

**WEST SOMERSET RAILWAY PUBLIC
LIMITED COMPANY**

Report and Financial Statements

31 December 2003



Deloitte & Touche LLP
Bristol

REPORT AND FINANCIAL STATEMENTS 2003

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WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C A Austin MA FCILT (Chairman)⁴
M R D Cooper MBA BSc^{1,2}
B J Crudge (WSRA Representative)^{1,4}
H R Davies IEng MIBF (WSRA Representative)^{1,2}
J M Donner¹
C W J Dowrick ACIB
M A Johns CEng FIMechE (WSRA Representative)
R L Lizars ACIB²
N I Lowther FCA^{1,2,3}
D T Morgan MBE TD MCIT (Deputy Chairman)^{1,2,4}
R S Savill FCA (Finance Director)
M L Smith MIRO (Managing Director)⁴
D H Taylor FCIS F Inst Mgt F Inst Pet³
R A Wood BA(Hons) APDip.PR MIPR MILT¹

- ¹ Non-Executive Director
- ² Member of Audit Committee
- ³ Member of Remuneration Committee
- ⁴ Member of Safety Audit Committee

SECRETARY

R L Lizars ACIB

REGISTERED OFFICE

The Railway Station
Minehead
Somerset
TA24 5BG

BANKERS

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

AUDITORS

Deloitte & Touche LLP
Bristol

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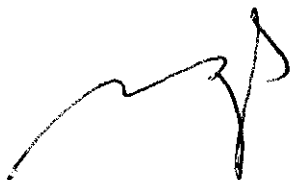
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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN of the thirty second Annual General Meeting of the company which will be held at The Regal Theatre, Minehead on Saturday, 26 June 2004 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 2003.
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



R L Lizars
Secretary

20th April 2004

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

2003 saw the railway grow to exceed expectations and carry over 187,000 passengers, almost 9% up on the previous year, itself a record. It was indeed a year of superlatives, with revenue up 12% on the previous year and 9% up on budget, with a valuable contribution from both shop and catering operation. The latter generated 57% more than budget, a particularly good achievement. As we source products locally where possible, this represents a real boost to the local economy, which is also helped by the number of skilled jobs, particularly in engineering that the railway now supports.

I took over as Chairman in April, and I am particularly indebted to my predecessor Dennis Taylor whose advice and support has been invaluable and to Managing Director Mark Smith who has taken much of the responsibility at times when my duties on the 'other railway' have kept me away from the line.

In May, the West Somerset's growing status in the wider railway community was recognised when Virgin Trains chose Minehead as the location to name their class 220 train *Somerset Voyager*, and we were joined by The Somerset County Council Chairman Robin Bush as well as the Chief Executive of Virgin Trains, Chris Green. We were also pleased to welcome the Chairman of the Strategic Rail Authority, Richard Bowker for an informal visit to the line in July.

The Board has taken time this year to plan the way forward over the next ten years. We have looked at the needs of the railway to ensure that proper provision is made in the plans of the local authorities to protect the potential for growth of their principal tourist attraction. The importance of the railway was recognised by Somerset County Council's Executive Board in their report on the Minehead regeneration area, where the railway was described as the "Jewel in the Crown" of the scheme. Studies by Somerset County Council and Manchester Metropolitan University has also underlined the value of the railway to the economy of Taunton Deane and West Somerset. We are also working to ensure that the needs of the railway are recognised as plans for the councils' landholdings around Minehead station are developed, and to protect the future development of the railway at Bishops Lydeard and now at Norton Fitzwarren as well.

So, we have a good basis to build on, but many challenges to face ahead. The cost of maintaining the railway and its expansion to match the growth in demand is increasing. The cost of the renewal of the Minehead canopy will exceed a quarter of a million pounds, and provision for this work is the principal reason for declaring a trading loss this year. The cost of a ten year overhaul for a tender engine is now substantial. The cost of the restoration of 88 will exceed £350,000 because of the significant quantity of specialised work required, particularly in the fabrication of the new copper firebox by specialist contractors, a first for a heritage railway. We urgently need more covered accommodation to maintain rolling stock and, eventually to be able to protect it through stabling more vehicles under cover. Changes in standards may mean expenditure on level crossings, and we need to maintain the present high track standards.

Nevertheless, we have put in hand an important works programme of works this winter, which you will be able to see as you travel along the railway. Apart from locomotive restoration, a run-round facility has been laid in for the bay platform at Minehead (which will also help when we come to renew the canopy), signalling and communications cables have been laid from Minehead to Blue Anchor, platforms have been restored and improved at Blue Anchor and Stogumber, and a bus lane laid at Bishops Lydeard.

I am also very conscious of the demands we make on our staff, both paid and volunteer, and very grateful for the tremendous response they made during 2003 to deliver the record results outlined above. The company is determined to plan for growth and resource it properly, rather than to react to demand or to discourage it. This will mean raising more money for development, increasing the number of trained staff who run the railway day in, day out. Our objective as a Board is to recreate the typical West Country branch line, embracing the high standards of the Great Western Railway and running a safe, reliable and smart service. So, in expanding, we must protect our heritage, and meet our responsibilities to shareholders, staff and neighbours.

Last year, at the AGM, we discussed the concern that the Board had in the rising net costs involved in servicing those with small shareholdings – under 1000 shares. This is a matter for the Board, and I will present their conclusions at this year's AGM. At this stage, the proposals (which have not yet been approved by the Board) are to cease providing concessionary travel and discount vouchers for those holding 499 shares or less, but not to make changes in respect of holdings of 500 or above. This would help to limit the losses we now incur, and I hope that most shareholders with 499 or fewer, will want to increase their holding to help turn the Company's vision for the railway into reality.

CHAIRMAN'S REPORT (continued)

One of the first actions I took as Chairman was to commission a report on the future financing of the company, recognising the new demands being placed on it. For 20 years the railway has managed to grow and develop using just the income from trading and the equity raised from our loyal shareholders. The report confirms that we will need to continue to do this, but will also need to raise additional capital, probably through grant funding, to provide adequately for the long term protection of the historic assets that form the basis of the railway.

The objective of the company is to protect the heritage that has been entrusted to us, and ensure that future generations can continue to enjoy the sight, sound and smell of steam locomotives working on our classic Great Western branch line. Together with the Association, we are currently restoring three locomotives, the cost of which will be in excess of £1,000,000. This gives an idea of the future requirements for the ten year overhaul of the other locomotives we would like to see as part of our home fleet, as well as the restoration of the listed canopy at Minehead. With this in mind, I would ask you to purchase more shares in the company to help us meet our commitments, to grow and in particular to enable us to continue the good work of restoring the steam locomotives that are the heart of the West Somerset Railway.

Chris Austin
Chairman

12 April 2004

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2003.

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 loss 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 225,133 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 pages 3 and 4 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 2003 and 31 December 2003 were as follows:

	Ordinary shares of 10p each	
	31 December 2003	1 January 2003
C A Austin	10,000	7,500
M R D Cooper	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	18,750	18,750
M A Johns	2,500	2,500
R L Lizars	21,800	21,800
N I Lowther	1,000	1,000
D T Morgan	4,050	4,050
R S Savill	13,500	12,500
M L Smith	17,700	17,100
D H Taylor	9,050	9,050
R A Wood	1,000	1,000

In accordance with the Articles of Association Messrs C A Austin, M R D Cooper, R L Lizars, and R S Savill retire from office. Mr N I Lowther, having reached the age of 70 retires from office pursuant to Section 293 of the Companies Act 1985. Messrs Austin, Cooper, Lizars, Lowther and Savill, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE

The 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 seven executive and seven 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 four 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

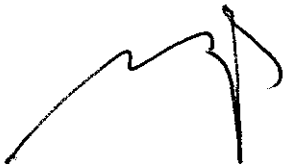
It is company policy to comply with the terms of payment agreed with a supplier. Where terms are not negotiated the company endeavours to adhere to the supplier's standard terms. The company's year end trade creditors correspond to 27 days (2002: 30 days) of credit purchases.

DIRECTORS' REPORT (continued)

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. 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



R L Lizars
Secretary

R L Lizars 2004

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 2003 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 2003 and of its loss 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

20 April 2004

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Notes	Continuing operations	
		2003	2002
		£'000	£'000
TURNOVER		1,578	1,469
Staff costs	2	(389)	(350)
Depreciation		(65)	(54)
Other operating charges		(1,188)	(1,082)
Amortisation of government grant		2	2
OPERATING LOSS		<u>(62)</u>	<u>(15)</u>
Interest receivable		18	20
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(44)</u>	<u>5</u>
Tax credit on (loss)/profit on ordinary activities	3	10	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	13	<u><u>(34)</u></u>	<u><u>5</u></u>

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

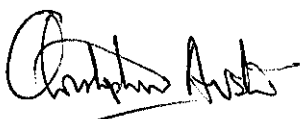
BALANCE SHEET
At 31 December 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	5	777	727
CURRENT ASSETS			
Stocks	7	64	59
Debtors and prepayments	8	27	34
Investments - treasury deposit		600	-
Cash at bank and in hand	19	268	860
		<u>959</u>	<u>953</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(371)</u>	<u>(275)</u>
NET CURRENT ASSETS		<u>588</u>	<u>678</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,365	1,405
PROVISIONS FOR LIABILITIES AND CHARGES	10	(119)	(146)
ACCRUALS AND DEFERRED INCOME	11	(44)	(46)
NET ASSETS		<u>1,202</u>	<u>1,213</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,156	1,133
Profit and loss account	13	46	80
TOTAL EQUITY SHAREHOLDERS' FUNDS	13	<u>1,202</u>	<u>1,213</u>

These financial statements were approved by the Board of Directors on

12th March 2004

Signed on behalf of the Board of Directors



C A Austin
Director



M L Smith
Director

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT
Year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Net cash (outflow)/inflow from operating activities	17	(1)	32
Returns on investments and servicing of finance			
Interest received		18	20
Cash inflow from working capital			
Movement in working capital	18	81	-
Taxation			
Corporation tax paid		-	(3)
Capital expenditure			
Purchase of tangible fixed assets		115	150
Proceeds from disposal of tangible fixed assets		(2)	(5)
Net cash outflow from capital expenditure		(113)	(145)
Management of liquid resources			
Increase in treasury deposits		(600)	-
Cash outflow before financing		(615)	(96)
Financing			
Issue of ordinary share capital		23	17
Decrease in cash in the year	19	(592)	(79)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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	13% 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 5193 purchased in November 1998 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.

Pension costs

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

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.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003	2002
	£'000	£'000
Directors' emoluments (as employees):		
Remuneration (including benefits in kind)	32	31
Contributions to defined contribution pension scheme	3	3
	<u>35</u>	<u>34</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	347	313
Social security costs	23	20
Pension costs	19	17
	<u>389</u>	<u>350</u>

	No.	No.
Average number of persons employed:		
Railway	26	25
Shop	3	3
	<u>29</u>	<u>28</u>
Total (full time equivalents)		

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£'000	£'000
Analysis of charge in year		
United Kingdom corporation tax at 10% (2002: 10%)	-	-
Total current tax	-	-
Deferred taxation	(10)	-
Tax credit on (loss)/profit on ordinary activities	(10)	-

Factors affecting tax charge in year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 10% (2002: 10%). The actual tax for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2003	2002
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(44)	5
	£'000	£'000
Tax on (loss)/profit on ordinary activities at standard rate	4	-
Qualifying depreciation in excess of capital allowances	(5)	-
Marginal relief	1	-
Current tax credit for the year	-	-

Factors affecting future tax charges

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

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

	2003	2002
	£'000	£'000
(Loss)/profit on ordinary activities before taxation is after charging:		
Rolling stock hire	229	212
Depreciation - owned assets	65	54
Auditors' remuneration - audit fee	6	6
Rentals under operating leases	3	8
Profit on sale of fixed assets	2	5

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

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
Cost or valuation					
At 1 January 2003	598	343	135	199	1,275
Additions	10	16	72	17	115
Disposals	-	(4)	-	-	(4)
At 31 December 2003	608	355	207	216	1,386
Accumulated depreciation					
At 1 January 2003	173	90	105	180	548
Charge for the year	20	9	24	12	65
Disposals	-	(4)	-	-	(4)
At 31 December 2003	193	95	129	192	609
Net book value					
At 31 December 2003	415	260	78	24	777
At 31 December 2002	425	253	30	19	727

Additions to rolling stock of £16,155 include expenditure during the year on the restoration of Locomotive 5193 of £20,113 less donations received of £4,858.

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

	2003 £'000	2002 £'000
Raw materials and consumables	16	17
Goods for resale	48	42
	64	59

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

8. DEBTORS AND PREPAYMENTS

	2003	2002
	£'000	£'000
Trade debtors	11	12
Valued added tax	12	10
Other debtors	1	9
Prepayments	3	3
	<u>27</u>	<u>34</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£'000	£'000
Trade creditors	91	102
Tax and social security costs	7	6
Other creditors	28	56
Accruals	245	111
	<u>371</u>	<u>275</u>

10. PROVISION FOR LIABILITIES AND CHARGES

	Balance at 1 January 2003 £'000	Profit and loss account £'000	Balance at 31 December 2003 £'000
Locomotive repair provision	126	(17)	109
Deferred taxation	20	(10)	10
	<u>146</u>	<u>(27)</u>	<u>119</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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

10. PROVISION FOR LIABILITIES AND CHARGES (continued)

Deferred taxation

	2003	2002
	£'000	£'000
The amounts of deferred taxation provided in the accounts is as follows:		
Excess capital allowances over depreciation	<u>10</u>	<u>20</u>
There were no unprovided amounts.		
	£'000	£'000
Opening balance	20	20
Credit to profit and loss account	(10)	-
Closing balance	<u>10</u>	<u>20</u>

The deferred taxation balance relates entirely to capital allowances in excess of depreciation.

11. ACCRUALS AND DEFERRED INCOME

	2003	2002
	£'000	£'000
Government grant		
Balance at beginning of year	46	48
Amortised to profit and loss account	(2)	(2)
Balance at end of year	<u>44</u>	<u>46</u>

12. CALLED UP SHARE CAPITAL

	2003	2002
	£'000	£'000
Authorised		
25,000,000 Ordinary shares of 10p each (2002: 25,000,000 shares)	<u>2,500</u>	<u>2,500</u>
	£'000	£'000
Allotted and fully paid		
11,332,570 Ordinary shares of 10p each (2002: 11,163,870 shares)	1,133	1,116
225,133 Ordinary shares of 10p each (2002: 168,700 shares)	23	17
	<u>1,156</u>	<u>1,133</u>

During the year a further 225,133 ordinary shares were issued at par.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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

	Called up share capital £'000	Profit and loss account £'000	2003 Total £'000	2002 Total £'000
Balance at 1 January 2003	1,133	80	1,213	1,191
Shares issued in year	23	-	23	17
(Loss)/profit for the financial year	-	(34)	(34)	5
Balance at 31 December 2003	1,156	46	1,202	1,213

14. OPERATING LEASES COMMITMENTS

At 31 December 2003 the company was committed to payments of £401 (2002: £400) under two land leases.

15. CAPITAL COMMITMENTS

At 31 December 2003 no capital expenditure (2002: £51,401) 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 2003.

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

	2003 £'000	2002 £'000
Operating loss	(62)	(15)
Depreciation less amortisation of grant	63	52
Profit on disposal of tangible fixed assets	(2)	(5)
Net cash (outflow)/inflow from operating activities	(1)	32

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

18. MOVEMENT IN WORKING CAPITAL

	2003	2002
	£'000	£'000
Increase in stocks	(5)	(6)
Decrease in debtors and prepayments	7	6
Increase/(decrease) in creditors	96	(1)
(Decrease)/increase in provisions	(17)	1
	<hr/>	<hr/>
Net cash inflow from working capital	81	-
	<hr/>	<hr/>

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January		At
	2003	Cash flows	31 December
	£'000	£'000	2003
			£'000
Cash at bank and in hand	860	(592)	268
Current asset investments	-	600	600
	<hr/>	<hr/>	<hr/>
Balance at end of year	860	8	868
	<hr/>	<hr/>	<hr/>

20. TRANSACTIONS WITH DIRECTORS

The director, Mr H R Davies is also a director of Cerdic Foundries Limited from whom supplies were obtained of £5,863 in the year (2002: £4,992). The director, Mr R A Wood, was paid nil (2002: £905), in respect of a wagon he owned which was damaged whilst on the railway.

ADDITIONAL INFORMATION

The additional information on page 22 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 2003

	2003 £	2002 £
REVENUE		
Fares from service trains	1,130,553	1,012,346
Wine and dine haulage	19,538	19,551
Driver training	29,706	29,707
Rent and wayleaves	12,047	11,550
Shop and buffet (including specials catering)	362,906	331,896
Ticket printing sales	7,316	4,977
Work done	8,182	39,118
Other trading income	8,196	19,482
Interest receivable	18,110	20,013
Profit on disposal of tangible fixed assets	2,500	5,400
	<hr/> 1,599,054	<hr/> 1,494,040
EXPENDITURE		
Salaries and related costs	389,507	349,678
Operating:		
- fuel	127,606	121,165
- water and sewerage	14,796	13,405
- stock hire	228,778	212,101
- stock maintenance	142,189	185,207
- track maintenance	77,850	101,698
- bridge, road building maintenance	156,421	71,944
- signal and telegraph	9,853	12,542
- other operating costs	34,692	28,254
Establishment:		
- rent and rates	10,817	13,580
- light and heat	12,439	9,894
- insurance	37,544	20,230
- depreciation less amortisation of grant	62,180	51,971
Shop and buffet supplies	223,890	204,626
Administration:		
- post and telephone	20,051	16,467
- annual general meetings and audit	11,590	10,780
- legal and professional services	3,856	2,500
- other administration	29,380	19,105
Publicity	49,175	43,933
	<hr/> (1,642,614)	<hr/> (1,489,080)
(LOSS)/PROFIT BEFORE TAXATION	(43,560)	4,960
Taxation credit/(charge) for the year	9,807	(82)
(LOSS)/PROFIT AFTER TAXATION	<hr/> (33,753)	<hr/> 4,878