

Charity registration number 271589

Company registration number 01261079 (England and Wales)

EAST SOMERSET RAILWAY COMPANY LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EAST SOMERSET RAILWAY COMPANY LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	R C Masters
	C R Cooke
	C E Hopkins
	T Dalton
	S J Masters
	D R Sharp
Secretary	A Jepson
Charity number	271589
Company number	01261079
Registered office	Cranmore Railway Station
	Cranmore
	SHEPTON MALLETT
	Somerset
	BA4 4QP
Independent examiner	Old Mill Accountancy Limited
	Bishopbrook House
	Cathedral Avenue
	WELLS
	Somerset
	BA5 1FD
Bankers	Lloyds TSB
	24 - 26 High Street
	WELLS
	Somerset
	BA5 2SJ
Solicitors	Chubb Bulleid Limited
	7 Market Place
	WELLS
	Somerset
	BA5 2RJ

EAST SOMERSET RAILWAY COMPANY LIMITED

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EAST SOMERSET RAILWAY COMPANY LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their annual report and financial statements for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

The principle activities and charitable objectives of the East Somerset Railway Company are to preserve, operate and exhibit for public benefit for educational and instructional purposes and to stimulate and encourage interest in steam and other railway locomotives, rolling stock and other machinery and equipment of historical interest.

The wholly owned subsidiary company, Cranmore Railway Company Limited, operates a retail shop and a restaurant. It also runs a carriage overhaul and repair business, Cranmore Train Maintenance Services.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives in planning future activities.

The directors are very grateful to the many enthusiastic and dedicated volunteers without whom the railway could not operate.

Achievements and performance

Further periods of lockdown in 2021 caused the ESR's operating season to start later than usual. However, as restrictions were eased, we were able to resume our full range of services and events and visitor numbers were very buoyant bringing fare income back to more normal levels. The contract loco overhaul work progressed well making a good contribution to the ESR's profits.

The ESR received additional government grants which were used to fund the ongoing programme of maintenance and renewals especially to the track. A major improvement was the much-needed replacement of the station toilets, completed in 2022.

For many years the station café has struggled to pay its way and some major changes have been introduced to improve both performance and the standard of service. The seating area has now been refurbished and the café is operating under a concession arrangement. Initial indications are that turnover has substantially increased, customers are more satisfied and the ESR will receive some significant income this year.

The ESR's contract carriage repair business also continued to struggle, not helped by the periods of lockdown, and a further redundancy was made. The profitability of the business has subsequently improved and new orders will ensure continuous work this year.

Going concern

In light of the current coronavirus pandemic, the trustees have reviewed the likely future developments and remain of the opinion that there is no reason to believe that the charity will have to cease operating as a result of inadequate financial resources, or any other foreseeable event, within a period of at least 12 months from the date of the approval of these accounts.

EAST SOMERSET RAILWAY COMPANY LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

The reserves of the charity that are freely available for the use at the year end are as follows:

	2020 £	2019 £
Total funds of the charity	668,663	509,074
Less:		
Restricted funds	-	(3,872)
Designated funds	(66,000)	(65,000)
Unrestricted funds only realisable on disposal of fixed assets	(386,529)	(355,742)
	<u>216,134</u>	<u>84,460</u>

The East Somerset Railway Board understands the need to improve the financial stability of the charity by building a cash reserve. Whilst the financial performance of the Railway has improved considerably in recent years, the need to fund improvements and a backlog of repairs to infrastructure, track etc, has required most available cash to be used. The Board continues to look for ways to establish a reserve fund.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Plans for the future

The availability of funds from the ESR's operations will support a range of developments and improvements at the Railway. Several major projects are under consideration which would include a station footbridge, additional carriage repair facilities and enhanced visitor attractions which it is hoped will be supported by a Heritage Lottery Fund grant.

Structure, governance and management

The charity is a company limited by guarantee incorporated and registered as a charity on 2 June 1976. The guarantors are the members to the extent of £1 each. The governing documents of the charity are the Memorandum and Article of Association dated 2 June 1976. As amended by resolution 13 May 2017.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

R C Masters
C R Cooke
C E Hopkins
T Dalton
S J Masters
D R Sharp

The trustees' are appointed at the annual general meeting by the members. The trustees may appoint new trustees between annual general meetings but such appointments must be ratified at the next annual general meeting.

Trustees seek to fill skill gaps as far as possible when looking for new board members.

EAST SOMERSET RAILWAY COMPANY LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of trustees' responsibilities

The trustees, who are also the directors of East Somerset Railway Company Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.

R C Masters

Trustee

Dated: 20 September 2022

D R Sharp

Trustee

Dated:20 September 2022

EAST SOMERSET RAILWAY COMPANY LIMITED

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF EAST SOMERSET RAILWAY COMPANY LIMITED

I report to the trustees on my examination of the financial statements of East Somerset Railway Company Limited (the charity) for the year ended 31 December 2021.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of , which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Tim Lerwill, FCA
Old Mill Accountancy Limited
Bishopbrook House
Cathedral Avenue
WELLS
Somerset
BA5 1FD

Dated: 5 September 2022

EAST SOMERSET RAILWAY COMPANY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes				
<u>Income and endowments from:</u>					
Donations and legacies	3	98,031	109,949	207,980	119,882
Charitable activities	4	277,901	-	277,901	150,181
Other trading activities	5	35,468	-	35,468	37,553
Other income	6	30,108	-	30,108	15,337
Total income		441,508	109,949	551,457	322,953
<u>Expenditure on:</u>					
Raising funds	7	36,491	-	36,491	20,626
Charitable activities	8	241,556	113,821	355,377	301,529
Total resources expended		278,047	113,821	391,868	322,155
Net incoming/(outgoing) resources		163,461	(3,872)	159,589	798
<u>Other recognised gains and losses</u>					
Revaluation of tangible fixed assets		-	-	-	74,413
Net movement in funds		163,461	(3,872)	159,589	75,211
Fund balances at 1 January 2021		505,202	3,872	509,074	433,863
Fund balances at 31 December 2021		668,663	-	668,663	509,074

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EAST SOMERSET RAILWAY COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	12		386,529		355,742
Investments	13		25,000		25,000
			<u>411,529</u>		<u>380,742</u>
Current assets					
Stocks	14	2,497		2,822	
Debtors	15	90,988		58,817	
Cash at bank and in hand		236,447		125,816	
		<u>329,932</u>		<u>187,455</u>	
Creditors: amounts falling due within one year	17	(72,798)		(59,123)	
Net current assets			257,134		128,332
Total assets less current liabilities			<u>668,663</u>		<u>509,074</u>
Income funds					
Restricted funds	20		-		3,872
<u>Unrestricted funds</u>					
Designated funds	21	66,000		65,000	
General unrestricted funds	21	602,663		440,202	
		<u>668,663</u>		<u>505,202</u>	
			<u>668,663</u>		<u>509,074</u>

EAST SOMERSET RAILWAY COMPANY LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees on 17 August 2022

R C Masters
Trustee

D R Sharp
Trustee

Company Registration No. 01261079

EAST SOMERSET RAILWAY COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	26		182,202		76,855
Investing activities					
Purchase of tangible fixed assets		(72,558)		(76,261)	
Net cash used in investing activities			(72,558)		(76,261)
Financing activities					
Repayment of borrowings		987		(657)	
Net cash generated from/(used in) financing activities			987		(657)
Net increase/(decrease) in cash and cash equivalents			110,631		(63)
Cash and cash equivalents at beginning of year			125,816		125,879
Cash and cash equivalents at end of year			236,447		125,816

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

East Somerset Railway Company Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Cranmore Railway Station, Cranmore, SHEPTON MALLET, Somerset, BA4 4QP.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

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

The charity has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the charity as an individual entity and not about its group.

1.2 Going concern

In light of the current coronavirus pandemic, the trustees have reviewed the likely future developments and remain of the opinion that there is no reason to believe that the charity will have to cease operating as a result of inadequate financial resources, or any other foreseeable event, within a period of at least 12 months from the date of the approval of these accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Grants received to assist with specific expenditure are released to the statement of financial activities as the expenditure is incurred.

Income is only deferred when:

- Fees are received in advance of the event to which they relate;
- The donor specifies that the grant or donation must only be used in future accounting periods; and
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or repayable by the Bank.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probably that settlement will be required and the amount of the obligation can be measured reliably.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

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

Plant and machinery	15% reducing balance / 10% straight line
Fixtures, fittings & equipment	15% reducing balance
Rolling stock	0% reducing balance

The depreciation on rolling stock is £nil, this is due to the company's commitment to restore these assets to their original condition and to maintain and preserve them in that state. It is considered that the estimated residual value is at least equal to cost. Rolling stock is introduced at cost and revalued in line with insurance valuations of these assets as this is deemed the most accurate reflection of their value to the charity.

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 recognised in net income/(expenditure) for the year.

All assets costing more than £750 are capitalised.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

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

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents 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.

1.11 Financial instruments

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

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

Basic financial assets

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

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 operations 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 charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

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

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.15 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.

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

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives of tangible fixed assets

In determining the estimated useful life the charity considers the expected physical wear and tear of the asset.

3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donations and gifts	9,220	449	9,669	12,846
Grant received	-	109,500	109,500	29,350
Government grants	62,113	-	62,113	77,686
Gift Aid from subsidiary	26,698	-	26,698	-
	<u>98,031</u>	<u>109,949</u>	<u>207,980</u>	<u>119,882</u>
For the year ended 31 December 2020	<u>90,332</u>	<u>29,550</u>		<u>119,882</u>

4 Charitable activities

	2021 £	2020 £
Fares and Admissions	<u>277,901</u>	<u>150,181</u>

5 Other trading activities

	2021 £	2020 £
Fundraising events	<u>35,468</u>	<u>37,553</u>

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Other income

	2021 £	2020 £
Subscriptions	6,343	8,167
Booking fees and sundry income	16,801	7,170
Wine and Dine income	6,964	-
	<u>30,108</u>	<u>15,337</u>

7 Raising funds

	2021 £	2020 £
<u>Fundraising and publicity</u>		
Staging fundraising events	<u>36,491</u>	<u>20,626</u>

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Charitable activities

	2021 £	2020 £
Motive, Power and Operations	23,921	16,871
Civil Engineering	35,042	16,003
Workshop Consumables	3,620	8,768
Santa Specials	18,319	12,052
Freight Charter and Loco Hire	40,677	28,372
Peppa Pig	3,178	-
Rent and Rates	21,198	20,987
Services	27,389	26,975
Insurance	20,435	24,041
Repairs and overhaul costs	9,817	10,638
Property Expenses	1,744	1,295
	<u>205,340</u>	<u>166,002</u>
Share of support costs (see note 9)	147,588	133,405
Share of governance costs (see note 9)	2,449	2,122
	<u>355,377</u>	<u>301,529</u>
Analysis by fund		
Unrestricted funds	241,556	301,529
Restricted funds	113,821	-
	<u>355,377</u>	<u>301,529</u>

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Support costs

	Support costs	Governance costs	2021	2020
	£	£	£	£
Staff costs	62,634	-	62,634	62,460
Depreciation	41,772	-	41,772	35,799
Advertising and Marketing	12,661	-	12,661	8,949
Postage, Stationery and Telephone	17,676	-	17,676	15,399
Bank Interest and Charges	281	-	281	289
Credit Card Charges	4,451	-	4,451	3,288
Sundry	2,024	-	2,024	2,463
Legal and Professional	4,539	-	4,539	3,208
Accountancy Fees	1,550	-	1,550	1,550
Independent Examiners Fees	-	1,500	1,500	1,500
Director's insurance	-	949	949	622
	<u>147,588</u>	<u>2,449</u>	<u>150,037</u>	<u>135,527</u>
Analysed between				
Charitable activities	<u>147,588</u>	<u>2,449</u>	<u>150,037</u>	<u>135,527</u>

Support costs includes payments to the independent examiner of £1,550 (2020:£1,550) for accountancy services and £nil (2020:£nil) for other services.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	7	7
	<u>7</u>	<u>7</u>
Employment costs	2021	2020
	£	£
Wages and salaries	60,526	60,161
Social security costs	1,522	1,642
Other pension costs	586	657
	<u>62,634</u>	<u>62,460</u>
	<u>62,634</u>	<u>62,460</u>

There were no employees who received employee benefits of more than £60,000.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Rolling stock	Total
	£	£	£	£
Cost				
At 1 January 2021	322,855	50,735	119,000	492,590
Additions	62,535	5,023	5,000	72,558
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2021	385,390	55,758	124,000	565,148
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment				
At 1 January 2021	97,347	39,501	-	136,848
Depreciation charged in the year	39,334	2,437	-	41,771
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2021	136,681	41,938	-	178,619
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount				
At 31 December 2021	248,709	13,820	124,000	386,529
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2020	225,508	11,234	119,000	355,742
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Rolling stock includes trains that are occasionally rented out on an operating lease basis. Such rentals are normally for short periods, and when not being leased the assets are used in the day to day activities of the charity.

Rolling stock has been revalued in line with insurance valuations of these assets as this is deemed the most accurate reflection of their value to the charity. The directors believe that these values are relevant in relation to market value at 31 December 2021. The original cost of these assets is £49,587.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Fixed asset investments

	Other investments
Cost or valuation	
At 1 January 2020 & 1 January 2021	25,000
	<u> </u>
Carrying amount	
At 31 December 2021	25,000
	<u> </u>
At 31 December 2020	25,000
	<u> </u>

	Notes	2021 £	2020 £
Other investments comprise:			
Investments in subsidiaries	25	25,000	25,000
		<u> </u>	<u> </u>

The charity's investment represents 100% of the ordinary share capital of the subsidiary undertaking Cranmore Railway Company Limited, which carries on the trading activities of the group and is registered in England (Registered Number 01094413).

The aggregate share capital and reserves of the subsidiary at 31 December 2021 amounted to £25,000 (2020:£25,000)

14 Stocks

	2021 £	2020 £
Raw materials and consumables	2,497	2,822
	<u> </u>	<u> </u>

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,989	1,199
Amounts owed by subsidiary undertakings	51,247	34,422
Other debtors	25,973	11,904
Prepayments and accrued income	11,779	11,292
	<u> </u>	<u> </u>
	90,988	58,817
	<u> </u>	<u> </u>

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Loans and overdrafts

	2021 £	2020 £
Other loans	2,698	1,711
	<u>2,698</u>	<u>1,711</u>
Payable within one year	2,698	1,711
	<u>2,698</u>	<u>1,711</u>

17 Creditors: amounts falling due within one year

	2021 £	2020 £
	2,698	1,711
Borrowings	2,698	1,711
Other taxation and social security	790	722
Deferred income	9,485	22,951
Trade creditors	52,941	21,503
Accruals	6,884	12,236
	<u>72,798</u>	<u>59,123</u>

18 Deferred income

	2021 £	2020 £
Other deferred income	9,485	22,951
	<u>9,485</u>	<u>22,951</u>

	2021 £	2020 £
Current liabilities	9,485	22,951
	<u>9,485</u>	<u>22,951</u>

	2021 £	2020 £
Movement in the year	£	£
At 1 January 2021	22,951	9,467
Amount released to income earned from charitable activities	(22,951)	(9,467)
Amount deferred in the year	9,485	22,951
	<u>9,485</u>	<u>22,951</u>
At 31 December 2021	9,485	22,951
	<u>9,485</u>	<u>22,951</u>

Deferred income relates to vouchers purchased in 2021 to be used in 2022.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit or loss in respect of defined contribution schemes was £586 (2020:£657).

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			
	Balance at 1 January 2021	Incoming Resources	Resources Expended	Balance at 31 December 2021
Cranmore Loco Fund	-	449	(449)	-
Cranmore Station Heritage Fund	3,872	108,000	(111,872)	-
Erth Project	-	1,500	(1,500)	-
	<u>3,872</u>	<u>109,949</u>	<u>(113,821)</u>	<u>-</u>
	<u><u>3,872</u></u>	<u><u>109,949</u></u>	<u><u>(113,821)</u></u>	<u><u>-</u></u>

	Movement in funds			
	Balance at 1 January 2020	Incoming Resources	Resources Expended	Balance at 31 December 2020
Cranmore Station Heritage Fund	18,421	29,350	-	3,872
	<u>18,421</u>	<u>29,350</u>	<u>-</u>	<u>3,872</u>
	<u><u>18,421</u></u>	<u><u>29,350</u></u>	<u><u>-</u></u>	<u><u>3,872</u></u>

The Cranmore Loco Fund is an appeal to raise funds to overhaul locos.

The Cranmore Station Heritage fund is a grant to fund the restoration project which includes rebuilding the down platform and waiting room.

The Erth Project is a fund to restore the St Erth Footbridge.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Unrestricted funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 January 2021	Incoming Resources	Resources Expended	Transfers	Balance at 31 December 2021
	£	£	£	£	£
46447 Fund	62,000	-	-	-	62,000
Lady Nan Fund	3,000	-	-	1,000	4,000
	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>66,000</u>
Designated funds	65,000	-	-	1,000	66,000
General funds	440,202	441,508	(278,047)	(1,000)	602,663
	<u>440,202</u>	<u>441,508</u>	<u>(278,047)</u>	<u>(1,000)</u>	<u>602,663</u>
Total unrestricted funds	505,202	441,508	(278,047)	-	668,663
	<u><u>505,202</u></u>	<u><u>441,508</u></u>	<u><u>(278,047)</u></u>	<u><u>-</u></u>	<u><u>668,663</u></u>

Prior year

	Movement in funds				
	Balance at 1 January 2020	Incoming Resources	Resources Expended	Transfers	Balance at 31 December 2020
	£	£	£	£	£
5637 Fund	20,000	-	-	(20,000)	-
46447 Fund	50,000	-	-	12,000	62,000
Lady Nan Fund	2,000	-	-	1,000	3,000
	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>65,000</u>
Designated funds	72,000	-	-	(7,000)	65,000
General funds	343,442	293,403	(322,155)	125,512	440,202
	<u>343,442</u>	<u>293,403</u>	<u>(322,155)</u>	<u>125,512</u>	<u>440,202</u>
Total unrestricted funds	415,442	293,403	(322,155)	(118,512)	505,202
	<u><u>415,442</u></u>	<u><u>293,403</u></u>	<u><u>(322,155)</u></u>	<u><u>(118,512)</u></u>	<u><u>505,202</u></u>

The 5637 Fund has been set aside towards the next overhaul.
The 46447 Fund has been set aside towards the next overhaul.
The Lady Nan Fund has been set aside towards the next overhaul.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 December 2021 are represented by:			
Tangible assets	386,529	-	386,529
Investments	25,000	-	25,000
Current assets/(liabilities)	257,134	-	257,134
	<u>668,663</u>	<u>-</u>	<u>668,663</u>

Prior year

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 December 2020 are represented by:			
Tangible assets	355,742	-	355,742
Investments	25,000	-	25,000
Current assets/(liabilities)	124,460	3,872	128,332
	<u>505,202</u>	<u>3,872</u>	<u>509,074</u>

23 Operating lease commitments

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

	2021	2020
	£	£
Within one year	24,326	25,711
Between two and five years	73,000	79,076
In over five years	444,083	462,333
	<u>541,409</u>	<u>567,120</u>

24 Related party transactions

During the year there were transactions between East Somerset Railway Company and subsidiary Cranmore Railway Company. Facilities costs recharged of £23,532 (2020:£23,532) were payable by Cranmore Railway Company in the year. At year end, £51,247 (2020:£34,422) was due from subsidiary Cranmore Railway Company.

Trustee S Masters is an employee of the Dartmouth Steam Railway and Riverboat Company. During the year £nil (2020:£1,250) was received from Dartmouth Steam Railway and Riverboat Company for services, which was invoiced under normal market conditions.

EAST SOMERSET RAILWAY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Subsidiaries

These financial statements are separate charity financial statements for East Somerset Railway.

Details of the charity's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cranmore Railway Company Limited	Cranmore, Nr Shepton Mallet, Somerset, BA4 4QP	Carries on the trading activities of the group.	Ordinary	100.00	

26 Cash generated from operations

	2021 £	2020 £
Surplus for the year	159,589	798
Adjustments for:		
Depreciation and impairment of tangible fixed assets	41,771	35,799
Movements in working capital:		
Decrease in stocks	325	725
(Increase)/decrease in debtors	(32,171)	15,221
Increase in creditors	26,154	10,828
(Decrease)/increase in deferred income	(13,466)	13,484
Cash generated from operations	182,202	76,855

27 Analysis of changes in net funds

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	125,816	110,631	236,447
Loans falling due within one year	(1,711)	(987)	(2,698)
	<u>124,105</u>	<u>109,644</u>	<u>233,749</u>