

Company Registration No. 01576947 (England and Wales)

**GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2020**

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## COMPANY INFORMATION

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### Directors

|                           |                              |                              |
|---------------------------|------------------------------|------------------------------|
| Richard Johnson           | Chairman                     |                              |
| Richard Horton Winstanley | Finance Director             |                              |
| Glyn Arthur Cornish       | GWRT Nominated Director      |                              |
| Lee Russell Alibone       | Civil Engineering Director   | (Resigned 31 December 2019)  |
| Colin James Fewell        | Commercial Director          | (Resigned 27 June 2019)      |
| Alan Miller               | Projects & IT Director       |                              |
| Christopher Webb          | Safety Director              | (Resigned 27 June 2019)      |
| Ian Stewart               | Volunteer Resources Director |                              |
| Richard Charles Summers   | GWRT Nominated Director      |                              |
| Graham Radband            | Commercial Director          | (Appointed 27 June 2019)     |
| Iain Gray                 | Safety Director              | (Appointed 16 December 2019) |
| Michael Bennett           | Non-executive Director       | (Appointed 16 March 2020)    |

**Secretary** Richard Johnson

**Company number** 01576947

**Registered office** Churchward House  
Winchcombe Railway Station  
Winchcombe  
Gloucestershire  
GL54 5LD

**Auditor** Ormerod Rutter Limited  
The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

**Bankers** National Westminster Bank Plc  
31 Promenade  
Cheltenham  
Gloucestershire  
GL50 1LE

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# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

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# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 JANUARY 2020**

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The directors present the strategic report for the year ended 31 January 2020.

### **Review of business**

#### **Highlights**

Last year was a period of consolidation for the Railway and the second year that the full 15-mile length of the running line was in use. All four principal stations were in operation as well as two halts. A new class of passenger emerged that used the Railway to travel from end-to-end to spend time in either Broadway or Cheltenham, thus recreating one of the original purposes of the Railway. The magnificent contribution by the volunteer teams proved that the Railway has the resources to ensure maintenance and safe operation of this heritage railway.

#### **Our Strategy**

The strategy of the company is to develop a volunteer-led heritage railway that operates along part of the former Great Western railway line that linked Cheltenham Spa and Stratford-upon-Avon. This strategy embraces maintaining the running line and recreation of stations and halts at their original sites where practicable in an appropriate period style. The strategy also includes the acquisition and operation of Mark 1 railway coaches and other complementary activities.

#### **Financial Overview**

The number of passengers carried during the year was 125,000 which was in line with expectations. Total income amounted to £2.3 million (previous year: £2.4 million). Whilst 62% was derived from railway ticket sales, the balance was made up from event income, catering and retail sales.

The major element of direct costs are the costs to the railway of hiring-in the steam and diesel locomotives to, and subsequent operation by, the railway which were virtually unchanged at £0.5million. As other direct costs were similar to last year, gross margin fell by 2 percentage points due to the slightly reduced turnover mentioned earlier.

Non-operational salaries accounted for 10% of administrative expenses during the year. As ever on a heritage railway, significant expenditure was incurred in the maintenance of infrastructure.

Capital expenditure amounted to £1.0 million. There were two significant elements being the acquisition of the Winchcombe offices and workshop area which have become the Railway's headquarters and the initial phase of development of the locomotive welfare and machine shop extension at Toddington.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 JANUARY 2020*

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### **Principal Risks and Uncertainties**

The operation of a heritage railway with infrastructure that was originally built 120 years ago is a challenging environment. In the case of this railway of nearly 15 miles, there are 42 bridges, a 693-yard tunnel on the running line and a shorter unused tunnel, as well as an iconic 15 arch viaduct. All require regular inspection and maintenance.

Discussions with Gloucestershire County Council continue about the way forward to repair the overline bridge at Stanway. Meanwhile, our consulting engineers have assured the Board that the severe weight restrictions imposed on road traffic over this bridge last year are not needed.

The wet weather has taken its toll on the Railway's infrastructure and this has necessitated costly emergency repairs to an embankment at Gotherington South. While this can be funded from the Railway's resources, this means that other maintenance programmes must be put on hold until funding can be restored. Another slip occurred at a cutting at Winchcombe which is not expected to have significant cost implications for the Railway, as cost incurred will be reclaimed from the householders' insurers.

The Board is following guidance and instructions given by the UK Government as a result of the emergence of a pandemic caused by a new virus, COVID-19. In March 2020, operation of the Railway was just shut down for an indefinite period which has had significant financial implications. The UK Government has announced various financial measures to support companies during this difficult period and the Board is taking full advantage of them. The most significant of these is the medium-term loan available from our clearing bank which is guaranteed by UK Government. Provided there is a reasonable chance of restarting profitable operation later in the year, the Board is confident that it has taken adequate steps to mitigate the risk associated with the pandemic.

As a heritage railway operator which derives its income from discretionary spending by members of the general public, the Board can never be certain about the level of income that will be earned in future years. Therefore, the Board must manage overhead costs and expenses accordingly. Where a costly emergency repair is required typically to infrastructure, there is a risk that other regular maintenance programmes are curtailed in order to release financial resources. However, safety cannot be compromised. The Board maintains the necessary safety and financial oversight to manage this risk and ensure that the costs of operations can be met.

The legislation that governs heritage railways follows that which applies to mainline railway operation and compliance is overseen by the Office of Rail and Road, the railway industry's regulator. Non-compliance can have serious consequences. The Board mitigates this risk by development and maintenance of appropriate procedures and training regimes to ensure compliance with the legislative environment.

An important reason for visitors to come to a heritage railway is to travel on a train hauled by a steam engine. Steam engines use lump coal which is similar to that used by households. The Board is aware of developments in environmental legislation that would prohibit the sale of coal to households after 2023. At that point it is likely that coal suitable for steam engines would have to be sourced from outside the United Kingdom. It is too early to determine whether imported coal would be obtainable at a price that would enable the railway to offer steam-hauled passenger trains at an economic cost. Until the legislative and economic frameworks become clearer, the Board is restricted in its ability to address this risk.

As a volunteer-led organisation, the railway is dependent upon the continued availability and appetite of volunteers of all ages and breadth of experience to support the operation of the railway. The Board monitors the availability of volunteers closely and endeavours to ensure volunteers are available to meet the demands of each department of the railway.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 JANUARY 2020*

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### **Future Progress**

While this year's outcome is uncertain and the Board may have to take difficult decisions to ensure the Railway's survival in the short term, plans for the future include construction of a new enlarged shop at Toddington and completion of the new building encompassing improved welfare, training rooms and an extension to the machine shop for the locomotive department also at Toddington. When funds permit, there are plans to construct a carriage shed at Winchcombe, complete the reconstruction of Broadway station, and construct a new shop at Cheltenham Racecourse.

The continuation of financial and volunteer support from Gloucestershire Warwickshire Railway Trust is much appreciated by the Board.

On behalf of the board

.....  
Richard Winstanley  
**Director**  
8<sup>th</sup> April 2020

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 JANUARY 2020*

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The directors present their annual report and financial statements for the year ended 31 January 2020.

#### **Principal activities**

The principal activity of the company in the year under review was that of the restoration and operation of a heritage railway trading as the 'Gloucestershire Warwickshire Railway'.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

|                           |                              |
|---------------------------|------------------------------|
| Richard Johnson           |                              |
| Richard Horton Winstanley |                              |
| Glyn Arthur Cornish       |                              |
| Lee Russell Alibone       | (Resigned 31 December 2019)  |
| Colin James Fewell        | (Resigned 27 June 2019)      |
| Alan Miller               |                              |
| Christopher Webb          | (Resigned 27 June 2019)      |
| Ian Stewart               |                              |
| Richard Charles Summers   |                              |
| Graham Radband            | (Appointed 27 June 2019)     |
| Iain Gray                 | (Appointed 16 December 2019) |
| Michael Bennett           | (Appointed 16 March 2020)    |

#### **Results and dividends**

The results for the year are set out on page 9.

In accordance with the Articles of Association no dividends will be distributed for the year ended 31 January 2020.

#### **Directors' interests**

All directors are shareholders of the company.

#### **Future developments**

The company plans to continue to operate for the foreseeable future.

#### **Auditor**

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 JANUARY 2020*

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### **Statement of directors' responsibilities**

The directors are responsible 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....

Richard Johnson

**Chairman**

Date: 8<sup>th</sup> April 2020



# **GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC**

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#### **Opinion**

We have audited the financial statements of Gloucestershire Warwickshire Steam Railway Plc (the 'company') for the year ended 31 January 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 FRS 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 January 2020 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.

#### **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 Auditor's 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.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

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#### **Matters on which we are required to report by exception**

In the 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 and 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

#### **Auditor's 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.

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

# **GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC**

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#### **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.

**Colm McGrory FCA (Senior Statutory Auditor)**  
**for and on behalf of Ormerod Rutter Limited**

.14<sup>th</sup> April 2020

**Chartered Accountants**  
**Statutory Auditor**

The Oakley  
Kidderminster Road  
Droitwich  
Worcestershire  
WR9 9AY

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

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|  | Notes    | 2020<br>£000's | 2019<br>£000's |
|--|----------|----------------|----------------|
| <b>Turnover</b>                        |          | 2,257          | 2,417          |
| Cost of sales                          |          | (957)          | (980)          |
|  |          | <hr/>          | <hr/>          |
| <b>Gross profit</b>                    |          | 1,300          | 1,437          |
| Administrative expenses                |          | (1,311)        | (1,153)        |
| Other operating income                 |          | 72             | 83             |
|  |          | <hr/>          | <hr/>          |
| <b>Operating profit</b>                | <b>3</b> | 61             | 367            |
| Interest receivable and similar income | <b>6</b> | 1              | 1              |
| Interest payable and similar expenses  | <b>7</b> | (7)            | -              |
|  |          | <hr/>          | <hr/>          |
| <b>Profit before taxation</b>          |          | 55             | 368            |
| Tax on profit                          | <b>8</b> | -              | -              |
|  |          | <hr/>          | <hr/>          |
| <b>Profit for the financial year</b>   |          | <u>55</u>      | <u>368</u>     |

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## BALANCE SHEET

AS AT 31 JANUARY 2020

|  | Notes | 2020<br>£000's | 2019<br>£000's |
|--|-------|----------------|----------------|
| <b>Fixed assets</b>  |       |                |                |
| Tangible assets  | 9     | 7,288          | 6,427          |
| <b>Current assets</b>  |       |                |                |
| Stocks   | 10    | 55             | 55             |
| Debtors  | 11    | 75             | 95             |
| Cash at bank and in hand                                       |       | 380            | 676            |
|  |       | <u>510</u>     | <u>826</u>     |
| <b>Creditors: amounts falling due within one year</b>          | 12    | <u>(461)</u>   | <u>(437)</u>   |
| <b>Net current assets</b>                                      |       | 49             | 389            |
| <b>Total assets less current liabilities</b>                   |       | 7,337          | 6,816          |
| <b>Creditors: amounts falling due after more than one year</b> |       |                |                |
| Loans and overdrafts   | 14    | 394            | -              |
| Deferred income  | 15    | 935            | 895            |
|  |       | <u>(1,329)</u> | <u>(895)</u>   |
| <b>Net assets</b>  |       | <u>6,008</u>   | <u>5,921</u>   |
| <b>Capital and reserves</b>                                    |       |                |                |
| Called up share capital  | 17    | 3,709          | 3,677          |
| Revaluation reserve  | 18    | 467            | 467            |
| Profit and loss reserves                                       | 18    | 1,832          | 1,777          |
| <b>Total equity</b>  |       | <u>6,008</u>   | <u>5,921</u>   |

The financial statements were approved by the board of directors and authorised for issue on 8<sup>th</sup> April 2020 and are signed on its behalf by:

.....  
Richard Johnson  
**Chairman**

.....  
Richard Winstanley  
**Director**

**Company Registration No. 01576947**

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

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|  |       | Share capital   | Revaluation reserve | Profit and loss reserves | Total           |
|--|-------|-----------------|---------------------|--------------------------|-----------------|
|  | Notes | £000's          | £000's              | £000's                   | £000's          |
| <b>Balance at 1 February 2018</b>                  |       | 3,621           | 467                 | 1,409                    | 5,497           |
| <b>Year ended 31 January 2019:</b>                 |       |                 |                     |                          |                 |
| Profit and total comprehensive income for the year |       | -               | -                   | 368                      | 368             |
| Issue of share capital                             | 17    | 56              | -                   | -                        | 56              |
|  |       | <u>        </u> | <u>        </u>     | <u>        </u>          | <u>        </u> |
| <b>Balance at 31 January 2019</b>                  |       | 3,677           | 467                 | 1,777                    | 5,921           |
| <b>Year ended 31 January 2020:</b>                 |       |                 |                     |                          |                 |
| Profit and total comprehensive income for the year |       | -               | -                   | 55                       | 55              |
| Issue of share capital                             | 17    | 32              | -                   | -                        | 32              |
|  |       | <u>        </u> | <u>        </u>     | <u>        </u>          | <u>        </u> |
| <b>Balance at 31 January 2020</b>                  |       | <u>3,709</u>    | <u>467</u>          | <u>1,832</u>             | <u>6,008</u>    |

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

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|   | Notes | 2020<br>£000's | 2019<br>£000's |
|---|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>         |       |                |                |
| Cash generated from operations                      | 22    | 219            | 475            |
| Interest paid                                       |       | (7)            | -              |
| <b>Net cash inflow from operating activities</b>    |       | 212            | 475            |
| <b>Investing activities</b>                         |       |                |                |
| Purchase of tangible fixed assets                   |       | (973)          | (541)          |
| Interest received                                   |       | 1              | 1              |
| <b>Net cash used in investing activities</b>        |       | (972)          | (540)          |
| <b>Financing activities</b>                         |       |                |                |
| Proceeds from issue of shares                       |       | 32             | 56             |
| Receipts from bank loans                            |       | 432            | -              |
| Payment of finance leases obligations               |       | -              | (37)           |
| <b>Net cash generated from financing activities</b> |       | 464            | 19             |
| <b>Net decrease in cash and cash equivalents</b>    |       | (296)          | (46)           |
| Cash and cash equivalents at beginning of year      |       | 676            | 722            |
| <b>Cash and cash equivalents at end of year</b>     |       | <u>380</u>     | <u>676</u>     |

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# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

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### 1 Accounting policies

#### Company information

Gloucestershire Warwickshire Steam Railway Plc is a private company limited by shares incorporated in England and Wales. The registered office is Churchward House, Winchcombe Railway Station, Winchcombe, Gloucestershire, GL54 5LD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The company produces annual budgets and forecasts which take into account expected changes in the trading performance, and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

#### 1.3 Turnover

Turnover is recognised on the day which travel takes place, or when the goods and services are supplied. Turnover is stated net of value added tax and sales discounts.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                               |                      |
|-------------------------------|----------------------|
| Buildings                     | 1% Straight Line     |
| Vehicles, plant and equipment | 10-25% Straight Line |
| Track                         | 2% Straight Line     |
| Rolling stock                 | 4% Straight Line     |

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks represents shop stock held and is valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

#### 1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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 or 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.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.13 Grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 3 Operating profit

|   | 2020<br>£000's    | 2019<br>£000's    |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Income from donations   | (24)              | (27)              |
| Depreciation of owned tangible fixed assets                         | 110               | 103               |
| Loss on disposal of tangible fixed assets                           | 1                 | 1                 |
| Operating lease payments - loco hire                                | 288               | 263               |
|   | <u>          </u> | <u>          </u> |

### 4 Auditor's remuneration

|   | 2020<br>£000's    | 2019<br>£000's    |
|---|-------------------|-------------------|
| Fees payable to the company's auditor and associates: |                   |                   |
| <b>For audit services</b>                             |                   |                   |
| Audit of the financial statements of the company      | 6                 | 6                 |
|   | <u>          </u> | <u>          </u> |
| <b>For other services</b>                             |                   |                   |
| All other non-audit services                          | 1                 | 1                 |
|   | <u>          </u> | <u>          </u> |

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                       | 2020<br>Number    | 2019<br>Number    |
|-----------------------|-------------------|-------------------|
| Operations management | 3                 | 2                 |
| Administration        | 4                 | 3                 |
|                       | <u>          </u> | <u>          </u> |
|                       | 7                 | 5                 |
|                       | <u>          </u> | <u>          </u> |

Their aggregate remuneration comprised:

|                       | 2020<br>£000's    | 2019<br>£000's    |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 152               | 118               |
| Social security costs | 10                | 7                 |
| Pension costs         | 3                 | 1                 |
|                       | <u>          </u> | <u>          </u> |
|                       | 165               | 126               |
|                       | <u>          </u> | <u>          </u> |

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 6 Interest receivable and similar income

|                           | 2020<br>£000's | 2019<br>£000's |
|---------------------------|----------------|----------------|
| <b>Interest income</b>    |                |                |
| Interest on bank deposits | 1              | 1              |

### 7 Interest payable and similar expenses

|  | 2020<br>£000's | 2019<br>£000's |
|--|----------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |                |
| Interest on bank overdrafts and loans                                | 7              | -              |

### 8 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2020<br>£000's | 2019<br>£000's |
|--|----------------|----------------|
| Profit before taxation   | 55             | 368            |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 11             | 70             |
| Tax effect of utilisation of tax losses not previously recognised                                    | (16)           | (50)           |
| Other permanent differences  | 1              | -              |
| Capital allowances in excess of depreciation   | 4              | (20)           |
| Taxation credit for the year   | -              | -              |

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 9 Tangible fixed assets

|                                    | Buildings         | Assets under construction | Vehicles, plant & equipment | Track             | Rolling stock     | Total             |
|------------------------------------|-------------------|---------------------------|-----------------------------|-------------------|-------------------|-------------------|
|                                    | £000's            | £000's                    | £000's                      | £000's            | £000's            | £000's            |
| <b>Cost or valuation</b>           |                   |                           |                             |                   |                   |                   |
| At 1 February 2019                 | 4,149             | -                         | 332                         | 2,839             | 201               | 7,521             |
| Additions                          | 767               | 192                       | 13                          | 1                 | -                 | 973               |
| Disposals                          | (2)               | -                         | -                           | -                 | -                 | (2)               |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |
| At 31 January 2020                 | 4,914             | 192                       | 345                         | 2,840             | 201               | 8,492             |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>Depreciation and impairment</b> |                   |                           |                             |                   |                   |                   |
| At 1 February 2019                 | 152               | -                         | 252                         | 608               | 82                | 1,094             |
| Depreciation charged in the year   | 28                | -                         | 16                          | 57                | 9                 | 110               |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |
| At 31 January 2020                 | 180               | -                         | 268                         | 665               | 91                | 1,204             |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |
| <b>Carrying amount</b>             |                   |                           |                             |                   |                   |                   |
| At 31 January 2020                 | 4,734             | 192                       | 77                          | 2,175             | 110               | 7,288             |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |
| At 31 January 2019                 | 3,997             | -                         | 80                          | 2,231             | 119               | 6,427             |
|                                    | <u>          </u> | <u>          </u>         | <u>          </u>           | <u>          </u> | <u>          </u> | <u>          </u> |

Included in land and buildings is freehold land at valuation of £246k (2019: £246k) which is not depreciated. The valuation was carried out on the basis of depreciated replacement cost by Messrs Bruton Knowles in January 1998.

### 10 Stocks

|                       | 2020<br>£000's    | 2019<br>£000's    |
|-----------------------|-------------------|-------------------|
| Goods held for resale | 55                | 55                |
|                       | <u>          </u> | <u>          </u> |

### 11 Debtors

|   | 2020<br>£000's    | 2019<br>£000's    |
|---|-------------------|-------------------|
| <b>Amounts falling due within one year:</b> |                   |                   |
| Trade debtors                               | 1                 | 11                |
| Other debtors                               | 21                | 39                |
| Prepayments                                 | 53                | 45                |
|   | <u>          </u> | <u>          </u> |
|   | 75                | 95                |
|   | <u>          </u> | <u>          </u> |

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 12 Creditors: amounts falling due within one year

|                                    | Notes | 2020<br>£000's | 2019<br>£000's |
|------------------------------------|-------|----------------|----------------|
| Bank loans and overdrafts          | 14    | 38             | -              |
| Trade creditors                    |       | 69             | 215            |
| Other taxation and social security |       | 3              | -              |
| Experience days deferred income    | 15    | 106            | 73             |
| Other creditors                    |       | 63             | 56             |
| Accruals and other deferred income |       | 182            | 93             |
|                                    |       | <u>461</u>     | <u>437</u>     |

### 13 Creditors: amounts falling due after more than one year

|                           | Notes | 2020<br>£000's | 2019<br>£000's |
|---------------------------|-------|----------------|----------------|
| Bank loans and overdrafts | 14    | 394            | -              |
| Deferred income           | 15    | 935            | 895            |
|                           |       | <u>1,329</u>   | <u>895</u>     |

### 14 Loans and overdrafts

|                                    | 2020<br>£000's | 2019<br>£000's |
|------------------------------------|----------------|----------------|
| Bank loans                         | <u>432</u>     | <u>-</u>       |
| Payable within one year            | 38             | -              |
| Payable after one to five years    | 169            | -              |
| Payable after more than five years | 225            | -              |
|                                    | <u>432</u>     | <u>-</u>       |

The long-term loans are secured by fixed charges over Churchward House, Winchcombe Railway Station, Winchcombe, Gloucestershire and its associated assets.

Long term debt is repayable in instalments over ten years from August 2019 at an interest rate of 3.15% per annum over base rate.

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 15 Deferred income

|   | 2020<br>£000's | 2019<br>£000's |
|---|----------------|----------------|
| Other deferred income   | 1,041          | 968            |
| Deferred income is included in the financial statements as follows: |                |                |
| Current liabilities   | 106            | 73             |
| Non-current liabilities   | 935            | 895            |
|   | 1,041          | 968            |

Deferred grant income represents grants received from Gloucestershire Warwickshire Railway Trust. Grants for revenue items with no unfulfilled conditions or other contingencies attached are recognised as income when received. Grants for capital items, whereby conditions are attached, are accounted for via the accrual model and amounts are released to the profit or loss account to coincide with the economic benefits gained from the respective assets.

### 16 Retirement benefit schemes

|   | 2020<br>£000's | 2019<br>£000's |
|---|----------------|----------------|
| <b>Defined contribution schemes</b>                                 |                |                |
| Charge to profit or loss in respect of defined contribution schemes | 3              | 1              |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 17 Share capital

|   | 2020<br>£000's | 2019<br>£000's |
|---|----------------|----------------|
| <b>Ordinary share capital</b>                           |                |                |
| <b>Issued and fully paid</b>                            |                |                |
| 3,709,542 (2019: 3,677,117) Ordinary A Share of £1 each | 3,709          | 3,677          |

The Company has one class of share. Each share has equal voting rights at general meetings and the Company Articles of Association explicitly exclude any distributions either by way of dividend or winding up of the Company.

During the year the company issued 32,425 Ordinary A shares of £1 each.

### 18 Reserves

Profit and losses reserves represent the accumulated profits and losses from the current and prior periods.

Revaluation reserve represents surpluses and deficits arising from revaluation of freehold land and buildings.



# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 19 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under operating leases, which fall due as follows:

|                 | 2020<br>£000's | 2019<br>£000's |
|-----------------|----------------|----------------|
| Within one year | 172            | 177            |

### 20 Gloucestershire Warwickshire Railway Trust

Monies received from Gloucestershire Warwickshire Railway Trust ("GWRT") are secured via debenture over all fixed and floating assets of the company. The amount secured is depreciated on an annual basis according to a fixed formula. In the event of the company ceasing to trade, the amount then shown as secured by way of this debenture will be repayable to GWRT.

### 21 Contingent liabilities

As explained in the Strategic Report, it has become apparent that one road-over bridge has deteriorated to such an extent that major remedial work will be required. This bridge is situated on a significant road between Cheltenham and Broadway which has carried road traffic without weight restriction throughout its 120 year lifespan. The precise nature of the required remedial work is as yet unknown and the apportionment of the cost of remediation is not yet agreed.

### 22 Cash generated from operations

|  | 2020<br>£000's | 2019<br>£000's |
|--|----------------|----------------|
| Profit for the year after tax                        | 55             | 368            |
| <b>Adjustments for:</b>                              |                |                |
| Finance costs  | 7              | -              |
| Investment income                                    | (1)            | (1)            |
| Loss on disposal of tangible fixed assets            | 1              | -              |
| Depreciation and impairment of tangible fixed assets | 110            | 103            |
| <b>Movements in working capital:</b>                 |                |                |
| Increase in stocks                                   | -              | (7)            |
| Decrease in debtors                                  | 20             | 23             |
| Decrease in creditors                                | (47)           | (52)           |
| Increase in deferred income                          | 74             | 41             |
| <b>Cash generated from operations</b>                | <b>219</b>     | <b>475</b>     |

# GLOUCESTERSHIRE WARWICKSHIRE STEAM RAILWAY PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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23 Analysis of changes in net funds/(debt)

|                                 | 1 February<br>2019<br>£000's | Cash flows<br>£000's | 31 January<br>2020<br>£000's |
|---------------------------------|------------------------------|----------------------|------------------------------|
| Cash at bank and in hand        | 676                          | (296)                | 380                          |
| Borrowings excluding overdrafts | -                            | (432)                | (432)                        |
|                                 | <u>676</u>                   | <u>(728)</u>         | <u>(52)</u>                  |