health benefits* and *increased skills and employability*. It is worth considering the evidence on each in turn.

(a) Enhanced well-being

It is possible to translate these into monetary-equivalent values – the money an individual would need to be given to increase their well-being by the same amount. On this evidence, you would need to be compensated around £2,400 on average per person per year for forgoing the opportunity to volunteer. That is a very significant sum for the average person, whose median annual salary was only £22,000 in 2013.

If you multiply that per-person benefit by the 15 million or so regular volunteers, you get a private benefit of volunteering close to £40 billion per year. If you added in non-regular volunteers, you would get a larger number still. In other words, adding together private and economic benefits roughly doubles estimates of the value of volunteering, to something perhaps closer to £100 billion per year.

(b) Health benefits

The Centre for Mental Health estimates that the economic and social costs of mental health problems are huge. The health and social care costs alone are worth over £20bn, the associated output losses £30bn and the human costs over £50bn. So anything that improves mental health, even in a small way, can make a big difference to social welfare.

Volunteering is typically found to have a positive impact on mental health – for example, by enhancing social integration and engagement. Certainly, that is what volunteers themselves say. Remaining active and socially engaged can be particularly important for older age groups, post-child raising and post-retirement.

A systematic review of the international literature by Casiday *et al* (2008) assessed 43 longitudinal, cross-sectional and qualitative studies of the impact of volunteering on mental health. It found that volunteering reduced the incidence of depression, stress, hospitalization, pain and psychological distress.

It is difficult to put precise numbers on those benefits. But Fujiwara *et al* (2014) find that, on average, the well-being benefit from relief from depression or anxiety is worth around £37,000 per year. And

New Economy Manchester (2014) estimate that the average cost of treating those suffering from depression or anxiety is around £956 per year.¹⁹ Even a small effect from volunteering on mental health could deliver large benefits.

(c) Increased skills and employability

A recent poll by YouGov found that nearly all managers believe that workplace skills can be gained from volunteering. And recent research suggests a link between the emotions induced by volunteering (like confidence and self-esteem) and factors important in the workplace (like performance ratings and efficient problem solving).

Conclusion

Whether seen from an economic or social perspective, volunteering is big business, with annual turnover well into three-figure billions. But it is a well-hidden jewel, whose social worth is rarely the subject of a public valuation.

Extracts from the following document: <https://www.bankofengland.co.uk/-/media/boe/files/speech/2014/in-giving-how-much-do-we-receive-the-social-value-of-volunteering.pdf>