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COMPANY REGISTRATION NUMBER 2279310

MIDLAND RAILWAY ENTERPRISES PLC
FINANCIAL STATEMENTS
31 DECEMBER 2009

PARKINSON MATTHEWS LLP
Chartered Accountants & Statutory Auditor
Cedar House
35 Ashbourne Road
Derby

TUESDAY



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MIDLAND RAILWAY ENTERPRISES PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the shareholders	5 to 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 to 15
The following pages do not form part of the financial statements	
Detailed profit and loss account	17
Notes to the detailed profit and loss account	18

MIDLAND RAILWAY ENTERPRISES PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R A L Nipper
A M West
J A Brindley
C P Deeth
P R Banks *Banks*
M J Setchell

Company secretary

A West

Registered office

Butterley Station
Ripley
Derbyshire
DE5 3QZ

Auditor

Parkinson Matthews LLP
Chartered Accountants
& Statutory Auditor
Cedar House
35 Ashbourne Road
Derby

Bankers

Yorkshire Bank
30 Oxford Street
Ripley
Derbyshire
DE5 3AJ

MIDLAND RAILWAY ENTERPRISES PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the sale of railway souvenirs and the provision of catering and engineering services

The inclusion of the income from the IndieTrack festival in 2009 has offset other falls in turnover during the year. The profitability of this festival has led to a profit before tax of £17,321. Taking into account the current economic conditions the board is satisfied with the result for the year.

The company is dependent upon the support of Midland Railway Trust Limited, a related party. Midland Railway Trust have guaranteed their support for the foreseeable future.

During the year the company issued 74 £1 ordinary shares at par.

RESULTS AND DIVIDENDS

The profit for the year amounted to £17,321. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors regularly assess the risks that face the company as a result of political, social and economic change and have introduced policies and procedures to mitigate those risks.

DIRECTORS

The directors who served the company during the year were as follows:

R A L Nipper
A M West
J A Brindley
C P Deeth
J Hett
P R Bunks *Bunks*
M J Setchell

J Hett passed away on 1 January 2009.

SUBSTANTIAL SHARE HOLDINGS

The directors are aware of the following shareholdings in excess of 3% of the issued share capital of the company:

	No. shares
Midland Railway Trust	11,982
Amber Valley Borough Council	11,000

MIDLAND RAILWAY ENTERPRISES PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

POLICY ON THE PAYMENT OF CREDITORS

The company endeavours to pay its creditors within 60 days from the date of the invoice

The average payment period this year was 60 days (2008 60 days)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then 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 will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

MIDLAND RAILWAY ENTERPRISES PLC

THE DIRECTORS' REPORT *(continued)*

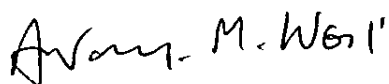
YEAR ENDED 31 DECEMBER 2009

AUDITOR

Parkinson Matthews LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Butterley Station
Ripley
Derbyshire
DE5 3QZ

Signed on behalf of the directors



A M West

Director

Approved by the directors on 8th June 2010

MIDLAND RAILWAY ENTERPRISES PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDLAND RAILWAY ENTERPRISES PLC

YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of Midland Railway Enterprises Plc for the year ended 31 December 2009. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

STATEMENT IN PURSUANCE OF SECTION 3D OF THE ARTICLES OF ASSOCIATION

To the best of our knowledge and belief

- all profits of the Company available for distribution have been distributed to Midland Railway Trust Limited
- no employee of the Company has been a director of Midland Railway Trust Limited
- no member of the Boards of Midland Railway Trust Ltd, Midland Railway Enterprises PLC, committees and full-time management team have entered into, or been concerned or interested directly or indirectly in, any contract with the Company, other than allowed under Section 3C of the Company's Articles of Association

MIDLAND RAILWAY ENTERPRISES PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MIDLAND RAILWAY ENTERPRISES PLC (*continued*)

YEAR ENDED 31 DECEMBER 2009

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



K PARKINSON (Senior Statutory Auditor)

For and on behalf of
PARKINSON MATTHEWS LLP
Chartered Accountants
& Statutory Auditor

Cedar House
35 Ashbourne Road
Derby

08/06/10

MIDLAND RAILWAY ENTERPRISES PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
TURNOVER	2	307,352	316,274
Cost of sales		<u>(247,479)</u>	<u>(283,356)</u>
GROSS PROFIT		59,873	32,918
Administrative expenses		<u>(42,552)</u>	<u>(40,013)</u>
OPERATING PROFIT/(LOSS)	3	17,321	(7,095)
Interest payable and similar charges	5	—	(467)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>17,321</u>	<u>(7,562)</u>
Tax on profit/(loss) on ordinary activities		—	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>17,321</u>	<u>(7,562)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 15 form part of these financial statements.

MIDLAND RAILWAY ENTERPRISES PLC

BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	6	46,956	48,802
Investments	7	2	2
		<u>46,958</u>	<u>48,804</u>
CURRENT ASSETS			
Stocks	8	47,382	53,664
Debtors	9	24,808	22,745
Cash at bank		29	28
		<u>72,219</u>	<u>76,437</u>
CREDITORS: Amounts falling due within one year	10	<u>31,397</u>	<u>54,856</u>
NET CURRENT ASSETS		<u>40,822</u>	<u>21,581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>87,780</u>	<u>70,385</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	123,115	123,041
Profit and loss account	13	(35,335)	(52,656)
SHAREHOLDERS' FUNDS	14	<u>87,780</u>	<u>70,385</u>

These financial statements were approved by the directors and authorised for issue on 8th June 2010 and are signed on their behalf by

A M West

A M West
Director

Company Registration Number 2279310

The notes on pages 10 to 15 form part of these financial statements.

MIDLAND RAILWAY ENTERPRISES PLC

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	7,498	1,745
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	–	(467)
CASH INFLOW BEFORE FINANCING		7,498	1,278
FINANCING	15	74	99
INCREASE IN CASH	15	7,572	1,377

The notes on pages 10 to 15 form part of these financial statements.

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

The company is reliant upon the support of Midland Railway Trust Limited, a related party and the majority shareholder

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year

Fixed assets

All fixed assets are initially recorded at cost

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

Leasehold Property	- 2.5% straight line
Plant & Machinery	- 25% reducing balance

Freehold land is not depreciated

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2009 £	2008 £
United Kingdom	<u>307,352</u>	<u>316,274</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2009	2008
	£	£
Directors' remuneration	—	—
Depreciation of owned fixed assets	1,846	1,831
Auditor's remuneration		
- as auditor	<u>1,000</u>	<u>2,000</u>

4. PARTICULARS OF EMPLOYEES

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

	2009	2008
	No	No
Number of management staff	1	1
Number of catering and sales staff	3	4
Number of engineering staff	7	5
	<u>11</u>	<u>10</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	117,901	111,692
Social security costs	7,517	8,057
	<u>125,418</u>	<u>119,749</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>467</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

6. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £	Plant & Machinery £	Total £
COST			
At 1 January 2009 and 31 December 2009	<u>78,174</u>	<u>10,526</u>	<u>88,700</u>
DEPRECIATION			
At 1 January 2009	29,666	10,232	39,898
Charge for the year	<u>1,773</u>	<u>73</u>	<u>1,846</u>
At 31 December 2009	<u>31,439</u>	<u>10,305</u>	<u>41,744</u>
NET BOOK VALUE			
At 31 December 2009	<u>46,735</u>	<u>221</u>	<u>46,956</u>
At 31 December 2008	<u>48,508</u>	<u>294</u>	<u>48,802</u>

The net book value of Freehold and Leasehold Property comprises £8,864 relating to freehold land which is not depreciated, and £37,871 (2008 £39,644) related to long leasehold property

7. INVESTMENTS

	Other UK Unlisted Investments £
COST	
At 1 January 2009 and 31 December 2009	<u>2</u>
NET BOOK VALUE	
At 31 December 2009 and 31 December 2008	<u>2</u>

Investments are stated at cost

8. STOCKS

	2009 £	2008 £
Stock	<u>47,382</u>	<u>53,664</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

9. DEBTORS

	2009	2008
	£	£
Trade debtors	–	15,684
Amounts owed by group undertakings	24,808	7,061
	<u>24,808</u>	<u>22,745</u>

10. CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Overdrafts	2,137	9,708
Trade creditors	6,506	21,394
Accruals and deferred income	22,754	23,754
	<u>31,397</u>	<u>54,856</u>

11. RELATED PARTY TRANSACTIONS

During the year the company operated a loan account with a related party, Midland Railway Trust Limited. At 31 December 2009 the company was owed by Midland Railway Trust Limited £24,808 (2008 £7,061). At the year end, in accordance with the Company's Articles of Association, all available distributable profits, amounting to £nil (2008 £nil), were donated to Midland Railway Trust Limited.

12. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
123,115 Ordinary shares (2008 - 123,041) of £1 each	<u>123,115</u>	<u>123,115</u>	<u>123,041</u>	<u>123,041</u>

74 £1 ordinary shares were issued at par during the year.

Midland Railway Enterprises Plc is a subsidiary of Midland Railway Trust Limited. In the company's Memorandum and Articles of Association it states that Midland Railway Trust Limited shall have 20 votes for each share it holds and is entitled to all of the profits of Midland Railway Enterprises Plc.

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

13. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	(52,656)	(45,094)
Profit/(loss) for the financial year	17,321	(7,562)
Balance carried forward	<u>(35,335)</u>	<u>(52,656)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit/(Loss) for the financial year	17,321	(7,562)
New ordinary share capital subscribed	74	99
Net addition/(reduction) to shareholders' funds	<u>17,395</u>	<u>(7,463)</u>
Opening shareholders' funds	70,385	77,848
Closing shareholders' funds	<u>87,780</u>	<u>70,385</u>

15. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Operating profit/(loss)	17,321	(7,095)
Depreciation	1,846	1,831
Decrease in stocks	6,282	2,055
(Increase)/decrease in debtors	(2,063)	9,705
Decrease in creditors	<u>(15,888)</u>	<u>(4,751)</u>
Net cash inflow from operating activities	<u>7,498</u>	<u>1,745</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2009	2008
	£	£
Interest paid	—	(467)
Net cash outflow from returns on investments and servicing of finance	<u>—</u>	<u>(467)</u>

FINANCING

	2009	2008
	£	£
Issue of equity share capital	74	99
Net cash inflow from financing	<u>74</u>	<u>99</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

15. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009	2008
	£	£
Increase in cash in the period	7,572	1,377
Movement in net debt in the period	7,572	1,377
Net debt at 1 January 2009	(9,680)	(11,057)
Net debt at 31 December 2009	(2,108)	(9,680)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2009	Cash flows	At 31 Dec 2009
	£	£	£
Net cash			
Cash in hand and at bank	28	1	29
Overdrafts	(9,708)	7,571	(2,137)
	(9,680)	7,572	(2,108)
Net debt	(9,680)	7,572	(2,108)

16. ULTIMATE PARENT COMPANY

Midland Railway Enterprises Plc is a subsidiary of Midland Railway Trust Limited Consolidated group accounts which include this company can be obtained from the company's registered office

MIDLAND RAILWAY ENTERPRISES PLC

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2009

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 5 to 6**

MIDLAND RAILWAY ENTERPRISES PLC

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	2009	2008
	£	£
TURNOVER	307,352	316,274
COST OF SALES		
Opening stock	(53,664)	(55,719)
Catering purchases	(44,047)	(91,377)
Shop purchases	(36,999)	(35,752)
Engineering purchases	(10,293)	(31,122)
Farm purchases	(6,571)	(7,237)
Direct wages	(104,412)	(103,758)
National insurance contributions on direct labour	(7,517)	(8,057)
Transport charged by Trust	(197)	(3,998)
Event expenditure	(31,161)	—
	<u>(294,861)</u>	<u>(337,020)</u>
Closing stock	<u>47,382</u>	<u>53,664</u>
	(247,479)	(283,356)
GROSS PROFIT	<u>59,873</u>	<u>32,918</u>
OVERHEADS		
Administrative expenses	(42,552)	(40,013)
OPERATING PROFIT/(LOSS)	<u>17,321</u>	<u>(7,095)</u>
Bank interest payable	—	(467)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>17,321</u>	<u>(7,562)</u>

MIDLAND RAILWAY ENTERPRISES PLC
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	2009		2008
	£	£	£
ADMINISTRATIVE EXPENSES			
Personnel costs			
Wages and salaries		13,489	7,934
Establishment expenses			
Light and heat	8,982		5,457
Insurance	7,147		7,990
		16,129	13,447
General expenses			
Postage and telephone	1,853		2,098
Printing and stationery	2,452		3,419
Sundry expenses	74		357
Laundry and cleaning	2,179		2,121
Advertising and publicity	3,530		5,064
Auditors remuneration	1,000		2,000
Depreciation of leasehold property	1,773		1,733
Depreciation of plant and machinery	73		98
		12,934	16,890
Financial costs			
Bank charges		–	1,742
		42,552	40,013