

Company Registration Number 1010188

**Deloitte  
& Touche**

**WEST SOMERSET RAILWAY PUBLIC  
LIMITED COMPANY**

**Report and Financial Statements**

**31 December 2002**



Deloitte & Touche  
Bristol

REPORT AND FINANCIAL STATEMENTS 2002

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C A Austin MA FCILT<sup>1, 2, 4</sup>  
M R D Cooper MBA BSc<sup>1, 2</sup>  
B J Crudge (WSRA Representative)<sup>1, 4</sup>  
H R Davies IEng MIBF (WSRA Representative)<sup>1</sup>  
J M Donner<sup>1, 2</sup>  
C W J Dowrick ACIB  
M A Johns CEng FIMechE (WSRA Representative)<sup>1</sup>  
R L Lizars ACIB<sup>2</sup>  
N I Lowther FCA<sup>1, 2, 3</sup>  
D T Morgan TD MCIT (Deputy Chairman)<sup>1, 2, 4</sup>  
R S Savill FCA (Finance Director)  
M L Smith MIRO (Managing Director)<sup>4</sup>  
D H Taylor FCIS F Inst Mgt F Inst Pet (Chairman)<sup>3</sup>  
R A Wood<sup>1</sup>

<sup>1</sup> Non-Executive Director

<sup>2</sup> Member of Audit Committee

<sup>3</sup> Member of Remuneration Committee

<sup>4</sup> Member of Safety Audit Committee

**SECRETARY**

R L Lizars ACIB

**REGISTERED OFFICE**

The Railway Station  
Minehead  
Somerset  
TA24 5BG

**BANKERS**

Lloyds TSB Bank plc  
19 The Parade  
Minehead  
Somerset  
TA24 5LU

**AUDITORS**

Deloitte & Touche  
Bristol

**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN of the thirty first Annual General Meeting of the company which will be held at The Regal Theatre, Minehead on Saturday 28 June 2003 at 2.30pm to transact the following business:

1. To consider the Company's financial statements and the Reports of the Directors and Auditors for the year ended 31 December 2002.
2. To elect Directors (see Directors' Report).
3. To reappoint Deloitte & Touche as Auditors to the Company and to authorise the Directors to agree their remuneration.
4. To transact any other business which may be properly transacted at an Annual General Meeting.

By order of the Board



**R L Lizars**  
Secretary

22 March 2003

The Railway Station  
Minehead  
Somerset  
TA24 5BG

NOTE: Any member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company.

**CHAIRMAN'S REPORT**

2002 was a very successful year for the company, whether measured by growth, in financial terms or by repute.

A record number of passengers were carried - 172,457 - 2% up on the previous record in 2001. This number is three times that carried twenty years ago in 1983 and a striking measure of how far the railway has come in that time. For the first time, passenger income exceeded £1 million, a figure that was over 8% above the previous year, and was 5% above the budget. Along with this, the retail sales of the company's shop and buffet cars have increased with retail operations covering 7.5% of the overhead costs of the company.

All this reflects hard work by so many people. Train crew, signalmen and station staff are very evident to passengers, as are the shop and buffet staff and the booking clerks and travelling ticket inspectors who take the fares and turn a casual enquiry into a family return trip to the other end of the line. But there is also the team at Minehead mailing out leaflets and phoning coach companies, the organisers of the special events that bring people back to the railway time and again, the car park marshals at Bishops Lydeard, fund raisers and Association volunteers and supporters, staff who maintain trains, track and signalling and a small management team who pull it all together. Effective teamwork has given us a railway of which to be proud and which has a high reputation reflected in growing passenger numbers.

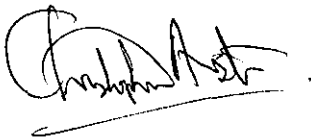
In financial terms, the company traded profitably last year, and, as the profit and loss account shows, as much as possible has been reinvested in the line to protect its future capability, rather than being declared as profit. The accounts also highlight something of the spiralling cost of running a heritage line, with the commitment to preserving and protecting the past while meeting the modern safety standards that this entails. Substantial provision has been made for the repair of Locomotive 53808 against a long-term hire agreement that will see this fine locomotive steaming through Somerset for many more years to come. Provision has also been made for the renewal of Minehead canopy where the conflicting requirements of environmental and safety regulations have extended the timescale and increased the cost of carrying out the work. The company is determined that this major project will both meet current safety standards and look right for this important and historic station. Together, these two projects required us to make provision in the 2002 accounts of £91,000.

Operating, maintaining and renewing the railway will always take the lion's share of the company's income, but we are investing in development too. This will thus depend on our ability to attract additional share capital as well as any external funding that can be secured. A letter accompanies this report which outlines some of the future investment requirements of the railway. Please consider increasing your investment in Britain's longest heritage railway. This year, I would specifically ask you to consider purchasing further shares to help us complete the restoration of our locomotive 5193, which is planned for later this year. This will be an important step towards securing enough locomotives of adequate power to continue to operate the growing railway successfully in future years. Your support is vital for the growing investment needed to continue the development of this very special railway.

As this report is written, the prospects for 2003 and beyond are not clear, and we do not know how the international situation will affect tourism and the economy. Your Board believes there is scope to expand and to increase income, and is planning accordingly. Additional locomotives will require increased servicing and maintenance facilities, and we are developing plans to do this at Bishops Lydeard, recognising its importance in terms of originating traffic, and that the current facilities are now completely inadequate both for the locomotives and, more importantly, for their crews. We will be seeking to use our new ability (secured at last year's AGM) to apply for Government, European or Lottery funding, but we will need to be able to provide matched funding for what will be a major project for the line.

**CHAIRMAN'S REPORT (continued)**

Finally, this is the first year since 1987 that we have missed the presence of the Chairman, Dennis Taylor for some Board meetings during his long spell in hospital. His guiding hand and wise counsel has forged the successful company that allows the railway to continue to develop and expand, and his presence has been sorely missed. I have been privileged to be asked to chair the Board since the end of November, and will continue with Dennis' approach until he is able to return to his seat at the head of the table again. In the interim, arrangements have been put in hand between myself, the Deputy Chairman David Morgan, the Managing Director and chief officers to ensure proper management of the company during the Chairman's absence.

A handwritten signature in black ink, appearing to read 'C A Austin', with a horizontal line underneath.

**C A Austin**  
Vice Chairman

23 March 2003

**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 December 2002.

**PRINCIPAL ACTIVITY**

The principal activity of the company is to operate the West Somerset Railway between Minehead and Bishops Lydeard in the County of Somerset.

**RESULTS AND DIVIDENDS**

The profit for the year is as stated in the profit and loss account.

In accordance with Clause 4(44) of the Memorandum of Association the Members of the Company are not entitled to a dividend.

**ISSUES OF SHARES**

The company issued a further 168,700 10p ordinary shares at par for cash consideration in order to provide additional capital.

**REVIEW OF DEVELOPMENT AND FUTURE PROSPECTS**

A review of activities for the year and likely future developments is included in the chairman's report on pages 3 and 4 which is deemed to form part of this report.

**DIRECTORS AND THEIR INTERESTS**

The directors and their interests in the share capital of the company on 1 January 2002 and 31 December 2002 were as follows:

	Ordinary shares of 10p each	
	31 December 2002	1 January 2002
C A Austin	7,500	7,500
M R D Cooper	1,500	1,000
B J Crudge	550	550
H R Davies	5,100	1,600
J M Donner	50,000	50,000
C W J Dowrick	18,750	18,750
M A Johns	2,500	1,500
R L Lizars	21,800	21,800
N I Lowther	1,000	1,000
D T Morgan	4,050	4,050
R S Savill	12,500	11,500
M L Smith	17,100	16,500
D H Taylor	9,050	9,000
R A Wood	1,000	1,000

In accordance with the Articles of Association Messrs J M Donner, C W J Dowrick and D H Taylor retire from office, and being eligible, offer themselves for re-election.

**DIRECTORS' REPORT (continued)**

**CORPORATE GOVERNANCE**

The Combined Code Committee's report on the financial aspects of corporate governance contained a Code of Best Practice. Whilst there is no requirement on the company to do so, the directors have reviewed the company's practices in respect of those recommendations contained in the Code which they believe to be most relevant to the company. The following information is presented as voluntary disclosures for the benefit of the shareholders. The company has not complied with, and has not attempted to comply with, the full requirements of the Code.

**BOARD OF DIRECTORS**

The company has a Board of Directors of five executive and nine non executive directors which the Board believes is appropriate for the company at the current time. The Board meets formally on a regular basis, normally each month. Written procedures have been approved by the Board covering matters which require specific Board approval. Similarly, there are written procedures enabling Board members to seek independent professional advice in furtherance of their duties.

**REMUNERATION COMMITTEE**

The Remuneration Committee consists of one non-executive Director and one executive Director. Apart from the managing director no other directors are employed by the company. The remuneration of the managing director is decided by the Remuneration Committee.

**AUDIT COMMITTEE**

The Audit Committee consists of five non-executive Directors and the company secretary who is also secretary of the Audit Committee. Other Board members also have the right to attend. However, at least once each year, the Committee meets with the external auditors without executive Board members being present, except by invitation.

**SAFETY AUDIT COMMITTEE**

It is the Board's policy that safety is the first priority for the Board and all working on the railway. A committee of three non-executive Directors and the Managing Director ensure that proper procedures are in place for risk assessment and safety management, and that procedures are subject to periodic audit and review. The company is one of the few heritage railways to hold a full "Safety Case" approved by the Health and Safety Executive, facilitating the handling of through trains from the Railtrack network.

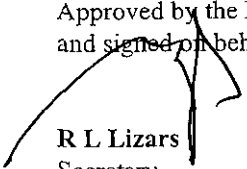
**PAYMENT POLICY**

It is company policy to comply with the terms of payment agreed with a supplier. Where terms are not negotiated the company endeavours to adhere to the supplier's standard terms. The company's year end trade creditors correspond to 30 days of credit purchases.

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
R L Lizars  
Secretary  
23 March 2003



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WEST SOMERSET RAILWAY PUBLIC LIMITED COMPANY**

We have audited the financial statements of West Somerset Railway Public Limited Company for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

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

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DELOITTE & TOUCHE**  
Chartered Accountants and Registered Auditors  
Bristol  
11 April 2003

**PROFIT AND LOSS ACCOUNT**  
Year ended 31 December 2002

	Notes	Continuing operations	
		2002	2001
		£'000	£'000
<b>TURNOVER</b>		1,469	1,335
Staff costs	2	(350)	(317)
Depreciation		(54)	(54)
Other operating charges		(1,082)	(973)
<b>OPERATING LOSS</b>		(17)	(9)
Amortisation of government grant		2	2
Interest receivable		20	33
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5	26
Tax on profit on ordinary activities	3	-	(5)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	13	5	21

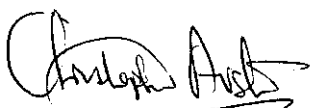
There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

**BALANCE SHEET**  
At 31 December 2002


	Notes	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Tangible assets	5	727	632
<b>CURRENT ASSETS</b>			
Stocks	7	59	52
Debtors and prepayments	8	34	40
Cash at bank and in hand	19	860	939
		953	1,031
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	9	(275)	(278)
<b>NET CURRENT ASSETS</b>		678	753
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,405	1,385
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	10	(146)	(145)
<b>ACCRUALS AND DEFERRED INCOME</b>	11	(46)	(49)
<b>NET ASSETS</b>		1,213	1,191
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,133	1,116
Profit and loss account	13	80	75
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	13	1,213	1,191

These financial statements were approved by the Board of Directors on 22 March 2003

Signed on behalf of the Board of Directors



C A Austin  
Director



M L Smith  
Director

**CASH FLOW STATEMENT**  
Year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow from operating activities	17	32	45
<b>Returns on investments and servicing of finance</b>			
Interest received		20	32
<b>Cash used for working capital</b>			
Movement in working capital		-	9
<b>Taxation</b>			
Corporation tax (paid)/received		(3)	7
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		150	77
Proceeds from disposal of tangible fixed assets		(5)	-
<b>Net cash inflow from capital expenditure</b>		(145)	(77)
<b>Cash inflow before financing</b>		(96)	16
<b>Financing</b>			
Issue of ordinary share capital		17	23
<b>(Decrease)/increase in cash in the year</b>	19	(79)	39

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002****1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Long leasehold land and buildings	2% per annum
Rolling stock	13% to 30% per annum
Plant and machinery	10% to 33% per annum
Fixtures and fittings	20% to 50% per annum
Motor vehicles	33% to 40% per annum
Track and point work	10% to 13% per annum
Leasehold improvements	4% per annum

No depreciation is being charged on Locomotive 5193 purchased in November 1998 until restoration has been completed.

**Deferred taxation**

The company has adopted FRS 19, Deferred Tax. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Government grants**

Government grants made as a contribution towards expenditure on fixed assets are recognised in the balance sheet as deferred income and amortised to the profit and loss account in equal annual instalments over the estimated lives of the assets to which they relate.

**Pension costs**

Pension costs relating to the company's defined contribution pension scheme are charged against profits as they become payable.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**1. ACCOUNTING POLICIES (continued)**

**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

**Turnover**

Turnover represents amounts receivable for goods and services provided in the United Kingdom net of trade discount, VAT and other related taxes.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments (as employees):		
Remuneration (including benefits in kind)	31	29
Contributions to defined contribution pension scheme	3	3
	<u>34</u>	<u>32</u>

Only one director received any remuneration and is a member of the pension scheme.

	<b>£'000</b>	<b>£'000</b>
Employee cost during the year (including directors):		
Wages and salaries	313	283
Social security costs	20	18
Pension costs	17	16
	<u>350</u>	<u>317</u>

	<b>No.</b>	<b>No.</b>
Average number of persons employed:		
Railway	25	24
Shop	3	3
<b>Total (full time equivalents)</b>	<u>28</u>	<u>27</u>

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2002

**3. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2002 £'000	2001 £'000
Analysis of charge in period		
United Kingdom corporation tax at 10% (2002: 20%)	-	2
Total current tax	-	2
Deferred taxation	-	3
<b>Tax on profit on ordinary activities</b>	<b>-</b>	<b>5</b>

**Factors affecting tax charge in year**

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 10% (2001: 20%). The actual tax for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	£'000	£'000
Profit on ordinary activities before tax	5	26
	£'000	£'000
Tax on profit on ordinary activities	-	5
Capital allowances in excess of qualifying depreciation	-	(3)
<b>Current tax charge for the year</b>	<b>-</b>	<b>2</b>

**Factors affecting future tax charges**

Future rates of corporation tax are anticipated to be consistent with current rates.

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is after charging:		
Rolling stock hire	212	190
Depreciation – owned assets	54	54
Auditors remuneration - audit fee	6	5
- non audit work	-	-
Rentals under operating leases	8	9
Profit on sale of fixed assets	5	-



**NOTES TO THE ACCOUNTS**

Year ended 31 December 2002

**5. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £'000	Rolling stock £'000	Plant vehicles and equipment £'000	Track and signalling £'000	Total £'000
<b>Cost or valuation</b>					
At 1 January 2002	582	225	144	199	1,150
Additions	16	118	16	-	150
Disposals	-	-	(25)	-	(25)
At 31 December 2002	598	343	135	199	1,275
<b>Accumulated depreciation</b>					
At 1 January 2002	153	84	115	167	519
Charge for the year	20	6	15	13	54
Disposals	-	-	(25)	-	(25)
At 31 December 2002	173	90	105	180	548
<b>Net book value</b>					
At 31 December 2002	425	253	30	19	727
At 31 December 2001	429	141	30	32	632

Additions to rolling stock of £117,917 include expenditure during the year on the restoration of Locomotive 5193 of £100,868 less donations received of £4,351.

**6. INVESTMENTS**

The company holds one £500 share in 5542 Limited and 180 £10 shares in Dinmore Manor Locomotive Limited and 20 £1 shares in Severn Valley Railway (Holdings) PLC which were given to the company therefore have nil cost.

**7. STOCKS**

	2002 £'000	2001 £'000
Raw materials and consumables	17	17
Goods for resale	42	35
	59	52

**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2002

<b>8. DEBTORS</b>		<b>2002</b>	<b>2001</b>
		<b>£'000</b>	<b>£'000</b>
Trade debtors		12	17
Valued added tax		10	10
Other debtors		9	5
Prepayments		3	8
		<u>34</u>	<u>40</u>
<b>9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<b>2002</b>	<b>2001</b>
		<b>£'000</b>	<b>£'000</b>
Trade creditors		102	87
Tax and social security costs		6	7
Other creditors		56	68
Accruals		111	116
		<u>275</u>	<u>278</u>
<b>10. PROVISION FOR LIABILITIES AND CHARGES</b>			
	<b>Balance at</b>	<b>Profit and</b>	<b>Balance at</b>
	<b>1 January</b>	<b>loss account</b>	<b>31 December</b>
	<b>2002</b>		<b>2002</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Locomotive repair provision	125	1	126
Deferred taxation	20	-	20
	<u>145</u>	<u>1</u>	<u>146</u>

The locomotive repair provision relates to Locomotive 53808, for which a contract is in place requiring the company to complete the repairs and overhaul. The provision is in accordance with the company and its suppliers best estimates of the costs involved.

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2002

**10. PROVISION FOR LIABILITIES AND CHARGES (continued)****Deferred taxation**

	2002 £'000	2001 £'000
The amounts of deferred taxation provided in the accounts is as follows:		
Excess capital allowances over depreciation	20	20
There were no unprovided amounts.		
	£'000	£'000
Opening balance	20	17
Credit to profit and loss account	-	3
<b>Closing balance</b>	<b>20</b>	<b>20</b>

The deferred taxation balance relates entirely to capital allowances in excess of depreciation.

**11. ACCRUALS AND DEFERRED INCOME**

	2002 £'000	2001 £'000
<b>Government grant</b>		
Balance at beginning of year	49	51
Amortised to profit and loss account	(2)	(2)
<b>Balance at end of year</b>	<b>47</b>	<b>49</b>

**12. CALLED UP SHARE CAPITAL**

	2002 £'000	2001 £'000
<b>Authorised</b>		
25,000,000 Ordinary shares of 10p each (2001: 15,000,000)	2,500	1,500
<b>Allotted and fully paid</b>		
11,163,870 Ordinary shares of 10p each (2001: 10,938,520)	1,116	1,094
168,700 Ordinary shares of 10p each (2001: 225,350)	17	22
	1,133	1,116

During the year a further 168,700 ordinary shares were issued at par.

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2002

**13. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
AND MOVEMENT IN RESERVES**

	<b>Called up share Capital £'000</b>	<b>Profit and loss account £'000</b>	<b>2002 Total £'000</b>	<b>2001 Total £'000</b>
Balance at 1 January 2002	1,116	75	1,191	1,147
Shares issued in year	17	-	17	23
Profit for the year	-	5	5	21
<b>Balance at 31 December 2002</b>	<b>1,133</b>	<b>80</b>	<b>1,213</b>	<b>1,191</b>

**14. OPERATING LEASES COMMITMENTS**

At 31 December 2002 the company was committed to payments of £400 (2001: £7,400) under two land leases.

**15. CAPITAL COMMITMENTS**

At 31 December 2002 capital expenditure of £51,401 (2001: £15,667) has been contracted for but not provided.

**16. PENSION SCHEMES**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pensions cost charge represents contributions payable by the company to the fund. No amounts were owed to or by the pension fund at 31 December 2002.

**17. RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES**

	<b>2002 £'000</b>	<b>2001 £'000</b>
Profit before taxation	5	26
Depreciation less amortisation of grant	52	51
	<u>57</u>	<u>77</u>
Profit on disposal of tangible fixed assets	(5)	-
Interest receivable	(20)	(32)
<b>Net cash inflow from operating activities</b>	<b>32</b>	<b>45</b>

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2002

<b>18. CASH USED FOR WORKING CAPITAL</b>	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Increase in stocks	6	1
(Decrease)/increase in debtors and prepayments	(6)	16
Decrease/(increase) in creditors	1	(52)
(Increase)/decrease in provisions	(1)	26
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) for working capital</b>	<b>-</b>	<b>(9)</b>
	<hr/>	<hr/>
 <b>19. ANALYSIS OF CHANGES IN CASH DURING THE YEAR</b>	 <b>2002</b>	 <b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of year	939	900
Net cash (outflow)/inflow	(79)	39
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>860</b>	<b>939</b>
	<hr/>	<hr/>

**20. TRANSACTIONS WITH DIRECTORS**

Mr H R Davies is a director of Cerdic Foundries Limited from whom supplies were obtained of £4,992 in the year (2001: £6,897). Mr R A Wood was paid £905 (2001: £nil) in respect of a wagon he owned which was damaged whilst on the railway and insured by the company. The value of the wagon was such that it was below the minimum level at which an insurance claim could be made and as a consequence the liability fell on the company in full. Mr R A Wood was paid £nil (2001: £250) for services as a public relations consultant. Mr D T Morgan is a solicitor and was paid £nil (2001: £2,430) for services provided.