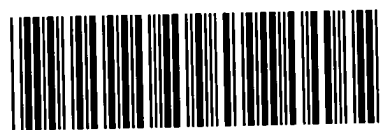


**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2019
for
Midland Railway Enterprises PLC**

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for the Year Ended 31 December 2019**

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Midland Railway Enterprises PLC

**Company Information
for the Year Ended 31 December 2019**

DIRECTORS:

N J Forster
R J Ward

SECRETARY:

N J Forster

REGISTERED OFFICE:

Butterley Station
Ripley
Derbyshire
DE5 3QZ

REGISTERED NUMBER:

02279310 (England and Wales)

AUDITORS:

Mabe Allen LLP
Chartered Accountants
Statutory Auditors
50 Osmaston Road
Derby
DE1 2HU

Midland Railway Enterprises PLC

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

MAIN OBJECTIVES

The company is operated in support of the Midland Railway Trust Limited and holds to the objectives of that company in support of its Mission:

"Our mission is to enable people to explore the history of technological and social changes brought about by the Midland Railway Company and its successors, together with its links with communities and industry, and its relevance to the contemporary and future world, ensuring that our visitors are engaged, informed, entertained and educated by being immersed in railway culture."

To this end it operates retail and catering operations, special events and undertakes contract engineering work, primarily for other heritage railways.

STRATEGY OF THE COMPANY

The strategy of the company is to secure long term funding for the Midland Railway Trust Ltd. to continually improve, maintain and secure heritage railway equipment to encourage visitors to the site to demonstrate and educate the workings of days gone by.

The company aims to improve the quality of, and return from, its operations by investing in its retail and catering facilities and in the development of staff and volunteers to make best use of these facilities.

Performance:

The table below gives an oversight to performance over recent years.

	2019	2018	2017	2016	2015
Visitor Numbers	28,447	29,318	34,002	33,500	33,532
Trading Income	231,602	239,438	258,618	162,192	144,756
Gross Profit	3,743	32,768	58,288	27,974	38,920

Midland Railway Enterprises PLC

Strategic Report for the Year Ended 31 December 2019

BUSINESS MODEL AND RISK

Our vision and business model remains the same.

Catering reflects the level of attendance but an increasing number of visitors are choosing to bring their own food which impacts on spend per head. Changes to the catering outlets at Swanwick Junction and scheduled completion of works on the Deeley Tea / Function Room will offer opportunities to increase income.

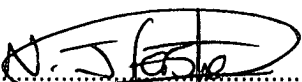
Works to upgrade the retail outlet at Butterley Station were completed in the spring of 2019. The level of customer satisfaction has increased as a result of these improved facilities.

A new Events and Marketing Manager was recruited in November 2018, with 2019 being a year of transition. Their knowledge and experience of charities and heritage sites is set for fruition in 2020.

Given the developing world crisis of Covid-19, 2020 is now not being the year we had hoped to bring. Despite the challenges Covid-19 has for now and the future, our aim and vision remain the same.

This report was approved by the board of directors on the 03/09/2020 and signed on behalf of the board by:

ON BEHALF OF THE BOARD:



N J Forster - Director

Date: 22/09/20

Midland Railway Enterprises PLC

Report of the Directors for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

N J Forster has held office during the whole of the period from 1 January 2019 to the date of this report.

Other changes in directors holding office are as follows:

Dr C P Deeth - resigned 26 June 2019

R J Ward was appointed as a director after 31 December 2019 but prior to the date of this report.

A C Gibson ceased to be a director after 31 December 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Midland Railway Enterprises PLC

**Report of the Directors
for the Year Ended 31 December 2019**

AUDITORS

The auditors, Mabe Allen LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
N J Forster - Director

Date: 22/09/20

Report of the Independent Auditors to the Shareholders of Midland Railway Enterprises PLC

Opinion

We have audited the financial statements of Midland Railway Enterprises PLC (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 3 to the financial statements which indicates that the challenges posed by the COVID-19 pandemic mean that the Company's ability to continue as a going concern in a severe but plausible downside scenario are dependent on cash injections from the issue of further shares and/or the extension of further bank facilities. These events and conditions, along with the other matters explained in note 3, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Matters on which we are required to report under the Articles of Association

The Company's Articles of Association require us to determine to the best of our knowledge and belief that the following provisions have been complied with:

- all the profit's of the Company available for distribution as divided shall be paid to the Midland Railway Trust Limited to be applied towards the promotion and carrying out of the objects of the Trust.
- no employee of the Company shall be a director of the Midland Railway Trust Limited.
- No member of the Council or other governing body or other persons engaged or concerned in the management of the Midland Railway Trust Limited shall enter into or be concerned or interested directly or indirectly in any contract with the Company, other than a contract which, if entered into with the Midland Railway Trust Limited would not have involved any infringement of the Memorandum of Association, or other governing instrument of the Trust.

We need to report that Mr R J Ward was appointed as director of the company after the year end but prior to the date of this report, whilst at the same time being a director of Midland Railway Trust Limited.

We can confirm to the best of our knowledge and belief, other than our disclosure concerning the appointment of the new director of the company, the above provisions have been complied with for the year ended 31 December 2019.

Report of the Independent Auditors to the Shareholders of Midland Railway Enterprises PLC

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinion 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Shareholders of Midland Railway Enterprises PLC

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

David Allen (Senior Statutory Auditor)
for and on behalf of Mabe Allen LLP
Chartered Accountants
Statutory Auditors
50 Osmaston Road
Derby
DE1 2HU



Date: 22/9/2022

Midland Railway Enterprises PLC

**Statement of Comprehensive Income
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
TURNOVER	4	231,602	239,438
Cost of sales		<u>227,859</u>	<u>206,670</u>
GROSS PROFIT		3,743	32,768
Administrative expenses		<u>42,513</u>	<u>39,336</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(38,770)	(6,568)
Tax on loss	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(38,770)	(6,568)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(38,770)</u>	<u>(6,568)</u>

The notes form part of these financial statements

Midland Railway Enterprises PLC (Registered number: 02279310)

**Statement of Financial Position
31 December 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	70,640	53,760
CURRENT ASSETS			
Stocks	9	21,921	26,870
Debtors	10	3,142	12,644
Cash at bank		13,118	56,747
		<u>38,181</u>	<u>96,261</u>
CREDITORS			
Amounts falling due within one year	11	92,145	94,575
NET CURRENT (LIABILITIES)/ASSETS		<u>(53,964)</u>	<u>1,686</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,676</u>	<u>55,446</u>
CAPITAL AND RESERVES			
Called up share capital	12	123,165	123,165
Retained earnings	13	(106,489)	(67,719)
SHAREHOLDERS' FUNDS		<u>16,676</u>	<u>55,446</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 22/12/2020 and were signed on its behalf by:


.....
N J Forster - Director

Midland Railway Enterprises PLC

**Statement of Changes in Equity
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	123,165	(61,151)	62,014
Changes in equity			
Total comprehensive income	-	(6,568)	(6,568)
Balance at 31 December 2018	<u>123,165</u>	<u>(67,719)</u>	<u>55,446</u>
Changes in equity			
Total comprehensive income	-	(38,770)	(38,770)
Balance at 31 December 2019	<u><u>123,165</u></u>	<u><u>(106,489)</u></u>	<u><u>16,676</u></u>

The notes form part of these financial statements

Midland Railway Enterprises PLC

Statement of Cash Flows for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	3,161	(1,974)
Net cash from operating activities		<u>3,161</u>	<u>(1,974)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(31,664)	(12,135)
Net cash from investing activities		<u>(31,664)</u>	<u>(12,135)</u>
Cash flows from financing activities			
Loan repayments in year		(15,126)	(110,084)
Net cash from financing activities		<u>(15,126)</u>	<u>(110,084)</u>
Decrease in cash and cash equivalents		<u>(43,629)</u>	<u>(124,193)</u>
Cash and cash equivalents at beginning of year	2	56,747	180,940
Cash and cash equivalents at end of year	2	<u>13,118</u>	<u>56,747</u>

The notes form part of these financial statements

Midland Railway Enterprises PLC

Notes to the Statement of Cash Flows for the Year Ended 31 December 2019

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Loss before taxation	(38,770)	(6,568)
Depreciation charges	14,784	8,695
	<u>(23,986)</u>	<u>2,127</u>
Decrease/(increase) in stocks	4,949	(80)
Decrease/(increase) in trade and other debtors	9,502	(526)
Increase/(decrease) in trade and other creditors	12,696	(3,495)
	<u>3,161</u>	<u>(1,974)</u>
Cash generated from operations	<u><u>3,161</u></u>	<u><u>(1,974)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>13,118</u>	<u>56,747</u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u>56,747</u>	<u>180,940</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank	56,747	(43,629)	13,118
	<u>56,747</u>	<u>(43,629)</u>	<u>13,118</u>
Total	<u><u>56,747</u></u>	<u><u>(43,629)</u></u>	<u><u>13,118</u></u>

The notes form part of these financial statements

Midland Railway Enterprises PLC

Notes to the Financial Statements for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

Midland Railway Enterprises PLC is a public company limited by shares, registered in England and Wales.

The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company is reliant upon the support of Midland Railway Trust Limited, a related party and the majority shareholder.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Going Concern

The Company made a loss for the year of £38,770 (2018: loss £6,568) and there are net current liabilities at 31 December 2019 of £53,964 (2018: net current assets of £1,686). The increase in the recorded level of losses from 2018 to 2019 can be attributed to the more accurate allocation of income and costs between Midland Railway Enterprises Plc and Midland Railway Trust Limited resulting from increased accuracy in the records due to improvements in the financial management of the Charity and Trading Company during 2019. The directors have prepared the financial statements on the going concern basis which assumes that the company will continue to trade for the foreseeable future. The validity of the assumption is based on the directors' assessment of future cash forecasts and revenue projections and for the reasons set out below.

Coronavirus

As at the date of approving these financial statements, the impact of COVID-19 on the Company's trading is continually being assessed and subject to rapid change. Currently the attraction at the Midland Railway Trust Limited heritage railway site from which the company trades is closed to the public. Our 'base case' assumption is that this situation continues and the decision has been made to remain closed for the rest of 2020. We then anticipate the relaxation of governmental restrictions on businesses opening and the ability of citizens to move freely will improve the outlook for the business. This base case then assumes a gradual recovery to more normalised trading levels in the following weeks, but such that once the attraction is open ongoing revenue would not recover to normal levels until well into the new calendar year.

A line up of the companies most popular events are being scheduled for 2021 and a number of new events are being assessed to bring in additional revenue.

The Directors have prepared detailed cash flow forecasts for the period to the end of March 2021 and projections beyond this date and anticipate conditions will improve significantly after that date. The directors believe that from the date of approval of these financial statements under the forecasted scenario, the company will have sufficient funds to meet its liabilities as they fall due for the following twelve months. Under this scenario there would be no breach of lending facilities. There are no material capital repayments of debt falling due within the forecast period.

During this period the business is currently taking appropriate measures to preserve liquidity.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

The following mitigating actions have been built into the base case scenario;

Banking facilities are being sought to secure additional working capital. The bank has requested sight of the current financial statements and banking facilities will then be assessed focusing on the company's ability to service the debt which may be a potential issue and the available options the company has to provide the necessary security.

A significant element of the company's cost base relates to wages and salaries, including in respect to staff who work on the catering facilities and shops operated by the company. Regarding permanent staff members, government assistance is available to offset costs that continue to be incurred. Where possible, and subject to regulations, staffing levels and the hours of operation will be reduced.

Consultation meetings are scheduled to take place in order to make a number of redundancies which will result in staff cost savings in catering, contract engineering and administration.

All capital expenditure will be delayed or rephased. The company's future plans do not include significant capital expenditure, and no expenditure is currently contracted and any that is due to take place can therefore be delayed. Where it is impossible to continue construction because of government restrictions, this also helps to preserve cash.

Essential expenditure to ensure the health and safety of customers and staff will continue where required prior to the re-opening of the activities of the company.

We are taking advantage of the UK Government concessions over tax payments.

The directors have considered all variable expenditure, reducing it where possible and have been able to delay and/or cancel expenditure in several areas.

Downside Scenario

It is currently very difficult to assess how the COVID-19 situation will evolve. The Directors believe the scenario above is reasonable, assuming as it does the re-opening of the heritage railway and a phased level of recovery to the companies activities. However, it is possible that the site closure may continue for a longer period, and/or that the recovery profile is slower than in the base case.

In this situation, without any new sources of funds, the company's currently available liquidity could be exhausted.

Were the company to require access to further liquidity this could be sought through cash injections from the issue of shares and/or an extension of further lending facilities. Given the company's history of cash generation we would expect to be able to raise such funds as were necessary, however there is no guarantee that such funds will be available.

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

3. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Notes to the Statement of Cash Flows

Note 2 - Cash and Cash Equivalents

Midland Railway Enterprises PLC is a subsidiary of Midland Railway Trust Limited. Monies are held by Midland Railway Enterprises PLC on trust for Midland Railway Trust Limited. Although no formal agreement is in place, these monies are treated by the Company as ring fenced funds and are not considered to be funds of Midland Railway Enterprises PLC. At the year end the total funds due to Midland Railway Trust Limited were £67,573(2018:£82,699). A shortfall in funds totalling £54,455(2018:£25,952)relates to Midland Railway Enterprises PLC.

Note 9 - Tangible Fixed Assets

The freehold land and long leasehold property is held on trust by Midland Railway Trust Limited on behalf of Midland Railway Enterprises PLC. The classification of freehold land and long leasehold assets requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the situation requires an asset to be recognised in the balance sheet.

Coronavirus

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020.

The impact of the coronavirus pandemic will cause disruption to and create uncertainty around the business, not least with regard to its working capital and the ability of its customers to pay now and into the future and whether it needs to impair its assets. Any disruption or uncertainty could have an adverse effect on the business, financial results and operations.

The full impact of the coronavirus is still to be determined and the director continues to assess and monitor the potential risks and impacts on Midland Railway Enterprises PLC's customers and major stakeholders, whilst taking appropriate mitigation measure to address challenges including logistics, staff and supply.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods and services

Turnover from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods and services has transferred to the buyer. This is usually at the point that the customer has received delivery of the goods or services.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property - 2% straight line
Plant and machinery - 25% reducing balance

Freehold land is not depreciated.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

3. ACCOUNTING POLICIES - continued

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that the outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors and creditors receivable/payable within one year

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

5. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	66,636	77,822
Social security costs	4,403	5,476
Other pension costs	1,147	4,374
	<u>72,186</u>	<u>87,672</u>

The average number of employees during the year was as follows:

2019	2018
<u>7</u>	<u>5</u>

Staff costs are recharged from another group company, Midland Railway Trust Limited to Midland Railway Enterprises PLC.

	2019	2018
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

6. OPERATING LOSS

The operating loss is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	14,784	8,695
Auditors' remuneration	534	1,680
	<u>15,318</u>	<u>10,375</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2019 nor for the year ended 31 December 2018.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1 January 2019	8,864	69,310	10,526	35,387	124,087
Additions	-	-	-	31,664	31,664
At 31 December 2019	<u>8,864</u>	<u>69,310</u>	<u>10,526</u>	<u>67,051</u>	<u>155,751</u>
DEPRECIATION					
At 1 January 2019	-	46,342	10,517	13,468	70,327
Charge for year	-	1,386	2	13,396	14,784
At 31 December 2019	<u>-</u>	<u>47,728</u>	<u>10,519</u>	<u>26,864</u>	<u>85,111</u>
NET BOOK VALUE					
At 31 December 2019	<u>8,864</u>	<u>21,582</u>	<u>7</u>	<u>40,187</u>	<u>70,640</u>
At 31 December 2018	<u>8,864</u>	<u>22,968</u>	<u>9</u>	<u>21,919</u>	<u>53,760</u>

Included in cost of land and buildings is freehold land of £8,864 (2018 - £8,864) which is not depreciated.

The freehold land and long leasehold property is held on trust by Midland Railway Trust Limited on behalf of Midland Railway Enterprises PLC. Midland Railway Enterprises PLC is a subsidiary of Midland Railway Trust Limited.

9. STOCKS

	2019	2018
	£	£
Stocks - goods for resale	<u>21,921</u>	<u>26,870</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	<u>3,142</u>	<u>12,644</u>

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2019

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	22,698	8,126
Amounts owed to group undertakings	67,573	82,699
Accruals and deferred income	1,874	3,750
	<u>92,145</u>	<u>94,575</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
123,165	Ordinary	1	<u>123,165</u>	<u>123,165</u>

Midland Railway Enterprises PLC is a subsidiary of Midland Railway Trust Limited. In the company's Memorandum and Articles of Association it states that Midland Railway Trust Limited shall have 20 votes for each share it holds and is entitled to all of the profits of Midland Railway Enterprises PLC.

13. RESERVES

	Retained earnings £
At 1 January 2019	(67,719)
Deficit for the year	<u>(38,770)</u>
At 31 December 2019	<u>(106,489)</u>

14. ULTIMATE PARENT COMPANY

Midland Railway Trust Limited is regarded by the directors as being the company's ultimate parent company.

15. RELATED PARTY DISCLOSURES

During the year the company operated a loan account with a related party, Midland Railway Trust Limited. At 31 December 2019 the company owed Midland Railway Trust Limited £67,573 (2018: £82,699). At the year end, in accordance with the Company's Articles of Association, all available distributable profits, amounting to nil (2018: nil), are to be donated to Midland Railway Trust Limited.

16. ULTIMATE CONTROLLING PARTY

Midland Railway Enterprises PLC is a subsidiary of Midland Railway Trust Limited. Consolidated group accounts which include this company can be obtained from the company's registered office.