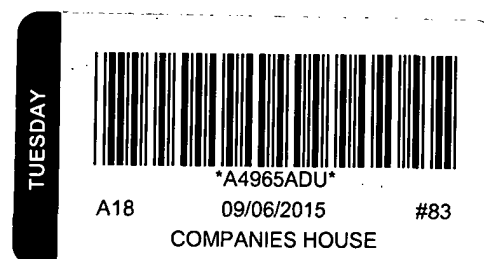


WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

REPORT AND FINANCIAL STATEMENTS 2014

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WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

OFFICERS AND PROFESSIONAL ADVISERS

VICE PRESIDENT

D T Morgan MBE TD MCIT

DIRECTORS

I W Aldridge QFSM
R B Auger B.Sc CEng MICE MStructE
D E Baker (Vice Chairman)
C W Bolt CB MSc(Econ) BA(Finance Director)
H R Davies IEng MIBF
G W Evens
Prof J Irven MA PhD C.Sci CChem FRSC (Chairman)
G W Pateman BSc(Econ)CPFA(Secretary)
M L Smith MIRO
I G W Stone BSc (Hons)
S V Williams MSc MHSM
J C Wilton (Personnel Director)

ASSOCIATE DIRECTORS

P W Conibeare MIRO (General Manager)
A P Forster BSc C Eng M I Mech E (Chief Mechanical Officer)

REGISTERED OFFICE

The Railway Station
Minehead
TA24 5BG

AUDITORS

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

BANKERS

Lloyds TSB Bank plc
5 Long Street
Williton TA3 3QH

SOLICITORS

Pardoes
West Quay House
Northgate
Bridgwater TA6 3EU

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN of the forty-third Annual General Meeting of the Company which will be held at The Hobby Horse Ballroom, The Esplanade, Minehead, Somerset TA24 5QP on Saturday 27 June 2015 at 2.00 pm to transact the business shown in the Agenda below.

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.

AGENDA

- To receive the minutes of the 2014 Annual General Meeting (attached)
- To consider the Company's Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2014
- To elect Directors

In accordance with the Articles of Association, Messrs R B Auger, J Irven, I G W Stone and M L Smith retire from office; Messrs R B Auger, J Irven and M L Smith being eligible, offer themselves for re-election


To confirm the appointment of Mr C W Bolt who has been co-opted to the Board since the last Annual General Meeting

- To appoint A C Mole & Sons as Auditors to the Company and to authorise the Directors to agree their remuneration
- To transact any other business which may be properly transacted at an Annual General Meeting
- To confirm the date and venue of the 2016 Annual General Meeting

Consideration of the accounts, balance sheets and reports of the Directors and Auditors, the election of directors in place of those retiring and the appointment and the fixing of the remuneration of the Auditors are, under the Articles of Association of the company, ordinary business, requiring a simple majority in the event of a vote. All other matters considered at General Meetings are deemed as special business, requiring a 75% majority in the event of a vote.

Following the formal business, the Chairman will give an update on current issues, and invite questions from shareholders.

~~G W Pateman~~
Secretary
21 March 2015


M L SMITH
DIRECTOR

WEST SOMERSET RAILWAY PLC - ANNUAL GENERAL MEETING

**MINUTES OF THE 42nd MEETING HELD AT BISHOPS LYDEARD VILLAGE HALL
ON SATURDAY 28 JUNE 2014 AT 1030**

01. The Chairman welcomed Shareholders to the meeting.
- i) 106 Shareholders in attendance including 13 Directors and 3 Associate Directors
 - ii) Total number of shares represented at the meeting (including Directors and Associate Directors shares): 4,796,612
02. The Chairman's Report: this was provided by Humphrey Davies (chairman until 31/12/2013) with John Irven (current chairman) updating on progress on WSR freehold.
- i) Humphrey Davies thanked shareholders and volunteers for their continued support.
 - ii) Humphrey Davies updated shareholders on the key points shown in the Annual Report and apprised them of the current position.
 - iii) The Chairman updated on the position regarding special events:
 - 1. The growing importance of making the railways offering attractive to Families and children and the importance of the meet and greet days and the income they generate. Thomas the Tank Engine, Mike the Knight and Peppa Pig all contributed significantly to the profitability of the company. In fact, Thomas the Tank Engine was awarded Best Overall Themed Event for 2013.
 - 2. The decline in gala visitor numbers due to the ageing profile of gala visitors.
 - iv) The 10 year Corporate Plan is now published and will be put on the company website within the next two weeks.
 - v) The financial position could be summarised as profits up (before taxation) to £35,000 and cash position improved to £2,197,000. However, passenger numbers were down slightly to 197,000.
 - vi) An increase in the number of volunteers due in no small part to the excellent contribution of Mel Hillman.
 - vii) The excellent operational performance of 9351, now in for major refurbishment, which had now run 96,672 miles.
 - viii) Slow progress in work on the Williton Loop
 - ix) John Irven gave a short factual update of the current state of play of the railway freehold. Following a number of changes in their position, the County Council have now indicated that they would not now be proceeding with the sale of the freehold. Mediated meetings with WSRA had taken place last Autumn over the freehold position with no substantive agreement forthcoming and the Plc had yet to receive clarification from the County Council as to whether or not they were intending to reassert their right to a place on the Plc Board which they had vacated over 20 years ago.
 - x) Humphrey Davies recognised the hard work and dedication of the volunteers and that without them there would not be a railway.
 - xi) Humphrey Davies recognised the contribution of all the railway support groups but paid particular mention of the Friends of Minehead Station who had funded the installation of new toilets and encouraged shareholders to see the new facilities for themselves.
 - xii) Humphrey Davies recognised the contributions made by Shareholders to projects and donations over the past year.
 - xiii) Finally, Humphrey Davis thanked John Irven for agreeing to take on the role of Chairman and wished him every success in this position.

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

WEST SOMERSET RAILWAY PLC - ANNUAL GENERAL MEETING

MINUTES OF THE 42nd MEETING HELD AT BISHOPS LYDEARD VILLAGE HALL
ON SATURDAY 28 JUNE 2014 AT 1030

03. The Finance Director's Report reiterated financial information for the year ended 31 December 2013.
- i) Railway income for 2013: £2,846,000 (in 2012: £2,748,000).
 - ii) The contribution from retail operations 2013: £116,000 (in 2012: £109,000).
 - iii) Operating costs and overheads in 2013: £2,816,000 (in 2012: £2,736,000).
 - iv) Other operating income 2013: £48,000 (2012 £78,000).
 - v) Profit after taxation 2013: £25,000 (2012: £17,000)
 - vi) Allotted and fully paid ordinary shares purchased during 2013: £30,000 (2012: £73,000).
 - vii) £48,000 was received from donations and legacies during 2013. (£78,000 in 2012).
 - viii) The Finance Director thanked the various station 'Friends' groups who had donated £25,000 for various projects, the general public £17,000 and the WSRA £3,500. He also highlighted to shareholders the fact that additional share contributions qualify for tax relief at 30%.
 - ix) The Finance director concluded that the final result for 2013 was satisfactory bearing in mind the general economic situation and competing tourist attractions.
 - x) In respect of the capital account, the following were the major expenditure for 2013:
 - a) EKT link Blue Anchor to Williton: £61,000.
 - b) Minehead loco pit: £15,000 (50% grant funded)
 - c) Plant and Equipment : £32,000
 - d) Tender and loco restorations: £32,000
 - xi) Balances earmarked for future capital expenditure included:
 - a) Williton Loop extension : £209,000
 - b) Locomotive Restoration: £734,000

Roger Savill concluded his presentation by stating that, after 17 years as a Director, of which 14 years were as Finance Director, he was not seeking re-appointment. However, until a successor is found, he had agreed to continue to act as accountant to oversee and run the Accounts Office.

John Irven paid tribute to the work that Roger had done over the last decade and invited the meeting to show their appreciation for his skill and dedication to this role. He also paid tribute to Humphrey Davis for his unstinting commitment to the management and development of the railway.

04. The meeting was asked to accept the Company's Financial Statements and the Reports of Directors and Auditors for the year ended 31 December 2013 (No poll was requested).

Proposed: Roger Lizars Seconded: Mike Johns Approved

05. The meeting was asked to appoint A C Mole as Auditors to the Company and to authorise the Directors to agree to their remuneration.

Proposed: Roger Lizars Seconded: John Cronin Approved

06. The meeting was asked to re elect the following Directors:

G W Evens Proposed: M Grace Seconded: K Davidge Approved

07. The meeting was asked to confirm the appointment of the following Directors:

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

WEST SOMERSET RAILWAY PLC - ANNUAL GENERAL MEETING

**MINUTES OF THE 42nd MEETING HELD AT BISHOPS LYDEARD VILLAGE HALL
ON SATURDAY 28 JUNE 2014 AT 1030**

Humphrey Davies	Proposed: Chris Austin	Seconded: Andrew Chapman	Approved 1 shareholder voted against in the meeting and 1 shareholder (30,000 shares) had written voting against.
John Wilton	Proposed: Michael Rowe	Seconded: John Robinson	Approved unanimous

08. The meeting was asked to confirm the appointment of Geoff Pateman (Company Secretary) who had joined the Board in August 2013

Geoff Pateman	Proposed: Tim Stanger	Seconded: Ken Davidge	Approved Unanimous in the meeting. 1 shareholder (5150 votes) had written voting against.
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09. The Company Secretary informed the meeting that the Board is proposing that the 2015 AGM would be held on Saturday 27 June.
It is proposed to hold the meeting in Minehead with a likely start time would be 2 p.m., venue to be confirmed (Hobby Horse and Regal theatre were among the venues to be looked into).
This proposal was confirmed by a good show of hands.
10. Following the conclusion of all business that could be properly transacted at the Annual General Meeting the Chairman closed the formal meeting at 11.20.

ACTING CHAIRMAN'S REPORT 2014

2014 was a difficult year for the West Somerset Railway. As with other tourist attractions in Somerset, visitor numbers were significant down at the start of the year, reflecting the common perception that the whole of Somerset was under water. Although, as described in the directors' strategic report and the financial statements, the position recovered during the year, we still finished the year with turnover and passenger numbers below 2013, and well below our budget estimates. This was despite very tight control of costs.

There were other distractions during the year from running a successful heritage railway. The most obvious of these was the ongoing discussion with Somerset County Council on possible sale of the freehold of the railway, following the bid for the freehold from the West Somerset Railway Association to which we were forced to react with our own bid. Although the council decided in the middle of the year not to pursue either bid, and to suspend the sale process, the subsequent investigation into the conduct of a county councillor has continued to occupy the time of the board, and of John Irven in particular. At the same time, we have continued to engage, through an intermediary group, in discussions on commercial issues affecting the PLC and the Association.

We were very pleased that the West Somerset Railway was the winner of the "Best overall event" in the Days out with Thomas awards. Special events continue to be an important part of our activities, attracting new visitors to the railway.

Although this report is addressed to shareholders, the company is committed to engaging with all its stakeholders, and has held two successful stakeholder events during the year. We are very conscious of the vital role played by employees, volunteers and support groups to the success of this railway, and I pay tribute to all for their hard work during 2014.

We are continuing work on restructuring the Board, and welcomed Chris Bolt as Finance Director in October. I would like to thank Ian Stone, who has decided not to offer himself for re-election to the Board at the AGM, for his valuable contribution.

2015 has started more favorably, at least in terms of the weather and passenger numbers. However, we are currently moving forward without the day-to-day involvement of our chairman, Professor John Irven, who at the time of writing is in hospital awaiting an operation. We all wish him a speedy recovery.

David Baker



Acting Chairman WSR PLC

21 March 2015

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors present their strategic report for the company for the year ended 31 December 2014.

The purpose of the Strategic Report is to inform shareholders about developments in the company and to enable them to assess how the directors have performed their duties under the Companies Act to promote the success of the company.

The West Somerset Railway operates regular passenger services, mainly using steam haulage, from Bishops Lydeard to Minehead. It also has a connection to the main national network at Norton Fitzwarren. It is the longest heritage railway in England. The freehold of the railway is owned by Somerset County Council, which has leased it to the West Somerset Railway PLC until 2087. The West Somerset Railway PLC operates the line under the provisions of a Light Railway Order issued in 1975.

REVIEW OF BUSINESS

As a heritage railway, there are three main measures of success for the West Somerset Railway. The first is in its re-creation of past eras of railway operation, for example as a major holiday route for the Great Western Railway operated by steam traction and as a branch line of the Western Region of British Rail. But the ability to do this depends critically on the second measure of success, which is attracting sufficient fare-paying passengers to enable the railway to operate safely and to maintain its assets effectively for the future.

On the second measure, 2014 was a very difficult year. As with all tourist attractions in Somerset, the railway suffered from the perception it was affected by the flooding on the Somerset Levels in the early part of the year. Passenger numbers, which are a key performance indicator, were seriously affected. Passenger numbers relate fairly directly to revenue, and both were some 30% below budget in the first four months of the year. Although the position recovered towards the end of the year, the final number of passengers for the year was 1.3% below 2013 (195,228 compared with 197,816). Turnover fell by 3% (£2,717,000 compared with £2,798,000). Within this, fares from service trains were 10% below budget, and the contribution from retail activities was nearly 15% below budget.

The financial results do not fully reflect the impact of this shortfall in revenue for two main reasons. First, the directors took early steps to control costs, for example by not filling staff vacancies and reprioritising capital programmes. However, while there is a constant drive to improve efficiency, many of these cost reductions merely deferred expenditure and thereby put further pressure on budgets in future years. Secondly, the profit of £61,000 before tax, which is actually higher than in 2013, is after allowing for legacies and donations, a significant part of which are earmarked for capital projects.

The third measure of success is in respect of compliance with health and safety obligations, and the avoidance of accidents involving staff or the general public. The West Somerset Railway is, like all heritage railways, subject to regulation by the Office of Rail Regulation. It is required to prepare, and keep under review, a Safety Management System. During 2014, the railway experienced two incidents (2013:Three) which were reportable to ORR, but was not subject to any formal investigation by ORR.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS - Continued

The directors attach particular importance to safe operation of the railway, and the health and safety of all staff whether employees or volunteers, and review safety performance at every Board meeting.

The main financial risks and uncertainties facing the business are in respect of revenue, reflecting principally the number of passengers, operating costs - where the largest single items are in respect of staff costs and fuel for locomotives, and infrastructure asset maintenance. The directors have agreed changes to the terms of reference of the Audit Committee, now renamed as the Audit and Risk Committee, to oversee development of a more comprehensive risk management system for the railway.

In setting revenue budgets for 2015, the directors have targeted to break-even, before taking account of any allowance for legacies and donations to be received in the year, but after allowing for donations already received in respect of the Williton Loop project. Fares have been increased in 2015, for the first time in four years, with the rover ticket increasing from £17 to £18.50. Taking account of the number of running days in 2015, the budgets have been set on the basis of revenue in 2015 being above the level of 2013. A new Head of Commercial Services has been appointed to take responsibility for delivering these revenue budgets, including the contribution from retail and catering outlets, and management accounting information will be developed during the year to support this.

In support of its commercial strategy, the PLC agreed a new three year contract with the West Somerset Railway Association in October 2014 for the operation of their Quantock Belle dining train. Negotiations continue on other matters.

Despite the expected increase in revenue, costs also continue to increase, both because of inflationary pressures and the need to maintain and renew ageing assets. Budgetary responsibilities have been clarified to improve cost control across the business. This is being supported by the development of revised finance policies and procedures.

Capital expenditure in 2014 was £315,000, compared with £158,000 in 2013. Just under half of this amount was expenditure on rolling stock, and just over half on other assets, including track and signalling. Work started on the Williton Loop project in the autumn, and this is expected to be completed over the coming winter in time to be fully operational in 2016. The planned capital programme for 2015 is considerably larger than in previous years, at around £850,000. This includes overhaul of a number of locomotives, including 44422 for which a hire contract was signed in 2014, and completion of the Williton Loop project. However, in line with the longer term needs identified in the ten year corporate plan, the programme also allowed for a major relay at Doniford, completed in Spring 2015, and the first phase of a project to erect a canopy over the locomotive compound at Bishops Lydeard. The directors recognise that consequences for the business of failures in its infrastructure, and have therefore agreed that detailed investigations of its civil assets should be undertaken to improve asset knowledge and help plan future capital projects.

In agreeing the capital budget for 2015, the directors sought to ensure that it was in line with amounts 'earmarked' in previous years either for locomotive overhaul, or for specific projects and

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS - Continued

the depreciation provision. The directors are satisfied that the amounts in earmarked funds are sufficient to meet the expected costs attributable to them, including obligations under locomotive hire agreements, but will monitor the costs of capital projects closely.

The company has total cash funds of £1,289,000 at 31 December 2014 (2013: £1,297,000). Given the scale of the capital programme, this figure is expected to fall in 2015. The directors believe there are no material uncertainties which have not been considered in setting budgets, and as a consequence are satisfied that the company is able to continue in business as an operational heritage railway for the foreseeable future.

The directors nonetheless recognise the importance of putting in place realistic plans to achieve the objectives of the ten year corporate plan published in June 2014 following a wide-ranging consultation. One important step will be the development of a three year business plan, to be updated annually on a rolling basis, to link the annual budgeting process to the longer term sustainability of the railway. The directors have also fully supported the establishment of a Partnership Development Group (PDG) to develop shared objectives for the future development of the railways assets and services. The Group includes representatives from all the main groups operating on the railway, and from staff, as well as representatives from Somerset County Council and the two District Councils through which the railway runs. Chairmanship of PDG will rotate annually, but it is being chaired by a director of the PLC initially.

Following the decision of the County Council during 2014 to suspend negotiations on the possible sale of the freehold of the railway, it has indicated that any future sale will be within the railway 'family', and that discussions will be taken forward through PDG in the first place. In the meantime, the PLC will be discussing with the County Council an extension to its current lease, and provisions which give the PLC greater freedom to allow access to railway assets to appropriate support groups under licence, in accordance with the overall plans developed by PDG.

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



~~G W Pateman~~ M L SMITH.
Director

21 March 2015

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

DIRECTORS' REPORT 2014

This report contains the disclosures required by the Companies Act 2006 (as amended).

DIRECTORS

The directors of the company during 2014 were as follows:

I W Aldridge
R B Auger
D E Baker
C W Bolt (appointed 18.10.2014)
H R Davies
G W Evens
S D Hodges (resigned 9.08.2014)
Prof J Irven
S D Major (resigned 31.7.2014)
G W Pateman
R S Savill (retired 31.07.2014)
M L Smith
I G W Stone
S V Williams
J C Wilton

DIVIDENDS

In accordance with Clause 4 (44) of the Memorandum of Association, the members of the company are not entitled to a dividend.

FINANCIAL RISKS

The main risks to which the company is exposed are set out in the Strategic Report. The company does not have any material financial risks for which financial risk management objectives and policies are in place.

POLITICAL DONATIONS

The company has made no political donations in 2014.

POST END YEAR EVENTS AND LIKELY FUTURE DEVELOPMENTS

Relevant events following the end of the financial year are set out in the Strategic Report,

RESEARCH AND DEVELOPMENT

The company does not have any research and development activities.

ACQUISITION OF SHARES

The company has not acquired any of its own shares in 2014.

DIRECTORS' REPORT 2014 - Continued

STATEMENT ON INDEMNITY PROVISIONS

The company has contributed to a qualifying third party indemnity insurance policy on behalf of the directors during the year.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors at the date of this report is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the report of the directors 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 and loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

DIRECTORS' REPORT 2014 – Continued

AUDITORS

The appointment of A C Mole & Sons as the company's auditor was confirmed at the 2014 Annual General Meeting.

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



~~G W Pateman~~
~~Director~~

MLSMITH
DIRECTOR

21 March 2015

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE 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 2014 on pages 11 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the financial statements to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

REPORT OF THE INDEPENDENT AUDITORS(continued)

TO THE MEMBERS OF THE WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

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.
- the directors were not entitled to take advantage of the small companies exemption in preparing the Report of the Directors

Alexandra Shore FCA CTA (Senior Statutory Auditor)

for and on behalf of A C Mole & Sons

Chartered Accountants

& Statutory Auditor

Stafford House

Blackbrook Park Avenue

Taunton TA1 2PX

10 April 2015

Alexandra Shore

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
TURNOVER		2,717	2,798
Other operating income		178	48
		<u> </u>	<u> </u>
GROSS PROFIT		2,895	2,846
Staff costs	3	(777)	(736)
Depreciation		(191)	(189)
Other operating charges		(1,873)	(1,891)
		<u> </u>	<u> </u>
OPERATING PROFIT		54	30
Interest receivable		7	5
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	61	35
Tax credit/ (charge) on profit on ordinary activities	5	7	(10)
		<u> </u>	<u> </u>
PROFIT FOR THE FINANCIAL YEAR	14	68	25
		<u> </u>	<u> </u>

All activities derive from continuing operations.

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 separate statement of total recognised gains and losses has been prepared.

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

BALANCE SHEET

At 31 December 2014

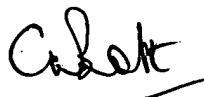
	Notes	2014		2013	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		2,196		2,072
CURRENT ASSETS					
Stocks	8	102		101	
Debtors – within one year	9	179		137	
Investments - term deposits	17	1,001		900	
Cash at bank and in hand	17	288		397	
		1,570		1,535	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(323)		(281)	
NET CURRENT ASSETS			1,247		1,254
TOTAL ASSETS LESS CURRENT LIABILITIES			3,443		3,326
PROVISIONS FOR LIABILITIES	11		(338)		(303)
DEFERRED INCOME	12		(224)		(237)
NET ASSETS			2,881		2,786
CAPITAL AND RESERVES					
Called up share capital	13		2,085		2,058
Profit and loss account	14		796		728
SHAREHOLDERS' FUNDS	14		2,881		2,786

These financial statements were approved by the Board of Directors on 21 March 2015

Signed on behalf of the Board of Directors



D E Baker
Director



C W Bolt
Director

Company Registration Number 1010188

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT

Year ended 31 December 2014

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
OPERATING PROFIT			54		30
Depreciation less amortisation of grant			178		177
Profit on sale tangible fixed assets			-		(1)
(Increase)/decrease in stocks			(1)		19
(Increase) in debtors			(42)		(28)
Increase in creditors			42		59
Increase/(decrease) in locomotive repair provision			42		(11)
Increase in deferred income grant received			-		7
			<hr/>		<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES			273		252
RETURNS ON INVESTMENTS AND SERVICING FINANCE					
Interest received			7		5
CORPORATION TAX			-		(2)
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets		(315)		(158)	
Proceeds from disposal of tangible fixed assets		-		1	
		<hr/>		<hr/>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(315)		(157)
			<hr/>		<hr/>
CASH (OUTFLOW)/ INFLOW BEFORE FINANCING			(35)		98
FINANCING					
Issue of ordinary share capital			27		30
			<hr/>		<hr/>
(DECREASE)/INCREASE IN CASH IN YEAR	17		(8)		128
			<hr/>		<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is charged on a straight-line basis over the estimated useful economic life of each asset, or the estimated useful economic life of individual major components.

Useful economic life is principally as follows:

Freehold & Long Leasehold land, buildings and improvements	25 to 50 years
Rolling stock	5 to 25 years
Tracks, plant, vehicles and equipment	2 to 25 years

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. 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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

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.

Provision for liabilities

The locomotive repair provision is in accordance with the company's and its' supplier's best estimates of costs involved and based on the locomotives usage to date.

Turnover

Turnover represents amounts receivable for goods and services provided in the United Kingdom net of trade discounts, VAT and other related taxes. Turnover is recognised on performance of services.

Other operating income

Donations received towards revenue costs are recognised in the period in which they are received and disclosed as 'other operating income'. Donations received towards capital costs are either recognised in the period in which they are received or, where they are received in advance of the project, are held within deferred income and then recognised in the period in which the capital costs are incurred and are also disclosed as 'other operating income'.

Locomotive and Rolling Stock

These agreements are in the nature of operating leases. Repairs and maintenance are provided for in accordance with the locomotive and rolling stock agreements. Costs of repairs and maintenance over and above those in terms of the agreement are charged to the profit and loss account as incurred.

Segmental reporting

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

2. OTHER OPERATING INCOME	2014 £'000	2013 £'000
Donations revenue	23	30
Donations capital	84	15
Legacies	71	3
	<u>178</u>	<u>48</u>

The sums received in respect of capital donations have been allocated to the costs of the projects specified by the donors.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£'000	£'000
Directors' emoluments (as employees):		
Remuneration (including benefits in kind)	-	-
Contributions to defined contribution pension scheme	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	£'000	£'000
Employee costs during the year:		
Wages and salaries	702	660
Social security costs	49	48
Pension costs	26	28
	<u>777</u>	<u>736</u>

Included within the above is £17,715 (2013:£2,350) which has been capitalised as part of the restoration of locomotive "9351" and is therefore not reflected in the profit and loss charge for the year.

	No.	No.
Average number of persons employed:		
Railway	38	37
Shop	5	5
	<u>43</u>	<u>42</u>

The average number of persons employed includes all full-time and part-time employees. In addition, the railway receives tremendous support from over 1000 unpaid volunteers without whose services it could not operate as a financially viable commercial operation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation is after charging/(crediting):		
Hire of rolling stock	308	237
Depreciation - owned assets	191	189
Auditors' remuneration - audit fee	8	8
Rentals under operating leases - plant and machinery	10	11
Amortisation of government grant	(13)	(12)
	<u> </u>	<u> </u>

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2014	2013
	£'000	£'000
Analysis of charge in year		
United Kingdom corporation tax at 20% (2013: 20%)	-	-
Deferred taxation (credit)/charge	(7)	10
	<u> </u>	<u> </u>
Tax (credit)/ charge on profit on ordinary activities	<u> </u>	<u> </u>

Factors affecting tax charge in year

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20% (2013: 20%). The actual tax for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	61	35
	<u> </u>	<u> </u>
	£'000	£'000
Tax charge on profit on ordinary activities at standard rate	12	7
Legacies & Capital Donations not subject to corporation tax	(26)	(1)
Qualifying capital allowances in excess of Depreciation	(39)	(9)
Unrelieved tax losses	53	3
	<u> </u>	<u> </u>
Current tax charge for the year	<u> </u>	<u> </u>

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

6. TANGIBLE FIXED ASSETS

	Freehold & long leasehold land, buildings and improvements £'000	Rolling vehicles and stock £'000	Plant, equipment £'000	Track and signalling £'000	Total £'000
Cost					
At 1 January 2014	1,013	1,355	703	904	3,975
Additions	5	148	108	54	315
Disposals	-	(123)	(12)	-	(135)
At 31 December 2014	1,018	1,380	799	958	4,155
Accumulated depreciation					
At 1 January 2014	458	513	515	417	1,903
Charge for the year	33	56	56	46	191
Disposals	-	(123)	(12)	-	(135)
At 31 December 2014	491	446	559	463	1,959
Net book value					
At 31 December 2014	527	934	240	495	2,196
At 31 December 2013	555	842	188	487	2,072

7. INVESTMENTS

The company held the following shares as at 2014 and 2013: 1 of £500 in 5542 Limited; 418 of £10 in Dinmore Manor Locomotive Limited; 120 of £1 in Severn Valley Railway (Holdings) plc; 940 of 25p in Great Central Railway plc; and 126 of £1 in North Norfolk Railway plc. All shares were given to the company and therefore have a nil cost.

8. STOCKS

	2014 £'000	2013 £'000
Raw materials and consumables	63	60
Goods for resale	39	41
	102	101

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

9. DEBTORS	2014	2013
	£'000	£'000
Trade debtors	56	44
Valued added tax	23	13
Other debtors	3	2
Prepayments	97	78
	<u>179</u>	<u>137</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR 2014	2013
£'000	£'000
Trade creditors	198
Tax and social security costs	13
Other creditors	53
Deferred income	32
Accruals	27
	<u>323</u>
	<u>281</u>

11. PROVISIONS FOR LIABILITIES

	Balance at 1 January 2014 £'000	Profit and loss account £'000	Balance at 31 December 2014 £'000
Locomotive repair provision	293	42	335
Deferred taxation	10	(7)	3
	<u>303</u>	<u>35</u>	<u>338</u>

The locomotive repair provision relates to Locomotive 53808, for which a long-term contract is in place requiring the company to carry out all repairs and overhauls during the duration of the contract. A further provision of £42,000 was set aside during 2014 bringing the total provision to £393,000. Against this costs were paid out in 2013 of £58,000 and as these were part of the next major restoration of 53808 were set against the provision leaving a net balance at 31 December 2014 of £335,000 to cover the remainder of these costs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

11. PROVISIONS FOR LIABILITIES – (Continued)

Deferred taxation	2014 £'000	2013 £'000
The amount of deferred taxation provided in the financial statements is as follows:		
Excess capital allowances over depreciation	229	183
Less taxable losses carried forward	(226)	(173)
	<u>3</u>	<u>10</u>
	£'000	£'000
Opening balance	10	-
(Credit)/charge to profit and loss account	(7)	10
	<u>3</u>	<u>10</u>
Closing balance	<u>3</u>	<u>10</u>

12. DEFERRED INCOME	2014 £'000	2013 £'000
Deferred income: Government grants	<u>224</u>	<u>237</u>
The movements in the year in respect of the government grants are as follows:		
	£'000	£'000
Balance at beginning of year	237	242
Grant received	-	7
Amortised to profit and loss account	(13)	(12)
	<u>224</u>	<u>237</u>
Balance at end of year	<u>224</u>	<u>237</u>

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

13. CALLED UP SHARE CAPITAL	2014 £'000	2013 £'000
Allotted and fully paid		
20,850,443 (2013: 20,576,683) ordinary shares of 10p each	<u>2,085</u>	<u>2,058</u>

During the year 273,760 ordinary shares were issued at par for a total value of £27,376.

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 the issue 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 members in the income or profits of the company or any successor to the company by way of dividends. Shareholders with fewer than 1,000 shares will not qualify for free or complimentary rail travel warrants.

If upon the 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 some other institution or institutions 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.

14. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Called up share capital £'000	Profit and loss account £'000	2014 Total £'000	2013 Total £'000
Balance at 1 January	2,058	728	2,786	2,731
Shares issued in year	27	-	27	30
Profit for the financial year	-	68	68	25
Balance at 31 December	<u>2,085</u>	<u>796</u>	<u>2,881</u>	<u>2,786</u>

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

15. OPERATING LEASE COMMITMENTS

At 31 December 2014, the company was committed to annual payments of £10,937 (2013: £10,937) under land and property leases. The date of the next lease review will be March 2015.

The company was also committed to the following annual payments under rolling stock hire agreements expiring within one year 2014 £52,705 (2013:£Nil) expiring after more than one year, but less than five years £70,950 (2013:£105,875).

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 pension cost charge represents contributions payable by the company to the fund. Nothing was owed to the pension scheme at 31 December 2014 (2013: Nil).

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £'000	Cash flows £'000	31 December 2014 £'000
Cash at bank and in hand	397	(109)	288
Short-term investments - treasury deposits	900	101	1001
Total cash and short-term investments	1,297	(8)	1,289
Loans	-	-	-
Net funds at end of year	1,297	(8)	1,289

18. TRANSACTIONS WITH DIRECTORS

M.L. Smith is a director of the Heritage Railway Association from whom supplies and services were obtained of £660 in the year (2013 £643). C W .Bolt who was appointed director in 2014 is also a director of the West Somerset Steam Trust Ltd from whom supplies and services were obtained of £1,428 in the year.

19. CAPITAL COMMITMENTS

At 31 December 2014 £307,000 (2013 £246,000) had been contracted but not provided.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014 (continued)

20. CONTINGENT LIABILITIES

At 31 December 2014 there were no contingent liabilities. (2013 £Nil).

ADDITIONAL INFORMATION

The additional information on the following pages has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements and is unaudited, 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 2014

	2014	2013
	£'000	£'000
RAILWAY INCOME		
Fares from service trains	1,934	2,055
Wine and dine haulage	33	35
Steam experience courses	37	33
Rent and advertising	18	14
Ticket printing sales	4	5
Work done	53	44
Less cost of materials	(3)	(4)
Other trading income	57	46
Line access income	87	73
Interest receivable	7	5
Profit on sale of tangible assets	-	1
	<u>2,227</u>	<u>2,307</u>
CONTRIBUTIONS FROM RETAIL OPERATIONS (following page)		
SHOP	43	45
BUFFET AND CATERING	63	71
	<u>2,333</u>	<u>2,423</u>
OPERATING COSTS AND OVERHEADS (following page)		
Salaries and related costs	(659)	(635)
Operating	(1,165)	(1,200)
Establishment	(288)	(296)
Administration	(165)	(150)
Publicity	(173)	(155)
	<u>(2,450)</u>	<u>(2,436)</u>
(LOSS) BEFORE OTHER OPERATING INCOME AND TAXATION	(117)	(13)
OTHER OPERATING INCOME		
Donations revenue	23	30
Donations capital	84	15
Legacies capital	71	3
	<u>61</u>	<u>35</u>
PROFIT BEFORE TAXATION	61	35
Taxation credit/(charge) for the year	7	(10)
PROFIT AFTER TAXATION	68	25

WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY

DETAILED PROFIT AND LOSS ACCOUNT (continued)

Year ended 31 December 2014

	2014	2013
	£'000	£'000
OPERATING COSTS AND OVERHEADS		
Salaries and related costs	659	635
Operating:		
- fuel	281	308
- water and sewerage	47	49
- stock hire	308	237
- stock maintenance	236	280
- track maintenance	85	167
- bridges, roads and buildings maintenance	68	55
- signal and telegraph	18	15
- other operating costs	122	89
	1,165	1,200
Establishment:		
- rent and rates	27	29
- light and heat	30	40
- insurance	59	57
- depreciation less amortisation of grant	172	170
	288	296
Administration:		
- post and telephone	28	29
- annual general meetings and audit	17	17
- legal and professional services	32	19
- other administration	88	85
	165	150
Publicity:	173	155
	(2,450)	(2,436)
CONTRIBUTION FROM RETAIL OPERATIONS SHOP		
Sales	196	224
Purchases	(113)	(137)
Salaries and related costs	(34)	(37)
Consumables and direct costs	(5)	(4)
Depreciation fittings	(1)	(1)
	43	45
BUFFET AND CATERING		
Sales	272	269
Purchases	(119)	(113)
Salaries and related costs	(66)	(62)
Consumables and direct costs	(19)	(18)
Depreciation fittings	(5)	(5)
	63	71