



Watercress Line Heritage Railway Trust Limited
(Limited by Guarantee)
(Previously Mid-Hants Railway Preservation Society Limited)

Annual Report and
Consolidated Statement of Accounts
for the period ended
31 March 2022

Company registered number: 1126590

Charity registered number: 284406

Watercress Line Heritage Railway Trust Limited

Annual Report and Consolidated Accounts For the period ended 31 March 2022

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Watercress Line Heritage Railway Trust Limited

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TRUSTEES AND ADVISERS FOR THE PERIOD ENDED 31 MARCH 2022

Trustees

David Jones – Chair – appointed 24 April 2021
Peter Smith – Group Secretary
Gregory Watson – Group Treasurer
Rob Latham – resigned 12 September 2022
David Ford – resigned 1 April 2022
Richard Hawkins – appointed 24 April 2021
Stephen Evans
Richard Lacey – appointed 1 November 2021; resigned 12 September 2022
Charles Ackroyd – appointed 12 September 2022
Cathy Hakes – appointed 12 September 2022
Neil Garwood – appointed 12 September 2022
Jeremy Small – appointed 12 September 2022

Secretary and registered office

Peter Smith
Alresford Station
Alresford
SO24 9JG

Chief Executive Officer

Amanda Squires

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 PERIOD ENDED 31 MARCH 2022

As I wrote this, I reflect on how much has happened in just a year.

Two years ago, we started work on a review of the governance of both the Trust and the operating company and their relationship. These new arrangements were endorsed by members and shareholders at the last AGMs in February and this year has seen the implementation and consolidation of our plans.

The newly named Trust - The Watercress Line Heritage Railway Trust, is now established and is responsible for the policy, strategic direction and fundraising for Mid-Hants Railway Ltd which manages and operates the railway and commercial activities.

We were delighted that Amanda Squires, previously COO at Brooklands Museum, joined us in August 2022 as our Chief Executive of the Watercress Line. She will provide strong leadership at a very important time for the railway.

We have also conducted an extensive search and four new Trustees join the Trust in October 2022, bringing a mixture of commercial business, leisure and heritage tourism, governance and charitable experience to strengthen our board. Our thanks go to Rob Latham for his long service as he stands down from the Trust.

We continue to face strong financial headwinds as the economy falters and the implications of a war in Europe continue to affect confidence. Costs are rising, not only in coal prices but inflation will have an effect on our operation. We are clear that our major goal must be to embark on a major fundraising campaign to mitigate these increases.

The Trust and MHR Boards continue to work together to develop the Watercress Line brand, recognising the Trust's obligation as a Charitable Trust to ensure alignment between the Railway's activities and our published educational and heritage aims.

I would like to thank my fellow Trustees, our volunteers and the employees and officers of the Mid-Hants Railway Ltd for their dedication and hard work over the last 14 months. Our collective gratitude goes to the donors, benefactors and grant-awarding bodies whose generosity helps keep us going and secure the future of the Watercress Line.

With a new structure and new Trust Board, we have every confidence we can weather the storm and ensure The Watercress Line thrives!

David Jones
Chair
17 October 2022

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE PERIOD ENDED 31 MARCH 2022

The Trustees present their report and audited consolidated accounts for the period ended 31 March 2022 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 Charity's objectives are (for public benefit) to preserve, restore, maintain, operate, exhibit, educate, instruct, stimulate, promote and encourage interest in heritage railways, locomotives, rolling stock, buildings, artifacts and equipment and to foster and support railway preservation.

Structure, governance and management

Governing document

The Watercress Line Heritage Railway Trust Limited is a Company limited by guarantee. The Company was granted charitable status in May 1982 and is registered with the Charity Commission. Revised Articles of Association, effective from 1 April 2022, were agreed and registered by Companies House and the Charities Commission.

Trustees

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

D Jones* – Chair (appointed 24 April 2021)

S N Evans +

R Latham (resigned 12 September 2022)

P Smith*

G H Watson+

R Hawkins* (appointed 24 April 2021)

David Ford+ (resigned 1 April 2022)

Richard Lacey (appointed 1 November 2021; resigned 12 September 2022)

Charles Ackroyd (appointed 12 September 2022)

Cathy Hakes (appointed 12 September 2022)

Neil Garwood (appointed 12 September 2022)

Jeremy Small (appointed 12 September 2022)

* 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 Members is limited to £1 each. The Trustees are subject to election or re-election according to procedures set out in the Company's 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.

Trustee Recruitment and Training

The Trust's Articles of Association permit the appointment of a minimum of three and up to nine Trustee/Directors who have to stand-down after three years but may be re-elected for two further periods. All are required to be appropriately skilled according to the needs of the Trust to form an effective Board. Trustees receive appropriate induction, ongoing training and annual performance appraisal.

Organisation and Management

The Charity operates through a Board and the Trustees are also Directors of the Company. The Trustees determine the general policy of the Trust. The Board meets regularly throughout the year and is supported by the Chief Executive Officer who advises on and implements decisions. The Board is responsible for setting strategy and direction with the Mid-Hants Railway Limited (a subsidiary Company) running railway operations and commercial activities. The Board regularly reviews the finances and risks of the Charity and its subsidiary company. Routine administrative functions are undertaken by Mid-Hants Railway Limited.

Watercress Line Heritage Railway Trust Limited

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE PERIOD ENDED 31 MARCH 2022 (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'. Shares in MHR Ltd may only be purchased by the Trust with effect from 1 April 2022.

Wadebridge (34007) Locomotive Limited ('Wadebridge Ltd') which owns the Southern Railway West Country class locomotive 'Wadebridge', which is in the initial stages of restoration.

Shareholders of MHR Ltd and Wadebridge Ltd are encouraged to consider transferring their shares to the Charity.

Activities and operations

The Charity continues to achieve its objectives of supporting heritage railway preservation and restoration which it mainly carries out through its subsidiary MHR Ltd. The Charity makes grants for specific projects which fall within its objectives. The Charity, through MHR Ltd, welcomes visitors and volunteers from all backgrounds. Volunteers are the foundation of the railway, and 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, including a Miniature Railway at Ropley that provides a unique insight.

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 ongoing reviews 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.

Fund raising standards

The Charity is registered by and upholds the standards of the Fundraising Regulator. It appeals for funds from members and supporters including in the Watercress Line News, and on the website. The Charity does not sell or pass on any details about its members and supporters to any other organisation and complies with data protection requirements.

Period of accounts

The accounts cover the 14 month period from 1 February 2021 to 31 March 2022. The figures, are therefore, not comparable to the previous accounts which were for the 12 months to 31 January 2021.

Watercress Line Heritage Railway Trust Limited

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TRUSTEES' REPORT (INCLUDING DIRECTORS REPORT AND STRATEGIC REPORT) FOR THE PERIOD ENDED 31 MARCH 2022 (Continued)

Strategic Plans

The Boards of the Charity and MHR Ltd routinely meet to consider and agree strategic priorities and plans.

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 members and volunteers are ageing and, whilst younger volunteers are taking on new responsibilities, the Trust recognises that 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 Charity and MHR Limited implemented the recommendations of its Governance Group to change their constitutions and ways of working to enable the future achievement of its objectives. Whilst economic and other challenges remain, the Trustees are satisfied that the successful implementation of these changes provides a secure foundation for the long-term sustainability and viability of the railway.

Financial review

The year produced a good result with net income of £869,339 compared to £394,748 last year.

The subsidiary companies, Mid-Hants Railway Limited reported a profit of £111,165 (Note 9) and Wadebridge (34007) Locomotive Limited reported a loss of £13,076 in the period year ended 31 March 2022.

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 £8,876,437. After allowing for fixed assets of £9,154,376 there is a deficit of 'free' reserves of £277,939 compared to the 2021 deficit figure of £142,513. The Trustees' stated objective is to maintain a level of 'free' reserves at a level of one year's unrestricted expenditure in the Company (2022: £136,422 - 2021: £228,345). There has been continued to be very significant investment in group fixed assets this year (2022: £1,028,346 - 2021: £345,280) 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.

Plans for future periods

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

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. The Trustees acknowledge that they would be able to delay capital projects if required to balance cash flow were there to be a shortfall in expected income.

Looking forward, the Trustees expect income to be a continuing mix of grants, subscriptions, donations and legacy income. Short term objectives of the Trust include a number of restoration projects the most significant of which is to complete the HLF funded restoration of locomotive 35005 and the restoration of locomotive 75079.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE PERIOD ENDED 31 MARCH 2022 (Continued)

Trustees' responsibilities statement

The Trustees (who are also Directors of Watercress Line Heritage Railway Trust 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: 4/11/22
Alresford Station
Alresford
SO24 9JG

By Order of the Board



Peter Smith
Group Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERCRESS LINE HERITAGE RAILWAY TRUST LIMITED

Qualified Opinion

We have audited the financial statements of Watercress Line Heritage Railway Trust Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the period ended 31 March 2022 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 on the corresponding figures, 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 March 2022, 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 2022.

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 that year end and we were not able to attend. Stock was included in the balance sheet at a value of £211,805. Consequently, we are unable to determine whether there is any consequential adjustment effect on the cost of sales for the period ended 31 March 2022. Our audit opinion on the financial statements for the year ended 31 January 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 WATERCRESS LINE HERITAGE RAILWAY TRUST 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
- the directors were not entitled to prepare accounts in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirements to prepare a strategic report.

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 2022 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;

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. As we are able to review the entire nominal ledger it is felt that our chance of detection is increased.


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: 18/11/22

Watercress Line Heritage Railway Trust Limited

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Consolidated Statement of financial activities (including consolidated Income and Expenditure account) For the 14 month period ended 31 March 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	2021 £
Income					
Donations and legacies	2	444,279	400,661	844,940	354,483
Income from charitable activities	3	48,191	8,549	56,740	45,959
Income from other trading activities	4	3,741,027	-	3,741,027	2,701,660
Investment income	5	970	-	970	460
Total income		4,234,467	409,210	4,643,677	3,102,562
Expenditure					
Costs of raising funds	6	3,668,377	-	3,668,377	2,607,922
Expenditure on charitable activities	7	106,896	2,838	109,734	100,818
Total expenditure		3,775,273	2,838	3,778,111	2,708,740
Unrealised/realised gain on investments		3,773	-	3,773	1,551
Interest payable		-	-	-	625
Net Income		462,967	406,372	869,339	394,748
Transfers between funds	19	125,058	(125,058)	-	-
Net movement in funds		588,025	281,314	869,339	394,748
Reconciliation of funds:		8,288,412	386,150	8,674,562	8,279,814
Total funds brought forward					
Total funds carried forward	19	8,876,437	667,464	9,543,901	8,674,562

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.

Watercress Line Heritage Railway Trust Limited

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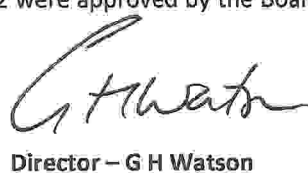
Balance sheets

At 31 March 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	£	£	£	£
Fixed assets:					
Tangible assets	12	9,154,376	8,430,925	2,631,514	2,333,387
Investments	13	91,861	88,088	918,383	905,465
<i>Total fixed assets</i>		<u>9,246,237</u>	<u>8,519,013</u>	<u>3,549,897</u>	<u>3,238,852</u>
Current assets:					
Stock	14	270,233	211,805	-	-
Debtors	15	57,238	340,535	23,964	27,519
Cash at bank and in hand		2,253,885	2,265,090	1,449,179	858,873
<i>Total current assets</i>		<u>2,581,356</u>	<u>2,817,430</u>	<u>1,473,143</u>	<u>886,392</u>
Liabilities:					
Creditors: amounts falling due within one year	16	(971,793)	(944,991)	(215,994)	(39,448)
<i>Net current assets</i>		<u>1,609,563</u>	<u>1,872,439</u>	<u>1,257,149</u>	<u>846,944</u>
<i>Total assets less current liabilities</i>		<u>10,855,800</u>	<u>10,391,452</u>	<u>4,807,046</u>	<u>4,085,796</u>
Creditors: amounts falling due after more than one year	17	(938,873)	(1,395,185)	-	(50,000)
Provisions for liabilities		(373,026)	(321,705)	-	-
Total net assets		<u><u>9,543,901</u></u>	<u><u>8,674,562</u></u>	<u><u>4,807,046</u></u>	<u><u>4,035,796</u></u>
The Funds of the Charity:					
Restricted income funds		<u>667,464</u>	<u>386,150</u>	<u>667,464</u>	<u>386,150</u>
Unrestricted income funds					
General funds		7,847,808	7,257,998	4,139,582	3,649,646
Other reserve		514,765	514,765	-	-
Minority interests		513,864	515,649	-	-
<i>Total unrestricted funds</i>		<u>8,876,437</u>	<u>8,288,412</u>	<u>4,139,582</u>	<u>3,649,646</u>
Total Charity funds	19 & 20	<u><u>9,543,901</u></u>	<u><u>8,674,562</u></u>	<u><u>4,807,046</u></u>	<u><u>4,035,796</u></u>

The financial statements on pages 11 to 32 were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:


Director – D Jones


Director – G H Watson

04/11/22

Watercress Line Heritage Railway Trust Limited

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Statement of consolidated cash flow For the period ended 31 March 2022

	Notes	2022 £	2021 £
Net cash provided by operating activities:	18	1,230,986	573,787
Cash flows from investing activities:			
Interest received		970	789
Dividends received		-	-
Purchase of tangible fixed assets		(1,027,381)	(337,821)
Net cash used in investing activities		204,575	236,755
Cash flows from financing activities:			
Increase/(reduction) of borrowings		(215,780)	863,852
Change in cash and cash equivalents in the year		(11,205)	1,100,607
Cash and cash equivalents at the start of the year		2,265,090	1,164,483
Cash and cash equivalents at the end of the year	18	2,253,885	2,265,090

Notes to the consolidated financial statements For the period ended 31 March 2022

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 and Wadebridge (34007) Locomotive Limited are consolidated using the purchase method. 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. During the period, the Watercress Line was forced to close due to Covid-19 Pandemic lockdown requirements, re-opening with revised services 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 period ended 31 March 2022 (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 period ended 31 March 2022 (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 period ended 31 March 2022 (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	
	£	£	2022	2021
			£	£
General donations and appeal income	46,714	-	46,714	27,770
Restoration of wagons/luggage racks	-	74	74	20
Wickam Trolley	-	-	-	125
Carriage restoration	-	-	-	620
Locomotive Sir Frederick Pile	-	4,000	4,000	377
Locomotive Canadian Pacific	-	6,633	6,633	26,491
Locomotive 75079	-	3,489	3,489	2,825
Locomotive Wadebridge	-	351,479	351,479	-
Locomotive 08288	-	1,375	1,375	-
Locomotive 73096	-	739	739	213
Locomotive 80150	-	27,872	27,872	7,167
Black 5	-	5,000	5,000	-
Legacy income	361,776	-	361,776	281,341
Gift aid	35,789	-	35,789	7,534
	<u>444,279</u>	<u>400,661</u>	<u>844,940</u>	<u>354,483</u>

Watercress Line Heritage Railway Trust Limited

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Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

3 Income from charitable activities

	Unrestricted	Restricted	Total 2022	2021
	£	£	£	£
Subscriptions	47,905	-	47,905	32,087
Locomotive 35005 raffle proceeds	-	8,549	8,549	5,314
Regional groups and 200 Club income	286	-	286	8,438
	<u>48,191</u>	<u>8,549</u>	<u>56,740</u>	<u>45,839</u>

4 Income from other trading activities: Commercial trading operations

	Note	Unrestricted	Restricted	Total 2022	2021
		£	£	£	£
Income from trading subsidiaries	9	<u>3,741,027</u>	<u>-</u>	<u>3,741,027</u>	<u>2,701,660</u>

5 Investment income

	Unrestricted	Restricted	Total 2022	2021
	£	£	£	£
Dividends received	-	-	-	-
Bank interest receivable	<u>970</u>	<u>-</u>	<u>970</u>	<u>460</u>
	<u>970</u>	<u>-</u>	<u>970</u>	<u>460</u>

6 Costs of raising funds: Commercial trading operations

	Note	Unrestricted	Restricted	Total 2022	2021
		£	£	£	£
Expenditure by trading subsidiaries	9	<u>3,668,377</u>	<u>-</u>	<u>3,668,377</u>	<u>2,607,922</u>

Watercress Line Heritage Railway Trust Limited

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Notes to the consolidated financial statements

For the period ended 31 March 2022 (Continued)

7 Expenditure on charitable activities

	Unrestricted	Restricted	Total	
	£	£	£	2021
			2022	£
Grants payable	3,334		3,334	4,225
Locomotive maintenance	4,610		4,610	4,010
Watercress Line News	17,273		17,273	11,737
80150	-	2,838	2,838	-
Regional group expenditure	945		945	12,173
Draw costs	3,349		3,349	5,048
Hampshire Unit costs	7		7	7,155
Wagon restoration costs	-		-	3,307
Depreciation of tangible fixed assets	20,068		20,068	14,986
HLF project costs	-		-	12,504
<u>Support costs:</u>				
Printing, postage, IT and stationery	14,815		14,815	5,041
Sundries	372		372	59
Bank charges	1,836		1,836	1,190
<u>Governance costs:</u>				
Auditors remuneration	8,700		8,700	8,998
Professional fees	29,930		29,930	7,700
Health and safety	-		-	1,410
Insurance	1,657		1,657	1,275
	<u>106,896</u>	<u>2,838</u>	<u>109,734</u>	<u>100,818</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 period ended 31 March 2022 (Continued)

9 Net income of trading subsidiaries

The contributions from the subsidiary companies for the period ended 31 March 2022 are as follows:

	Mid-Hants Railway Ltd	Wadebridge (34007) Locomotive Ltd	Total 2022	2021
	£	£	£	£
Income	3,760,404	7,203	3,767,607	2,829,187
Net operating expenses	(3,584,505)	(3,311)	(3,587,816)	(2,517,315)
Operating profit	175,899	3,892	179,791	311,872
Bank interest receivable	103	5	108	329
Bank interest payable	(30,489)	-	(30,489)	(32,133)
	145,513	3,897	149,410	280,068
Taxation and deferred tax	(34,348)	(16,973)	(51,321)	(59,803)
Retained profit in subsidiary accounts	111,165	(13,076)	98,089	220,265
Exclude transactions between group companies:				
Administration charges	(23,333)	-	(23,333)	(20,000)
Grant received	(3,356)	-	(3,356)	(107,527)
Shop rent	1,250	-	1,250	1,000
Black 5 / Hampshire Unit hire	-	-	-	-
Total profit/(loss) brought into consolidated accounts	85,726	(13,076)	72,650	93,738

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)	3,741,027	2,701,660
Expenditure on charitable activities (Note 6)	(3,668,377)	(6,607,922)
Total profit brought into consolidated accounts	72,650	93,738

Watercress Line Heritage Railway Trust Limited

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Notes to the consolidated financial statements For the period ended 31 March 2022 (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

	2022 £	2021 £
UK Corporation tax	-	-
(Over) provision in prior year	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2022 £	2021 £
Profit on ordinary activities before taxation (note 9)	149,410	280,068
Profit on ordinary activities by rate of tax 19%; (2021 – 19%)	28,388	53,212
Effects of: Items not taxable	6,701	5,411
Other timing differences	-	-
Capital allowances for period in excess of depreciation	(35,089)	(14,465)
Use of losses brought forward	-	(44,158)
Total current tax	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

11 Directors and employees

The Charity does not have any direct employees. Reasonable and necessary out of pocket expenses can be reimbursed to Trustees in accordance with the Trust's Expenses Policy although none were claimed in 2022 (2021 - £Nil).

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

	2022	2021
Directors and employees:		
The average monthly head count was 45 (2021 - 45) as follows:		
General Manager/Acting Managing Director and Senior Team.	4	4
Administration	3	3
Direct – full time equivalent	38	38
	<u>45</u>	<u>45</u>
Staff costs	£	£
	(14 months)	(12 months)
Wages and salaries	985,525	807,960
Social security costs	103,969	69,345
Pension costs	22,347	14,742
Recharges to capital	<u>1,111,811</u>	<u>892,047</u>
Employees of MHR Ltd, a subsidiary company, receiving remuneration in excess of £60,000 per annum were;	2021/22	2020/21
	(14 months)	(12 months)
£60,000-£70,000	1	-
£90,000-£100,000	-	1
£110,000-£120,000	1	-

The highest paid employee was S Baggot, whose remuneration (including national insurance in the periods was £119,783 (2020/21 £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 £3,315 (2021 - £2,550).

Payments to staff, including those whose employment is terminated, is in accordance with their contracts and appropriate legislation.

Watercress Line Heritage Railway Trust Limited

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Notes to the consolidated financial statements For the period ended 31 March 2022 (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 2021	3,311,737	6,247,540	1,649,940	11,209,217
Additions	9,415	707,019	310,947	1,028,346
Disposals	-	(16,127)	-	(16,127)
Transfers	-	965	(965)	-
At 31 March 2022	3,321,152	6,939,397	1,959,922	12,220,471
Depreciation				
At 1 February 2021	388,127	2,390,165	-	2,778,292
Disposals	-	(16,127)	-	(16,127)
Charge for year	46,159	257,771	-	303,930
At 31 March 2022	434,286	2,631,809	-	3,066,095
Net book value				
At 31 March 2022	2,886,866	4,307,588	1,959,922	9,154,376
At 31 January 2021	2,923,610	3,857,375	1,649,940	8,430,925

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.

	2022 £	2021 £
Cost or valuation of freehold land and buildings is represented by:		
Valuation in 1999	860,000	860,000
Costs since 1999	2,461,152	2,451,737
	<u>3,321,152</u>	<u>3,311,737</u>
 If land and buildings had not been revalued they would have been included at the following amounts		
Cost	<u>2,806,387</u>	<u>2,796,972</u>

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

12 Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Plant and Machinery £	Assets in course of Construction £	Total £
Cost				
At 1 February 2021	494,784	1,016,091	1,255,950	2,766,825
Additions	-	7,646	310,548	318,194
Transfer	-	-	-	-
At 31 March 2022	494,784	1,023,737	1,566,497	3,085,019
Depreciation				
At 1 February 2021	64,013	369,425	-	433,438
Charge for year	2,125	17,942	-	20,067
Disposal	-	-	-	-
At 31 March 2022	66,138	387,367	-	453,505
Net book value				
At 31 March 2022	428,647	636,370	1,566,497	2,631,514
At 31 January 2021	430,772	646,666	1,255,950	2,333,387

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, 25591 and 24808 and the Medstead signalling scheme.

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

13 Fixed asset investments

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Market value at 1 February 2021	88,088	86,537	905,465	901,580
Unrealised/realised gain in the year on listed investments	3,773	1,551	3,773	1,551
Donation of shares in MHR Ltd	-	-	1,125	2,009
Investment in Wadebridge Ltd	-	-	8,020	325
Market value at 31 March 2022	<u>91,861</u>	<u>88,088</u>	<u>918,383</u>	<u>905,465</u>

Investments at market value comprise:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Shares in MHR Ltd:				
• Dividend shares of £1 each	-	-	100	100
• Ordinary shares of 25p each	-	-	413,729	412,604
Shares in Wadebridge Ltd	-	-	412,693	404,673
	-	-	826,522	817,377
UK Equities (listed investments)	25,450	21,677	25,450	21,377
34105 Light Pacific Group (unlisted investments)	66,411	66,411	66,411	66,411
	<u>91,861</u>	<u>88,088</u>	<u>918,383</u>	<u>905,465</u>

The Company owns all of the issued Equity Dividend shares in Mid-Hants Railway Limited (company registered number 1117090) in addition to 52.77% (2021: 52.49%) 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. At 31 March 2022 the net assets of MHR Ltd were £4,930,451.

The Company also owns a controlling interest of 76.6% 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 March 2022 the net assets of Wadebridge Ltd were £721,615.

The UK equities were received through legacies. The value included in the accounts represents the market valuation of the shares at 31 March 2022.

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 period ended 31 March 2022 (Continued)

14 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials	59,058	49,115	-	-
Finished goods	211,175	162,690	-	-
	<u>270,233</u>	<u>211,805</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	7,354	11,650	159	-
Other taxation and social security costs	9,673	80,956	9,673	-
Other debtors	30,083	237,141	4,004	16,731
Regional group balances	10,128	10,788	10,128	10,788
	<u>57,238</u>	<u>340,535</u>	<u>23,964</u>	<u>27,519</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loan	234,526	93,994	-	-
Payments received on account	61,204	163,293	-	-
Trade creditors	264,808	303,633	9,187	3,999
Amounts due to MHR Ltd	-	-	202,870	22,020
Other creditors	364,915	349,812	-	-
Other taxation and social security	40,315	19,830	-	-
Accruals	4,425	7,579	2,337	6,579
Other loans	1,600	6,850	1,600	6,850
	<u>971,793</u>	<u>944,991</u>	<u>215,994</u>	<u>39,448</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 period ended 31 March 2022 (Continued)

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	838,873	1,195,185	-	50,000
Trade creditors	100,000	200,000		
	<u>938,873</u>	<u>1,395,185</u>	<u>-</u>	<u>50,000</u>

The bank loans are secured by a fixed and floating charge over the subsidiary company's freehold property and other assets. Of the amount due by instalments after more than one year £201,850 (2021 - £232,744) 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	2022	2021
		£	£
Net income for the year (page 9)		869,339	394,748
Adjustments for:			
Depreciation charges	12	303,930	250,709
Unrealised loss(gain) on investments	13	(3,773)	(1,551)
Interest received		(940)	(789)
Decrease/(Increase) in debtors		283,297	1,688,281
Increase/(Decrease) in creditors		(213,760)	(1,782,723)
Decrease (increase) in stock		(58,428)	(34,691)
Movement in deferred taxation	9	51,321	59,803
Net cash provided by operating activities (page 11)		<u>1,230,986</u>	<u>573,787</u>

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

18 Notes to the statement of cash flow (continued)

Reconciliation of net cashflow to movement in net funds

	Group	
	2022	2021
	£	£
Changes during the year		
At 1 February 2021	2,265,090	1,164,483
Net cash inflow/(outflow)	(11,205)	1,100,607
	<u>2,253,885</u>	<u>2,265,090</u>
At 31 March 2022	<u>2,253,885</u>	<u>2,265,090</u>

Group

	2022	2021/22	2021
	£	Cash Flows £	£
Analysis of changes in net Funds			
Cash at bank	2,253,885	(11,205)	2,265,090
	<u>2,253,885</u>	<u>(11,205)</u>	<u>2,265,090</u>

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

19 Fund Balances

Group:

	General Funds £	Other Reserve £	Minority Interests £	Total Unrestricted Funds £	Total Restricted Funds £	Total £
Balance at 1 February 2021	7,257,998	514,765	515,649	8,288,412	386,150	8,674,562
Total income less total expenditure for year	459,194	-	-	459,194	406,372	865,566
Unrealised/realised gain on listed investments	3,773	-	-	3,773	-	3,773
Transfer between general and restricted	125,058	-	-	125,058	(125,058)	-
	<u>7,846,023</u>	<u>514,765</u>	<u>515,649</u>	<u>8,876,437</u>	<u>667,464</u>	<u>9,543,901</u>
Movement in minority Interest	<u>1,785</u>	<u>-</u>	<u>(1,785)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-
Balance at 31 March 2022	<u><u>7,847,808</u></u>	<u><u>514,765</u></u>	<u><u>513,864</u></u>	<u><u>8,876,437</u></u>	<u><u>667,464</u></u>	<u><u>9,543,901</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 March 2022 (£8,876,437 less £9,154,376) giving a negative balance of £277,939. The comparative figure at 31 January 2021 was negative £142,513 (£8,288,412 less £8,430,925).

Watercress Line Heritage Railway Trust Limited

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Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

19 Fund Balances (continued)

Analysis of restricted fund movements:

Fund name:	Balance At 1 February 2021	Incoming Resources	Expenditure (Revenue)	Net of capital expenditure and transfer from restricted funds	Balance At 31 March 2022
	£	£	£	£	£
Restoration of wagons	3,995	-	-	-	3,995
Canadian Pacific 35005	19,371	15,182	-	(34,553)	-
Bulleid Coach luggage racks	17,987	74	-	-	18,061
Walk the Line – Ballast Appeal	3,355	-	-	-	3,355
Restoration of locomotive 34058	202,850	4,000	-	(581)	206,269
Restoration of locomotive 75079	73,344	3,489	-	(76,833)	-
Restoration of locomotive 80150	26,114	27,872	(2,838)	(2,844)	48,304
Restoration of locomotive 73096	7,120	739	-	-	7,859
Restoration of Hayling coaches	21,900	-	-	-	21,900
Restoration of locomotive 34007	4,617	351,479	-	(6,671)	349,425
Miniature Railway	3,576	-	-	(3,576)	-
Diesel 08288	1,796	1,375	-	-	3,171
Wickham Trolley	125	-	-	-	125
Black 5		5,000		-	5,000
	<u>386,150</u>	<u>409,210</u>	<u>(2,838)</u>	<u>(125,058)</u>	<u>667,464</u>

Company:

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Balance at 1 February 2021	3,649,646	386,150	4,035,796
Net Income for the year	364,878	406,372	771,250
Unrealised losses on investment assets	-	-	-
Transfer	125,058	(125,058)	-
Balance at 31 March 2022	<u>4,139,582</u>	<u>667,464</u>	<u>4,807,046</u>

Notes to the consolidated financial statements For the period ended 31 March 2022 (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. Some funds have been spent and the balance carried forward.

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 period ended 31 March 2022 (Continued)

20 Analysis of net assets between funds

At 31 March 2022 fund balances are represented by:

Group

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Fixed assets	8,578,773	667,464	9,246,237
Current assets	2,581,356	-	2,581,356
Current liabilities	(971,793)	-	(971,793)
Long term liabilities	(938,873)	-	(938,873)
Provisions for liabilities	(373,026)	-	(373,026)
Total Net Assets	8,876,437	667,464	9,543,901

Company

	Total Unrestricted Funds	Total Restricted Funds	Total
	£	£	£
Fixed assets	2,882,433	667,464	3,549,897
Current assets	1,473,143	-	1,473,143
Current liabilities	(215,994)	-	(215,994)
Total Net Assets	4,139,582	667,464	4,807,046

21 Auditors' remuneration

The auditors' remuneration in respect of non-audit fees, rendered to the group, is £8,910 (2021: £8,734).

Notes to the consolidated financial statements For the period ended 31 March 2022 (Continued)

22 Capital and financial commitments

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

	2022		2021	
	Land and Buildings	Other	Land and Buildings	Other
Falling due:	£	£	£	£
Within 1 year	-	87,871	-	39,452
Within 2 to 5 years	-	-	-	-
After more than 5 years	307,720	75,200	319,000	94,000
	<u>307,720</u>	<u>127,323</u>	<u>319,000</u>	<u>133,452</u>

As at 31 March 2022, the Group had capital commitments totalling £Nil (2021: £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 £771,250 (2021: £174,483).

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 March 2022, the following individuals 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.

Watercress Line Heritage Railway Trust Limited

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Company statement of financial activities (including Income and Expenditure account) For the period ended 31 March 2022

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	2021 £
Income				
Donations and legacies	444,280	400,661	844,941	354,483
Income from charitable activities	49,439	8,549	57,988	46,959
Investment income	970	-	970	460
Total income	<u>494,689</u>	<u>409,210</u>	<u>903,899</u>	<u>401,902</u>
Expenditure				
Costs of raising funds	21,567	-	21,567	28,997
Expenditure on charitable activities	112,017	2,838	114,855	199,348
Total resources expended	<u>133,584</u>	<u>2,838</u>	<u>136,422</u>	<u>228,345</u>
Unrealised/realised gain/(loss) on investments	3,773	-	3,773	1,551
Net income	<u>364,878</u>	<u>406,372</u>	<u>771,250</u>	<u>174,483</u>
Transfers between funds	125,058	(125,058)	-	-
Net movement in Funds	<u>489,936</u>	<u>281,314</u>	<u>771,250</u>	<u>174,483</u>
Reconciliation of Funds:				
Total funds brought forward	3,649,646	386,150	4,035,796	3,861,313
Total funds carried forward	<u><u>4,139,582</u></u>	<u><u>667,464</u></u>	<u><u>4,807,046</u></u>	<u><u>4,035,796</u></u>

This statement does not form part of the audited accounts.