

The West Somerset Railway Plc's summary of trading results for the year ended 31 March 2020 help offset the gloom of Covid 19 and which will really help to safeguard the railway's future financially.

1 June 2020

Draft trading results just released by the WSR plc show a stunning profit figure of £311,217 for the year 2019/20.

This clearly illustrates a complete sea-change for the railway's financial performance when compared to recent years when the WSR was clearly in steep decline, culminating in a near £800,000 loss for the turbulent year of 2018/19.

But with a determined new Chairman and Board of directors in place, who set about charting a new course for the railway, the situation has been turned around to the good again.

The results are all the more remarkable when compared with the anticipated year-to-date forecasts for the end of March this year, which budgeted for a much smaller profit of £83,823, and which shows that the plc exceeded the budgeted profit for the last financial year by £227,394.

Similarly, the budget forecast a bank balance of £182,000 at the end of March 2020, but this figure has been massively exceeded by the actual reconciled balance at that date which was £340,000.

Whilst this figure excluded cash held on behalf of other organisations, together with a sum of £100,000 still being held by the plc pending the acquisition of the Bishops Lydeard shop and café, the plc was still some £258,000 ahead of forecast.

Trade creditors were good too, with an actual of £229,000 against a forecast of £214,000. Debtor balances outstanding were £36,000 against the forecast of £31,000, and these figures clearly illustrate that the company was performing strongly ahead of budget in cash terms.

WSR plc Chairman Jon Jones-Pratt comments:

"All of this fantastic turnaround in the WSR's fortunes has been achieved during a 19-month period since September 2018 by the re-invigorated plc Board, our dedicated staff and volunteers, our active support organisations and advisors, plus shareholders, supporters and stakeholders, all of whom are all part of the greater WSR 'family' and whose great team efforts have succeeded.

"So, I think these hard financial facts really speak for themselves with the company's summary of trading results derived from the draft final accounts showing a very good profit of some £311,000.

“That represents a terrific turnaround from a previous year loss of some £800,000! This is just the sort of confidence booster that we and our supporters needed going forward, and proves that we are once more on the right track. Were it not for last year's good trading figures and profits, the railway simply would not have been able to keep going, and would have gone into liquidation, but we still need more cash, help and support to survive.

“The WSR Board understand that there have been concerns over the new direction the railway has taken in the last year or so. We hope the financial results speak for themselves and go some way to reassuring our supporters that the board have the best interests of the future of the railway at heart, and are actively striving to build on this success in these unprecedented times.

“In a normal world, we would now all be busy celebrating this huge achievement and sharing it loudly with our staff and supporters as they have made such a huge contribution to the railway over this last 12 months and we would be looking forward to our new season. But what a difference a month makes.

“Now, we find ourselves in the middle of a global pandemic. The railway and all its ancillary activities are closed. We have had no option but to place the majority of our staff on furlough and have now also had to issue at risk of redundancy notices to 42 of our 45 staff and we are doing our utmost to reduce other costs.

“Without this action, we would be losing well over £100k with each month that passes, and the money we have made would be very quickly gone, leaving our coffers bare.

“With the restrictive current Government social distancing measures in place, it is very difficult to see how we will be able to run trains and cover costs in the foreseeable future and our season is simply ticking by with no income.

“I have already highlighted to everyone, especially our staff, that it is very unlikely that we will be able to operate again now until next year. That was a very hard decision to consider, let alone make.

“Regrettably, Covid 19 has hit us just as we were about to turn the corner into a brighter future and it now represents the biggest threat to our railway yet seen since the line was closed by British Rail in 1971.

“So, once again, and for the second time in two years, we see it as our clear and unshakable responsibility to ensure that the railway is safeguarded financially so that we are able to run again when things do eventually change.

“Our survival plans are being progressed rapidly, but are made ever more difficult when no one knows how this situation will develop or what a return to ‘normal’ might look like. It is impossible to plan securely with no adequate information regarding the outcome of this situation.

“Each month that passes sees our cash reserves reducing and we are acutely aware that these are running out. That’s why we have had to issue redundancy notices to our loyal staff sadly; are looking at every item of expenditure, and why the emergency funding appeal is so vital.”

Further background to the draft accounts:

The WSR plc started the last financial year of 2019/20 having just registered a loss before tax of £927k and with £243k in the bank, being the results of having sold loco No. 4110 and having re-financed loco No. 7828 Odney Manor. It was not the strongest position to be in and with no room for anything other than improvement.

A budget was agreed for 2019/20 that was considered prudent but achievable. If the plc could meet the budget, the company would make a small profit and keep the cash position fairly neutral. This would be a huge step forward from the previous year, perhaps too big a step in one year, but there was no choice. The company had come very close to failing in 2018, and the future of both the company and the whole railway were clearly at stake.

The 2019/20 year started slowly, but not according to plan as trains were unable to operate fully over the whole line until May due to vital infrastructure works. This delay to full line trains also had a knock-on effect to both retail and catering activities as well, so cost and cash management was paramount during these early months of the year. However, by the end of the first quarter, when the plc was able to review the first management accounts from the new accounting system, it could be seen that the plan was beginning to materialise.

This glimmers of hope continued to grow as the year progressed and, despite a somewhat disappointing Christmas period, the plc achieved its trading budget and, as a result of donations from both members of the public and WSR associated support organisations (WSRA and WSSRT), the railway has exceeded this, ending the year with a draft profit of some £311k (subject to the year-end stock count adjustment). Most importantly, the company ended the year with cash reserves also exceeding that forecast.