



**Mid-Hants Railway Preservation Society Limited
(Limited by Guarantee)**

**Annual Report and
Consolidated Statement of Accounts
for the year ended
31 January 2021**

Company registered number: 1126590

Charity registered number: 284406

Mid-Hants Railway Preservation Society Limited

Annual Report and Consolidated Accounts For the year ended 31 January 2021

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Mid-Hants Railway Preservation Society Limited

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TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 JANUARY 2021

Trustees

Stephen Evans (Chair)
Gregory Watson
Rob Latham
David Ford
Peter Smith
Richard Hawkins
David Jones

Secretary and registered office

Peter Smith
Alresford Station
Alresford
SO24 9JG

Registered Auditors

Cochrane & Co Accountants Limited
Registered Auditor
38 Kings Road
Lee-on-the-Solent
PO13 9NU

Bankers

Barclays Bank Plc
National Westminster Bank Plc
Lloyds Bank Plc

Solicitors

Taylor Fordyce
1 & 2 City Business Centre
Hyde Street
Winchester
SO23 7FA

Paris Smith
1 London Road
Southampton
SO15 2AE

CHAIR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2021

2020 was, of course, the year of Covid. The Mid-Hants Railway Preservation Society Limited ('MHRPS') and its subsidiary, the Mid-Hants Railway Limited ('MHR') were directly affected by lockdowns and a range of public health regulations and requirements. For both the MHRPS and the MHR, the overriding priority was the health of our visitors, volunteers and paid staff. We halted services and closed the railway as necessary, re-opened when it was prudent to do so, and took Covid-related precautions including social distancing and the enhanced cleaning of carriages and stations. This required strong leadership by the MHRPS and MHR Boards, each of which met very regularly during the crisis, and by the General Manager and his department heads. Even more importantly, it necessitated an enormous effort by volunteers, paid staff and MHRPS members who rose to the occasion magnificently. Their wisdom and experience made it possible for us not only to run safe services but also to introduce the innovative and hugely popular Steam Illuminations product as 2020 drew to a close. This attracted national and international publicity, casting a positive light on our Railway at an otherwise pretty dark time. The Watercress Line's collective response to the Covid crisis is something of which all involved can be enormously proud.

Inevitably, lockdowns and restrictions reduced our revenues from tickets and other sales although we did benefit from the Flying Scotsman event, in February 2020, and by the success of Steam Illuminations. Fortunately, our emergency appeal had raised over £100,000 by January 2021 and we were able to secure Covid-relief funding from the National Lottery Heritage Fund, with further assistance coming from the government furlough scheme. As a result, we ended the financial year in a better financial position than had seemed possible back in March 2020 when we literally locked our locomotives away and turned out the lights. Crucially, this has provided us with the resources to run a full range of services in the 2021 operating season.

Despite the Covid upheaval, we continued with the National Lottery Heritage Fund grant funded 'Engineering a Future from the Past' project, with its focus on outreach, the major overhaul of very own Merchant Navy, 35005, and the operation of newly restored Bulleid coach 1456. Outside this project, 2020 saw progress in restoring 75079, owned by the MHRPS, and on conserving two other ex-Barry locomotives in the Society's possession – 80150 and 34058. Much of this work was carried out by volunteers, whose efforts we warmly acknowledge. Significant funds were also raised for the overhaul of 34007, in which the MHRPS holds a 76% share.

The MHRPS and MHR Boards continued to work together to develop the Watercress Line brand, recognising the MHRPS's obligation as a Charitable Trust to ensure alignment between the Railway's activities and our published educational and heritage aims. During 2020, preparations were made for a thorough review of the governance of the Watercress Line, in the context of discharging our key responsibilities as a heritage railway under the five headings of volunteers and members, the visitor experience, infrastructure, locomotives and rolling stock, and financing the future. The findings of this review will be considered by MHRPS members and MHR shareholders in late-2021 and early-2022.

I set on record my thanks to my fellow Trustees, our volunteers, and the employees and officers of the Mid-Hants Railway Ltd for their dedication and hard work at a time of crisis. Our collective gratitude goes to the donors, benefactors and grant-awarding bodies whose generosity has kept us going during this most challenging of years and helped us secure the future of the Watercress Line.

Stephen Evans
Chair

11th October 2021



**TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)
FOR THE YEAR ENDED 31 JANUARY 2021**

The Trustees present their report and audited consolidated accounts for the year ended 31 January 2021 in compliance with statutory requirements and the Society's Memorandum and Articles of Association. These reflect the requirements of 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 (FRS102) and the Companies Act 2006.

Objectives and activities

The principal activities of Mid-Hants Railway Preservation Society Limited are to preserve, operate and exhibit for the public benefit and education and to stimulate and encourage interest in all kinds of railway transportation systems, vehicles and equipment and to foster and support railway preservation.

Structure, governance and managementGoverning document

Mid-Hants Railway Preservation Society Limited is a Company limited by guarantee. The Company was granted charitable status in May 1982 and is registered with the Charity Commission.

Trustees

The Trustees (all Directors of the Company for the purposes of company law) who have served through the year under review were:

S N Evans (Chair)*
S C Crowther (resigned 9 December 2020)+
R Latham
L Kenchenten (resigned 2 September 2020)*
D Ford+
D Simmonds (resigned 9 December 2020)
P Smith*
G H Watson+
R Hawkins (appointed 24 April 2021)*
D Jones (appointed 24 April 2021)*

* Trustees who are also Directors of the subsidiary Company Mid-Hants Railway Ltd.

+ Trustees who are also Directors of the subsidiary Company Wadebridge (34007) Locomotive Ltd

As set out in Note 23, the liability of the members is limited to £1 each. The Trustees are subject to election or re-election according to procedures set out in the Company's Memorandum and Articles of Association which is its governing document. On appointment, new Trustees work alongside existing Trustees to gain experience. Training is made available for all Trustees.

Organisation

The Charity operates through a Board and the Trustees are also Directors of the Company. The Trustees determine the general policy of the Society.

The Board meets regularly throughout the year. Annual financial budgets are prepared and are compared to actual results monthly.

Administration

To provide timely and effective administration, some functions are outsourced to Mid-Hants Railway Limited.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 JANUARY 2021 (Continued)

Related parties

The Company has two subsidiary companies:

Mid-Hants Railway Limited ('MHR Ltd') which operates the railway under the brand name 'The Watercress Line'.

Wadebridge (34007) Locomotive Limited ('Wadebridge Ltd') which owns the Southern Railway West Country class locomotive 'Wadebridge'. The locomotive is currently being assessed for overhaul.

Shareholders of MHR Ltd and Wadebridge Ltd are encouraged to consider transferring their shares to the Charity, thus reducing the administration costs of the subsidiary companies.

Activities and operations

The Charity continues to achieve its objectives of supporting heritage railway preservation and restoration which it mainly carries out through MHR Ltd. The Charity makes grants for specific projects which fall within its objectives. Its main aims have continued to be achieved through the overhauls of locomotives and carriages and in supporting some heritage railway infrastructure developments.

The National Lottery Heritage Funded 'Engineering a Future from the Past' Project includes restoration of locomotive 35005 and two Bulleid coaches, 1456 and 4367. The locomotive is painstakingly being reassembled. Its frames are at Eastleigh, and its boiler and the Bulleid coaches in Ropley. The boiler still requires extensive work which is taking longer than originally planned and further fundraising continues. Restoration of 1456 has been completed and that of 4367 continues. The projects also include work experience and training at Eastleigh and an oral history exercise involving people not normally be involved in the restoration process. These aspects have been very successful.

The Charity, through its subsidiary MHR Ltd, welcomes visitors and volunteers from all backgrounds. Volunteers are the foundation of the railway. Potential volunteers are advised and trained on areas where they can assist.

The Watercress Line welcomes young people who want to learn about and enjoy the complexities of running a heritage railway. We have focused on encouraging 16 to 21 year olds who work alongside a mentor whilst learning a wealth of operational skills. A Miniature Railway at Ropley continues to provide an insight and induction to running a heritage railway.

A number of local interest Groups enable Members to learn about the Society and to meet and exchange views and information. The Trustees take account of these views when considering future projects. The work of the railway's Marketing Department also helps inform Trustees about the profile of visitors and their expectations.

The Trustees gratefully acknowledge the continuing financial and physical involvement and support of members and volunteers to restoration projects and running the railway. Without their commitment and enthusiasm the Charity and Railway would not be able to operate.

Risk Management

The Trustees examine the major risks that the Charity faces when preparing and updating their plans. In conjunction with the Directors of MHR Ltd, the Charity has developed systems to monitor and control these risks to manage any impact that they may have in the future. MHR Ltd controls the Safety Management Systems for the operation of the railway and their annual review includes risk analysis and assessment.

Public Benefit

The Trustees have had regard to the guidance on public benefit issued by the Charities Commission and are satisfied that all Charity operations and activities fall within that guidance.

TRUSTEES' REPORT (INCLUDING DIRECTORS REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 JANUARY 2021 (Continued)

Fund raising standards

The Charity sends appeal letters to its members and supporters, generally with Mid-Hants News, and on the Watercress Line website to encourage donations towards ongoing projects. The Charity does not sell or pass on any details about its members and supporters to any other organisation. It is registered by and upholds the standards of the Fundraising Regulator.

Five-year Plan

The Boards of the Charity and MHR Ltd jointly developed a Five Year Plan for the period 2018-2022 which is regularly reviewed and updated.

Sustainability and planning for the future.

The Charity Commission encourages Trustees to consider the sustainability of their charity and its future. Current knowledge indicates no current specific financial or operating problems. However, it is recognised that enthusiasts who remember the 'real' steam railway are ageing and, whilst younger volunteers are taking on new responsibilities, some significant changes are needed so the Charity and its operating subsidiary can thrive and continue to achieve its main objectives in the coming decades. In the year under review, the Society and MHR Limited formed a Governance Group to consider how its constitution and functioning might change to enable the future achievement of its objectives. Trustees and the Directors of MHR Limited are considering and taking professional advice on future options.

The Trustees are thus satisfied about the long-term sustainability and viability of the Charity.

Financial review

The year produced a satisfactory result with net income of £394,748 compared to £438,683 last year.

The subsidiary companies, Mid-Hants Railway Limited reported a profit of £18,728 (Note 9) and Wadebridge (34007) Locomotive Limited reported a profit of £201,751 in the year ended 31 January 2021.

Reserves policy

Note 20 to the financial statements shows the assets and liabilities attributable to the various funds by type. Group unrestricted funds (Note 19) amount to £8,288,412. After allowing for fixed assets of £8,430,925 there is a deficit of 'free' reserves of £142,513 showing a decrease compared to the 2020 negative figure of £419,431. The Trustees' stated objective is to maintain a level of 'free' reserves at a level of one year's unrestricted expenditure in the Company (2021: £228,345 - 2020: £443,342). There has been continued to be very significant investment in group fixed assets this year (2021: £345,280 - 2020: £804,100) which affects the level of 'free' reserves but continues to place the Charity in an excellent position for the future. The Trustees' policy is, therefore, to continue building up funds by means of annual operating surpluses, supplemented by general purpose or specific appeals from time to time. This will enable the projects in hand to be progressed as quickly as practicable.

Plans for future periods

The Covid-19 Pandemic significantly affected the operations of the Watercress Line during the year. The Boards of the Charity and MHR Ltd have met during the period to review the financial position of the companies, develop the fundraising strategy and grant applications.

Looking forward, the Trustees expect income to be a continuing mix of grants, subscriptions, donations and legacy income. Whilst the Charity's subsidiary, MHR Ltd, continues with activities that promote the objectives of the Society, the Trustees do not expect a financial contribution, preferring that any surplus funds are invested in activities which promote our objectives.

The short and medium term objectives of the Society are to progress the projects that are already underway and detailed above. The most significant of these will be continuing the HLF funded restoration of locomotive 35005 and restoration of locomotive 75079.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 JANUARY 2021 (Continued)

The Charity's income includes a large proportion of grants, donations and legacy income. By its nature the level of this income cannot be assured in any year. Although it would be unwelcome, the Trustees acknowledge that they would be able to delay capital projects if this was required to balance cash flow were there to be a shortfall in expected income.

Trustees' responsibilities statement

The Trustees (who are also Directors of Mid-Hants Railway Preservation Society Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report, including the Strategic 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 charitable group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. 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 2015 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and the group 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 Charitable Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

Cochrane & Co Accountants Limited are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein.

Date: 25/10/21
Alresford Station
Alresford
SO24 9JG

By Order of the Board


Peter Smith
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MID-HANTS RAILWAY PRESERVATION SOCIETY LIMITED

Qualified Opinion

We have audited the financial statements of Mid-Hants Railway Preservation Society Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 January 2021 which comprise the Consolidated Statement of Financial Activities, The Group and Parent Charitable Company Balance Sheets, The Consolidated Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 January 2021, and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

Basis of qualified opinion

Due to COVID 19, the country was in full lockdown at the 31 January 2021. The client was, not able to carry out a full stocktake at the year end and we were not able to attend. We have always found the clients systems to accurately report stock quantities but this year are unable to obtain audit evidence as regards stock quantities at 31 January 2021. Stock is included in the balance sheet at a value of £211,805. Consequently, we are unable to determine if any adjustment is necessary to this amount.

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 group and parent charitable 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 qualified opinion. Except for the matter described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating 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.

Matters on which we are required to report by exception

Except for the matter described in the basis for opinion section of our report, in the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

Arising solely from the limitation of scope of our work relating to stock quantities, referred to above;

- we have not received all the information and explanations we require for our audit.
- We are unable to determine whether adequate accounting records have been kept.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MID-HANTS RAILWAY PRESERVATION SOCIETY LIMITED

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 and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and the Charities Act 2011 and report in accordance with these Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below;

There is a strong board overseeing operating activities and management information. We are able to review the entire nominal ledger and all transactions, offering us the opportunity to identify irregularities. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than the error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its Trustees 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 charitable company and the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Cochrane BSc FCA (Senior Statutory Auditor)

For and on behalf of Cochrane & Co Accountants Limited

Accountants and Statutory Auditors

38 Kings Road, Lee-on-the-Solent

Hampshire PO13 9NU

Date: 26.10.21

Consolidated Statement of financial activities
(including consolidated Income and Expenditure account)
For the year ended 31 January 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	2020 £
Income					
Donations and legacies	2	316,645	37,838	354,483	360,986
Income from charitable activities	3	40,575	5,384	45,959	60,191
Income from other trading activities	4	2,701,660	-	2,701,660	4,444,897
Investment income	5	460	-	460	1,043
Total income		3,059,340	43,222	3,102,562	4,867,117
Expenditure					
Costs of raising funds	6	2,607,922	-	2,607,922	4,209,413
Expenditure on charitable activities	7	88,314	12,504	100,818	223,317
Total expenditure		2,696,236	12,504	2,708,740	4,432,730
Unrealised gain/(loss) on investments		1,551	-	1,551	4,296
Interest payable		625	-	625	
Net Income		364,030	30,718	394,748	438,683
Transfers between funds	19	-	-	-	-
Net movement in funds		364,030	30,718	394,748	438,683
Reconciliation of funds:					
Total funds brought forward		7,924,382	355,432	8,279,814	7,841,131
Total funds carried forward	19	8,288,412	386,150	8,674,562	8,279,814

Continuing operations

All of the activities of the group are classed as continuing.

Total recognised gains and losses

The group has no recognised gains or losses other than the surplus above.

Mid-Hants Railway Preservation Society Limited

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Balance sheets

At 31 January 2021

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Fixed assets:					
Tangible assets	12	8,430,925	8,343,813	2,333,387	2,267,925
Investments	13	88,088	86,537	905,465	901,580
<i>Total fixed assets</i>		<u>8,519,013</u>	<u>8,430,350</u>	<u>3,238,852</u>	<u>3,169,505</u>
Current assets:					
Stock	14	211,805	177,114	-	-
Debtors	15	340,535	2,208,816	27,519	159,517
Cash at bank and in hand		2,265,090	1,164,483	858,873	665,353
<i>Total current assets</i>		<u>2,817,430</u>	<u>3,370,413</u>	<u>886,392</u>	<u>825,052</u>
Liabilities:					
Creditors: amounts falling due within one year	16	(1,144,991)	(2,874,451)	(39,448)	(133,244)
<i>Net current assets</i>		<u>1,672,439</u>	<u>495,962</u>	<u>846,944</u>	<u>691,808</u>
<i>Total assets less current liabilities</i>		<u>10,191,452</u>	<u>8,926,312</u>	<u>4,085,796</u>	<u>3,861,313</u>
Creditors: amounts falling due after more than one year	17	(1,195,185)	(384,596)	(50,000)	-
Provisions for liabilities		(321,705)	(261,902)	-	-
Total net assets		<u><u>8,674,562</u></u>	<u><u>8,279,814</u></u>	<u><u>4,035,796</u></u>	<u><u>3,861,313</u></u>
The Funds of the Charity:					
Restricted income funds		<u>386,150</u>	<u>355,432</u>	<u>386,150</u>	<u>355,432</u>
Unrestricted income funds					
General funds		7,257,998	6,893,655	3,649,646	3,505,881
Other reserve		514,765	514,765	-	-
Minority interests		515,649	515,962	-	-
<i>Total unrestricted funds</i>		<u>8,288,412</u>	<u>7,924,382</u>	<u>3,649,646</u>	<u>3,505,881</u>
Total Charity funds	19 & 20	<u><u>8,674,562</u></u>	<u><u>8,279,814</u></u>	<u><u>4,035,796</u></u>	<u><u>3,861,313</u></u>

The financial statements on pages 11 to 33 were approved by the Board of Directors and authorised for issue on 25th October 2021 and were signed on its behalf by:


Director – S Evans


Director – G H Watson

**Statement of consolidated cash flow
For the year ended 31 January 2021**

	Notes	2021 £	2020 £
Net cash provided by operating activities:	18	573,787	1,402,825
Cash flows from investing activities:			
Interest received		789	942
Dividends received		-	100
Purchase of tangible fixed assets		(337,821)	(804,100)
Net cash used in investing activities		236,755	599,767
Cash flows from financing activities:			
Increase/(reduction) of borrowings		863,852	(38,544)
Change in cash and cash equivalents in the year		1,100,607	561,233
Cash and cash equivalents at the start of the year		1,164,483	603,260
Cash and cash equivalents at the end of the year	18	2,265,090	1,164,483

Notes to the consolidated financial statements For the year ended 31 January 2021

1 Summary of significant accounting policies

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The Company is a registered charity and constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost basis of accounting, modified to include the revaluation of freehold land and buildings and certain other assets. The financial statements are presented in sterling which is the functional currency of the charity rounded to the nearest £1.

Basis of consolidation

The Group accounts consolidate the results of the charity and its subsidiaries. Mid-Hants Railway Limited is consolidated using the purchase method and Wadebridge (34007) Locomotive Limited is consolidated using the purchase method since acquired in 2008. The net income from the subsidiary companies is shown in note 9 of the accounts. Internal sales and profits are eliminated on consolidation.

Going Concern

The financial statements have been prepared on a going concern basis as the Directors believe that no material uncertainties exist. Following a successful re-opening by the Flying Scotsman, the Watercress Line was forced to close due to the Covid-19 Pandemic, re-opening in July 2020 with a revised service and meeting Government guidelines. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with level of reserves for the charity to be able to continue as a going concern.

Tangible fixed assets

Tangible fixed assets are stated at cost, or deemed cost, being purchase price or valuation, less accumulated depreciation. No lower limit is applied to individual items that are capitalised.

Depreciation is provided to write off the cost of fixed assets to their residual values by equal annual instalments at the following rates:

Freehold land and buildings	Nil to 2% per annum
Plant and machinery	Nil to 25% per annum
Assets in the course of construction	Not depreciated until brought into use

Locomotives are depreciated over the length of their boiler certificate (usually 10 years) down to their residual value. Where a locomotive, owned by an independent group, is overhauled by the company and a long term hire agreement is in place, the costs incurred are capitalised. Costs are depreciated on a straight line basis over the expected useful life (usually 10 years). Other than the engineering workshops at Ropley, depreciated at 2% per annum, the freehold land and buildings are not depreciated below their residual value. In the opinion of the Directors, it is the Company's purpose to restore, preserve and keep these assets in good repair for the future. Freehold property consists mainly of historic buildings which have long useful economic lives and high residual values. Any depreciation charge would be immaterial. The Directors are of the opinion that no circumstances causing an impairment of value have occurred. The Group has taken advantage of the transitional provisions of FRS102 to retain previously re-valued assets at their book value.

Notes to the consolidated financial statements For the year ended 31 January 2021 (Continued)

1 Principal accounting policies (continued)

Fixed asset investments

Investments held as fixed assets are stated at cost, or valuation, less provision for any impairment in value.

Income

Donations and income from subscriptions, stated net of value added tax, are credited on the statement of financial activities in the year to which they relate with any relating to future years being shown in creditors. Income relating to restricted funds is separately disclosed. Income from extended membership subscriptions is recognised in the year of receipt in the statement of financial activities.

In accordance with Charities SORP (FRS 102) no amounts are included in the financial statements for services donated by volunteers. The Trustees' annual report acknowledges their essential contribution to the charity's success.

Income from legacies is recognised at the earlier of the date on which either the Company is aware that probate has been granted, the estate finalised and notification received by the Company that a distribution will be made or has been received. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Company notified of the executor's intention to make a distribution. If the Company is aware of the granting of probate, but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material.

Income from the subsidiary companies represents sales, excluding value added tax, in respect of tickets for steam train experiences and rides, retail and catering goods supplied during the year, external engineering work performed and locomotive hire charges. Payments received on account are not included within turnover until such time as the service is rendered or obligation fulfilled.

Income from government and other grants, whether 'capital' or 'revenue', is recognised when the Company has entitlement to the funds, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Interest from funds on deposit is included upon notification of interest payable by the bank. Dividends from shareholdings are recognised when the dividend is received.

Expenditure

Expenditure is accounted for on an accruals basis and recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Cost of raising funds are those incurred by the subsidiary companies in commercial trading.

Charitable activities include expenditure associated with the maintenance and preservation of railway transportation systems, equipment and any support costs associated with those activities.

Support costs include functions that support the work of the Company, but do not directly undertake charitable activities.

Governance costs include those incurred in the governance of the Company and its assets and are primarily associated with constitutional and statutory requirements.

Notes to the consolidated financial statements For the year ended 31 January 2021 (Continued)

1 Principal accounting policies (continued)

Grants payable are payments to third parties for furtherance of the Company's objectives. The grants are accounted for where either the Directors have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive the grant, or any condition attaching to the grant is outside the control of the Company.

Operating leases

Costs in respect of certain hiring arrangements are accrued on an annual basis and charged directly to the SOFA. Some of the hire arrangements are open ended and have no fixed date of expiry.

Stocks

Stocks are valued at the lower of cost, being purchase price and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

Trade and other debtors are recognised at the settlement amount due.

Cash and cash equivalents

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

Creditors and provisions

Creditors and provisions are recognised where the group has a present obligation resulting from a past event that is expected to result in the transfer of funds to a third party and the amount due can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pensions

The Group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Fund accounting

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

1 Principal accounting policies (continued)

Taxation

The Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Within the subsidiary companies deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Regional groups

A number of regional groups of volunteers and supporters hold funds to support their day to day activities. Total income and expenditure is shown in these accounts whilst specific donations to the Company are included in donations on a received basis.

Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Donations and legacies

	Unrestricted	Restricted	Total 2021	2020
	£	£	£	£
General donations and appeal income	27,770	-	27,770	36,357
Restoration of wagons	-	20	20	3,555
Wickam Trolley	-	125	125	-
Carriage restoration	-	620	620	8,715
Locomotive Sir Frederick Pile	-	377	377	2,365
Locomotive Canadian Pacific	-	26,491	26,491	119,915
Locomotive 75079	-	2,825	2,825	13,839
Locomotive Wadebridge	-	-	-	25
Locomotive 08 288	-	-	-	346
Locomotive 73096	-	213	213	168
Locomotive 80150	-	7,167	7,167	11,132
Miniature Railway	-	-	-	695
Legacy income	281,341	-	281,341	155,529
Gift aid	7,534	-	7,534	8,345
	<u>316,645</u>	<u>37,838</u>	<u>354,483</u>	<u>360,986</u>

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

3 Income from charitable activities

	Unrestricted	Restricted	Total	
	£	£	2021	2020
	£	£	£	£
MHR newsletter sales	-	-	-	266
Subscriptions	32,087	-	32,087	43,221
Locomotive 35005 raffle proceeds	-	5,384	5,384	6,689
Regional groups and 200 Club income	8,488	-	8,488	10,015
	<u>40,575</u>	<u>5,384</u>	<u>45,959</u>	<u>60,191</u>

**4 Income from other trading activities:
Commercial trading operations**

	Note	Unrestricted	Restricted	Total	
		£	£	2021	2020
		£	£	£	£
Income from trading subsidiaries	9	<u>2,701,660</u>	<u>-</u>	<u>2,701,660</u>	<u>4,444,897</u>

5 Investment income

	Unrestricted	Restricted	Total	
	£	£	2021	2020
	£	£	£	£
Dividends received	-	-	-	100
Bank interest receivable	460	-	460	943
	<u>460</u>	<u>-</u>	<u>460</u>	<u>1,043</u>

**6 Costs of raising funds:
Commercial trading operations**

	Note	Unrestricted	Restricted	Total	
		£	£	2021	2020
		£	£	£	£
Expenditure by trading subsidiaries	9	<u>2,607,922</u>	<u>-</u>	<u>2,607,922</u>	<u>4,209,413</u>

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

7 Expenditure on charitable activities

	Unrestricted	Restricted	Total 2021	2020
	£	£	£	£
Grants payable	4,225	-	4,225	4,995
Locomotive maintenance	4,010	-	4,010	4,921
Mid-Hants News	11,737	-	11,737	14,053
Volunteer costs	-	-	-	227
Regional group expenditure	12,173	-	12,173	7,479
Draw costs	5,048	-	5,048	2,324
Hampshire Unit costs	7,155	-	7,155	2,339
Wagon restoration costs	3,307	-	3,307	2,911
Depreciation of tangible fixed assets	14,986	-	14,986	14,228
HLF project costs	-	12,504	12,504	155,392
<u>Support costs:</u>				
Printing, postage, IT and stationery	5,041	-	5,041	1,794
Sundries	59	-	59	1,805
Bank charges	1,190	-	1,190	1,260
<u>Governance costs:</u>				
Auditors remuneration	8,998	-	8,998	8,468
Professional fees	7,700	-	7,700	13
Health and safety	1,410	-	1,410	-
Insurance	1,275	-	1,275	1,108
	<u>88,314</u>	<u>12,504</u>	<u>100,818</u>	<u>223,317</u>

Support and governance costs have been allocated wholly to charitable activities as the costs relate to the furtherance of the Company's objectives. All charitable activities undertaken wholly relate to the single activity of the Company being the preservation, restoration and operation of railway transportation systems.

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

9 Net income of trading subsidiaries

The contributions from the subsidiary companies for the year ended 31 January 2021 are as follows:

	Mid-Hants Railway Ltd	Wadebridge (34007) Locomotive Ltd	Total 2021	2020
	£	£	£	£
Income	2,579,079	250,108	2,829,187	4,664,922
Net operating expenses	(2,516,186)	(1,129)	(2,517,315)	(4,051,474)
Operating profit	62,893	248,979	311,872	613,448
Bank interest receivable	258	71	329	221
Bank interest payable	(32,133)	-	(32,133)	(36,413)
	31,018	249,050	280,068	577,256
Taxation and deferred tax	(12,504)	(47,299)	(59,803)	(130,347)
Retained profit in subsidiary accounts	18,514	201,751	220,265	446,909
Exclude transactions between group companies:				
Administration charges	(20,000)	-	(20,000)	(20,000)
Grant received	(107,527)	-	(107,527)	(200,025)
Shop rent	1,000	-	1,000	1,000
Black 5 / Hampshire Unit hire	-	-	-	7,600
Total profit/(loss) brought into consolidated accounts	(108,013)	201,751	93,738	235,484

The results of the subsidiaries are incorporated in the Consolidated Statement of Financial Activities (page 11) as follows:

Income from other trading activities (Note 4)	2,701,660	4,444,897
Expenditure on charitable activities (Note 6)	(2,607,922)	(4,209,413)
Total profit brought into consolidated accounts	93,738	235,484

Notes to the consolidated financial statements For the year ended 31 January 2021 (Continued)

10 Taxation

The Company is a registered charity and is exempt from taxation under S505 Taxes Act 1988. The Company is registered for Value Added Tax.

No provision for corporation tax has been made for Mid-Hants Railway Limited or Wadebridge (34007) Locomotive Limited following their results for the year.

(a) Analysis of charge in the year

	2021 £	2020 £
UK Corporation tax	-	-
(Over) provision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2021 £	2020 £
Profit on ordinary activities before taxation (note 9)	280,068	577,256
Profit on ordinary activities by rate of tax 19%; (2020 – 19%)	53,212	109,679
Effects of:		
Items not taxable	5,411	(863)
Other timing differences	-	-
Capital allowances for period in excess of depreciation	(14,465)	(13,178)
Use of losses brought forward	(44,158)	(95,638)
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

11 Directors and employees

The average weekly number of staff of the Charity during the year was 6 (2020 - 6), all of whom were Directors who are not entitled to receive remuneration in respect of their services. Reasonable and necessary out of pocket expenses are reimbursed where considered appropriate. No out of pocket expenses were reimbursed in 2020 (2019 - £Nil).

Employee information in respect of the subsidiary, Mid-Hants Railway Limited, is as follows:

	2021	2020
Directors and employees:		
The average monthly head count was 45 (2020 - 40) as follows:		
General Manager and Senior Team.	4	4
Administration	3	3
Direct – full time equivalent	38	33
	<u>45</u>	<u>40</u>
Staff costs (for the above persons):	£	£
Wages and salaries	812,945	742,873
Social security costs	69,345	57,984
Pension costs	14,742	13,949
	<u>897,032</u>	<u>814,806</u>

Employees of MHR Ltd receiving remuneration in excess of £60,000 per annum were: S Baggot, whose total remuneration (including national insurance) in the period was £93,775.

MHR Ltd relies heavily on volunteer staff in all its operational areas.

Wadebridge Ltd has no employees and no remuneration was charged during the year.

Since August 2015, MHR Ltd has operated a pension scheme for its employees under the government's auto enrolment scheme.

The Charity and MHR Ltd have established indemnity insurance on behalf of the Trustees and Directors costing £2,550 (2020 - £700).

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

12 Tangible fixed assets

Group

	Freehold land and buildings	Plant and machinery	Assets in course of construction	Total
Cost or valuation	£	£	£	£
At 1 February 2020	3,243,252	5,892,957	1,767,354	10,903,563
Additions	75,944	147,981	121,355	345,280
Disposals	(7,459)	(32,167)	-	(39,626)
Transfers	-	238,769	(238,769)	-
At 31 January 2021	3,311,737	6,247,540	1,649,940	11,209,217
Depreciation				
At 1 February 2020	349,555	2,210,195	-	2,559,750
Disposals	-	(32,167)	-	(32,167)
Charge for year	38,572	212,137	-	250,709
At 31 January 2021	388,127	2,390,165	-	2,778,292
Net book value				
At 31 January 2021	2,923,610	3,857,375	1,649,940	8,430,925
At 31 January 2020	2,893,697	3,682,762	1,767,354	8,343,813

An open market vacant possession valuation undertaken by Grimley, international property advisers, in August 1999 at the request of MHR Ltd, placed a value of £860,000 on the freehold land and buildings. The Directors consider that this valuation supports the existing use value placed on these assets in the financial statements. Freehold land and buildings are included above at this open market valuation together with the cost of subsequent additions and improvements.

	2021	2020
Cost or valuation of freehold land and buildings is represented by:	£	£
Valuation in 1999	860,000	860,000
Costs since 1999	2,451,737	2,383,252
	3,311,737	3,243,252
If land and buildings had not been revalued they would have been included at the following amounts		
Cost	2,796,972	2,728,487

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

12 Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Plant and Machinery £	Assets in course of Construction £	Total £
Cost				
At 1 February 2020	488,028	987,950	1,210,399	2,686,377
Additions	6,756	28,141	68,447	103,344
Transfer	-	-	(22,896)	(22,896)
At 31 January 2021	494,784	1,016,091	1,255,950	2,766,825
Depreciation				
At 1 February 2020	62,811	355,641	-	418,452
Charge for year	1,202	13,784	-	14,986
Disposal	-	-	-	-
At 31 January 2021	64,013	369,425	-	433,438
Net book value				
At 31 January 2021	430,771	646,666	1,255,950	2,333,387
At 31 January 2020	425,217	632,309	1,210,399	2,267,925

The Directors regard all the Company's fixed assets as being used for direct charitable purposes. Land and buildings owned by the Company are the Alresford Goods Shed.

Included in the Company's assets in course of construction are locomotives 75079, 35005, 34058 and 80150, and Bulleid coach S4367. Included in the Group disclosure is locomotive 34105. All these locomotives are in the process of restoration and will not be depreciated until the work is completed. Significant balances also included in the group disclosure include the renovation of Mark 1 coaches 15939 and 16083, and the Medstead signalling scheme.

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

13 Fixed asset investments

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Market value at 1 February 2020	86,537	82,241	901,580	895,602
Gain/(Loss) in the year on listed investments	1,551	4,296	1,551	4,296
Donation of shares in MHR Ltd	-	-	2,009	772
Investment in Wadebridge Ltd	-	-	325	910
Market value at 31 January 2021	<u>88,088</u>	<u>86,537</u>	<u>905,465</u>	<u>901,580</u>

Investments at market value comprise:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Shares in MHR Ltd:				
• Dividend shares of £1 each	-	-	100	100
• Ordinary shares of 25p each	-	-	412,604	410,595
Shares in Wadebridge Ltd	-	-	404,673	404,348
UK Equities (listed investments)	21,677	20,126	817,377	815,043
34105 Light Pacific Group			21,677	20,126
(unlisted investments)	66,411	66,411	66,411	66,411
	<u>88,088</u>	<u>86,537</u>	<u>905,465</u>	<u>901,580</u>

The Company owns all of the issued Equity Dividend shares in Mid-Hants Railway Limited (company registered number 1117090) in addition to 52% (2020: 52%) of the issued Ordinary non equity 25p shares. MHR Ltd is an unlisted company registered and operating in England and Wales, and its accounting year-end is co-terminus with the Company. It is not possible to quantify the likely market value of the investment. MHR Ltd At 31 January 2021 the net assets of MHR Ltd were £4,818,161.

The Company also owns a controlling interest of 76% of the issued share capital of Wadebridge (34007) Locomotive Limited (company registered number 01673483). The objectives of this company are to maintain and hire ex-Southern Railway Locomotive 34007 Wadebridge. At 31 January 2021 the net assets of Wadebridge Ltd were £726,191.

The UK equities were received through legacies. The value included in the accounts represents the market valuation of the shares at 31 January 2021.

The 34105 Light Pacific Group is an unincorporated organisation which owns ex-British Railways Southern Region Locomotive 34105 Swanage. The Locomotive is based on the Watercress Line where it is being overhauled. The company owns 26.6% of the issued shares in the locomotive.

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

14 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials	49,115	62,548	-	-
Finished goods	162,690	114,566	-	-
	<u>211,805</u>	<u>177,114</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	11,650	15,238	-	6,016
Other taxation and social security costs	80,956	183,869	-	-
Other debtors	237,141	1,807,965	16,731	131,757
Regional group balances	10,788	21,744	10,788	21,744
	<u>340,535</u>	<u>2,028,816</u>	<u>27,519</u>	<u>159,517</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loan	93,994	40,731	-	-
Payments received on account	163,293	492,683	-	-
Trade creditors	503,633	1,966,128	3,999	3,207
Amounts due to MHR Ltd	-	-	22,020	120,448
Other creditors	349,812	347,540	-	-
Other taxation and social security	19,830	16,829	-	-
Accruals	7,579	3,690	6,579	2,739
Other loans	6,850	6,850	6,850	6,850
	<u>1,144,991</u>	<u>2,874,451</u>	<u>39,448</u>	<u>133,244</u>

Bank loans and overdrafts

The bank loans and overdraft are secured by a fixed and floating charge over the subsidiary company's freehold railway property and other assets.

Payments received on account

Payments received on account relate entirely to bookings from customers for events taking place after the year end. These amounts will be released to the Statement of Financial Activities when the event has taken place.

Other loans

Other loans represent loans received from supporters. The loans are interest free and repayable on demand.

Notes to the consolidated financial statements For the year ended 31 January 2021 (Continued)

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	1,195,185	384,596	50,000	-
	<u>1,195,185</u>	<u>384,596</u>	<u>50,000</u>	<u>-</u>

The bank loans are secured by a fixed and floating charge over the subsidiary company's freehold railway property and other assets. Of the amount due by instalments after more than one year £232,744 (2020 - £238,685) is due in more than five years.

18 Notes to the statement of cash flow

Reconciliation of net income to net cash inflow from operating activities

	Notes	2021	2020
		£	£
Net income for the year (page 11)		394,748	438,683
Adjustments for:			
Depreciation charges	12	250,709	229,993
Unrealised loss(gain) on investments	13	(1,551)	(4,296)
Interest received		(789)	(942)
Dividends received		-	(100)
Decrease/(Increase) in debtors		1,688,281	(1,615,959)
Increase/(Decrease) in creditors		(1,782,723)	2,191,455
Decrease (increase) in stock		(34,691)	33,645
Movement in deferred taxation	9	59,803	130,347
Net cash provided by operating activities (page 13)		<u>573,787</u>	<u>1,402,826</u>

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

18 Notes to the statement of cash flow (continued)

Reconciliation of net cashflow to movement
in net funds

	Group	
	2021	2020
	£	£
Changes during the year		
At 1 February 2020	1,164,483	603,260
Net cash inflow/(outflow)	1,100,607	561,223
	<u> </u>	<u> </u>
At 31 January 2021	2,265,090	1,164,483
	<u> </u>	<u> </u>

Group

	2021	2020/21	2020
	£	Cash Flows £	£
Analysis of changes in net Funds			
Cash at bank	2,265,090	1,100,607	1,164,483
	<u> </u>	<u> </u>	<u> </u>
	2,265,090	1,100,607	1,164,483
	<u> </u>	<u> </u>	<u> </u>

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

19 Fund Balances
Group:

	General Funds £	Other Reserve £	Minority Interests £	Total Unrestricted Funds £	Total Restricted Funds £	Total £
Balance at 1 February 2020	6,893,655	514,765	515,962	7,924,382	355,432	8,279,814
Total income less total expenditure for year	362,479	-	-	362,479	30,718	393,197
Unrealised gain on listed investments	1,551	-	-	1,551	-	1,551
Transfer between general and restricted	-	-	-	-	-	-
	<u>7,257,685</u>	<u>514,765</u>	<u>515,962</u>	<u>8,288,412</u>	<u>386,150</u>	<u>8,674,562</u>
Movement in minority Interest	<u>313</u>	<u>-</u>	<u>(313)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-
Balance at 31 January 2021	<u><u>7,257,998</u></u>	<u><u>514,765</u></u>	<u><u>515,649</u></u>	<u><u>8,288,412</u></u>	<u><u>386,150</u></u>	<u><u>8,674,562</u></u>

The other reserve of £514,765 relates to the valuation of land and buildings which took place in 1999 and detailed in Note 12, and is the difference between the original valuation and 1999 revaluation.

The level of the Group's 'free' reserves may be calculated by deducting the value of fixed assets (note 12) from the balance of unrestricted funds at 31 January 2021 (£8,288,412 less £8,430,925) giving a negative balance of £142,513. The comparative figure at 31 January 2020 was negative £419,431 (£7,924,382 less £8,343,813).

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

19 Fund Balances (continued)

Analysis of restricted fund movements:

Fund name:	Balance At 1 February 2020	Incoming Resources	Expenditure	Transfer from Unrestricted Funds	Balance At 31 January 2021
	£	£	£	£	£
Restoration of wagons	3,975	20	-	-	3,995
Canadian Pacific 35005	-	31,875	12,504	-	19,371
Bulleid Coach luggage racks	17,367	620	-	-	17,987
Walk the Line – Ballast Appeal	3,355	-	-	-	3,355
Restoration of locomotive 34058	202,473	377	-	-	202,850
Restoration of locomotive 75079	70,519	2,825	-	-	73,344
Restoration of locomotive 80150	18,947	7,167	-	-	26,114
Restoration of locomotive 73096	6,907	213	-	-	7,120
Restoration of Hayling coaches	21,900	-	-	-	21,900
Restoration of locomotive 34007	4,617	-	-	-	4,617
Miniature Railway	3,576	-	-	-	3,576
Diesel 08288	1,796	-	-	-	1,796
Wickham Trolley	-	125	-	-	125
	<u>355,432</u>	<u>43,222</u>	<u>12,504</u>	<u>-</u>	<u>386,150</u>

Company:

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Balance at 1 February 2020	3,505,881	355,432	3,861,313
Net Income for the year	143,765	30,718	174,483
Unrealised losses on investment assets	-	-	-
Transfer	-	-	-
Balance at 31 January 2021	<u>3,649,646</u>	<u>386,150</u>	<u>4,035,796</u>

Notes to the consolidated financial statements For the year ended 31 January 2020 (Continued)

19 Fund Balances (continued)

Description of Funds:

Unrestricted Funds

These funds are for general use in the furtherance of the Company's objectives. There are no funds designated for specific purposes.

Restricted Funds

Locomotive 35005 'Canadian Pacific' (Project Engineering a Future from the Past)

Locomotive 35005 is owned by the Company. This fund represents giving associated with the appeal to overhaul the locomotive and the restoration of two Bulleid coaches, S1456S and S4367S. The excess costs have been taken from the unrestricted funds.

Restoration of Locomotive 34058 'Sir Frederick Pile' - Locomotive is owned by the Company. This fund represents donations received specifically to assist the restoration.

Restoration of Locomotive 75079 - Locomotive is owned by the Company. This fund represents donations received specifically to assist the restoration. Some of the funds have been spent and the balance is carried forward.

Restoration of Locomotive 80150 - Locomotive is owned by the Company. This fund represents donations received specifically to assist the restoration. Some funds have been spent and the balance carried forward.

Restoration of Locomotive 73096 - Locomotive is owned by MHR Ltd. This fund represents donations received specifically to assist the restoration. Some funds have been spent and the balance carried forward.

Restoration of Locomotive 34007 'Wadebridge' - Locomotive is owned by Wadebridge Ltd, which is undertaking the restoration and funds have been transferred to that company.

Diesel shunter 08288 - Locomotive is owned by MHR Ltd. This fund represents donations received specifically to assist the restoration. At the year the funds have not been spent and are carried forward.

Restoration of wagons - This fund represents donations received specifically to assist with the restoration of wagons. Some of the funds have been spent and the balance carried forward.

Bulleid Luggage racks - This fund is to restore and replace the racks in two Bulleid coaches, S1456S and S4367S. At the year the funds have not been spent and are carried forward.

Restoration of Hayling coaches - This fund represents donations received towards the restoration of four 19th century coaches built by the London Brighton and South Coast Railway. At the year the funds have not been spent and are carried forward.

Miniature Railway - This fund represents monies received to support the expansion of the miniature railway. At the year the funds have not been spent and are carried forward.

Notes to the consolidated financial statements For the year ended 31 January 2021 (Continued)

20 Analysis of net assets between funds

At 31 January 2021 fund balances are represented by:

Group

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Fixed assets	8,132,863	386,150	8,519,013
Current assets	2,817,430	-	2,817,430
Current liabilities	(1,144,991)	-	(1,144,991)
Long term liabilities	(1,195,185)	-	(1,195,185)
Provisions for liabilities	(321,705)	-	(321,705)
Total Net Assets	8,288,412	386,150	8,674,562

Company

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Fixed assets	2,852,702	386,150	3,238,852
Current assets	886,392	-	886,392
Current liabilities	(39,448)	-	(39,448)
Long term liabilities	(50,000)	-	(50,000)
Total Net Assets	3,649,646	386,150	4,035,796

21 Auditors' remuneration

The auditors' remuneration in respect of non-audit fees, rendered to the group, is £8,734 (2020: £8,480).

Notes to the consolidated financial statements
For the year ended 31 January 2021 (Continued)

22 Capital and financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	2021		2020	
	Land and Buildings	Other	Land and Buildings	Other
Falling due:	£	£	£	£
Within 1 year	-	39,452	-	43,925
Within 2 to 5 years	-	-	-	-
After more than 5 years	319,000	94,000	331,000	112,800
	<u>319,000</u>	<u>133,452</u>	<u>331,000</u>	<u>156,725</u>

As at 31 January 2021, the Group had capital commitments totalling £Nil (2020: £Nil).

23 Constitution

The Company has no share capital and is limited by guarantee. In the event of a winding up, each member of the Company is liable to contribute an amount not exceeding £1.

As permitted by section 408 of the Companies Act 2006, the holding Company's income and expenditure account has not been separately included in these financial statements. The holding Company's surplus for the financial year was £174,483 (2020: deficit £6,544).

24 Related party transactions

The Company has transactions with its subsidiaries, Mid-Hants Railway Limited and Wadebridge (34007) Locomotive Limited. These transactions are detailed in Note 9.

As at 31 January 2021, the following individual held shares in Mid-Hants Railway Limited: R Latham 900 shares and R Lacey 400 shares.

25 Control

The Company is under the control of the Board of Trustees.

Company statement of financial activities
(including Income and Expenditure account)
For the year ended 31 January 2021

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	2020 £
Income				
Donations and legacies	316,645	37,838	354,483	360,986
Income from charitable activities	41,575	5,384	46,959	68,791
Investment income	460	-	460	1,043
Total income	358,680	43,222	401,902	430,820
Expenditure				
Costs of raising funds	28,997	-	28,997	24,018
Expenditure on charitable activities	186,844	12,504	199,348	419,324
Total resources expended	215,841	12,504	228,345	443,342
Interest paid	625		625	
Unrealised gain/(loss) on investments	1,551	-	1,551	5,978
Net (deficit)/income	143,765	30,718	174,483	(6,544)
Transfers between funds	-	-	-	-
Net movement in Funds	143,765	30,718	174,483	(6,544)
Reconciliation of Funds:				
Total funds brought forward	3,505,881	355,432	3,861,313	3,867,857
Total funds carried forward	3,649,646	386,150	4,035,796	3,861,313

This statement does not form part of the audited accounts.