

GREAT CENTRAL RAILWAY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

GREAT CENTRAL RAILWAY PLC

COMPANY INFORMATION

Directors	C I Baines	
	R H Bruce	(Appointed 29 July 2022)
	S J Manley	(Appointed 1 December 2022)
	D T Morgan	
	N A Morgan	
	R J Patching	
	D J Penney	(Appointed 8 February 2023)
	M Reza	
	E H Smith	
	I L Wilson	
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 2023

The Great Central Railway exists today because a group of volunteers 50 years ago wanted the line to be saved to recreate the experience for generations to come. Today, we proudly cherish and develop that legacy to inspire, educate, entertain, and bring value to the communities we serve. To achieve all this we seek to:

- Operate to ever improving safety standards, improving our safety systems and practices by learning from others and engaging with our regulatory bodies
- Develop and evolve our visitor experience, recognising the needs of our 21st century visitors whilst continuing to care for and improve our period legacy, and to grow our visitors numbers
- Care for and manage our infrastructure, much of which is 125 years old, ensuring that it can continue to serve our needs into the future
- Increase engagement with local schools and other educational establishments to provide an attractive visitor destination and, in doing so, improve community learning and well-being appeal to future generations of supporters, visitors, volunteers and potential employees
- Increase engagement with local communities, councils and other stakeholders and thus raise our profile, encourage more awareness of our offering and generate additional support
- Develop our understanding of our core markets, enabling us to widen the visitor demographic and to build upon our progress in becoming more attractive to families and a broader range of ethnic groups
- Develop and expand our volunteer engagement, including appealing to more younger volunteers and wider ethnic groups
- Fund day-to-day business operations through our commercial activities, supported by our share issue, whilst working with DCRT, our charitable support body, to generate capital for future investment and enhancement of our railway through an effective Fundraising Strategy that seeks to gain access to grants and donations
- Work collaboratively with colleagues at GCR(N) to bring north and south together through the project to reunify the two sections of our railway

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Review of the Business

The financial year beginning in February 2022 saw the conclusion of the worst of the Covid virus pandemic, its associated lockdowns and the disruption to all areas of economic activity. As a consequence, the Railway operated services throughout the year, albeit less intensively and less profitably than in the pre-Covid years.

There were numerous challenges over the course of the year and major ones included:

- Russia's invasion of Ukraine which triggered a huge surge in energy prices. The Railway's previous electricity supply contract terms had an annual cost of circa £80,000; however, this expired in October 2022, with the new contract leading to an annualised cost of circa £320,000. A similar story applies with coal costs for steam locos having risen now to £460 per ton (from around £200).
- Throughout the Covid pandemic, arrears of maintenance on infrastructure and rolling stock had built up, especially while our staff were on furlough. These arrears required increased attention and therefore incurred cost in 2022/23.
- During 2021, the management had embarked on an extensive refurbishment of the two kitchen cars which provide for our 1st Class dining services. Unfortunately, the programme did not proceed at all well and the consequence was that the project was over budget and the dining car trains were cancelled over lengthy periods during 2022. This was damaging to both the financial results and the Railway's reputation.
- Following the Covid pandemic, a noticeable fall occurred in availability of the Railway's volunteers, which meant that special events particularly became difficult to staff.
- Summer 2022 was exceptionally hot and this necessitated the complete cancellation of services on certain days; further, the running of steam locos became impossible for several weeks due to fire risks which further impacted on profitability.
- Certain of the Railway's special events performed below budget; notable examples were the the late Queen's Jubilee in June (which was combined with the 1940s event) and the Santa/ Christmas programme during December.

All in all, it can be seen that the Railway's day to day operations encountered huge difficulties, meaning that direct comparison of the year under review with that for the year ended January 2022 (during which very substantial grants and furlough monies helped support the Company) does not present a favourable picture at all. However, it has to be said, that the UK heritage rail sector as a whole has faced similar issues and GCR is by no means alone in having to address these, and compared with many is in a stronger position.

During the Summer and Autumn of 2022, the directors addressed a number of emerging issues (illustrated above) including the Railway's senior management structure at that time, and its ongoing suitability in a changing world. The outcome was the introduction of a General Manager post to improve the overall monitoring, control and development of the Company's day to day activity and train operations, especially at weekends. The new post would report to the Board (but not as a director) to help improve the directors' understanding of the Railway's progress; this was felt to be consistent with best governance practice. The creation of this post entailed the previous post of Managing Director being made redundant.

The new General Manager post was advertised in September 2022, along with a detailed job description and person specification; following a structured selection exercise, Malcolm Holmes was appointed with effect from 13 March 2023; this is discussed further in the sections below.

The Railway's balance sheet reduced by almost 18% to £2,712,350 mainly as a consequence of the various adverse factors experienced over the year under review, as described above.

The Company's share capital increased by nearly 1.7% due to the purchase of new shares. Most significant is that the largest shareholder, David Clarke Railway Trust acquired a substantial additional tranche of shares from their previous holder, thus increasing DCRT's share of the overall equity from 29.7% to 44.4% at the year end.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Principal Risks and Uncertainties

As always, the Railway's year to year operation depends on many factors:

- On the revenue side, the Railway receives visitors throughout the year and the flow depends on cyclical effects in the UK economy affecting their spending power. Therefore, our services and special events need to be tailored to the market; they must be both attractive and affordable, and also targeted at the appropriate markets. Identifying profitable new income streams and their successful development is crucial.
- In terms of expenditure, the Railway is dependent upon many supplies which have to be purchased externally and over which control of price is difficult, if not impossible. Energy (especially locomotive coal and electricity have increased alarmingly) and food costs for our cafes and dining services are good examples. Similarly, salary costs have risen due to the general inflationary pressures in the UK economy.
- Investment in repair and renewal of infrastructure is a major cost area; for example, in some two years GCR has built four new bridges at a cost of some £1.8 million; the refurbishment of the Loughborough Locomotive Shed will, following completion, come with a price tag of circa £1.0 million (in this latter item we must acknowledge the generous support of the David Clarke Railway Trust and Charnwood Borough Council, via the Government's Levelling Up Funds, in funding the whole cost). Such work is needed to maintain the Railway in safe condition to run services but the cost involved is great due to inflationary pressures on both the contractors undertaking the construction on our behalf and the building materials used.
- The use of fossil fuels by our locomotives, diesel as well as steam, is coming under increasing pressures due to environmental considerations. Our main supplies of coal have been sourced in recent years from an opencast mine in South Wales (the last remaining one in the UK) but this is now threatened with imminent closure; alternatives might be available from further afield but these will come with an increased transportation cost and also, ironically, with a much bigger environmental footprint.
- Support from our stakeholders (including shareholders and supporters generally) is fundamental and, in this regard, we are grateful indeed for the many charitable grants being provided to GCR by David Clarke Railway Trust. Developing additional sources of funding needs to be prioritised for the future.
- Although GCR employs some 50 paid staff (when expressed in terms of full-time equivalents) the Company benefits enormously from the contributions of over 500 volunteers – their contribution in time is massive and also in terms of the expertise which they bring with them. Maintaining this input and their motivation remains as critical as ever.
- Further, GCR receives generous support from its "membership club", Friends of Great Central Main Line; investing in and maintaining this successful relationship is crucial.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Development and Performance

Malcolm Holmes joined GCR following a career of some 30 years as a manager in the rail and transport industries, and also having been a volunteer for a similar period in a range of operational roles at GCR. Already the Board has begun a transformational process which follows from the decision in July 2022 to declare the Managing Director role redundant including:

- Three new directors (Richard Bruce, Scott Manley and David Penney) joining the Board as unpaid volunteers with extensive experience and knowledge of rail operations, both within the national rail network and as heritage railway volunteers;
- An overhaul of the Board's governance with an emphasis on managers (including the incoming general manager) submitting reports for review, as opposed to any individual director (including, for example, the previous managing director) having responsibility for specific areas and, in effect, "marking their own homework";
- An initial review of the Railway's Safety Management System revealed the need for major reconstruction and ongoing review which has now been underway for several months;
- A decision to radically overhaul the Railway's approach to marketing and the running of special events (regrettably, this has necessitated the redundancy of three full-time roles);
- The taking of several initiatives to improve communications with all of our colleagues (volunteer and paid alike) beginning with a programme of Saturday evening meetings and a new staff journal (during the course of 2022 a significant disaffection had become quite apparent over the running of the Railway and the decision making process);
- The creation of an executive leadership team, reporting to the general manager and featuring a blend of paid and unpaid roles, providing accountable leadership in key areas of business delivery.

In summary all of the above examples are purely business decisions which underscore already the rationale in July 2022 over the managing director role; in particular, greater railway expertise and resource has emerged with a significant reduction in outlay.

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 company's ability to generate and maintain interest in our heritage railway and the offerings it provides to the wider community. The Railway's balance sheet reduced by almost 18% to £2,712,350 mainly as a consequence of the various adverse factors experienced over the year under review, as described above.

Turnover levels are also important as these reflect the success of the business in achieving its stated aims. Turnover has continued to improve from £2,495k to £3,472k as activities continue to return to more normal levels post Covid.

GREAT CENTRAL RAILWAY PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

Future Developments

Projects currently underway or planned include:

- The development of a **5-year Business Plan** that will set out the strategic direction for the organisation for the years ahead.
- Completion of the **Loughborough Locomotive Shed** refurbishment. This project has already seen the installation of a new roof and doors, with planning permission now secured to expand the engineering, staff and educational facilities. Work will commence in the next few months on the final stage of the project which will extend the life of the Shed, whilst improve facilities for our people and visitors.
- The overhaul of the National Railway Museum's Britannia Class locomotive, No. **70013 Oliver Cromwell** is now well advanced with most work now complete. The final work on the boiler is being done off-site at the Tyseley Locomotive Works, with the locomotive expected back in traffic by the end of the year.
- The conversion of MK1 brake coach into a First Class Dining coach that includes **wheelchair accommodation and accessible toilet** will be completed by the end of 2023. This will enable passengers in wheelchairs to enjoy our dining experiences, as well as increasing the number of seats on each train.
- Work to explore how we can better **tell the story** of our railway to current and future visitors, recognising that the number of people who can remember the days of steam is diminishing. This is coupled with the recognition that current and future generations are increasingly uncomfortable with the use of fossil fuels, and that we need to better interpret our role in protecting the environment.

Conclusion

On behalf of the Board, we offer a big thank you to all our colleagues (volunteers and paid alike). Without their efforts the Railway would not have survived the difficulties of recent years, let alone the longer term achievements being celebrated now, 50 years after the running of the first train in 1973 as a preserved railway.

In addition similar thanks to all our shareholders and supporters, including the many who have donated so generously over the years.

On behalf of the Board

.....

R J Patching

Director

Date:

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their annual report and financial statements for the year ended 31 January 2023.

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	
R H Bruce	(Appointed 29 July 2022)
M N Gough	(Resigned 13 March 2023)
J R Houlston	(Resigned 27 October 2022)
S J Manley	(Appointed 1 December 2022)
D T Morgan	
N A Morgan	
R J Patching	
D J Penney	(Appointed 8 February 2023)
M Reza	
E H Smith	
I L Wilson	

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 2023

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

.....

R J Patching

Director

Date:

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 2023 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2023 and of its loss 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 financial and operational performance of the company 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

GREAT CENTRAL RAILWAY PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GREAT CENTRAL RAILWAY PLC

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, the UK Corporate Governance Code, UK corporate taxation laws and the oversight of the Office of Road and Rail.
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries to the management. We corroborated our inquiries through our review of board minutes and papers provided to the Directors.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with the relevant laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date:

GREAT CENTRAL RAILWAY PLC**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 JANUARY 2023**

	Notes	2023 £	2022 £
Turnover	3	3,472,120	2,495,522
Cost of sales		(3,939,697)	(2,426,463)
Gross (loss)/profit		(467,577)	69,059
Administrative expenses		(956,317)	(933,455)
Other operating income		737,217	966,074
Operating (loss)/profit	4	(686,677)	101,678
Interest receivable and similar income	7	956	52
(Loss)/profit before taxation		(685,721)	101,730
Tax on (loss)/profit	8	-	-
(Loss)/profit for the financial year		(685,721)	101,730

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

GREAT CENTRAL RAILWAY PLC**BALANCE SHEET****AS AT 31 JANUARY 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		10,850,014		9,794,269
Investments	10		49		49
			<u>10,850,063</u>		<u>9,794,318</u>
Current assets					
Stocks	12	229,726		211,830	
Debtors	13	149,743		256,719	
Cash at bank and in hand		211,844		861,454	
		<u>591,313</u>		<u>1,330,003</u>	
Creditors: amounts falling due within one year	14	<u>(961,589)</u>		<u>(1,031,433)</u>	
Net current (liabilities)/assets			<u>(370,276)</u>		<u>298,570</u>
Total assets less current liabilities			<u>10,479,787</u>		<u>10,092,888</u>
Creditors: amounts falling due after more than one year	15		<u>(7,767,437)</u>		<u>(6,786,086)</u>
Net assets			<u><u>2,712,350</u></u>		<u><u>3,306,802</u></u>
Capital and reserves					
Called up share capital	19	5,595,773		5,504,504	
Profit and loss reserves		(2,883,423)		(2,197,702)	
Total equity			<u><u>2,712,350</u></u>		<u><u>3,306,802</u></u>

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

.....
R J Patching
Director

Company Registration No. 01257394

GREAT CENTRAL RAILWAY PLC**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 JANUARY 2023**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 February 2021		5,319,336	(2,299,432)	3,019,904
Year ended 31 January 2022:				
Profit and total comprehensive income for the year		-	101,730	101,730
Issue of share capital	19	185,168	-	185,168
Balance at 31 January 2022		5,504,504	(2,197,702)	3,306,802
Year ended 31 January 2023:				
Loss and total comprehensive income for the year		-	(685,721)	(685,721)
Issue of share capital	19	91,269	-	91,269
Balance at 31 January 2023		5,595,773	(2,883,423)	2,712,350

GREAT CENTRAL RAILWAY PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 JANUARY 2023**

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(337,333)		572,547
Investing activities					
Purchase of tangible fixed assets		(1,297,485)		(443,237)	
Increase in deferred income		902,549			
Interest received		956		52	
Net cash used in investing activities			(393,980)		(443,185)
Financing activities					
Proceeds from issue of shares		91,269		185,168	
Repayment of bank loans		(9,566)		(2,352)	
Net cash generated from financing activities			81,703		182,816
Net (decrease)/increase in cash and cash equivalents			(649,610)		312,178
Cash and cash equivalents at beginning of year			861,454		549,276
Cash and cash equivalents at end of year			211,844		861,454

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

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 2023

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

1 Accounting policies

(Continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

1.10 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.

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.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

1 Accounting policies

(Continued)

1.12 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.

1.13 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.

1.14 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.

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****3 Turnover and other revenue**

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods	3,232,068	2,397,384
Rendering of services	240,052	98,138
	<u>3,472,120</u>	<u>2,495,522</u>
	2023	2022
	£	£
Other significant revenue		
Interest income	956	52
Grants received	737,217	966,074
	<u>737,217</u>	<u>966,074</u>

All turnover arose within the United Kingdom.

The company received government grants during the year of £14,995 (2022: £778,142). These were received from various central and local government organisations to support the business throughout the Covid 19 Pandemic.

4 Operating (loss)/profit

	2023	2022
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(14,995)	(778,142)
Fees payable to the company's auditor for the audit of the company's financial statements and other compliance	14,000	13,500
Depreciation of owned tangible fixed assets	241,740	235,931
Operating lease charges	23,515	20,587
	<u>241,740</u>	<u>235,931</u>

5 Employees

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

	2023	2022
	Number	Number
Management (includes all unpaid directors)	17	17
Other	86	71
	<u>103</u>	<u>88</u>
Total	<u>103</u>	<u>88</u>

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023**

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2023	2022
		£	£
	Wages and salaries	1,507,095	1,270,029
	Social security costs	125,028	94,704
	Pension costs	45,194	41,457
		<u>1,677,317</u>	<u>1,406,190</u>
6	Directors' remuneration	2023	2022
		£	£
	Remuneration for qualifying services	<u>45,160</u>	<u>58,100</u>
7	Interest receivable and similar income	2023	2022
		£	£
	Interest income		
	Interest on bank deposits	<u>956</u>	<u>52</u>
		2023	2022
		£	£
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	<u>956</u>	<u>52</u>

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****8 Taxation**

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

	2023	2022
	£	£
(Loss)/profit before taxation	(685,721)	101,730
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(130,287)	19,329
Tax effect of utilisation of tax losses not previously recognised	-	(10)
Unutilised tax losses carried forward	144,415	30,182
Permanent capital allowances in excess of depreciation	(14,128)	(49,501)
	<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 2023 amounting to £4,310,949 (2022: £3,550,870). 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 £1,872,645 (2022: £1,752,464).

Overall the company has a net deferred tax asset of £609,576 (2022: £341,697) 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 2023****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 2022	3,653,196	4,562,254	3,979,143	1,938,881	14,133,474
Additions	19,000	1,091,422	155,424	31,639	1,297,485
At 31 January 2023	3,672,196	5,653,676	4,134,567	1,970,520	15,430,959
Depreciation and impairment					
At 1 February 2022	890,505	-	2,326,320	1,122,380	4,339,205
Depreciation charged in the year	45,823	-	163,831	32,086	241,740
At 31 January 2023	936,328	-	2,490,151	1,154,466	4,580,945
Carrying amount					
At 31 January 2023	2,735,868	5,653,676	1,644,416	816,054	10,850,014
At 31 January 2022	2,762,691	4,562,254	1,652,823	816,501	9,794,269

The accumulated provision for depreciation of £4,580,945 at 31 January 2023 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	2023 £	2022 £
Investments in associates	11	49	49

11 Associates

Details of the company's associates at 31 January 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Great Central Railway Development Ltd	Lovatt House, Wharnccliffe Road, Loughborough, Leicestershire, LE11 1SL	Ordinary	49.00

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****12 Stocks**

	2023	2022
	£	£
Raw materials and consumables	175,483	168,465
Finished goods and goods for resale	54,243	43,365
	<u>229,726</u>	<u>211,830</u>

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	82,024	78,558
Other debtors	9,033	51,141
Prepayments and accrued income	58,686	127,020
	<u>149,743</u>	<u>256,719</u>

14 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	16	9,449	9,450
Other borrowings	16	158,443	158,443
Trade creditors		422,476	354,916
Taxation and social security		32,836	1,542
Deferred income	17	286,020	374,387
Other creditors		42,692	113,729
Accruals		9,673	18,966
		<u>961,589</u>	<u>1,031,433</u>

15 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	16	28,633	38,198
Deferred income	17	7,738,804	6,747,888
		<u>7,767,437</u>	<u>6,786,086</u>

Deferred income is capital grants not yet credited to the statement of comprehensive income.

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****16 Loans and overdrafts**

	2023	2022
	£	£
Bank loans	38,082	47,648
Other loans	158,443	158,443
	<u>196,525</u>	<u>206,091</u>
Payable within one year	167,892	167,893
Payable after one year	<u>28,633</u>	<u>38,198</u>

The other 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

	2023	2022
	£	£
Other deferred income	8,024,824	7,122,275
Included in the financial statements as follows:		
Current liabilities	286,020	374,387
Non-current liabilities	7,738,804	6,747,888
	<u>8,024,824</u>	<u>7,122,275</u>

18 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>45,194</u>	<u>41,457</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 2023****19 Share capital**

	2023	2022
	£	£
Ordinary share capital		
Issued and fully paid		
22,383,092 (2022: 22,018,016) Ordinary shares of 25p each	5,595,773	5,504,504
	<u>5,595,773</u>	<u>5,504,504</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 365,076 (2022: 740,672) 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 £91,269 (2022: £185,168).

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:

	2023	2022
	£	£
Within one year	98,575	22,000
Between two and five years	253,332	20,167
In over five years	249,312	-
	<u>601,219</u>	<u>42,167</u>

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	568,894	36,521
	<u>568,894</u>	<u>36,521</u>

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****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:	
	2023	2022
	£	£
Other related parties	973,192	126,341
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2023	2022
	£	£
Amounts due to related parties		
Other related parties	158,443	158,443
	<u> </u>	<u> </u>

23 Going concern

As discussed in the Strategic report on page 1, the Board acknowledge the trading performance for the year and the difficulties that have been experienced bringing the Railway through the post Covid period. Trading losses on the scale experienced in the year are not sustainable in the medium term and would consume the Railways remaining reserves in a 4 to 5 year period. The ongoing capital and redevelopment projects being undertaken are deemed to be crucial for the Railways continuing operational activities and its long term survivability. Whilst these projects are largely supported and funded by external benefactors, they can still place a strain on our staff's time and resources. They also often carry a small financial burden to the Railway which is typically required to fund a proportion of the projects ongoing costs. Passenger numbers and general footfall at our Gala's and other events have struggled to recover to the pre Covid levels as general economic pressures put a strain on the public's disposable income.

The Board continues to look for ways to manage costs and increase passenger numbers. The performance of the Railway in the first quarter of the 2023/24 financial year, which is typically a difficult time for the Railway, has been encouraging. The Railway is currently around £100k ahead of the budgeted position for the first quarter and whilst a loss for the 2023/24 financial year is still forecast this has been reduced by a quarter on our original predictions.

The Board has been able to draw on the financial support of an external benefactor during 2023/24 and has been informed that further short term support is likely to be forthcoming to help deal with any short term funding requirements. They are also proactively seeking additional grants and other funding to help support the running of the Railway.

The Board believe that this support will allow them the time needed to address the financial and operational concerns within the business. As such the accounts have been prepared on a going concern basis.

GREAT CENTRAL RAILWAY PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 JANUARY 2023****24 Cash (absorbed by)/generated from operations**

	2023	2022
	£	£
(Loss)/profit for the year after tax	(685,721)	101,730
Adjustments for:		
Investment income	(956)	(52)
Depreciation and impairment of tangible fixed assets	241,740	235,931
Movements in working capital:		
Increase in stocks	(17,896)	(6,184)
Decrease in debtors	106,976	197,701
Increase in creditors	18,524	53,136
Decrease in deferred income	-	(9,713)
Cash (absorbed by)/generated from operations	(337,333)	572,549

25 Analysis of changes in net funds

	1 February 2022	Cash flows	31 January 2023
	£	£	£
Cash at bank and in hand	861,454	(649,610)	211,844
	861,454	(649,610)	211,844
Borrowings excluding overdrafts	(206,091)	9,566	(196,525)
	655,363	(640,044)	15,319