

**WEST SOMERSET RAILWAY PUBLIC  
LIMITED COMPANY**

**Report and Financial Statements**

**31 December 2004**

**Deloitte & Touche LLP  
Bristol**



# **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

## **REPORT AND FINANCIAL STATEMENTS 2004**

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# **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

C A Austin MA FCILT (Chairman)  
B J Crudge (WSRA Representative)<sup>1, 4</sup>  
H R Davies IEng MIBF (WSRA Representative)<sup>1, 2</sup>  
J M Donner<sup>1</sup>  
C W J Dowrick ACIB<sup>1, 4</sup>  
G W Evens  
Lord Faulkner of Worcester<sup>1, 2</sup>  
M A Johns CEng FIMechE (WSRA Representative)  
R L Lizars ACIB<sup>1, 2</sup>  
N I Lowther FCA<sup>1, 2, 3</sup>  
D T Morgan MBE TD MCIT (Deputy Chairman)<sup>1, 2, 4</sup>  
R S Savill FCA (Finance Director)  
M L Smith MIRO (Managing Director)<sup>4</sup>  
D H Taylor FCIS F Inst Mgt F Inst Pet<sup>3</sup>

<sup>1</sup> Non-Executive Director

<sup>2</sup> Member of Audit Committee

<sup>3</sup> Member of Remuneration Committee

<sup>4</sup> Member of Safety Audit Committee

### **SECRETARY**

G W Evens

### **REGISTERED OFFICE**

The Railway Station  
Minehead  
Somerset  
TA24 5BG

### **SOLICITORS**

David T Morgan	Wright Son & Pepper
9 Gray's Inn Square	9 Gray's Inn Square
London	London
WC1R 5JF	WC1R 5JF

### **BANKERS**

Lloyds TSB Bank plc  
19 The Parade  
Minehead  
Somerset  
TA24 5LU

### **AUDITORS**

Deloitte & Touche LLP  
Bristol

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN of the thirty-third Annual General Meeting of the company which will be held at The Regal Theatre, Minehead on Saturday, 25 June 2005 at 2.30pm to transact the following business:

1. To consider the Company's financial statements and the Reports of the Directors and Auditors for the year ended 31 December 2004.
2. To elect Directors (see Directors' Report).
3. To reappoint Deloitte & Touche LLP as Auditors to the Company and to authorise the Directors to agree their remuneration.
4. To transact any other business which may be properly transacted at an Annual General Meeting.

By order of the Board



**G W Evens**  
Secretary

2 April 2005

The Railway Station  
Minehead  
Somerset  
TA24 5BG

NOTE: Any member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company.

## Chairman's Report 2004

In 2004, the railway again surpassed itself in terms of the numbers of passengers carried, turnover and reputation. The culmination of a tremendous year was the accolade of nomination as the Ian Allan *Independent Railway of the Year*, as part of the National Railway Heritage Awards in December. A new record of 192,000 passengers was set, shop and buffet receipts were at an all-time high, and a step change increase was made in numbers of those enrolling on the steam experience courses. The net assets of the company increased to £1.3m and the turnover to £1.8m.

2004 was also the year the first of the two steam locomotives now owned by the company entered revenue service. The company again carried freight and earned income from siding rent by providing secure storage for rolling stock for First Group. The railway is a link to Exmoor National Park, and we strengthened this in celebrating their 50<sup>th</sup> anniversary with the naming of Wessex Trains' class 158 unit *Exmoor Explorer* at Minehead in May. This train now carries images of the West Somerset Railway (and contact details) throughout South West England, along the South Coast and into South Wales.

The Association purchased a huge site of 33 acres at Norton Fitzwarren, as a basis for the long term expansion for the line. Plans have already been developed for the construction of a turning triangle which could meet the future needs of both WSR trains, and those of incoming operators. At the end of the year, the Government approved expenditure for the construction of a bridge to replace Silk Mills level crossing. This scheme will include a new park & ride site that may become important for the railway, as bus links supplement the available car parking space at Bishops Lydeard which is now at capacity on many days. It is also associated with upgrading the WSR connection with the main line network which is expected to take place later this year. Once complete, this will open up many new opportunities for the railway from next year.

In addition to all this, the railway and its staff and supporters worked harder than ever before to deliver an intensive train service, a varied and interesting programme of special events and an ambitious investment programme. The restoration of no. 9351 was completed, and on a Saturday afternoon in September, she moved under her own steam for the first time in over 40 years – a genuinely magic moment. The bulk of the work on S&DJR 2-8-0 no. 88 has now been undertaken and the locomotive will be returned to traffic this year. The company purchased no. 7828 *Odney Manor*, and its restoration has begun, but she requires more funds to complete and is the subject of our appeal this year. We undertook a major civil engineering contract, with the restoration of the Minehead station canopy, and pressed ahead with cable laying with the aim of installing Electric Key Token working throughout. The northern half of the line, from Williton to Minehead is now covered by this system which provides greater flexibility, greater security and is essential to deliver the intensive level of service planned for peak periods. Half the £22,800 cost of this scheme was met through share appeal – a tremendous result.

Hanging over us during the year, however, has been the threat of the development of the West Somerset District Council Offices next to Minehead station. This unwelcome development will overshadow the railway and limit the public car parking

currently available. It will dominate the conservation area which the railway has worked hard to protect and restore, along with the Friends of Minehead Station. The development of the Council offices, coupled with other offices on the site, and the big retail development behind the signal box will change the character of this part of Minehead for ever. It will hem in the railway, constrain further expansion, and prejudice delivery of the ten year plan for growth we published last year.

We have, of course, sought to engage with the Council throughout the year. We took Councillors and officers on a special train along the line last summer and told them in detail about our plans for development. We have met them on a regular basis, and our message has been consistent throughout. The railway needs access to 300 car park spaces for its passengers within 400 metres of the station. We would like to see a proper interchange for the growing transfer to bus, coach and taxi, and we want a safe walking route for our passengers to access the sea front. Considerable changes have been made to the original plans as a result but, at the time of writing, more is still required. The company has taken professional and legal advice to protect the interests of the railway, and intends to take all steps to protect its position and the scope for future growth.

It is a matter of concern that the Board is having to devote so much management time and resources to deal with this unwanted intrusion, when both are scarce and need to be devoted to the management of the company. It is regrettable that the Council has been slow to recognise the benefit of the WSR to the local economy and has not helped to maximise its potential. However, the resolute approach we have adopted to protect the railway has resulted in a better understanding by the local community of the value of the railway, and its major contribution to the economy of West Somerset.

C. A. Austin,  
**Chairman**  
2 April 2005

A handwritten signature in black ink, appearing to read 'C. A. Austin', with a long horizontal flourish extending to the right.

## **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

### **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 December 2004.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is to operate the West Somerset Railway between Minehead and Bishops Lydeard in the County of Somerset.

### **RESULTS AND DIVIDENDS**

The profit for the year is as stated in the profit and loss account.

In accordance with Clause 4(44) of the Memorandum of Association the Members of the Company are not entitled to a dividend.

### **ISSUES OF SHARES**

The company issued a further 349,250 10p ordinary shares at par for cash consideration in order to provide additional capital.

### **REVIEW OF DEVELOPMENT AND FUTURE PROSPECTS**

A review of activities for the year and likely future developments is included in the Chairman's report on page 3 which is deemed to form part of this report.

### **DIRECTORS AND THEIR INTERESTS**

The directors and their interests in the share capital of the company on 1 January 2004 and 31 December 2004 were as follows:

	<b>Ordinary shares of 10p each</b>	
	<b>31 December</b>	<b>1 January</b>
	<b>2004</b>	<b>2004</b>
C A Austin	15,000	10,000
M R D Cooper (resigned 29.06.04)	1,500	1,500
B J Crudge	550	550
H R Davies	5,100	5,100
J M Donner	50,000	50,000
C W J Dowrick	20,000	18,750
G W Evens (appointed 25.09.04)	1,000	-
Lord Faulkner (appointed 30.10.04)	-	-
M A Johns	3,500	2,500
R L Lizars	21,800	21,800
N I Lowther	1,400	1,000
D T Morgan	4,050	4,050
R S Savill	15,500	13,500
M L Smith	20,000	17,700
D H Taylor	9,050	9,050
R A Wood (resigned 30.10.04)	1,000	1,000

In accordance with the Articles of Association Messrs B J Crudge, H R Davies, M A Johns and D T Morgan retire from office, Messrs B J Crudge, H R Davies, M A Johns and D T Morgan, being eligible, offer themselves for re-election.

Resolutions will be proposed at the Annual General Meeting to confirm the appointment of Mr G W Evens and Lord Faulkner who have been appointed since the last meeting.

## **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

### **DIRECTORS' REPORT (continued)**

#### **CORPORATE GOVERNANCE**

The July 2003 Combined Code Committee's report on the financial aspects of corporate governance contained a Code of Best Practice. Whilst there is no requirement on the company to do so, the directors have reviewed the company's practices in respect of those recommendations contained in the Code which they believe to be most relevant to the company. The following information is presented as voluntary disclosures for the benefit of the shareholders. The company has not complied with, and has not attempted to comply with, the full requirements of the Code.

#### **BOARD OF DIRECTORS**

The company has a Board of Directors of six executive and eight non executive directors which the Board believes is appropriate for the company at the current time. The Board meets formally on a regular basis, normally each month. Written procedures have been approved by the Board covering matters which require specific Board approval. Similarly, there are written procedures enabling Board members to seek independent professional advice in furtherance of their duties.

#### **REMUNERATION COMMITTEE**

The Remuneration Committee consists of one non-executive director and one executive director. Apart from the managing director no other directors are employed by the company. The remuneration of the managing director is decided by the Remuneration Committee.

#### **AUDIT COMMITTEE**

The Audit Committee consists of five non-executive directors and the company secretary who is also secretary of the Audit Committee. Other Board members also have the right to attend. However, at least once each year, the Committee meets with the external auditors without executive Board members being present, except by invitation.

#### **SAFETY AUDIT COMMITTEE**

It is the Board's policy that safety is the first priority for the Board and all working on the railway. A committee of three non-executive directors and the managing director ensure that proper procedures are in place for risk assessment and safety management, and that procedures are subject to periodic audit and review. The company is one of the few heritage railways to hold a full "Safety Case" approved by the Health and Safety Executive, facilitating the handling of through trains from the Railtrack network.


#### **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 adhere to the supplier's standard terms. The company's year end trade creditors correspond to 28 days (2003: 27 days) of credit purchases.

#### **AUDITORS**

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



**G W Evens**  
Secretary

2 April 2005



## **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

We have audited the financial statements of West Somerset Railway Public Limited Company for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DELOITTE & TOUCHE LLP**  
Chartered Accountants and Registered Auditors  
Bristol

7 April 2005

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2004**

	Notes	Continuing operations	
		2004	2003
		£'000	£'000
<b>TURNOVER</b>		1,785	1,578
Staff costs	2	(476)	(389)
Depreciation		(71)	(65)
Other operating charges		(1,182)	(1,186)
<b>OPERATING PROFIT/(LOSS)</b>		56	(62)
Interest receivable		22	18
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	78	(44)
Tax (charge)/credit on profit/(loss) on ordinary activities	3	(14)	10
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	13	64	(34)

There are no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

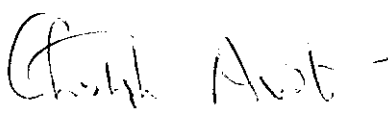
**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**


**BALANCE SHEET**  
At 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>			
Tangible assets	5	1,034	777
<b>CURRENT ASSETS</b>			
Stocks	7	71	64
Debtors	8	94	27
Investments - treasury deposit	19	250	600
Cash at bank and in hand	19	244	268
		659	959
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(305)	(371)
<b>NET CURRENT ASSETS</b>		354	588
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,388	1,365
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	(45)	(119)
<b>DEFERRED INCOME</b>	11	(42)	(44)
<b>NET ASSETS</b>		1,301	1,202
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,191	1,156
Profit and loss account	13	110	46
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	13	1,301	1,202

These financial statements were approved by the Board of Directors on 2 April 2005.

Signed on behalf of the Board of Directors

  
C A Austin  
Director  
2 April 2005

  
M L Smith  
Director  
2 April 2005

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**CASH FLOW STATEMENT**  
**Year ended 31 December 2004**

	Notes	2004 £'000	2003 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	17	(103)	80
<b>Returns on investments and servicing of finance</b>			
Interest received		22	18
<b>Taxation</b>			
Corporation tax paid		-	-
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	5	328	115
Proceeds from disposal of tangible fixed assets		-	(2)
<b>Net cash outflow from capital expenditure</b>		(328)	(113)
<b>Cash outflow before financing and management of liquid resources</b>		(409)	(15)
<b>Management of liquid resources</b>			
Decrease/(increase) in treasury deposits	19	350	(600)
<b>Financing</b>			
Issue of ordinary share capital		35	23
<b>Decrease in cash in the year</b>	19	(24)	(592)

## WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

#### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Long leasehold land and buildings	2% per annum
Leasehold improvements	4% per annum
Rolling stock	4% to 30% per annum
Plant and machinery	10% to 33% per annum
Motor vehicles	33% to 40% per annum
Fixtures and fittings	20% to 50% per annum
Track and point work	10% to 13% per annum

No depreciation is being charged on Locomotive 7828 purchased in May 2004 until restoration has been completed.

##### Deferred taxation

The company has adopted FRS 19, Deferred Tax. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Stocks

Stocks are valued at the lower of cost and net realisable value.

##### Government grants

Government grants made as a contribution towards expenditure on 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.

##### Investments and investment gains and losses

Unquoted investments are held and are included in the balance sheet at cost. Unquoted investments received as donations or gifts are carried at nil book value.

# WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

### 1. ACCOUNTING POLICIES (continued)

#### Pension costs

Pension costs relating to the company's defined contribution pension scheme are charged against profits as they become payable.

#### Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

#### Turnover

Turnover represents amounts receivable for goods and services provided in the United Kingdom net of trade discount, VAT and other related taxes.

#### Segmental reporting

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

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £'000	2003 £'000
Directors' emoluments (as employees):		
Remuneration (including benefits in kind)	34	32
Contributions to defined contribution pension scheme	3	3
	<u>37</u>	<u>35</u>

Only one director received any remuneration and is a member of the pension scheme.

	£'000	£'000
Employee cost during the year (including directors):		
Wages and salaries	421	347
Social security costs	31	23
Pension costs	24	19
	<u>476</u>	<u>389</u>

	No.	No.
Average number of persons employed:		
Railway	29	26
Shop	3	3
Total (full time equivalents)	<u>32</u>	<u>29</u>

# WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

### 3. TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
Analysis of charge in year		
United Kingdom corporation tax at 19% (2003: 10%)	-	-
Total current tax	-	-
Deferred taxation	14	(10)
<b>Tax charge/(credit) on profit/(loss) on ordinary activities</b>	<b>14</b>	<b>(10)</b>

#### Factors affecting tax charge in year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2003: 10%). The actual tax for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before tax	78	(44)
	<b>£'000</b>	<b>£'000</b>
Tax on profit/(loss) on ordinary activities at standard rate	16	(4)
Qualifying capital allowances in excess of depreciation	(14)	5
Marginal starting rate relief	(2)	(1)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### Factors affecting future tax charges

The company is not aware of any factors that may affect the future tax charge.

### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before taxation is after charging:		
Rolling stock hire	263	229
Depreciation - owned assets	71	65
Auditors' remuneration - audit fee	6	6
Rentals under operating leases - Plant and Machinery	3	3
Profit on sale of fixed assets	-	2
Amortisation of government grant	(2)	(2)



# WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

### 5. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings and leasehold improvements £'000	Rolling stock £'000	Plant vehicles and equipment £'000	Track and signalling £'000	Total £'000
<b>Cost</b>					
At 1 January 2004	608	355	207	216	1,386
Additions	2	280	26	20	328
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	610	635	233	236	1,714
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>					
At 1 January 2004	193	95	129	192	609
Charge for the year	20	12	30	9	71
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	213	107	159	201	680
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2004	<u>397</u>	<u>528</u>	<u>74</u>	<u>35</u>	<u>1,034</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	<u>415</u>	<u>260</u>	<u>78</u>	<u>24</u>	<u>777</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Additions to rolling stock of £280,365 include expenditure during the year on the acquisition and restoration of Locomotives 7828 and 9351 (5193 renumbered) of £287,860 less donations received of £7,495.

### 6. INVESTMENTS

The company holds one £500 share in 5542 Limited and 418 £10 shares in Dinmore Manor Locomotive Limited and 20 £1 shares in Severn Valley Railway (Holdings) PLC which were given to the company therefore have nil cost.

### 7. STOCKS

	2004 £'000	2003 £'000
Raw materials and consumables	18	16
Goods for resale	53	48
	<hr/>	<hr/>
	<u>71</u>	<u>64</u>
	<hr/>	<hr/>

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2004**

<b>8. DEBTORS</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	18	11
Valued added tax	16	12
Other debtors	2	1
Prepayments	58	3
	<u>94</u>	<u>27</u>
	<u>94</u>	<u>27</u>
<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	94	91
Tax and social security costs	9	7
Other creditors	23	28
Accruals	179	245
	<u>305</u>	<u>371</u>
	<u>305</u>	<u>371</u>
<b>10. PROVISION FOR LIABILITIES AND CHARGES</b>	<b>Balance at</b>	<b>Balance at</b>
	<b>1 January</b>	<b>31 December</b>
	<b>2004</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Locomotive repair provision	109	21
Deferred taxation	10	24
	<u>119</u>	<u>45</u>
	<u>119</u>	<u>45</u>

The locomotive repair provision relates to Locomotive 53808, for which a contract is in place requiring the company to complete the repairs and overhaul. The provision is in accordance with the company and its suppliers best estimates of the costs involved.

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2004**

**10. PROVISION FOR LIABILITIES AND CHARGES (continued)**

**Deferred taxation**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
The amounts of deferred taxation provided in the accounts is as follows:		
Excess capital allowances over depreciation	24	10

There were no unprovided amounts.

	<b>£'000</b>	<b>£'000</b>
Opening balance	10	20
Charge/(credit) to profit and loss account	14	(10)
<b>Closing balance</b>	<b>24</b>	<b>10</b>

**11. DEFERRED INCOME**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Government grants	42	44

The movements in the year in respect of the government grant are as follows:

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Government grant</b>		
Balance at beginning of year	44	46
Amortised to profit and loss account	(2)	(2)
<b>Balance at end of year</b>	<b>42</b>	<b>44</b>

# WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2004

12.	<b>CALLED UP SHARE CAPITAL</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
	<b>Authorised</b>		
	25,000,000 Ordinary shares of 10p each (2003: 25,000,000 shares)	<u>2,500</u>	<u>2,500</u>
		<b>£'000</b>	<b>£'000</b>
	<b>Allotted and fully paid</b>		
	11,557,703 Ordinary shares of 10p each (2003: 11,332,570 shares)	1,156	1,133
	349,250 Ordinary shares of 10p each (2003: 225,133 shares)	<u>35</u>	<u>23</u>
		<u>1,191</u>	<u>1,156</u>

During the year a further 349,250 Ordinary shares were issued at par.

## 13. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENT IN RESERVES

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>2004 Total £'000</b>	<b>2003 Total £'000</b>
Balance at 1 January 2004	1,156	46	1,202	1,213
Shares issued in year	35	-	35	23
Profit/(loss) for the financial year	-	64	64	(34)
<b>Balance at 31 December 2004</b>	<u>1,191</u>	<u>110</u>	<u>1,301</u>	<u>1,202</u>

## 14. OPERATING LEASES COMMITMENTS

At 31 December 2004 the company was committed to payments of £401 (2003: £401) under two land leases.

## 15. CAPITAL COMMITMENTS

At 31 December 2004 no capital expenditure (2003: £nil) has been contracted for but not provided.

## 16. PENSION SCHEMES

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pensions cost charge represents contributions payable by the company to the fund. No amounts were owed to or by the pension fund at 31 December 2004.

**WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2004**

**17. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	Note	2004 £'000	2003 £'000
Operating profit/(loss)		56	(62)
Depreciation less amortisation of grant		69	63
Profit on disposal of tangible fixed assets		-	(2)
Movement in working capital	18	(228)	81
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(103)</b>	<b>80</b>

**18. MOVEMENT IN WORKING CAPITAL**

	2004 £'000	2003 £'000
Increase in stocks	(7)	(5)
(Increase)/decrease in debtors and prepayments	(67)	7
(Decrease)/increase in creditors	(66)	96
Decrease in provisions	(88)	(17)
<b>Net cash (outflow)/inflow from working capital</b>	<b>(228)</b>	<b>81</b>

**19. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 January 2004 £'000	Cash flows £'000	At 31 December 2004 £'000
Cash at bank and in hand	268	24	244
Current asset investments	600	350	250
<b>Balance at end of year</b>	<b>868</b>	<b>374</b>	<b>494</b>

**20. TRANSACTIONS WITH DIRECTORS**

The director, Mr H R Davies is also a director of Cerdic Foundries Limited from whom supplies were obtained of £11,584 in the year (2003: £5,863). No amounts were outstanding at the year end.

## **WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

### **ADDITIONAL INFORMATION**

The additional information on page 21 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the independent auditors' report thereon.

# WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

## DETAILED PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	2004 £	2003 £
<b>REVENUE</b>		
Fares from service trains	1,251,704	1,130,553
Wine and dine haulage	24,424	19,538
Steam experience courses	53,024	29,706
Rent and wayleaves	12,630	12,047
Shop and buffet (including specials/catering)	399,114	362,906
Ticket printing sales	6,494	7,316
Work done	21,090	8,182
Other trading income	16,692	8,196
Interest receivable	22,340	18,110
Profit on disposal of tangible fixed assets	-	2,500
	<hr/> 1,807,512	<hr/> 1,599,054
<b>EXPENDITURE</b>		
Salaries and related costs	476,323	389,507
Operating:		
- fuel	135,703	127,606
- water and sewerage	15,585	14,796
- stock hire	263,294	228,778
- stock maintenance	131,232	142,189
- track maintenance	85,082	77,850
- bridge, road building maintenance	46,020	156,421
- signal and telegraph	21,491	9,853
- other operating costs	42,736	34,692
Establishment:		
- rent and rates	11,466	10,817
- light and heat	13,572	12,439
- insurance	50,228	37,544
- depreciation less amortisation of grant	68,544	62,180
Shop and buffet supplies	236,282	223,890
Administration:		
- post and telephone	23,898	20,051
- annual general meetings and audit	13,339	11,590
- legal and professional services	3,492	3,856
- other administration	30,631	29,380
Publicity	60,355	49,175
	<hr/> (1,729,273)	<hr/> (1,642,614)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<hr/> 78,239	<hr/> (43,560)
Taxation (charge)/credit for the year	(14,493)	9,807
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<hr/> <hr/> 63,746	<hr/> <hr/> (33,753)