

Company Registration No. 01257394 (England and Wales)

GREAT CENTRAL RAILWAY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

GREAT CENTRAL RAILWAY PLC

COMPANY INFORMATION

Directors	C I Baines	
	M N Gough	
	J R Houlston	(Appointed 8 October 2019)
	D T Morgan	
	N A Morgan	(Appointed 1 June 2020)
	R J Patching	
	M Reza	
E H Smith		
I L Wilson	(Appointed 27 February 2019)	
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 2020

Principal activities

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

- To preserve and enhance the appreciation of the heritage of the Railway for current and future generations to enjoy.
- To continually improve and expand the core 8.5 mile heritage railway and its structures to attract an increasing number of visitors.
- To increase engagement with Leicestershire schools to provide an attractive visit prospect for educational purposes and, in doing so, improve community learning and appeal to a future generation of supporters, visitors, volunteers and potential employees.
- To increase engagement with the Leicestershire communities, local and county councils and other stakeholders and thus raise our profile, encourage more awareness of our offering and generate additional support.
- 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 strive for commercial excellence and to run the business as a profitable venture to protect the heritage and to provide reinvestment in infrastructure.
- To operate to the very highest of safety standards in complete accordance with Health and Safety legislation, regulatory body rules and guidance and best railway industry practices.
- To effect a staged and safe recovery from the Covid-19 crisis and to re-establish income streams that were in place prior to the pandemic.
- To work towards the longer term goal of reunifying the northern and southern remaining sections of the Great Central Railway and, in doing so, provide a link to the mainline rail network.

The railway has an excellent and continuing track record of safe operation and 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.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Review of the Business

I am pleased to report another sound year of commercial success with total revenue, including other operating income, similar to the previous year at £3,976k but nett profit increasing to £50k and a 11% growth in the balance sheet.

Projects completed or progressing significantly towards completion were;

- Completion of the extension and refurbishment of the Ellis Tearoom at Rothley including a new, extended and refurbished outside patio area, a new access ramp along the front of the building, extensions to the tearoom at either end and the first parts of the remodelling of the model railway there (tearooms completed – model railway underway).
- Completion of the car park and driveway at Rothley with a combination of tarmac and Ecogrid surfaces providing a safe, attractive and heritage relevant outlook for the site.
- Completion of the remaining refurbishments at Loughborough Central Station with the wooden stairway completely rebuilt, remaining painting completed, the chimney stack rebuilt and platform surfaces refurbished (complete).
- Complete electrical rewiring of Quorn Station (complete).
- Restoration of a further two first class dining cars, uplifting the fleet to 4 fully restored coaches and thus providing a dining capacity up to 188 (complete).
- Refurbishment of the first of our two bar cars (now renamed lounge cars) which are used in our highly successful charter offering (first one completed, a second will be completed within the next financial year).
- Full restoration of an additional TSO open coach with a passenger capacity of 64 (complete).
- The purchasing and installation of the first 14 of 30 full length tarpaulins covering derelict coaches awaiting future restoration to provide a more pleasing outlook for visitors viewing our sidings from the train – each tarpaulin weighs 140kg and needs to be lifted into place using a crane or telehandler.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Principle Risks and Uncertainties

Covid 19 Pandemic

The effects of the virus have been felt by our organization since the end of March 2020 and continue to have a significant impact upon the company's ability to earn full income from normal activities.

A "Gold Command" group made up of part of the senior management team (including 2 main board directors) meets online at the beginning of each week to assess latest announcements and government advice and to control risk assessments and response from the Railway.

The Railway has been successful from July in restoring most of its operations whilst maintaining attention to the 2 metre distancing policy.

The main risk now lies with a possible second wave of lockdowns and the inability within this to return to normal operations – mitigation in place to combat this lies with our Emergency Appeal now launched, the support of our charitable trust who have funds set aside and a significant donor to the Railway who has pledged ongoing support during any closure period. It should also be noted that the three local councils are also significant stakeholders in the Railway.

Ongoing Funding

The impact of the pandemic has naturally resulted in other routes to funding being temporary closed off e.g. National Lottery Fund application are currently restricted to their Covid-19 emergency funding and non-Covid related projects are not being considered currently; the same principle will likely exist with many trusts and grant-making bodies.

It is fair to say that the Railway is not considering any new projects at present which do not have a pre-existed funding agreement (projects currently being planned such as the rebuilding of the locomotive works all have clear funding plans) and the only additional funding required would be for unforeseen eventualities such as infrastructure issues in which case an individual appeal may have to be launched or emergency funding sought elsewhere

Infrastructure

In the light of structural problem identified on one of the Railway's bridges which has resulted in a replacement needing to be designed, built and installed this year, the GCR senior management have commissioned a professional survey to be conducted for all remaining structures to be examined along the entire length of the Railway from Loughborough to Birstall. This will be carried out by Cass Hayward plc and will take place within the current financial year

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Development and Performance

In total, more than £750k has been spent on projects in the last financial year.

Significant and further development was made to the railway's events programme including the introduction of a major November and December event "Winter Wonderlights" a beautifully illuminated train service each evening with festive features along the railway which was highly successful in generating an additional £150k of income to add to the consistently profitable Santa programme which added a further £285k.

First class dining and charter revenue continued to be successful and a key part of the Railway's income stream to help fund infrastructure maintenance and projects.

The Railway was successful in attracting an additional and very iconic steam locomotive to its stable with the arrival in January of Thornbury Castle, purchased by a local businessman and brought to the GCR for its 3-year restoration and its long term home base. During the financial year the Railway called upon a home fleet of 10 fully operational steam locomotives, 9 heritage diesels and two diesel multiple unit sets. A further ten steam locomotives are under restoration at the GCR and we expect our live steam home fleet to reach 17 by the end of 2023, arguably the best fleet of any heritage railway in the UK.

During July and August we successfully hosted an intensive Office of Road and Rail (ORR – formerly Her Majesty's Railway Inspectorate) examination and inspection. This was a study, in very fine detail, of every aspect of our operation, safety and management and is something that all heritage railways around the country have undergone or will undergo very soon. A number of very useful recommendations were provided by ORR which have now been adopted and we were pleased that their follow up visit in August resulted in a glowing summary of the way we are operating. In this regard, the GCR is very fortunate in having an enviable resource of engineering and infrastructure skills and management.

Key Performance Indicators

In the opinion of the directors the main key performance indicator of the business continues to be the strength of the balance sheet as this reflects the companies ability to generate and maintaining interest in the heritage railway and the offerings it provides to the wider community. There has been an 11% increase in the balance sheet during the year. This has been driven by new share issues during the year of £250k, which shows the strength of public interest in our activities, as well as ongoing investment in the assets of the business.

Turnover levels are also important as these reflect the success of the business in achieving its stated aims. Turnover has increased slightly on last year as new events and initiatives have been successful in drawing in new customers. Efforts to develop and improve our historic offerings have also contributed to the success of the business.

The business does not seek to make a profit from its activities and continues to reinvest all profits back into the development of the various activities. Profits have increased slightly in the year to £50k, up from £37k in 2019, which has allowed the directors to continue to plan for the expansion and improvement of its rolling stock fleet, as well as progressing with the high profile Bridging the Gap connection to the lines south of Nottingham and the proposed construction of the museum in north Leicester.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Impact of activities

Environmental impact

Operating a heritage railway in a world that is ever more concerned about carbon footprints does raise its own problems. Locomotives driven by coal and diesel can attract bad publicity as the burning of fossil fuels becomes increasingly unpopular. The directors acknowledge this and accept it is a challenge that must be faced in running the business. Other environmental concerns, such as air quality, track side fires and noise pollution, were all found to have a greater environmental impact than the burning of fossil fuels with regards to running a heritage railway.

Great Central Railway takes all of its environmental responsibilities very seriously and always strives to operate in such a way as to manage its impact on the environment. All rolling stock is well maintained to help minimise the environmental impact of its activities, in terms of air and noise pollution as well as the use of fossil fuels. Timetabling is designed to minimise unwanted intrusion and help ensure that the trains are operated within approved parameters.

Stations, platforms and ancillary activities are designed to promote and protect the outdoor spaces and public wellbeing.

Employees

The company is heavily reliant on the enthusiasm and support of its directly employed staff and volunteers. The physical & mental health and wellbeing of all involved in the railway is a key concern of the directors. The company has stringent health and safety policies and procedures in place to protect and support all staff and volunteers and takes breaches of these very seriously.

Other matters

The directors are keenly aware of the wider social responsibilities of the company and seek to promote equality and ethical behaviour within the business. All staff and volunteers are made aware of the companies policies and procedures in relation to its respect for human rights as well as its position on anti-corruption and anti-bribery matters.

Future Developments

The directors are now focussed on reopening the business following the lockdown restrictions imposed by the Covid-19 pandemic. Seeking to re-establish the operations in line with Governments restrictions and provide the public with a safe, Covid compliant, experience. Plans are being put in place to get a number of the specialist services, such as the dining cars, operational again as well as enabling events and Galas to recommence before the end of the year.

Efforts are ongoing to continue the Bridging the Gap project, securing the necessary funding and drawing up detailed plans for the next stage of the operation.

Discussions are planned, with Leicester City Council, to consider what the next step with the proposed museum project should be.

Summary

The Great Central Railway continues to develop as one of the area's best loved attractions with a strong pedigree of heritage preservation and restoration and an outstanding record of engineering excellence.

With a sound commercial base, the management team are fully committed to further growing our appeal to visitors and supporters in the coming years. Whilst we are the nation's only double track mainline preserved railway, we have a keen eye on the ultimate prize of being the UK's most popular preserved railway.

On behalf of the board

M N Gough

Director

24 October 2020

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

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

Directors

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

C I Baines	
M N Gough	
J R Houlston	(Appointed 8 October 2019)
D T Morgan	
N A Morgan	(Appointed 1 June 2020)
R J Patching	
M Reza	
E H Smith	
I L Wilson	(Appointed 27 February 2019)
P C Crossland	(Resigned 23 September 2019)

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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.

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.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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

24 October 2020

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 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw your attention to note 23 in the financial statements, that indicates the potential impact of the Corona virus pandemic on the future operations of the business. As stated in note 23, these events or conditions, along with other matters as set forth in note 23, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Despite these the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Our opinion is not modified in respect of this matter.

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.

GREAT CENTRAL RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GREAT CENTRAL RAILWAY PLC

The purpose of our audit work and to whom we owe our responsibilities

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.

Thomas Mayfield BA ACA (Senior Statutory Auditor)
for and on behalf of Mayfield & Co.

Chartered Accountants

Statutory Auditor

2 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

29 October 2020

GREAT CENTRAL RAILWAY PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
	Notes	£	£
Turnover	3	3,657,600	3,614,757
Cost of sales		(3,033,123)	(3,205,595)
		<hr/>	<hr/>
Gross profit		624,477	409,162
Administrative expenses		(892,803)	(918,720)
Other operating income		318,040	541,042
		<hr/>	<hr/>
Operating profit	4	49,714	31,484
Interest receivable and similar income	7	59	1,845
		<hr/>	<hr/>
Profit before taxation		49,773	33,329
Taxation	8	-	-
		<hr/>	<hr/>
Profit for the financial year		49,773	33,329
		<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 2020 or 2019 other than those included in the profit and loss account.

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9		9,234,842		8,092,568
Investments	10		49		49
			<u>9,234,891</u>		<u>8,092,617</u>
Current assets					
Stocks	12	230,936		97,432	
Debtors falling due after more than one year	13	198,586		210,018	
Debtors falling due within one year	13	474,172		733,602	
Cash at bank and in hand		411,181		275,368	
		<u>1,314,875</u>		<u>1,316,420</u>	
Creditors: amounts falling due within one year	14	(1,112,886)		(1,259,674)	
Net current assets			201,989		56,746
Total assets less current liabilities			9,436,880		8,149,363
Creditors: amounts falling due after more than one year	15		(6,409,215)		(5,421,997)
Net assets			<u>3,027,665</u>		<u>2,727,366</u>
Capital and reserves					
Called up share capital	19		4,687,794		4,437,268
Profit and loss reserves			(1,660,129)		(1,709,902)
Total equity			<u>3,027,665</u>		<u>2,727,366</u>

The financial statements were approved by the board of directors and authorised for issue on 24 October 2020 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 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 February 2018		4,377,208	(1,743,231)	2,633,977
Year ended 31 January 2019:				
Profit and total comprehensive income for the year		-	33,329	33,329
Issue of share capital	19	60,060	-	60,060
Balance at 31 January 2019		<u>4,437,268</u>	<u>(1,709,902)</u>	<u>2,727,366</u>
Year ended 31 January 2020:				
Profit and total comprehensive income for the year		-	49,773	49,773
Issue of share capital	19	250,526	-	250,526
Balance at 31 January 2020		<u><u>4,687,794</u></u>	<u><u>(1,660,129)</u></u>	<u><u>3,027,665</u></u>

GREAT CENTRAL RAILWAY PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		1,248,276		49,500
Investing activities					
Purchase of tangible fixed assets		(1,363,048)		(1,065,906)	
Proceeds on disposal of tangible fixed assets		-		1,380	
Interest received		59		1,845	
Net cash used in investing activities			(1,362,989)		(1,062,681)
Financing activities					
Proceeds from issue of shares		250,526		60,060	
Net cash generated from financing activities			250,526		60,060
Net increase/(decrease) in cash and cash equivalents			135,813		(953,121)
Cash and cash equivalents at beginning of year			275,368		1,228,489
Cash and cash equivalents at end of year			411,181		275,368

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Great Central Railway PLC is a public company limited by shares incorporated in England and Wales. 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. The principal accounting policies adopted are set out below.

The company is a Public Benefit Entity.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. These are considered in more detail in Note 23 - Going Concern.

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 measured at cost, 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, equipment and rolling stock	5% - 20% per annum on cost
Railway track ballast and signalling	1.5%-3.33% 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.

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

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

1.5 Fixed asset investments

Interests in associates 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.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

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.

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

1.10 Equity instruments

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

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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Company contributions to defined contribution plans for the benefit of employee's are expensed as they become payable.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account 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.

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	3,211,806	3,001,516
Rendering of services	445,794	613,241
	<u>3,657,600</u>	<u>3,614,757</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	59	1,845
Grants received	300,412	491,120
	<u>300,471</u>	<u>492,965</u>

All turnover arose within the United Kingdom.

The company received government grants during the year of £Nil (2019: £36,685). This was received from the HLF for the Museum Project.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(36,685)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	12,413
Depreciation of owned tangible fixed assets	220,774	202,142
Operating lease charges	20,513	8,884
	<u>220,774</u>	<u>202,142</u>

5 Employees

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

	2020	2019
	Number	Number
Management (includes all unpaid directors)	11	10
Other	98	89
	<u>109</u>	<u>99</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,367,843	1,317,406
Social security costs	95,924	86,778
Pension costs	40,939	34,427
	<u>1,504,706</u>	<u>1,438,611</u>

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	58,000	58,000
Company pension contributions to defined contribution schemes	-	1,160
	<u>58,000</u>	<u>59,160</u>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	59	1,845
	<u>59</u>	<u>1,845</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	59	1,845
	<u>59</u>	<u>1,845</u>

8 Taxation

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

	2020	2019
	£	£
Profit before taxation	49,773	33,329
	<u>49,773</u>	<u>33,329</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	9,457	6,333
Tax effect of expenses that are not deductible in determining taxable profit	-	4,734
Tax effect of utilisation of tax losses not previously recognised	(909)	-
Unutilised tax losses carried forward	64,304	48,357
Permanent capital allowances in excess of depreciation	(72,852)	(59,424)
	<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 2020 amounting to £2,645,619 (2019: £2,202,960). 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.

Partially offsetting this deferred tax asset is a deferred tax liability arising on the difference between the net book value of the assets and their tax written down value of £1,293,861 (2019: £867,077).

Overall the company has a net deferred tax asset of £256,834 (2019: £274,527) which has not been provided for in the financial statements.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

9 Tangible fixed assets

	Leasehold land and buildings	Assets under construction	Plant, equipment and rolling stock	Railway track ballast and signalling	Total
	£	£	£	£	£
Cost					
At 1 February 2019	3,013,847	3,667,723	3,193,385	1,879,266	11,754,221
Additions	365,147	627,721	370,180	-	1,363,048
At 31 January 2020	3,378,994	4,295,444	3,563,565	1,879,266	13,117,269
Depreciation and impairment					
At 1 February 2019	756,230	-	1,872,172	1,033,251	3,661,653
Depreciation charged in the year	43,350	-	148,377	29,047	220,774
At 31 January 2020	799,580	-	2,020,549	1,062,298	3,882,427
Carrying amount					
At 31 January 2020	2,579,414	4,295,444	1,543,016	816,968	9,234,842
At 31 January 2019	2,257,617	3,667,723	1,321,213	846,015	8,092,568

The accumulated provision for depreciation of £3,882,427 at 31 January 2020 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.

10 Fixed asset investments

	Notes	2020 £	2019 £
Investments in associates	11	49	49

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

10 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 February 2019 & 31 January 2020	49

Carrying amount	
At 31 January 2020	49
	=====
At 31 January 2019	49
	=====

11 Associates

Details of the company's associates at 31 January 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Great Central Railway Development Ltd	England & Wales	Special construction	Ordinary	49.00

12 Stocks

	2020 £	2019 £
Raw materials and consumables	172,784	26,682
Finished goods and goods for resale	58,152	70,750
	-----	-----
	230,936	97,432
	=====	=====

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	76,781	243,800
Other debtors	17,350	22,257
Prepayments and accrued income	380,041	467,545
	<u>474,172</u>	<u>733,602</u>
	<u><u>474,172</u></u>	<u><u>733,602</u></u>
Amounts falling due after more than one year:		
Trade debtors	198,586	210,018
	<u>198,586</u>	<u>210,018</u>
	<u><u>198,586</u></u>	<u><u>210,018</u></u>
Total debtors	<u><u>672,758</u></u>	<u><u>943,620</u></u>

14 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Other borrowings	16	158,443	158,443
Trade creditors		534,195	690,292
Taxation and social security		30,039	25,100
Deferred income	17	291,079	281,218
Other creditors		85,209	86,777
Accruals		13,921	17,844
		<u>1,112,886</u>	<u>1,259,674</u>
		<u><u>1,112,886</u></u>	<u><u>1,259,674</u></u>

15 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Deferred income	17	6,409,215	5,421,997
		<u>6,409,215</u>	<u>5,421,997</u>
		<u><u>6,409,215</u></u>	<u><u>5,421,997</u></u>

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

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

16 Loans and overdrafts

	2020	2019
	£	£
Other loans	158,443	158,443
	<u>158,443</u>	<u>158,443</u>
Payable within one year	158,443	158,443
	<u>158,443</u>	<u>158,443</u>

The above loan is secured upon six 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 loan is interest free and repayable on demand.

17 Deferred income

	2020	2019
	£	£
Other deferred income	6,700,294	5,703,215
	<u>6,700,294</u>	<u>5,703,215</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	291,079	281,218
Non-current liabilities	6,409,215	5,421,997
	<u>6,700,294</u>	<u>5,703,215</u>

18 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	40,939	34,427
	<u>40,939</u>	<u>34,427</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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

19 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
18,751,178 (2019: 17,749,072) Ordinary shares of 25p each	4,687,794	4,437,268
	<u>4,687,794</u>	<u>4,437,268</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 1,002,106 (2019: 240,240) shares were issued at par. The invitation to subscribe for shares at par remains open to enable the Company to strengthen its capital base.

Consideration received for the allotment of ordinary shares during the year was £250,526 (2019: £60,060).

20 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:

	2020	2019
	£	£
Within one year	-	20,947
Between two and five years	64,167	-
	<u>64,167</u>	<u>20,947</u>

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020	2019
	£	£
Acquisition of tangible fixed assets	131,525	503,000
	<u>131,525</u>	<u>503,000</u>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Grants received in year:		Expenses charged in the year:	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	369,611	470,972	-	43,408
	<u>369,611</u>	<u>470,972</u>	<u>-</u>	<u>43,408</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020	2019
	£	£
Other related parties	158,443	158,443
	<u>158,443</u>	<u>158,443</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020	2019
	£	£
Other related parties	269,928	13,336
	<u>269,928</u>	<u>13,336</u>

23 Going Concern

The directors believe that the company remains a going concern, despite the temporary cessation and ongoing restrictions of operations, during 2020, arising from the Corona virus pandemic. These have meant that the company has been unable to engage in any income generating activities for several months during the Spring and Summer of 2020. Train services, station based catering and special events have now recommenced and are expected to continue to generate income and profits as the restrictions imposed under the Covid-19 lockdowns ease. The Board has also received indications of support from external benefactors who have confirmed their intention to help and support the company.

However, should the British Government determine that further restrictions are required to manage the current crisis then the company may be forced to again cease operations and/or restrict its activities such that operations are not economically viable. If this were to occur the impact on the cashflow of the business would mean that its cash reserves would be wiped out and the reliance on goodwill of external benefactors would be increased.

The directors are confident that key external benefactors would support the business through any such situation and ongoing discussions with these parties has not suggested any weakening in their support of the company.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

24 Cash generated from operations

	2020	2019
	£	£
Profit for the year after tax	49,773	33,329
Adjustments for:		
Investment income	(59)	(1,845)
Depreciation and impairment of tangible fixed assets	220,774	202,142
Movements in working capital:		
(Increase) in stocks	(133,504)	(15,711)
Decrease in debtors	270,862	208,471
(Decrease) in creditors	(156,649)	(937,775)
Increase in deferred income	997,079	560,889
Cash generated from operations	<u>1,248,276</u>	<u>49,500</u>

25 Analysis of changes in net funds

	1 February 2019	Cash flows 31 January 2020	
	£	£	£
Cash at bank and in hand	275,368	135,813	411,181
Borrowings excluding overdrafts	(158,443)	-	(158,443)
	<u>116,925</u>	<u>135,813</u>	<u>252,738</u>