

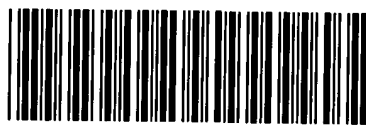
COMPANIES HOUSE

Dart Valley Railway Ltd
(Formerly Dart Valley Railway plc)

Annual Report
Year Ended 31 December 2018

Company Registration Number 00852020

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COMPANIES HOUSE

Dart Valley Railway Ltd

Financial Statements

Year Ended 31 December 2018

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Dart Valley Railway Ltd

Officers and Professional Advisers

The Board of Directors

D.I. Allan FIDM, FPWI
C.A. Bland
J.R. Jones BA, ACMA
N.G. Dunn OBE, BSc
P. Merrington
J.R. McColl FCIS

Company Secretary

J.R. McColl FCIS

Registered Office

Queens Park Station
Torbay Road
Paignton
Devon
TQ4 6AF

Registrar

The Registrar
Kingswear Signal Box
The Square
Kingswear
Devon
TQ6 0AA

Stockbrokers

Brea Avalon LLP
Orchard Hill
Corston
Bath
BA2 9AN

Auditors

PKF Francis Clark
Statutory Auditor
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Bankers

Lloyds Bank Plc
2nd Floor
234 High Street
Exeter
EX4 3ZB

Property Lawyer

Philip Smallwood
Wonwell Cottage
Coombeshead Road
Newton Abbot
Devon
TQ12 1PY

Dart Valley Railway Ltd

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at 11am on 27 June 2019 at the Royal Dart Yacht Club, Kingswear, Devon, for the following purposes:

1. To receive and adopt the directors' report and financial statements for the year ended 31 December 2018.
2. To re-appoint PKF Francis Clark as auditor and to authorise the directors to fix their remuneration.
3. To declare a final dividend.

Registered office:

Queens Park Station
Torbay Road
Paignton
Devon
TQ4 6AF

By order of the board

J.R. McColl
Company secretary

3 June 2019

Notes:

- a. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company.
- b. A form of proxy is enclosed with this notice for your use in respect of the business set out above. To be effective, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified or an office copy of such power of authority) must be lodged at the company's auditor's office; Sigma House, Oak View Close, Edginswell Park, Torquay TQ2 7FF at least forty-eight hours before the time appointed for the meeting.

Dart Valley Railway Ltd

Chairman's Statement

Year Ended 31 December 2018

The year has seen major reorganisation within the Company after the Extraordinary Meeting on November 28th, when it was agreed that the Company ceased to be a Public Limited Company and return to the status of a Private Limited Company.

We have also seen the departure of the Managing Director, Andrew Pooley, necessitating a reorganisation of our Senior Management. Andrew has been replaced by John Jones and his role as Company Secretary has been taken on by James McColl FCIS, who was also co-opted onto the Board.

Turnover showed good growth in 2018, increasing by 7% mainly as a result of higher passenger numbers on the railway. Profit before tax fell in 2018 to £299,630 this was due to a number of one-off items and the board is forecasting a significant profit increase in 2019. The financial position of the group is strong with net assets growing to £7,262,182 at the balance sheet date.

Whilst the underlying financial performance remains strong the Board has felt, for some time, that a focus on longevity, especially with rolling stock, which has been deteriorating faster than expected, due to local conditions, should be a priority. Added to this our locomotives have had significant maintenance requirements and as a result of this the Board have decided to increase the Fleet. 4110 was purchased at the start of 2019 and a major overhaul will begin as soon as possible.

The Board has also given consideration to expansion of the business, as a result of which, plans to develop Churston to increase capacity for locomotive maintenance, coach maintenance and boiler repair are under way. The long term objective is to overcome the difficulties created by a National shortage of boiler works in the Country to achieve the first objective of being able to maintain and repair all of our locomotives in house, which will be more time efficient and more cost effective. Our second, and long term objective, is to eventually have more than four locomotives in service which will allow us to begin to rent out locomotives.

I would like to thank, not only John Jones and his senior team, for their dedication and hard work throughout the year, but also to every member of staff who, during the year, have, without exception, performed above and beyond all expectations in the undertaking of their jobs. The Company is extremely lucky to have such dedication throughout the Organisation.

David Allan
Chairman

Dart Valley Railway Ltd

Strategic Report

Year Ended 31 December 2018

Business review

There have been no significant changes in the group's and company's principal activities in the year under review.

The results for the year and financial position of the group and the company are shown in the annexed financial statements. Further details of the group's activities in the year with details of future developments are contained in the chairman's statement which forms part of this strategic report.

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements its policies to reduce any damage that might be caused by the group's activities. Initiatives designed to minimise the group's impact on the environment include safe disposal of any product waste, recycling and reducing energy consumption.

The management of the business and the execution of the group's strategy are subject to a number of risks and uncertainties. The principal risks and uncertainties are set out below:-

National Living Wage

A significant proportion of the group's staff are seasonal part time workers and as such are paid the National Living Wage or National Minimum Wage. The significant increase in the National Living Wage far outstrips the rate at which the group can increase fares without it having a significant negative impact on passenger numbers and as such the board are exploring all avenues to counteract the impact of this legislation.

Competition

The group operates in a competitive market for tourist attractions particularly around price and product quality. The group manages this risk by monitoring market prices on an ongoing basis and providing a unique tourist experience for its customers.

Health and safety

The safe operation of the group's activities is essential. The group has a culture that puts health and safety at the top of the agenda. It is overseen by the board and senior management, who ensure that the appropriate training, assessments and procedures are in place.

The key performance indicator used to determine the progress and performance of the group is set out below:-

Passenger numbers

Please see five year financial record for details of passenger numbers. Rail passenger numbers grew in 2018 whilst boat and bus passenger numbers fell in 2018.

Signed by order of the directors



J.R. McColl
Company Secretary

Approved by the directors on 3 June 2019

Dart Valley Railway Ltd

Directors' Report

Year Ended 31 December 2018

The directors present their report and the financial statements of the group for the year ended 31 December 2018.

Results and Dividends

The profit for the year, after taxation, amounted to £236,924.

The directors recommend the payment of a final dividend of 45p per share, payable on 1 September 2019, amounting to £117,413.

Financial Risk Management Objectives and Policies

The group's principal financial instruments comprise bank balances, working capital and bank loans. They are managed to ensure sufficient funds are available for the group's operations.

The Directors and their Interests

The directors who served the company during the year together with their beneficial interests in the shares of the company, which are disclosed voluntarily as a matter of good governance, were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2018	At 1 January 2018 or later date of appointment
Sir William McAlpine Bt, FRSE, FCILT, FRSA	N/A	16,757
D.I. Allan FIDM, FPWI	5,498	5,498
N.D. Christy FCA, CA	N/A	1,012
C.A. Bland	-	-
A.J. Pooley BEng, MBA	N/A	20
J.R. Jones BA, ACMA	405	405
N.G. Dunn OBE, BSc	115	115
P. Merrington	-	-

Sir William McAlpine passed away on 4 March 2018.

N.D. Christy passed away on 9 May 2018.

A.J. Pooley resigned as a director on 19 December 2018.

J.R. McColl was appointed as a director on 1 March 2019.

The board, which operates as a single team, is currently made up of three executive directors and three non-executive directors.

Dart Valley Railway Ltd

Directors' Report *(continued)*

Year Ended 31 December 2018

Significant interests

The company has been notified of the following significant holdings of the company's ordinary shares at the date of this report.

	Number of shares	Proportion of ordinary share capital
The Estate of Sir William McAlpine	16,757	6.42%
Darthaven Marina Limited	18,027	6.91%
J.J. Hosking	78,274	29.99%

Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dart Valley Railway Ltd

Directors' Report *(continued)*

Year Ended 31 December 2018

Auditor

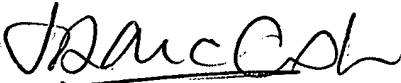
A resolution to re-appoint PKF Francis Clark will be proposed at the annual general meeting.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Signed by order of the directors



J.R. McColl
Company Secretary

Approved on 3 June 2019

Dart Valley Railway Ltd

Independent Auditor's Report to the Shareholders of Dart Valley Railway Ltd

Year Ended 31 December 2018

Opinion

We have audited the financial statements of Dart Valley Railway Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Group Profit and Loss Account, Group Balance Sheet, Balance Sheet, Group Statement of Changes in Equity, Statement of Changes in Equity, Group Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Dart Valley Railway Ltd

Independent Auditor's Report to the Shareholders of Dart Valley Railway Ltd *(continued)*

Year Ended 31 December 2018

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Dart Valley Railway Ltd

Independent Auditor's Report to the Shareholders of Dart Valley Railway Ltd *(continued)*

Year Ended 31 December 2018

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



MARTIN HOBBS BSc ACA (Senior Statutory Auditor)

PKF FRANCIS CLARK

Statutory Auditor

Sigma House

Oak View Close

Edginswell Park

Torquay

TQ2 7FF

7 June 2019

Dart Valley Railway Ltd

Group Profit and Loss Account

Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	5,732,356	5,343,964
Cost of sales		(3,538,886)	(3,304,466)
Gross Profit		2,193,470	2,039,498
Administrative expenses		(1,892,825)	(1,576,127)
Other operating income		2,226	6,599
Operating Profit	3	302,871	469,970
Interest payable and similar charges	6	(3,241)	(8,215)
Profit on Ordinary Activities Before Taxation		299,630	461,755
Tax on profit on ordinary activities	7	(62,706)	(54,839)
Profit for the Financial Year		236,924	406,916

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

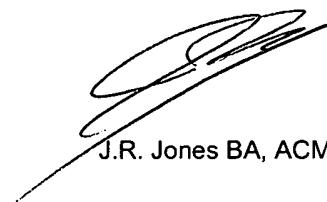
Group Balance Sheet

31 December 2018

	Note	2018 £	2017 £
Fixed Assets			
Intangible assets	10	-	-
Tangible assets	11	<u>7,690,600</u>	<u>7,590,929</u>
		<u>7,690,600</u>	<u>7,590,929</u>
Current Assets			
Stocks	13	369,238	375,573
Debtors	14	295,036	326,232
Cash at bank and in hand		<u>716,016</u>	<u>404,418</u>
		<u>1,380,290</u>	<u>1,106,223</u>
Creditors: Amounts falling due within one year	15	<u>(967,255)</u>	<u>(692,389)</u>
Net Current Assets		<u>413,035</u>	<u>413,834</u>
Total Assets Less Current Liabilities		<u>8,103,635</u>	<u>8,004,763</u>
Creditors: Amounts falling due after more than one year	16	<u>(149,109)</u>	<u>(188,095)</u>
Provisions for Liabilities			
Deferred taxation	17	<u>(692,344)</u>	<u>(677,459)</u>
		<u>7,262,182</u>	<u>7,139,209</u>
Capital and Reserves			
Called-up equity share capital	20	260,917	260,917
Capital redemption reserve	21	13,030	13,030
Profit and loss account	21	<u>6,988,235</u>	<u>6,865,262</u>
Shareholders' Funds		<u>7,262,182</u>	<u>7,139,209</u>

These accounts were approved by the directors and authorised for issue on 3 June 2019, and are signed on their behalf by:


D.J. Allen FIDM, FPWI


J.R. Jones BA, ACMA

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

Balance Sheet

31 December 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	11	4,648,684	4,514,736
Investments	12	1,229,721	1,229,721
		<u>5,878,405</u>	<u>5,744,457</u>
Current Assets			
Stocks	13	255,279	272,397
Debtors	14	1,242,733	1,252,232
Cash at bank and in hand		420,585	184,304
		<u>1,918,597</u>	<u>1,708,933</u>
Creditors: Amounts falling due within one year	15	(792,233)	591,608
Net Current Assets		<u>1,126,364</u>	<u>1,117,325</u>
Total Assets Less Current Liabilities		<u>7,004,769</u>	<u>6,861,782</u>
Creditors: Amounts falling due after more than one year	16	(149,109)	188,095
Provisions for Liabilities			
Deferred taxation	17	(354,192)	328,655
		<u>6,501,468</u>	<u>6,345,032</u>
Capital and Reserves			
Called-up equity share capital	20	260,917	260,917
Capital redemption reserve	21	13,030	13,030
Profit and loss account	21	6,227,521	6,071,085
Shareholders' Funds		<u>6,501,468</u>	<u>6,345,032</u>

These accounts were approved by the directors and authorised for issue on 3 June 2019, and are signed on their behalf by:

D.I. Allan FIDM/EPWI

J.R. Jones BA, ACMA

Company Registration Number: 00852020

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

Group Statement of Changes in Equity

Year Ended 31 December 2018

	Share Capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2018	260,917	13,030	6,865,262	7,139,209
Profit for the year	-	-	236,924	236,924
Total comprehensive income	-	-	236,924	236,924
Dividends	-	-	(113,951)	(113,951)
At 31 December 2018	260,917	13,030	6,988,235	7,262,182

	Share Capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2017	260,917	13,030	6,610,962	6,884,909
Profit for the year	-	-	406,916	406,916
Total comprehensive income	-	-	406,916	406,916
Dividends	-	-	(152,616)	(152,616)
At 31 December 2017	260,917	13,030	6,865,262	7,139,209

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

Statement of Changes in Equity

Year Ended 31 December 2018

	Share Capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2018	260,917	13,030	6,071,085	6,345,032
Profit for the year	-	-	270,387	270,387
Total comprehensive income	-	-	270,387	270,387
Dividends	-	-	(113,951)	(113,951)
At 31 December 2018	260,917	13,030	6,227,521	6,501,468

	Share Capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2017	260,917	13,030	5,783,402	6,057,349
Profit for the year	-	-	440,299	440,299
Total comprehensive income	-	-	440,299	440,299
Dividends	-	-	(152,616)	(152,616)
At 31 December 2017	260,917	13,030	6,071,085	6,345,032

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

Group Cash Flow Statement

Year Ended 31 December 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	23	<u>965,202</u>	<u>476,144</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(524,164)	(685,396)
Receipts from sales of tangible fixed assets		22,050	-
Net cash used in investing activities		<u>(502,114)</u>	<u>(685,396)</u>
Cash flows from financing activities			
Repayment of bank loans		(37,539)	(38,779)
Dividends paid		(113,951)	(152,616)
Net cash used in financing activities		<u>(151,490)</u>	<u>(191,395)</u>
Net increase / (decrease) in cash and cash equivalents		311,598	(400,647)
Cash and cash equivalents at beginning of year		<u>404,418</u>	<u>805,065</u>
Cash and cash equivalents at end of year		<u><u>716,016</u></u>	<u><u>404,418</u></u>

The notes on pages 17 to 28 form part of these financial statements.

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

1. Accounting Policies

(a) General information and basis of accounting

Dart Valley Railway Ltd is a private limited company incorporated in England and Wales. The company re-registered as private company (previously it was a public limited company) in November 2018. The address of the registered office, which is also the principal place of business, is given on page 1.

Change in basis of accounting and basis statement of compliance

The group's financial statements have been prepared in accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland. There are no material departures from FRS 102.

Dart Valley Railway Ltd has taken advantage of the exemption not to prepare a cash flow statement for the parent company entity.

The financial statements have been prepared under the historical cost convention.

The functional currency of the group is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

(c) Turnover

Turnover represents the net amount receivable excluding value added tax from:-

- Rail ticket sales;
- Boat ticket sales;
- Round Robin ticket sales;
- Shop sales; and
- Bar and catering sales.

Revenue is recognised on ticket sales on the date of travel and on shop, bar and cafe sales when the goods are delivered.

(d) Fixed assets

All fixed assets are initially recorded at cost.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Specialised buildings	- over 50 years
Leasehold property	- over period of lease
Motor vessels	- over 25 years
Locomotives	- over 20 years
Locomotive boiler rebuilds	- over 10 years
Other assets	- over 4 to 20 years

No depreciation is provided on freehold land.

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

1. Accounting Policies (*continued*)

(f) Investments

In the company balance sheet, investments in subsidiaries are measured at cost less impairment.

(g) Financial instruments

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the group's obligations are discharged, expire or are cancelled.

The group and company hold the following financial instruments:

- Bank balance
- Short term trade debtors and creditors;
- Short term intra group debtors and creditors; and
- Bank loans.

All financial instruments are classified as basic.

Basic financial assets and liabilities

Basic financial assets comprise short term trade and other debtors and cash and bank balances. Basic financial liabilities comprise short term trade and other creditors and bank loans.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

(h) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all expenditure incurred in bringing each item to its present condition and location. Net realisable value is based on estimated selling prices less further costs expected to be incurred in disposal of the stock.

(i) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(j) Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the group profit and loss account.

(k) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

1. Accounting Policies *(continued)*

(I) Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements

- In assessing the extent to which tangible assets are subject to depreciation the directors have considered the basis on which residual value is determined. In the case of non-specialised freehold buildings, locomotives and motor vessels residual values have been estimated using current market data for equivalent assets, taking into account the expected useful life of the relevant asset. The residual values are reviewed annually to ensure they remain appropriate.
- Key management personnel comprises the directors.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group. All turnover arises in the United Kingdom.

An analysis of turnover is given below:

	2018	2017
	£	£
Sale of goods – shop, bar and catering sales	582,360	568,686
Rendering of services – ticket and other sales	5,149,996	4,775,278
	<u>5,732,356</u>	<u>5,343,964</u>

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of owned fixed assets	424,493	334,595
(Profit) on disposal of fixed assets	(22,050)	-
Operating lease costs:		
- Plant and machinery	90,508	14,848
- Other	158,012	128,769
Cost of stock recognised as an expense	818,870	715,267
Auditor's remuneration - audit of the financial statements	4,825	4,750
Auditor's remuneration - other fees:		
- Local statutory audit of subsidiary	4,425	4,350
- Accountancy services	10,475	8,865
- Registrar's services	22,525	18,484
	37,425	31,699

4. Particulars of Employees

The average number of staff employed by the group during the financial year amounted to:

	2018 No	2017 No
Directors	6	8
Operations	117	120
Administration	4	4
	127	132

The aggregate payroll costs of the above were:

	2018 £	2017 £
Wages and salaries	2,431,814	2,403,243
Social security costs	195,550	197,270
Other pension costs	78,219	59,724
	2,705,583	2,660,237

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

5. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2018	2017
	£	£
Aggregate remuneration	366,715	355,840
Compensation for loss of office	147,048	-
Value of company pension contributions to money purchase schemes	19,153	17,613
	<u>532,916</u>	<u>373,453</u>

Remuneration of highest paid director:

	2018	2017
	£	£
Aggregate remuneration (excluding pension contributions)	140,400	140,349
Value of company pension contributions to money purchase schemes	8,107	7,994
	<u>148,507</u>	<u>148,343</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2018	2017
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

	2018	2017
	£	£
Sums paid to third parties for directors' services	<u>-</u>	<u>12,274</u>

6. Interest Payable and Similar Charges

	2018	2017
	£	£
Interest payable on bank borrowing	<u>3,241</u>	<u>8,215</u>

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2018 £	2017 £
Current tax:		
In respect of the year:		
UK Corporation tax	47,821	57,451
Total current tax	47,821	57,451
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	14,885	(2,612)
Tax on profit on ordinary activities	62,706	54,839

(b) Factors affecting tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2017 – lower) than the standard rate of corporation tax in the UK of 19% (2017 – 19.25%).

	2018 £	2017 £
Profit on ordinary activities before taxation	299,630	461,755
Profit on ordinary activities by rate of tax	56,930	88,888
Expenses not deductible for tax purposes (including goodwill amortisation)	7,528	7,149
Adjustment of deferred tax rate	(1,752)	(41,198)
Total tax (note 7(a))	62,706	54,839

8. Profit Attributable to Members of the Parent Company

The profit dealt with in the financial statements of the parent company was £270,387 (2017 - £440,299).

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

9. Dividends

Equity dividends

	2018 £	2017 £
Paid		
Equity dividends on ordinary shares	<u>113,951</u>	<u>152,616</u>
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	<u>117,413</u>	<u>117,413</u>

The dividend paid in the year of £113,951 (2017 - £152,616) is net of waived and renounced dividends of £2,113 (2017 - £2,911) and unclaimed dividends of more than 12 years old of £1,349 (2017 - £1,023) which have been forfeited.

10. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 Jan 2018	412,428
Disposals	(76,284)
At 31 Dec 2018	<u>336,144</u>
Amortisation	
At 1 Jan 2018	412,428
Disposals	(76,284)
At 31 Dec 2018	<u>336,144</u>
Net Book Value	
At 31 December 2017 and 31 December 2018	<u>-</u>

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

11. Tangible Fixed Assets

Group	Freehold Property £	Short Leasehold Property £	Locos £	Motor Vessels £	Other Assets £	Total £
Cost						
At 1 Jan 2018	3,207,897	665,673	1,777,797	3,091,637	3,186,310	11,929,314
Additions	7,856	-	283,162	-	233,146	524,164
Disposals	-	-	(15,780)	-	-	(15,780)
At 31 Dec 2018	3,215,753	665,673	2,045,179	3,091,637	3,419,456	12,437,698
Depreciation						
At 1 Jan 2018	548,642	377,264	720,829	1,294,476	1,397,174	4,338,385
Charge for the year	26,558	31,803	56,305	56,683	253,144	424,493
Eliminated on disposal	-	-	(15,780)	-	-	(15,780)
At 31 Dec 2018	575,200	409,067	761,354	1,351,159	1,650,318	4,747,098
Net Book Value						
At 31 Dec 2018	2,640,553	256,606	1,283,825	1,740,478	1,769,138	7,690,600
At 31 Dec 2017	2,659,255	288,409	1,056,968	1,797,161	1,789,136	7,590,929
Company						
		Freehold Property £	Locos £	Other Assets £		Total £
Cost						
At 1 January 2018		2,928,116	1,777,796	1,965,693		6,671,605
Additions		7,856	283,162	114,368		405,386
Disposals		(65,364)	(15,780)	-		(81,144)
At 31 December 2018		2,870,608	2,045,178	2,080,061		6,995,847
Depreciation						
At 1 January 2018		539,702	720,829	896,338		2,156,869
Charge for the year		25,512	56,305	125,706		207,523
Eliminated on disposal		(1,449)	(15,780)	-		(17,229)
At 31 December 2018		563,765	761,354	1,022,044		2,347,163
Net Book Value						
At 31 December 2018		2,306,843	1,283,824	1,058,017		4,648,684
At 31 December 2017		2,388,414	1,056,967	1,069,355		4,514,736

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

12. Investments

Company	Group companies £
Cost	
At 1 January 2018 and 31 December 2018	<u>1,229,721</u>
Net Book Value	
At 31 December 2018 and 31 December 2017	<u>1,229,721</u>

The company owns 100% of the issued share capital of the companies listed below:

Held directly

Dartmouth Insurance Group (Consultants) Limited – Dormant

Held indirectly

Dart Pleasure Craft Limited - Pleasure, ferry boat and bus operator

Dart Free Houses Limited - Dormant

The Dart Maritime Enterprise Limited - Dormant

The Millbrook Steamboat and Trading Company Limited - Dormant

All the above companies are incorporated in England and Wales and their registered office addresses are the same as for Dart Valley Railway Ltd.

13. Stocks

	2018 £	Group 2017 £	2018 £	Company 2017 £
Consumable stores	309,202	300,993	195,243	201,975
Goods for resale	60,036	74,580	60,036	70,422
	<u>369,238</u>	<u>375,573</u>	<u>255,279</u>	<u>272,397</u>

14. Debtors

	2018 £	Group 2017 £	2018 £	Company 2017 £
Trade debtors	18,687	91,006	12,716	8,753
Amounts owed by group undertakings	-	-	1,096,197	1,133,130
VAT recoverable	26,154	3,804	11,170	10,586
Other debtors	3,232	2,025	2,987	2,025
Prepayments and accrued income	246,963	229,397	119,663	97,738
	<u>295,036</u>	<u>326,232</u>	<u>1,242,733</u>	<u>1,252,232</u>

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

15. Creditors: Amounts falling due within one year

	2018	Group	2018	Company
	2017	2017	2017	2017
	£	£	£	£
Bank loans	41,608	40,161	41,608	40,161
Trade creditors	269,081	202,382	147,359	117,256
Corporation tax	47,821	57,451	37,716	57,452
PAYE and social security	161,591	89,447	161,591	89,447
Other creditors	318,837	193,950	318,658	193,534
Accruals and deferred income	128,317	108,998	85,301	93,758
	<u>967,255</u>	<u>692,389</u>	<u>792,233</u>	<u>591,608</u>

The company has a £400,000 bank loan repayable over 10 years from March 2013. Interest is fixed for 5 years at 3.545% and thereafter interest will be charged at 2.46% over the bank's base rate.

Bank loans are secured by charges over the group's assets.

16. Creditors: Amounts falling due after more than one year

	2018	Group	2018	Company
	2017	2017	2017	2017
	£	£	£	£
Bank loans	<u>149,109</u>	<u>188,095</u>	<u>149,109</u>	<u>188,095</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2018	Group	2018	Company
	2017	2017	2017	2017
	£	£	£	£
Bank loans	<u>-</u>	<u>12,449</u>	<u>-</u>	<u>12,449</u>

17. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	2018	Group	2018	Company
	2017	2017	2017	2017
	£	£	£	£
Provision brought forward	677,459	680,071	328,655	314,394
Increase in provision	<u>14,885</u>	<u>(2,612)</u>	<u>25,537</u>	<u>14,261</u>
Provision carried forward	<u>692,344</u>	<u>677,459</u>	<u>354,192</u>	<u>328,655</u>

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

17. Deferred Taxation (continued)

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2018 £	Group 2017 £	2018 £	Company 2017 £
Excess of taxation allowances over depreciation on fixed assets	<u>692,344</u>	<u>677,459</u>	<u>354,192</u>	<u>328,655</u>

18. Commitments under Operating Leases

At 31 December 2018 the group had total future minimum lease payments under non-cancellable operating leases as set out below.

Group	2018		2017	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Within 1 year	56,321	20,000	41,971	20,000
Within 2 to 5 years	135,400	80,000	78,000	80,000
After more than 5 years	<u>11,171</u>	<u>85,000</u>	<u>25,935</u>	<u>105,000</u>
	<u>202,892</u>	<u>185,000</u>	<u>145,906</u>	<u>205,000</u>

19. Related Party Transactions

The group has taken advantage of the exemptions under FRS 102 not to disclose any transactions or balances with wholly owned subsidiaries.

20. Share Capital

Allotted, called up and fully paid:

	2018		2017	
	No	£	No	£
Ordinary shares of £1 each	<u>260,917</u>	<u>260,917</u>	<u>260,917</u>	<u>260,917</u>

21. Reserves

The capital redemption reserve represents the nominal value of the company's shares purchased or cancelled or redeemed by the company.

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

Dart Valley Railway Ltd

Notes to the Financial Statements

Year Ended 31 December 2018

22. Financial Instruments

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	2018 £	Group 2017 £	2018 £	Company 2017 £
Financial assets				
<i>Equity instruments measured at cost less impairment</i>				
Fixed asset investments in unlisted equity shares	-	-	1,229,721	1,229,721
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade and other debtors	48,073	96,835	1,123,070	1,154,494
Financial liabilities				
<i>Measured at amortised cost</i>				
Bank loans	190,717	228,256	190,717	228,256
Trade and other creditors	334,786	261,821	213,064	176,695

23. Notes to the Cash Flow Statement

Reconciliation of Profit to net cash inflow from operating activities:-

	2018 £	2017 £
Group		
Group profit for the year	236,924	406,916
Depreciation	424,493	334,595
Profit on disposal of fixed assets	(22,050)	-
Interest paid	3,241	8,215
Taxation	62,706	54,839
Decrease in stocks	6,335	27,880
Decrease/(increase) in debtors	31,196	(81,137)
Increase/(decrease) in creditors	283,049	(7,777)
Cash from operations	1,025,894	743,531
Interest paid	(3,241)	(8,215)
Corporation tax (paid)	(57,451)	(259,172)
Net cash generated from operating activities	965,202	476,144

24. Post Balance Sheet Events

After the year end the company purchased a loco for £120,000, and the group sold a freehold property for £265,000.

Dart Valley Railway Ltd

Five Year Financial Record

Group summary of results

	2014	2015	2016	2017	2018
	£	£	£	£	£
Turnover	4,696,950	5,232,406	5,348,570	5,343,964	5,732,356
Net Profit after tax	338,907	636,255	1,417,934	406,916	236,924
Net Assets	5,082,108	5,619,677	6,884,909	7,139,209	7,262,182
Dividend per share	40p	60p	60p	45p	45p

Passengers carried

	No	No	No	No	No
Railway	208,926	227,184	229,824	219,366	226,395
Boats	251,394	323,174	296,687	292,693	289,556
Buses	91,992	115,461	115,866	108,432	107,251