

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2023
for
Midland Railway Enterprises PLC**



Midland Railway Enterprises PLC

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Midland Railway Enterprises PLC

Company Information for the Year Ended 31 December 2023

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 2023

The directors present their strategic report for the year ended 31 December 2023.

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.

	2023	2022	2021	2020	2019
Trading Income	75,665	125,588	36,814	5,825	231,602
Gross Profit/(Loss)	1,493	76,427	11,998	(58,216)	3,743

Midland Railway Enterprises PLC

Strategic Report for the Year Ended 31 December 2023

BUSINESS MODEL AND RISK

During the period covered by this report, the company continued to trade in challenging commercial times. Studies such as PESTEL analysis and visitor assessment through external agencies have been pursued to ensure continued development of the customer offering.

The team continue to learn - 2023 was challenging in terms of having increased event costs arising from the high incidence of stock for use write offs - leading to increased costs. However, the knowledge and experience accumulated allows more informed risk mitigation and better resilience planning.

Streamlining of procedures and processes continues to allow more efficient processing and understanding of the position of the company in a more dynamic manner. Also, increased resource for accounting has been sourced from within the organisation which is allowing better and more thorough assessment and planning. Improved accuracy in understanding is facilitating key aspirations from year ending 2022 - namely the accuracy of event yield.

It is noted that the headline figures for the year ended 31 December 2023 appears deeply negative - however it is noted that the budgets for 2024 and 2025 point to the solidity of 2023's figures and suggest that better control of finances will be reflected in consistent figures. This allows planning to be made with much more surety in terms of both cost, market reaction and establishing a sensible growth trajectory. The primary variance between 2022 and 2023 appears to concern external engineering provision. Whilst this is on the face of it concerning, it must be remembered that contracting of such nature has inherent risk to margin when sold at fixed cost and further reflects a need from the Trust's Board to concentrate resources on stabilising the condition of the critical home-fleet which is relied on for key revenue earning events.

Increasing costs are a continuing problem, and have been addressed wherever possible using strategic purchasing, maximising margin whilst minimising cost and therefore risk.

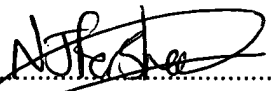
For 2024, what has been learnt is being applied in terms of recording invoices etc. as they appear, and also seeking improved flexibility from the companies' service providers backed up by improved staff communications in 2024.

Key aspects planned in year ending 2022 such as doubling the amount of fireworks events has been vindicated in 2023, with increasing yield from that event increasing significantly whilst reducing stand-alone costs and reducing volunteer fatigue.

Although it is apparent that the challenges experienced in 2023 such as reduction in disposable income will continue through 2024 given the wider political uncertainty, the calculated and conservative approach being used by the company to grow and develop is showing definite signs of success and therefore the trustees are confident in the company moving forward.

This report was approved by the board of directors on the 27 June 2024 and signed on behalf of the board by:

ON BEHALF OF THE BOARD:


.....
N J Forster - Director

Date: 27 June 2024

Midland Railway Enterprises PLC

Report of the Directors for the Year Ended 31 December 2023

The directors present their report with the financial statements of the company for the year ended 31 December 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2023 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.

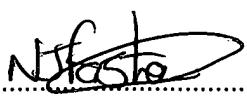
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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: 27 June 2024

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 2023 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 £75,665 is reported in the statement of comprehensive income for the year ended 31 December 2023, and turnover for the year ended 31 December 2022 of £125,588. Appropriate accounting records were not available for the current and previous year, and we were unable to satisfy ourselves by alternative means as to the completeness of income.

In addition, cost of sales of £74,172 (2022 - £49,161) and administration expenses of £30,454 (2022 - £35,185) are reported in the statement of comprehensive income for the year ended 31 December 2023 and 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 lack of available accounting resource in the company.

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.

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

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 dividend 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 and Mrs N J Forster have been appointed as directors of the company whilst at the same time being directors of Midland Railway Trust Limited.

As a result of the possible effect of the matter described in the basis for disclaimer of opinion section of our report we are unable to confirm, other than our disclosure concerning the appointment of the two directors of the company whilst at the same time being directors of the Midland Railway Trust Limited, that the above provisions have been complied with for the year ended 31 December 2023.

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 £75,665 (2022 - £125,588), cost of sales of £74,172 (2022 - £49,161) and administration expenses of £30,454 (2022 - £35,185) for the year ended 31 December 2023 and 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

Arising from the possible effects of the matter described in the basis for disclaimer of opinion section of our report:

- 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.

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.

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

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.

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.

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.

Neil Higgins

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

Date: 28th June 2024.....

Midland Railway Enterprises PLC**Statement of Comprehensive Income
for the Year Ended 31 December 2023**

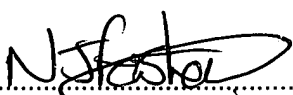
	Notes	2023 £	2022 £
TURNOVER	4	75,665	125,588
Cost of sales		<u>74,172</u>	<u>49,161</u>
GROSS PROFIT		1,493	76,427
Administrative expenses		<u>30,454</u>	<u>35,185</u>
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(28,961)	41,242
Tax on (loss)/profit	7	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(28,961)	41,242
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(28,961)</u>	<u>41,242</u>

The notes form part of these financial statements

Midland Railway Enterprises PLC (Registered number: 02279310)**Statement of Financial Position
31 December 2023**

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	8	41,307	48,162
CURRENT ASSETS			
Stocks	9	14,724	16,301
Debtors	10	856	856
Cash at bank and in hand		41,977	18,700
		<u>57,557</u>	<u>35,857</u>
CREDITORS			
Amounts falling due within one year	11	<u>131,592</u>	<u>87,786</u>
NET CURRENT LIABILITIES		<u>(74,035)</u>	<u>(51,929)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(32,728)</u>	<u>(3,767)</u>
CAPITAL AND RESERVES			
Called up share capital	12	123,165	123,165
Retained earnings	13	<u>(155,893)</u>	<u>(126,932)</u>
SHAREHOLDERS' FUNDS		<u>(32,728)</u>	<u>(3,767)</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 27 JUNE 2024 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 2023**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2022	123,165	(168,174)	(45,009)
Changes in equity			
Total comprehensive income	-	41,242	41,242
Balance at 31 December 2022	<u>123,165</u>	<u>(126,932)</u>	<u>(3,767)</u>
Changes in equity			
Total comprehensive income	-	(28,961)	(28,961)
Balance at 31 December 2023	<u><u>123,165</u></u>	<u><u>(155,893)</u></u>	<u><u>(32,728)</u></u>

The notes form part of these financial statements

Midland Railway Enterprises PLC**Statement of Cash Flows
for the Year Ended 31 December 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(8,207)	55,411
Net cash from operating activities		(8,207)	55,411
Cash flows from financing activities			
New loans in year from group undertaking		31,484	-
Loan repayments in year		-	(44,492)
Net cash from financing activities		31,484	(44,492)
Increase in cash and cash equivalents		23,277	10,919
Cash and cash equivalents at beginning of year	2	18,700	7,781
Cash and cash equivalents at end of year	2	41,977	18,700

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 2023

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

	2023 £	2022 £
(Loss)/profit before taxation	(28,961)	41,242
Depreciation charges	6,855	8,678
	<u>(22,106)</u>	<u>49,920</u>
Decrease in stocks	1,577	1,910
Increase in trade and other creditors	12,322	3,581
Cash generated from operations	<u><u>(8,207)</u></u>	<u><u>55,411</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 2023

	31.12.23 £	1.1.23 £
Cash and cash equivalents	<u><u>41,977</u></u>	<u><u>18,700</u></u>

Year ended 31 December 2022

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

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.23 £	Cash flow £	At 31.12.23 £
Net cash			
Cash at bank and in hand	<u>18,700</u>	<u>23,277</u>	<u>41,977</u>
	<u>18,700</u>	<u>23,277</u>	<u>41,977</u>
Total	<u><u>18,700</u></u>	<u><u>23,277</u></u>	<u><u>41,977</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 2023

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 £28,961 (2022: profit £41,242), and there are net current liabilities at 31 December 2023 of £74,035 (2022: net current liabilities of £51,929).

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.

A line up of the company's most popular events are scheduled for the rest of 2024. 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.

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

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

ACCOUNTING POLICIES - continued

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

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.

Lack of accounting records in the current year

Lack in the availability of accounting resources has led to disruption and deficiencies in the accurate recording of income and expenditure in the accounting records.

The directors are seeking to deal with 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 lack of availability of staff to maintain accounting records.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

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 judgements 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 £104,437 (2022: £72,953). A shortfall in funds totalling £62,460 (2022: £54,253) 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 2023

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 2023

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

There were no staff costs for the year ended 31 December 2023 nor for the year ended 31 December 2022.

The average number of employees during the year was NIL (2022 - NIL).

	2023	2022
	£	£
Directors' remuneration	-	-

6. OPERATING (LOSS)/PROFIT

The operating loss (2022 - operating profit) is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	6,855	8,678
Auditors' remuneration	8,960	13,275

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2023 nor for the year ended 31 December 2022.

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

8. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1 January 2023 and 31 December 2023	8,864	69,310	10,526	75,795	164,495
DEPRECIATION					
At 1 January 2023	-	51,887	10,523	53,923	116,333
Charge for year	-	1,386	1	5,468	6,855
At 31 December 2023	-	53,273	10,524	59,391	123,188
NET BOOK VALUE					
At 31 December 2023	8,864	16,037	2	16,404	41,307
At 31 December 2022	8,864	17,423	3	21,872	48,162

Included in cost of land and buildings is freehold land of £8,864 (2022 - £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

	2023 £	2022 £
Stocks - goods for resale	14,724	16,301

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	856	856

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	19,155	6,283
Amounts owed to group undertakings	104,437	72,953
Accruals and deferred income	8,000	8,550
	131,592	87,786

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2023 £	2022 £
123,165	Ordinary	1	123,165	123,165

Midland Railway Enterprises PLC

Notes to the Financial Statements - continued for the Year Ended 31 December 2023

12. CALLED UP SHARE CAPITAL - continued

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 2023	(126,932)
Deficit for the year	<u>(28,961)</u>
At 31 December 2023	<u><u>(155,893)</u></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 2023 the company owed Midland Railway Trust Limited £104,437 (2022: £72,953). At the year end, in accordance with the Company's Articles of Association, all available distributable profits, amounting to nil (2022: 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 2023

	2023		2022	
	£	£	£	£
Sales		75,665		125,588
Cost of sales				
Opening stock	16,301		18,211	
Catering purchases	34,627		26,564	
Shop purchases	17,020		7,923	
Event expenditure	20,948		12,764	
	<u>88,896</u>		<u>65,462</u>	
Closing stock	(14,724)		(16,301)	
		<u>74,172</u>		<u>49,161</u>
GROSS PROFIT		1,493		76,427
Expenditure				
Insurance	808		30	
Light and heat	10,854		10,911	
Repairs and renewals	72		78	
Laundry and cleaning	1,246		720	
Sundry expenses	-		473	
Auditors' remuneration	8,960		13,275	
	<u>8,960</u>		<u>13,275</u>	
		<u>21,940</u>		<u>25,487</u>
		(20,447)		50,940
Finance costs				
Bank charges		1,659		1,020
		<u>1,659</u>		<u>1,020</u>
		(22,106)		49,920
Depreciation				
Long leasehold	1,386		1,386	
Plant and machinery	1		1	
Fixtures and fittings	5,468		7,291	
	<u>5,468</u>		<u>7,291</u>	
		<u>6,855</u>		<u>8,678</u>
NET (LOSS)/PROFIT		<u>(28,961)</u>		<u>41,242</u>

This page does not form part of the statutory financial statements