

Registered number
01117090

Mid-Hants Railway Limited

Report and Accounts

31 March 2022

Mid-Hants Railway Limited
Report and accounts
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Mid-Hants Railway Limited

Company Information

Directors

A J Houghton (Chair)

A J Squires (appointed 17 August 2022)

S N Evans (resigned 7 April 2022)

M R Rossiter

R H Lacey (resigned 7 April 2022)

J F G Russell

J M Dunwoody

R A Hawkins

D Jones

P Smith (appointed 12 May 2021)

Secretary

P Smith

Auditors

Cochrane & Co Accountants Ltd

38 Kings Road

Lee-on-the-Solent

Hampshire

PO13 9NU

Registered office

Alresford Station

Alresford

Hampshire

SO24 9JG

Registered number

01117090

Mid-Hants Railway Limited

Registered number: 01117090

Directors' Report

The directors present their report and accounts for the 14 month period ended 31 March 2022.

Principal activities

The company's principal activity during the period continued to be the operation of a steam railway.

Directors

The following persons served as directors during the period:

A J Houghton (Chair)
S N Evans (resigned 7 April 2022)
M R Rossiter
R H Lacey (resigned 7 April 2022)
J F G Russell
J M Dunwoody
R A Hawkins
D Jones
P Smith (appointed 12 May 2021)

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

This report was approved by the board on 13 October 2022 and signed by its order.

A J Houghton (Chair)

Director

Mid-Hants Railway Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

Mid-Hants Railway Limited

Independent auditor's report

to the members of Mid-Hants Railway Limited

Qualified Opinion

We have audited the accounts of Mid-Hants Railway Limited for the period ended 31 March 2022 which comprise the Profit and Loss Account, the Balance Sheet and notes to the accounts, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Use of our report

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Due to COVID 19, the country was in full lockdown at the 31 January 2021. The client was, not able to carry out a full stocktake at the year end and we were not able to attend. Stock was included in the balance sheet at a value of £211,805. Consequently, we are unable to determine whether there is any consequential adjustment effect on the cost of sales for the period ended 31 March 2022. Our audit opinion on the financial statements for the year ended 31 January 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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

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

In accordance with the exemption provided by FRC's Ethical standard-Provisions Available for Audits of smaller entities, we have prepared and submitted the company's return to the tax authority and assisted with the preparation of the accounts.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the report and accounts, other than the accounts and

our auditor's report thereon. The directors are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the accounts are prepared is consistent with the accounts; and
- the directors' report has 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 qualified basis for 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 directors' report.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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.

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to 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. As we are able to review the entire nominal ledger and all transactions in the year, it is felt our chance of detection is increased.

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

Joanne Cochrane BSc FCA

(Senior Statutory Auditor)

for and on behalf of

Cochrane & Co Accountants Ltd

Accountants and Statutory Auditors

Dated: 18 November 2022

38 Kings Road

Lee-on-the-Solent

Hampshire

PO13 9NU

Mid-Hants Railway Limited**Profit and Loss Account****for the period from 1 February 2021 to 31 March 2022**

	2022	2021
	£	£
Turnover	2,327,695	1,372,030
Cost of sales	(1,749,098)	(1,022,503)
Gross profit	<u>578,597</u>	<u>349,527</u>
Administrative expenses	(1,835,407)	(1,493,683)
Other operating income	1,432,709	1,207,049
Operating profit	<u>175,899</u>	<u>62,893</u>
Interest receivable	103	258
Interest payable	(30,509)	(32,133)
Profit before taxation	<u>145,493</u>	<u>31,018</u>
Tax on profit	(34,328)	(12,504)
Profit for the period	<u>111,165</u>	<u>18,514</u>

Mid-Hants Railway Limited
Registered number: 01117090
Balance Sheet
as at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	4	6,120,828	5,695,504
Current assets			
Stocks		270,233	211,805
Debtors	5	242,684	334,868
Cash at bank and in hand		482,023	1,072,907
		<u>994,940</u>	<u>1,619,580</u>
Creditors: amounts falling due within one year	6	(945,761)	(885,403)
Net current assets		<u>49,179</u>	<u>734,177</u>
Total assets less current liabilities		<u>6,170,007</u>	<u>6,429,681</u>
Creditors: amounts falling due after more than one year	7	(938,873)	(1,345,185)
Provisions for liabilities	10	(300,683)	(266,335)
Net assets		<u>4,930,451</u>	<u>4,818,161</u>
Capital and reserves			
Called up share capital		787,266	786,141
Revaluation reserve	9	514,765	514,765
Profit and loss account		3,628,420	3,517,255
Shareholders' funds		<u>4,930,451</u>	<u>4,818,161</u>

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime.

A J Houghton (Chair)
Director

Approved by the board on 13 October 2022

Mid-Hants Railway Limited
Notes to the Accounts
for the period from 1 February 2021 to 31 March 2022

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

Turnover and other income

Turnover represents sales, excluding value added tax, in respect of tickets for steam train experiences and rides, retail and catering goods supplied during the year and external engineering work undertaken. Payments received in advance are not included in turnover until the service is rendered or obligation fulfilled. Other Operating income includes management and administration charges received, grants received, miscellaneous land sales and sundry donations received. Income received relating to future costs, has been deferred until the expenditure is incurred.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land and property	Nil-2%
Plant and machinery	Nil-25%
Assets under construction	Nil

Locomotives are depreciated over the length of their boiler certificate (usually 10 years) down to their residual value. Where a locomotive, owned by independent group, is overhauled by the company and a long term hire agreement is in place, the costs incurred are capitalised. Costs are depreciated on a straight line basis over the expected useful life (usually 10 years).

Other than the engineering workshops at Ropley, which are depreciated at 2% per annum, freehold land and buildings, track and certain coaches are not depreciated below their residual values. In the opinion of the directors it is the company's purpose to restore, preserve and keep these assets in good repair for the future.

Freehold property consists mainly of historic buildings which have long economic lives and high residual values. Therefore any depreciation charge would be immaterial. The directors are of the opinion that no circumstances causing an impairment have occurred. The company has taken advantage of the transitional provisions to retain revalued assets at book values, no revaluation was carried out at transition.

Plant and equipment includes locomotives, rolling stock and track

Assets under construction are not depreciated until they are brought into use. The company capitalises direct wages and employers national insurance in respect of internal capital projects.

Coaches are deemed to have a residual value of £5,000 and once items reach that value no

further depreciation is charged. Coaches that had a lower book value than this at the start of the year will continue to be held at that value.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

Going concern

At the time of approving the financial statements, based on cashflows and best estimates of future income and expenditure, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and the directors continue to adopt the going concern basis of accounting in preparing the financial

2 Audit information

The audit report is qualified.

Senior statutory auditor: Joanne Cochrane BSc FCA
 Firm: Cochrane & Co Accountants Ltd
 Date of audit report:

3 Employees

	2022 Number	2021 Number
Average number of persons employed by the company	45	45

4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Assets under construction £	Total £
Cost				
At 1 February 2021	2,816,952	4,699,349	344,580	7,860,881
Additions	9,415	699,373	399	709,187
Transfers	-	965	(965)	-
Disposals	-	(16,127)	-	(16,127)
At 31 March 2022	2,826,367	5,383,560	344,014	8,553,941
Depreciation				
At 1 February 2021	324,114	1,841,263	-	2,165,377
Charge for the period	44,034	239,829	-	283,863
On disposals	-	(16,127)	-	(16,127)
At 31 March 2022	368,148	2,064,965	-	2,433,113
Net book value				
At 31 March 2022	2,458,219	3,318,595	344,014	6,120,828
At 31 January 2021	2,492,838	2,858,086	344,580	5,695,504

Freehold land and buildings:	2022 £	2021 £
Historical cost	2,311,602	2,302,187
Cumulative depreciation based on historical cost	368,148	324,114
	1,943,454	1,978,073

5 Debtors	2022	2021
	£	£
Trade debtors	7,194	11,650
Amounts owed by group undertakings and undertakings in which the company has a participating interest	209,410	21,972
Other taxes and social security	-	76,601
Other debtors	26,080	224,645
	<u>242,684</u>	<u>334,868</u>

6 Creditors: amounts falling due within one year	2022	2021
	£	£
Bank loans and overdrafts	234,526	93,994
Trade creditors	244,239	258,720
Payments received on account	61,204	163,293
Taxation and social security costs	40,627	19,830
Other creditors	365,165	349,566
	<u>945,761</u>	<u>885,403</u>

7 Creditors: amounts falling due after one year	2022	2021
	£	£
Bank loans	838,873	1,145,185
Trade creditors	100,000	200,000
	<u>938,873</u>	<u>1,345,185</u>

8 Loans (analysis of note 7)	2022	2021
	£	£
Creditors include:		
Instalments falling due for payment after more than five years	<u>201,850</u>	<u>232,744</u>
Secured bank loans	<u>311,940</u>	<u>389,179</u>

The bank loans are secured by a fixed and floating charge over the freehold railway property and other assets.

9 Revaluation reserve	2022	2021
	£	£
At 1 February 2021	514,765	514,765
At 31 March 2022	<u>514,765</u>	<u>514,765</u>

10 Provision for liabilities	2022	2021
	£	£
Deferred taxation	<u>300,683</u>	<u>266,335</u>

11 Other financial commitments	2022	2021
	£	£
Total future minimum payments under non-cancellable operating leases	<u>435,043</u>	<u>452,452</u>

12 Controlling party

The ultimate parent company is Watercress Line Heritage Railway Trust Limited, a registered charity and company registered in England and Wales, which holds 100% of the equity dividend shares and 52.77% of the non-equity shares. The charity is controlled by its Board of Trustees. Copies of the consolidated financial statements can be obtained from the registered office: Alresford Station, Alresford, Hampshire, SO24 9JG.

13 Other information

Mid-Hants Railway Limited is a private company limited by shares and incorporated in England. Its registered office is:

Alresford Station
Alresford
Hampshire
SO24 9JG

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