

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## COMMENTARY ON RESULTS FOR THE YEAR ENDED 31 JANUARY 2019

The results for the year ended 31 January 2019 were dominated by the re-opening of the railway to Broadway.

### Summary of Results

Profit and Loss Account	Year ended 31/1/19	Year ended 31/1/18
	£'million	£'million
Turnover	2.42	1.70
Cost of sales	<u>(0.98)</u>	<u>(0.82)</u>
Gross profit	1.44	0.88
<i>Gross margin</i>	<i>59.4%</i>	<i>52.1%</i>
Expenses	(1.15)	(0.81)
Other operating income net of interest payable	<u>0.08</u>	<u>0.10</u>
Profit before taxation	0.37	0.17

Balance sheet	At 31 Jan 2019	At 31 Jan 2018
	£'million	£'million
Fixed assets	6.43	5.99
Current assets	0.83	0.89
Creditors: Amounts falling due within 1 year	(0.39)	(0.52)
Creditors: Amounts falling due after more than 1 year	<u>(0.90)</u>	<u>(0.86)</u>
Net assets	5.97	5.50

### Profit and Loss Account

#### Turnover

The increase in turnover of £0.72million is mostly attributable to the successful reopening of Broadway Station in March 2018 which increased the length of the operating line between Cheltenham Racecourse and Broadway stations to 14 miles. Passenger numbers increased by 44% to 144,000. This contributed to an increase in general ticket sales of 59% to £1.48million while rail catering income increased by 53% to £0.29million.

#### Gross margin

Gross margin rose by 7 percentage points to 59.4%. The main reasons for this improvement were a 59% increase in ticket sales offset by a comparatively modest 22% increase in locomotive hire and operating costs. Until 2018, trains had been running as far as Laverton Halt which is approximately two miles from Broadway station. Therefore, the change in the length of the running line did not have as significant an impact on locomotive costs included in cost of sales as might have been anticipated. The increase in rail catering purchases was broadly in line with the increase in revenue mentioned above.

#### Expenses

Expenses rose by 42% to £1.15million. The largest category of expense was civil engineering and the associated costs of maintaining the running line. During the year, several projects were completed

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including the replacement of the aqueduct cum footbridge at Stanway, the installation of collision protection beams at the Broadway rail-over bridge, remedial work following a landslip at Gretton, and increased clearance of lineside vegetation and drainage. The total cost of these projects and other smaller repair work was £0.46million. The next major category of expenditure comprises the cost of utilities and insurance which have increased as a result of the extension of the line and new buildings at Broadway.

### **Balance Sheet**

Fixed assets increased by £0.44million which was mainly due to the investment in new buildings associated with Broadway station and signal box.

Current assets declined by £0.06million mainly due to a 6% reduction in cash balances at the balance sheet date. However, trade creditors at 31 January 2019 were £0.21million compared with £0.39million at the previous year end when liabilities for the construction of Broadway station featured.

On behalf of the Board

Richard Winstanley

Finance Director

27 June 2019