

The Questions and Answers from the WSR Plc AGM 25 September 2021

(copied from a spreadsheet provided by WSR Plc)

Q: Please outline the strategy for future fundraising for Infrastructure investment. How requirements will be prioritised and how we can help?

A: This is a good question which doesn't have a single answer. What we do know is that, in common with most other heritage railways, the cost of infrastructure maintenance and renewal exceeds the likely level of income that the PLC will achieve through the fare box. Therefore, as part of its new business model which will be set out in the forthcoming Business Plan, the strategic approach to fundraising for infrastructure investment is likely to include:

- Grant applications from government and other bodies
- Targeted requests from our support charities for particular projects and especially those with a significant heritage component
- A new vision for commercial income achievement including sponsorship, corporate events and other similar initiatives
- Use of donations and legacies where possible
- Identifying a percentage of annual income to be hypothecated against infrastructure investment
- Targeted appeal campaigns for specific infrastructure projects
- Looking at management and disposal of non-core assets in order to generate funds for infrastructure investment.

Requirements will be prioritised through the Infrastructure Plan which is currently being finalised for the rest of 2021, 2022 and early 2023. This will be made available to shareholders and support charities within the next few weeks subject to Board approval with requests for financial support against specific projects. This will be a rolling process going forward over the next 2 to 3 years.

Q: Having worked as a TTI for many years would it be feasible to round the fares up/down to the nearest pound? e.g. BL to Williton £10 single/£15 return or BL to MD £15 single/£20 return (this is an example only as I know the fares are dearer now). I feel this would encourage more families.

A: Good question, the fares are currently formulated from the full return price, assuming this can be overridden on the ticketing system we will look to implement next year.

Q: Would you consider re-opening Washford station as it is very useful for walkers?

A: The Board agree that Washford is potentially an important station. It has historical significance as one of the rural West Somerset Railway stations. We hope to reach agreement with the S&D Trust over the Washford site shortly, and would expect to re-open it then as soon as we can. A volunteer team is being identified to manage the station in the future.

Q: Why can't future AGMs be held in Minehead at 2pm rather than 11am? This would afford distant shareholders the use of BL free car park and travel by train up to Minehead.

A: Oake Manor is a good and convenient venue for many shareholders and we have had problems finding a similar, suitable venue in Minehead after all of the Covid problems, but we'll look at it again next year to see if something can be done.

Q: What will be involved in re-certifying the line for RAG (RED) route availability? Is there a plan to do this? Cost & timescale?

A: The potential for raising axle load limits for the railway is high on the Board's agenda. Clearly achievement of the ambition will open up a range of new opportunities for the WSR. The RAG

(RED) route classifications emanate from the Great Western Railway, subsequently absorbed by BR's Western Region. Route colour codes are no longer in use nationally. Network Rail is using a broader set of Route Availability classifications. Improved knowledge and analytic techniques associated with the assessment of the capability of the permanent way and its supporting structures, are enabling constructive challenge of existing standards which WSR is intending to explore. First of all though the recently appointed Director Infrastructure Engineering is seeking to fully understand the underlying condition of the assets and their assessed capability and what the impact of increased loadings might have on them. It is too early therefore to give any indication of what it will cost and how long it will take to deliver this aspiration.

Q: What exactly were £58,000 'Legal & Professional fees' from the year spent on?

A: Legal & Professional fees can be analysed as follows:

- £22,750 for New SMS to ensure ORR compliance.
- £3,063 for Employment advice and a Partial Deed of Release.
- £520 for station service charge.
- £60 to the ICO
- £129 for Director Recruitment
- £3,388 for CoSec work, dealing with purchase of BL shop, CHRF work.
- £462 for Consultancy on Infrastructure.
- £2,000 for Safety Consultancy.
- £17,250 for Independent investigation following shareholder complaint.
- £7,500 for Independent investigation following ex employee complaints.
- £950 for valuation for rental purposes at Washford.

Q: Why has the company website not been updated: e.g. - S&DRT and Bakelite museums are still shown as open, fares were not displayed until this month (Sept), details of volunteer roles still not available

A: The company's website is going to be overhauled and re-launched in 2022, but our limited staff have been very busy elsewhere this year so the updates haven't been done as we'd wish yet. We are looking to enhance our on-line ticketing and website utility for smaller devices.

Q: As far as can e reasonably determined, has the future been secured for the WSR?

A: Given the history of the WSR over the last 3 to 4 years, this is a reasonable concern and the PLC Board is pleased to be able to give a positive response. Although there is still some uncertainty about the impact of Covid 19, Government response and the public appetite for travelling on heritage railways in the short term, the actions taken by the Board to implement a business recovery plan over late 2020 and into 2021 with a new commercial model that delivers a closer relationship between income and costs is bearing fruit. There has been some significant learning within the business over the last nine months with increased flexibility and agility shown by both staff and Directors in ensuring that we live within our means. The railway has tremendous support from its local authorities, MPs and the majority of its stakeholders. Provided that we continue to implement and refine the current business model in accordance with commercial opportunities and constraints, there is every reason to be very positive about the future.

Q: Does the Board anticipate being able, eventually, to be able to restore 'High Profile' galas & events?

A: Yes, we do hope to do so, but it depends upon progress on our infrastructure and the ORR being satisfied too - we do want to see a return to our past galas and events.

Q: At the PDG meeting in May the WSR chairman promised that stakeholders would be given a full explanation of the PLC's decision to reject the formation of an overarching charity. We ask for this explanation. We also ask the PLC board to reconsider that decision, as a charitable "wrapper" would potentially increase the value of individual donations by 25%, increase the number of bodies who would donate, and raise the Government recovery fund ceiling to £4million.

A: The decision to suspend the process of developing proposals to implement the recommendations to establish a charity led organisation put forward by John Bailey in 2020 was set out very clearly and comprehensively in a letter from the PLC Chairman dated 26 April 2021. This was posted on HOPS which is the main vehicle for internal communications across the WSR. The PLC is going to revisit the question of organisational models again in early 2022 and all stakeholders will be advised of the process and timescale for this work in due course.

Q: For the information of all shareholders and in order that the charities supporting the WSR might maximise their effectiveness in the fundraising arena, (both with regards to donors and grant funding), could the Board please clarify precisely and openly the nature, including disclosing any co-dependency, (e.g. the discussions with local MPs and SCC mentioned elsewhere in the Annual Report), of the proposed different business model to the one that has been historically applied on the WSR ?

A: The business model that the PLC Board has progressively implemented since late 2020 and now within the 2021 operating season is based on the number of very simple principles which include:

- Operating a timetable which tailors likely demand to available capacity and that avoids "running empty trains for the sake of it".
- Keeping an even closer eye on avoidable costs and ensuring that where possible, activities are based on clearly identified value for money criteria.
- Ensuring that we have the staff and skills to operate the railway safely and responsibly at all times.
- Based on clear business objectives and information, maximising opportunities for innovation and income generation where we have the capacity and skills to do so.
- Progressively enhancing our commercial reach to increase the level of volume of trading turnover
- Sticking to agreed priorities and focusing on bringing the railway back to full operating and trading capacity as soon as we can.

These messages had been shared with a wide variety of stakeholders over the last 6 to 9 months including our very supportive local MPs, local authorities and equally importantly, with our railway family organisations on the WSR. We will continue to engage in dialogue with all our partners in progressive development and delivery of the business model.

Q: PDG minutes of 26th May 2021 (item 9) states the PLC's 3 year business plan would be circulated by 9th June. Where is it & will it be shared with stakeholders please?

A: This is a fair question from our shareholder. It had been intended to have the draft business plan available for discussion with stakeholders following PLC Board approval in June 2021. However, it transpired that the plan needed further work in the light of the rejection of the CRFH 2 application and the need to complete a review of infrastructure plans and proposals with the new team who arrived in July. Additionally, it was clear that the financial and operational management information on business performance was unlikely to give us a clearer picture of where we are and what else was required until we had at least three months data on which to form a view as to the success of the business recovery actions implemented from late 2020. Much of this information is now available and it is intended to complete a revised draft during October with a view to focusing on

proposals from late 2021 to early 2022. The intelligence gained from operating the current season under the present range of constraints and opportunities will also be factored in to the business plan proposals.

Q: What happens if the £1m appeal fails?

A: Like every heritage railway, the WSR (as explained in an earlier answer) from time to time has to make an appeal for additional funds. In this case, the 2021 Appeal had two principal objectives:

- To raise money to support the operating costs of running the railway
- To raise money to invest in infrastructure renewal and repair.

The £1 million “tag” was a deliberately ambitious target because there was significant uncertainty at the beginning of the financial year as to precisely how trading would go particularly given the deferred start to the year for operating trains and the constraints imposed by the continued closure of Seaward Way crossing.

At the time of writing, the appeal has brought in just over £50,000 in donations. In addition, the PLC is bidding against the third round of cultural recovery for heritage funds and has also applied for other grants including to the County Council. It is unlikely that the target will be met in its entirety but given that the trading position of the company is more positive than had been anticipated (from a very cautious series of baseline projections), the Board is confident that the overall business recovery plan provides enough scope to underpin the business going into 2022. We are doing better than expected financially.

Q: Given what is stated in the Annual Report, what plans does the WSR Plc have for the Washford Site?

A: The railway is suffering from a shortage of space for a range of functions. Having a rail connected site will provide significant further capacity. We will release information on the proposed future usage as soon as agreement with the S&D Trust has been reached. Amongst the possibilities that the Board have been considering are relocation of the Infrastructure main site from Dunster, and also the possibility of a new coach storage and restoration facility.

Q: The circulation of details to Shareholders issued by e mail on 03-09-21 appear to of omitted the Records of Notes taken relating to the AOB part of the AGM meeting held on 21-11-20 in respect of the shareholders questions. These appear issued in previous AGM circulations to Shareholders in line with normal guidance. Can these be circulated?

A: The minutes of the AGM were circulated in the AGM pack. Last year, as this year, we have officially finished the AGM after the resolutions and official business have been dealt with. We then go on and hold an informal question and answer session. This year, those shareholders who have raised questions will be contacted after the meeting with the answers to the questions they have raised.

Q: The current details circulated to Shareholders provide overview CVs of prospective Plc Directors but does not indicate the posts to which their qualifications/experience relate (other than those of Joy Boswell and Bob Meanley) can some clarity be provided given the ORR and HRA guidance documents published i.e., HRA ref HGR-M0101-1s01 as to the Roles these Directors are to be appointed to.

A: The Heritage Railway Association’s referenced document provides a concise explanation of a Director’s Duties and Responsibilities. The ORR’s publication entitled “Risk Management Maturity Model Topic 1 Heritage Railways” (RM3) is similarly detailed in its description of the

responsibilities and duties required of a Board of Directors for a Heritage Railway. The Board of the WSR has been significantly restructured over the last two years to better align with the principles set out by ORR and HRA. The recent appointment of a Director, with many years of corporate experience, to a role which has a specific responsibility to assist and guide fellow WSR Directors, in the delivery of their duties, is evidence of the Board's commitment to embrace the responsibilities it holds, both collectively and individually. Even more recently, the Board has appointed two Chartered Engineers as Directors, both of whom have significant relevant railway infrastructure management experience.

Q: The WSR previously provided on its Web Page under Corporate Information – Directors Profiles details of their Scoping Responsibilities and Roles. These have been removed - can they be initiated in line with the Guidance.

A: Yes, they will be completed soon as part of the website overhaul during 2022.

Q: Can the Board advise the point of contact for Shareholders who may wish to request answers to questions outside of the AGM Notice period.

A: The first point of contact for shareholders should be the share registrar who can be contacted at the Minehead office or share.registrar@wsrail.net

Q: Would the WSR plc Board correct the omission in the Report and Accounts and join with me in thanking the members of the committee that wrote successful the CHRF1 bid and the local bodies and organisations which supported the bid, so keeping the WSR in being last winter?

A: There was no omission in the Directors Report concerning the CRFH1 grant success. A press release published on HOPS on 9th October 2020 paid tribute to all those who had contributed to fundraising for the WSR in the preceding nine months in the midst of the Covid 19 pandemic. There were also many notable achievements by staff and supporting organisations in helping to keep the WSR going during 2020 even though the railway was not in operation. The PLC Board is however happy to, once again, publicly and specifically acknowledge the particular contribution made by those who were part of the original CRFH1 submission.

Q: Can the WSR plc Board please explain how the present secretive process of appointment of WSR plc Directors is consistent with a correct approach to diversity and equality and how it provides the best candidates for appointment as opposed to the open, transparent, inclusive process previously adopted?

A: As many shareholders will be aware, the PLC Board has, in the last 12 months, been undergoing a process of review and renewal to ensure that the Board is fit for purpose going forward with the right blend of skills and experience required to run a heritage railway. This is not just about operating trains but also managing the organisation in terms of its commercial, safety, financial and governance requirements. Part of this arrangement has been an overhaul of the way in which people are appointed to the Board. The PLC process for recruitment of individuals both to Board and senior management roles within the business is an open and transparent one underpinned by clear arrangements for:

- Role specification, qualifications and experience
- Targeted advertising both internally using HOPS, social media and specific professional railway publications
- Informal and formal interviews
- Recommendations to the Board
- A probationary process of up to 3 months where nominated individuals act as Advisers

before being granted Director status. This enables both parties to ensure that there is a business and personal “fit” between the Board, staff and the individual concerned and to enable any adjustments to role and responsibilities to be made. This has been shown to be effective in the majority of appointments made between June 2020 and now. The assertion that the appointments made have not been the best candidate for the job is pure conjecture and without any evidence to support it. As to culture and diversity, the PLC, as part of CHRF1 agreed to the development of a cultural diversity and environmental programme and plan which is being taken forward by a cross railway working group called People Engagement Group. The principles identified in that work have already been applied to the recruitment process for PLC Board appointments such that the Board now reflects disability, gender and ethnic minority representation. It is also instructive that the current acting Assistant General Manager is the first female member of staff to occupy such a senior role on the railway.

Q: Could the QB stock be used in service trains and a supplement be charged to passengers if no other option is found?

A: It would be entirely possible to combine the QB set within a set of ordinary coaches. This suggestion has already been considered. This means that it would have to operate regularly all day every weekend and that would require a the rapid establishment of a considerable market which quite possibly does not exist. That is a considerable financial risk. We are currently conducting a review into the economics of current and potential catering operations and once that has been completed, the potential usage of the QB set will become clearer.

Q: What was the net profit from restorations for the year ended 31 March 21?

A: Restorations made a profit during the year of £9,368.