

Registration number 3711951

South Devon Railway Plc

Directors' report and financial statements

for the year ended 31 December 2004

South Devon Railway Plc

Company information

Directors	A L Taylor MCIPS AMIQA R J Elliott ACIB M D Webb Bsc FRICS C J Stokes BA (Hons) FMAAT PC Treglown
Secretary	R J Elliott ACIB
Company number	3711951
Registered office	The Station Buckfastleigh Devon TQ11 0DZ
Auditors	Spence Robert Pethick The Old Customs House Torwood Gardens Road Torquay Devon TQ1 1EG
Business address	The Station Buckfastleigh Devon TQ11 0DZ
Bankers	Lloyds TSB Bank PLC Fore Street Okehampton Devon EX20 1HJ

South Devon Railway Plc

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South Devon Railway Plc

Directors' report for the year ended 31 December 2004

The directors present their report and the financial statements for the year ended 31 December 2004.

Principal activity and review of the business

The SDR Plc business is to run the commercial activities of the South Devon Railway in order to generate revenue to support the Trust's charitable activities of preservation, operation and display of a heritage railway and associated vintage transport. These commercial activities comprise the retail activities in the shop at Buckfastleigh and on the trains, the catering activities in the café and kiosk at Buckfastleigh and on the trains and to receive income from the tenants of the Buckfast Butterfly Farm and Otter Sanctuary.

Results and dividends

The results for the year are set out on page 6.

The directors have made a provision to SDR Trust for gift aid amounting to £80,691 and they do not recommend payment of a final dividend.

Directors and their interests

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

	Ordinary shares		Ordinary A shares	
	31/12/04	01/01/04	31/12/04	01/01/04
A L Taylor MCIPS AMIQA	5,000	5,000	-	-
R J Elliott ACIB	5,000	5,000	-	-
M D Webb Bsc FRICS	500	500	-	-
C J Stokes BA (Hons) FMAAT	2,500	2,500	-	-
PC Treglown	500	500	-	-

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 profit or loss of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

South Devon Railway Plc

Directors' report
for the year ended 31 December 2004

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 was approved by the Board on 11 March 2005 and signed on its behalf by

R J Elliott ACIB

Secretary

CHAIRMAN'S REPORT

2004 has proved to be another successful year for the company and we have generated £80,691 in taxable profit to be gift aided to the South Devon Railway Trust.

Retail sales show a healthy increase in turnover and profit. Our retail manager has made an excellent job of reorganising the shop to maximise the display area in the present limited facilities. Our long term aim remains to expand the business but we are keeping our options under review as increasing the size of the shop on its own does not necessarily give a directly proportional increase in turnover and profit. Our expertise in the modelling market lends itself to internet trading so this is another possibility being actively explored.

The catering business also had a successful year and profits improved. It is a difficult area as we need to satisfy a variety of customer needs. Whilst this is a relatively easy task on the retail front with non perishable goods it is much less so with prepared food. Virtually every visitor expects refreshments of some kind and whilst most want the minimum of a drink and a snack many also want more in the way of a full meal and they want it conveniently located. Therefore as well as the café at Buckfastleigh providing a full range of options we have to provide catering and retail outlets on the trains with a more limited range. Because the latter involves minimal preparation and can almost entirely be staffed by volunteers, they tend to be more profitable than the cafe. Equally different groups have different needs for example; the family visitors (sausage & chips) generally have very different expectations to the retired visitors (tea & cakes). Whilst we can never expect to be right all the time we do need to make sure the majority feel their needs are satisfied and they get value for money. Hence to do this we have had to compromise to some extent between cost and profit which means the profit generation from the catering operation overall may never be as great as from the retail operation.

The company also received a healthy level of turnover rent from its tenant, Buckfast Butterfly and Otter Sanctuary during the year. Generally the board is satisfied that SDR plc is making a very good contribution to the continuing development of the South Devon Railway and thus achieving the objective for which it was established. We would also like to thank the staff and many volunteers who have often put in long hours to ensure the success of the business, your efforts are appreciated.

Alan Taylor

Independent auditors' report to the shareholders of South Devon Railway Plc

We have audited the financial statements of South Devon Railway Plc for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 of 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.

Independent auditors' report to the shareholders of South Devon Railway Plc

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit and cash flows 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 Plc

**Profit and loss account
for the year ended 31 December 2004**

		2004	2003
	Notes	£	£
Turnover	2	414,296	368,538
Cost of sales		(321,308)	(296,064)
Gross profit		<u>92,988</u>	<u>72,474</u>
Administrative expenses		(36,639)	(29,831)
Other operating income		27,570	24,052
Operating profit	3	<u>83,919</u>	<u>66,695</u>
Other interest receivable and similar income	4	1,159	378
Profit on ordinary activities		<u>85,078</u>	<u>67,073</u>
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		<u>85,078</u>	<u>67,073</u>
Gift Aid		(80,691)	(63,634)
Retained profit for the year		<u>4,387</u>	<u>3,439</u>
Accumulated loss brought forward		(38,040)	(41,479)
Accumulated loss carried forward		<u>(33,653)</u>	<u>(38,040)</u>

The notes on pages 9 to 11 form an integral part of these financial statements.

South Devon Railway Plc

**Balance sheet
as at 31 December 2004**

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	7		317,662		324,736
Current assets					
Stocks	8	128,221		91,639	
Debtors	9	10,200		39,571	
Cash at bank and in hand		112,558		64,757	
		<u>250,979</u>		<u>195,967</u>	
Creditors: amounts falling due within one year	10	<u>(106,044)</u>		<u>(77,143)</u>	
Net current assets			144,935		118,824
Net assets			<u>462,597</u>		<u>443,560</u>
Capital and reserves					
Called up share capital	11		496,250		481,600
Profit and loss account			(33,653)		(38,040)
Shareholders' funds			<u>462,597</u>		<u>443,560</u>

The financial statements were approved by the Board on 11 March 2005 and signed on its behalf by

A L Taylor MCIPS AMIQA
Director

C J Stokes BA (Hons) FMAAT
Director

The notes on pages 9 to 11 form an integral part of these financial statements.

South Devon Railway Plc

Cash flow statement for the year ended 31 December 2004

	2004		2003	
	£	£	£	£
Cash generated from operations				
Operating profit	83,919		66,695	
Reconciliation to cash generated from operations:				
Depreciation	10,430		11,372	
(Increase) in stocks	(36,582)		(29,589)	
Decrease in trade debtors	743		(682)	
Decrease in other debtors	28,628		(33,784)	
Increase in trade creditors	2,518		2,360	
Increase in other creditors	26,383		60,616	
	<u> </u>	116,039	<u> </u>	76,988
Cash from other sources				
Interest received	1,159		378	
Issue of shares for cash	14,650		8,820	
	<u> </u>	15,809	<u> </u>	9,198
Application of cash				
Gift Aid Provision	(80,691)		(63,634)	
Purchase of tangible fixed assets	(3,356)		(5,345)	
	<u> </u>	(84,047)	<u> </u>	(68,979)
Net increase in cash in the year		<u> </u>		<u> </u>
		47,801		17,207
Cash at bank and in hand less overdrafts at beginning of year		<u> </u>		<u> </u>
		64,757		47,550
Cash at bank and in hand less overdrafts at end of year		<u> </u>		<u> </u>
		112,558		64,757
Consisting of:				
Cash at bank and in hand		<u> </u>		<u> </u>
		112,558		64,757

South Devon Railway Plc
Notes to the financial statements
for the year ended 31 December 2004

I. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

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

Leasehold properties	- Not depreciated
Fixtures, fittings and equipment	- 3 years straight line

1.4. Leasehold properties

The Leasehold properties are maintained in good order and the directors consider there to be no diminution in value and have therefore taken the policy not to depreciate these assets.

1.5. Stock

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

1.6. 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.

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

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

South Devon Railway Plc
Notes to the financial statements
for the year ended 31 December 2004

3. Operating profit	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	10,430	11,372
Auditors' remuneration	2,015	1,790
	12,445	13,162

4. Interest receivable and similar income	2004	2003
	£	£
Bank interest	1,159	378
	1,159	378

5. Employees		
Number of employees	2004	2003
The average monthly numbers of employees (excluding the directors) during the year were:	Number	Number
full time and casual	6	6
	6	6

Employment costs	2004	2003
	£	£
Wages and salaries	69,557	65,645
Social security costs	4,083	3,956
Other pension costs	678	291
	74,318	69,892

6. Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £678 (2003 - £291).

South Devon Railway Plc
Notes to the financial statements
for the year ended 31 December 2004

7. Tangible fixed assets	Long leasehold property	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2004	308,221	37,667	345,888
Additions	-	3,356	3,356
At 31 December 2004	308,221	41,023	349,244
Depreciation			
At 1 January 2004	-	21,152	21,152
Charge for the year	-	10,430	10,430
At 31 December 2004	-	31,582	31,582
Net book values			
At 31 December 2004	308,221	9,441	317,662
At 31 December 2003	308,221	16,515	324,736
8. Stocks		2004	2003
		£	£
Raw materials and consumables		128,221	91,639
		128,221	91,639
9. Debtors		2004	2003
		£	£
Trade debtors		752	1,495
Amount owed by connected companies		8,284	37,839
Other debtors		1,164	237
		10,200	39,571
10. Creditors: amounts falling due within one year		2004	2003
		£	£
Trade creditors		13,847	11,329
Other taxes and social security costs		7,186	-
Provision For Gift Aid		80,691	63,634
Accruals and deferred income		4,320	2,180
		106,044	77,143

11. Share capital	2004	2003
	£	£
Authorised		
2,000,000 Ordinary shares of 1 each	2,000,000	2,000,000
50,000 Ordinary A shares of 1 each	50,000	50,000
	<u>2,050,000</u>	<u>2,050,000</u>
 Allotted, called up and fully paid		
446,250 Ordinary shares of 1 each	446,250	431,600
50,000 Ordinary A shares of 1 each	50,000	50,000
	<u>496,250</u>	<u>481,600</u>

During the year 8,820 (2002 - 75,180) Ordinary shares of £1.00 each were issued fully paid for cash at par.

12. Ultimate parent undertaking

The ultimate parent company is South Devon Railway Trust (SDRT) Registered Charity No 800299 which holds 50,000 class A shares which confers majority voting rights.