

COMPANY REGISTRATION NUMBER 2279310

MIDLAND RAILWAY ENTERPRISES PLC
FINANCIAL STATEMENTS
31 DECEMBER 2015



ANTHON MARLOW
Chartered Certified Accountants & Statutory Auditor
6 Clinton Avenue
Nottingham
NG5 1AW

MIDLAND RAILWAY ENTERPRISES PLC
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J.A. Brindley C.P. Deeth P.R. Binks Mr A.C. Gibson
Company secretary	C. P. Deeth
Registered office	Butterley Station Ripley Derbyshire DE5 3QZ
Auditor	Anthon Marlow Chartered Certified Accountants & Statutory Auditor 6 Clinton Avenue Nottingham NG5 1AW
Bankers	Yorkshire Bank PLC 28 St Peter's Street Derby DE1 1SL

MIDLAND RAILWAY ENTERPRISES PLC

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2015

MAIN OBJECTIVES

The main objectives of the company is to demonstrate and educate the visiting public in the methods and equipment used in the running of standard gauge railways from the 1860's to the recent past. The presentation is designed around a relaxing day out for the family. However, on specific days, clearly shown in our operating schedule, specialist events are organised that focus on certain key aspects of railway and related operations.

STRATEGY OF THE COMPANY

The strategy of the company is to secure long term funding to improve and obtain railway equipment to encourage visitors to the site to demonstrate and educate the workings of days gone by.

BUSINESS MODEL AND RISKS

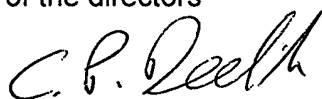
Following the 2014 change in delivery strategy to increase the volunteer led proportion of activities, this has continued into 2015. The marketing of the new opportunities as a result of the completion of the Deeley's function room in Swanwick Junction station commenced in the year, with further development of these opportunities to continue into 2016.

The discount voucher scheme has again shown an improved impact on cashflow as well as attracting a new and wider audience for the company's activities.

Further assessment of the boiler of Ex LMS 3F locomotive 47327 out of the frames has identified significant remedial work to be required during the overhaul, and all four potential boilers have been similarly assessed to allow a forward work programme to be developed. It is likely that this work will be undertaken by third party contractors. BR Standard locomotive 73129 has had a year extension to its boiler certificate, which will now expire in early 2016, and has been a stalwart of steam services.

Recruitment of a Chief Executive Officer commenced in 2015 with a view to making an appointment in 2016.

Signed on behalf of the directors



C.P. Deeth

Director

Approved by the directors on 28 June 2016

MIDLAND RAILWAY ENTERPRISES PLC

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the year amounted to £15,827. 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:

J.A. Brindley
C.P. Deeth
P.R. Binks
Mr A.C. Gibson

Mr A.C. Gibson was appointed as a director on 21 July 2015.

SUBSTANTIAL SHAREHOLDINGS

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 Limited	25,957
Amber Valley Borough Council	11,000

STATEMENT OF 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 of the profit or loss of the company 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;

MIDLAND RAILWAY ENTERPRISES PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2015

- 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 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.

STRATEGIC REPORT

The main objectives, strategy and business model and risks of the company are set out in the Strategic Report.

AUDITOR

Anthon Marlow are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the company'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.

Registered office:
Butterley Station
Ripley
Derbyshire
DE5 3QZ

Signed on behalf of the directors



C.P. Deeth

Director

Approved by the directors on 28 June 2016

MIDLAND RAILWAY ENTERPRISES PLC

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

YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Midland Railway Enterprises PLC for the year ended 31 December 2015. 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 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 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 Statement of Directors' Responsibilities set out on pages 3 to 4, 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 and express an opinion on 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 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MIDLAND RAILWAY ENTERPRISES PLC

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

YEAR ENDED 31 DECEMBER 2015

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

MR ALISTAIR GERALD NICKLIN FCCA
(Senior Statutory Auditor)
For and on behalf of
ANTHON MARLOW
Chartered Certified Accountants
& Statutory Auditor

6 Clinton Avenue
Nottingham
NG5 1AW

29 June 2016

MIDLAND RAILWAY ENTERPRISES PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
TURNOVER	2	144,756	162,084
Cost of sales		(105,836)	(131,567)
GROSS PROFIT		38,920	30,517
Administrative expenses		(23,093)	(23,923)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,827	6,594
Tax on profit on ordinary activities		—	—
PROFIT FOR THE FINANCIAL YEAR		15,827	6,594

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 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	5	36,359	38,112
Investments	6	<u>2</u>	<u>2</u>
		36,361	38,114
CURRENT ASSETS			
Stocks	7	28,557	31,046
Debtors	8	7,137	5,598
Cash at bank		<u>—</u>	<u>2,361</u>
		35,694	39,005
CREDITORS: Amounts falling due within one year	9	(30,997)	(53,108)
NET CURRENT ASSETS/(LIABILITIES)		4,697	(14,103)
TOTAL ASSETS LESS CURRENT LIABILITIES		41,058	24,011
CAPITAL AND RESERVES			
Called-up equity share capital	11	124,335	123,115
Profit and loss account	12	(83,277)	(99,104)
SHAREHOLDERS' FUNDS	13	41,058	24,011

These financial statements were approved by the directors and authorised for issue on 28 June 2016, and are signed on their behalf by:



C.P. Deeth

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

MIDLAND RAILWAY ENTERPRISES PLC

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	£	2014 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	14		(4,306)	1,456
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			<u>(4,306)</u>	<u>1,456</u>
FINANCING	14		1,220	—
(DECREASE)/INCREASE IN CASH	14		<u>(3,086)</u>	<u>1,456</u>

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 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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:

	2015 £	2014 £
United Kingdom	<u>144,756</u>	<u>162,084</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3. OPERATING PROFIT

Operating profit is stated after charging:

	2015 £	2014 £
Directors' remuneration	—	—
Depreciation of owned fixed assets	1,753	1,753
Auditor's remuneration	<u>1,500</u>	<u>1,500</u>

	2015 £	2014 £
Auditor's remuneration - audit of the financial statements	<u>1,500</u>	<u>1,500</u>

4. PARTICULARS OF EMPLOYEES

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

	2015 No.	2014 No.
Management staff	1	1
Engineering staff	<u>3</u>	<u>5</u>
	<u>4</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	55,465	68,587
Social security costs	<u>2,451</u>	<u>2,960</u>
	<u>57,916</u>	<u>71,547</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

5. TANGIBLE ASSETS

	Leasehold and Freehold Property £	Plant & Machinery £	Total £
COST			
At 1 January 2015 and 31 December 2015	<u>78,174</u>	<u>10,526</u>	<u>88,700</u>
DEPRECIATION			
At 1 January 2015	40,104	10,484	50,588
Charge for the year	<u>1,733</u>	<u>20</u>	<u>1,753</u>
At 31 December 2015	<u>41,837</u>	<u>10,504</u>	<u>52,341</u>
NET BOOK VALUE			
At 31 December 2015	<u>36,337</u>	<u>22</u>	<u>36,359</u>
At 31 December 2014	<u>38,070</u>	<u>42</u>	<u>38,112</u>

The net book value of Freehold and Leasehold Property comprises of £8,864 relating to freehold land which is not depreciated, and £27,473 (2014 : £29,206) related to long leasehold property.

6. INVESTMENTS

Midland Railway Trust Ltd

	£
COST	
At 1 January 2015 and 31 December 2015	<u>2</u>
NET BOOK VALUE	
At 31 December 2015 and 31 December 2014	<u>2</u>

7. STOCKS

	2015 £	2014 £
Stock	<u>28,557</u>	<u>31,046</u>

8. DEBTORS

	2015 £	2014 £
Trade debtors	<u>7,137</u>	<u>5,598</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

9. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Overdrafts	725	–
Trade creditors	4,891	5,052
Amounts owed to group undertakings	24,381	47,056
Accruals and deferred income	1,000	1,000
	<u>30,997</u>	<u>53,108</u>

10. RELATED PARTY TRANSACTIONS

During the year the company operated a loan account with a related party, Midland Railway Trust Limited. At 31 December 2015 the company owed Midland Railway Trust Limited £24,381 (2014 : £47,056). At the year end, in accordance with the Company's Articles of Association, all available distributable profits, amounting to £17,047 (2014 : £6,594), were donated to Midland Railway Trust Limited.

11. SHARE CAPITAL

Allotted, called up and fully paid:

	2015 No.	£	2014 No.	£
Ordinary shares (2014 - 123,115) of £1 each	<u>124,335</u>	<u>124,335</u>	<u>123,115</u>	<u>123,115</u>

During the year, the company issued 1,220 ordinary shares of £1 each, at par value. 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.

12. PROFIT AND LOSS ACCOUNT

	2015 £	2014 £
Balance brought forward	(99,104)	(105,698)
Profit for the financial year	<u>15,827</u>	<u>6,594</u>
Balance carried forward	<u>(83,277)</u>	<u>(99,104)</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Profit for the financial year	15,827	6,594
New ordinary share capital subscribed	1,220	—
Net addition to shareholders' funds	17,047	6,594
Opening shareholders' funds	24,011	17,417
Closing shareholders' funds	<u>41,058</u>	<u>24,011</u>

14. NOTES TO THE CASH FLOW STATEMENT

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

	2015 £	2014 £
Operating profit	15,827	6,594
Depreciation	1,753	1,753
Decrease in stocks	2,489	5,350
(Increase)/decrease in debtors	(1,539)	1,155
Decrease in creditors	(22,836)	(13,396)
Net cash (outflow)/inflow from operating activities	<u>(4,306)</u>	<u>1,456</u>

FINANCING

	2015 £	2014 £
Issue of equity share capital	1,220	—
Net cash inflow from financing	<u>1,220</u>	<u>—</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015 £	2014 £
(Decrease)/Increase in cash in the period	(3,086)	1,456
Movement in net debt in the period	(3,086)	1,456
Net funds at 1 January 2015	2,361	905
Net debt at 31 December 2015	<u>(725)</u>	<u>2,361</u>

MIDLAND RAILWAY ENTERPRISES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2015 £	Cash flows £	At 31 Dec 2015 £
Net cash:			
Cash in hand and at bank	2,361	(2,361)	–
Overdrafts	–	(725)	(725)
Net debt	<u>2,361</u>	<u>(3,086)</u>	<u>(725)</u>

15. 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.