

Registration Number 1157099

South Devon Railway Trust

Annual Report

for the year ended 31 December 2002

Registered Charity Number 800299

South Devon Railway Trust

Directors, officers and advisors

Directors	A L Taylor MCIPS AMIQA C J Stokes BA (Hons) FMAAT A R Cash N Smith Bsc (Hons) FSMC FBOA M D Webb Bsc FRICS D Rogers OBE MSc FBIM FIBC D Woodward BEng MSc CEng FICE FStructE MIHT
Secretary	R J Elliott ACIB
Company Number	1157099
Registered Charity Number	800299
Registered Office	The Station Buckfastleigh Devon
Auditors	Spence Robert Pethick The Old Customs House Torwood Gardens Road Torquay Devon TQ1 1EG
Business Address	The Station Buckfastleigh Devon
Bankers	Lloyds TSB Bank PLC Fore Street Okehampton Devon EX20 1HJ
Solicitors	Woolcombe Beer Watts 73 Queen Street Exeter Devon EX4 3RX

South Devon Railway Trust

Annual Report for the year ended 31 December 2002

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South Devon Railway Trust
Directors' Report
for the year ended 31 December 2002

The directors as trustees present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 December 2002.

Principal Activity and Review of the Business

The Trust is a limited liability company, is subject to the provisions of the Companies Act 1985 and is governed by its memorandum and articles of association. The Trust, a registered charity, is managed by an unpaid board of directors acting as Trustees and any surplus generated by its activities is applied to charitable purposes. As such the principal activity of the Trust continues to be that of operating heritage railway line.

The object for which the Trust is established is to advance public education in the history and development of railway transportation systems in particular by the preservation operation and exhibiting of railway vehicles, systems and equipment and to foster and support heritage railway preservation.

In pursuit of this object, the policy of the Trust is to run a train service between Buckfastleigh and Littlehempston riverside whilst providing passengers with the opportunity to experience and learn about rail travel as it would have been prior to 1966. In doing so the Trust, wherever possible, follows the custom and practice of the Great Western Railway or British Railways (Western Region). There have been no material changes in the above policies since the last report.

The principal activities of the group companies are set out in note 10

On 18 February 2001 SDR PLC commenced trading and took over the retail operation of the Trust and in March 2001 commenced operating a cafeteria at the Buckfastleigh site.

None, apart from the above, of the group's activities was acquired or discontinued during the above two financial years.

Directors and their Interests

The Trust is a registered charity and the memorandum and articles of association do not permit the directors to enjoy any remuneration from their office.

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares		Promoter shares	
	31/12/2002	01/01/ 2002	31 /12/2002	01/01/2002
A L Taylor MCIPS AMIQA	151	151	-	-
C J Stokes BA (Hons) FMAAT	175	175	50	50
D E Long MICE (Resigned 16/4/02)	1,020	900	50	50
G Peacock (resigned 16/4/02)	113	113	100	100
N Smith Bsc (Hons) FSMC FBOA	200	200	-	-
B Cocks(Resigned 28/02/2002)	2	2		--
A R Cash	1	1	-	-
M D Webb Bsc FRICS	1	1	-	-
D Rogers OBE MSc FBIM FIBC	-	-	-	-
D Woodward BEng MSc CEng FICE FIStructE MIHT (appointed 26/04/02)	-	-	-	-

As Directors are not permitted to hold paid employment with the Trust Mr Brian Cocks resigned on 28th February 2002 in order to take up a position as a member of the paid staff.

South Devon Railway Trust
Directors' Report
for the year ended 31 December 2002

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the company and of the group for that year. In preparing these the directors are required to:

- ❑ select suitable accounting policies and apply them consistently;
- ❑ make judgements and estimates that are reasonable and prudent;
- ❑ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Investment powers

The Trust may invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject to statutory requirements, as defined in the memorandum and articles of association.

Charitable and Political Contributions

During the year the Trust received £30,911 from its subsidiary South Devon Railway PLC by way of Gift Aid being profits for the year 2001. A further £40,608 is receivable in respect of the year 2002.

Taxation status

In the opinion of the directors, the Trust has been established for charitable purposes only, within the meaning of the Income and Corporation Taxes Act 1988. The directors are also of the opinion that the trade of operating a light railway is a primary purpose of the charity and that any trading surplus is therefore exempt from tax by virtue of section 505 (1) (e) (i) of that act.

Organisation of the Trust

There are 7 full time and 4 part time employees (2 FTEs), including a general manager who are responsible for control of operational matters relating to the railway, including day to day administration, maintenance and co-ordination of a substantial volunteer work force. Further staff are employed within the group (see note 7)

Volunteers provide the majority of the effort relating to train crews, station and signalling staff, permanent way maintenance, restoration and conservation of locomotives and rolling stock. Volunteers also provide administrative support relating to fund raising, deeds of covenant, gift aid, sales management, marketing, financial administration and control.

Review of development

A review of the development, activities and achievements of the Trust is set out in the Chairman's report, which has the approval of the Trustees.

Review of financial position

A review of the financial position of the Trust and the group and an explanation of the salient features of the accounts is set out in the attached Finance Director's report, which has the approval of the trustees.

South Devon Railway Trust
Directors' Report
for the year ended 31 December 2002

Financial Management: Trust Policy

In 2002 with the acquisition of the railway our policy on enhancements switched from ensuring the long term future of the railway to planning for that future. Our aims continued to be related to a number of broad areas with finances directed accordingly.

- ❑ Increasing turnover by 10% in real terms in order to fund developments
- ❑ Ensuring continuance of a safe operating environment through an ongoing programme of;
 - permanent way renewal.
 - structural maintenance.
- ❑ Making railway operations as interesting and as representative of the period as possible by;
 - increasing the use of Great Western motive power
 - restoring a complete Great Western Train
- ❑ Increasing the interest and variety on the railway by supporting
 - the acquisition of appropriate items
 - restoration and conservation projects
- ❑ Debt reduction

Financial Control

The Board as Trustees are all responsible for the affairs of the Trust and this includes the preparation of the financial statements and the reports thereon. The detail of the preparation is delegated to the Finance Director but the final accounts and all statements therein are approved by the Board as a whole.

The final accounts are the audited record of our financial activity for the year but the process of financial management is cyclical. It starts in late autumn with a thorough review of activity on all budgets and an assessment of the prospects for the forthcoming year. A draft budget is compiled and presented to the Board for consideration. Decisions are taken over pricing and the budget is confirmed. Approximately 90% of budgeted operational turnover is required to run the railway. The balance is available with revenues from external hires to apply to the railway infrastructure. The Board agrees the programme of works in accordance with its general policy. Additionally moneys raised through donations are applied to the project for which they were contributed.

The day to day management of the budget is essentially tactical and is largely delegated to the General Manager who is responsible for railway operations. A framework of procedures designed to provide proper financial controls is in place to ensure effective stewardship and these are kept under review. The accounting records are maintained under the direction of the Finance Director and subject to annual audit. During the year the budget is monitored on an ongoing basis by the General Manager and the Finance Director working in concert. If necessary day to day priorities will be adjusted. Within the management framework the Finance Director reports to the Board, generally on an exception basis. Otherwise as funds are generated by operations they are released to designated projects. The timing of expenditure is matched with those periods when cash flow is expected to be positive. Although with railway operations extending from March until October and again at Christmas some works have to be programmed to take advantage of windows of opportunity. A balance is struck between progress and avoiding expensive borrowing.

Availability of assets to carry out the Trusts objects

All railway assets, other than those under or awaiting restoration, are readily available to fulfil the objects of the Trust. There are designated funds set aside in the balance sheet, to meet future expenditure on restoration projects, and these are represented by cash at bank which is readily available for such expenditure when needed.

South Devon Railway Trust
Directors' Report
for the year ended 31 December 2002

Relationship with other charities and organisations

South Devon Railway Association and Dumbleton Hall Preservation Society are members groups for railway enthusiasts associated with the volunteer effort from which the Trust derives much support. These groups co-ordinate and provide volunteer labour, donations and the loan of engines, rolling stock and railway equipment.

The Trust also, from time to time, co-operates with other similar railway organisations and charities, including the cross hire of engines and rolling stock in order to provide a greater variety of experience and to enable significant historic items to reach a wider audience. This is in furtherance of the Trust's objectives.

Risk Management

The Trust recognises the need to identify risk to its business (both financial and non-financial) and control measures are implemented where necessary.

Key areas of risk are safety, commercial and technical.

Formal safety risk assessments are carried out annually and kept under constant review. Along with the operating rulebook they are an essential part of the Railway Safety Case which is a legal requirement for operating the railway. We are pleased to report that the revisions to our safety case were completed in 2002 and have subsequently been approved by Her Majesty's Railway Inspectorate, part of the Health and Safety Executive.

Commercial risks are minimised by ensuring we have adequate procedures in place and business interruption cover is maintained against the possibility of an incident affecting our ability to run a public service. Appropriate insurance policies are maintained to provide cover in a number of other areas.

Technical risk is assessed through regular inspections of all our assets and the implementation of planned maintenance programmes; where necessary independent engineering advice is obtained.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Spence Robert Pethick be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 7 February 2003 and signed on its behalf by

R J Elliott ACIB
Secretary

Chairman's Annual Report 2002

There is no doubt that history will show 2002 to have been one of the most significant years for the South Devon Railway.

It was in 1991 that volunteers of the then Dart Valley Railway Association and the Dumbleton Hall Preservation Society first took full responsibility for the operation and maintenance of the Totnes to Buckfastleigh line on the basis of a short leasehold. It was just over 11 years later in 2001 that we finally concluded negotiations for the purchase of the freehold and signed an option agreement. To complete the deal we then had to raise the purchase price of £1,150,000 which, I am pleased to say, we succeeded in doing on 28th March 2002. Admittedly, due to the red tape which surrounds the old Light Railway Order, we currently have a 199 year lease but that is, to all intents and purposes, as good as the freehold. When the LRO is transferred from the DVR PLC to ourselves the red tape will finally be cut and we will formally purchase the freehold for a token £1.

I am also pleased to report that 2002 has also been a very good year for visitor numbers and overall revenue. The West Country generally enjoyed greater tourist numbers last season, possibly as a result of international uncertainties, and we have certainly had our fair share of the increase. We have also reaped the benefits from the growing commercial activity undertaken by SDR Plc all of which helped the Trust generate a surplus of £89,000 on a turnover of £500,000. The Group accounts show that the combined turnover for the Trust and SDR Plc amounted to £808,357

As Chris Stokes reports in his financial review; this means that since March 2002 we have replaced the annual rent payments with interest charges and repayments on loans and he describes the way our finances are now structured in detail. I appreciate that for many of our members and supporters your main concern is that the railway has been secured under our control for the long term. However it is important to understand that for the next two years our ability to invest in improvements will be severely limited whilst we reduce our borrowings. It was only possible to complete the purchase with the assistance of a bank loan of £375,000 and short term interest free loans from the Association and members totalling £245,000. Whilst the bank loan can be progressively paid off over 12 years the other loans must be paid off within about 2 years. In 2002 we have made a good start and about a third of it has been repaid, but the balance must come from our revenue in 2003.

The accounts generally indicate a sound financial position and it is the directors intention to maintain this for the future by setting the repayment of short term debt as a priority and continuing to control costs. We intend to avoid the difficulties some heritage railway organisations have faced when substantial borrowings have been used to finance major projects which have not then led to increased revenue.

I should at this point mention the situation with regard to the Light Railway Order (LRO). Due the changes in legislation over the years this now has to be replaced with a Transport and Works Order (TWO) through a parliamentary process in which it has to gain the approval of the Secretary of State for Transport. A number of anomalies with the old LRO have come to light and we are therefore taking the opportunity to correct these and, at the same time, ensure that, where possible, the TWO covers future needs. Following advice from our appointed Parliamentary Agents the board anticipate the process will be completed in 2004 although some additional costs may be incurred.

Another matter which demands some clarification is the proposed strengthening of Nursery Pool Bridge which, as you know, we had hoped would be completed in the winter of 2002/3. Last summer we submitted a bid for lottery funds to assist with the cost of this work and we were informed by the Heritage Lottery Fund (HLF) in November that they would be unable to make a decision on our case before March 2003 at the earliest. As it is a condition of lottery grants that the work must not have been started we reluctantly concluded that the project must be postponed. At the time of writing I can report that we have been asked to answer further questions which at least indicates our bid is under active consideration. The advice the board has received indicates that this will not affect our operations in 2003 but could restrict our future plans if not completed next winter.

In every other respect it has been a year of consolidation with all groups and departments contributing significant effort to operating and maintaining our motive power, rolling stock and infrastructure. Steady progress has been made on the return to traffic of locomotive 5526, restoration of Collett coach 536 and

South Devon Railway Trust

various wagons. A disappointing failure of locomotive 1420 was rapidly rectified and both it, and Errol Lonsdale, have been ambassadors out on hire to other heritage lines.

Thanks to the small but dedicated permanent way gang we now have almost all the route outside the station areas re-laid with low maintenance concrete sleepers. The whole line also has been professionally tamped by a combination of a contract let to the Midland Railway Centre for the use of their tamper and the fortunate appearance of a new tamper on test from Amey Rail.

Our expanding business has brought with it increased administration requirements. As the purchase of the railway estate included the former station master's house we have taken the opportunity to move the General Manager's office and the administration functions into it. Considerable refurbishment was required but the working conditions for the support staff and volunteers have dramatically improved. Now the station building can properly be returned to its rightful use.

We held a very productive consultation meeting with volunteers and staff in July when many, many ideas were put forward for the future development and improvement of the railway. The board have been very active behind the scenes in putting together plans to take full advantage of these ideas and these will be outlined in more detail at further consultation meetings and through "Bulliver". The board shares the frustration of members that we will have to wait until our short term debts are repaid before we can make a serious start on some of these projects. However we will try and deal with some low cost improvements as soon as budget constraints allow and that definitely includes the toilets at Buckfastleigh! We were fortunate in being able to implement one idea almost immediately when we acquired the former Cradley Heath Signal Box from Tyseley Museum for use at Totnes. The S&T and Totnes Groups have already started work on its installation.

We are very optimistic about the future although we cannot be sure how the continuing international tension will affect tourism in the UK. There is no doubt at all that the railway is only as successful as it is because of the hard work and tremendous enthusiasm of all our staff and volunteers. Your efforts really are understood and shared by the directors, all of whom are volunteers in their own right, even if some of them are not seen as regularly as they would like to be due to other commitments. At this point it is appropriate that I should mention two directors who retired during the year. Dave Long and Geoff Peacock were members of the original board of Dumbleton Hall Locomotive Ltd and have each given over 30 years service. Your involvement has been much appreciated.

Thank you to everyone who has made a contribution, however small, to the South Devon Railway and I'm sure all of you would wish me to give special thanks to the members whose generous personal loans enabled the purchase to be successfully concluded.

Alan Taylor - Chairman

Group Finance Director's Report

Introduction

This report is intended to provide members with a narrative that relates a selection of events on the railway to the figures that make up the statutory financial statements. It is intended where possible to be complementary to the Chairman's report and follows a similar format to previous years.

Acquisition of the freehold

This almost fully occupied our attention during the early part of 2002 and at the end of March we exercised our option to purchase a 199 year lease on the railway. The cost of this lease and our associated expenses have been capitalised. At the same time SDR Plc paid a deposit for those parts of the property used for the commercial activities. We have to finalise these arrangements through the granting of a Section 36 Order by the Charity Commissioners. We have also incurred some legal expenses in the process of obtaining our Transport & Works Order (TWO) and this is progressing. Once this is complete we will be able exercise our option to obtain the freehold for a pound. These costs have also been capitalised and appear as intangible assets.

The financing of the purchase has been derived from a mixture of sources. Essentially these were the retail and butterfly farm passed over to the Plc & funded from the share issue, short term overdraft, a bank business loan of £375k secured on the land assets, donations and interest free loans. The South Devon Railway Association made available cash of £20k and the proceeds of their selling a share holding in Dart Valley Plc for £72k. The balance was made available through the generosity of a small number of members. The interest free loans totalled £245k. We quickly cleared the overdraft and by early autumn had repaid £90k of the loans. Although scheduled repayments are not due to start until March 2003, it was possible to make a small reduction to the bank loan.

The balance sheet carries a substantial amount of short term debt. Our cash flows are reasonably strong and we anticipate making significant reductions in our debt during 2003. Repaying the members interest free loans is a financial priority for 2003.

Money previously spent on rent will be used to pay off a mixture of bank interest and principal. The interest payable will reduce as the outstanding balance is reduced. We expect to during 2003 reduce our exposure to debt and as we do so this will increasingly allow us to use cash flow to fund projects.

Budget management overview

It is pleasing to report that once again the Trust has produced a substantial surplus. Continuing close attention to cost control and balancing expenditure to income is again reflected in the strength of our figures. The Plc has made a good contribution to the overall results.

In more ways than one 2002 has been a transitional year and also reflects a full year of trading for the Plc. We have moved from paying rent to paying a mortgage, the shop now trades 361 days of the year and to all intents and purposes we are now masters in our own house. That brings the natural temptation to spend; especially as we are raising our activity levels, however we will continue to tailor spending against available funds. Due to the need to pay down short-term debt cash for projects will be limited during 2003.

2002 Outturn

The start of the year saw considerable activity on the Permanent Way with further deliveries of sleepers and we made a small net addition to our stocks. A visit by the Midland Railway Centres' tamping machine cost over £5k. We saw little incidence of broken locomotive springs until late in the year. Each broken spring cost about £400 and that is before adding fitters time so removal of the cause is high on the agenda. The number of "bad places" has markedly reduced and the 2003 program should remove many of them.

For the whole of the time we have run the railway the Permanent Way has been a major financial priority. Our very first bill as operators was for permanent way and since that time has been a large annual cost. The money spent on Permanent Way and keeping control of weeds and undergrowth in 2002 ran out at over £26k all of which is a charge against revenue.

South Devon Railway Trust

During the year we improved again on our coach party traffic and once again the Santa team turned in excellent results. As reported last year maximum capacity has been reached and there is no scope for further growth. However we now look to improving revenue through value added features.

Passenger numbers showed a small increase and revenue remained broadly similar to last year. The Joint Butterfly tickets proved increasingly popular. We believe that developing options that keep visitors on site are preferable to complicated offerings such as River Rail which are heavily affected by tides. The vintage bus proved a popular draw and there were numerous requests on those days that it was not running.

There has been certain amount of creep in the price we pay for things. Most noticeably in the area of insurance premiums. The claim culture has resulted in increases in premiums and our costs have risen by about 40%.

Our workshop has been decidedly busy. This despite the departure of one of our fitters and our inability to, immediately, recruit suitable replacements to fill our vacancies. However at the year end we were able to appoint two staff. The vacancies saw us not incurring payroll costs and savings here helped us offset a loss of budgeted income due to the failure of 1420 and the associated repair costs.

The Carriage and Wagon department has made a substantial start to 536, the cost of work to date has been capitalised. During the autumn the MOGO was refurbished by the department and this has been charged to revenue.

After the replacement of rotten frames and broken windows the Station Master's house has become Trust offices. The decoration and wiring was done by almost entirely by volunteers. It is marvellous what a coat of paint can do. We also replaced and upgraded the phone system and this now extends to the shop and the works. In total we have taken about £6k to balance sheet. Some work remains necessary to bring the house up to final standard.

Once again there was substantial volunteer input to the railway. This continues to be vital; had we to employ staff to do everything that happens on the railway our finances would be far less secure.

I continue to be greatly assisted by volunteer officials; who maintain the records for their particular areas of work. Again this year I express my personal thanks to John Keohane for his work with the covenanted income. I also am extremely grateful to Mike Comben for his considerable assistance with ICT, stock control and being the manager of "Project House".

South Devon Railway Plc

The general strategy is to utilise working capital to generate profits that can be passed over to the Trust which in turn can be used to improve the railway. For this intention to work the Plc has its own business objectives which broadly are to increase turnover and profit. The Plc made a contribution to the Trust of £30.9k in 2002 and is expected to contribute £41k in 2003 being the taxable profit from 2002. The business needs to invest and we are developing our plans which will be funded through the application of working capital and cash flow.

The decision was made to trade in the shop year 7 days a week round. In 2003 we will be open on 361 days. We believe that this will build business and that there is a niche which we can fill. In January we introduced a new EPOS system to run the shop till and provide a responsive stock control system. In September we had to add a second till as the shop was sufficiently busy at times to need two sales staff. We are seeing benefits from the system which it is giving us better management information and helping us with ordering. Stock control is never easy and with about 8000 products we need good information.

Our product range is expanding but shelf capacity is the limiting factor. We anticipate a reorganisation of space and a shop refit. This will increase shop capacity and thus our potential turnover but without commensurate increase in overheads.

Café turnover was up overall. The café layout was altered and the premises redecorated before the start of the season and in July new furniture was acquired. This greatly improved the image. Various items of equipment were replaced and we have a plan to do more in readiness for the 2003 season. We are also developing value added services that utilise spare capacity.

The Shop on the Train continued to be a solid performer, staffed by volunteers it made a substantial contribution to the profit. Likewise volunteer efforts in café, shop and the kiosk helped the final figures.

South Devon Railway Trust

Great Western Fund

In 2002 the fund helped the costs of restoring GW Corridor third no 536 on long term loan to the railway from Didcot. It is intended that further funds will be applied to the restoration of 536 during 2003. The GW fund was used to secure Cradley Heath Signal Box from a private owner who some years ago re-erected it at Tyseley. As part of the signalling plan it will move to Totnes.

Outlook

We enter 2003 with a continuing need for robust financial control. Having been concentrating on two crucial objectives; the production of enough locomotives to operate our services and having decent permanent way we must now turn to other areas. The board is under no illusions about the need to both improve facilities and conserve our assets. We have identified a list of items that require attention and this is being prioritised. This list will include less obvious but never the less essential items such as drainage and the water supply. The more obvious priorities include the Buckfastleigh toilets. Nursery Pool Bridge is expected to be the main project for 2004 and we will taking our plans forward.

Although we must be careful over our plans and husband our financial resources there is every reason to be upbeat about our collective achievements and to look to the future with some confidence.

C J Stokes

South Devon Railway Trust

Auditors' Report to the Shareholders of South Devon Railway Trust Group

We have audited the financial statements on pages 11 to 32 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 December 2002 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Spence Robert Pethick

**Chartered Accountants and
Registered Auditor**

**The Old Customs House
Torwood Gardens Road
Torquay
Devon
TQ1 1EG**

South Devon Railway Trust
Group Revenue Account
for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	808,357	752,225
Cost of sales		(554,877)	(496,444)
Gross surplus		<u>253,480</u>	<u>255,781</u>
Other operational costs		(212,139)	(206,540)
Administrative expenses		(6625)	(6246)
Other operating income		60,150	18,631
Group operating surplus	3	<u>94,866</u>	<u>61,626</u>
Investment income	4	-	2
Interest receivable and similar income	5	3,843	3,999
Interest payable and similar charges	6	(22,843)	(5,612)
Retained surplus for the group		<u>75,866</u>	<u>60,015</u>
Retained surplus brought forward		479,220	419,205
Retained surplus carried forward		<u>555,086</u>	<u>479,220</u>

On 18 February 2001 SDR Plc commenced trading and took over the retail operations of the Trust and in March 2001 commenced operating a cafeteria at the Buckfastleigh site.

None, apart from the above, of the group's activities was acquired or discontinued during the above two financial years.

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust

Company Revenue Account for the year ended 31 December 2002

		2002	2001
	Notes	£	£
Turnover	2	495,362	518,822
Cost of sales		(306,253)	(314,924)
Gross surplus		<u>189,109</u>	<u>203,898</u>
Administrative expenses		(3,800)	(4,009)
Other operational costs		(109,985)	(140,388)
Other operating income		35,970	18,631
Operating surplus	3	<u>111,294</u>	<u>78,132</u>
Investment income	4	-	2
Interest receivable and similar income	5	493	3,152
Interest payable and similar charges	6	(22,793)	(5,612)
Retained surplus for the year		<u>88,994</u>	<u>75,674</u>
Retained surplus brought forward		507,568	431,894
Retained surplus carried forward		<u>596,562</u>	<u>507,568</u>

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust
Group Balance Sheet
as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		5,005		-
Tangible assets	11		2,015,507		953,378
Investments	12		105,248		105,248
			<u>2,175,760</u>		<u>1,058,626</u>
Current Assets					
Stocks	14	66,248		62,659	
Debtors	15	50,988		23,581	
Cash at bank and in hand		52,044		477,459	
		<u>169,280</u>		<u>563,699</u>	
Creditors: amounts falling due within one year	16	(225,437)		(103,792)	
		<u></u>		<u></u>	
Net Current (Liabilities)/Assets			(56,157)		459,907
			<u></u>		<u></u>
Total Assets Less Current Liabilities			2,119,603		1,518,532
Creditors: amounts falling due after more than one year	17		(549,540)		(97,000)
Minority interest SDR Plc			(422,780)		(347,600)
Accruals and deferred income	18				(47,700)
			<u></u>		<u></u>
Net Assets			1,097,283		1,026,233
			<u></u>		<u></u>
Capital and Reserves					
Called up share capital	19		118,769		118,649
Revaluation reserve	20		271,738		271,738
Other reserves	20		151,690		156,626
Profit and loss account	20		555,086		479,220
			<u></u>		<u></u>
Shareholders' Funds			1,097,283		1,026,233
			<u></u>		<u></u>

The financial statements were approved by the Board on 7 February 2003 and signed on its behalf by

A L Taylor MCIPS AMIQA
Director

C J Stokes BA (Hons) FMAAT
Director

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust
Trust Balance Sheet
as at 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		5,005		-
Tangible assets	11		1,684,744		944,010
Investments	13		155,248		155,248
			<u>1,844,997</u>		<u>1,099,258</u>
Current Assets					
Stocks	14	4,198		18,018	
Debtors	15	45,883		36,906	
Cash at bank and in hand		4,494		121,882	
		<u>54,575</u>		<u>176,806</u>	
Creditors: amounts falling due within one year	16	<u>(211,275)</u>		<u>(76,783)</u>	
Net Current (Liabilities)/Assets			<u>(156,700)</u>		<u>100,023</u>
Total Assets Less Current Liabilities			<u>1,688,297</u>		<u>1,199,281</u>
Creditors: amounts falling due after more than one year	17		(549,538)		(97,000)
Accruals and deferred income	18				(47,700)
Net Assets/(Liabilities)			<u>1,138,759</u>		<u>1,054,581</u>
Capital and Reserves					
Called up share capital	19		118,769		118,649
Revaluation reserve	20		271,738		271,738
Other reserves	20		151,690		156,626
Profit and loss account	20		596,562		507,568
Shareholders' Funds			<u>1,138,759</u>		<u>1,054,581</u>

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A L Taylor MCIPS AMIQA
Director

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Director

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust
Group Statement of Financial Activities
for the year ended 31 December 2002

	Unrestricted Funds	Unrestricted Designated Funds & Income & Grants	Total	2001
Incoming resources before transfers and revaluation				
Group turnover	808,357		808,357	752,225
Donations	3,856	-	3,856	4,002
Covenants		6,361	6,361	8,725
Gift aid		44,111	44,111	24,880
Tax recovered		7,384	7,384	846
Insurance claims	-		-	1,169
Sundry income	-		-	-
Bank deposit interest	3,843		3,843	3,999
Dividends received	-		-	2
Share capital issued		120	120	120
Transfer project funds (note 17)		3,121	3,121	3,551
Incoming Total	<u>816,056</u>	<u>60,977</u>	<u>877,153</u>	<u>799,519</u>
Direct charitable expenditure				
Group cost of sales	550,970		550,970	473,474
Administrative expenses	6,625		6,625	6,246
Other operational costs	225,664		225,664	174,002
Bank interest	17,051		17,051	14
Loan stock interest	5,792		5,792	5,598
Grant amortised				3,975
Cost of initial public offer				50,261
Total Expenditure	<u>806,102</u>	<u>-</u>	<u>806,102</u>	<u>710,471</u>
Gross transfers between funds	<u>11,325</u>	<u>11,325</u>		
Net incoming resources before revaluations and investment asset disposal	<u>(21,279)</u>	<u>(49,652)</u>	<u>(120)</u>	<u>(89,048)</u>
Gains and losses on revaluation and on investment asset disposal				
Net Movement in Funds	<u>(21,279)</u>	<u>(49,652)</u>	<u>(120)</u>	<u>(89,048)</u>
Total Funds Brought Forward	<u>(479,219)</u>	<u>(428,364)</u>	<u>(118,649)</u>	<u>(937,184)</u>
Total Funds Carried Forward	<u>(504,473)</u>	<u>(474,041)</u>	<u>(118,769)</u>	<u>(1,026,232)</u>

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust

Trust Statement of Financial Activities for the year ended 31 December 2002

	Unrestricted Funds	Unrestricted Designated Funds & Income & Capital Grants		Total	2001
Incoming resources before transfers and revaluations					
Railway turnover	495,362		495,362		518,822
Management charges	-		-		4,800
Donations	3,856	-	3,856		4,002
Covenants		6,361	6,361		8,725
Gift aid		44,111	44,111		24,880
Tax recovered		7,384	7,384		846
Insurance claims	-		-		1,169
Sundry income	-		-		-
Bank deposit interest	493		493		3,152
Dividends received	-		-		2
Share capital issued		120	120		120
Transfer project funds		(26,705)	(26,705)		3,551
Incoming Total	499,711	27,176	120	527,007	570,069
Direct charitable expenditure					
Railway cost of sales	306,253		306,253		315,354
Administrative expenses	3,800		3,800		4,009
Other operational costs	109,985		109,985		140,388
Bank interest	17,001		17,001		14
Loan stock interest	5,792		5,792		5,598
Grant amortised					3,975
Total Expenditure	442,831		-	442,831	465,363
Gross transfers between funds	11,325	11,325			
Net incoming resources before revaluations and investment asset disposal	(68,205)	(11,325)	(120)	(84,176)	(104,706)
Gains and losses on revaluation and on investment asset disposal					
Net Movement in Funds	(68,205)	(15,851)	(120)	(84,176)	(104,706)
Total Funds Brought Forward	(507,568)	(428,364)	(118,649)	(1,054,581)	(949,875)
Total Funds Carried Forward	(575,773)	(444,215)	(118,769)	(1,138,757)	(1,054,581)

The notes on pages 18 to 29 form an integral part of these financial statements.

South Devon Railway Trust

Group Cash Flow Statement for the year ended 31 December 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		94,866	61,626
Depreciation		43,606	62,096
(Increase) in stocks		(3,590)	(62,658)
(Increase) in debtors		(13,850)	(36,315)
Increase in creditors		18,213	109,224
Government grant released		(3,975)	(3,975)
Net cash inflow from operating activities		<u>135,270</u>	<u>129,998</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		135,270	129,998
Returns on investments and servicing of finance	23	(19,000)	(1,611)
Capital expenditure	23	(1,190,681)	(142,126)
		<u>(1,074,411)</u>	<u>(13,739)</u>
Financing	23	642,800	334,007
Decrease in cash in the year		<u>(431,611)</u>	<u>320,268</u>

Reconciliation of net cash flow to movement in net debt (Note 24)

Decrease in cash in the year		(431,611)	320,268
Cash inflow from decrease in debts and lease financing		(567,500)	63,711
Change in net debt resulting from cash flows		<u>(999,111)</u>	<u>383,979</u>
Net funds at 1 January 2002		265,293	(118,686)
Net debt at 31 December 2002		<u>(722,818)</u>	<u>265,293</u>

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

I. Accounting Policies

I.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Except where the Directors consider it inappropriate to do otherwise the company has consistently applied all relevant accounting standards. These exceptions are stated in the appropriate notes.

I.2. Basis of Consolidation

The group financial statements consolidate the accounts of South Devon Railway Trust and its subsidiary undertaking SDR Plc made up to 31 December 2002 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal. The consolidation excludes 5526 Ltd. This is explained under note 10

Turnover and profits arising on trading between group companies are excluded.

Where the group has an investment in an entity which is sufficient to give the group a participating interest, and over which it is in a position to exercise significant influence, the entity is treated as an associated undertaking and is accounted for using the equity method of accounting. The group's interests in joint ventures are accounted for using the gross equity method of accounting.

I.3. Turnover

Turnover represents the total invoice value of goods and services supplied by the Trust, excluding Value Added Tax, of sales made during the year. Investment income and donations are not considered to be part of the turnover as they are not derived from trading.

I.4. Goodwill & Intangible assets

Goodwill may arise on the acquisition of subsidiary and associated undertakings and interests in joint ventures. It represents the excess of cost over fair value of the group share of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 10 such goodwill is capitalised as an intangible asset and amortised by equal instalments against profit over its expected life. The expected life of purchased goodwill is 10 years. No goodwill has been acquired however expenditure to date on acquiring the Transfer and Works Act Order (Light Railway Order) has been Capitalised as an intangible asset and not depreciated.

I.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Leasehold properties	not depreciated
Leased and owned Locomotives	10 years from the effective date of restoration
Structures	Depreciated over the estimated life of the asset
Fixtures, fittings and workshop equipment	over 3 years
Permanent way	15 years from commissioning date

Rolling stock is not generally depreciated as the continuing experience of the Trust is that, because of the policy of ongoing maintenance and restoration, coupled with the rarity of assets, the rolling stock is, at least, maintaining its value. This is not in accordance with the FRS 15. In 2000 the directors effected a revaluation of assets other than leasehold buildings in accordance with FRS 15. A revaluation was considered appropriate even though such assets are unlikely to be disposed of, and any potential gains are unlikely to be realised.

I.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

1.9. Deferred taxation

The profits of SDR Plc assessable to Corporation Tax will be Gift Aided to the South Devon Railway Trust and therefore no liability to Corporation Tax should arise and accordingly no provision has been made.

The Trust has been established for charitable purposes only, within the meaning of the Income and Corporation Taxes Act 1988. The operation of the railway is a primary purpose of the charity and thus any trading surplus is therefore exempt from tax by virtue of section 505 (1) (e) (i) of that act and accordingly no provision is made.

1.10. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.11. Donations, legacies and other voluntary income

Donations received by the Trust are, where specified, applied to the project of the donor's choosing. It is the Trusts policy wherever possible to respect donors wishes although in the case of designated funds this is a moral rather than a legal obligation. Unless specifically agreed with the donor to the contrary, donations confer no rights over the use of any asset or of any funds which may arise on its eventual disposal. As such the funds derived from donations are only designated funds until spent on the project of the donors choice. All such income, including related tax refunds, is credited to the revenue account on receipt. Where such income is for specific purposes a transfer is made to a restricted fund in the balance sheet in respect of funds not utilised in the year. When balances brought forward on the restricted fund are utilised, a transfer is made back to the revenue account.

1.12. Grants payable and receivable

The treatment of capital grants is set out in note 20 . There were no new Revenue Grants.

1.13. Direct charitable expenditure

The bulk of charity administration is carried out by volunteers and therefore other than audit fees and officers and directors insurance there are therefore no material costs to include in the financial statements.

2. Turnover

Turnover represents the net invoiced amount of goods sold and services provided and excludes value added tax and other sales taxes.

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

3. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	43,606	62,096
Auditors' remuneration	6,625	5,371
	<hr/>	<hr/>
and after crediting:		
Government grants	-	3,975
	<hr/>	<hr/>
4. Income from investments	£	£
Income from investments	-	2
	<hr/>	<hr/>
5. Interest receivable and similar income	£	£
Bank interest	3,843	3,999
	<hr/>	<hr/>
6. Interest payable and similar charges	£	£
On loans and overdrafts	22,843	5,612
	<hr/>	<hr/>
7. Employees		
Number of employees	Number	Number
The average monthly numbers of employees		
Full time staff	8	6
Part time staff	3	2
	<hr/>	<hr/>
	11	8
	<hr/>	<hr/>
Employment costs	£	£
Wages and salaries	153,481	159,742
Social security costs	12,066	11,362
Other pension costs	4,403	4,902
	<hr/>	<hr/>
	169,950	176,006
	<hr/>	<hr/>

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

8. Pension costs

The company operates a defined contribution pension scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £4,403 (2001 - £4,902).

9. Profit for the year attributable to shareholders

Although having a share capital the South Devon Railway Trust is a registered Charity and as such is precluded for distributing any surplus.

10. Intangible fixed assets

	Transport & Works Act Order £	Total £
Group		
Cost		
Additions	5,005	5,005
	<hr/>	<hr/>
At 31 December 2002	5,005	5,005
	<hr/>	<hr/>
Net book values		
At 31 December 2002	5,005	5,005
	<hr/>	<hr/>
This represents monies expended on the Transport and Works Act Order to date		
Company		
Cost		
Additions	5,005	5,005
	<hr/>	<hr/>
At 31 December 2002	5,005	5,005
	<hr/>	<hr/>
Net book values		
At 31 December 2002	5,005	5,005
	<hr/>	<hr/>

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

11. Tangible fixed assets

	Land & Buildings	Structures	Rolling Stock & spares	Workshop equipment	Loco- motives	Total
Group	£	£	£	£	£	£
Cost/revaluation						
At 1 January 2002	22,867	213,556	202,368	36,497	804,014	1,279,302
Additions	1,119,609	20,958	41,718	12,700	25	1,195,010
Grant Write Back	(47,700)				(47,700)	
Disposals	-	-	(4,329)	-	-	(4,329)
At 31 December 2002	1,142,476	186,814	239,757	49,197	804,039	2,422,283
Depreciation						
At 1 January 2002	-	71,606	11,903	28,252	214,164	325,925
Charge for the year	-	26,103	(2,123)	1,371	55,500	80,851
At 31 December 2002	-	97,709	9,780	29,623	269,664	406,776
Net book values						
At 31 December 2002	1,142,476	89,107	229,977	19,574	534,375	2,015,507
At 31 December 2001	22,867	141,950	190,465	8,245	589,850	953,377
Company						
Cost/revaluation						
At 1 January 2002	18,933	213,556	195,486	36,497	804,014	1,268,486
Additions	1,115,322	20,958	16,278	12,700	25	1,165,283
Grant Write Back	(47,700)				(47,700)	
Disposals	(300,000)	-	(4,329)	-	-	(304,329)
At 31 December 2002	835,255	186,814	207,435	49,197	804,039	2,081,740
Depreciation						
At 1 January 2002	-	71,606	10,455	28,252	214,164	324,477
Charge for the year	-	26,103	(10,455)	1,371	55,500	72,519
At 31 December 2002	-	97,709	-	29,623	269,664	396,996
Net book values						
At 31 December 2002	832,255	89,107	207,435	19,574	534,375	1,684,744
At 31 December 2001	18,933	141,950	185,031	8,245	589,850	944,009

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

Land and buildings

Under the heading Structures is the cost of a bridge over the Dart funded by grant aid, donations and the issue of loan stock. The bridge connects the station at Littlehempston with both the Totnes footpath network and river boat and other transport services.

A Capital Grant was received and transferred to a grant fund in the balance sheet (note 18). An amount was released to the Revenue Account from this fund and an amount of depreciation is provided, annually, so as to write off both the grant fund and cost over the remaining life of the lease of the railway.

With the acquisition of the long leasehold it was appropriate to review the treatment of the bridge and other structures at Totnes which was being written down over the remaining life of the Trust lease rather than the design life of the bridge. This meant that the charges for depreciation were greater than would have otherwise been the case. The applicable conditions having been met and any recovery of the grant now being statute barred it was considered appropriate to write out the capital grant. This should provide a clearer understanding of the trust's financial position. The overall result is to release money back to the profit and loss account.

Revaluations

In 2000 the directors revalued the assets for the purposes of complying with FRS15. In so doing they relied upon their own expertise and long knowledge of a specialised field in which the availability of specialist valuers is extremely limited. They have no intention of attempting to realise the value of the assets and are of the opinion that the costs of an external valuation would outweigh any benefit which might be gained. In undertaking their review they have considered the rarity value of the assets and the comparative information which is available. The directors believe that the result achieved is a prudent statement of the value of the assets employed by the Trust. There have been no material changes in circumstances which cause them to believe that a further revaluation is necessary.

12. Fixed Asset Investments

Group

	Other Unlisted Investments	Total
	£	£
Cost		
At 1 January 2002	48	48
At 31 December 2002	48	48
	<hr/>	<hr/>
Net book values		
At 31 December 2002	48	48
At 31 December 2001	48	48
	<hr/>	<hr/>
Company	£	£
Subsidiary undertakings	155,200	155,200
Other unlisted investments	48	48
	<hr/>	<hr/>
	155,248	155,248
	<hr/>	<hr/>

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

The Trust has two subsidiary companies.

SDR Plc which was created to operate commercial activities complementary to the railway. The Trust controls SDR Plc through its 100% holding of class A shares(50,000 @ £1.00 issued at par) The minority interests hold 100% of the ordinary shares. It is recorded in the prospectus when the minority shareholders subscribed for their shares that the profits of the Plc will be transferred to the Trust. It is therefore considered that SDRT hold the benefits of all the assets of the Plc.

The Trust's holding of £105,200 is 62.5% of the share capital of 5526 Limited, a company registered in England. The aim of the company is to restore it's principal asset, locomotive no.5526, to full working order. This is entirely consistent with the charitable aims of the Trust. The shareholding is a reflection of partial ownership of the asset rather than an investment in the stock market.

Locomotive 5526 is currently under restoration. On completion, the Trust will have the exclusive use of the locomotive and all related income and expenditure will be reflected in the Trust's financial statements. 5526 Ltd is not included within the group accounts as, in the opinion of the board the expense involved would be out of proportion to the value to members, and access to the accounts is available on request.

Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital or exercises control of the following companies:

Company	Country of incorporation or operation	Holding	Proportion Held
Subsidiary undertaking			
South Devon Railway Plc	England	Class A	100%
South Devon Railway Plc	England	Ordinary	0%
5526 Limited	England	Ordinary	62.5%

14. Stocks	2002	2001
	£	£
Group		
Finished goods and goods for resale	62,050	44,640
Raw materials and consumables	4,198	18,018
	<hr/>	<hr/>
	66,248	62,658
	<hr/>	<hr/>
Company		
Raw materials and consumables	4,198	3,050
	<hr/>	<hr/>

South Devon Railway Trust
Notes to Financial Statements
for the year ended 31 December 2002

15. Debtors

	2002	2001
	£	£
Group		
Trade debtors	11,463	10,334
Other debtors	39,145	26,424
Prepayments and accrued income	380	380
	<u>50,988</u>	<u>37,138</u>
Company		
Trade debtors	10,650	10,102
Other debtors	34,853	26,424
Prepayments and accrued income	380	380
	<u>45,883</u>	<u>36,906</u>

16. Creditors: amounts falling due within one year

	2002	2001
	£	£
Group		
Loan stock	90,000	-
Bank loan	18,000	-
Trade creditors	31,842	52,785
Amounts owed to group undertaking	10	-
Corporation tax	869	798
Other taxes and social security costs	3,348	7,369
Other creditors	49,639	40,791
Accruals and deferred income	49,729	15,481
	<u>243,437</u>	<u>117,349</u>

Security includes a first charge over commercial leasehold stations buildings and land and 7 miles of track together with all money guarantees from AL Taylor (£10,000) RJ Elliot (£10,000) and CJ Stokes (£5,000) in addition to an unlimited debenture dated 14/2/84

South Devon Railway Trust Group
Notes to Financial Statements
for the year ended 31 December 2002

	2002	2001
	£	£
Company		
Loan stock	90,000	-
Bank loan	18,000	
Trade creditors	22,873	31,551
Amounts owed to group undertaking	37,298	-
Tax	869	798
Other taxes and social security costs	3,348	2,762
Other creditors	49,643	31,841
Accruals and deferred income	7,244	9,831
	<u>229,275</u>	<u>76,783</u>

17. Creditors: amounts falling due after more than one year

Group

Loan stock	178,040	97,125
Bank loan	109,000	-
	<u>287,040</u>	<u>97,000</u>
Repayable in five years or more:	<u>244,500</u>	
	<u>244,500</u>	

Company

Loan stock	178,040	-
Bank loan	109,000	-
	<u>287,040</u>	<u>-</u>
Repayable in five years or more:		
Bank loan	244,500	
	<u>244,500</u>	

To enable the purchase of the railway a bank loan was obtained and this is secured against the leasehold property. The amount advanced was £375,000. This is analysed as follows

	£
Repayments made	3,500
Due within 1 year	18,000
Due within 1 to 5 years	109,000
Due in more than 5 years	244,500
Total	375,000

South Devon Railway Trust Group
Notes to Financial Statements
for the year ended 31 December 2002

18. Accruals and deferred income	2002	2001
	£	£
Group		
Government grants		
At 1 January 2002	47,700	51,675
Released in year	(47,700)	(3,975)
	<hr/>	<hr/>
At 31 December 2002	<hr/>	47,700
	<hr/>	<hr/>

Note 11 describes the review of the assets partially financed from this grant where it was concluded that separate identification of this grant was no longer meaningful. Accordingly the capital grant has been written out.

19. Trust Share Capital	2002	2001
	£	£
Authorised		
499,500 Ordinary shares of £1 each	499,500	499,500
500 Promoter shares of £1 each	500	500
	<hr/>	<hr/>
	500,000	500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
Ordinary shares of £1 each	118,282	118,162
Promoter shares of £1 each	487	487
	<hr/>	<hr/>
	118,769	118,649
	<hr/>	<hr/>

During the year 120 Ordinary shares of £1.00 each were issued fully paid for cash at par.

Minority Interest	2002	2001
	£	£
Equity	422,780	347,600
	<hr/>	<hr/>

The minority interest represents 100% of the ordinary share capital of South Devon Railway Plc.

South Devon Railway Trust Group
Notes to Financial Statements
for the year ended 31 December 2002

20. Reserves

	Revaluation reserve	Profit and loss account	Project Fund	Total
	£	£	£	£
Group				
At 1 January 2002	271,738	435,386	156,626	863,750
Retained surplus for the year		75,866		75,866
Other movements	-	-	(4,936)	(4,936)
At 31 December 2002	<u>271,738</u>	<u>511,252</u>	<u>151,690</u>	<u>934,680</u>
Company				
At 1 January 2002	271,738	463,736	156,626	892,100
Retained surplus for the year		88,990		88,990
Other movements	-	-	(4,936)	(4,936)
At 31 December 2002	<u>271,738</u>	<u>552,726</u>	<u>151,690</u>	<u>976,154</u>
Equity reserve				

The project fund represents specific donations and covenants which have been designated as defined in note 1.10. The transfer back to the revenue account or to asset accounts will be made, as appropriate, when the funds are utilised. The capital grant write down is referred to in the fixed asset note and in note 16

23. Gross Cash Flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	3,843	3,999
Interest paid	(22,843)	(5,612)
Dividends received	-	2
	<u>(19,000)</u>	<u>(1,611)</u>
Capital expenditure		
Payments to acquire tangible assets	(1,195,010)	(142,974)
Receipts from sales of tangible assets	4,329	848
	<u>(1,190,681)</u>	<u>(142,126)</u>

South Devon Railway Trust Group
Notes to Financial Statements
for the year ended 31 December 2002

Financing

Issue of ordinary share capital	75,300	397,718
New debenture loan	102,500	-
New long term bank loan	375,000	-
Repurchase of debenture loan	90,000	(58,200)
Repayment of short term bank loan	-	(5,511)
	<u>642,800</u>	<u>334,007</u>

24. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	477,459	(425,415)		52,044
Debt due within one year	-	(90,000)	-	(90,000)
Debt due after one year	(97,000)	(477,500)	24,960	(549,540)
	<u>(97,000)</u>	<u>(567,500)</u>	<u>24,960</u>	<u>(639,540)</u>
Net debt	<u>380,459</u>	<u>(992,915)</u>	<u>24,960</u>	<u>(587,496)</u>

South Devon Railway Trust

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Trust will be held at The Station Buckfastleigh Devon on SATURDAY 31st May 2003 at 18.00 for the following purposes:

- 1 To receive and consider the Statement of Accounts for the year ended 31st December 2002 and the Reports of the Directors and Auditors thereon.
- 2 To re-elect Directors:
Messrs A R Cash, D A Rogers and N P Smith retire by rotation and offer themselves for re-election.
- 3 To re-appoint Spence Robert Pethick as Auditors to the Trust.
- 4 To authorise the directors to fix the remuneration of the Auditors.
- 5 To transact any other ordinary business of the company.

By Order of the Board The Station

R J Elliott Buckfastleigh

Secretary DEVON TQ11 0DZ

22nd February 2003

Notes:

Every member entitled to attend and vote at the meeting of the Trust is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. To be valid proxies should be lodged with the Secretary 48 hours before the meeting. A Form of proxy is enclosed.

Persons with shares held by the Trustees are welcome to attend as observers.

The meeting is due to start at the same time as SDR Plc. The Chairman will arrange matters so that the formal business of both companies is dealt with consecutively. After all the formal business is concluded members will have an opportunity to ask questions and participate in an open forum on matters of interest.

Questions on the accounts are welcome but if they involve detailed information may involve some research to provide a comprehensive response please provide details of your question to the Secretary no more than 48 hours before the meeting.

South Devon Railway Trust

Form of Proxy

I appoint the Chairman of the meeting or.....to act as my proxy at the 2003 Annual General Meeting of the South Devon Railway Trust. I have indicated below my preference in each of the matters to be resolved: where no preference is indicated my proxy shall have absolute discretion to act on my behalf.

Resolution

To re-elect
Directors:

For

Against

A R Cash,

☐☐

D A Rogers

☐☐

N P Smith

☐☐

To re-appoint Spence Robert Pethick
as Auditors to the Trust.

☐☐

To authorise the directors to fix the
remuneration of the Auditors.

☐☐

Signed.....

Dated.....

Please return to the Secretary, The Station, Buckfastleigh, DEVON TQ11 0DZ no later than 6 pm on Thursday 29th May 2003.