Registration number: 01010188

West Somerset Railway Public Limited Company

Annual Report and Financial Statements

for the Period from 1 January 2018 to 31 March 2019

West Somerset Railway Public Limited Company

Contents

West Somerset Railway Public Limited Company

Company Information

Directors

J Jones-Pratt
M L Smith
M H Brown

Company secretary

Four Fifty Partnership

Registered office

The Railway Station
Minehead
Somerset
TA24 5BG

Solicitors

Womble Bond Dickinson
Temple Quay
3 Temple Back East
Bristol
BS1 6DZ

Bankers

Lloyds Bank PLC
5 Long Street
Williton
TA3 3QH

Auditors

A C Mole & Sons
Chartered Accountants & Statutory Auditors
Stafford House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

West Somerset Railway Public Limited Company

Chairman's Report for the Period from 1 January 2018 to 31 March 2019

Dear Shareholders

It is my privilege to write as Chairman to report on a period that has resulted in tumultuous changes for our Railway. I joined the board on 13 September 2018 and became Chairman in November that year.

Trading in the 15 months to 31 March 2019

The financial headlines for the fifteen-month period make unacceptable reading;

- A loss of £807,909
- Cash deterioration arising of £270,093
- Gross margin achieved 2.3%
- Capital Expenditure of £233,540

All of which makes for poor comparison with the prior year trading - or so you may think at first glance. In fact, when the effect on the Company trade of the visit of the Flying Scotsman the prior year comparative looks very different indeed - a small trading profit of £12,719 would have been a loss of £211,000 without the trade benefit derived from the visit. Add into that comparison the fact that these accounts include two fallow periods with little to no income arising in the period from January to March then the comparative position narrows further. The truth of the matter is that the Company has been in decline for some time and all that has become very evident in these results following full & detailed review of all balances.

Changes to the board

In the early part of my tenure as Chairman I determined that the mistakes of the past would not be repeated. I undertook a wide-ranging change to the governance of the company to install new board members as well as addressing any potential conflicts of interest arising. No board members who were in office at the time of my arrival continue to serve and I have taken action to end the conflict arising between the office of General Manager and Director which resulted in the departure of Paul Conibeare. As a board we have been greatly assisted by a number of external consultants on engineering and finance which has enabled the board to take much more informed decisions than had previously been the case. We still have work to do on the board composition with portfolios such as operations, finance, commercial and engineering all needing proper board representation - that will be the challenge for 2020.

Visit of the ORR

An October inspection of the line by the Office of Road and Rail, our regulator brought a number of challenges. The focus of the visit was on governance and safety with many issues raised by the regulator. Following the visit an independent review was carried out to detail the scope of work to be completed and with an appropriate timetable.

The comments from the ORR were many, but key points were;
• the Railway's competence management system
• lack of adequate records
• proof of competency
• the SMS used in differing ways across the railway
• concerns about track standards and wear and
• questions about the Company's governance.

An intensive programme of remediation was immediately planned and implemented which began with a 3-month closure of the line from 2 January so that possession could be handed over to the PWAY team in order that rectification works could proceed at speed.

The relationship with the ORR throughout has been on an open and transparent basis and our next audit will be in December (following their recent visit to review the planned works to the Seaward Way Crossing). As Chairman I have been invited by the ORR to participate in a joint presentation to other heritage railway companies to explain & present the collaborative way of working between the WSR and its regulator, which is testament to the mutual respect that has been established between us.

Finance

In the last months of 2018, the newly formed board took professional advice to confirm whether the Company was able to continue trading taking into account the very serious cash position that the business faced in the early months of 2019. The position was not helped by the decision of the prior executive to allow our overdraft facilities to lapse and our bankers were understandably cautious in their subsequent approach to lending. The result was a need to resort to an asset backed loan against Odney Manor and the sale of locomotive 4110. In the end the bank did provide a facility albeit at a far lower level than we had previously enjoyed.

With the benefit of that cash headroom we could plan accordingly for what looked a daunting few months before the serious income generating months begin. Our advice was that the business plan showed sufficient resilience, we should continue the work we had started and revisit the question once we had proved that our business forecast was robust and particularly the summer trade stood up as well as we expected.

As per the business plan created in the early months of 2019, we immediately set about reducing expenditure, and realising assets. One significant element of the cost saving exercise was to reduce the soaring wage bill that had reached a staggering £1.2m pa at its peak - our business had become more reliant on paid staff than our usual model of volunteer participation. We tried very hard to minimise the inevitable pain of redundancy and were clear that no redundancy programme would begin prior to Christmas.
In the end we have removed roughly £350k of wage costs arising in the business. I am hopeful that we can go further in the coming months and remove an additional £80k - £100k of payroll cost.

In particular, Directors emoluments will be significantly reduced.

We reviewed a number of contracts and instituted the strictest purchasing controls. Another very hard decision led to the selling of locomotive 4110. This had to be to the highest bidder and the disappointment was palpable as the low loader arrived for the removal to Paignton. The main outcome from the contracts review led to the termination of the contract for locomotive 44422.

We also completely changed our ledger accounting software and our purchase order control software. In both cases to provide improvement in the quality of financial controls and management information.

I mentioned earlier adverse comment about Company governance. Our appointed accountants Four Fifty Partnership of Weston Super Mare have reviewed the Company's financial history and their continuing guidance is evident in these accounts. You will be reassured to know they are helping the Company produce clear management accounts as a matter of routine as a result of the software changes which they helped implement.

I should mention the EGM in August and the reasons behind the change of year end from December to March. On the latter point I know that this had been looked at before and it seemed to the board to represent common sense - the financial year starts with full operations rather than a mothballed period and secondly the timing of the AGM is much more favourable being outside the peak trading months.

For those that attended the EGM you will be well aware of the reasons why this was essential. At that meeting we needed to pass a resolution to change the Articles of Association of the Company to make provision for a different timetable this year for the AGM. This is a one-off event. In this particular circumstance and with the great financial difficulties we have faced, we needed more time with our auditors to carry out work to demonstrate the Company was a going concern business. The AGM was scheduled for September and will now be on 14 December.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for a period of at least twelve months from the date of approval of the financial statements.

During the period ended 31 March 2019 the company incurred a loss of £807,909 which significantly reduced its cash reserves.

During the same period the Company undertook a review of its funding position and, assisted by the sale of a locomotive and an asset backed loan had cash reserves of £292,917 at the balance sheet date. However, at the balance sheet date the company had net current liabilities of £96,638.

West Somerset Railway Public Limited Company

Chairman's Report for the Period from 1 January 2018 to 31 March 2019

The Directors have considered the future trading of the business and are confident that the Company will return to trading profitably and that the company has adequate cash reserves to continue trading for a period of at least 12 months from the date of approval of these accounts.

However, the Railway remains in need of regular and significant capital investment. In recent years this investment has been financed from cash reserves as the level of profit generated has not been sufficient. In the future the company will need to generate more profit or identify other ways to finance this continued investment in the Railway.

In addition, future forecasts include a number of assumptions, including revenue generated from special events such as the Christmas timetable, and the ability to generate increased margins from sales, which may or may not be achieved. These events or conditions indicate that a material uncertainty exists that may cast significant doubt over the ability of the company to continue as a going concern.

Having considered the above the Directors consider that it is appropriate that the accounts are prepared on a going concern basis and are confident that the measures being taken will secure the future of the Railway.

Operations

The reopening of the line in March, initially as far as Watchet and then later to Minehead brought publicity and the all-important passenger fare income.

Our partnership with GWR brought a shuttle service from Taunton to Bishops Lydeard on a number of weekends, a variety of visiting locomotives have added extra appeal to our galas and other than some timekeeping issues our train services have operated reliably.

I am pleased to report income this year has been good and combined with the ongoing driving down of costs mean that we can look forward to the future with more certainty. Since the beginning of this financial year on 1 April we have carried 142,000 passengers, improved the company cash position by £545,000 and made an operating margin of £1,080,000. We now face the quieter winter months when we need to keep the business running for periods of time when income will be very low indeed.

We have re-forecast the current year and built a whole year forecast for the next financial year which when combined provide a good deal of comfort to the board that the business continues to improve and most importantly remains solvent.

For this winter we will close the line again as last year from January through March with limited if any services running in November. The full operational service of Christmas special trains will run through December and offer an important source of revenue at this lean time of year.

West Somerset Railway Public Limited Company

Chairman's Report for the Period from 1 January 2018 to 31 March 2019

As with last winter, the possession of the permanent way will be given over to the engineering team and the board has sanctioned a £250,000 work programme to proceed prior to reopening of the line in the spring. We are forward planning for a continuation of much greater PWAY investment in future years following a period when investment has fallen short. Even in 2019 operations, the stark reduction in engine spring replacement is early evidence of the benefits of PWAY investment, not to mention the absolute pre-requisite of safe operational running.

Onto a topic close to my heart - engines! It has been a great 15 months for us with;

- Odney Manor back in traffic
- 9351 back in service 8 months ahead of schedule
- 53808 running well and with a planned winter overhaul
- 7752 - great to see a 0-6-0 Pannier tank on the line again
- 6960 loaned out to Severn Valley due to weight restriction
- All diesels running well
- All hired in engines running well
- 44422 contract terminated amicably

Fundraising

In our hour of need in the early part of this year so many came forward to help with re-building our cash position. I would like to say a personal thanks not only to the WSRA and the WSSRT but also to the many "Friends of" unincorporated bodies who gave so generously.

Since then we have enjoyed positive responses to our appeals for funding for infrastructure repairs and renewals supported by the West Somerset Railway Association, the West Somerset Steam Railway Trust, our station groups and many individuals for which the board is very grateful have enabled a programme of track renewals to be undertaken.

Some of our rail is almost a hundred years old and in urgent need of replacement, we have about 53000 sleepers to keep in good order, and all need to sit on a well-drained track bed surrounded by clean sharp ballast, so the need for funds is ongoing. Thank you for all the generous donations and new shares purchased.

We have made a good start, but we will need your continued support in the years ahead. Whilst the Company is now trading well, the PWAY investment needs will continue to be reliant on cash derived from fund raising activities supplemented by margin created through trading.

It has been a very difficult baptism of fire for me as your Chairman during the last eleven months. At every stage something new seemed to come out of the woodwork and all of it pretty difficult to deal with. Whilst it has been draining at times it has also been a wonderful experience to work with so many talented people who give of their time so freely for the railway I have loved since a child.

West Somerset Railway Public Limited Company

Chairman's Report for the Period from 1 January 2018 to 31 March 2019

I know you all share my passion for the Whizzer and like me you want to convert that passion into excellence of service delivery.

I am sure you will want to join me in saying a heartfelt thank you to all of our staff, paid and volunteer. They give unstintingly of their time and present the cheerful and smiling face of our Railway.

J Jones-Pratt
Chairman
West Somerset Railway PLC
1 November 2019

West Somerset Railway Public Limited Company

Strategic Report for the Period from 1 January 2018 to 31 March 2019

The directors present their strategic report for the period from 1 January 2018 to 31 March 2019.

Review of the business

The West Somerset Railway operates as a heritage and tourist railway, using predominantly steam hauled trains between Minehead and Bishops Lydeard, but also at times having charter passenger and freight trains coming onto our line through our connection to the national network at Norton Fitzwarren. It is the longest heritage line in England, and the longest standard gauge heritage line in the UK. The freehold of the line is held by Somerset County Council, from whom the WSR plc has a 99-year lease until 2088. The plc is the duty holder for its operation under the provisions of a Light Railway Order issued in 1975.

Loss after tax for the period ended 31 March 2019 was £807,909 (2017 £12,719 profit) with a cash in hand position of £292,917 (2017 £563,010) as at the balance sheet date. Further narrative in respect of the performance during the year is included in the Chairman's Report.

Key Performance Indicators

The board use a range of KPIs to monitor the performance of the business. These KPIs address the following criteria;

- Health & safety
- Customer complaints
- Running costs per mile
- Capacity utilisation
- Staff cost to gross earned income

Principal risks and uncertainties

Specific business risks faced by the business include the following;

Legal and regulatory risk

The Directors are aware of the continual change in laws and regulations and the increasing demands of compliance. In the period under review much work has been carried out in conjunction with the ORR to ensure compliance with all operational regulations and especially in regard to safe operation of the railway. Our relationship with the ORR is on solid foundations now and we continue a dialogue with the regulator to be certain of maintaining compliance.

Litigation and claims risk

The Company has two main insurance risks, third party claims arising from general operations and employee or volunteer injuries. The Company has a very strong focus on safety at all levels and manages this kind of risk through its safety-based culture.

Liquidity risk

The risk to the Company's liquidity has been highlighted through this period of operation and continues to be an ever-present risk in this business. The business is seasonal with a fallow period from November through to March save for the Christmas specials. As a board we have instituted tight controls on cash management and have developed improved & more frequent management information and reporting.

Infrastructure risk

A key risk in the business is maintaining our 140-year old Victorian railway architecture on such a long heritage track. Great investment is needed in the permanent way every year and whilst the plc trade is able to generate a surplus to make some provision for that investment, the WSR is also reliant on funds generated through associated entities such as the WSRA and WSST. Without the fund-raising efforts of all our support arms the funds available for track investment would be inevitably impacted.

Future developments and strategy

The board is very excited about the potential for the future of the business and the many initiatives that are in current development;

• We are working closely with Somerset County Council on how the Company can gain access to central government sources of funds. One major aspiration is to test the ability to bring steam back to Taunton.

• With our rolling stock we plan to carry out a wide-ranging carriage repainting schedule, build a carriage shed at Norton Fitzwarren and expand the Swindon shed works at Williton.

• We have agreed with the WSRA that both the Williton shed operation and the Bishops Lydeard shop will be transferred into the Company before the end of the calendar year such that all operations are in the Company and the WSRA can focus on its main charitable objects.

• The timetable for next year will be refined to eliminate loss making services and we will also add in more special events in 2020 as we endeavour to bring more patronage to our very special railway.

• Christmas trains in 2019 will offer improvement over prior years but it is my great hope that in 2020 we can see a real step change in the offer and with that a very substantial uplift in revenue.

• The Station House at Bishops Lydeard will be fully refurbished and then let out to a target market of railway enthusiasts to gain improved margin from that asset.

• We continue with our efforts with our colleagues at WSRA to build our pool of volunteers and range of skill base.

• We will execute a recruitment plan for senior executive leadership in the business.

• There will be a continuing emphasis and plan to build the right kind of values and culture within this iconic West Somerset business.

Approved by the Board on 1 November 2019 and signed on its behalf by:

J Jones-Pratt
Director

West Somerset Railway Public Limited Company

Directors' Report for the Period from 1 January 2018 to 31 March 2019

The directors present their report and the financial statements for the period from 1 January 2018 to 31 March 2019.

Directors of the company

The directors who held office during the period were as follows:

J Jones-Pratt (appointed 13 September 2018)

P W Conibeare (appointed 19 January 2018 and resigned 28 June 2019)

R J C Maw - Company secretary and director (appointed 19 January 2018 and resigned 22 November 2018)

G W Evens (resigned 23 June 2018)

G W Pateman (resigned 23 June 2018)

W J Knell (appointed 30 January 2018 and resigned 13 September 2018)

R B Auger (resigned 2 May 2019)

M L Smith (appointed 22 November 2018)

M H Brown (appointed 28 March 2019)

R S Greenway (appointed 20 April 2018 and resigned 6 November 2018)

I K Coleby - Company secretary (resigned 2 May 2018)

I K Coleby - Director (resigned 5 November 2011)

F M Courtney (resigned 8 May 2018, reappointed 21 July 2018, resigned 30 April 2019)

Principal activity

The principal activity of the company is operating a heritage railway between Minehead and Bishops Lydeard.

Results and dividends

The loss for the year after taxation amount to £807,909 (2017 - profit of £12,719). In accordance with Clause 4 (44) of the Memorandum of Association, the members of the company are not entitled to a dividend. Further information on the results for the year are set out in the Strategic Report.

Issue of shares

The company has issued a further 648,850 (2017 - 599,650) 10p ordinary shares at par for cash consideration in order to provide additional capital.

Financial instruments

Objectives and policies

As a heritage and tourist railway, using predominantly steam hauled trains, the objectives of the company are to preserve these facilities and services to be enjoyed by future generations. The company does not look to provide a financial return to its investors as any trading profits are retained to maintain the facilities provided. The main risks to which the company is exposed are set out in the strategic report. The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.

Risks

Liquidity risk - The Company has adequate cash reserves at the year-end but monitors cash flow carefully with a rolling cash flow forecast to ensure sufficient working capital to operate efficiently is maintained.

Interest rate risk – The Company has arranged a mortgage which is split 50% fixed rate and 50% variable rate to partly mitigate the risk of a rise in interest rates.

Economic risk - The Company's performance is directly impacted by the economic environment and the tourism industry. The directors closely monitor the impact this has on the business. The company is concentrating on improving efficiency and reducing costs.

Future developments

Latest forecasts indicate that the business will continue its return to profitability over the next 18 months as the full benefit of the cost restructuring exercise works through and the income plan is further developed.

Payment policy

It is company policy to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to pay all suppliers within 30 days of the month end in which the goods or services were supplied. At the balance sheet date the company's trade creditors correspond to 68 days (2017: 36 days) of credit purchases.

Political donations

The Company made no political donations in 2019 (2017: £Nil).

Statement on indemnity provisions

The Company has contributed to a qualifying third-party indemnity insurance policy on behalf of the Directors during the year.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for a period of at least twelve months from the date of approval of the financial statements.

During the period ended 31 March 2019 the company incurred a loss of £807,909 which significantly reduced its cash reserves.

During the same period the Company undertook a review of its funding position and, assisted by the sale of a locomotive and an asset backed loan had cash reserves of £292,917 at the balance sheet date. However, at the balance sheet date the company had net current liabilities of £96,638.

The Directors have considered the future trading of the business and are confident that the Company will return to trading profitably and that the company has adequate cash reserves to continue trading for a period of at least 12 months from the date of approval of these accounts.
However, the Railway remains in need of regular and significant capital investment. In recent years this investment has been financed from cash reserves as the level of profit generated has not been sufficient. In the future the company will need generate more profit or identify other ways to finance this continued investment in the Railway.

In addition, future forecasts include a number of assumptions, including revenue generated from special events such as the Christmas timetable, and the ability to generate increased margins from sales, which may or may not be achieved.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Having considered the above the Directors consider that it is appropriate that the accounts are prepared on a going concern basis and are confident that the measures being taken will secure the future of the Railway.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 1 November 2019 and signed on its behalf by:

J Jones-Pratt
Director

West Somerset Railway Public Limited Company

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 company will continue in business.

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

Independent Auditor's Report to the Members of West Somerset Railway Public Limited Company

Opinion

We have audited the financial statements of West Somerset Railway Public Limited Company (the 'company') for the fifteen month period ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 'Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty in relation to going concern

We draw your attention to note 2 in the financial statements which indicates that the company incurred a loss of £807,909 during the period, which significantly reduced its cash reserves. The company has net current liabilities of £96,638 at the balance sheet date.

As stated in note 2, these events or conditions, along with the other matters set out in note 2, indicate a material uncertainty exists that may cast significant doubt on the ability of the company to continue as a going concern. Our opinion is not modified in this matter.

Other information

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

Independent Auditor's Report to the Members of West Somerset Railway Public Limited Company

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of West Somerset Railway Public Limited Company

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Alexandra Shore FCA DChA (Senior Statutory Auditor)
For and on behalf of A C Mole & Sons
Chartered Accountants & Statutory Auditors
Stafford House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

1 November 2019

West Somerset Railway Public Limited Company

Statement of Comprehensive Income for the Period from 1 January 2018 to 31 March 2019

	Note	2019 £	(As restated) 2017 £
Turnover		3,247,682	3,332,651
Other operating income		211,759	175,594
Gross revenue and profit		3,459,441	3,508,245
Employment costs	7	(1,410,851)	(993,592)
Depreciation		(185,723)	(219,551)
Impairment		(142,477)	-
Other operating costs		(2,627,480)	(2,255,281)
Operating (loss)/profit	4	(907,090)	39,821
Other interest receivable and similar income	5	3,987	2,414
Interest payable and similar charges	6	(23,937)	(2,435)
		(19,950)	(21)
(Loss)/profit before tax		(927,040)	39,800
Taxation	9	119,131	(27,081)
(Loss)/profit for the financial period		(807,909)	12,719
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(807,909)	12,719

The notes on pages 23 to 45 form an integral part of these financial statements.

West Somerset Railway Public Limited Company

(Registration number: 01010188)
Balance Sheet as at 31 March 2019

	Note	2019 £	(As restated) 2017 £
Fixed assets			
Tangible assets	10	3,561,279	3,787,846
Current assets			
Stocks	12	159,811	155,290
Debtors less than one year	13	129,446	228,524
Debtors more than one year	13	118,537	153,274
Cash at bank and in hand	14	292,917	563,010
		700,711	1,100,098
Creditors: Amounts falling due within one year	15	(797,349)	(538,470)
Net current (liabilities)/assets		(96,638)	561,628
Total assets less current liabilities		3,464,641	4,349,474
Creditors: Amounts falling due after more than one year	15	(382,572)	(341,677)
Deferred income	15	(154,676)	(184,230)
Provisions for liabilities	16	(118,537)	(271,687)
Net assets		2,808,856	3,551,880
Capital and reserves			
Called up share capital	19	2,312,134	2,247,249
Profit and loss account		496,722	1,304,631
Total equity		2,808,856	3,551,880

Approved and authorised by the Board on 1 November 2019 and signed on its behalf by:

J Jones-Pratt
Director

The notes on pages 23 to 45 form an integral part of these financial statements.

West Somerset Railway Public Limited Company

(Registration number: 01010188)
Balance Sheet as at 31 March 2019

West Somerset Railway Public Limited Company

Statement of Changes in Equity for the Period from 1 January 2018 to 31 March 2019

	Share capital £	(As restated) Profit and loss account £	Total £
At 1 January 2018	2,247,249	1,304,631	3,551,880
Loss for the period	-	(807,909)	(807,909)
Total comprehensive income	-	(807,909)	(807,909)
New share capital subscribed	64,885	-	64,885
At 31 March 2019	2,312,134	496,722	2,808,856

	Share capital £	(As restated) Profit and loss account £	Total £
At 1 January 2017	2,187,284	1,291,912	3,479,196
Profit for the period	-	12,719	12,719
Total comprehensive income	-	12,719	12,719
New share capital subscribed	59,965	-	59,965
At 31 December 2017	2,247,249	1,304,631	3,551,880

West Somerset Railway Public Limited Company

Statement of Cash Flows for the Period from 1 January 2018 to 31 March 2019

	Note	2019 £	(As restated) 2017 £
Cash flows from operating activities			
(Loss)/profit for the period		(807,909)	12,719
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairments	4	328,200	206,416
Profit on disposal of tangible assets		(19,744)	-
Tax (credit)/expense	9	(119,131)	27,081
		(618,584)	246,216
Working capital adjustments			
Increase in stocks	12	(4,521)	(48,693)
Decrease/(increase) in trade debtors	13	133,815	(144,482)
Increase in trade creditors	15	109,918	138,520
(Decrease)/increase in loco provisions	16	(34,737)	77,680
Net cash flow from operating activities		(414,109)	269,241
Cash flows from investing activities			
Interest received	5	2,515	2,236
Acquisitions of tangible assets		(233,540)	(895,036)
Proceeds from sale of tangible assets		135,283	7,000
Net cash flows from investing activities		(95,742)	(885,800)
Cash flows from financing activities			
Interest paid	6	(2,515)	(2,436)
Proceeds from issue of ordinary shares, net of issue costs		64,885	59,965
Proceeds from bank borrowing draw downs		-	353,000
Repayment of bank borrowing		(11,401)	-
Receipts from finance lease borrowings		200,000	-
Repayments of obligations under finance leases		(11,211)	(300)
Net cash flows from financing activities		239,758	410,229
Net decrease in cash and cash equivalents		(270,093)	(206,330)

West Somerset Railway Public Limited Company

Statement of Cash Flows for the Period from 1 January 2018 to 31 March 2019

			(As restated)
		2019	**2017**
	Note	**£**	**£**
Cash and cash equivalents at 1 January 2018 (1 January 2017)		563,010	769,340
Cash and cash equivalents at 31 March 2019 (31 December 2017)		292,917	563,010

Cash and cash equivalents

The amount disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	31 March 2019	**31 December 2017**
	£	**£**
Cash at bank and in hand	292,917	163,010
Short-term investments - treasury deposits	-	400,000
	292,917	563,010

1 General information

The company is a public company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
The Railway Station
Minehead
Somerset
TA24 5BG
United Kingdom

West Somerset Railway is a public benefit entity whose primary objective is to provide goods or services for the general public, community or social benefit and any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2006, under the provision of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 (SI 2008/410).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of the financial statements is Pound Sterling (£).

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within this note.

2 Accounting policies (continued)

Disclosure of long period

The Company's Directors have taken the decision to extend the year end from 31 December 2018 to 31 March 2019, and accordingly these accounts present results for the fifteen month period from 1 January 2018 to 31 March 2019.

This change of financial year end will mean that the comparative figures for the previous financial year will not be directly comparable with the current period.

Going concern

The accounts have been prepared on a going concern basis, which assumes that the Company will continue in operation for a period of at least twelve months from the date of approval of the financial statements.

During the period ended 31 March 2019 the company incurred a loss of £807,909, which significantly reduces its cash reserves.

During the same period the Company undertook a review of its funding position and, assisted by the sale of a locomotive and an asset backed loan, had cash reserves of £292,917 at the balance sheet date. However, at the balance sheet date the company has net current liabilities of £96,638.

The Directors have considered the future trading of the business and are confident that the Company will return to trading profitably and that the Company has adequate cash reserves to continue trading for a period of at least 12 months from the date of approval of these accounts.

However, the Railway remains in need of regular and significant capital investment. In recent years this investment has been financed from cash reserves as the level of profit generated has not been sufficient. In the future the company will need to generate more profit or identify other ways to finance this continued investment in the Railway.

In addition, future forecasts include a number of assumptions, including revenue generated from special events such as the Christmas timetable, and the ability to generate increased margin from sales, which may or may not be achieved.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

2 Accounting policies (continued)

Having considered the above, the Directors consider that it is appropriate that the accounts are prepared on a going concern basis and are confident that the measures being taken will secure the future of the Railway.

Prior period errors

During the period, it was identified that a long leasehold asset had been depreciated at the incorrect rate from the commencement of the lease. As a result, the carrying value of the asset has been restated in the prior period. The effect of this restatement is an increase in the carrying value of long leasehold property of £59,246 and an increase to retained earnings of £59,246.

During the period, it was also identified that the provision that had been made for the periodic overhaul of locomotive 53808 was overstated. As a result, provisions and other receivables have been restated in the prior period. the effect of this restatement is a £287,302 reduction in the carrying value of both amounts.

Revenue recognition

Revenue relates to income from the operation of the Railway and is measured at the fair value of the consideration received or receivable. Gross profit is regarded as all income as related costs are deducted as operating costs and overheads. Other operating income comprises cash donations and legacy income and is measured at fair value. Donations received towards revenue costs are recognised in the period in which they are received and disclosed as 'other operating income'. Donations and legacies received towards capital costs are either recognised in the period in which they are received and are disclosed as 'other operating income' or, where the income has specified future performance-related conditions, are recognised in income only when the performance-related conditions are met.

Non-exchange transactions

The Company benefits from non-exchange transactions in the form of donations of services from volunteers, cash and legacies. Income from cash and legacy receipts which do not impose any conditions is recognised in income when the cash or donations are receivable. Income from donations of services from volunteers cannot be measured reliably and the costs of measuring and therefore recognising such donations as income is considered to outweigh the benefit of doing so and therefore, such donations are not recognised within income.

2 Accounting policies (continued)

Government grants

Government grants are recognised in accordance with the accrual model set out in FRS 102. Government grants relating to fixed assets are recognised in the balance sheet as deferred income and amortised to the profit and loss account in equal annual instalments over the estimated lives of the assets to which they relate.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land, buildings and improvements	10 to 99 years
Rolling stock - steam locomotives	On a usage basis
Rolling stock - other	5 to 25 years
Track and signalling	8 to 25 years
Plant, vehicles and equipment	3 to 20 years

Subsequent costs, including major inspections or overhaul, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to West Somerset Railway PLC and the cost can be measured reliably. Costs include labour costs of own employees arising directly from the major inspection or overhaul of the specific asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Finished goods are stated at the lower of cost and net realisable value. Consumables are stated at cost. Cost is determined using a first in, first out (FIFO) method.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting

2 Accounting policies (continued)

date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision is recognised as a finance cost.

As part of the operating agreements for the hire of locomotives and rolling stock, the company is obliged to undertake periodic overhauls of certain engines. Where the terms of an agreement result in an obligation to undertake work such as initial or interim overhaul, then a provision is recognised for the expected costs of these works. For initial overhauls a provision is recognised on signature of the related agreement. For interim or final overhauls, a provision is recognised on an annual basis, in line with the mileage of the locomotive, to reflect when the cost is incurred through use of the locomotive. Where the company will not obtain the benefit of the overhaul, for example with a final overhaul at the end of an agreement, then the provision is charged to the income statement as recognised.

2 Accounting policies (continued)

Where the company will obtain the benefit of an initial or interim overhaul through ongoing use of the locomotive, then an amount is recognised within other receivables to reflect the asset that the company will have access to. The value of the asset is equal to the provision recognised. When an overhaul is completed and brought into use the respective balance is transferred from other receivables into tangible fixed assets, capitalised as a component asset and depreciated over its' useful economic life, being the period over which the Railway will continue to use the locomotive and benefit from the overhaul.

Due to the time period between the initial recognition of a provision and other receivables, and when the overhaul is undertaken and brought into use, it is necessary to account for interest on the balances, to reflect the time value of money. Interest on other receivables is calculated using the effective interest rate method and recognised in the income statement as part of interest receivable and similar income. Interest on provisions is calculated using the effective rate method and recognised in the income statement as part of interest payable and similar charges.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

When a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sale proceeds over the carrying amount of the asset. Instead, the proceeds are deferred and presented as a liability and subsequently measured at amortised cost using the effective interest method.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 Accounting policies (continued)

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Segmental reporting

The results for the current and prior period are derived from one class of business in the United Kingdom.

Financial instruments

Classification

Basic financial assets, including trade and other debtors, cash and bank balances and investments in term deposits, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit and loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably, are measured at cost less impairment.

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price. Trade and other creditors are subsequently measured at amortised cost using the effective interest method. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimated and judgements within these accounts are considered to be:

2 Accounting policies (continued)

(a) Useful economic lives and residual values of tangible fixed assets
The annual depreciation charges for tangible fixed assets is sensitive to the changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets. Further information with regards to fixed assets is included within note 10 of these accounts.

(b) Locomotive repair provision
The locomotive repair provision is in accordance with the company's and its supplier's best estimates of costs involved and based on the locomotive's usage to date. Details of the carrying value of the provision can be found in note 16 of these financial statements. Corresponding values are recorded within other receivables where the company will benefit from the repairs.

(c) Impairment of non-current assets
The company tests property plant and equipment if there are indications that an impairment may be required.

Determining whether these assets are impaired requires an estimation of the value in use of the cash generating units to which the assets are allocated.

The key estimates in the value in use calculation are those regarding discount rates, sales and margin growth rates. Assumptions regarding these key estimates are considered to be the key areas of estimation in the impairment review process.

(d) Deferred tax
The company has taxable losses carried forward, which are offset against excess capital allowances, as set out in note 9. The recognition of deferred tax assets in relation to losses is based on whether it is probable that sufficient taxable profits will be available in the future against which the reversal of losses and temporary differences can be used. Differences in forecasted taxable profits and actual profitability or a reduction in future forecasted taxable profits could impact deferred tax balances in future periods.

3 Other operating income

The analysis of the company's other operating income for the period is as follows:

	1 January 2018 to 31 March 2019 £	Year ended 31 December 2017 £
Legacies, grants and donations	190,038	175,594
Insurance receipts	21,721	-
	211,759	175,594

4 Operating loss

Arrived at after charging/(crediting)

	1 January 2018 to 31 March 2019 £	(As restated) Year ended 31 December 2017 £
Rental under operating leases	439,729	370,050
Depreciation - owned assets	202,142	219,551
Impairment loss	142,477	-
Profit on disposal of property, plant and equipment	(19,744)	-
Auditor's remuneration	15,000	8,990
Auditors' remuneration - non audit work	3,000	2,700
Amortisation of government grant relating to fixed assets	(16,419)	(13,135)

5 Other interest receivable and similar income

	1 January 2018 to 31 March 2019 £	(As restated) Year ended 31 December 2017 £
Interest income on bank deposits	1,472	178
Other finance income	2,515	2,236
	3,987	2,414

6 Interest payable and similar expenses

	1 January 2018 to 31 March 2019 £	(As restated) Year ended 31 December 2017 £
Interest on bank overdrafts and borrowings	20,151	-
Interest on obligations under finance leases and hire purchase contracts	1,270	-
Interest expense on other finance liabilities	2,516	2,435
	23,937	2,435

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 January 2018 to 31 March 2019 £	Year ended 31 December 2017 £
Wages, salaries and social security costs	1,236,115	980,642
Pension costs, defined contribution scheme	49,087	32,000
Directors renumeration and pensions	125,649	-
	1,410,851	1,012,642

Included within the above is £Nil (2017: £19,050) of our own wages which have been capitalised as part of the renewal of a section of the track at Minehead and is therefore not reflected in the profit and loss charge for the year.

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2019 No.	2017 No.
Railway	50	51
Shop	4	3
	54	54

The average number of persons employed includes all full-time and part-time employees.

In addition, the railway receives tremendous support from over 1,000 unpaid volunteers, without whose services it could not operate as a financially viable commercial operation.

8 Auditors' remuneration

	1 January 2018 to 31 March 2019 £	Year ended 31 December 2017 £
Audit of the financial statements	15,000	8,990
Other fees to auditors		
All other non-audit services	3,000	2,700

9 Taxation

Tax charged/(credited) in the income statement

	1 January 2018 to 31 March 2019 £	Year ended 31 December 2017 £
Current taxation		
UK corporation tax	-	718
UK corporation tax adjustment to prior periods	(718)	-
	(718)	718
Deferred taxation		
Arising from origination and reversal of timing differences	(118,413)	26,363
Tax (receipt)/expense in the income statement	(119,131)	27,081

9 Taxation (continued)

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK 2019 - 19% (2017 - 19%).

The differences are reconciled below:

	1 January 2018 to 31 March 2019 £	(As restated) Year ended 31 December 2017 £
(Loss)/profit before tax	(927,040)	39,800
Corporation tax at standard rate	(176,137)	7,562
Effect of revenues exempt from taxation	-	(24,215)
Effect of expense not deductible in determining taxable profit (tax loss)	(13,342)	-
Effect of tax losses	39,978	-
Deferred tax expense (credit) relating to changes in tax rates or laws	-	13,837
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(718)	29,897
Tax increase (decrease) from effect of capital allowances and depreciation	31,088	-
Total tax (credit)/charge	(119,131)	27,081

Deferred tax

Deferred tax assets and liabilities

2019	Liability £
Excess capital allowances over depreciation	443,390
Less taxable losses carried forward	(443,390)
	-

2017	Liability £
Excess capital allowances over depreciation	339,363
Less taxable losses carried forward	(221,000)
	118,363

10 Tangible assets

	(As Restated) Freehold land, buildings and improvements £	Rolling stock £	Track and signalling £	Plant, vehicles and equipment £	(As Restated) Total £
Cost or valuation					
At 1 January 2018	1,744,459	2,046,035	1,658,671	875,865	6,325,030
Additions	15,597	133,800	58,319	25,824	233,540
Disposals	-	(176,634)	-	(2,750)	(179,384)
At 31 March 2019	1,760,056	2,003,201	1,716,990	898,939	6,379,186
Depreciation					
At 1 January 2018	555,540	643,293	632,590	705,710	2,537,133
Charge for the period	54,257	23,382	78,198	46,305	202,142
Eliminated on disposal	-	(61,256)	-	(2,589)	(63,845)
Impairment	-	142,477	-	-	142,477
At 31 March 2019	609,797	747,896	710,788	749,426	2,817,907
Carrying amount					
At 31 March 2019	1,150,259	1,255,305	1,006,202	149,513	3,561,279
At 31 December 2017	1,188,919	1,402,741	1,026,031	170,155	3,787,846

10 Tangible assets (continued)

Included in freehold and long leasehold land, buildings and improvements are the following assets with a net book value at 31 March 2019: freehold buildings £523,489 (2017: £552,083), freehold land £74,612 (2017: £58,249), leasehold buildings £200,277 (2017: £204,558) and leasehold improvements £351,851 (2017: £374,029).

Included in rolling stock are assets held under finance leases (note 21) with a net book value at 31 March 2019 of £1,063,124 (2017: £Nil).

During the year the company agreed to terminate the contract of a locomotive on long term lease hire. As a result, the locomotive is not capable of generating economic benefit for the company, so it has a nil value in use. An impairment of £142,477 has been booked accordingly.

11 Investments in subsidiaries, joint ventures and associates

The company held the following shares as at March 2019 and December 2017:

1 share of £500 each in 5542 Limited
418 shares of £10 each in Dinmore Manor Locomotive Limited
120 shares of £1 each in Severn Valley Railway (Holdings) plc
940 shares of 25p each in Great Central Railway plc
126 shares of £1 each in North Norfolk Railway plc.

All shares were given to the company and therefore have a nil cost. As these shares are not publicly traded and their fair value cannot be measured reliably, they are held at cost and therefore have nil value within the statements.

12 Stocks

	31 March 2019 £	31 December 2017 £
Raw materials and consumables	81,232	82,064
Finished goods and goods for resale	78,579	73,226
	159,811	155,290

13 Debtors

	31 March 2019 £	(As restated) 31 December 2017 £
Trade debtors	57,559	59,746
Other debtors	124,985	213,802
Prepayments	65,439	108,250
	247,983	381,798
Less non-current portion	(118,537)	(153,274)
Total current trade and other debtors	129,446	228,524

Details of non-current trade and other debtors

In line with the accounting policies for the treatment of locomotives under long term hire agreements, provisions for future overhauls from which the company will benefit are recognised as having an asset value equal to the value of the unused provisions to date. As at 31 March 2019, unused provisions totalled £118,537 (2017 - £153,274) which has been included within non current debtors.

14 Cash and cash equivalents

	31 March 2019 £	31 December 2017 £
Cash on hand	3,580	3,465
Cash at bank	289,337	559,545
	292,917	563,010

15 Creditors

	Note	31 March 2019 £	31 December 2017 £
Due within one year			
Loans and borrowings	20	147,544	11,000
Trade creditors		366,070	319,457
Social security and other taxes		13,019	20,412
Other payables		87,685	46,451
Accrued expenses		169,896	141,150
Deferred income		13,135	-
		797,349	538,470
Due after one year			
Loans and borrowings	20	382,572	341,677
Deferred income		154,676	184,230
		537,248	525,907

16 Deferred tax and other provisions

	Deferred tax £	Loco repairs provision £	Total £
At 1 January 2018 (as restated)	118,413	153,274	271,687
Release of provisions	(118,413)	(81,400)	(199,813)
Increase in provision re: 53808	-	46,663	46,663
At 31 March 2019	-	118,537	118,537

16 Deferred tax and other provisions (continued)

	Deferred tax	Loco repairs provision	Total
	£	£	£
At 1 January 2017 (as restated)	92,100	75,594	167,694
Increase in provisions	26,313	77,680	103,993
At 31 December 2017	118,413	153,274	271,687

The locomotive repair provision relates to Locomotives 53808 and 44422 for which long-term contracts are in place requiring the company to carry out all repairs and overhauls during the duration of the contract. This provision is then treated as a receivable to reflect the accounting policy adopted.

The provision has been released in the period in respect of locomotive 44422 as notice was given prior to the year end, to return the asset to its owners. No further repair costs are expected.

The provision in respect of locomotive 53808 has been restated. The effect of this is shown in the accounting policy in note 2.

17 Deferred income

	31 March 2019	31 December 2017
	£	£
Deferred income: Government grants relating to fixed assets	167,811	184,230

The movements in the period in respect of the government grants are as follows:

	£	£
Balance at beginning of period	184,230	197,365
Amortised to profit and loss account	(16,419)	(13,135)
Balance at end of period	167,811	184,230

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £57,180 (2017 - £32,000).

Contributions totalling £9,466 (2017 - £2,232) were payable to the scheme at the end of the period and are included within other creditors.

19 Share capital

Allotted, called up and fully paid shares

	2019		2017	
	No.	£	No.	£
Ordinary shares of £0.10 each	23,121,343	2,312,134	22,472,493	2,247,249

New shares allotted

During the period 648,850 Ordinary shares having an aggregate nominal value of £64,885 were allotted for an aggregate consideration of £64,885.

In accordance with the Company Articles, the members of the company shall not be invited to participate in the income or profit of the company by way of dividends (other than by issues of free or complimentary rail travel) and no action shall be taken by the company or its members which would have the effect directly or indirectly of participation by the member in the income or profits of the company or any sucessor to the company by way of a dividend. Shareholders with fewer than 1,000 shares will not qualify for free or complimentary rail travel warrants.

If upon winding up of the company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same may not be paid or distributed amongst its members. Such proceeds, land, premises or assets, shall be given or transferred to another institution having objectives similar to West Somerset Railway PLC and which shall also prohibit the distribution of its income, profit or assets amongst its members to an extent at least as great as imposed on this company by virtue of this clause.

20 Creditors: Amounts falling due after more than one year

	31 March 2019 £	31 December 2017 £
Non-current loans and borrowings		
Bank borrowings	327,016	341,677
Finance lease liabilities	55,556	-
	382,572	341,677

	31 March 2019 £	31 December 2017 £
Current loans and borrowings		
Bank borrowings	14,211	11,000
Finance lease liabilities	133,333	-
	147,544	11,000

Bank borrowings and secured debts

The bank loan on Station House is denominated in £ with a nominal interest rate of fixed 5.27% (2017: 5.27%) and variable 4.19% (2017 - 3.9%), and the final instalment is due on 31 December 2037. The carrying amount at the period end is £341,227 (2017 - £352,625).

Secured debts

The bank loan is secured by a first legal charge over the freehold property at Station House, a first legal charge over the freehold property 5 Acres Land with an acreage of 5 and an unlimited debenture.

Finance lease liabilities are secured on the related assets.

20 Creditors: Amounts falling due after more than one year (continued)

Included in the loans and borrowings are the following amounts:

	31 March 2019 £	31 December 2017 £
Due within one year	14,211	11,000
Due between 2 and 5 years	57,454	49,000
Due after more than five years by instalments	269,562	292,677
	341,227	352,677

21 Obligations under leases and hire purchase contracts

Finance leases

During the period, the company entered into a sale and leaseback transaction that resulted in a finance lease. Upon completion of the lease term, the company will have the option to repurchase the assets for a nominal fee. The finance lease is secured over the assets concerned.

The total of future minimum lease payments is as follows:

	2019 £	2017 £
Not later than one year	133,333	-
Later than one year and not later than five years	55,556	-
	188,889	-

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2017 £
Not later than one year	40,292	129,370
Later than one year and not later than five years	65,825	78,971
	106,117	208,341

22 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £90,000).

After the period end, the company entered into two hire agreements with a total due within one year of £70,000 and due after one year of £43,750.

23 Related party transactions

Key management personnel

During the period key management personnel, which are comprised of the Department Heads for each of the Company's operating departments and the General Manager, received £339,556 (2017: £218,086) for services provided to the company.

Other related parties - under common influence

	2019 £	2017 £
Grants received	-	7,336
Repairs	1,240	-
Short lease hire	7,190	-
Haulage	4,140	-
	12,570	7,336

As at the balance sheet date there were amounts due to other related parties of £948 (2017:£Nil).

24 Financial instruments

Categorisation of financial instruments

	2019 £	2017 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	57,559	59,746
Other debtors	-	5,922
	57,559	65,668
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	341,227	352,625
Hire purchase	188,639	-
Trade creditors	366,070	319,457
Other creditors	40,262	45,949
	936,198	718,031

West Somerset Railway Public Limited Company

Detailed Profit and Loss Account for the Period from 1 January 2018 to 31 March 2019

	1 January 2018 to 31 March 2019 £	(As restated) Year ended 31 December 2017 £
Turnover	3,247,682	3,332,651
Other operating income (analysed overleaf)	211,759	175,594
Gross revenue	3,459,441	3,508,245
Operating costs and overheads		
Operating costs	1,969,301	1,807,171
Employment costs	1,410,851	993,592
Establishment costs (analysed overleaf)	536,327	338,682
General administrative expenses (analysed overleaf)	314,383	216,385
Publicity (analysed overleaf)	155,413	112,594
(Profit)/loss on disposal of tangible fixed assets (analysed overleaf)	(19,744)	-
	4,366,531	3,468,424
Operating (loss)/profit	(907,090)	39,821
Other interest receivable and similar income (analysed overleaf)	3,987	2,414
Interest payable and similar charges (analysed overleaf)	(23,937)	(2,435)
	(19,950)	(21)
(Loss)/profit before tax	(927,040)	39,800

West Somerset Railway Public Limited Company

Detailed Profit and Loss Account for the Period from 1 January 2018 to 31 March 2019

	2019	2017
	£	£
Turnover		
Fares	2,271,162	2,496,131
Ticket printing sales	8,645	7,089
Work done	56,417	32,817
Wine and dine haulage	77,233	42,363
Line access income	33,550	43,500
Cost of materials (edmonson)	(10,097)	(7,663)
Steam and diesel experience	72,839	59,564
Rental income	59,584	10,554
Other trading income	124,737	28,289
	2,694,070	2,712,644
Shop contribution		
Retail income	203,232	233,507
Shop purchases	(128,382)	(128,652)
Consumables (shop)	(1,368)	(3,396)
Wages and salaries (shop)	(51,835)	(45,055)
	21,647	56,404
Buffet and catering contribution		
Buffet income	350,380	386,500
Buffet purchases	(151,686)	(151,372)
Consumables (buffet)	(15,785)	(24,294)
Salaries and wages (buffet)	(112,877)	(89,662)
	70,032	121,172
Other operating income		
Donations received	190,038	175,594
Insurance receipts	21,721	-
	211,759	175,594

West Somerset Railway Public Limited Company

Detailed Profit and Loss Account for the Period from 1 January 2018 to 31 March 2019

	2019	2017
	£	£
Other interest receivable and similar income		
Bank interest receivable	1,472	178
Other interest receivable	2,515	2,236
	3,987	2,414
Operating costs		
Fuel	279,550	232,919
Wine and dine expenditure	75,986	-
Bridges, roads and building maintenance	147,005	55,339
Signal and telegraph	11,732	24,281
Stock maintenance	201,304	194,872
Track maintenance	217,329	173,377
Water and sewerage	30,281	58,624
Stock hire	439,729	370,050
Coach hire	19,633	22,792
Motor expenses	14,026	12,538
Special events	73,525	34,745
Cleaning	115,798	114,383
Flying Scotsman costs	-	205,537
Donations repayable	46,182	-
	1,672,080	1,499,457
Employment costs		
Wages and salaries	1,071,403	826,875
Directors salary	117,556	-
Staff pensions	49,087	32,000
Directors pensions	8,093	-
	1,246,139	858,875

West Somerset Railway Public Limited Company

Detailed Profit and Loss Account for the Period from 1 January 2018 to 31 March 2019

	2019	2017
	£	£
Establishment costs		
Depreciation	202,142	206,416
Rates	36,474	28,617
Light, heat and power	84,441	36,699
Insurance	87,212	66,950
Depreciation/(grant release)	(16,419)	-
Impairment loss/(reversal) on PPE	142,477	-
	536,327	338,682
General administrative expenses		
Recruitment fees	7,065	575
Casual wages	1,764	-
Staff training	27,325	21,625
Staff welfare	12,467	5,368
Telephone and fax	14,720	21,513
Computer software and maintenance costs	21,966	25,317
Printing, postage and stationery	75,381	59,713
Bank and credit charges	37,528	27,584
Trade subscriptions	1,060	1,090
Security costs	13,032	11,301
Hire of office equipment	240	120
Sundry expenses	873	-
Other administration costs	13,097	6,503
Travel and subsistence	18,342	12,624
Entertaining	295	-
Accountancy fees	6,250	596
Auditor's remuneration	15,000	8,990
Auditors' remuneration - non audit work	3,000	2,700
AGM and audit fees	13,244	6,639
Legal and professional fees	31,601	4,127
Bad debts written off	133	-

West Somerset Railway Public Limited Company

Detailed Profit and Loss Account for the Period from 1 January 2018 to 31 March 2019

	2019	2017
	£	£
	314,383	216,385
General administrative expenses		
Publicity	155,413	112,594
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	(19,744)	-
Interest payable and similar expenses		
Other loan interest	20,151	-
Hire purchase interest	1,270	-
Other interest payable	2,515	2,436
	23,936	2,436