



SOUTH DEVON RAILWAY

# BUSINESS PLAN 2023 & BEYOND

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**“No matter what it is, there is nothing that cannot be done. If one manifests the determination, he can move heaven and earth as he pleases”**  
Yamamoto Tsunetomo

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## DISCLAIMER AND EXPLANATORY NOTE:

This Business Plan has been prepared from information provided by the trustees and managers of South Devon Railway Ltd thereafter referred to as SDRL and which is a Charitable Community Benefit Society whose registered office address is The Railway Station, Dartbridge Road, Buckfastleigh, Devon TQ11 0DZ to assist potential community subscribers to the share issue of that Community Benefit Society.

This document is not a prospectus or investment advertisement, offer or financial promotion under the Financial Services and Markets Act 2000. Thus, the Trustees, Managers and advisers do not accept responsibility for any losses to persons acting or refraining from action on any material contained within this business plan.

Any person considering a financial commitment to SDRL should investigate as necessary to satisfy themselves that their potential financial commitment is appropriate and to consider the risk of loss or some or all any such commitment.

## 1.0 INTRODUCTION AND BACKGROUND:

### 1.1 Purpose of the Business Plan:

This business plan provides an overview of the plans to raise community shares by making a public offer to invest in SDRL and is prepared having consideration for the Vision Statement of the South Devon Railway Group of Companies – see Appendix 1.

### 1.2 Executive Summary:

The South Devon Railway is a heritage railway which, after it first opened in 1969, was taken over by the South Devon Railway Trust (SDRT), a registered charity, in 1991. Following a reorganisation, it has been operated by South Devon Railway Ltd (SDRL), also a charitable organisation, since 13 March 2020. Train services are generally run with steam locomotives and occasionally by first generation diesel locomotives. The core business is operating the railway and, like many other major heritage railways, is first and foremost a charitable enterprise as well as a major tourist attraction.

SDRL is a Charitable Community Benefit Society granted charitable status by His Majesty's Revenue and Customs (HMRC) and registered by the Financial Conduct Authority (FCA). As a charity, surpluses are free from Corporation Tax as we make money to assist our charity's aims and objectives. We benefit from Business Rates Relief and claim Gift Aid on donations. We are registered for VAT and thus charge the tax on sales and recover VAT on purchases and set-up costs.

It is a serious business enterprise that runs under the same regulatory framework as the national network. It is inspected by the ORR (the Office of Rail and Road) and conforms to ROGS (Railways and Other Guided Transport Systems (Safety) Regulations).

The primary reason for the formation of SDRL was the ability to raise capital for major infrastructure projects. The secondary reason was to improve the overall governance structure of the organisation.

The purpose is to safely operate a heritage railway between Buckfastleigh and Totnes in the County of Devon and deliver the mission and charitable objectives set out below.

The railway is perceived as one of the foremost heritage and tourist attractions within the southwest of England and is regarded as a market leader in the heritage rail industry. South Devon Railway Engineering Ltd (SDRE), a wholly owned subsidiary, offers a first-class engineering service to external customers, primarily for the repair and maintenance of heritage assets whilst the South Devon Railway Retail and Catering (SDRR&C) offer first class services in both the Gifts and Model shop at Buckfastleigh and in a refreshment kiosk and on-train buffets. The South Devon Railway is foremost among heritage railways by offering a complete leisure package in conjunction with other stakeholders.

The South Devon Railway benefits from many supporters and volunteers who give both time and finance to a cause in which they passionately believe.

The Directors of SDRL are all volunteers and operate as a talented team of great integrity in managing the society and with an ability to cope with inherent complexities to bring order and consistency. They form a group of complementary individuals who are focussed on the successful running of the society.

The railway exists in a competitive tourist market as a family attraction. Whilst traditionally it had been seen that "best value" only related to price, customers are now looking beyond this single criterion and looking at "best value" which includes the scope and quality of service offered. This "best value" is now paramount amongst customers' thinking and is correspondingly reflected within the railway's "business thinking" where we aim to offer a range of attractions.

Marketing and media relations are constantly reviewed with vigour and constant consideration is given to the company's services within the marketplace. Messages are kept strategically focussed and tailored to focus on tomorrow's opportunities.

### 1.3 Summary of Activities:

The activities of this Charitable Community Benefit Society are "the operation and maintenance of the heritage railway and associated assets known as the South Devon Railway".

### 1.4 Objectives of the Society:

The objects of the Society shall be for the public benefit to advance education in the history and development of railway transportation systems, by providing opportunities to learn about and experience how railways provided transport for people and goods throughout the 20th century, in particular (but not exclusively) by:

- The preservation and operation of a heritage railway:
- The preservation, conservation, maintenance, and repair of:
  - Heritage locomotives and rolling stock
  - Heritage railway buildings, bridges, track, signalling systems and other historic railway structures and associated infrastructure
  - Railway archives, historical records, and artefacts
- The establishment and maintenance of a railway museum
- The provision of education and skills training in relation to the restoration, repair and operation of heritage railways, heritage railway vehicles, structures and associated infrastructure.

### 1.5 Further Objectives of the Society (Including Community Benefits) – See Also Appendix 1 (Vision Statement):

- To recognise and to participate in measures designed to mitigate the effects of environmental sustainability and climate change. To that end we are developing a policy and strategy for reduction and off-setting of our carbon emissions - see Appendix 2. Where it is noted in 2019 the All-Party Parliamentary Group on Heritage Railways\*\*, whilst acknowledging it is right to reduce the burning of coal, the outright ban on coal burning is a classic case of the law of unintended consequences when related to heritage railways - see also Section 6.3.
- To operate a mainly steam heritage railway to a regular timetable, supplemented by special events such as vintage themed weekends, heritage open days, demonstrations of past working practices, dining trains, footplate experiences, charter trains and visiting locomotives and rolling stock from other railways.
- To provide a charitable structure for the public to subscribe for shares to provide funding for the proposed capital expenditure projects.
- Through the wholly owned subsidiary companies, to provide retail and catering services to visitors and for the engineering company to provide internal services to maintain locomotives and rolling stock and external services to clients. All profits from both subsidiaries are gift aided to SDRL to support its overall objectives. The specialist engineering skills are offered to other railway and locomotives operators and thus these specialist skills are shared across the country and beyond.
- To provide facilities for the protection, restoration, conservation, public display, and interpretation of the collection of railway related artefacts and rolling stock on the South Devon Railway and local industry thus served and with improved conservation of artefacts in care.
- To advance public education in the history and development of railway transportation and thereby create, maintain, and operate a typical West Country branch line following the practice of the Great Western Railway and British Railways (Western Region). This will enable visitors to experience and learn about branch line rail travel as it was prior to 1966. To this end, where possible and practical, staff wear uniforms appropriate to the age (although for safety reasons heritage appearance must be compromised for example, the wearing of hi-vis and personal protection equipment in the workshop and maintenance areas). By prioritising a culture of learning and engagement we will give our visitors a great experience whilst enhancing health and well-being and encouraging repeat visits.
- To ensure historic buildings are refurbished and decorated appropriately.
- To provide students with educational facilities to learn about local transport, industry, and local history (see Appendix 3 – Educational Outreach Programme as reported to the Cultural Recovery Fund – February 2021) throughout the life of the railway. Therefore, it is important that the railway museum continues to be developed to provide education relating to the history of rail transport to accord with the charitable aims of the Charitable Community Benefit Society.
- To ensure that all our activities are carried out safely and to comply with prevailing safety legislation while following the custom of the Great Western Railway or British Railways (Western Region) where appropriate.
- To offer a wide range of opportunities to people of suitable age, abilities, genders, and ethnic groups from the area who wish to volunteer in their spare time, so reducing social isolation, offering development opportunities, and giving people a chance to pass on life experiences to others.
- To use a mixture of voluntary and paid staff and improve volunteer recruitment.
- To provide volunteers and staff with a safe and realistic railway environment within a "Volunteers' Working Policy" and "Staff Policy" so that all interests are catered for and to achieve a high level of volunteer job satisfaction and enjoyment.
- To give value for money and secure a high level of customer satisfaction by providing and enhancing all-weather facilities and educational experiences together with service of a high standard and to continuously improve the visitor experience and "dwell times" and thus secondary spend.
- To increase passenger numbers progressively, the initial target being a 5% year on year growth.
- To provide staff with a safe and pleasant working environment.
- To provide the opportunity for investment in the railway.
- Member rights and entitlements which will be equal regardless of the investment amount – see also Section 2.1
- To provide opportunities for people to participate in a wide range of volunteer activities in:
  - Heritage Railway operations and maintenance
  - Event management and participation
- To support training schemes and apprenticeships in heritage engineering skills to ensure the survival of these skills.
- Supporting the local rural community by providing increased employment and training opportunities
- Increasing visitor numbers thus helping the local economy through the multiplier effect.

*\*\*The All-Party Parliamentary Group on Heritage Rail is a focus for discussion by parliamentarians about heritage railways, the contribution they make to their local and regional economies and the skills training opportunities involved. Its members are drawn from both Commons and Lords and from across the political spectrum.*

*The Group reported on the economic value of heritage railways in 2013, on young people working on heritage railways in 2018, and on future supplies of coal in 2019. Their enquiry on public transport and heritage railways was recently published and focuses on sustainable tourism and expanding heritage rail's role in the public transport network such as a possible daily commute, developing closer links with mainline operators and joint ticketing arrangements. The latter two items are already being progressed – see Section 6.1. The former is limited by our geographical position, health and safety, and capital expenditure requirements.*

### 1.6 The Charitable Community Benefit Funding:

SDRL activities are funded from:

- Fare and event revenue and ancillary income
- Gift Aided subsidiary company profits
- Donations
- Legacies
- The proposed Share Issue
- Grant funding
- Sponsorship (of projects and initiatives)

### 1.7 The Community Served:

The "Communities" served by SDRL are:

- Visitors including tourists, school groups and other parties.
- Members and volunteers of supporting organisations, including the South Devon Railway Association
- Railway enthusiasts both nationally and internationally
- The local population
- Persons interested in heritage or history in general.

### 1.8 Origins and Achievements:

#### History:

A 10.5-mile railway between Newton Abbot and Ashburton received Parliamentary approval and Royal Assent in 1848. However, with the economy in recession the scheme failed to find sufficient backing. After the Parliamentary approval for construction of the South Devon Railway Company from Exeter to Plymouth a new Buckfastleigh, Totnes and South Devon Railway scheme was proposed to make a junction with the South Devon Railway at Totnes and link it with Buckfastleigh and running alongside the River Dart. It opened as a broad gauge line through to Ashburton on 1st May 1872 and was operated from the outset by the South Devon Railway, which became part of the Great Western Railway in 1876. The last passenger train ran on

1st November 1958 although freight traffic continued until 7th September 1962.

#### Preservation:

Having secured GWR 4500 Class Small Prairie Tank No.4555 for £750 from British Railways, Patrick Whitehouse and "Birmingham Railway" colleague and member Pat Garland were looking to secure a GWR branch line on which to run the locomotive. They were seeking a complete and in-place railway. In partnership with a fellow Tallylyn Railway veteran and local businessman, they originally focussed on the already closed GWR Kingsbridge branch, notwithstanding that the track had already been removed. They then focussed on the Totnes to Ashburton branch. Their business plan was to launch and operate a profitable summer-season tourist railway which was targeted at the many summer visitors who choose to holiday in South Devon.

After the formation of the Dart Valley Light Railway Company Ltd (DVLRL), it took ownership of the branch line in June 1965, and applied for a Light Railway Order to operate public services. However, the Ministry of Transport required that the railway north of Buckfastleigh be used for improvements to the A38 road and thus it was not until 1969 that the Light Railway Order was made for the DVLRL to operate from Totnes to Buckfastleigh. The section beyond to Ashburton and its unique remaining Brunel-style station were lost under the new A38 dual carriageway trunk road. The final severing of the line took place in October 1971.

The first passenger train ran on 5 April 1969, with Dr Richard Beeching performing the official opening ceremony on 21st May 1969. Operated from the outset as a commercial railway, the Dart Valley carried 60,000 passengers at a profit in the first year.

In 1971, the company was offered the opportunity to purchase from BR the freehold of the GWR Kingswear branch which was running from Paignton to Kingswear, and hence by ferry to Dartmouth. Following a successful share issue, the DVR took over running of the line directly from BR on 1st January 1972.

#### South Devon Railway Trust:

In 1989 the DVLRL announced that the Totnes to Buckfastleigh line was uneconomic and had hence decided to find another operator or close it. In response, the volunteers who assisted in running the line proposed to take over operations. The railway was renamed the South Devon Railway and an existing charity (formed originally to preserve locomotive 4920 Dumbleton Hall) was able to be used as the operating organisation and renamed the South Devon Railway Trust. The volunteer supporting body was subsequently renamed the South Devon Railway Association. The Trust took over the running of the line on 1st January 1991, with the first train running on 29th March 1991. The Trust subsequently completed the purchase of

the freehold of the line from the DVR on 8th February 2010. The South Devon Railway was named the Heritage Railway of the Year in 2007.

More recently, a major overhaul of the Safety Management System in line with ORR requirements has been achieved and is in line with those required by the Office of Rail and Road. The effects of this are to be seen across the railway and where competences of both staff and operating volunteers are constantly monitored to ensure the safety of all categories of persons around the railway.

The SDRT had continued to operate with the original constitution dating from 1974 whereby voting rights were dependent upon the level of investment and not democratic which could lead to serious criticism regarding controlling interest, restricted communication means between directors, members and shareholders, virtual meetings could not take place, tighter controls over director nominations for vacancies were necessary etc. Thus, the constitution no longer met "with best practice" for charitable organisations or allow adequate safeguards for a railway operator.

This led to a major reorganisation of the governance of the SDR which resulted in the formation of South Devon Railway Ltd as a Charitable Community Benefit Society. SDRL has now become the operating organisation whilst the SDRT (an independent charity) has become the land-owner, building owner and fundraising entity and where the board of Trustees act independently of any other SDR organisation. They have no right to direct any operational aspect of running the railway that falls under the oversight of the national railway regulators. This is the exclusive responsibility of SDRL. Work is proceeding to bring the SDRT constitution in line with "best practice" for charitable organisations.

#### **South Devon Railway Ltd:**

SDRL was set up by the conversion from SDR plc to a Charitable Community Benefit Society in 2019 and whose board (like the SDRT Trustees) act independently of any other SDR organisation and are sovereign in their decision making. The conversion was approved by members at an Extraordinary Meeting on 23rd March 2019 with progress updates at subsequent AGMs. By setting up SDRL as a Charitable Community Benefit Society in 2019 not only has it improved governance but also facilitates shareholder voting rights and entitlements which will be equal regardless of the investment amount (see also item 2.1) and further facilitates a share issue to raise capital which is no longer possible for registered charities such as the SDR Trust. The date of formation was 16th May 2019 and SDRL assumed responsibility for operations with effect from 13th March 2020.

#### **Improvements since 1969:**

Ten years after the first train steamed from Buckfastleigh, the DVR had commenced work on a new station at Totnes Riverside, this being the railway's southern terminus. The initial stage was to relay part of the track layout and construct a new platform. Many discussions took place with British Rail and local authorities relating to the positioning of a new footbridge across the River Dart to provide access from Totnes town. These did not come to fruition until after the SDR take over and Bulliver Bridge was subsequently opened in 1993. Much of the necessary finance for this bridge was generated by the then Dart Valley Railway Association with their successful "Bridge the Dart" appeal.

The Association's London & Home Counties Group sought and found a GWR station building at Toller on the former Maiden Newton – Bridport branch line, which they dismantled and rebuilt at Totnes Riverside. Work commenced during the period of DVR ownership but was completed after the SDR takeover with further structures from across the ex-GWR network being added to create an authentic looking GWR station over a period of several years.

Staverton station was re-painted, and alterations made to the layout of the station yard to form a track (permanent way) maintenance yard. In September 1999 a passing loop at Bishop's Bridge (near Staverton) together with a new signal box was commissioned, enabling the train service to be augmented as necessary with "two train running". The signal box was recovered from Athelney on the Westbury – Taunton main line.

Following completion of the A38 "Devon Expressway" in 1972, it was necessary to adjust the track layout at Buckfastleigh such that extra siding space was created for rolling stock storage, the former goods yard as well as the Ashburton section having been lost to the road builders. The principal development at Buckfastleigh at that time was the construction of a new workshop to facilitate overhaul work on locomotives for the railway and other heritage railways. The station goods shed was converted into a museum and a purpose-built shop and café building were constructed on the former goods yard loading dock within a "triangle" of land left after the road construction work was completed.

Necessary infrastructure additions including a water tower from South Lambeth Goods Yard and a GWR footbridge from Keynsham were re-erected in the station area and a new signal box was constructed at the south end of the station – the existing signal box (a good example of a typical Great Western signal box) became part of the museum project.

In 2017 two new sidings were constructed at Buckfastleigh to increase storage capacity and provide an area for the future construction of workshops for Carriage and Wagon maintenance. This was followed by the construction of a new carriage shed which meant eight of our historic carriages could now be protected from the elements.

The track, (permanent way) has been steadily upgraded with over two miles now fully re-laid.

Many other improvements have been made and significant maintenance works undertaken on bridges, stations and infrastructure.

#### **Currently Funded Projects:**

Funded projects progressed, being progressed or those shortly to be funded include:

- Phase 1 of the construction of a new running and maintenance shed where operational steam locomotives are maintained, prepared and disposed of on a daily basis. The construction was completed early in 2020.
- Fire precaution works and associated escape provision to the former goods shed forming the museum and workshop and eventually to form a multi-function space.
- Implementation of a programme of carriage overhaul and ongoing maintenance which will significantly improve the safety and standard of passenger accommodation whilst conserving the heritage of the assets.
- Relaying approximately 1/3 mile of new track and sleepers (i.e. 30 panels) every year
- The overhaul of locomotive 1420.
- Refurbishment/rebuilding of many of our goods wagons
- Completion of mechanical signalling at Ashburton Junction, our junction with the main line at Totnes Riverside.



## 2.0 THE INVESTMENT PROJECT:

### 2.1 Share Offer Purpose, Target and Members' Benefits:

The Share Offer target is £3 million. If this is a success, it will enable SDRL to undertake major infrastructure projects within a short time. It is planned to run for six months from 1st December 2023 until 31st May 2024 with an option for an extension for a further six months and with a further option to re-open the offer (as an "open" offer) after such extension. The minimum target for the Share Offer to be successful is £350,000 which would enable the priority project of Phase 1 of the Restoration Building (the Carriage and Wagon Workshop) to be completed – existing funds will be used to cover the groundworks, site preparation and structural frame. Further funds would enable Phase 2 of the Restoration Building to be constructed and other vital projects outlined in 2.2.1 below.

The minimum and maximum subscriptions are £250.00 and £100,000.00 respectively. If the minimum share offer target is not achieved all subscribed monies will be returned.

#### The benefits accruing to members under CCBS rules are:

- Existing members are given priority to invest as mentioned at the EGM.
- Regardless of the amount of investment, each member has an equal vote at Annual General Meetings or other voting meetings.
- Investors are investing in the railway – a "living and breathing example of our heritage".
- Discounts of 10%\* on selected items within the retail outlet and Refreshment Rooms facilities on production of a valid member's privilege card. *\*(15% discount for staff and volunteer holders of valid work permits).*
- Two return tickets every year between Buckfastleigh and Totnes Riverside on normal services (that excludes our special event days and dining trains). Tickets are not transferable. The shareholder's second ticket can be used by a non-shareholder when travelling with the shareholder.
- Investment is returnable after three years at the discretion of the directors and if funds are available.
- Whilst investors can apply to make a withdrawal of their investment from 2029 onwards it is at the sole discretion of the directors whether suitable conditions prevail such that any withdrawals are allowed. Investors should be aware the development of a heritage railway is a financially challenging undertaking. On the basis that we may not have completed all the set objectives within six years (should we acquire the full £3 million) the 2029 date is set. Investors should note that the Board intends to reinvest all surplus funds in railway operations and so the only source of funds to enable withdrawal in the future will be new capital introduced subsequently into the society, and so liquidity of share capital is contingent on the extent that the society continues to attract new investment in the future and investors may not be able to withdrawal, or any, of their funds at such time as they might wish to request withdrawal. As mentioned above any or all withdrawals are at the discretion of the directors.
- Access to special members' events etc.

- Possible opportunity to purchase shares on monthly subscription basis – see also section 4.1.
- Existing South Devon Railway plc shareholders' lifetime travel passes offering travel concessions and discounts within the company's shop and Refreshment Rooms at Buckfastleigh have been transferred to SDRL and retain existing value. These entitlements may be varied by the board and notified in advance to shareholders.
- The opportunity to support the railway as an active volunteer.
- Regular Members' newsletter
- Benefits are not transferable other than to a beneficiary.

### 2.2 Share Offer Funds Use:

#### Priority Project:

Please note that priorities may change, depending upon the outcome of the planning application or any conditions attached.

Completion of Phase 1 of a new Restoration Building which is a new workshop for the Carriage and Wagon Department. The construction package will include site drainage works, fitting out and utility upgrade. The new facility will be designed for the specific purpose of overhaul of passenger carriages to replace two separate locations currently in use which were designed for other purposes. As well as providing the specialist facilities required combining all maintenance in one area will make the various elements easier to manage. Overall, this will improve productivity leading to higher standards and increased availability of passenger rolling stock for both normal and special services such as on train dining and thus increase visitor capacity and revenue. The contribution from the share issue for these projects will be £530,000 with the balance from existing funds, grants and donations.

#### 2.2.1 Further Plans for Funds Received Over the Minimum Requirement:

It should be noted that simultaneously the board is always looking at other sources of funding and grants including Crowd Funding and the National Heritage Lottery Fund. The Greater Dartmoor Local Enterprise Action Fund (LEAF) – (applications currently closed) may also be a source of grants if additional funds become available. There are no plans to go to the commercial market.

Development projects following the priority project are in no order - the order will be determined later. Some projects might be undertaken simultaneously although generally the programme will be undertaken in "serial form":

- Redesign of the Buckfastleigh Forecourt Area:  
Redesign of the Buckfastleigh forecourt area and upgrading of visitor facilities to include a visitor centre and improved car parking arrangements which will include EV charging points as mentioned in Appendix 2. In association with this both pedestrian and vehicular visitor routes around the site will be segregated and vehicle parking will be redefined. The contribution from the share issue for the project will be £345,000. Any further funding will be from existing funds, grants and donations.

- Primary visitor areas:
  - Relocation of the Carriage and Wagon workshop to bespoke premises will allow refurbishment of the Goods Shed dating from 1872 and open options for its use as the museum including an education and multi-purpose function space.
  - Development of the present South Devon Railway small exhibits museum to illustrate the impact the railway had on the rural economy and way of life.
  - The immediate area surrounding the goods shed and the former "PLOG (Private Locomotive Owners Group)" siding will be improved to enable us to display goods wagons in a realistic and historical setting.

The whole refurbishment described above will enable us to improve and increase visitor accommodation, expand our educational offering, and create new revenue stream from functions. This will also aid local schools and colleges with facilities for the provision of talks and seminars as well as provide a base for guided tours.

The contribution from the share issue for the above museum related projects will be £100,000 with the balance from grants and donations. The refurbishment of the Goods Shed in particular is an ideal project for partial funding from National Heritage Lottery Fund (NHLF) and other grant funders with match-funding from the share offer or other sources. It is proposed to prepare and submit a bid to the NHLF for this project and "in tandem" with the share offer\*\*.

- Station Improvements:
  - Upgrading the platforms at all our stations in a sympathetic way to meet modern standards and to provide accommodation for at least 6 coaches to improve safety and provide greater flexibility for operations.
  - Renewal of life expired track in Buckfastleigh yard and rebuilding and upgrading of the North Crossing.

The contribution from the share issue for these projects will be £420,000.

- Maintenance and storage facilities (in addition to the priority Carriage and Wagon workshop):
  - Construction of phase 2 of the Running and Maintenance Building for the under-cover maintenance of operational heritage locomotives. This will also include a safe public viewing area with appropriate interpretation.
  - Extension of the Restoration Building to provide additional undercover storage and general maintenance areas.

The contribution from the share issue for these projects will be £1,305,000 with the balance from grants and donations.

- Additional Environmental Enhancements:
  - Installation of solar PV panels utilising roof space created by the new buildings at Buckfastleigh, thus aiding the railway's "green credentials" and increasing the site electricity supply.
  - Landscaping and Travel Planning.

The contribution from the share issue for these projects will be £200,000 with the balance from grants and donations.

Locomotive 3205 overhaul project:

The contribution from the share issue for this project will be £100,000 with the balance from grants and donations.

- Other projects to be financed by other fund raising, particularly grant applications:
  - Refurbishment of Saunders House (formerly the Station Master's House) to form a museum exhibit re-creating a period layout and furnishings of such a house. It is considered that replacement administration space could be provided within an extended existing retail and catering building or within accommodation as part of a remodelled forecourt area\*\*.
  - Replacement of Buckfastleigh South Signal Box\*\*.
  - Renewal of the footbridge which will shortly be in need of replacement.
- Other proposed projects which could be added if funds allow:
  - Provision of auto-trains as a unique feature of the branch line railway.

\*\* Projects suitable for NHLF bids - it is considered the priority for NHLF bids for the projects listed above are:

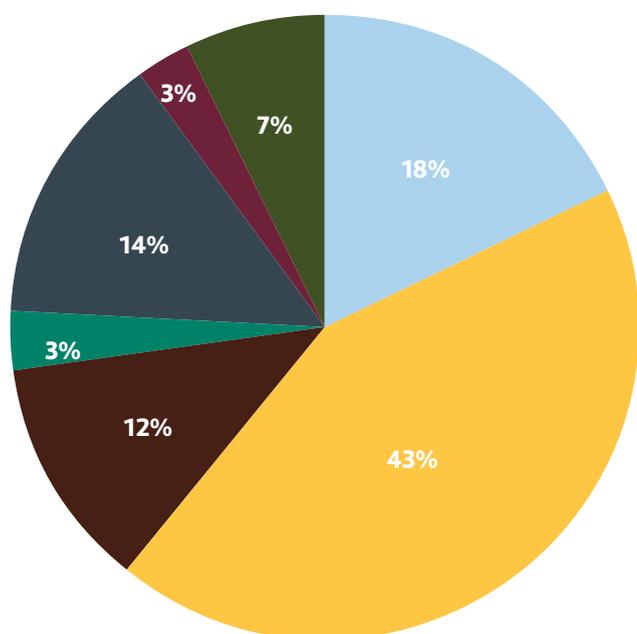
1) Refurbishment of the Buckfastleigh Goods Shed to form a visitor centre, lettable multi-function space including display space as described above and retail space.

2) Replacement of Buckfastleigh Signal Box.

3) Refurbishment of Saunders' House.

4) Overhaul of the unique locomotive 3205.

A cost breakdown in percentage terms and illustrating how Share Offer monies will be spent is presented in the pie-chart below and is based upon estimates received.



- New building for carriage repairs
- Locomotive running and maintenance buildings
- New visitor facilities
- Refurbishment of 1872 goods shed & museum area\*
- Station & yard improvements\*
- Locomotive restoration\*
- Additional environmental enhancement

\* Elements of these items will also be the subject of grant applications.

### 3.0 THE PROJECT PLAN:

#### 3.1 Outline Pre-Construction Programme:

##### 2022

August - Submission of Planning Application for site development

##### 2023

At the time of the share offer launch, the outcome of the planning application is not determined and could affect the following outlined in Section 3.2.

December - Launch of share issue and preparation of bids for submission to NLHF and other grant sources.

##### 2024

End of May - Close of share issue.

#### 3.2 Outline Construction Programme:

The following is the planned sequence of events to deliver the project targets. Exact dates and the detailed programme are to be agreed following determination of the planning application and the outcome of the share issue.

##### Phase 1 – Restoration Building:

###### 2024

- Appoint Architect & Services Engineer
- Detail Design
- Cost Estimate
- Tender process for construction of Phase 1 Restoration Building
- Reconcile tenders + value engineering.
- Appoint contractor.
- Construction of Phase 1 Restoration Building
- Completion of construction of Phase 1 Restoration Building

##### Phase 2 – Station Field Car-Park:

###### 2023

- Appoint Geotechnic Engineer

###### 2024

- Site Investigation
- Detail Design
- Cost Estimate
- Tender Process
- Reconcile Tenders + value engineering
- Appoint contractor.
- Construction of Car-Park
- Completion of Car-Park

##### 2024 – 2027 approx

All other phases.

Exact dates will be subject to cash flow and operational requirements.

##### Notes

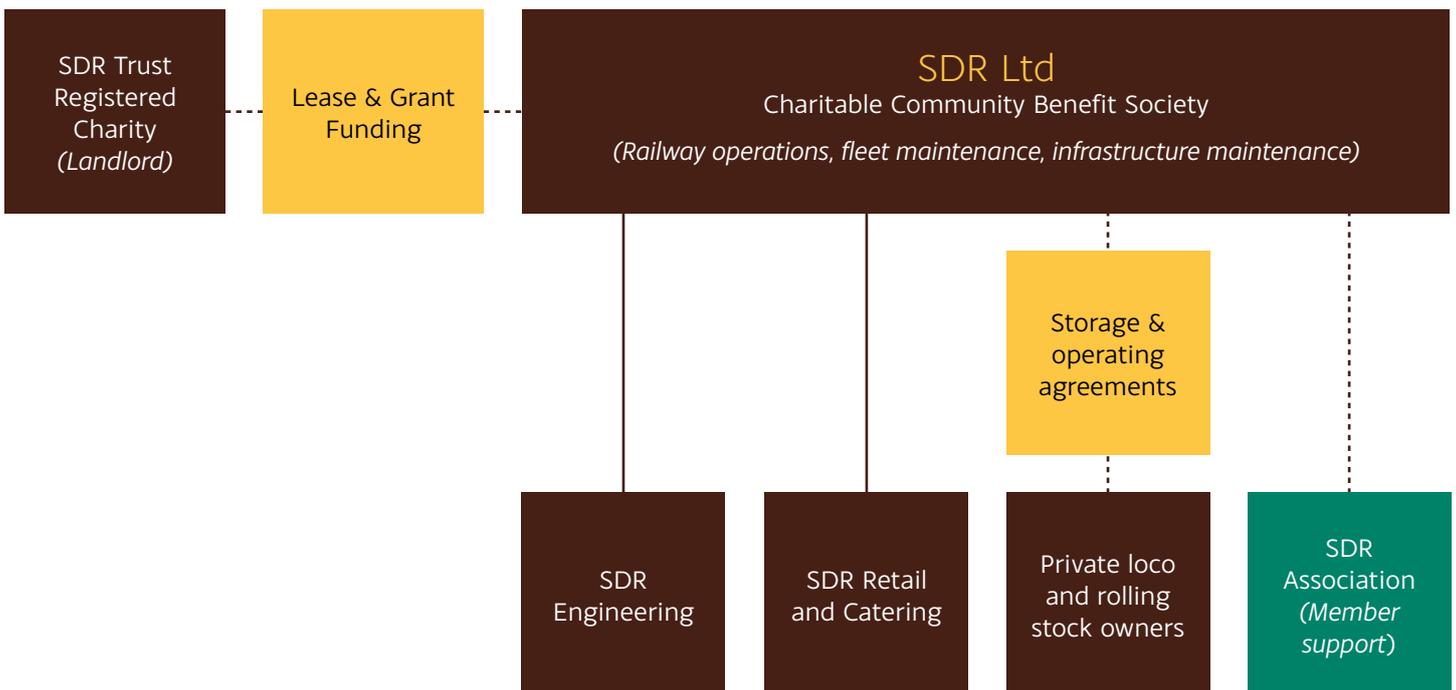
- 1) The date of determination of the Planning Application is dependent upon the Planning Authority and which may require an adjustment to the project(s) programme(s).
- 2) The projects will require detailed construction programmes governed by cash flow and the need to minimise disruption to normal business.
- 3) The application for Planning Permission also includes all Buckfastleigh site works apart from the visitor centre for which the footprint is shown on site plans. A future application will be made for detailed consent.
- 4) Environmental enhancements will be incorporated into the detailed specifications and programmes for each phase.

## 4.0 LEGAL STRUCTURE AND GOVERNANCE:

### 4.1 South Devon Railway Structure:

- SDRL: The South Devon Railway is a heritage railway operated by SDRL which is a registered Charitable Community Benefit Society. It is responsible for all railway operations together with fleet and infrastructure maintenance. All staff within the South Devon Railway Group are employed by SDRL.
- As well as members of the public, all individuals or the various groups on the railway can apply for shares in the CCBS. A monthly subscription arrangement may be possible for the first twelve months of the share offer. The investment value does not change, and interest can be paid when income permits, subject to the discretion of the directors. As mentioned in item 2.1 investment in the CCBS is an "investment in the railway". The rules of the society are available on request or online.
- South Devon Railway Retail and Catering Ltd (SDRRC) is a wholly owned subsidiary trading "arm" established to undertake retail and catering activities. The main catering facility is leased to an independent operator with the Kiosk operated by SDRRC.
- South Devon Railway Engineering Ltd (SDRE) is a wholly owned subsidiary established to undertake contract work for other heritage railways and railway companies operating on the national network - see also section 4.3. The company is a wholly owned subsidiary of SDRL (with effect from 1st August 2019) and all taxable profits are gift aided to the CCBS. SDRE also supports the overhaul of our own home fleet of locomotions and carriages.
- Both subsidiaries have been set up with the principal aim of providing additional funds via gift aided profits for the maintenance and improvement of the railway.
- SDRT is a registered charity which acts as landlord and holds the land and buildings and some rolling stock assets of the railway. The Trust receives funds (grants or otherwise) and loans or grants funds to the CCBS.
- SDRT has granted SDRL a long lease for all the "operational assets" of the South Devon Railway.
- South Devon Railway Association Ltd (SDRA) and other support groups provide volunteers from their memberships to assist on the railway and subsidiary business operations. SDRA also provides membership support.

### 4.2 South Devon Railway Diagrammatic Structure – Group Structure:



### 4.3 SDRL - Charitable Community Benefit Society - Governance:

The SDRL board comprises nine directors. The composition of the board, retirement cycle and co-option of directors is in accordance with rules 74, 75, 76, and 77 of the governing document – see Appendix 4.

The subsidiary companies likewise have their own boards whereby all directors are also SDRL board members.

SDRE was established as a financial mechanism to protect SDRL.

SDRL board members are responsible for the strategic direction of the society. They set and review policies as necessary and ensure all our legal obligations are met.

The society board operates on a consensual basis and on the principle of collective responsibility. Each board member is actively involved on and/or for the railway and brings specialist skills and knowledge to the board.

The directors are constantly seeking to identify potential board candidates as a means of keeping a fresh outlook and keeping the board strategically focussed.

### 4.4 Financial Control:

Board members are all responsible for the affairs of the society. They receive regular financial statements and reports from the finance director(s).

A draft budget for the forthcoming year is prepared and presented to the board for consideration. After ratification by the board, the general manager (who has overall responsibility for railway operations) has day to day management of the budget in consultation with the finance director(s).

A framework of procedures giving provision for proper financial controls is in place and ensures effective stewardship and monitoring of expenditure. These procedures are reviewed regularly.

There is ongoing monitoring of income and expenditure against the budget and day to day priorities are adjusted as necessary.

### 4.5 Directors:

The board of directors provide strategic leadership with clear focus on business planning. The number of directors comprising the board is limited to six to assist this strategic focus and three co-opted members with additional experience and skills.

The board works as an effective team with differing talents and with a balance of skills, experience (both in the existing business and the professional and commercial world outside of the railway), background and knowledge so that informed decisions are made. They seek to be transparent and accountable. Over half of the directors are new or recent recruits or have been involved at board level

for a short time. The mixture enables new thinking and new ideas to be brought together with existing experience and skills. They act with integrity and are acutely aware of public confidence and opinion. Other potential directors with suitable skills will be encouraged to join the team as and when suitable vacancies occur.

The directors are required under current legislation to prepare financial statements giving a true and fair interpretation of the financial affairs of the society. They are acutely aware of their obligations as charity trustees and all deliberations, actions and activities are undertaken for the benefit of the charity above all else. They are also aware of their obligations to donors in connection with fundraising and ensure that fundraising is carried out ethically and with clarity. Trustees are further aware that fundraising is a constantly evolving, dynamic and creative discipline and devote much time and effort to this vital activity.

### 4.6 The Board:

The following people form the current board of SDRL:

#### Jon Morton – elected director (Chair)

Jon is a senior driver for Great Western Railway operating on Class 800 multiple unit trains over the national system and has been a driver since 1978. He has thus acquired wide practical experience of railway operation and in a responsible capacity.

He first became involved with the railway in 1974 and volunteered on carriage and wagon restoration and maintenance, building works and permanent way projects.

After becoming a driver on the national system, he moved from the area. Upon his return in 2002, he joined the South Devon Railway Association and worked on diesel locomotive restoration with the Devon Diesel Society.

Jon was elected to the Association's management committee and was further elected to the South Devon Railway Trust board as the operations director. In 2017 he became the chairman. He was also elected chair of SDRL.

Jon brings to the board his wide experience of operational matters and wide knowledge of all elements of the railway's business.

### **John Beer BSc MIRO – elected director (Vice Chair)**

John is a career rail professional, who retired in 2016 after 38 years in the industry. He worked in operating, commercial and project management roles within various sectors.

Following the disaggregation of the industry, he specialised in the negotiation and management of arrangements for use of the rail network and station services for various Train Operating Companies. He advised on regulatory issues and served on the Access Disputes Committee, where he became chairman.

He was BR's commercial contact with the Dart Valley Railway PLC and set up through ticketing to Buckfastleigh and arrangements for DVR ticket sales at Totnes for the period when SDR trains ran into Totnes BR station.

Upon returning to live in Devon, he became involved practically at the SDR in 2017, qualifying as a guard.

He undertakes occasional bus conducting activities with the Devon General Society and the Thames Valley and Great Western Omnibus Trust. He also volunteers as a driver with the Totnes and Rural Transport Committee (aka Bob the Bus).

### **Chris A Williams – elected director**

Chris is formerly a co-owner and director of a group of companies specialising in the manufacture and distribution of industrial fasteners and allied components for the petrochemical, marine defence, and nuclear industries.

He has responsibilities within the companies for finance and IT and fulfilled this role for twenty-eight years.

Outside of his business activities, Chris takes a keen interest in many heritage and miniature railway activities, has been involved with the South Devon Railway for many years and is currently treasurer of the South Devon Garden Railway Group in addition to his SDRL board commitments.

Chris, alongside Mike Wall with his extensive business experience, brings financial acumen to the board.

### **Peter Treglown, MIOd MCIPR – elected director**

Peter is owner and director of a long-established marketing, PR, graphic design and social media agency based in Norwich.

Peter joined the then Dart Valley Railway Association in 1967, becoming a travelling ticket inspector during the first season of operation in 1969 and subsequently passed out as a guard.

He has been involved in the procurement, dismantling and delivery of various infrastructure items to the railway, including Toller station, now at Totnes Riverside and the Buckfastleigh water tower. Peter became secretary of the London and Home Counties Group of the South Devon Railway Association during the 1980s before becoming editor of the house journal *Bulliver* for seven years. He was appointed a director in 2000.

Outside of his SDR interests, Peter is a keen supporter of rugby union, enjoys travelling to France and is one of the leaders of an organisation saving and conserving his local railway station building, which has been threatened with demolition.

Peter brings significant public relations, branding, marketing, and general business expertise to the board.

### **Mike Wall – co-opted director**

Mike was born and educated in Derby. He is a director and co-owner of a leading car and motorcycle group based in Devon, Somerset and Hampshire and representing some iconic brands. This position followed a long and successful career with a major motor dealer group where he became a divisional director prior to which he became partially qualified as a chartered accountant.

He has volunteered on the South Devon Railway for almost 15 years. He volunteers within the footplate team and is a steam locomotive driver and auto-train fireman. He actively encourages other volunteers to pursue their passion and imparts his knowledge to the next generation of footplate crews, which naturally includes footplate catering!

Mike has also served as treasurer with the South Devon Railway Association.

His other interest and indeed passions revolve around cars and motorcycles.

With his vast business and financial experience Mike brings significant expertise to the board.

### **Graham Hooper Dip Arch (Portsmouth) – elected director**

Graham was a Chartered Architect who retired from practice in 2011.

Moving to Devon in 1992 after working in London, Reading and Southampton, he joined a major practice of architects in Exeter, subsequently joining the board where he was in charge of very large award-winning education and arts projects. He was also contract administrator for many of the projects with which he was involved.

Graham commenced volunteering on the South Devon Railway in 2012 at Staverton and in the Gift and Model Shop at Buckfastleigh. He joined the board of the SDRT in 2017 and SDRL in 2019.

Graham is a Rotarian and served for eleven years as secretary to the Rotary Club of Exeter Southernhay and Topsham. He was awarded a Paul Harris Fellowship in recognition of prolonged and excellent service. He is currently a member of the Rotary Club of Ashburton/Buckfastleigh. Additionally, he served as a trustee, director and secretary to the Somerset and Dorset Railway Trust for ten years.

Graham brings professional construction and management experience to the board.

### **Howard Webster – co-opted director**

Howard is a retired sales and customer services advisor who worked within the motor industry.

He has volunteered on the South Devon Railway for over thirty years, commencing as an engine cleaner and is now a driver, together with being an integral part of the running shed team. He is also a member of the Worcester Locomotive Society.

For many years Howard was on the South Devon Railway Association's committee and, together with his late wife May, organised the social events calendar. Both May and Howard were subsequently awarded honorary membership of the Association.

Other interests include walking, DIY and model railways and, in connection with the latter, he is at present constructing a large model railway layout.

Howard brings his sales skills to the board and the commercial team and has successfully worked on further developing our business with groups and the coach touring industry.

### **Philip Marsh – co-opted director**

Before retiring, Philip was general manager (executive projects) at Latrobe City Council, Victoria, Australia, responsible for the planning and delivery of high order projects. He also provided advice and support to councillors and senior management to deliver timely, strategic, and appropriate responses to complex issues and projects.

Philip returned to the UK to be involved in hospitality, owning pubs in Sidmouth and in Somerset and a restaurant in Budleigh Salterton. Returning to Australia, he ran tea rooms and a restaurant, and came back to the UK in 2014.

He has worked at Staverton with the S&T team, was a qualified signalman and worked as a travelling ticket inspector. He is a duty manager in the Gift and Model Shop. Philip reports to the board on shop activities and liaises between the Board and the Refreshment Rooms lessee.

Philip was involved in Rotary International where he was a club president and was awarded a Paul Harris Fellowship in recognition of excellent service. He is a railway modeller in 00 and 009 gauges.

Philip brings his significant expertise in hospitality to the Board and the Retail & Catering subsidiary.

### **Derek (George) Goult: MSc, CEng, CMarEng, MIMarEST, MIET, MCGI, MBINDT, DipNEBOSH – elected director**

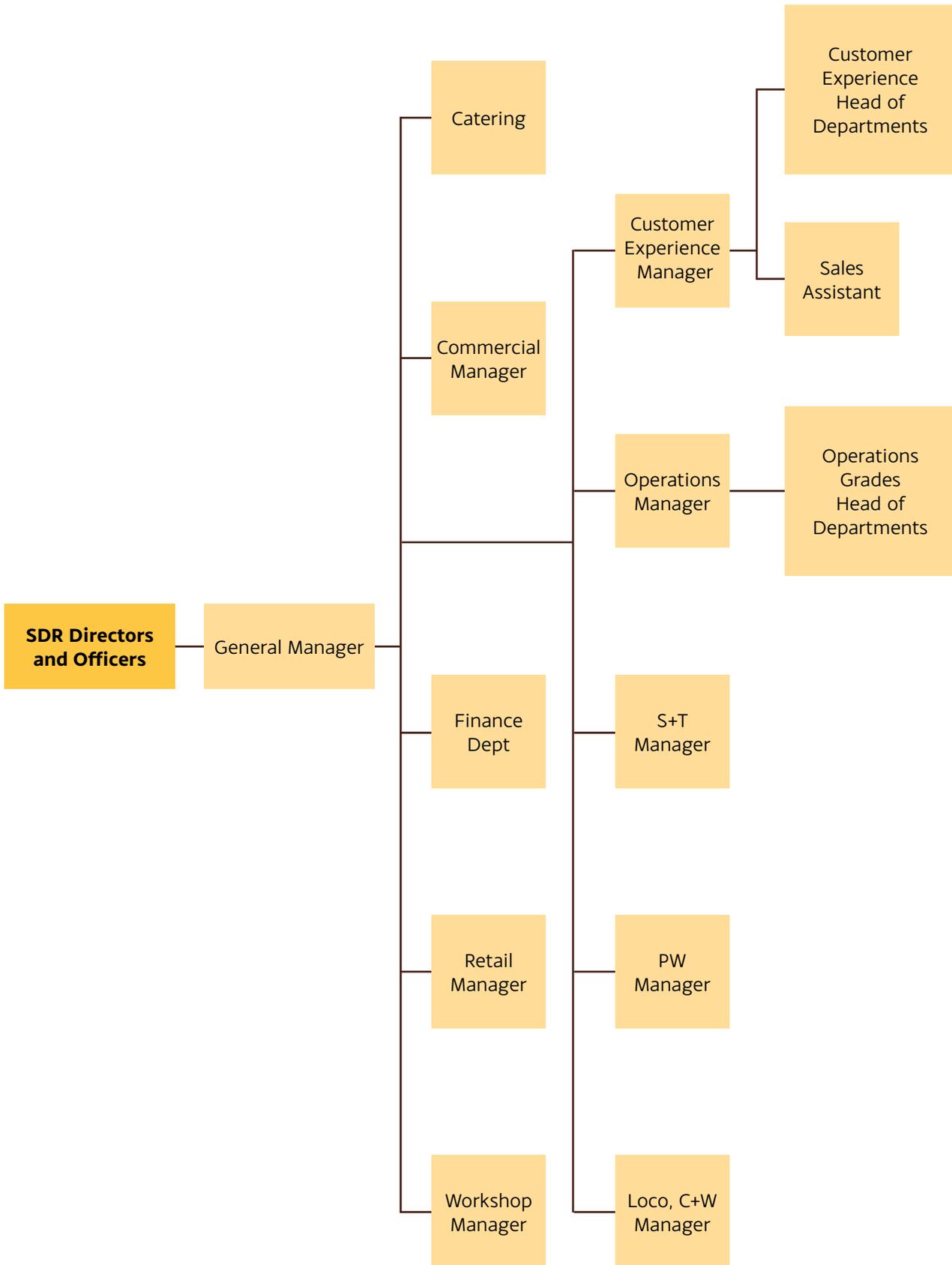
Derek is a chartered and professional multi-skilled engineer with a wealth of experience and management skills in the multi-discipline field of naval nuclear and marine engineering. He is a member of several associated professional institutes.

Derek spent his teenage years involved with the Permanent Way, Signalling and Telegraph and Motive Power departments of the North Yorkshire Moors Railway before joining the Royal Navy Submarine Service. With 42 years' experience operating in highly regulated and challenging environments, he has led teams to project manage, innovate, and deliver complex solutions to clients.

Derek initially supported the SDR as a regular member of the Totnes group before moving across to be a fireman and is regularly seen in the running shed assisting with maintenance of the operating locomotives and equipment.

Having been an experienced lead auditor, he brings to the Board a comprehensive knowledge of business management systems which assist greatly in gaining compliance with the many requirements of regulated railway environments.

**4.7 SDRL – Management Structure:**



#### 4.8 Senior Manager:

##### Ernest Elsworth-Wilson (General Manager)

Ernest started employment as the general manager in June 2021, having been a volunteer on the South Devon Railway for nearly 17 years. He commenced at a young age and assisted at the stations, within the signalling and telegraph, permanent way and locomotive departments. He also spent just under two years employed within the railway's operations management team, assisting in the day-to-day operations of the railway. He then moved to First Great Western (now Great Western Railway) where he was employed as a Guard, based at Exeter. He subsequently progressed to become an Area Operations Manager following which he became the Train Service Delivery Manager for the West of England, and finally a Lead Area Operations Manager, managing a team of operations managers across the south west. Whilst working at GWR, he completed an HND in Railway Operations Management with the Institute of Railway Operators.

After leaving his previous employment with the South Devon Railway, he continued to volunteer as a qualified steam and diesel locomotive driver, guard, signaller and duty officer as well as being elected to the South Devon Railway Trust board as the operations and safety director. He continues to be responsible for health and safety aspects of the railway and works closely with the directors on these matters.

He looks forward to assisting the board in leading the South Devon Railway into the future and is confident that his operational skills and knowledge of the railway will assist with this.

#### 4.9 The Senior Management Team – Job Descriptions:

##### General Manager:

The general manager leads the management team, which comprises the heads of each of the railway's operating divisions or departments and reports directly to the board via the chair. The primary role is to:

- 1) Oversee the safe, efficient, and cost-effective operations of the South Devon Railway in an enthusiastic, friendly, and inclusive way.
- 2) Accept overall responsibility for Health and Safety, ensuring compliance with all applicable legislation and building and maintaining a strong safety culture across the SDR.
- 3) Execute and supervise the senior management team ensuring the overall best railway operational, commercial and safety interests of the SDR enterprise are always served and in accordance with current Health and Safety legislation, directives and guidance, current railway regulations and all directives issued by the South Devon Railway Ltd board.

- 4) Take the lead in ensuring that the Safety Management System (SMS) is fully maintained and encompasses all current regulatory requirements.
- 5) Ensure that the SDR corporate image is maintained and to engage generally with the local and regional communities including business (e.g. local Chambers of Commerce etc) and charitable communities, media (in conjunction with the marketing director who has responsibility for PR activities) to ensure a high profile is generated and maintained for the SDR.

##### Company Secretary:

The company secretary reports to the board via the chair.

The company secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The chair and the board look to the company secretary for guidance on their responsibilities under the rules and regulations to which they are subject and on how these responsibilities should be discharged. All directors have access to the advice and services of the company secretary and recognise the Chair has strong support from the Company Secretary in ensuring the effective functioning of the board. The board will look to the company secretary to be the guardian of the company's compliance with the law and best practice.

The company secretary maintains the company's statutory books and records and facilitates the filing requirements for:

The register of present and past directors and secretaries,  
The register of all shareholders, past and present and their shareholdings,

The register of any charges on the company's assets,

All minutes of general meetings and all business units board meetings,

The register of the debenture holders,

Confirmation Statements for all group businesses,

Directors' reports, auditors' reports, and financial statement, including details of the company's assets and liabilities.

VAT registration and reporting.

FCA registration and reporting.

Charity Commission registration and reporting

The company secretary acts as the principal point of contact for:

The Charity Commission

The Company's solicitors

The Company's accountants

The Company's insurers.

### **Finance Department:**

The finance department consists of the two board directors with responsibility for financial management, and the Finance Assistant.

The finance directors ensure suitable high-end management of the company's finances in line with best practice, and ensure budgets are agreed with and then enacted by the general manager, to promote the commercial interests of the company.

The finance assistant is responsible for the day to day financial administration of the South Devon Railway enterprise. They ensure best accounting practice is used and work with the general manager, finance directors and other SDR managers to deal with all aspects of financial control.

### **Workshop Manager:**

The workshop manager takes direct responsibility for ensuring the commercial success of the SDRE business unit, with lead responsibility for all commercial engineering activities. They also work to an agreed plan for major overhaul and restoration of the railway's fleet of locomotives, rolling stock and ancillary equipment in conjunction with the locomotive, carriage and wagon manager.

The workshop manager solicits, prepares tenders and executes external railway engineering work on a commercial and profitable basis whilst ensuring that the overhaul and restoration needs of the railway's own vehicles is prioritised as directed by the general manager.

The workshop manager also supervises a team ensuring the overall best commercial and safety interests of the South Devon Railway enterprise are continuously served and in accordance with current Health and Safety legislation, directives and guidance, current railway regulations and all directives issued by the SDRL board via the general manager.

### **Locomotive, Carriage and Wagon Manager:**

The locomotive, carriage and wagon manager takes direct responsibility for the running maintenance of the railway's fleet of locomotives, rolling stock and associated equipment (including any hired in locomotives and rolling stock) and thus ensuring an appropriate level of serviceable locomotives and rolling stock are always available. They also work to an agreed plan for major overhaul and restoration of the railway's fleet of locomotives, rolling stock and ancillary equipment in conjunction with the workshop manager.

The locomotive, carriage and wagon manager also supervises a team ensuring the overall best commercial and safety interests of the South Devon Railway enterprise are continuously served and in accordance with current health and safety legislation, directives and guidance,

current railway regulations and all directives issued by the SDRL board via the engineering and general managers.

### **Operations Manager:**

The operations manager leads a team of heads of departments who manage the staff involved with the operation of the railway, including footplate, signalmen and guards, ensuring all applicable Safety Management System processes are followed, as well as assisting the general manager with the future development of such Safety Management Systems. They also coordinate the operational requirements of all departments of the railway, including any associated locomotive and stock movements, ensuring these are undertaken effectively and in accordance with relevant health and safety and operational requirements.

Key tasks are ensuring compliance with competence management standards and the rule book, timetable creation in line with the railway's commercial requirements, creation, circulation, and maintenance of operating notices, identifying adequate staff for operating requirements, liaising with organisers in connection with event planning, maintenance of staff and volunteer databases, maintenance of systems for the issue and control of work permits, assisting with planning and execution of training courses, and assisting with front-of-house activities when necessary.

### **Commercial Manager:**

This role is currently vacant. The commercial manager will have a strong commercial acumen and be responsible for growing the number of customers across all areas of the business and pursuing new business opportunities, from new markets and through additional and enhanced product offerings. He or she will establish sales targets and implement strategies to achieve them. The commercial manager will additionally create a sales and marketing plan, liaise with customers, manage customer relationships, support sales administration, grow the customer base, manage and enhance customer databases and a customer relationship management system and increase brand awareness across existing and new markets.

The commercial manager will generate income and footfall figures for circulation to the board and managers and identify trends and related opportunities for growth. He or she will also represent the railway at trade shows, networking and similar events, and actively engage with the local and business communities, and engage with organisations which represent local and regional businesses.

### Customer Experience Manager:

The customer experience manager is responsible for the day to day delivery of all areas key to the customer experience on the SDR, including ensuring customer enquiries are dealt with promptly and politely and in a manner that encourages future sales, booking offices are staffed and suitably equipped to serve customers and stations and grounds are well maintained, safe and presentable.

The Customer Experience Manager also takes the lead on special services including dining trains, "Drive a Train", private hire and charter trains, and assists with the development and execution of special events.

The Customer Experience Manager also assists with railway operations management, standing in for the operations manager where required and ensuring suitable support is provided with operational safety management and delivery.

### 4.10 SDR Group Structure:

Group Structure:

Organisation	Responsible for	Structure
<b>SDR Trust</b>	Responsible for property assets and acts as group landlord. Fund raising through donations, grants + Gift Aid	Registered Charity
<b>SDR Ltd</b>	Railway operations, fleet maintenance and maintenance of infrastructure	Charity Community Benefit Society - exempt charity status
<b>SDRRC Ltd</b>	Commercial operations of Refreshment Rooms ** and shop  <i>** Leased to an independent operator</i>	Wholly owned subsidiary of SDR Ltd
<b>SDRE Ltd</b>	All external engineering contracts	Wholly owned subsidiary of SDR Ltd

## 5.0 TRADING ACTIVITIES:

### 5.1 Business Model:

The business model has been developed by the directors and senior management of SDRL and the directors and managers of the subsidiary companies who all have either extensive experience of running a heritage railway, extensive professional and business experience in a wide variety of professions and businesses or by operating commercial organisations. Many also have extensive relevant experience by their involvement with the South Devon Railway Trust.

The Trust has many years of railway operating experience and understands all the elements of the business model in terms of what the business does and the health and safety and operating regulations that apply. These requirements will be constantly monitored and reviewed and implemented as necessary. The operation of trains and timetabling has been constantly refined and based on successful experience. There is also detailed input by the management and engineering operations. The online booking system and social media exposure provides significant information on passenger figures, footfall, and satisfaction and this has been transferred to SDRL.

The directors of SDRL have strategic oversight and management responsibility for the share offer and for the beneficiary named projects.

### 5.2 Our Communities:

We have four principal sets of customers, all with different needs and expectations.

#### Visitors:

- They are paying a fee to visit the railway. They expect value for money and enjoyment through a variety of activities for up to a whole day. Visitors can comprise any combination of social groups and range from families on holiday and local people to coach parties and individual railway enthusiasts. They all expect to be able to use facilities such as the shop, refreshment rooms, and toilets, and to view and learn about our heritage assets in comfort.

#### Members (of South Devon Railway Ltd, South Devon Railway Association Ltd and other support groups):

- Their interest is in the restoration, running and maintenance of a heritage railway, summarised in the Vision Statement. Many are active volunteers, and their expectation is to enjoy working and learning with heritage railway traction, rolling stock and equipment.

#### Corporate Clients:

- They are paying a fee to hire facilities offered by the railway including the hire of trains, catering facilities and other spaces. They have an expectation

of value for money, professionalism and comfortable accommodation.

#### Commercial Clients:

- They have a contract with SDRE and have an expectation that their order will be delivered on budget, on time and to the agreed specification.

### 5.3 Staff:

The structures of the management teams will be reviewed regularly as the group business expands but some additional employment of staff may be necessary if the number of available volunteers cannot be increased.

In this regard, the ongoing recruitment initiatives for new volunteers will be supplemented by regular targeted campaigns. SDRL will always be prepared to use suitably competent volunteers in management roles on the basis they are prepared to accept responsibility and commitment to the role.

### 5.4 Railway Operation:

As outlined previously, SDRL generally operates the heritage railway with steam locomotives. The vision as outlined in the Vision Statement at Appendix 1 is to create, maintain and operate a typical West Country branch line following the practice of the Great Western Railway and British Railways (Western Region) to enable the community and visitors to experience and learn about rail travel as it was prior to 1966\*\*. A wider purpose is to encourage and promote interest in the preservation of steam locomotives, rolling stock, machinery and equipment of historical interest and is achieved by:

- Operating and maintaining a heritage steam railway as a "living museum".
- Holding heritage events to showcase the railway to the community, various enthusiasts, and other visitors and to demonstrate one of the aims.
- Having a predominantly small exhibits museum dedicated to showcasing artefacts related to the railways of South Devon and their impact on the community.
- Enabling interested parties to view preservation work on both locomotives and rolling stock from a viewing gallery within the engineering works (see below).

\*\* A more recent development has seen interest in first generation diesels (Devon Diesel Group and South Devon Diesel Traction being examples) and running days for these locomotives' resident on the railway and those hired in from other heritage railways are held periodically.

### 5.5 Financial Structure:

SDRL provides management support for both subsidiaries under a service level agreement and costs are shared. Part of the restructuring ensures more corporate central control.



### 5.6 Engineering:

The primary purpose is to undertake contract work for other heritage railways and railway companies operating on the national network – see section 4.1. They also work to an agreed plan for major overhaul and restoration of the railway's fleet of locomotives, rolling stock and ancillary equipment. The company is a wholly owned subsidiary of SDRL (with effect from 01 August 2019) and all taxable profits are gift aided to the CCBS. See also section 1.2.

### 5.7 Retail & Catering:

These facilities are the responsibility of SDRRC (with effect from 1st August 2019) which is wholly owned and controlled by SDRL. All taxable profits are gift aided to the CCBS. The SDRRC board is responsible for the activities by overseeing the operation of the company, setting and monitoring budgets and approving expenditure within the company and within parameters set by the SDRL board. The main catering facility is operated by a lessee (see Section 5.8).

### 5.8 Tenants:

The land occupied by Dartmoor Otters and Buckfast Butterflies (DOBB) is currently leased by SDRRC to an independent operator. The lease determines on 28th February 2029.

The Refreshment Rooms are also currently occupied by an independent operator under a licence running from 24th June 2021.

### 5.9 Dining Car Services:

The South Devon Railway has successfully operated a high-class dining train service with a dedicated rake of Pullman style carriages on approximately eight evenings per year. However, this was suspended as the dedicated carriages need overhaul. This service was replaced by a regular Sunday lunch and/or cream tea in a dedicated and refurbished carriage.

Additionally, there is an established market in private charters for corporate events, weddings, and other celebrations.

## 6.0 MARKET ANALYSIS AND COMMERCIAL OPPORTUNITIES:

### 6.1 Summary:

The revenue received through the booking office and retail outlet is related to the number of visitors and the number of visitors per day is affected by the weather (hot days produce fewer visitors as beaches become more attractive) and the product on offer. The revenue stream per head is a factor of the general economic climate and the attractiveness of the visitor attraction, retail outlet and products sold. Revenue derived from the Refreshment Rooms are in the form of rent paid by the lessee.

Therefore, the number of visitors per year and revenue per head can be significantly increased by expanding and improving the number of activities available for all age and social groups and by joint ticketing arrangements with partner organisations to provide a "whole day out".

To reinforce the efficiency of the sales operation, the commercial and sales office acts as a focal point for on-line ticket sales and group bookings which, together with improved technology in the booking office, maintains the efficiency of the face-to-face sales and thus the whole sales operation.

We will capitalise on the railway being an "all weather" family attraction with a unique educational experience by working with our subsidiary companies and partner organisations and by using effective and targeted marketing. We have an established visitor base which, prior to the Covid-19 associated restrictions, had stabilised at around 100,000 visitors per annum. The pattern of trading has not significantly altered during the last 12 years and, pre pandemic, 50% of revenue was being generated in four months of the year, namely July, August, September, and December. Evidence from 2022 trading suggests this pattern has not significantly altered due to the pandemic.

The existing cost structure for the railway operations is relatively fixed but there is substantial capacity to carry many more visitors on the trains at marginal extra cost outside these peak months. We will therefore carry out research on how we can increase off peak visitor revenue by targeting groups other than the family market. Our aim is to increase our visitor number by 5% year on year with an exciting programme of activities.

Commercial opportunities outside the central activity of the operation of the railway which could increase our revenue earning capability include:

- Significant expansion of the locomotive works has taken place which includes the construction of a boiler shop to accommodate the business acquired from Pridham Engineering over 10 years ago and the creation of a wheel work production line. There is now a good

forward order book of external contracts for both these activities most of which produces a good return in profits. Further markets will be explored subject to capacity being available.

- As an example of the entrepreneurial culture within the engineering company, a market has been identified for the manufacture of new body parts for British Railways Mk.1 coaches which are widely used on heritage railways. The ends of these coaches are particularly vulnerable to corrosion and other defects. Thus, the company has set up a facility for the manufacture of these and other items both for the South Devon Railway and other heritage railways. Further development of wider markets for replacement heritage parts will be encouraged.
- A market exists for the hire of locomotives (principally steam) to other heritage railways for short and medium term hire periods where there is a particular demand for the smaller tank engines. The railway has such locomotives in addition to its existing serviceable fleet. SDRL, in partnership with SDRE, locomotive owners and supporters will undertake a review of the fleet and establish the economic viability of overhauling locomotives solely for this purpose.
- There is considerable retail sales data available from recent years' trading to enable the retail manager to conduct an analysis of trends and stock. These are being used to rebalance items on offer and increase sales. Marketing options are also being explored along with selective sales campaigns and online opportunities to further increase profits.
- The Refreshment Rooms are currently operated by a lessee, and they are being encouraged to offer a first-class service in terms of menu and ambience of the Refreshment Rooms. A smaller outlet in the form of the kiosk operated by SDRCC is being expanded to provide a wider variety of offerings and integrated with the operation of the buffet car on normal daily services. The viability of all current operations is constantly reviewed by the SDRRC board and management.
- The markets for private charters and corporate events involving on train catering will be explored by SDRRC to establish the amount of investment in personnel and resources which would be required to produce an acceptable profit, given different levels of frequency. This will include potential outsourcing of catering and other non-railway operational services.
- Commercial opportunities and potential for collaborative working with other transport operators will be explored as a means of attracting increased numbers of visitors to Buckfastleigh or Totnes. We will explore joint venture arrangements with other tourism businesses and main line operators to provide additional revenue streams where these prove economically viable.

- SDRL is a member of DATA (Devon Association of Tourist Attractions). Through this, the SDR is included in all their marketing initiatives thus giving exposure to thousands of marketing opportunities. Collaborative marketing with additional Devon attractions will be further developed as will engagement with local trade organisations – see also section 4.9(5).
- The South Devon Railway Trust owns an ex-London Transport Routemaster bus. South Devon Railway Road Services Ltd (SDRRS) is a separate, privately-owned company set up by a Trust director and a volunteer to operate buses in support of railway operations and for commercial hire. The company also has access to an ex-Grey Cars single deck coach. There are various marketing opportunities now being developed by SDRRS in connection with weddings, school proms and other group charters, in addition to a visitor "Rail Replacement" service to Ashburton. SDRL will work closely with SDRRS to capitalise on these opportunities in connection with running charter trains especially in the weddings and corporate markets.

## 6.2 Marketing:

Marketing of the South Devon Railway comprises a multi-platform approach that successfully targets all the railway's various markets.

These markets are identified as:

- Visitors to the region on holiday, day trippers and local people
  - Families
  - Retired people
  - Couples
- Railway and heritage enthusiasts
- The railway's supporters
- Group Travel Organisers
- Coach companies, operators and drivers
- School visit organisers/teachers
- Corporate customers
- Potential sponsors
- Potential train hire customers
  - Weddings
  - Parties
  - Events, including corporate hires/product launches etc.
- Customers of the retail and catering subsidiary
  - Visitors to the railway
  - Railway modellers
- Customers of the engineering subsidiary
  - National network train operating companies and rolling stock owners/lessees
  - Heritage locomotive and rolling stock owners

- The wider heritage/steam sector
- Customers requiring specialist heritage engineering services
- Specialist engineering services to local industries

The principal methods of targeting each of these markets include:

- Public and media relations – pro-active contact with selected journalists within the railway media, local press and national media (online, printed and broadcast), comprising regular press releases and articles on the railway, covering news, achievements and comment. This generates significant coverage across all media, reaching the widest possible audience.
- Social media – the railway successfully engages with its audiences through social media channels comprising Instagram, Facebook, Twitter/X, Threads and LinkedIn, has a YouTube channel with plans being developed to increase its presence on this platform, as well as engaging with customers commenting on TripAdvisor. The railway's engagement on social media is expanding month by month and social media is increasingly being used for advertising, closely targeting relevant audiences.
- Advertising – as well as social media, the railway uses the railway press and a variety of online and printed media as well as radio for advertising special events.
- Printed material (including downloadable versions) – the railway produces c. 200,000 print run of its annual timetable and brochure which is distributed through three specialist companies to outlets throughout the southwest, from tourist information centres to supermarkets and motorway service areas. In addition, brochures, leaflets and posters for special events, including The Polar Express™, added value products, such as Drive-a-Train and dining trains, and for coach and group customers are produced and circulated, with many displayed at our stations.
- Website – the railway has a comprehensive website which is regularly updated. This provides an online brochure and source of information for every area of the SDR's business, including an online store for the gift and model shop.
- DATA membership – DATA markets its members to a national and international audience and, as part of membership, large signboards with a county map advertising all members with further details available via a QR code are erected in prominent positions at all members' sites.
- Newsletters – the railway produces regular newsletters, circulated via MailChimp, to an expanding customer database to promote the railway's products and services, special events and news.

### 6.3 SWOT Analysis:

#### Strengths:

- We are well governed by a strong board of many talents, disciplines and vision and supported by a strong management team, all of whom are dedicated to the continuing success of the railway.
- We possess a strong core of volunteers, all of whom are dedicated to the success of the railway and who operate across the whole spectrum of the railway operation.
- We have the support of the local and regional community and our existence addresses many of its requirements – (see section 1.7).
- We have an engineering subsidiary company which is well regarded within the heritage railway industry and by the national train operating companies, many of whom are customers of the company.
- We are custodians of a sustainable business founded on firm foundations and which has existed for over fifty years.

#### Weaknesses:

- We do not have a running and maintenance building of sufficient size to accommodate our locomotive fleet – available finance only allowed phase 1 to be completed.
- Carriage restoration and maintenance is undertaken in inadequate conditions, often in the open air, and requires addressing.
- The carriages we operate are of Great Western Railway and British Railways Mk.1 origin. These are between 70 and 90 years of age and require significant attention both financially and in labour resourcing to comply with current safety standards.
- The team who are engaged on carriage restoration are generally an older age group and there is difficulty in attracting younger volunteers to learn the necessary skills – see also Opportunities below.
- The revenues generated by operating the railway are insufficient to build reserves to enable the funding of infrastructure projects such as phase 2 of the running and maintenance building, carriage restoration, replacement of life expired track and maintenance of rolling stock.

#### Opportunities:

- We are a premier tourist attraction within a tourist area and, with likely climate change leading to warmer summer periods, opportunities exist to further our place within the market.
- We have an established market position in tourism and heritage engineering. With capital investment in heritage refurbishment and by encouraging younger members of the community to work with us, we can contribute to both the local and regional economic growth and by so doing expanding what we can offer.

- The current generation of those engaged on carriage restoration and steam locomotive maintenance are aging, thus we must take the opportunity to improve what we offer to volunteers in this respect.

#### Threats:

- We are aware of the significant risks associated with health and safety issues and the public being aware of such issues. These must be adequately addressed by constantly evolving risk assessments, systematic use of safety procedures and constant review and updating of the Safety Management System.
- The skills to maintain elderly steam locomotives and carriages are being lost. We must attract younger members of the community to work with us to keep such heritage machines operational.
- We need to raise sufficient capital through the share offer to enable Community Shares to fund phase 1 of the Restoration Building, associated drainage works and possibly provision of a concrete pad and associated lifting gear to enable us to raise carriage bodies from their chassis, phase 2 of the running and maintenance building and to refurbish the historic goods shed.
- Potential legislation changes e.g. threats to coal supplies resulting from the Welsh Assembly decision to ban the burning of coal in households and which could make the operation of pits uneconomic, therefore threatening our own existing coal supplies, as well as the recent closure of one of the industry's primary suppliers – see also Risk Analysis below.
- Competition from local tourist attractions.

### 6.4 Risk Analysis And Mitigation:

SDRL operates a Safety Management System (SMS) and recognises the need to identify risk to the business (in operational, financial, and non-financial terms) and control measures are implemented as necessary.

The principal area of risk is safety, both technical and commercial.

RISK	LIKELIHOOD	IMPACT	MITIGATION MEASURES
<b>Safety - Technical</b>	High	High	Formal Risk Assessments are prepared and a Safety Management System (SMS). Technical risks are mitigated by appropriate independent engineering
<b>Safety - Commercial</b>	Medium	High	Commercial risks are minimised by ensuring that no single incident affecting the ability to operate is spread by the operation of the subsidiary. This is in a result from their activities. This is in a and Refreshment Rooms at Buckfastle
<b>Technical Issues</b>	Medium	Medium	The bus also provides short notice rail might be due to due to signalling or p be used if no trained diesel crews are related business.
<b>SDRL is deemed to be unable to run a safe and reliable railway</b>	Low	High	We have a board and senior manager a day-to-day basis. Other widely exper aware of the requirement to focus up requirements.
<b>SDRL becomes insolvent</b>	Low	High	We have a very experienced board bo Experienced financial directors have
<b>Poor weather conditions</b>	Medium	Medium	An allowance for poor summer weath levels. Poor weather can often be of b
<b>Prohibition of burning of coal on heritage railways</b>	Low	High	There have been proposals by the UK particularly aimed at households as th Railway Association, is currently lobb

and reviewed annually and on a cyclical basis. Together with the operating Rule Book they constitute part of the Safety Management System. Operational Risk is assessed by regular inspection of the assets and implementation of planned maintenance programmes. Where specialist advice is required and obtained resources are provided to address matters before they become problems.

Ensuring adequate procedures are in place and business interruption insurance cover is maintained against the possibility of an interruption of a public service. Appropriate insurance policies are also in place to provide cover in many areas. Commercial risks are also covered by subsidiary trading companies. They are separate legal entities and thus insulate SDRL from the risk of financial failure which might otherwise befall the charity in accordance with the Charities Commission recommendations. To this end the SDRT leases the land occupied by the shop, kiosk and cafe which together with that occupied by the Dartmoor Otters and Buckfast Butterflies (DOBB) to SDRRC.

Bus replacement services when the advertised railway service cannot be operated due to flooding or technical failures. These are provided for permanent way problems. Steam locomotive failures can usually be covered by a diesel replacement although the bus may not always be available. SDRL will pay the annual servicing and licence costs of the bus and the cost of fuel when it is operated on railway tracks.

Management comprising some experienced national railway operatives who work within nationally recognised safety guidelines on the railway and experienced board members who have held senior management positions within the professions and commercially are acutely aware of the importance of safety. We thus have in place a recently fully revised Safety Management System in line with the Office of Rail and Road requirements.

Staff with backgrounds both from railway, professional and business management backgrounds together with very experienced financial co-directors. This has been in place for some years. We see no reason why this will not continue.

Other conditions is made within budgets for the year. The experience of the trustees allows this allowance to be set at realistic levels to benefit to the railway as people seek attractions providing under cover facilities.

The Government in line with the European Union to have a "blanket ban" on the burning of bituminous coal. Whilst the ban is currently in force, the proposals currently stand, it also applies to heritage railways. The heritage railway industry, in the form of the Heritage Railways Association, is lobbying parliament and it is considered that the intention was never to apply to Heritage Railways – see also Appendix 2.

## 7.0 FINANCIAL INFORMATION:

## 7.1 Historical Finances:

SDRL was incorporated as a Charitable Community Benefit Society in 2019 and thus there is little historical financial information available although the table below offers an illustration of income and expenditure during the last two years.

<b>PROFIT &amp; LOSS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Income - SDRL Charitable Activities</b>				
Ticket and Train Experience Sales	0	20,933	788,045	1,078,076
On Train Catering and Shop Sales	0	5,805	18,938	69,285
Locomotive Hire	0	31,875	91,790	144,085
Furlough Income	0	181,949	0	0
Other Sales Income	0	4,000	12,106	4,680
<b>Total</b>	<b>0</b>	<b>244,562</b>	<b>910,879</b>	<b>1,296,126</b>
<b>Income - Donations and Legacies</b>				
Gifts	0	1,117,656	258,175	43,830
Grants	0	11,334	114,832	5,525
<b>Total</b>	<b>0</b>	<b>1,128,990</b>	<b>373,007</b>	<b>49,355</b>
<b>Income - Trading Subsidiaries</b>				
Retail Shop, Café and Kiosk (SDR R&C)	503,185	248,995	324,193	371,400
Commercial Engineering (SDRE)	0	775,603	888,798	980,027
<b>Total</b>	<b>503,185</b>	<b>1,024,598</b>	<b>1,212,991</b>	<b>1,351,427</b>
<b>Income - Investment</b>				
Rents Received	26,985	0	15,815	27,203
Bank Interest	0	6	0	198
<b>Total</b>	<b>26,985</b>	<b>6</b>	<b>15,815</b>	<b>27,401</b>
<b>Total Income and Endowments</b>	<b>530,170</b>	<b>2,398,156</b>	<b>2,512,692</b>	<b>2,724,309</b>
<b>Expenditure: SDRL Charitable Activities</b>				
Railway Operations	0	675,789	849,181	1,140,941
Finance	0	8,960	20,531	14,724
Human Resources	0	2,198	18,994	18,446
Office and Overheads	0	123,892	168,355	201,631
Other	0	3,178	87,608	8,032
<b>Total</b>	<b>0</b>	<b>814,017</b>	<b>1,144,669</b>	<b>1,383,774</b>
<b>Expenditure: Engineering (SDRE)</b>				
Operational, Materials and Labour	0	650,133	835,309	964,259
Finance	0	313	295	1,285
Human Resources - Training	0	654	1,749	6,237
Office and Overheads	0	69	34	87
Other	0	28,351	18,074	6,022
<b>Total</b>	<b>0</b>	<b>679,520</b>	<b>855,461</b>	<b>977,890</b>

## 7.1 Historical Finances (continued)

PROFIT & LOSS	2019	2020	2021	2022
<b>Expenditure: Retail and Catering (SDR R&amp;C)</b>				
Operational, Materials and Labour	433,258	277,435	231,365	332,768
Finance	15,074	8,960	7,080	17,338
Human Resources	2,852	0	0	0
Office and Overheads	129,605	3,014	2,273	216
Other	31,636	450	3,666	404
<b>Total</b>	<b>612,425</b>	<b>289,859</b>	<b>244,384</b>	<b>350,726</b>
<b>Expenditure: Other</b>				
Governance Costs	2,995	18,167	12,140	31,998
<b>Total Expenditure</b>	<b>615,420</b>	<b>1,801,563</b>	<b>2,256,654</b>	<b>2,744,388</b>
<b>Net Income (Deficit)</b>	<b>(85,250)</b>	<b>(596,593)</b>	<b>(256,038)</b>	<b>(20,079)</b>
<b>BALANCE SHEET</b>				
<b>Fixed Assets</b>				
Tangible Assets	367,073	360,792	361,871	637,894
<b>Current Assets</b>				
Stocks	195,909	204,739	238,382	339,039
Debtors	8,885	690,254	876,926	822,688
Cash at Bank	18,870	180,498	307,255	134,675
<b>Total</b>	<b>223,664</b>	<b>1,075,491</b>	<b>1,422,563</b>	<b>1,296,402</b>
<b>Creditors Falling Due</b>				
Within One Year	(176,237)	(425,190)	(517,303)	(687,244)
<b>Total Assets less Current Liabilities</b>	<b>414,500</b>	<b>1,011,093</b>	<b>1,267,131</b>	<b>1,247,052</b>
<b>Charity Funds</b>				
Share Capital	499,750	499,750	499,750	499,750
Restricted Funds	0	58,384	71,130	72,130
Unrestricted Funds	(85,250)	452,959	696,251	675,172
<b>Total Charity Funds</b>	<b>414,500</b>	<b>1,011,093</b>	<b>1,267,131</b>	<b>1,247,052</b>

## 7.1 Historical Finances (continued)

CASH FLOW STATEMENT	2019	2020	2021	2022
<b>Cash Generated from Operational Activities (23)</b>				
Net Income Annual Net Income	4,992	596,593	256,038	-20,079
Rental Income	(26,985)	0	(15,815)	(27,203)
Interest Receivable	0	(6)	0	(198)
Interest Payable	0	4,293	0	0
Depreciation of Tangible Fixed Assets	12,663	6,281	6,493	11,110
(Decrease) in Stocks	(47,283)	(8,830)	(33,643)	(100,657)
Increase In Trade Creditors	75,933	243,827	97,239	54,238
(Increase) In Trade Debtors	(633)	(681,369)	(186,672)	(169,941)
<b>Net Cash Flow From Operating Activities</b>	<b>18,687</b>	<b>160,789</b>	<b>123,640</b>	<b>87,152</b>
<b>Cash Generated from Investments</b>				
Payment to acquire tangible fixed Assets	(4,675)	0	(7,572)	(287,133)
Property Rents Received	0	0	15,815	27,203
Interest Earned	0	6	0	198
<b>Net Cash Generated from Investments</b>	<b>(4,675)</b>	<b>6</b>	<b>8,243</b>	<b>(259,732)</b>
<b>Cash Generated from Financing Activities</b>				
Interest Paid	0	(4,293)	0	0
<b>Net Movement in Cash &amp; Equivalents</b>	<b>14,012</b>	<b>156,502</b>	<b>131,883</b>	<b>(172,580)</b>
Cash & Equivalents Brought Forward	4,858	18,870	175,372	307,255
<b>Total Cash &amp; Equivalents</b>	<b>18,870</b>	<b>175,372</b>	<b>307,255</b>	<b>134,675</b>
Consisting of Cash in Hand and at Bank	18,870	180,498	307,255	134,675
Bank Overdraft	0	(5,126)	0	0
<b>Total</b>	<b>18,870</b>	<b>175,372</b>	<b>307,255</b>	<b>134,675</b>

The excellent reputation of SDRE means that repeat business comes from a wide customer base across both the whole of the heritage railway sector and national train operators. The many long established relationships with existing clients mean that there are no bad debts and there is an excellent and timely payment record coupled with mutual respect.

Passenger train bookings are less predictable and can be affected by weather conditions although allowances for a period of unfavourable weather is made within the budget for each year and thus providing a degree of mitigation.

Notwithstanding the above and going forward, any capital expenditure for the foreseeable future needs to be funded from other sources and preferably not with loans.

## 7.2 Five Year Trading Plan – Profit & Loss

Cash generated from trading is quite modest with the first call being to repay existing loans. Monies remaining must cover ongoing capital expenditure of the trading organisation, e.g. maintenance of the infrastructure together with ongoing locomotive and carriage refurbishment.

SDRL	2023	2024	2025	2026	2027	Total
<b>Income - Charitable Activities</b>						
Ticket and Train Experience Sales	891,000	961,328	1,009,397	1,059,868	1,112,860	5,034,453
Train Experience Income	145,700	154,182	161,897	169,996	178,494	810,269
Locomotive Hire	103,500	87,312	91,677	96,268	101,080	479,837
Other Sales Income	9,100	10,493	11,023	11,576	12,152	54,344
<b>Total SDRL Income</b>	<b>1,149,300</b>	<b>1,213,315</b>	<b>1,273,994</b>	<b>1,337,708</b>	<b>1,404,586</b>	<b>6,378,903</b>
<b>Income - Donations and Legacies</b>						
Gifts & Donations	14,000	14,700	15,435	16,205	17,017	77,357
<b>Expenditure: Charitable Activities</b>						
Employment Costs - C&W	150,518	152,016	153,540	155,076	156,624	767,774
Employment Costs - P/Way	55,143	55,691	56,249	56,817	57,384	281,284
Employment Costs - Operating Staff	34,104	34,440	34,788	35,136	35,484	173,952
Employment Costs - S & T	10,800	10,908	11,016	11,124	11,232	55,080
Employment Costs - Admin	186,618	188,484	190,368	192,276	194,196	951,942
Other	16,560	17,076	17,592	18,132	18,672	88,032
Less Management Recharges	(93,000)	(93,000)	(93,000)	(93,000)	(93,000)	(465,000)
<b>Total SDRL Employment Costs</b>	<b>360,743</b>	<b>365,615</b>	<b>370,553</b>	<b>375,561</b>	<b>380,592</b>	<b>1,853,064</b>
<b>Expenditure - Overheads</b>						
Site Development Costs	80,000	25,000	66,000	52,000	45,000	268,000
Locomotive Maintenance*	230,872	237,801	244,930	252,273	259,844	1,225,720
C&W Maintenance	46,800	48,204	49,644	51,144	52,680	248,472
P/Way Materials & Consumables	50,220	51,735	53,292	54,900	56,550	266,697
S&T Maintenance Costs	90,520	93,235	96,023	98,911	101,874	480,563
Gala & Event Costs	66,500	68,495	70,550	72,667	74,849	353,061
On Train Dining Costs	66,914	68,931	71,004	73,136	75,326	355,311
Premises	10,260	10,572	10,884	11,208	11,544	54,468
Rates & Services	66,696	69,000	71,064	73,200	75,396	355,356
IT & Comms	41,140	42,384	43,652	44,956	46,284	218,416
Finance Costs	45,825	63,912	65,160	66,444	67,764	309,105
Professional Fees	116,100	119,592	123,180	126,876	130,680	616,428
Rent	80,004	80,004	80,004	80,004	80,004	400,020
Marketing & PR	68,880	70,944	73,068	75,252	77,508	365,652
Depreciation**	16,044	16,044	16,044	15,771	12,972	76,875
<b>Total SDRL Overheads</b>	<b>1,076,775</b>	<b>1,065,853</b>	<b>1,134,499</b>	<b>1,148,742</b>	<b>1,168,275</b>	<b>5,594,144</b>
<b>Total Costs</b>	<b>1,437,518</b>	<b>1,431,468</b>	<b>1,505,052</b>	<b>1,524,303</b>	<b>1,548,867</b>	<b>7,447,208</b>
<b>Trading Surplus / Deficit</b>	<b>(274,218)</b>	<b>(203,453)</b>	<b>(215,623)</b>	<b>(170,390)</b>	<b>(127,264)</b>	<b>(990,948)</b>

\* Includes an element of capital works.

\*\* On the basis the development is incomplete there is no depreciation charged until such time as the programme has been completed.

## 7.2 Five Year Trading Plan – Profit & Loss (continued)

SDR R&C	2023	2024	2025	2026	2027	Total
<b>Income</b>						
Retail Shop, Café and Kiosk						
Retail Sales	304,000	319,200	335,163	351,921	369,517	1,679,801
Catering Sales	59,000	85,950	90,249	94,762	99,500	429,461
Asset Rents	47,020	49,368	51,836	54,428	57,152	259,804
<b>Total SDR R&amp;C Income</b>	<b>410,020</b>	<b>454,518</b>	<b>477,248</b>	<b>501,111</b>	<b>526,169</b>	<b>2,369,066</b>
<b>Expenditure</b>						
Retail Cost of Sales	250,800	263,340	276,510	290,337	304,854	1,385,841
Catering Costs	41,300	57,588	60,467	63,492	66,665	289,512
<b>Total Cost of Sales</b>	<b>292,100</b>	<b>320,928</b>	<b>336,977</b>	<b>353,829</b>	<b>371,519</b>	<b>1,675,353</b>
<b>Retail &amp; Catering Overheads</b>						
Staff	45,625	47,698	48,171	48,657	49,144	239,295
Energy	8,000	8,241	8,482	8,735	8,988	42,446
Premises Maintenance	3,600	3,708	3,816	3,936	4,056	19,116
Rent	6,180	6,360	6,552	6,744	6,948	32,784
Property Services	8,700	8,964	9,228	9,504	9,792	46,188
Operational Supplies	2,820	2,916	3,012	3,108	3,204	15,060
Finance Costs	8,400	8,652	8,916	9,180	9,456	44,604
Professional Fees	4,200	4,332	4,464	4,608	4,752	22,356
Insurance	6,180	6,360	6,552	6,744	6,948	32,784
Misc	3,185	3,283	3,381	3,491	3,601	16,941
<b>Total SDR R&amp;C Overheads</b>	<b>96,890</b>	<b>100,514</b>	<b>102,574</b>	<b>104,707</b>	<b>106,889</b>	<b>511,574</b>
<b>Net Profit</b>	<b>21,030</b>	<b>33,076</b>	<b>37,697</b>	<b>42,575</b>	<b>47,761</b>	<b>182,139</b>

## 7.2 Five Year Trading Plan – Profit & Loss (continued)

SDRE	2023	2024	2025	2026	2027	Total
<b>Income</b>						
Commercial Engineering	1,380,000	1,449,000	1,521,456	1,597,524	1,677,396	7,625,376
<b>Expenditure</b>						
Direct Costs						
Raw Materials	552,000	568,560	585,612	603,180	621,276	2,930,628
Staff	502,932	507,972	513,060	518,196	523,380	2,565,540
Consultancy	15,000	15,156	15,312	15,468	15,624	76,560
Tools & Equipment	21,000	21,636	22,284	22,956	23,640	111,516
Consumables	82,800	85,296	87,852	90,480	93,192	439,620
Testing & inspection	6,000	6,180	6,360	6,552	6,744	31,836
Transport	12,000	12,360	12,732	13,116	13,512	63,720
Energy	18,000	18,540	19,092	19,668	20,256	95,556
Equipment	3,600	3,708	3,816	3,936	4,056	19,116
Sundry Expenses	30,000	30,900	31,824	32,784	33,768	159,276
<b>Total SDRE Direct Costs</b>	<b>1,243,332</b>	<b>1,270,308</b>	<b>1,297,944</b>	<b>1,326,336</b>	<b>1,355,448</b>	<b>6,493,368</b>
<b>Overhead Costs</b>						
Finance	24,600	25,824	27,108	28,452	29,868	135,852
Rent & Rates	24,360	24,372	24,384	24,396	24,408	121,920
Professional & Audit Fees	11,688	12,048	12,408	12,780	13,164	62,088
Insurance	1,200	1,236	1,272	1,308	1,344	6,360
Marketing	18,000	18,540	19,092	19,668	20,256	95,556
<b>Total SDRE Overhead Costs</b>	<b>79,848</b>	<b>82,020</b>	<b>84,264</b>	<b>86,604</b>	<b>89,040</b>	<b>421,776</b>
<b>Net Profit</b>	<b>56,820</b>	<b>96,672</b>	<b>139,248</b>	<b>184,584</b>	<b>232,908</b>	<b>710,232</b>

## 7.2 Five Year Trading Plan – Profit & Loss (continued)

SDRL CONSOLIDATION	2023	2024	2025	2026	2027	Total
<b>All Income</b>						
Ticket and Train Experience Sales	891,000	961,328	1,009,397	1,059,868	1,112,860	5,034,453
Train Experience Income	145,700	154,182	161,897	169,996	178,494	810,269
Locomotive Hire	103,500	87,312	91,677	96,268	101,080	479,837
Other Sales Income	9,100	10,493	11,023	11,576	12,152	54,344
Gifts and Donations	14,000	14,700	15,435	16,205	17,017	77,357
Retail Sales	304,000	319,200	335,163	351,921	369,517	1,679,801
Catering Sales	59,000	85,950	90,249	94,762	99,500	429,461
Asset Rents	47,020	49,368	51,836	54,428	57,152	259,804
Commercial Engineering	1,380,000	1,449,000	1,521,456	1,597,524	1,677,396	7,625,376
<b>Total Consolidated Income</b>	<b>2,953,320</b>	<b>3,131,533</b>	<b>3,288,133</b>	<b>3,452,548</b>	<b>3,625,168</b>	<b>16,450,702</b>
<b>Employment Costs</b>						
Employment Costs - C&W	150,518	152,016	153,540	155,076	156,624	767,774
Employment Costs - P/Way	55,143	55,691	56,249	56,817	57,384	281,284
Employment Costs - Operating Staff	34,104	34,440	34,788	35,136	35,484	173,952
Employment Costs - S & T	10,800	10,908	11,016	11,124	11,232	55,080
Employment Costs - Admin	186,618	188,484	190,368	192,276	194,196	951,942
Employment Costs - Retail	45,625	47,698	48,171	48,657	49,144	239,295
Employment Costs - Engineering	502,932	507,972	513,060	518,196	523,380	2,565,540
Other	16,560	17,076	17,592	18,132	18,672	88,032
Less Management Recharges	(93,000)	(93,000)	(93,000)	(93,000)	(93,000)	(465,000)
<b>Total Consolidated Employment Costs</b>	<b>909,300</b>	<b>921,285</b>	<b>931,784</b>	<b>942,414</b>	<b>953,116</b>	<b>4,657,899</b>
<b>Cost of Sales</b>						
Retail Cost of Sales	250,800	263,340	276,510	290,337	304,854	1,385,841
Catering Costs	41,300	57,588	60,467	63,492	66,665	289,512
Raw Materials	552,000	568,560	585,612	603,180	621,276	2,930,628
<b>Total Consolidated Cost of Sales</b>	<b>844,100</b>	<b>889,488</b>	<b>922,589</b>	<b>957,009</b>	<b>992,795</b>	<b>4,605,981</b>
<b>Direct Costs</b>						
Consultancy	15,000	15,156	15,312	15,468	15,624	76,560
Tools & Equipment	21,000	21,636	22,284	22,956	23,640	111,516
Consumables	82,800	85,296	87,852	90,480	93,192	439,620
Testing & inspection	6,000	6,180	6,360	6,552	6,744	31,836
Transport	12,000	12,360	12,732	13,116	13,512	63,720
Equipment	3,600	3,708	3,816	3,936	4,056	19,116
Sundry Expenses	30,000	30,900	31,824	32,784	33,768	159,276
Site Development Costs	80,000	25,000	66,000	52,000	45,000	268,000
Locomotive Maintenance	230,872	237,801	244,930	252,273	259,844	1,225,720
C&W Maintenance	46,800	48,204	49,644	51,144	52,680	248,472
P/Way Materials & Consumables	50,220	51,735	53,292	54,900	56,550	266,697
S&T Maintenance Costs	90,520	93,235	96,023	98,911	101,874	480,563
Gala & Event Costs	66,500	68,495	70,550	72,667	74,849	353,061
On Train Dining Costs	66,914	68,931	71,004	73,136	75,326	355,311

## 7.2 Five Year Trading Plan – Profit & Loss (continued)

<b>SDRL CONSOLIDATION</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
<b>Direct Costs</b>						
Rates & Services	66,696	69,000	71,064	73,200	75,396	355,356
IT & Comms	41,140	42,384	43,652	44,956	46,284	218,416
Marketing & PR	86,880	89,484	92,160	94,920	97,764	461,208
Depreciation	16,044	16,044	16,044	15,771	12,972	76,875
<b>Total Consolidated Direct Costs</b>	<b>1,012,986</b>	<b>985,549</b>	<b>1,054,543</b>	<b>1,069,170</b>	<b>1,089,075</b>	<b>5,211,323</b>
<b>Overhead Costs</b>						
Energy	26,000	26,781	27,574	28,403	29,244	138,002
Premises Maintenance	13,860	14,280	14,700	15,144	15,600	73,584
Rent and Rates	110,544	110,736	110,940	111,144	111,360	554,724
Property Services	8,700	8,964	9,228	9,504	9,792	46,188
Operational Supplies	2,820	2,916	3,012	3,108	3,204	15,060
Finance Costs	78,825	98,388	101,184	104,076	107,088	489,561
Professional Fees	131,988	135,972	140,052	144,264	148,596	700,872
Insurance	7,380	7,596	7,824	8,052	8,292	39,144
Misc	3,185	3,283	3,381	3,491	3,601	16,941
<b>Total Consolidated Overhead Costs</b>	<b>383,302</b>	<b>408,916</b>	<b>417,895</b>	<b>427,186</b>	<b>436,777</b>	<b>2,074,076</b>
<b>Total Consolidated Income</b>	2,953,320	3,131,533	3,288,133	3,452,548	3,625,168	16,450,702
Less Consolidated Costs	3,149,688	3,205,238	3,326,811	3,395,779	3,471,763	16,549,279
<b>Trading Result</b>	<b>(196,368)</b>	<b>(73,705)</b>	<b>(38,678)</b>	<b>56,769</b>	<b>153,405</b>	<b>(98,577)</b>

### 7.3 Five Year Trading Plan – Balance Sheet

An assumption has been made that:

- a) overall the South Devon Railway Group turnover will increase by 9% p.a.,  
 b) employment costs will increase,

- c) there is adequate availability of our own steam locomotives and carriages and that the potential impact of legislation on reducing the burning of coal will be addressed by the Heritage Railway movement and  
 d) a general assumption that overheads will increase by 8% p.a. other than where we know otherwise.

SDRL	2023	2024	2025	2026	2027
Share Issue Capital	3,499,750	3,499,750	3,499,750	3,499,750	3,499,750
Retained Reserves	742,984	468,766	265,313	49,690	(120,700)
Profit & Loss Account	(274,218)	(203,453)	(215,623)	(170,390)	(127,264)
<b>Share Holder Funds</b>	<b>3,968,516</b>	<b>3,765,063</b>	<b>3,549,440</b>	<b>3,379,050</b>	<b>3,251,786</b>
Property & investments in group	590,066	577,094	566,122	551,150	538,178
Development Asset Expenditure*	0	390,000	965,000	1,655,000	2,080,000
Fixtures & Fittings	45,234	42,162	39,090	36,291	36,291
<b>Total</b>	<b>635,300</b>	<b>1,009,256</b>	<b>1,570,212</b>	<b>2,242,441</b>	<b>2,654,469</b>
Trade Debtors	11,898	0	0	0	0
Other Debtors	125,636	185,051	189,547	212,822	241,877
Inter Company Debtors	528,747	528,747	528,747	528,747	528,747
Bank & Cash	2,887,522	2,268,612	1,493,757	634,322	72,670
<b>Current Assets</b>	<b>3,553,803</b>	<b>2,982,410</b>	<b>2,212,051</b>	<b>1,375,891</b>	<b>843,294</b>
Trade Creditors	86,033	88,299	90,622	93,021	95,486
Other Creditors	90,183	91,510	92,857	94,235	95,643
Net VAT	44,371	46,794	49,344	52,026	54,848
Bank Over Draft	0	0	0	0	0
<b>Current Liabilities</b>	<b>220,587</b>	<b>226,603</b>	<b>232,823</b>	<b>239,282</b>	<b>245,977</b>
Net Current Assets	3,333,216	2,755,807	1,979,228	1,136,609	597,317
<b>Total Assets</b>	<b>3,968,516</b>	<b>3,765,063</b>	<b>3,549,440</b>	<b>3,379,050</b>	<b>3,251,786</b>

\* it is not possible to complete the development programme within the timeframe of this forecast. All remaining share capital will be used to complete the programme in subsequent years.

### 7.3 Five Year Trading Plan – Balance Sheet (continued)

SDR R&C	2023	2024	2025	2026	2027
Share Capital	1	1	1	1	1
Retained Reserves	37,269	58,299	91,375	129,072	171,647
Profit & Loss Account	21,030	33,076	37,697	42,575	47,761
<b>Share Holder Funds</b>	<b>58,300</b>	<b>91,376</b>	<b>129,073</b>	<b>171,648</b>	<b>219,409</b>
Property	0	0	0	0	0
Fixtures & Fittings	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Stocks - Shop	207,168	195,168	183,168	171,168	159,168
Other Debtors	10,150	10,390	10,640	10,890	10,890
Inter Company Debtors	(54,807)	(54,807)	(54,807)	(54,807)	(54,807)
Bank & Cash	62,599	109,434	160,959	217,469	279,241
<b>Current Assets</b>	<b>225,110</b>	<b>260,185</b>	<b>299,960</b>	<b>344,720</b>	<b>394,492</b>
Trade Creditors	25,339	26,503	27,720	28,996	30,059
Other Creditors	152,234	152,365	152,496	152,640	152,784
Net VAT	14,258	14,962	15,692	16,457	17,261
Inter Company Creditors	(25,021)	(25,021)	(25,021)	(25,021)	(25,021)
<b>Current Liabilities</b>	<b>166,810</b>	<b>168,809</b>	<b>170,887</b>	<b>173,072</b>	<b>175,083</b>
<b>Net Current Assets</b>	<b>58,300</b>	<b>91,376</b>	<b>129,073</b>	<b>171,648</b>	<b>219,409</b>
<b>Total Assets</b>	<b>58,300</b>	<b>91,376</b>	<b>129,073</b>	<b>171,648</b>	<b>219,409</b>

### 7.3 Five Year Trading Plan – Balance Sheet (continued)

SDRE	2023	2024	2025	2026	2027
Share Capital	10,000	10,000	10,000	10,000	10,000
Retained Reserves	(32,952)	23,868	120,540	259,788	444,372
Profit & Loss Account	56,820	96,672	139,248	184,584	232,908
<b>Share Holder Funds</b>	<b>33,868</b>	<b>130,540</b>	<b>269,788</b>	<b>454,372</b>	<b>687,280</b>
Plant & Machinery	8,231	8,231	8,231	8,231	8,231
Fixtures & Fittings	4,364	4,364	4,364	4,364	4,364
<b>Total</b>	<b>12,595</b>	<b>12,595</b>	<b>12,595</b>	<b>12,595</b>	<b>12,595</b>
Stocks - Raw Materials	29,286	29,286	29,286	29,286	29,286
Work in Progress	0	0	0	0	0
Trade Debtors	139,224	140,913	143,095	145,803	149,055
Other Debtors	0	0	0	0	0
Inter Company Debtors	88,377	88,827	89,287	89,767	74,377
Bank & Cash	311,448	412,060	554,988	742,969	994,880
<b>Current Assets</b>	<b>568,335</b>	<b>671,086</b>	<b>816,656</b>	<b>1,007,825</b>	<b>1,247,598</b>
Trade Creditors	87,102	89,665	92,300	95,018	97,818
Other Creditors	81,522	81,834	82,146	82,470	82,806
Net VAT	60,705	63,909	67,284	70,827	74,556
Inter Company Creditors	317,733	317,733	317,733	317,733	317,733
<b>Current Liabilities</b>	<b>547,062</b>	<b>553,141</b>	<b>559,463</b>	<b>566,048</b>	<b>572,913</b>
<b>Net Current Assets</b>	<b>21,273</b>	<b>117,945</b>	<b>257,193</b>	<b>441,777</b>	<b>674,685</b>
<b>Total Assets</b>	<b>33,868</b>	<b>130,540</b>	<b>269,788</b>	<b>454,372</b>	<b>687,280</b>

### 7.3 Five Year Trading Plan – Balance Sheet (continued)

CONSOLIDATION	2023	2024	2025	2026	2027
Share Capital	3,499,750	3,499,750	3,499,750	3,499,750	3,499,750
Retained Reserves	747,301	550,933	477,228	438,550	495,319
Profit & Loss Account	(196,368)	(73,705)	(38,678)	56,769	153,405
<b>Shareholder Funds</b>	<b>4,050,683</b>	<b>3,976,978</b>	<b>3,938,300</b>	<b>3,995,069</b>	<b>4,148,474</b>
Property	580,065	567,093	556,121	541,149	528,177
Development Asset Expenditure	0	390,000	965,000	1,655,000	2,080,000
Plant & Machinery	8,231	8,231	8,231	8,231	8,231
Fixtures & Fittings	49,598	46,526	43,454	40,655	40,655
<b>Total</b>	<b>637,894</b>	<b>1,011,850</b>	<b>1,572,806</b>	<b>2,245,035</b>	<b>2,657,063</b>
Stocks - Shop	207,168	195,168	183,168	171,168	159,168
Stocks - Raw Materials	29,286	29,286	29,286	29,286	29,286
Work in Progress	0	0	0	0	0
Trade Debtors	151,122	140,913	143,095	145,803	149,055
Other Debtors	135,786	195,441	200,187	223,712	252,767
Inter Company Debtors	269,605	270,055	270,515	270,995	255,605
Bank & Cash	3,261,569	2,790,106	2,209,704	1,594,760	1,346,791
<b>Current Assets</b>	<b>4,054,536</b>	<b>3,620,969</b>	<b>3,035,955</b>	<b>2,435,724</b>	<b>2,192,672</b>
Trade Creditors	198,474	204,467	210,642	217,035	223,363
Other Creditors	323,939	325,709	327,499	329,345	331,233
Net VAT & other taxes	119,334	125,665	132,320	139,310	146,665
Inter Company Creditors	0	0	0	0	0
Bank Overdraft	0	0	0	0	0
<b>Current Liabilities</b>	<b>641,747</b>	<b>655,841</b>	<b>670,461</b>	<b>685,690</b>	<b>701,261</b>
<b>Net Current Assets</b>	<b>3,412,789</b>	<b>2,965,128</b>	<b>2,365,494</b>	<b>1,750,034</b>	<b>1,491,411</b>
<b>Total Assets</b>	<b>4,050,683</b>	<b>3,976,978</b>	<b>3,938,300</b>	<b>3,995,069</b>	<b>4,148,474</b>

#### 7.4 Five Year Trading Plan – Cash Flow Forecast

SDRL	2023	2024	2025	2026	2027
Net Profit/(Loss) From Trading	(274,218)	(203,453)	(215,623)	(170,390)	(127,264)
Depreciation	16,044	16,044	16,044	15,771	12,972
Share Issue	3,000,000	0	0	0	0
<b>Cash Generated by Activities</b>	<b>2,741,826</b>	<b>(187,409)</b>	<b>(199,579)</b>	<b>(154,619)</b>	<b>(114,292)</b>
<b>Capital Movement</b>					
Stocks	26,075	0	0	0	0
Trade Debtors	259,869	11,898	0	0	0
Other Debtors	166,073	(59,415)	(4,496)	(23,275)	(29,055)
Inter Company Debtors	(25,407)	0	0	0	0
Trade Creditors	(66,351)	2,266	2,323	2,399	2,465
Other Creditors	(157,229)	1,327	1,347	1,378	1,408
Net VAT & other taxes	(70,481)	2,423	2,550	2,682	2,822
<b>Net Working Capital Movement</b>	<b>132,549</b>	<b>(41,501)</b>	<b>1,724</b>	<b>(16,816)</b>	<b>(22,360)</b>
<b>Fixed Asset Expenditure</b>					
Property	(16,044)	0	(2,000)	2,000	0
Development Asset Expenditure	0	(390,000)	(575,000)	(690,000)	(425,000)
Track & Infrastructure	0	0	0	0	0
Plant & Machinery	0	0	0	0	0
Fixtures & Fittings	0	0	0	0	0
<b>Fixed Asset Expenditure</b>	<b>(16,044)</b>	<b>(390,000)</b>	<b>(577,000)</b>	<b>(688,000)</b>	<b>(425,000)</b>
<b>Finance Movement</b>					
Share Capital	3,000,000	0	0	0	0
<b>Finance Cash Movement</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Brought Forward	29,191	2,887,522	2,268,612	1,493,757	634,322
Generated by Activities	(258,174)	(187,409)	(199,579)	(154,619)	(114,292)
Net Working Capital Movement	132,549	(41,501)	1,724	(16,816)	(22,360)
Development Asset Expenditure	(16,044)	(390,000)	(577,000)	(688,000)	(425,000)
Finance Cash Movement	3,000,000	0	0	0	0
<b>Carried Forward</b>	<b>2,887,522</b>	<b>2,268,612</b>	<b>1,493,757</b>	<b>634,322</b>	<b>72,670</b>
<b>Recorded on Balance Sheet as</b>					
Cash In Hand	2,887,522	2,268,612	1,493,757	634,322	72,670
Overdraft	0	0	0	0	0
<b>Total</b>	<b>2,887,522</b>	<b>2,268,612</b>	<b>1,493,757</b>	<b>634,322</b>	<b>72,670</b>

#### 7.4 Five Year Trading Plan – Cash Flow Forecast (continued)

SDR R&C	2023	2024	2025	2026	2027
Net Profit From Trading	21,030	33,076	37,697	42,575	47,761
Depreciation	0	0	0	0	0
<b>Cash Generated by Activities</b>	<b>21,030</b>	<b>33,076</b>	<b>37,697</b>	<b>42,575</b>	<b>47,761</b>
<b>Capital Movement</b>					
Stock - Shop	(6,393)	12,000	12,000	12,000	12,000
Trade Debtors	0	0	0	0	0
Cash Sale Debtors	0	0	0	0	0
Other Debtors	28,286	(240)	(250)	(250)	(275)
Inter Company Debtors / Creditors	(126,893)	0	0	0	0
Trade Creditors	5,893	1,164	1,217	1,276	1,338
Other Creditors	130,440	131	131	144	144
Net VAT & other taxes	7,896	704	730	765	804
<b>Net Working Capital Movement</b>	<b>39,229</b>	<b>13,759</b>	<b>13,828</b>	<b>13,935</b>	<b>14,011</b>
<b>Fixed Asset Expenditure</b>					
Property	0	0	0	0	0
Fixtures & Fittings	0	0	0	0	0
Investments	0	0	0	0	0
<b>Fixed Asset Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finance Movement	0	0	0	0	0
Share Capital	0	0	0	0	0
Retained Reserves	0	0	0	0	0
<b>Finance Cash Movement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Brought Forward	2,340	62,599	109,434	160,959	217,469
Generated by Activities	21,030	33,076	37,697	42,575	47,761
Net Working Capital Movement	39,229	13,759	13,828	13,935	14,011
Fixed Asset Expenditure	0	0	0	0	0
Finance Cash Movement	0	0	0	0	0
<b>Carried Forward</b>	<b>62,599</b>	<b>109,434</b>	<b>160,959</b>	<b>217,469</b>	<b>279,241</b>
Recorded on Balance Sheet as					
Cash In Hand	62,599	109,434	160,959	217,469	279,241
Overdraft	0	0	0	0	0
<b>Total</b>	<b>62,599</b>	<b>109,434</b>	<b>160,959</b>	<b>217,469</b>	<b>279,241</b>

#### 7.4 Five Year Trading Plan – Cash Flow Forecast (continued)

SDRE	2023	2024	2025	2026	2027
Net Profit From Trading	56,820	96,672	139,248	184,584	232,908
Depreciation	0	0	0	0	0
<b>Cash Generated by Activities</b>	<b>56,820</b>	<b>96,672</b>	<b>139,248</b>	<b>184,584</b>	<b>232,908</b>
<b>Capital Movement</b>					
Stock	82,903	0	0	0	0
Trade Debtors	53,853	(1,689)	(2,182)	(2,708)	(3,252)
Cash Sale Debtors	0	0	0	0	0
Other Debtors	11,238	0	0	0	0
Inter Company Debtors	(100,844)	(450)	(460)	(480)	15,390
Trade Creditors	(22,157)	2,563	2,635	2,718	2,800
Other Creditors	65,787	312	312	324	336
Net VAT & other taxes	60,705	3,204	3,375	3,543	3,729
<b>Net Working Capital Movement</b>	<b>151,485</b>	<b>3,940</b>	<b>3,680</b>	<b>3,397</b>	<b>19,003</b>
Brought Forward	103,143	311,448	412,060	554,988	742,969
Generated by Activities	56,820	96,672	139,248	184,584	232,908
Net Working Capital Movement	151,485	3,940	3,680	3,397	19,003
<b>Carried Forward</b>	<b>311,448</b>	<b>412,060</b>	<b>554,988</b>	<b>742,969</b>	<b>994,880</b>
<b>Recorded on Balance Sheet as</b>					
Cash In Hand	311,448	412,060	554,988	742,969	994,880
Overdraft	0	0	0	0	0
<b>Total</b>	<b>311,448</b>	<b>412,060</b>	<b>554,988</b>	<b>742,969</b>	<b>994,880</b>

#### 7.4 Five Year Trading Plan – Cash Flow Forecast (continued)

SDR CONSOLIDATION	2023	2024	2025	2026	2027
Net Profit/(Loss) From Trading	(196,368)	(73,705)	(38,678)	56,769	153,405
Depreciation	16,044	16,044	16,044	15,771	12,972
<b>Cash Generated by Activities</b>	<b>(180,324)</b>	<b>(57,661)</b>	<b>(22,634)</b>	<b>72,540</b>	<b>166,377</b>
<b>Capital Movement</b>					
Stock - Shop	102,585	12,000	12,000	12,000	12,000
Trade Debtors	313,722	10,209	(2,182)	(2,708)	(3,252)
Cash Sale Debtors	0	0	0	0	0
Other Debtors	205,597	(59,655)	(4,746)	(23,525)	(29,055)
Inter Company Debtors	(253,144)	(450)	(460)	(480)	15,390
Trade Creditors	(82,615)	5,993	6,175	6,393	6,328
Other Creditors	38,998	1,770	1,790	1,846	1,888
Net VAT & other taxes	(1,880)	6,331	6,655	6,990	7,355
<b>Net Working Capital Movement</b>	<b>323,263</b>	<b>(23,802)</b>	<b>19,232</b>	<b>516</b>	<b>10,654</b>
<b>Fixed Asset Expenditure</b>					
Property	(16,044)	0	(2,000)	2,000	0
Development Asset Expenditure	0	(390,000)	(575,000)	(690,000)	(425,000)
Track & Infrastructure	0	0	0	0	0
Plant & Machinery	0	0	0	0	0
Fixtures & Fittings	0	0	0	0	0
<b>Fixed Asset Expenditure</b>	<b>(16,044)</b>	<b>(390,000)</b>	<b>(577,000)</b>	<b>(688,000)</b>	<b>(425,000)</b>
<b>Finance Movement</b>	0	0	0	0	0
Share Capital	3,000,000	0	0	0	0
Retained Reserves	0	0	0	0	0
<b>Finance Cash Movement</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Brought Forward	134,674	3,261,569	2,790,106	2,209,704	1,594,760
Generated by Activities	(180,324)	(57,661)	(22,634)	72,540	166,377
Net Working Capital Movement	323,263	(23,802)	19,232	516	10,654
Development Asset Expenditure	(16,044)	(390,000)	(577,000)	(688,000)	(425,000)
Finance Cash Movement	3,000,000	0	0	0	0
<b>Carried Forward</b>	<b>3,261,569</b>	<b>2,790,106</b>	<b>2,209,704</b>	<b>1,594,760</b>	<b>1,346,791</b>
<b>Recorded on Balance Sheet as</b>					
Cash In Hand	3,261,569	2,790,106	2,209,704	1,594,760	1,346,791
Cash Reserve / (Overdraft)	0	0	0	0	0
<b>Total</b>	<b>3,261,569</b>	<b>2,790,106</b>	<b>2,209,704</b>	<b>1,594,760</b>	<b>1,346,791</b>

## 8.0 MARKETING THE SHARE OFFER:

### 8.1 Marketing Activity:

To maximise exposure of the share offer, we plan to engage with all forms of media communication and to monitor the exposure, such that our message can evolve based upon feedback received. Media will encompass social media platforms, printed and online media, from local and regional to national and enthusiast/trade media, as well our own website. We will target this media through a combination of PR activity and selected advertising.

In addition, the share offer will be promoted at our own stations, using leaflets and posters and to existing customers, supporters, members and volunteers through newsletters and the South Devon Railway Association's in-house quarterly magazine, *Bulliver*.

<b>Groups, societies, and networks</b>	We have identified target groups, including railway societies, educational groups, history study groups etc. and will be contacting these groups directly whereby our message can be relayed via their newsletters etc. Speaking opportunities can also be offered.
<b>Local press</b>	Targeted PR and advertising activity in Devon, Cornwall and other local press titles and building upon already established working relationships.
<b>Regional press</b>	Targeted PR activity with regional press titles and building upon already established working relationships.
<b>National Press</b>	Targeted PR activity with national railway, heritage, business, general interest and railway modelling press, including advertising in selected titles.
<b>Radio and TV</b>	Targeted PR activity with local broadcast media including provision for filming and video activities.
<b>Social media</b>	Further encourage the use of social media to maximise exposure by use of the SDR social media platforms.
<b>Events</b>	The launch of the share offer will be the central event of celebratory activities.
<b>Endorsement</b>	The SDR has celebrity patrons who will be encouraged to support the share offer.
<b>The database</b>	The SDR has a database of members, former members and customers. These will be encouraged via email newsletters to participate and encouraged by incentives.
<b>Leaflets</b>	A range of leaflets is being produced to promote the share issue. These will be distributed at various appropriate events and to selected potential subscribers.
<b>Website</b>	Calls to action will be included on the railway's website.

## 8.2 Community Engagement and Marketing to Communities:

The communities towards to which marketing will be directed are set out below, together with the methods of marketing.

Description	Assumed Reach
<b>Railway enthusiasts</b>	Railway press, social media channels, website, speaking engagements
<b>South Devon Railway volunteers</b>	Branch Line Briefing newsletter, HOPS newsletter, social media channels, printed material + posters at stations, website
<b>Former South Devon Railway volunteers and supporters</b>	<i>Bulliver</i> , regional and local press and social media channels, website
<b>Model railway enthusiasts</b>	Model railway press and social media channels
<b>Local community</b>	Local press and social media channels, printed material and posters at stations, speaking engagements, networking
<b>Transport historians</b>	Regional press, local press and social media channels
<b>Railway clubs</b>	Railway, regional and local press and social media channels, website
<b>Visitors to the railway</b>	Posters and printed material at stations, website, newsletters
<b>Local and regional businesses and directors</b>	Networking, social media channels

Therefore, to summarise the above and to ensure maximum community engagement in this share issue, a number of communications channels will be used to publicise and raise awareness of the share issue and encourage investment. The SDR Association and other support groups of the South Devon Railway have in the region of 3000 members. There are also some 500 active employees and volunteers working on the railway. Each of these will be supplied with information through newsletters and members' publications, which are issued regularly.

The railway's website will carry full details of the share offer in a separate section dedicated to the share issue. The SDR is active on social media and the share issue will be regularly publicised on each of these platforms, with calls to action directed to the website. To complement this activity and to attract a national audience amongst those with an interest in heritage railways, an advertising campaign will be launched in leading railway media titles, online and offline.

A PR campaign will be run across a broad range of media. This will include the heritage railway media, the local media covering the south-west of England from Bristol westwards, and the regional business and national leisure media. In addition, a press release will be published on a respected PR newswire to reach journalists across all media within the country. The SDR's own website will carry news/blog posts about the share issue, each with calls to action directed to the share offer page.

Copies of the Share Offer Document will be printed and made available at all SDR stations, complemented by posters, which will include a QR code to direct readers to the website.

## 9.0 THE FUTURE:

As described above, we will concentrate on expanding the existing business (although having a cautious outlook and being mindful of challenging trading conditions) based on attracting increasing numbers of people to visit the railway, the museum, retail and catering facilities and increasing the SDR Engineering Ltd order book and client base. We will continue to seek and develop new markets including the publicised use of heritage diesel locomotives. We consider the greatest increases in revenue with only marginal increases in costs and resources will come from the present tourist market. New markets such as corporate and private charters, conferences plus commercial engineering work require increased volunteer or paid resources and costs. These will therefore be developed but will be kept under constant review to ensure they provide adequate returns on investment.

Notwithstanding the marketing vehicles outlined in section 8.1 in connection with marketing the Share Offer the marketing vehicles currently used by the business and those to be developed include:

- All major social media platforms
- Descriptive service brochures
- Advertising in print or by means of social media
- Public relations
- Networking
- Strategic alliances

## 10.0 SUMMARY:

The Directors of SDRL believe that increasing income year on year is achievable, although this could be affected (but managed) by exceptionally unfavourable summer weather, transport disruption or any government legislation or advice (such as that experienced during the Covid-19 pandemic) that could adversely affect overall visitor numbers to the southwest, or legislation affecting the operation of heritage railways. Other risk factors include a lack of volunteers, (although the disconnect between supply and demand is being managed), shortages of locomotives and carriages, a serious safety incident which would mean involvement of the Rail Accident Investigation Board and the Office of Rail and Road together with risks across all the businesses. However, it is our belief that all the development projects outlined for Buckfastleigh will help provide an attraction which is progressively less affected by climate and weather variations.

The Directors believe the way forward is to think and plan strategically to give direction, be clear about aims and ensure they are delivered effectively, to understand market trends and varied sustainable income streams and set realistic, controlled business growth and profit objectives which will be monitored by Key Performance Indicators.

The "heart will not rule the head"!

The golden rules to achieve this are:

- 1) The best way forward is the best way.
- 2) Have the right personnel in the right job.
- 3) Ensure staff, volunteers and everybody counts.
- 4) Decide where real value can be added.
- 5) Justifiable self-confidence.
- 6) Never underestimate any opposition.
- 7) Resource marketing and sales operations.
- 8) Risk management – Identify risks across all Business Areas in the form of:

- Investment and all forms of returns
- Collaborative activities
- Compliance
- Project management
- Suppliers
- Delivery
- Training

A requirement for leadership to achieve the above is identified by the following:

- Are all staff and volunteers motivated?
- Do they all know where we are going and wish to share "the journey"?
- Are profits being delivered?
- Does all output have quality?
- Are staff and volunteers happy?
- Do we ever admit to having problems in the business?
- Businesses must change to survive and change demands leadership.
- Know objectives and plan to achieve them.
- Communication with staff and volunteers so that they understand long term plans and that their opinions are considered
- Communication with customers

We will set and will renew purposes – work not to goals, but through them, and clarify where we wish the business to be in the long-term future. We will also develop clear strategic initiatives and alliances – SDRL cannot think of itself as "an island"! These purposes will move us towards a sustainable future whereby, with potential grant funding underpinned by earned income, we will develop a robust business. We seek to engage, inspire, and stimulate young minds and put our visitors at the centre of all we do. This is preservation for future generations and thus we are an organisation fit for the future.

## APPENDIX 1:

### **Vision Statement (see also section 1.5 – further objectives of the society):**

#### **Our Vision is:**

**To advance public education in the history and development of railway transportation by maintaining and operating a typical West Country branch line following the practices of the Great Western Railway and British Railways (Western Region). This will enable visitors to experience and learn about branch line rail travel as it was prior to 1966.**

This does not preclude the use of locomotives and rolling stock from other railway companies or British Railways regions or the operation of locomotives and rolling stock with liveries from different periods for specific events or other occasional use.

#### **To achieve this, we will:**

- Ensure that all our activities are carried out safely and to comply with prevailing safety legislation whilst following the custom of the Great Western Railway or BR (Western Region) where practical and appropriate.
- Provide all our visitors with a safe, entertaining and enjoyable experience during their time with us, showing them courtesy throughout, and enabling them to gain from the experience of spending time on the railway.
- Provide a static exhibits museum telling the story of the development of railways in the South West and their contribution to the economic and social development of the region.
- Provide modern workshop facilities designed to complement the heritage and natural environment in our location for maintenance and conservation work on all our heritage assets.
- Where safe and practical to do so, provide visitor access to locomotive and carriage buildings and to view conservation and restoration work in progress.
- Maintain and improve the infrastructure and buildings in keeping with the historical context of their original design ensuring that any additions or changes required to meet contemporary standards are done sympathetically.

To succeed in delivering our vision and to maintain our status as charitable organisations we need all our supporters and stakeholders to accept and abide by the following principles:

- All individuals sign up to follow the SDR Code of Conduct and Dress Code.
- All groups whether independent or part of the SDR agree to always act in a manner that supports the SDR vision.

- Any group which is a part of the SDR must be set up with a governance structure including a constitution in accordance with SDR guidelines which follow current best practice for charitable organisations.

#### **This will include:**

- Keeping accurate financial records and accept that all money received from the public as donations or for goods sold on railway premises belongs to the SDR and is separately accounted for. This is essential to comply with charity rules and regulations as the public see the SDR as a whole entity and therefore all monies received are contributions to charitable objects.
- Obtain prior approval for any maintenance work that changes the appearance of any land or buildings. This is essential to ensure that we meet our charitable objects.
- Obtain prior approval for any new building work that involves excavations. This is essential to ensure all safety and environmental legislation and regulatory requirements are met.

## APPENDIX 2:

### Environmental Sustainability:

The South Devon Railway is very conscious of its responsibilities towards ensuring it manages any potential impact upon the environment from its operations whilst teaching people about the history of one of the most sustainable forms of transport – rail.

One of the biggest areas of environmental concern relevant to the SDR is the burning of coal, as required in our steam locomotives. Although the amount of carbon produced in a year by the SDR by this means is estimated to be less than that produced from a one-way flight from the UK to Australia, the SDR is still conscious that burning coal in the traditional manner will not be sustainable in the long-term, especially with supply issues. The SDR is therefore, like many other heritage railways in the UK, exploring alternative fuel types that will still allow us to run historic steam locomotives whilst reducing the carbon footprint of doing so. Research and development into these fuels is still in early stages but great progress is already being made and the SDR will join with the trialling of such materials with the aim of introducing them as soon as a cost effective, suitable fuel is found.

Alongside the obvious issues surrounding coal, there are other impacts such as heating, power consumption, transport of goods and production of materials to consider. The SDR is working to better understand the overall carbon footprint of all of its operations across what is a diverse business, so that it can work with staff, trade partners, suppliers and customers to reduce that impact further with the key goal being to become carbon neutral.

All future developments on the SDR will ensure that environmental sustainability is integral to their design and build, including provision of renewable energy production such as the installation of solar PV panels utilising roof space created by the new buildings at Buckfastleigh (as mentioned in item 2.2.1), modern-standard insulation and efficient heating and lighting, thus aiding the railway's "green credentials" and increasing the site electricity supply.

In addition, the railway will adopt the "Travel Plan" submitted with the recent Planning Application for the Restoration Building and improved car-parking arrangements (which will include EV charging points) and is all about promoting use of and providing facilities for sustainable transport for visitors, staff and volunteers. To this end a Travel Plan Co-ordinator will be appointed.

In the short-term we are already implementing or developing the following policies:

- Ensure all our lighting is energy efficient – preferably LEDs.
- Select high efficiency appliances when buying new or replacing existing items.
- Ensure all staff are trained to reinforce behavioural changes, e.g. drivers and firemen to use less fuel, all staff to turn off electrical items that are not in use, etc.
- Improve the insulation of our buildings to reduce the heating energy required.
- Reduce the waste produced and improve our recycling regime of remaining waste.
- Prioritise the buying of environmentally friendly products over high carbon products e.g. recycled disposable cups in the refreshment facilities or using synthetic lubricants instead of those derived from crude oil.
- Planting trees – it may be more effective and practicable for us to plant new hedges along our lineside, which may eventually reduce the requirement for fencing materials, improve the look of our railway and create a wildlife rich habitat.
- Paying for third parties to create carbon sinks to counteract our emissions – this will be a last resort unless it is a short-term solution while we work towards our own solutions, and we will only use schemes that are appropriate to our charitable status, such as funding Forestry Commission supported tree planting.

As well as issues relating to our carbon footprint, the SDR is also very aware of the impact upon local wildlife and environments through its operations. Working with local wildlife groups and experts the SDR has identified flowers and fauna and wildlife that can be found both on its site at Buckfastleigh and along the 7 miles of railway. Consideration of these habitats on our land forms part of the planning for all works, and initiatives such as using timber from trees felled for safety to create wildlife habitats on the lineside, managing foliage so as to encourage wildflower growth, and improving public interpretation of the varied important habitats and species on the SDR are already being promoted on the SDR.

The SDR has already made great improvements over the last few years on its approach to environmental management but is aware that this key issue must remain at the top of our priorities lists, allowing us to continue to strive for bettering our environmental credentials and using the railway as a resource to educate the public both on the history of sustainable transport and the many types of wildlife that can be found on and around transport systems.

## APPENDIX 3:

### Educational Outreach:

The South Devon Railway is built upon the aims of preserving the past to educate the public on the development of railways as a key part of Britain's industrial and transport heritage. Through daily train operations the public can experience first-hand a transport system based on the buildings, vehicles, infrastructure, and practices of the past, whilst operating in a way that ensures modern day standards of safety and customer experience. The SDR is also home to a small-artefacts museum which helps to further tell the story of the development of railways, concentrating on the local area and heritage relevant to Devon.

To further enhance the offering and provide a greater educational outreach the SDR is actively looking at ways it can provide more educational opportunities, including:

- upgrading and expanding museum facilities, with a focus on showing how railways affected local people through history, with hands-on interactive exhibits being key
- future developments will include provision for public viewing and interpretation of restoration works
- developing a programme for school visits that focus on the current syllabus
- developing ways to integrate with the "STEAM (Science, Technology, Engineering, Arts and Mathematics)" principles
- introducing apprenticeships to train and develop a future workforce, preserving key heritage skills in engineering and operations

The SDR has the potential to offer an excellent educational facility in a number of areas, providing training and employment in traditional skills and trades, and with the ability to educate both in engineering but also wildlife, human factors and business, and the development of this is a key part of the SDR's future plans.

## APPENDIX 4

### Composition of the Board:

**74.** The composition of the board shall be as follows:

- Up to six directors elected by and from the Society's Members;
- Up to three directors, who may or may not be Members, appointed to the Board by co-option in accordance with Rule 76. Co-opted directors are to be selected by the board of directors for their particular skills and/or experience.

### Retirement Cycle

**75.** At the first annual general meeting all elected directors shall stand down. At every subsequent annual general meeting one-third of the elected directors, or if their number is not a multiple of three then the number nearest to one-third, shall retire from office. The directors to retire shall be the directors who have been longest in office since their last election. Where directors have held office for the same amount of time, the directors to retire shall be decided by lot. A retiring director shall be eligible for re-election.

### Co-option of Directors

**76.** The board of directors may co-opt up to three external independent directors who need not be Members and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed period determined by the board of directors at the time of the co-option, subject to a review at least every 12 months. External independent Directors may be removed from office at any time by a resolution of the board of directors.

**77.** The board of directors may at any time fill a casual vacancy among the elected Directors by co-option. Such co-opted individuals must be Members of the Society.

Thanks to our photographers, including Sarah Anne Harvey, Jack Boskett and Bernard Mills.





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## SOUTH DEVON RAILWAY

Charitable Community Benefit Society No. RS008114.