

Registration number: 01010188

West Somerset Railway Public Limited Company

Annual Report and Financial Statements
for the Year Ended 31 March 2023

West Somerset Railway Public Limited Company

Contents

Company Information	<u>1</u>
Chairman's Report	<u>2</u> to <u>4</u>
Strategic Report	<u>5</u> to <u>8</u>
Directors' Report	<u>9</u> to <u>12</u>
Statement of Directors' Responsibilities	<u>13</u>
Independent Auditor's Report	<u>14</u> to <u>19</u>
Statement of Comprehensive Income	<u>20</u>
Balance Sheet	<u>21</u>
Statement of Changes in Equity	<u>22</u>
Statement of Cash Flows	<u>23</u> to <u>24</u>
Notes to the Financial Statements	<u>25</u> to <u>46</u>

West Somerset Railway Public Limited Company

Company Information

Directors	J Jones-Pratt F M Courtney J R Boswell R Stoneham R E M Joachim
Company secretary	Four Fifty Partnership Limited
Registered office	The Railway Station Minehead Somerset TA24 5BG
Solicitors	Clarion Elizabeth House 13-19 Queen Street Leeds LS1 2TW
Auditors	A C Mole Chartered Accountants & Statutory Auditors Stafford House Blackbrook Park Avenue Taunton Somerset TA1 2PX

West Somerset Railway Public Limited Company

Chairman's Report for the Year Ended 31 March 2023

Dear Shareholders,

It is probably best to describe the year which ended last March, and included the summer 2022 operating season, as a year of consolidation. It is easy to forget that at the beginning of April 2022 we were still emerging from the aftermath of the COVID pandemic. Heritage railways were unsure what the long-term trading effect of this would be. Would passengers be anxious about sitting together with strangers at relatively close quarters? Would all our staff and volunteers be comfortable training again face to face? We always have to remember that the West Somerset Railway is an optional purchase, so would people have enough spare money to, once again, take a trip on the train? All these concerns were going through my mind, and that of my fellow directors as the season started.

The answer was that the season turned out well. But it still had its surprises. The incredibly hot weather in July and August necessitated substituting diesel engines for steam to reduce the fire risk. (And we continue to be grateful to the DEPG for having diesel engines available and operational.) And then there was a surprise waiting for us at Tribble Bridge at Christmas, which I'll come back to later.

To say that the season "turned out well" is simply to say that, given all the uncertainties at the start we were relieved that passengers were still turning up in significant numbers and - as important - so were most of the volunteers. None of this could have been achieved without a huge amount of work behind the scenes, both by volunteers and paid staff - as always, for which the Board and I are very grateful indeed. But there was - and is - much more to be done.

The 2023 results show a loss for the year. Whilst fare income increased significantly, it was still below the levels we were able to achieve before the pandemic. Given the considerable costs involved with running the railway, our priority is to return to profitability as quickly as possible. This is a big challenge, particularly in the current economic climate.

So, what did we do in the last financial year to try to make our railway more secure for the future? First - and fundamentally - we increased our understanding of income patterns, and of costs. For example, in terms of income we made a decision in 2022, which has been implemented in 2023 that we would not run a seven day a week railway even at the height of the school holidays. This was a hard decision and not everyone agreed, but we are watching this very carefully and will make a decision shortly about 2024.

We have tried to make sure that our fares are set at a level which does not frighten off our customers. Inflation only really took off in late 2022, but it was already clear in 2022 that there was not so much disposable income around as there had been in 2019, prior to the pandemic.

West Somerset Railway Public Limited Company

Chairman's Report for the Year Ended 31 March 2023

Controlling costs is perhaps the most difficult thing to do - because there are some costs that you simply cannot directly control. Coal is a case in point, and the cost is rising with every delivery we receive. And, of course, we do not need to remind our loco crews to drive as economically as they can. One way to control costs is not to appoint any more paid staff. That depends on having sufficient available trained volunteers, and for whatever reason - maybe the COVID aftermath, maybe the reduction in "early retirements" - volunteers are in short supply. To address this, we are now running regular "volunteer trains" (usually a reserved coach on a scheduled service) to enable senior colleagues to talk to potential volunteers about any aspect of volunteer work. These are proving very successful and each event produces a number of volunteers.

The second critical objective for the Board was to work to increase the confidence of the Office of Rail and Road (the ORR - our regulator) in our capability to run a safe railway. I cannot stress enough that this is absolutely essential - there are no short cuts and it costs us time and money. In the view of myself and the Board, this is money well spent. By the start of 2022 we had made considerable progress in this, but there was still a significant way to go. During 2022 the Safety Management System was updated, and this year it is being reviewed again!

To take one example of the work in the safety area, we have now completed a complete review of all the level crossings, from the least used footpath to level crossings with public roads. We have, for example, been able to close some "occupation crossings", which were private crossings for farm use, which hadn't been used for years - but they still could have been. All this particular work has been undertaken by Clive Robey, our Level Crossings Manager who formerly covered the same role in part of the national network.

The third important area we have focussed on is the development of positive external and internal relations. Externally we have very good relations with our local MPs and with our landlord, now the newly formed Somerset Council. We are grateful to Councillor Mike Rigby, the Lead Member for Transport, for his support and help. We are pleased that we have further developed good relations with Network Rail and with Great Western. We are also very pleased to have two directors who have current main line experience. During 2022 we established a working group on linking with the main line. This includes representatives from the Heart of the South West Local Enterprise Partnership, Great Western Railway, Network Rail and Somerset Council. When further funding for main line connections becomes available, we intend to be in a strong position to move forward quickly.

West Somerset Railway Public Limited Company

Chairman's Report for the Year Ended 31 March 2023

Internally, we have worked hard to enhance our relations with the West Somerset Railway Association, the West Somerset Railway Heritage Trust and with the Diesel and Electric Preservation Group (the DEPG). (We congratulate the DEPG on their 50-year anniversary.) We have regular meetings and discussions and, in my view, these contribute greatly to the effective operation and development of the railway. Of course, there are a whole range of other associated organisations, including the various station “friends” groups, and I acknowledge we need to do more to enhance communications with these groups. Ensuring these are secure is a priority for the Board. Much of this contact is enhanced and supported by the General Manager and her team.

The Tribble Bridge embankment slippage was a good example of how the wider support for the railway came together in a crisis. I don't need to go through the saga again beyond saying that very heavy rain, combined with a change in the way a field adjacent to the railway was being cultivated, resulted just before Christmas 2022 in substantial run-off flowing under the track and caused the embankment to slip. The day after Boxing Day, board members and senior staff, together with a specialist external consultant came together on site to review the problem. We quickly received help and advice from other specialists including from Network Rail, and from Somerset County Council. We envisage the full repairs will take place after trains cease running in November, but this event has demonstrated how much support the railway has from many directions.

I hope that shareholders will recognise that the Board, the staff team and the volunteers, supported by the local and wider railway communities are doing everything they can to ensure that your railway continues to thrive, whatever challenges it may face. We all recognise that there is much more to do, and we have a long agenda of work in front of us. I wish to thank everyone who is involved for their very great efforts during the year and thank you very much indeed for your continuing support, which is very much appreciated

Jonathan Jones-Pratt

Chairman

West Somerset Railway PLC

West Somerset Railway Public Limited Company
Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Review of the business

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

Trading in the 12 months to 31 March 2023

As anticipated in last year's report, the aftermath of the pandemic and the cost of living crises, not to mention extreme weather in August, did all contribute to income falling below budget in the 2022 operating season. Despite strong Christmas trading, this was not sufficient to make up the shortfall from the summer season, resulting in a deficit for the year. The financial headlines are as follows:

- Turnover was £2,726,084 (2022 - £2,467,483)
- The trading deficit before tax was £262,662 (2022 - £384,339)
- Cash balances were £482,471 (2022 - £510,144)
- Capital expenditure was £29,306 (2022 - £48,337)

The results for the 2023 summer season to 31 July are looking more encouraging with fare income currently exceeding expectations.

Office of Rail and Road (ORR)

Following the completion of work on the 2021 requirements of the ORR, arising from their inspection regime, there is an ongoing commitment and focus on safety management by the General Manager and her team supported by the Board.

The Safety & Compliance Officer left during the year and has been replaced by external consultancy support to our management team. WSR was represented at the ORR's RM3 Training Days and baselining against this is currently being undertaken. This will allow us to identify our key areas of weakness, to be able to address these and progress the business.

Correspondence with the ORR takes place on a regular basis and a good relationship is in place.

West Somerset Railway Public Limited Company

Strategic Report for the Year Ended 31 March 2023

Key Performance Indicators

The Board use a range of KPI's to monitor the performance of the business. These KPI's address the following criteria:

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

Principal risks and uncertainties

Specific business risks faced by the business include the following;

Legal and regulatory risk

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

Litigation and claims risk

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

Liquidity risk

The risk to the Railway's liquidity has been highlighted through both this year and the previous period of operation and continues to be an ever-present risk in this business. The Railway is seasonal with a fallow period from November through to March, save for the Christmas specials.

Whilst income is difficult to predict, we continue to implement tight controls on cost and cash management and have regular monthly management information, reporting on trading performance against budget. This enables problems to be identified and changes to be made at an early stage. We update the budget at the end of the first quarter and again, if necessary, at the end of the summer season, so we can accurately predict the outturn in both cash terms and profitability for the year.

West Somerset Railway Public Limited Company

Strategic Report for the Year Ended 31 March 2023

Infrastructure risk

A key risk in the Railway is maintaining our 140-year old Victorian railway architecture on such a long heritage track. Great investment is needed in the permanent way every year and whilst the PLC trade is able to generate a surplus to make some provision for that investment, the WSR is also reliant on funds generated through associated entities such as the WSRA and WSSRT. Without the fund-raising efforts of all our support arms the funds available for track investment would be inevitably impacted. With the help of our Infrastructure Advisers and the Infrastructure Manager, the Railway now has a live Infrastructure Development Programme which is a three-year plan for investment on maintenance and renewal. This is constantly updated to reflect new and changed priorities and the investment required for the following 12 months has already been significantly identified within 2024 budgets.

Safety and Compliance

For the last three years we have had a continuous programme of safety improvement, which continues. The work of improvement is never ending but our programme over the last year has included:

- Revisions to the Safety Management System subordinate systems to satisfy legislative requirements, a full revision of the top level document is currently underway to be reissued later this year;
- Continued good relations with the Railway Inspectorate and continuing to deliver a change and improvement program;
- Level crossing closure and improvement program;
- Continual improvement of competency management system and training of assessors;
- Continued Membership of Chartered Institution of Railway Operators (CIRO), Rail Safety & Standards Board (RSSB) & Confidential Incident Reporting Analysis Services (CIRAS);
- Continuing to deliver and improve upon shared learning to promote a 'just culture';
- External support & guidance programme implemented;
- Internally auditing program in place against ORR's RM3.

It is important we recognise the journey of improvement we have taken, but it is equally important that we maintain our focus on all matters safety and continue to improve.

Whether a heritage railway or a national operator, both are heavily regulated and include safety critical activity. Shareholders are reminded of the importance of their contribution in adhering to all operational rules, instructions, and advisory notices.

West Somerset Railway Public Limited Company

Strategic Report for the Year Ended 31 March 2023

Future developments and strategy

Given the slow recovery from the pandemic and the rapidly changing and challenging economic environment, the focus at Board level and in the management team has been on ensuring that we could provide a safe and operationally coherent railway that was economically viable. That has further delayed the work on the Corporate Plan, but this is continuing, and will be available this year. Nonetheless, a significant number of projects and planning activities are being undertaken including:

- Introduction of new and development of existing events;
- Covered Accommodation Report finalised and options for financial support are now being looked at;
- Work has continued on the Williton Strategic Engineering Review, a new lease for Sherrings Yard is in place providing business security to the Restorations Operation which will allow further potential development, proposals from the DEPG for the future of the Williton Good Shed are hoped to be developed with further funding;
- Development plan for Washford Station and Yard from November 2023, when the site is vacated.
- Working with the West Somerset Railway Heritage Trust on proposals for expanding facilities and heritage museum capacity on Platform 1 at Bishops Lydeard.
- Continued progress of a Project Group in preparing an outline business case for reconnecting Taunton to Bishop Lydeard for scheduled trains.
- Preparation of a Site Development Plan for Bishops Lydeard
- Further work on a new Business Plan for Restorations.
- Updating of the Infrastructure Development Plan.
- Continued progression of the IT infrastructure allowing early introduction of VOIP phones across the railway with cost savings, further developments include electronic tablets for signing in / out and incident / defect reporting.
- Partnership building within the wider rail industry.

Approved by the Board on 14 August 2023 and signed on its behalf by:

J Jones-Pratt
Chairman
On behalf of the PLC Board

West Somerset Railway Public Limited Company

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors of the company

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

J Jones-Pratt

A A Diejomaoh (ceased 23 March 2023)

A J Castledine (ceased 14 February 2023)

F M Courtney

S V Williams (ceased 3 January 2023)

J R Boswell

R Stoneham (appointed 28 March 2023)

R E M Joachim (appointed 21 February 2023)

Principal activity

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

Results and dividends

The loss for the year after taxation amounts to £216,317 (2022 - £316,442). In accordance with Clause 4 (44) of the Memorandum of Association, the members of the company are not entitled to a dividend. Further information on the results for the year are set out in the Strategic Report.

Issue of shares

The company has issued a further 593,253 (2022 - 288,300) 10p ordinary shares at par for cash consideration in order to provide additional capital.

Objectives and policies

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

West Somerset Railway Public Limited Company

Directors' Report for the Year Ended 31 March 2023

Risks

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

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

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

Future developments

The Railway operated a full timetable for the 2022 season, following the removal of all legal requirements surrounding the COVID-19 pandemic.

Fare levels have been slow to recover but continue to increase and we are hopeful that they will exceed pre pandemic levels in the 2024 year. Rising costs are also presenting a challenge, this is likely to continue for the foreseeable future.

Payment policy

It is Railway policy to comply with the terms of payment agreed with a supplier. Where terms are not negotiated, the company endeavours to pay all suppliers within 30 days of the month end in which the goods or services were supplied. At the balance sheet date the Railway's trade creditors correspond to 30 days (2022 - 23 days) of credit purchases.

Political donations

The Railway made no political donations in 2023 (2022 - £Nil).

Statement on indemnity provisions

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

West Somerset Railway Public Limited Company

Directors' Report for the Year Ended 31 March 2023

Going concern

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

During the year ended 31 March 2023, the Company incurred a post-tax loss of £216,317 (2022 - £316,442). This has slightly reduced the cash reserves this year by £27,673 (2022 - increase of £103,130).

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

In addition, future forecasts include a number of assumptions, including revenue generated and the ability to control costs, which may or may not be achieved.

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

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

Disclosure of information to the auditors

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

West Somerset Railway Public Limited Company

Directors' Report for the Year Ended 31 March 2023

Approved by the Board on 14 August 2023 and signed on its behalf by:

J Jones-Pratt
Director

West Somerset Railway Public Limited Company

Statement of Directors' Responsibilities

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

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

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

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

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

West Somerset Railway Public Limited Company

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

Opinion

We have audited the financial statements of West Somerset Railway Public Limited Company (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 'Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss 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.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements which highlights that the company generated a loss in the current and preceding financial year and that the company faces continued uncertainty regarding its ability to generate sufficient cash to cover operational and capital expenditure.

As stated in Note 2 these events or conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our report is not modified in respect of this matter.

West Somerset Railway Public Limited Company

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

Other information

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

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

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

We have nothing to report in this regard.

West Somerset Railway Public Limited Company

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

West Somerset Railway Public Limited Company

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the following when identifying and assessing risks of material misstatement due to irregularities, including fraud and non-compliance with laws and regulations:

- the legal and regulatory framework in which the company operates, in particular the regulatory environment regarding the operation of the railway and ORR requirements
- the nature of the sector in which the company operates
- the control environment and controls established to mitigate such risks
- the results of our enquiries of management about their identification and assessment of risks of irregularities

- discussions with the audit engagement team about where fraud might occur
- the incentives for fraud.

West Somerset Railway Public Limited Company

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

Laws and regulations which are considered to be significant to the company include those relating to the requirements of financial reporting framework FRS102, the Companies Act 2006, UK tax legislation, rail regulatory law, health and safety and employment law. In addition, we consider other laws and regulations which may not directly impact the financial statements but may impact on the operation of the group.

As a result of these procedures we concluded, in accordance with International Auditing Standards, that a risk in relation to the potential for management override of controls existed.

Audit responses to risks identified

We undertook audit procedures to respond to the risks identified, and designed our audit testing to respond to these risks. The additional procedures we undertook included the following:

- gaining an understanding of the company's procedures for ensuring compliance with laws and regulations, including ORR requirements
- enquiring as to the outcome of any regulatory inspections during the period and actions taken
- testing the appropriateness of journal entries and other adjustments
- considering whether accounting estimates were indicative of potential bias
- considering whether any transactions arose outside the normal course of business
- making enquiries of management
- corroborating our enquiries through review of Board Minutes and correspondence.

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

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

West Somerset Railway Public Limited Company

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

Use of our report

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

Alexandra Shore FCA DChA (Senior Statutory Auditor)

For and on behalf of A C Mole

Chartered Accountants & Statutory Auditors

Stafford House

Blackbrook Park Avenue

Taunton

Somerset

TA1 2PX

14 August 2023

West Somerset Railway Public Limited Company

Statement of Comprehensive Income for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	2,726,084	2,467,483
Other operating income	<u>3</u>	<u>163,736</u>	<u>259,833</u>
Gross revenue and profit		2,889,820	2,727,316
Employment costs	<u>7</u>	(942,835)	(734,994)
Depreciation		(237,370)	(246,221)
Other operating costs		<u>(1,946,833)</u>	<u>(2,108,566)</u>
Operating loss	<u>4</u>	<u>(237,218)</u>	<u>(362,465)</u>
Other interest receivable and similar income	<u>5</u>	30,742	18,614
Interest payable and similar charges	<u>6</u>	<u>(56,186)</u>	<u>(40,488)</u>
		<u>(25,444)</u>	<u>(21,874)</u>
Loss before tax		(262,662)	(384,339)
Taxation	<u>9</u>	<u>46,345</u>	<u>67,897</u>
Loss for the financial year		(216,317)	(316,442)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(216,317)</u></u>	<u><u>(316,442)</u></u>

West Somerset Railway Public Limited Company

(Registration number: 01010188)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	<u>10</u>	2,838,969	3,058,368
Current assets			
Stocks	<u>12</u>	222,076	191,257
Debtors less than one year	<u>13</u>	256,842	274,862
Debtors more than one year	<u>13</u>	280,025	249,501
Cash at bank and in hand	<u>14</u>	482,471	510,144
		1,241,414	1,225,764
Creditors: Amounts falling due within one year	<u>15</u>	(538,187)	(481,192)
Net current assets		703,227	744,572
Total assets less current liabilities		3,542,196	3,802,940
Creditors: Amounts falling due after more than one year	<u>15</u>	(373,588)	(450,764)
Deferred income	<u>15</u>	(106,311)	(117,066)
Provisions for liabilities	<u>16</u>	(281,635)	(297,456)
Net assets		<u>2,780,662</u>	<u>2,937,654</u>
Capital and reserves			
Called up share capital	<u>19</u>	2,559,557	2,500,232
Profit and loss account		221,105	437,422
Total equity		<u>2,780,662</u>	<u>2,937,654</u>

Approved and authorised by the Board on 14 August 2023 and signed on its behalf by:

J Jones-Pratt
Director

West Somerset Railway Public Limited Company

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2022	2,500,232	437,422	2,937,654
Loss for the year	-	(216,317)	(216,317)
Total comprehensive income	-	(216,317)	(216,317)
New share capital subscribed	59,325	-	59,325
At 31 March 2023	2,559,557	221,105	2,780,662

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2021	2,471,402	753,864	3,225,266
Loss for the year	-	(316,442)	(316,442)
Total comprehensive income	-	(316,442)	(316,442)
New share capital subscribed	28,830	-	28,830
At 31 March 2022	2,500,232	437,422	2,937,654

West Somerset Railway Public Limited Company

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss for the year		(216,317)	(316,442)
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairments	<u>4</u>	248,705	259,356
Tax (credit)	<u>9</u>	(46,345)	(67,897)
		(13,957)	(124,983)
Working capital adjustments			
(Increase)/decrease in stocks	<u>12</u>	(30,819)	66,675
(Increase)/decrease in current assets	<u>13</u>	(12,504)	211,687
Increase in current liabilities	<u>15</u>	57,013	23,880
Increase in loco provisions	<u>16</u>	30,524	18,608
Decrease in deferred income		(11,335)	(13,135)
Net cash flow from operating activities		18,922	182,732
Cash flows from investing activities			
Interest received	<u>5</u>	30,524	18,608
Acquisitions of tangible assets		(29,306)	(48,337)
Net cash flows from investing activities		1,218	(29,729)
Cash flows from financing activities			
Interest paid	<u>6</u>	(30,524)	(18,608)
Proceeds from issue of ordinary shares, net of issue costs		59,325	28,830
Repayment of bank borrowing		(52,515)	(36,451)
Repayment of other borrowing		(24,099)	(23,644)
Net cash flows from financing activities		(47,813)	(49,873)
Net (decrease)/increase in cash and cash equivalents		(27,673)	103,130
Cash and cash equivalents at 1 April 2022 (1 April 2021)		510,144	407,014
Cash and cash equivalents at 31 March 2023 (31 March 2022)		<u>482,471</u>	<u>510,144</u>

West Somerset Railway Public Limited Company

Statement of Cash Flows for the Year Ended 31 March 2023

Cash and cash equivalents

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

	2023	2022
	£	£
Cash at bank and in hand	<u>482,471</u>	<u>510,144</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

The address of its registered office is:

The Railway Station

Minehead

Somerset

TA24 5BG

United Kingdom

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

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

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Going concern

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

In addition, future forecasts include a number of assumptions, including revenue generated and the ability to control costs, which may or may not be achieved.

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

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

Revenue recognition

Revenue relates to income from the operation of the Railway and is measured at the fair value of the consideration received or receivable. Revenue also includes income from work done, rental income and other trading income which is recognised when the Railway has entitlement to the income, it can be measured reliably, and receipt is probable.

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Non-exchange transactions

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

Government grants

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

Government grants from the Coronavirus Job Retention ('furlough') Scheme are recognised in the period to which they relate and are included within other operating income.

Tax

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

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

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

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Depreciation

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

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

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

Cash and cash equivalents

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

Trade debtors

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

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

Stocks

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Trade creditors

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

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

Borrowings

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

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

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Provisions

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

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

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

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

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

Leases

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

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

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

Defined contribution pension obligation

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

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

Segmental reporting

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

Financial instruments

Classification

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

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

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

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

Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives and residual values of tangible fixed assets

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Accounting policies (continued)

(b) Impairment of non-current assets

The company tests non-current assets if there are indications that an impairment may be required. Indicators of impairment include generating an operating loss, which was the case for the year ended 31 March 2023.

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

The key estimates in the value in use calculation are those regarding discount rates, the level of future sales and operating costs, inflation and the residual value of non-current assets. Assumptions regarding these key estimates are considered to be the key areas of estimation in the impairment review process. There is a significant risk that these estimates may differ from actual out-turns.

3 Revenue and other operating income

The analysis of the company's revenue for the year is as follows:

	2023	2022
	£	£
Fares	1,751,712	1,028,010
Work done	90,408	798,854
Rental income	48,869	33,000
Retail income	604,792	377,644
Other trading income	230,303	229,975
	<u>2,726,084</u>	<u>2,467,483</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

3 Revenue and other operating income (continued)

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

	2023	2022
	£	£
Legacies and donations	153,435	172,562
Insurance receipts	8,801	9,142
Government grants receivable	1,500	78,129
	<u>163,736</u>	<u>259,833</u>

4 Operating loss

Arrived at after charging/(crediting)

	2023	2022
	£	£
Rental under operating leases	184,626	195,618
Depreciation - owned assets	248,705	259,356
Auditor's remuneration	10,550	9,200
Amortisation of government grant relating to fixed assets	<u>(11,335)</u>	<u>(13,135)</u>

5 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	218	6
Other finance income	<u>30,524</u>	<u>18,608</u>
	<u>30,742</u>	<u>18,614</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

6 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	25,287	21,458
Interest on other borrowings	375	422
Interest expense on other finance liabilities	30,524	18,608
	<u>56,186</u>	<u>40,488</u>

7 Staff costs

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

	2023	2022
	£	£
Wages, salaries and social security costs	923,558	712,126
Pension costs, defined contribution scheme	18,903	15,243
Relocation costs	374	7,625
	<u>942,835</u>	<u>734,994</u>

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

	2023	2022
	No.	No.
Railway	45	41
Shop	5	3
	<u>50</u>	<u>44</u>

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

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

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

8 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	<u>10,550</u>	<u>9,200</u>

9 Taxation

Tax charged/(credited) in the income statement

	2023	2022
	£	£
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(46,345)</u>	<u>(67,897)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK 2023 - 19% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£	£
Loss before tax	<u>(262,662)</u>	<u>(384,339)</u>
Corporation tax at standard rate	(49,906)	(73,024)
Effect of expense not deductible in determining taxable profit (tax loss)	166	(584)
Effect of tax losses utilised in the year	13,338	38,974
Deferred tax expense (credit) from unrecognised tax loss or credit	(46,345)	(67,897)
Tax increase (decrease) from effect of capital allowances and depreciation	<u>36,402</u>	<u>34,634</u>
Total tax credit	<u>(46,345)</u>	<u>(67,897)</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

10 Tangible assets

	Freehold land, buildings and improvements £	Rolling stock £	Track and signalling £	Plant, vehicles and equipment £	Total £
Cost or valuation					
At 1 April 2022	1,817,860	2,021,289	1,792,315	939,059	6,570,523
Additions	-	11,237	-	18,069	29,306
Disposals	-	-	-	(658)	(658)
At 31 March 2023	1,817,860	2,032,526	1,792,315	956,470	6,599,171
Depreciation					
At 1 April 2022	776,327	999,060	891,758	845,010	3,512,155
Charge for the year	49,358	112,706	59,803	26,838	248,705
Eliminated on disposal	-	-	-	(658)	(658)
At 31 March 2023	825,685	1,111,766	951,561	871,190	3,760,202
Carrying amount					
At 31 March 2023	992,175	920,760	840,754	85,280	2,838,969
At 31 March 2022	1,041,533	1,022,229	900,557	94,049	3,058,368

Included in freehold and long leasehold land, buildings and improvements are the following assets with a net book value at 31 March 2023: freehold buildings £431,989 (2022 - £454,864), freehold land £89,612 (2022 - £89,612), leasehold buildings £186,581 (2022 - £190,005) and leasehold improvements £283,993 (2022 - £307,052).

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

11 Investments in subsidiaries, joint ventures and associates

The company held the following shares as at March 2023 and March 2022:

1 share of £500 each in Locomotive 5542 Limited

418 shares of £10 each in Dinmore Manor Locomotive Limited

120 shares of £1 each in Severn Valley Railway (Holdings) PLC

940 shares of 25p each in Great Central Railway PLC

126 shares of £1 each in North Norfolk Railway PLC.

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

12 Stocks

	2023 £	2022 £
Raw materials and consumables	125,706	94,601
Finished goods and goods for resale	96,370	96,656
	<u>222,076</u>	<u>191,257</u>

13 Debtors

	2023 £	2022 £
Current		
Trade debtors	19,096	62,494
Other debtors	68,090	85,432
Prepayments	169,656	126,936
	<u>256,842</u>	<u>274,862</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Debtors (continued)

Details of non-current other debtors

In line with the accounting policies for the treatment of locomotives under long term hire agreements, provisions for future overhauls from which the company will benefit are recognised as having an asset value equal to the value of the unused provisions to date. As at 31 March 2023, unused provisions totalled £280,025 (2022 - £249,501) which has been included within non current debtors.

14 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	3,631	3,630
Cash at bank	478,840	506,514
	<u>482,471</u>	<u>510,144</u>

15 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	<u>20</u>	77,870	76,933
Trade creditors		195,843	159,617
Social security and other taxes		15,044	25,148
Other payables		96,615	109,959
Accruals and deferred fare income		142,060	98,200
Deferred grant income	<u>17</u>	10,755	11,335
		<u>538,187</u>	<u>481,192</u>
Due after one year			
Loans and borrowings	<u>20</u>	373,588	450,764
Deferred grant income	<u>17</u>	106,311	117,066
		<u>479,899</u>	<u>567,830</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Provisions for liabilities

	Deferred tax	Loco repairs	Total
	£	provision	£
	£	£	£
At 1 April 2022	47,955	249,501	297,456
Additional provisions	-	30,524	30,524
Release of provisions	(46,345)	-	(46,345)
At 31 March 2023	<u>1,610</u>	<u>280,025</u>	<u>281,635</u>

	Deferred tax	Loco repairs	Total
	£	provision	£
	£	£	£
At 1 April 2021	115,852	230,893	346,745
Additional provisions	-	18,608	18,608
Release of provisions	(67,897)	-	(67,897)
At 31 March 2022	<u>47,955</u>	<u>249,501</u>	<u>297,456</u>

The locomotive repair provision relate 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. This provision is then treated as a receivable to reflect the accounting policy adopted.

17 Deferred income

	2023	2022
	£	£
Deferred income: Government grants relating to fixed assets	<u>117,066</u>	<u>128,401</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

17 Deferred income (continued)

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

	£	£
Balance at beginning of period	128,401	141,541
Amortised to profit and loss account	(11,335)	(13,140)
Balance at end of period	<u>117,066</u>	<u>128,401</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £18,903 (2022 - £15,243).

Contributions totalling £3,843 (2022 - £2,966) were payable to the scheme at the end of the period and are included within other creditors.

19 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £0.10 each	25,595,573	2,559,557	25,002,320	2,500,232

New shares allotted

During the year, 593,253 ordinary shares having an aggregate nominal value of £59,325 were allotted for an aggregate consideration of £59,325.

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

19 Share capital (continued)

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

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

20 Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Non-current loans and borrowings		
Bank borrowings	373,588	427,235
Other borrowings	-	23,529
	<u>373,588</u>	<u>450,764</u>

	2023 £	2022 £
Current loans and borrowings		
Bank borrowings	54,536	53,404
Other borrowings	23,334	23,529
	<u>77,870</u>	<u>76,933</u>

Loan and borrowings over five years

	2023 £	2022 £
Due after more than five years by instalments	215,049	233,090
	<u>215,049</u>	<u>233,090</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

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

Bank borrowings and secured debts

The bank loan on Station House is denominated in pound sterling with a nominal interest rate of fixed 5.27% (2022 - 5.27%). There is also a variable interest rate on this loan which is directly linked to the Bank of England base rate being 3.4% above this amount. The starting rate this year was therefore 4.15% with the ending rate being 7.65%.

The final instalment is due on 31 December 2037.

The carrying amount at the year end is £291,458 (2022 - £303,973).

The Coronavirus Business Interruption Loan (CBILS) is denominated in pound sterling with a nominal interest rate of 3.5% + base rate. The final instalment on this borrowing is due on 31 August 2026. The carrying amount at the year end is £136,667 (2022 - £176,667).

The starting interest rate on the borrowing this year was 4.25% with the ending rate being 7.75%.

Secured debts

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

The loan from the West Somerset Railway Association is secured by a first charge against two MK1 coaches being those numbered BSO 9278 and TSO 4660.

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	5,833	58,800
Later than one year and not later than five years	226,733	304,113
	<u>232,566</u>	<u>362,913</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Commitments

Capital commitments

As at the balance sheet date, the company had agreed to purchase the freehold property consisting of the car park and public conveniences at Westridge Way, Bishops Lydeard.

A price has been agreed and the liability has been provided for within the financial statements however, the asset is being carried within prepayments as the sale has not yet been completed due to issues surrounding access rights.

There were no capital commitments outstanding as at 31 March 2022.

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

23 Related party transactions

Income for other related parties

	2023	2022
	£	£
Repairs	8,364	4,618
	<u>8,364</u>	<u>4,618</u>

Expenditure to other related parties

	2023	2022
	£	£
Haulage	2,600	1,512
Leases	22,735	98,206
Other expenses	1,454	1,000
	<u>26,789</u>	<u>100,718</u>

As at the balance sheet date, there were amounts due from other related parties of £902 (2022 - £1,443).

Also as at the balance sheet, there were amounts owed to other related parties of £386 (2022 - £746).

Key management compensation

The following amounts were paid to key management personnel, which are comprised of the Department Heads for each of the Company's operating departments and the company secretary.

	2023	2022
	£	£
Salaries and other short term employee benefits	182,581	158,675
Services provided	24,800	24,500
	<u>207,381</u>	<u>183,175</u>

West Somerset Railway Public Limited Company

Notes to the Financial Statements for the Year Ended 31 March 2023

24 Financial instruments

Categorisation of financial instruments

	2023	2022
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	19,096	115,876
	<u>19,096</u>	<u>115,876</u>
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	428,125	480,639
Other loans	23,333	47,058
Trade creditors	195,843	159,617
Other creditors	4,650	4,610
	<u>651,951</u>	<u>691,924</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.