

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2022
for
Midland Railway Enterprises PLC**

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Midland Railway Enterprises PLC

Contents of the Financial Statements for the Year Ended 31 December 2022

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15
Trading and Profit and Loss Account	22

Midland Railway Enterprises PLC

**Company Information
for the Year Ended 31 December 2022**

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 2022

The directors present their strategic report for the year ended 31 December 2022.

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 Limited 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.

	2022	2021	2020	2019	2018
Trading Income	125,588	36,814	5,825	231,602	239,438
Gross Profit/(Loss)	76,427	11,998	(58,216)	3,743	32,768

Midland Railway Enterprises PLC

Strategic Report for the Year Ended 31 December 2022

BUSINESS MODEL AND RISK

During the duration covered by this audit, the new management structure have focussed on a more strategic approach to purchasing and ensuring consistency of offering. As the structure matures and those in places of responsibility develop more experience, we have been able to develop more sales lines specific to the railway itself, as well as capitalising on high margin goods with high turnover.

Events are designed specifically to ensure the secondary spend is maximised, both in terms of demographic attracted and also provision of goods which are aimed at the relevant customer groups. Event offerings are also increased and developed, to improve the capacity for income. This has proved successful in key events such as Easter Bunny, Fireworks and Santa Special services.

Strategic purchasing is also driven by securing the most favourable prices, terms and conditions and finally lead time. Wherever possible goods without any risk of deterioration are ordered in advance to ensure robustness of delivery to the customer. With this in mind, considerable volunteer time is spent achieving this and the tenacity of those involved is notable in the favourable results.

Nevertheless, the operating environment in the wider country dictates what can be realistically achieved, and the team are always attempting to future-proof events and sales in a marketplace that has proved far from predictable in the last few years, and is unlikely to stabilise in those years approaching. In short; the team is focused on margin, sales and how the marketplace and customer tastes are constantly changing - ensuring that the future of MRE is as stable as is practicable and actively driving growth.

This report was approved by the board of directors on the 29/9/23 and signed on behalf of the board by:

ON BEHALF OF THE BOARD:


.....
N J Forster - Director

Date: 29/09/23

Midland Railway Enterprises PLC

Report of the Directors for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N J Forster
R J Ward

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.

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: 29/09/23
.....

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

Disclaimer of opinion

We have audited the financial statements of Midland Railway Enterprises PLC (the 'company') for the year ended 31 December 2022 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).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of 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.

The company's turnover of £125,588 is reported in the statement of comprehensive income for the year ended 31 December 2022. Appropriate accounting records were not available for the year, and we were unable to satisfy ourselves by alternative means as to the completeness of income.

In addition, cost of sales of £49,161 and administration expenses of £35,185 are reported in the statement of comprehensive income for the year ended 31 December 2022. Although management are seeking to rectify the system deficiencies and correct errors, appropriate accounting records were not available for the year that would have enabled us to verify the figures for sales, cost of sales and administrative expenses. We were also unable to satisfy ourselves by alternative means as to the cost of sales and administrative expenses.

We draw attention to note 3 which provides an explanation for the gap in the accounting records which arose from the continuing illness of a key member of staff.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the company's turnover, cost of sales and administrative expenditure as reported in the statement of comprehensive income, statement of change in equity and statement of cash flows.

Material uncertainty relating to going concern

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

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

We draw attention to note 3 to the financial statements which indicates that the challenges posed by the cost of living crisis and economic uncertainty in the UK 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for disclaimer of opinion section of our report, we were unable to satisfy ourselves concerning the turnover of £125,588, cost of sales of £49,161 and administration expenses of £35,185 for the year ended 31 December 2022. We have concluded that where the other information refers to these balances or related balances, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

As described in the basis for disclaimer of opinion section of our report, we were unable to satisfy ourselves concerning the turnover of £125,588, cost of sales of £49,161 and administration expenses of £35,185 for the year ended 31 December 2022.

Arising from this limitation on the scope of our work referred to above:

- we have not been able to determine whether 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.

Except for the possible effects of the matter described in the basis for disclaimer of opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- 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

Except for the matter described in the basis for disclaimer of opinion section of our report, 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.

Arising from the limitation on the scope of our work relating to turnover and expenditure referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

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

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.

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

Extent to which the audit was considered capable of detecting fraud

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

- The nature of the industry and sector, control environment and business performance including targets for income and net profit;
- Results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, including any related to the General Data Protection Regulations or Bribery Act 2010.
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- The internal controls to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team and including relevant internal tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the company for fraud and identified the greatest potential for fraud in the ability of management to manipulate revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and the Financial Reporting Standard 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include The General Data Protection Regulations, the Bribery Act 2010 and Health and Safety policies relating to covid-19.

Audit Response to Risks Identified

Our procedures to respond to risks identified above include the following:

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

Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements:

- Enquiring of management and directors concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the fraud risk in revenue recognition at an analytical review level, we developed an expectation of the revenue with reference to our experience of the client and discussions on the recognition and volatility of revenue in the year ; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

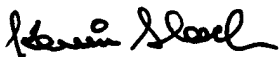
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This 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 error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



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

Date: 29/09/2023.....

Midland Railway Enterprises PLC

**Statement of Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER	4	125,588	36,814
Cost of sales		49,161	24,816
GROSS PROFIT		76,427	11,998
Administrative expenses		35,185	19,037
OPERATING PROFIT/(LOSS) and PROFIT/(LOSS) BEFORE TAXATION		41,242	(7,039)
Tax on profit/(loss)	7	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		41,242	(7,039)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,242	(7,039)

The notes form part of these financial statements

Midland Railway Enterprises PLC (Registered number: 02279310)

**Statement of Financial Position
31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	8	48,162	56,840
CURRENT ASSETS			
Stocks	9	16,301	18,211
Debtors	10	856	856
Cash at bank		18,700	7,781
		35,857	26,848
CREDITORS			
Amounts falling due within one year	11	87,786	128,697
NET CURRENT LIABILITIES		(51,929)	(101,849)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,767)	(45,009)
CAPITAL AND RESERVES			
Called up share capital	12	123,165	123,165
Retained earnings	13	(126,932)	(168,174)
SHAREHOLDERS' FUNDS		(3,767)	(45,009)

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 29/09/23 and were signed on its behalf by:


N J Forster - Director

The notes form part of these financial statements

Midland Railway Enterprises PLC**Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	123,165	(161,135)	(37,970)
Changes in equity			
Total comprehensive income	-	(7,039)	(7,039)
Balance at 31 December 2021	123,165	(168,174)	(45,009)
Changes in equity			
Total comprehensive income	-	41,242	41,242
Balance at 31 December 2022	123,165	(126,932)	(3,767)

The notes form part of these financial statements

Midland Railway Enterprises PLC

**Statement of Cash Flows
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	55,411	12,887
Net cash from operating activities		<u>55,411</u>	<u>12,887</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(8,744)
Net cash from investing activities		<u>-</u>	<u>(8,744)</u>
Cash flows from financing activities			
Loan repayments in year		(44,492)	(8,176)
Net cash from financing activities		<u>(44,492)</u>	<u>(8,176)</u>
Increase/(decrease) in cash and cash equivalents		<u>10,919</u>	<u>(4,033)</u>
Cash and cash equivalents at beginning of year	2	7,781	11,814
Cash and cash equivalents at end of year	2	<u>18,700</u>	<u>7,781</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 2022

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit/(loss) before taxation	41,242	(7,039)
Depreciation charges	8,678	11,108
	<u>49,920</u>	<u>4,069</u>
Decrease in stocks	1,910	2,305
Decrease in trade and other debtors	-	658
Increase in trade and other creditors	3,581	5,855
	<u>55,411</u>	<u>12,887</u>
Cash generated from operations	<u>55,411</u>	<u>12,887</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 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>18,700</u>	<u>7,781</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>7,781</u>	<u>11,814</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	<u>7,781</u>	<u>10,919</u>	<u>18,700</u>
	<u>7,781</u>	<u>10,919</u>	<u>18,700</u>
Total	<u>7,781</u>	<u>10,919</u>	<u>18,700</u>

The notes form part of these financial statements

Midland Railway Enterprises PLC

Notes to the Financial Statements for the Year Ended 31 December 2022

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 profit for the year of £41,242 (2021: loss £7,039), although there are net current liabilities at 31 December 2022 of £51,929 (2021: net current liabilities of £101,849).

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.

Cost of living crisis and economic uncertainty in the UK

As at the date of approving these financial statements, the impact of the cost-of-living crisis on the Company's trading is continually being assessed and subject to change. The current economic climate in the UK has placed strain on the company's cash flow and the finances of the general public which going forward could potentially limit their ability to spend on leisure activities. As a result of the impact of Covid-19, the reopening of the heritage railway only took place during September 2021, and the 'base case' assumption is that the attraction remains open into the future.

A line up of the company's most popular events are scheduled for the rest of 2023 to include: Teddy Bear Weekend, Santa events and Fireworks Nights. A number of new events are also being assessed to bring in additional revenue.

The Directors have considered the future of the entity and anticipate conditions will continue to improve significantly given the reopening of the heritage railway. 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.

During this period the business continues to take appropriate measures to preserve liquidity.

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.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

ACCOUNTING POLICIES - continued

Cost of living crisis and economic uncertainty in the UK - continued

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

The Directors believe the company remains a going concern, assuming the continuing successful operation of the heritage railway and level of recovery in the company's activities. However, it is possible that the recovery profile is slower than anticipated by the directors.

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.

Accounting records in the current year

Illness of existing staff has led to disruption and deficiencies in the accurate recording of income and expenditure in the accounting records.

The directors are seeking to assess the impact and potential risks arising from the failure to keep proper accounting records during the period, whilst taking appropriate mitigating measures to ensure adequate processes are put in place to address the challenges faced by the absence and loss of staff through illness.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

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 £72,953 (2021: £117,445). A shortfall in funds totalling £54,253 (2021: £109,664) relates to Midland Railway Enterprises PLC.

Notes to the Financial Statements

Note 8 - 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.

Cost of living crisis and economic uncertainty in the UK

The impact following the cost of living crisis caused disruption and created 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 further disruption or uncertainty could have an adverse effect on the business, financial results and operations.

The full impact of the economic uncertainty in the United Kingdom is still to be determined and the directors continue to assess and monitor the potential risks and impacts on Midland Railway Enterprises PLC's customers and major stakeholders, whilst taking appropriate mitigation measures to address challenges including logistics 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.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

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 2022

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.

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

	2022	2021
	£	£
Wages and salaries	-	3,090
Social security costs	-	155
	<u>-</u>	<u>3,245</u>

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

2022	2021
-	1
<u>-</u>	<u>1</u>

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

	2022	2021
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

6. OPERATING PROFIT/(LOSS)

The operating profit (2021 - operating loss) is stated after charging:

	2022 £	2021 £
Depreciation - owned assets	8,678	11,109
Auditors' remuneration	<u>13,275</u>	<u>2,559</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1 January 2022					
and 31 December 2022	<u>8,864</u>	<u>69,310</u>	<u>10,526</u>	<u>75,795</u>	<u>164,495</u>
DEPRECIATION					
At 1 January 2022	-	50,501	10,522	46,632	107,655
Charge for year	-	<u>1,386</u>	<u>1</u>	<u>7,291</u>	<u>8,678</u>
At 31 December 2022	-	<u>51,887</u>	<u>10,523</u>	<u>53,923</u>	<u>116,333</u>
NET BOOK VALUE					
At 31 December 2022	<u>8,864</u>	<u>17,423</u>	<u>3</u>	<u>21,872</u>	<u>48,162</u>
At 31 December 2021	<u>8,864</u>	<u>18,809</u>	<u>4</u>	<u>29,163</u>	<u>56,840</u>

Included in cost of land and buildings is freehold land of £8,864 (2021 - £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

	2022 £	2021 £
Stocks - goods for resale	<u>16,301</u>	<u>18,211</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	<u>856</u>	<u>856</u>

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	6,283	6,842
Amounts owed to group undertakings	72,953	117,445
Accruals and deferred income	8,550	4,410
	<u>87,786</u>	<u>128,697</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
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 2022	(168,174)
Profit for the year	<u>41,242</u>
At 31 December 2022	<u>(126,932)</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 2022 the company owed Midland Railway Trust Limited £72,953 (2021: £117,445). At the year end, in accordance with the Company's Articles of Association, all available distributable profits, amounting to nil (2021: 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 (a company incorporated in England and Wales). Consolidated group accounts which include this company can be obtained from the company's registered office.

Midland Railway Enterprises PLC

**Trading and Profit and Loss Account
for the Year Ended 31 December 2022**

	2022		2021	
	£	£	£	£
Sales		125,588		36,814
Cost of sales				
Opening stock	18,211		20,516	
Catering purchases	26,564		10,322	
Shop purchases	7,923		4,092	
Wages and salaries	-		3,090	
Social security costs	-		155	
Event expenditure	12,764		4,852	
	<u>65,462</u>		<u>43,027</u>	
Closing stock	(16,301)		(18,211)	
		<u>49,161</u>		<u>24,816</u>
GROSS PROFIT		76,427		11,998
Expenditure				
Insurance	30		196	
Light and heat	10,911		3,037	
Repairs and renewals	78		539	
Laundry and cleaning	720		748	
Sundry expenses	473		144	
Auditors' remuneration	13,275		2,559	
		<u>25,487</u>		<u>7,223</u>
		50,940		4,775
Finance costs				
Bank charges		1,020		706
		49,920		4,069
Depreciation				
Long leasehold	1,386		1,386	
Plant and machinery	1		1	
Fixtures and fittings	7,291		9,721	
		<u>8,678</u>		<u>11,108</u>
NET PROFIT/(LOSS)		<u>41,242</u>		<u>(7,039)</u>

This page does not form part of the statutory financial statements