

Financial Statements

Great Central Railway PLC

For the year ended 31 January 2017

Registered number: 01257394

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Strategic Report

For the year ended 31 January 2017

Principal Activities

The company's principal aims remain the same as expansion continues. Our unique attraction of having the only Main Line Preserved Railway, mainly double tracked, continues to be enjoyed by generations old and new. Whilst the percentage of steam enthusiasts has reduced due to the age profile of the original sector, our development which is much more family orientated is proving to be one of our major strengths. It still allows us to replicate the experience of rail travel as it was during the best years of steam and to show a wide variety of locomotives spanning their development.

A major area of constraint is obtaining suitably qualified staff to help expand the turnover which is essential to cover the continuing increase in costs. The demand is there, but our ability to satisfy it is a concern. We also need to recognise the age of the Railway's infrastructure which is practically 120 years' old; similarly, locomotives and rolling stock are generally between 50 and 100 years' old. Accordingly, the need for renewals and repairs can be extremely high.

Increasing activity revolves around the two major projects of the Gap project at Loughborough and the proposed Leicester Museum. It is unique to be tackling two developments at once and this puts all departments under additional pressure. We will return to this subject later in this report.

Review of the Year

A further year of progress can be reported with revenue growth and maintaining margins over expenditure. The turnover and other operating income continues to improve, with a total of £3.959 million compared with £3.455 million in the prior year.

Major events such as the Santa programme, Wartime and steam galas proved to be very popular; the margins achieved help considerably towards the Railway meeting its overhead costs. However, it is quite impossible to expect outstanding results every week of the year given the fact that the Railway relies so significantly on the input of its unpaid volunteer staff who, together with our core of paid staff, continue to perform so well. It is unrealistic therefore to suggest that further success can be generated simply by commercial expansion of traditional train-based activity.

The significance of catering in the Company's performance is critical and the year saw very solid performance of the principal on-train dining service. In this respect, however, we need to be mindful of the very limited number of specialist dining vehicles on the Railway and a major objective must be increasing their availability.

Hiring of the Railway's facilities for testing and filming is a most worthwhile income stream and, in particular, properly managed it can offer substantial margins over its direct costs.

A particular strength of the Railway is the availability of its steam locomotives. Unlike some railways, there has been no need to hire in guest locos from elsewhere to ensure the running of its timetabled services. Standard 2 no 78018 entered service in 2016 and more generally the Railway acknowledges the help of all rolling stock owners making their locos and stock available for service. Ongoing investment remains essential nevertheless, not least in improving the condition and fleet size of our carriages.

Mention must be made of the contribution made to the Railway by various groups and individuals, without whose support the picture would be unrecognisable, including:

- David Clarke Railway Trust (DCRT) for all its charitable donations to the Railway
- Friends of Great Central Main Line whose members support the Railway so fully
- The many individuals who made donations, either directly or into DCRT; mention should be made here of the significance of generous legacies
- Shareholders, especially those who made purchases during the year; this includes Leicestershire County Council who acquired a million shares at £250,000 cost.

Great Central Railway PLC

Strategic Report

For the year ended 31 January 2017

It will be apparent elsewhere in the report that several changes were made at Board level. In particular, four new directors were introduced with specialist knowledge and experience in key areas including infrastructure, museums, governance and finance. Also, Bill Ford retired from the Board, from the position of Managing Director; special mention must be made here of Bill's enormous contribution to the Railway, not just in recent years but going back to the 1970s when he secured the future by negotiation with British Rail and the formation of this Company. It is anticipated that further changes will be made to the Board during the year ending January 2018.

Bridge to the Future

Work has started on the installation of the bridge over the Midland Mainline. Prior to the commencement of work on site, several legal agreements had to be signed, included a complex land transfer agreement involving 5 separate organisations to provide the required parcel of land required for access and construction. Once the bridge is built, Network Rail will assume ownership and charge GCR an annual fee of £8,000 to run trains across it. This fee will offset the long term cost of repair and maintenance.

A separate agreement between GCR and Preci Spark grants GCR access across the Preci Spark land to facilitate the construction of further elements of the 'Gap' project at a later date when funds are available. It is anticipated that the bridge will be installed in mid-October 2017. For the second year, students from Loughborough secondary schools took part in a Science, Technology, Engineering and Maths (STEM) programme during which they visited the site on several occasions to experience at first hand the work which civil engineers, ecologists, environmental health and structural engineers are undertaking as part of the re-unification project.

Museum at Leicester North

The project continues to progress through the initial Development Stage, during which time the design of the building and content of the exhibitions are refined and developed to a stage where a second round application to the Heritage Lottery Fund can be submitted for the remaining £9.5m in March 2018. So far this year, Mace have been appointed as Project Managers and through a separate procurement process, have also been appointed as Quantity Surveyors. Wilkinson Eyre have been appointed as architects and further services are in the process of being procured to provide the relevant expertise in areas such as exhibition design, business planning. A Head Curator has also been appointed.

Financial Results

The overall result for the year continues to be impressive and shows a profit that is up from £53,376 to £323,760 and on the turnover up from £3,455,522 to £3,959,201, including donations of £492,497 and revenue grants of £184,782.

Cash flow remains positive and the balance sheet has improved considerably.

The Future

It is good to be able to look forward with confidence to build on the achievements of the last few years. Running a steam railway is not the easiest way to make money. If one looks at the subsidies put in to the operating companies on the national rail network it is apparent that, despite increased traffic, major losses continue. In a service industry confined to tracks there is no margin and if we relied on engines as our only source of income, this report would not be written. The cost of overhaul and the cost of maintenance and repairs far outweighs passenger income and this will always be the case, particularly in our operation in what can hardly be called a main tourist area.

Strategic Report

For the year ended 31 January 2017

It remains for the Board to offer its thanks to all the staff, including the many unpaid volunteers, for their efforts during the year. Without them we could not survive and part of our future strategy is to enhance the volunteer numbers. Of course, our shareholders are a critical area of support and the Board would like to see further investment which helps to sustain our growth. Please therefore make further share purchases a fact of life for the benefit of future generations. We are building a unique heritage railway with incredible possibilities and we should all be proud of our current achievements.

The Core Business

As always, we are indebted to our dedicated teams of volunteers without whose commitment and hard work we could not operate our scheduled train service. Our volunteers include not only footplate crews and train staff but also signalmen, station staff, ticket clerks, engineers, permanent way gangs, etc. We should also pay tribute to the paid staff who often provide the continuity and consistency required to operate the regular and respected service levels that we have been able to achieve. Not least, we should express our appreciation of the catering staff whose hard work succeeded in generating much needed income.

Principal risks and uncertainties

The principal risks to the performance of the Railway are:

- Safety of the operation
- Visitor attendance and commercial usage
- Reliability of the operation
- Financial stability
- Availability of volunteer labour

The primary revenues of the Railway are derived from visitor attendance. The levels of attendance can be affected by factors inside and outside the control of the Railway. Our active marketing function continually seeks to define and promote interesting events which will appeal to the visiting public, often themed around railway or other popular topics. It is also the intention of The Board to diversify our customer base to include increased railway industry testing, staff training, competence and other work which not only uses our assets, otherwise unused during the normal working week, but also attracts additional revenues unrelated to public appeal, popular fashion or the vagaries of the weather.

This report covers the work focused on our operation. Running a reliable timetable is of paramount importance and significant resource is directed to this end. Similarly, the operation of the dedicated Safety Committee (see below) led by board member Dr. Eric Smith, means that a professional and independently led safety assessment is maintained covering the entire GCR enterprise.

The Railway is operated by a combination of paid and volunteer staff. The continuing and increased input of volunteers is vital in maintaining the desired levels of activity and variety in operation. The membership organisation of FoGCML continues to focus on maintaining and increasing its membership levels and through that, promoting volunteer input.

Strategic Report

For the year ended 31 January 2017

Key Performance Indicators (KPI's)

Operational and safety performance is continually monitored and is contained within proper and professional tolerances.

The ongoing critical performance of the operation is basically financial; in particular it is measured by:

- Trading profits;
 1. We have maintained a profit in the year under review
 2. Visitor numbers continue to increase
- Cash flow;
 1. The balance sheet continues to improve as does cash flow. It remains essential for this to continue for the foreseeable future.
- The management of debt owed by the Railway

Safety Committee

The safety committee continues to operate successfully under the guidance of the Safety Director Dr. Eric Smith.

Membership of Trade Associations

The Company is a corporate member of the Heritage Railway Association

Tangible Fixed Assets

The movement in tangible fixed assets during the year is set out in note 7 to the accounts.

The major expenditure on tangible fixed assets in the year was on;

- The Gap Project - £621,928
- The Museum Project - £52,346

Conclusion

We continue to ask for your support as a shareholder. Income from the sale of shares has continued to decline and whilst this is understandable as we move towards paying for the Gap project in its totality and finding money for the Museum, it is of paramount importance that shareholders continue their generosity and increase shareholding. Without this support we cannot achieve our long term goals. We are on the cusp of having a unique railway and in leading the World in future years. It is a most exciting dream which must be turned into a reality and I urge you to move "Forward" together.

This report was approved by the board on 13 June 2017 and signed on its behalf by:-

R Patching
Director

Directors' Report

For the year ended 31 January 2017

The directors present their report and the financial statements of the company for the year ended 31 January 2017.

Results

The profit for the period, after taxation, amounted to £323,760

Directors

The directors who served during the year and their interest (including family interests) in the shares of the Company were:

	1 February 2016 or date of appointment	31 January 2017 or date of resignation
A I Munro (appointed 27/07/2016)	-	-
W J C Ford (resigned 18/11/2016)	214,240	217,320
M Gregory (resigned 09/09/2016)	200,480	200,480
D T Morgan	101,840	102,800
R J Patching	209,080	209,560
M J Sheppard (resigned 18/05/2016)	13,132	13,212
E H Smith	5,520	7,920
I R Gordon (appointed 27/07/2016)	-	-
Z L Wortley (appointed 27/07/2016)	-	-
M Reza (appointed 27/07/2016)	-	-
PC Crossland (appointed 27/07/2016)	-	-

A I Munro resigned as a director on 16 May 2017.

None of the directors had a beneficial interest in any significant contract to which the Company was a party during the year. The Company maintains liability cover for directors.

Issue of Shares

During the year ended 31 January 2017 1,296,996 shares of 25p each have been allotted. At 31 January 2017 17,282,128 shares were in issue.

Shareholders' Interests	Holding	Shares
The David Clarke Railway Trust	31.9%	5,511,500
Charnwood Borough Council	6.0%	1,043,192
Leicester City Council	5.8%	1,000,000
Leicestershire County Council	5.8%	1,000,000

At 31 January 2017, the above have interests exceeding 5% of the issued share capital of the Company.

Creditor Payment Policy

The Company's policy is, whenever possible, to pay suppliers in accordance with agreed terms and conditions of trade. Creditor days amounted to 68 days at 31 January 2017 (2016 - 59 days).

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' Report

For the year ended 31 January 2017

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 judgments 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.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information provided on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Strategic Report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

This report was approved by the board on 13 June 2017 and signed on its behalf by:-

R Patching
Director

Independent Auditor's Report to the Members of Great Central Railway PLC

We have audited the financial statements of Great Central Railway PLC for the year ended 31 January 2017 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:-

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' and strategic reports have been prepared in accordance with applicable legal requirements.

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 directors' or strategic reports.

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.

Lynton House
7-12 Tavistock Square
London
WC1H 9LT
xxxx

MALCOLM LUCAS, FCA
(Senior Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

Profit and Loss Account

For the year ended 31 January 2017

	Note	2017	2016
		£	£
Turnover	1, 2	3,171,678	2,854,844
Cost of sales		(2,640,872)	(2,578,054)
		<hr/>	<hr/>
Gross profit		530,806	276,790
Distribution costs		-	-
Administrative expenses		(992,417)	(823,060)
Other operating income	2	787,523	600,678
		<hr/>	<hr/>
Operating profit		325,912	54,408
Interest receivable and similar income		158	63
Interest payable and similar charges	5	(2,310)	(1,095)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		323,760	53,376
Tax on profit or loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		323,760	53,376
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and loss account.

The notes on pages 12 to 22 form part of these financial statements.

Balance Sheet

As at 31 January 2017

	Note	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible assets	7		4,819,325		4,164,594
Investments	8		49		49
			<hr/>		<hr/>
			4,819,374		4,164,643
Current Assets					
Stocks	9	82,853		84,932	
Debtors: amounts falling due after more than one year	10	122,470		89,084	
Debtors: amounts falling due within one year	10	623,136		115,559	
Cash at bank		1,398,352		452,285	
			<hr/>		<hr/>
		2,226,811		741,860	
Creditors: Amounts falling due within one year	11	(1,219,549)		(851,099)	
			<hr/>		<hr/>
Net current assets/(liabilities)			1,007,262		(109,239)
Total assets less current liabilities			5,826,636		4,055,404
Creditors: Amounts falling due after more than one year	12		(3,277,677)		(2,154,454)
Net assets			2,548,959		1,900,950
			<hr/>		<hr/>
Capital and reserves					
Called-up share capital	14		4,320,532		3,996,283
Profit and Loss Account			(1,771,573)		(2,095,333)
			<hr/>		<hr/>
Shareholders' funds			2,548,959		1,900,950
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2017, and are signed on behalf of the Board by

R Patching
Director

The notes on pages 12 to 22 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 January 2017

	Share capital £	Profit and loss account £	Total equity £
1 February 2016	3,996,284	(2,095,334)	1,900,950
Comprehensive income for the year			
Profit for the year	-	323,760	323,760
Contributions by and distributions to owners			
Issue of shares	324,249	-	324,249
	-----	-----	-----
31 January 2017	4,320,533	(1,771,574)	2,548,959
	=====	=====	=====
	Share capital £	Profit and loss account £	Total equity £
1 February 2015	3,924,381	(2,148,710)	1,775,671
Comprehensive income for the year			
Profit for the year	-	53,376	53,376
Contributions by and distributions to owners			
Issue of Shares	71,903	-	71,903
	-----	-----	-----
31 January 2016	3,996,284	(2,095,334)	1,900,950
	=====	=====	=====

The notes on pages 12 to 22 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 January 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		323,760	54,408
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets		164,163	160,714
Decrease/(increase) in trade and other debtors		(540,964)	164,824
Decrease/(increase) in stocks	9	2,079	(3,438)
Increase/(decrease) in trade and other creditors		1,426,313	219,519
Cash from operations		1,375,351	596,027
Interest paid	5	(2,310)	(1,095)
Taxation paid	6	-	-
Net cash generated from operating activities		1,373,041	594,932
Cash flows from investing activities			
Purchases of tangible fixed assets		(746,381)	(346,692)
Interest received		158	63
Net cash from investing activities		(746,223)	(346,629)
Cash flows from financing activities			
Issue of ordinary shares	14	324,249	71,902
Repayment of other loans		(5,000)	(24,251)
Net cash used in financing activities		319,249	47,651
Net increase/(decrease) in cash and cash equivalents		946,067	295,954
Cash and cash equivalents at beginning of year		452,285	156,331
Cash and cash equivalents at end of year		1,398,352	452,285

The notes on pages 12 to 22 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 January 2017

I. Accounting Policies

I.1 Basis of preparation of financial statements

Great Central Railway PLC is a company incorporated in England & Wales under the Companies Act. The address of the registered office is Great Central Railway, Great Central Road, Loughborough, LE11 1RW. The nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Financial Statements are presented in Sterling (£).

The company is a Public Benefit Entity.

I.2 Going Concern

The directors have produced financial forecasts for the next 12 months which indicate that the company will have sufficient funds to continue in operation.

The Company has an overdraft facility of £100,000 which is due for review in April 2018.

I.3 Estimates and Judgments

Preparation of the financial statements requires management to make significant judgments and estimates. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 set out below:-

i) Impairment of tangible fixed assets

If there is an indication that the value of fixed assets has become impaired, the company makes an estimate of the recoverable amount of tangible fixed assets by comparing the physical condition and estimated value in use of the assets and with the carrying value in the accounts and a provision for impairment is made where necessary.

ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. These are re-assessed annually and amended when necessary to reflect current estimates, based on changes in the operation of the railway, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

(iii) Stock valuation

The company sells merchandise and souvenirs as well as maintaining a stock of catering supplies and locomotive fuel. As a result it is necessary to consider the recoverability of the cost of stock. When calculating the valuation of stock, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of souvenirs and future usage catering supplies. The value of locomotive fuel is estimated based on approximate quantities taking into account fuel deliveries etc. See note 9 for the net carrying amount of the stock.

Notes to the Financial Statements

For the year ended 31 January 2017

I. Accounting Policies (continued)

I.4 Legacies

Legacies are included in the accounts where the company has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

I.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold land and buildings	-	1%-4% per annum on cost
Railway track, ballast and signalling cost	-	1.5%-3.33% per annum on cost
Plant and equipment	-	10%-20% per annum on cost
Rolling stock	-	5% per annum on cost

No depreciation is provided on assets in the course of construction.

Expenditure on major restoration projects to bring railway assets back to original condition or functional use is capitalised in the financial statements.

I.6 Impairment of Fixed Assets

The directors review fixed assets each year to determine whether there is any indication that any assets have suffered an impairment loss. If there is an indication of possible impairment the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower the carrying amount is reduced to its estimated recoverable amount and an impairment loss recognised in the profit and loss account.

I.7 Capital Grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account over a period approximating to the lives of qualifying assets. The unamortised portions of capital grants are included in accruals and deferred income.

Income from government grants is recognised in the profit and loss account to match with the expenditure towards which they are intended to contribute. To the extent that grants are made as a contribution towards expenditure on fixed assets, income is recognised over the expected useful economic lives of the related assets.

I.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

I.9 Debtors

Short term debtors are measured at transaction price less any impairment.

I.10 Creditors

Short term creditors are measured at transaction price. Other financial liabilities are measured initially at fair value.

Notes to the Financial Statements

For the year ended 31 January 2017

I. Accounting Policies (continued)

I.11 Concessionary Loans

Loans made or received at below the prevailing market rate of interest and are for the purposes of furthering the objectives of the public benefit entity are shown at cost.

I.12 Operating Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

I.13 Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

I.14 Pension Scheme

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

I.15 Deferred Costs

The company has entered into agreements with locomotive owners whereby any restoration costs incurred by the company are offset against future steaming fees when the locomotives become operational on the railway.

The deferred costs carried forward are included in debtors.

I.16 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

I.17 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Income is recognised at the point of sale for the sale of goods and at the date of travel for rail fares. Income from services is recognised over the period during which the service is provided and is measured by reference to the state of completion of the contract. Income invoiced in respect of future periods is carried forwards as deferred income.

Notes to the Financial Statements

For the year ended 31 January 2017

2. Total income

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Sale of goods	2,839,663	2,519,099
Rendering of services	332,015	369,812
Grants & donations	677,278	493,521
Other income	110,245	73,090
	<u>3,959,201</u>	<u>3,455,522</u>

All turnover arose within the United Kingdom.

The company received government grants during the year of £704,133 (2016 - £57,531). £691,001 is part of the £1,000,000 grant from the local growth fund administered by the Leicester & Leicestershire Economic Partnership towards the Bridging the Gap project. £13,132 was received from the HLF for the Museum Project.

Under the terms of the grant funding from the Leicester & Leicestershire Economic Partnership (LEEP) towards Bridging the Gap project there is a potential claw-back of funding if the expected new jobs are not created following the completion of the project. The amount of grant funding received by 31 January 2017 was £748,532. The Directors however believe that the likelihood of this funding having to be repaid is remote.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017	2016
	£	£
Inventory recognised as an expense	662,460	619,402
Depreciation of tangible fixed assets:		
- owned by the company	164,163	160,714
Fees payable to the company's auditor & its associates for the audit of the company's annual accounts	12,700	9,500
Fees payable to the company's auditor & its associates for other services to the company:		
- Taxation compliance services	1,290	1,275
Operating leases:		
Plant and Machinery	7,728	3,456
Other	-	-
Defined contribution pension cost	<u>26,081</u>	<u>25,244</u>

Notes to the Financial Statements

For the year ended 31 January 2017

4. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,176,141	1,052,568
Social security costs	69,959	59,607
Other pension costs	26,081	25,244
	<u>1,272,181</u>	<u>1,137,419</u>

Directors' Remuneration

During the year, one director received remuneration and pension contributions, as follows:

	2017 £	2016 £
Wages and salaries	32,083	-
Social security costs	3,774	-
Other pension costs	642	-
	<u>36,499</u>	<u>-</u>

The average number of employees, including directors, during the year was as follows:

	2017 No.	2016 No.
Management (includes all unpaid directors)	10	12
Other	68	66
	<u>78</u>	<u>78</u>

5. Interest payable

	2017 £	2016 £
Bank loan and overdraft repayable within five years	0	0
On other loans	2,310	1,095
	<u>2,310</u>	<u>1,095</u>

Notes to the Financial Statements

For the year ended 31 January 2017

6. Taxation

Based on the result for the year there is no liability to corporation tax or deferred tax.

The company had losses available to carry forward against future trading profits at 31 January 2017 amounting to £2,296,450 (2016 - £2,651,439). No provision has been made for the deferred tax asset arising from these losses as the Directors cannot be certain that they will be realised in the foreseeable future

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than (2016 – lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%).

	<u>2017</u>	<u>2016</u>
	£	£
<u>Profit on ordinary activities before taxation</u>	£323,760	£53,376
<u>Profit on ordinary activities by rate of tax</u>	64,752	10,675
<u>Capital allowances for period in excess of depreciation</u>	(33,099)	(10,675)
<u>Other timing differences</u>	(5,147)	=
<u>Tax losses brought forward</u>	(26,506)	=
	<hr/>	<hr/>
<u>Total current tax (note 7(a))</u>	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 January 2017

7. Tangible fixed assets

Cost	Long leasehold land & buildings £	Railway track ballast & signalling £	Plant & equipment £	Rolling stock £	Assets under construction £	Total £
At 1 February 2016	2,695,014	1,879,266	678,091	1,685,909	355,829	7,294,109
Additions	28,509	0	3,410	112,700	674,275	818,894
At 31 January 2017	2,723,523	1,879,266	681,501	1,798,609	1,030,104	8,113,003
Depreciation						
At 1 February 2016	640,294	946,110	480,830	1,062,281	0	3,129,515
Charge in year	37,801	29,047	38,973	58,342	0	164,163
At 31 January 2017	678,095	975,157	519,803	1,120,623	0	3,293,678
Net book value						
At 31 January 2017	2,045,428	904,109	161,698	677,986	1,030,104	4,819,325
At 31 January 2016	2,054,720	933,156	197,261	623,628	355,829	4,164,594

The accumulated provision for depreciation of £3,293,678 at 31 January 2017 includes £500,000 in respect of provision for impairment. The directors have considered the carrying value of fixed assets to determine whether there is any indication that a further provision for impairment is required. In their opinion the real value of the company's assets is considerably in excess of the carrying value in the accounts and if these had to be replaced the cost would be substantially more than shown. Accordingly no provision is considered necessary.

8. Fixed asset investments

Share in Participating Investment
£

Cost or valuation

At 1 February 2016 and 31 January 2017

49

The company owns 49% of the ordinary share capital of the Great Central Railway Development Limited.

9. Stocks

	2017 £	2016 £
Raw materials and consumables	22,000	19,312
Goods for resale	60,853	65,620
	82,853	84,932

Notes to the Financial Statements

For the year ended 31 January 2017

10. Debtors

	2017 £	2016 £
Due after more than one year		
Trade debtors	122,470	89,084
	<u>122,470</u>	<u>89,084</u>
Due within one year		
Trade debtors	158,367	27,585
Other debtors	53,477	35,941
Prepayments and accrued income	411,292	52,033
	<u>623,136</u>	<u>115,559</u>

11. Creditors:

Amounts falling due within one year

	2017 £	2016 £
Loans	1,979	6,979
Trade creditors	699,154	504,877
Social security and other taxes	21,304	15,152
Other creditors	100,776	81,569
Concessionary loans	158,443	12,500
Accruals and deferred income	237,893	230,022
	<u>1,219,549</u>	<u>851,099</u>
Loans are repayable as follows	2017 £	2016 £
Repayable on demand:		
Interest free	160,422	19,479
Interest at 5% per annum	-	-
	<u>160,422</u>	<u>19,479</u>

The loans include £158,443 (2016 - £158,443) which is secured upon 6 coaches belonging to the Company comprising Kitchen Car 1525, Bar Car 1100, Bar Car 4758, two first Open coaches 3079 and 3042 and a Brake Vehicle 81343.

Notes to the Financial Statements

For the year ended 31 January 2017

12. Creditors:

Amounts falling due after more than one year

	2017 £	2016 £
Other loans	0	0
Concessionary loans	0	145,943
Accruals and deferred income	3,277,677	2,008,511
	<hr/>	<hr/>
	3,277,677	2,154,454
	<hr/> <hr/>	<hr/> <hr/>

Deferred income is capital grants not yet credited to profit.

Loan maturity analysis

	2017 £	2016 £
Loans		
Due within one year	160,422	19,479
Due in two to five years or later if no notice of repayment received	0	145,943
	<hr/>	<hr/>
	160,422	165,422
	<hr/> <hr/>	<hr/> <hr/>

13. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	609,646	152,610
Financial liabilities		
Financial liabilities measured at amortised cost	(1,512,586)	(767,020)

Financial assets measured at amortised cost comprise trade and other debtors that are receivable within one year. These are initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be received.

Financial liabilities measured at amortised cost comprise trade and other creditors. These are payable within one year and have been initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid.

Notes to the Financial Statements

For the year ended 31 January 2017

14. Share capital	2017	2016
	£	£
Allotted, called up and fully paid		
Ordinary shares of £0.25 each	4,320,532	3,996,283

Each ordinary share entitles the member to one vote. Members are not entitled to participate in the distribution of income or profits of the company.

During the year 1,296,996 (2016 – 287,608) shares were issued at par. The invitation to subscribe for shares at par remains open to enable the Company to strengthen its capital base.

Ordinary shares

	2017
	Number
At 1 February 2016	15,985,132
Shares issued	1,296,996
At 31 January 2017	17,282,128

Consideration received for the allotment of ordinary shares during the year was £324,249.

15. Capital commitments

At 31 January 2017 the company had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	491,632	28,209

16. Pension Commitments

The Company operates a defined contribution pension scheme for permanent employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £26,081 (2016 - £25,244).

17. Operating lease commitments

The company's future minimum operating lease payments are as follows:

	2017		2016	
Expiry date:	Land & buildings	Plant & machinery	Land & buildings	Plant & machinery
	£	£	£	£
Within 1 year	22,000	2,568	22,000	4,868
Between 2 and 5 years	55,000	3,576	77,000	5,364
After more than 5 years	-	-	-	-

Notes to the Financial Statements

For the year ended 31 January 2017

18. Related party transactions

Certain directors have made unsecured loans to the company. At 1 February 2017, an amount of £0 (2016 - £5,000) was outstanding to directors. £5,000 was repaid during the year. The loans carry an interest rate of 0%.

Michael Gregory provided an interest free loan to Great Central Railway of which £158,443 (2016 - £158,443) was outstanding at the year end.

Mr W J C Ford was a trustee of the David Clarke Railway Trust. During the year Great Central Railway Plc received grants amounting to £144,684 (2016 - £246,465). To avoid any potential conflict of interest Mr W J C Ford excludes himself from any meeting at the David Clarke Railway Trust where grants to the Great Central Railway are being considered. During the year the company used rolling stock owned by the David Clarke Railway Trust free of charge. The company charged the David Clarke Railway Trust £26,783 (2016 - £18,001) in respect of works on locomotives owned by the Trust.

The company regards key management to be the directors, whose remuneration is given in Note 4.

19. Post balance sheet events

Since 31st January 2017 the company has signed a contract with MPB Structures Ltd for construction and installation of the bridge over the Midland Main Line for £1,950,684 of which £850,000 is held in an ESCROW account and the balance has been paid to MPB Structures Ltd. These costs have been funded by the Leicester & Leicestershire Economic Partnership and David Clarke Railway Trust.

20. Net cash flow from operating activities

	2017 £	2016 £
Operating profit/(loss)	323,760	54,408
Depreciation of tangible fixed assets	164,163	160,714
(Increase)/decrease in stocks	2,079	(3,438)
(Increase)/decrease in debtors	(540,964)	164,824
Increase in creditors	1,426,313	415,091
	<hr/>	<hr/>
Net cash inflow from operating activities	1,375,351	791,599
	<hr/> <hr/>	<hr/> <hr/>

Registered number: 01257394

Great Central Railway PLC

Detailed Accounts

For the year ended 31 January 2017

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on page 8.**

Summary of income and expenditure

For the year ended 31 January 2017

	2017 £	2016 £
Income		
Ordinary fares and special events	1,106,388	1,022,178
Platform tickets	34,688	31,035
Restaurant car train fares, meals and drinks	786,917	713,901
Griddle car, retail and refreshment room	573,805	573,885
“Drive a Train” experience	103,789	98,296
Hire of railway facilities	122,627	83,243
Contract engineering	160,452	194,580
Other income	775,045	368,441
The Platform & Greenacres	110,708	78,095
	<hr/>	<hr/>
	3,774,419	3,163,654
	<hr/> <hr/>	<hr/> <hr/>
Expenditure		
Train operating and maintenance costs	1,317,676	1,312,559
Special event costs	338,411	307,774
Advertising and marketing	77,292	66,002
On-train catering costs	445,148	386,867
Retail and refreshment room costs	350,129	368,847
Management, administration and general overheads	860,147	726,583
The Platform & Greenacres	142,682	132,372
	<hr/>	<hr/>
	3,531,485	3,301,004
	<hr/> <hr/>	<hr/> <hr/>
Operating Profit/(Loss)	242,934	(137,350)
Net Interest	(2,152)	(1,032)
Net depreciation	(101,804)	(100,110)
Revenue grants	184,782	291,868
	<hr/>	<hr/>
Profit for the year	323,760	53,376
	<hr/> <hr/>	<hr/> <hr/>