

Company Registration No. 01257394 (England and Wales)

GREAT CENTRAL RAILWAY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

GREAT CENTRAL RAILWAY PLC

COMPANY INFORMATION

Directors

D T Morgan

R J Patching

E H Smith

M Reza

P C Crossland

C I Baines

(Appointed 15 September 2017)

M N Gough

(Appointed 23 August 2017)

Secretary

C E Pollard

Company number

01257394

Registered office

Great Central Station

Loughborough

Leicestershire

LE11 1RW

Auditor

Mayfield & Co.

2 Merus Court

Meridian Business Park

Leicester

LE19 1RJ

GREAT CENTRAL RAILWAY PLC

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GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

Principal activities

The Great Central Railway is Europe's only twin track heritage railway and is one of Leicestershire's most successful and most attractive tourist attractions. The company's current principal aims are;

- To develop and expand the core 8.5 mile heritage railway and its 4 stations to attract an increasing number of visitors.
- To protect the long term heritage of the railway and its assets.
- To increase engagement with the Leicestershire communities and thus raise our profile and encourage more awareness of our offering.
- To widen the visitor demographic and to become more attractive to family groups – the GCR has an ageing railway enthusiast visitor profile and needs to be appealing more to a younger generation to protect long term visitor numbers.
- To develop and expand our volunteer engagement, including a concentration on younger volunteers.
- To strengthen our commercial governance, reduce costs and generate profits for reinvestment in our infrastructure.

The railway has an excellent and continuing track record of successfully managing the major issues generated by a 120-year old infrastructure, and locomotives and rolling stock which can be up to 100 years old.

Fair review of the business

Another year of positive development can be reported, with turnover and other operating income maintained at GBP 3.86 million and the balance sheet showing further improvement. Despite significant development expenditure in the year, the railway still managed to show a small profit, largely thanks to some significant donations and grants for projects. In this regard, specific mention should be made of kind donations made by the David Clarke Railway Trust.

Projects completed or progressing significantly towards completion were;

- The complete rebuilding and refurbishment of our carriage and wagon works at Rothley (completed).
- A comprehensive refurbishment and remodelling of our Butler Henderson café bistro at Quorn (internally completed with external work to be completed in May 2018).
- The construction of a new toilet block at Rothley (completed).
- The resurfacing of the entrance drive at Quorn car park (completed).
- Purchases of a mechanical loader shovel for coal and a pickup truck for the locomotive works (completed).
- The refurbishment of our Loughborough station platform buffet (underway).
- The construction of a new "Gallery" exhibition and heritage suite in the old parcels office at Loughborough station (under way).
- The complete refurbishment of the railway's headquarters at Lovatt House including the construction of new offices, meeting facilities and storage space (completed).
- Significant investment in the overhaul and restoration of rolling stock including a programme of asbestos removal (ongoing).

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Major events and galas continue to be a key part of the annual calendar and vital sources of revenue for the railway. Important events such as the Santa season, Wartime Weekend, the steam galas and childrens' features such as the visit of Peppa Pig and Paw Patrol all showed good growth on the revenue from similar events the previous year and more events have been added to the calendar and will continue to be augmented over the coming 12 months.

The Railway's dining offering performed very strongly and is one of the most important factors of GCR revenue generation but has also been limited by the availability of rolling stock beyond the current operating dining coaches. A programme of coach refurbishment is well underway at our new carriage and wagon works and will result in additional fleet becoming available within the next few months, allowing us to further expand our First Class dining offer. We have already expanded our dining options to maximize the current fleet and we expect the additional rolling stock and increased initiatives such as "Fish and Chip Trains" and Lunchtime Diners to add more than £200,000 to the dining revenue in the current financial year.

Meanwhile, catering performance at other locations has been strong, in that Butler Henderson café at Quorn and Ellis Tearooms at Rothley have both produced excellent results. We did, however, decide, as a Board, to close the Greenacres café close to our Leicester North Station in October. This café had been loss-making for several years and had always found it difficult to attract custom from the railway itself due to its location several hundred yards away from the platform. The site was inherited from Leicester City Council and has struggled to attract railway customers disembarking at Leicester North largely due to its considerable distance from the platform. The revenue from the business units on the same site remains with the railway and, since the closure of the cafe, we have been successful in achieving 100% occupancy resulting in the new budget prediction of a prior significant loss at the site progressing into a small profit. We are confident that the work started on our Loughborough station buffet / café will generate significant growth for that location over the coming 12 months.

Our charter business has enjoyed a significant growth during the year and now stands at, approaching £100,000 sales per year. We expect this to continue to grow as we market the offering to a wider audience, especially local business and as we promote our newly-revamped wedding packages.

Testing and filming also continue to be very important sources of revenue and orders and outstanding quotations for these additional areas are very buoyant.

Our fleet of available operational locomotives is one of the strongest fleets in the UK with, at least, 10 steam locomotives and 11 diesel locomotives available to us at any one time. Additionally, three further steam locomotives are currently undergoing restoration in our locomotive works which will further add to our long term sustainability, in this regard. Without any further additions to our fleet, we in the unique position, amongst heritage railways, of being able to guarantee available steam traction for, at least the next 12 years.

Some changes to the Board have taken place in the financial year to 31st January 2018 as follows;

- Michael Gough appointed as Managing Director.
- Clive Baines appointed as Non-Executive Director.
- David Morgan resigned as Chairman and remained on the Board as Non-Executive Director.
- Richard Patching appointed as Chairman.
- Zoe Wortley resigned as Non-Executive Director.
- Iain Gordon resigned as Non-Executive Director.

A new 5 year Business Plan was completed by the newly incoming Managing Director in September 2017 which clearly lays out the methods in which the organization will develop commercially and responsibly over the coming years. This covers not only ambitious income generation plans but also the strategy for long-term growth, educational and community engagement and volunteer expansion. It shows the Railway in a positive growth curve which demonstrates exciting and fulfilling times for supporters and shareholders under a strengthened corporate governance, significantly improved commercial disciplines and a highly committed senior management team. Above all, it clearly paves the way for a long-term and secure future for, what is one of the Midlands most precious heritage ventures.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

When reviewing profitability it is important to recognise that grants from DCRT in previous years have generally been provided in overall support of the P&L account whereas throughout 2017/18 they have been awarded exclusively to further clearly identified projects. This is to ensure that funds are provided to generate specific development and completion of projects designed to improve the railway rather than to provide a net annual profit. This is a healthy method of ensuring that the GCR is actively investing in its future and this has been evidenced by the significant number of projects completed or started.

In total more than half a million pounds was invested in the financial year in improvements to the Railway's infrastructure and operational ability and this will continue throughout the next financial year at an even greater level.

The much-publicized project to build a museum in conjunction with Leicester City Council at the southern end of the railway suffered a blow in December 2017 when a Heritage Lottery Fund grant was turned down. This is not an unusual factor of HLF decision-making at present with similar applications having been turned down for the National Railway Museum and the Loughborough Bell Foundry Museum in recent months with an apparent preference towards smaller funding projects. It has, however, prompted us to consider an alternative solution in discussion with the City Mayor. We remain reasonably confident that a Plan B can be achieved and negotiations are currently underway with Leicester City Council and the National Railway Museum to arrive at such a solution.

Our goal to expand to the North and ultimately to link up to the main UK rail network and beyond to Nottingham took a huge step forward with the installation of the bridge over the Network Rail main line north of Loughborough and fundraising also started positively for the next phase of the Gap project which will be the restoration of the bridge over the Grand Union Canal north of our locomotive works.

The Railway's Health and Safety record is excellent and there were no LTI's (lost time incidents) or injuries during the financial year. Operational and safety performance is continually monitored and is more than compliant with legislative and heritage railway professional body standards. The safety committee continues to operate successfully under the stewardship of the company's HSE Director.

The company is a corporate member of the Heritage Railway Association.

Overall we have seen some major steps forward in the year and the Board and myself are hugely excited by the speed and efficiency of delivery of the projects completed in the financial year and in the planning and preparation for those to be delivered in the coming year. It is hugely encouraging that we have continued to show a positive result against a background of significant investment expenditure and this bodes extremely well for a railway that is developing its appeal to all generations of visitors.

It remains for me to thank our loyal volunteers and shareholders without whom this beautiful railway would be a much less successful venture. As ever, we continue to ask for the support of our shareholders and their continuing generosity.

On behalf of the board

M N Gough
Director
11 June 2018

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their annual report and financial statements for the year ended 31 January 2018.

Directors

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

D T Morgan	
R J Patching	
E H Smith	
I R Gordon	(Resigned 20 July 2017)
Z L Wortley	(Resigned 15 November 2017)
M Reza	
P C Crossland	
C I Baines	(Appointed 15 September 2017)
M N Gough	(Appointed 23 August 2017)
Mr A I Munro	(Resigned 16 May 2017)

Results and dividends

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

The profit for the period, after taxation, amounted to £28,342.

No ordinary dividends were paid. In line with the company's principles to reinvest profits, the directors have not recommended payment of a final dividend in relation to this period, and will not in future periods.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 25p each	
	31 January 2018	31 January 2017
D T Morgan	103,760	102,800
R J Patching	210,040	209,560
E H Smith	10,320	7,920
I R Gordon	-	-
Z L Wortley	-	-
M Reza	-	-
P C Crossland	-	-
C I Baines	20,000	20,000
M N Gough	-	-
Mr A I Munro	-	-

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.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Issue of shares

During the year ended 31 January 2018 226,704 shares of 25p each have been allotted. At 31 January 2018 17,508,832 shares were in issue.

Shareholders' interests	Holding	Shares
The David Clarke Railway Trust	32.1%	5,547,180
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 2018, the above have interests exceeding 5% of the issued share capital of the Company.

Creditor payment policy

The Company's policy is, wherever possible, to pay suppliers in accordance with agreed terms and conditions of trade. Creditor days amounted to 93 days at 31 January 2018 (2017 : 68 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.

Auditor

Mayfield & Co. were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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;
- 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.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out within the company's strategic report the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

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

M N Gough

Director

11 June 2018

GREAT CENTRAL RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREAT CENTRAL RAILWAY PLC

Opinion

We have audited the financial statements of Great Central Railway PLC (the 'company') for the year ended 31 January 2018 which comprise the Profit And Loss Account, 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 2018 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.

GREAT CENTRAL RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GREAT CENTRAL RAILWAY PLC

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.

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.

MR David Mayfield FCA (Senior Statutory Auditor)
for and on behalf of Mayfield & Co.

Chartered Accountants
Statutory Auditor

2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

11 June 2018

GREAT CENTRAL RAILWAY PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2018

		2018	2017
	Notes	£	£
Turnover	3	3,211,125	3,171,678
Cost of sales		(2,923,017)	(2,640,872)
		<hr/>	<hr/>
Gross profit		288,108	530,806
Administrative expenses		(907,206)	(992,417)
Other operating income		649,023	787,523
		<hr/>	<hr/>
Operating profit	4	29,925	325,912
Interest receivable and similar income	7	128	158
Interest payable and similar expenses	8	(1,711)	(2,310)
		<hr/>	<hr/>
Profit before taxation		28,342	323,760
Taxation	9	-	-
		<hr/>	<hr/>
Profit for the financial year		28,342	323,760
		<hr/> <hr/>	<hr/> <hr/>

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

There were no recognised gains or losses for 2018 or 2017 other than those included in the profit and loss account.

GREAT CENTRAL RAILWAY PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2018

	2018	2017
	£	£
Profit for the year	28,342	323,760
Other comprehensive income	-	-
Total comprehensive income for the year	<u>28,342</u>	<u>323,760</u>

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET

AS AT 31 JANUARY 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	10		7,230,185		4,819,325
Investments	11		49		49
			<u>7,230,234</u>		<u>4,819,374</u>
Current assets					
Stocks	14	81,721		82,853	
Debtors falling due after more than one year	15	157,245		122,470	
Debtors falling due within one year	15	994,846		623,136	
Cash at bank and in hand		1,228,489		1,398,352	
		<u>2,462,301</u>		<u>2,226,811</u>	
Creditors: amounts falling due within one year	16	(2,175,674)		(1,219,549)	
Net current assets			<u>286,627</u>		<u>1,007,262</u>
Total assets less current liabilities			<u>7,516,861</u>		<u>5,826,636</u>
Creditors: amounts falling due after more than one year	17		(4,882,884)		(3,277,677)
Net assets			<u>2,633,977</u>		<u>2,548,959</u>
Capital and reserves					
Called up share capital	21		4,377,208		4,320,532
Profit and loss reserves			(1,743,231)		(1,771,573)
Total equity			<u>2,633,977</u>		<u>2,548,959</u>

The financial statements were approved by the board of directors and authorised for issue on 11 June 2018 and are signed on its behalf by:

M N Gough
Director

Company Registration No. 01257394

GREAT CENTRAL RAILWAY PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 February 2016		3,966,283	(2,095,334)	1,900,950
Year ended 31 January 2017:				
Profit and total comprehensive income for the year		-	323,760	323,760
Issue of share capital	21	324,249	-	324,249
Balance at 31 January 2017		<u>4,320,532</u>	<u>(1,771,573)</u>	<u>2,548,959</u>
Year ended 31 January 2018:				
Profit and total comprehensive income for the year		-	28,342	28,342
Issue of share capital	21	56,676	-	56,676
Balance at 31 January 2018		<u><u>4,377,208</u></u>	<u><u>(1,743,231)</u></u>	<u><u>2,633,977</u></u>

GREAT CENTRAL RAILWAY PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26		1,570,681		1,375,351
Interest paid			(1,711)		(2,310)
			<hr/>		<hr/>
Net cash inflow from operating activities			1,568,970		1,373,041
Investing activities					
Purchase of tangible fixed assets		(1,795,637)		(746,381)	
Interest received		128		158	
		<hr/>		<hr/>	
Net cash used in investing activities			(1,795,509)		(746,223)
Financing activities					
Proceeds from issue of shares		56,676		324,249	
Repayment of borrowings		-		(5,000)	
		<hr/>		<hr/>	
Net cash generated from financing activities			56,676		319,249
			<hr/>		<hr/>
Net (decrease)/increase in cash and cash equivalents			(169,863)		946,067
Cash and cash equivalents at beginning of year			1,398,352		452,285
			<hr/>		<hr/>
Cash and cash equivalents at end of year			1,228,489		1,398,352
			<hr/> <hr/>		<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

Company information

Great Central Railway PLC is a public company limited by shares incorporated in England and Wales under the Companies Act. The registered office is Great Central Station, Loughborough, Leicestershire, LE11 1RW.

The nature of the Company's operations and its principal activities are set out in the strategic report.

1.1 Accounting convention

These financial statements have been prepared in accordance with 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.

The company is a Public Benefit Entity.

1.2 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.

1.3 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.

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:

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

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each reporting date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

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.

1.7 Stocks

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

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

1.8 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.

1.9 Cash at bank and in hand

Cash at bank and in hand 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.

1.10 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.

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

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.

Derecognition of financial liabilities

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

1.11 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.

1.12 Retirement benefits

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.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Government grants

Government 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies

(Continued)

1.16 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.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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.

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.

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Sale of goods	2,905,627	2,839,663
Rendering of services	305,498	332,015
	<u>3,211,125</u>	<u>3,171,678</u>
	<u>2018</u>	<u>2017</u>
	£	£
Other significant revenue		
Interest income	128	158
Grants received	627,227	677,278
	<u>627,227</u>	<u>677,278</u>

All turnover arose within the United Kingdom.

The company received government grants during the year of £481,679 (2017: £704,133). £251,468 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. £230,211 was received from the HLF for the Museum Project.

Under the terms of the grant funding from the Leicester & Leicestershire Economic Partnership (LLEP) 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 2018 was £1,000,000. The Directors however believe that the likelihood of this funding having to be repaid is remote.

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(627,227)	(677,278)
Fees payable to the company's auditor for the audit of the company's financial statements	10,800	12,700
Fees payable to the company's auditor for other services to the company	1,200	1,290
Depreciation of owned tangible fixed assets	165,833	164,163
Cost of stocks recognised as an expense	699,038	662,460
Operating lease charges	2,568	7,728
	<u>699,038</u>	<u>662,460</u>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

5 Employees

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

	2018	2017
	Number	Number
Management (includes all unpaid directors)	10	10
Other	89	91
	<u>99</u>	<u>101</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	1,200,922	1,176,141
Social security costs	80,095	69,959
Pension costs	26,333	26,081
	<u>1,307,350</u>	<u>1,272,181</u>

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	16,533	32,083
Company pension contributions to defined contribution schemes	331	642
	<u>16,864</u>	<u>32,725</u>

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	128	158
	<u>128</u>	<u>158</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	128	158
	<u>128</u>	<u>158</u>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,711	2,310
	<u> </u>	<u> </u>

9 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:

	2018	2017
	£	£
Profit before taxation	28,342	323,760
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	5,385	64,752
Unutilised tax losses carried forward	(23,129)	(26,506)
Permanent capital allowances in excess of depreciation	15,464	(33,099)
Other timing differences	2,280	(5,147)
	<u> </u>	<u> </u>
Taxation charge for the year	-	-
	<u> </u>	<u> </u>

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 2018 amounting to £2,057,449 (2017 - £2,296,450). 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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

10 Tangible fixed assets

	Leasehold land and buildings	Assets under construction	Plant and equipment	Railway track ballast and signalling	Rolling stock	Total
	£	£	£	£	£	£
Cost						
At 1 February 2017	2,723,523	1,030,104	681,501	1,879,266	1,798,609	8,113,003
Additions	-	2,492,251	67,942	-	16,500	2,576,693
At 31 January 2018	2,723,523	3,522,355	749,443	1,879,266	1,815,109	10,689,696
Depreciation and impairment						
At 1 February 2017	678,095	-	519,803	975,157	1,120,623	3,293,678
Depreciation charged in the year	37,801	-	40,954	29,047	58,031	165,833
At 31 January 2018	715,896	-	560,757	1,004,204	1,178,654	3,459,511
Carrying amount						
At 31 January 2018	2,007,627	3,522,355	188,686	875,062	636,455	7,230,185
At 31 January 2017	2,045,428	1,030,104	161,698	904,109	677,986	4,819,325

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

10 Tangible fixed assets

(Continued)

The accumulated provision for depreciation of £3,459,511 at 31 January 2018 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.

11 Fixed asset investments

	Notes	2018 £	2017 £
Investments in associates	12	49	49

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 February 2017 & 31 January 2018	49
Carrying amount	
At 31 January 2018	49
At 31 January 2017	49

12 Associates

Details of the company's associates at 31 January 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Great Central Railway Development Ltd	Lovatt House, Wharnccliffe Road, Loughborough, Leicestershire, LE11 1SL	Special construction	Ordinary	49	

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

13 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,109,813	640,084
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	1,894,289	962,316
	<u> </u>	<u> </u>

14 Stocks

	2018	2017
	£	£
Raw materials and consumables	21,591	22,000
Finished goods and goods for resale	60,130	60,853
	<u> </u>	<u> </u>
	<u>81,721</u>	<u>82,853</u>

15 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	51,131	158,367
Other debtors	12,391	53,477
Prepayments and accrued income	931,324	411,292
	<u> </u>	<u> </u>
	<u>994,846</u>	<u>623,136</u>
	2018	2017
	£	£
Amounts falling due after more than one year:		
Trade debtors	157,245	122,470
	<u> </u>	<u> </u>
	<u>1,152,091</u>	<u>745,606</u>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	1,979	1,979
Other borrowings	18	158,443	158,443
Trade creditors		1,644,501	699,154
Other taxation and social security		21,943	21,304
Deferred income	19	259,442	235,929
Other creditors		87,390	100,776
Accruals and deferred income		1,976	1,964
		<u>2,175,674</u>	<u>1,219,549</u>

17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Deferred income	19	<u>4,882,884</u>	<u>3,277,677</u>

Deferred income is capital grants not yet credited to the profit and loss account.

18 Loans and overdrafts

	2018 £	2017 £
Bank loans	1,979	1,979
Other loans	158,443	158,443
	<u>160,422</u>	<u>160,422</u>
Payable within one year	<u>160,422</u>	<u>160,422</u>

The loans include £158,443 (2017: £158,443) which is secured upon 6 coaches belonging to the Company comprising of Kitchen Car 1525, Bar Car 1898, Bar Car 4758, two First Open coaches 3092 and 3042 and a Brake Vehicle 81343.

The above loans are interest free and payable on demand.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

19 Deferred income

	2018	2017
	£	£
Other deferred income	5,142,326	3,513,606
	<u>5,142,326</u>	<u>3,513,606</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	259,442	235,929
Non-current liabilities	4,882,884	3,277,677
	<u>5,142,326</u>	<u>3,513,606</u>

20 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	26,333	26,081
	<u>26,333</u>	<u>26,081</u>

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.

21 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
17,508,832 Ordinary shares of 25p each	4,377,208	4,320,532
	<u>4,377,208</u>	<u>4,320,532</u>

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 226,704 (2017: 1,296,996) shares were issued at par. The invitation to subscribe for shares at par remains open to enable the Company to strengthen its capital base.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

21 Share capital (Continued)

Reconciliation of movements during the year:

	Number
At 1 February 2017	17,282,128
Issue of fully paid shares	226,704
	<hr/>
At 31 January 2018	17,508,832
	<hr/> <hr/>

Consideration received for the allotment of ordinary shares during the year was £56,676.

22 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Within one year	24,568	24,568
Between two and five years	33,000	58,576
	<hr/>	<hr/>
	57,568	83,144
	<hr/> <hr/>	<hr/> <hr/>

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018	2017
	£	£
Acquisition of tangible fixed assets	22,660	491,632
	<hr/> <hr/>	<hr/> <hr/>

24 Events after the reporting date

Since 31st January the company has placed orders for equipment to be installed to upgrade the Loughborough drainage system and for a new reverse osmosis plant, at a total cost of £110,000.

25 Related party transactions

Transactions with related parties

Michael Gregory provided an interest free loan to Great Central Railway of which £158,443 (2017 - £158,443) was outstanding at the year end.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

25 Related party transactions

(Continued)

Mr C I Baines was a trustee of the David Clarke Railway Trust. During the year Great Central Railway Plc received grants amounting to £603,138 (2017 - £144,684). 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 £29,658 (2017 - £26,783) in respect of works on locomotives owned by the Trust.

26 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	28,342	323,760
Adjustments for:		
Finance costs	1,711	2,310
Investment income	(128)	(158)
Depreciation and impairment of tangible fixed assets	165,833	164,163
Movements in working capital:		
Decrease in stocks	1,132	2,079
(Increase) in debtors	(406,485)	(540,964)
Increase in creditors	151,556	147,124
Increase in deferred income	1,628,720	1,277,037
Cash generated from operations	<u>1,570,681</u>	<u>1,375,351</u>