
WENSLEYDALE RAILWAY PLC

**ANNUAL REPORT AND
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2007**

Company registration number 4093919



jwpccreers
CHARTERED ACCOUNTANTS

Foss Place, Foss Islands Road, York YO31 7UJ

WENSLEYDALE RAILWAY PLC

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WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT

The year under review provided increasing evidence that the railway has assets, skills and knowledge that other people and businesses need and will pay for. These include rents from commercial and domestic properties and the holiday cottage at Aysgarth, payments for wayleaves and utilities, fees for consultancy and services to third parties. Two regular family events, Day Out With Thomas and Santa Specials, attract our youngest customers and introduce many of them to rail travel for the first time.

These sources of income have all been essential to the company's survival and we have also sold 'paths' on the line, both for freight operation and for railtour operators who bring in visiting charter trains. Since last autumn, and thanks to a staff initiative, Driver Experience Days have been also provided on non-operational days. The standards of organisation and individual tuition have achieved very high levels of customer satisfaction, with positive spin-off publicity for the Wensleydale Railway through regional television, local radio and press reports.

Meanwhile the Board's financial strategy continues to be dominated by the need to increase income from passenger fares, catering services, the two shops, holiday cottage and mail order, and to maintain rigorous cost control across all departments. Shareholders will be encouraged to know that the operating loss for the year has been further reduced and that cash flow is close to break even. The figures show an encouraging trend overall. Special acknowledgement and thanks are due to the seven paid staff who, with only a three day working week, have provided much of what is required to run an all-year service whilst bearing the brunt of the need for extreme economy in everything that is done.

Last year, the Board held a series of Away Days with staff, under the direction of Chris Leah and followed by an intensive Safety Audit early in 2007. These events helped the Company to formulate HSQE policies (Health, Safety, Quality and Environment) and relevant standards for the future and also informed the provisions of a new Safety Management System (SMS).

The improved condition of the 22 mile line owes a great deal to the leadership planning and hard work of Phil Kirkland, WR's former Director of Civil Engineering, and the whole infrastructure team, now headed by Colin Brown. Much of the work on the track (such as the regular on-foot inspection patrols) goes almost unnoticed but is vital to the continued operation of the railway. These efforts have provided the capacity for increased loco-hauled track access and have sustained the relatively intensive summer steam loco service, all without major problems. The Board is determined to provide resources on a continuing basis for work which improves the safety, comfort and convenience of passengers and reduces maintenance and short term renewals. Current priorities include work on level crossings, vegetation control and lineside signage.

Under the direction of Ian Sesnan, discussions continue with key parties on restoration of the all-important link into Northallerton station (where Audrey Heathcote runs WR's newspaper and refreshment kiosk, which is profitable thanks to the longstanding commitment of a small and dedicated team of volunteers). The first task has been the 'hearts and minds' work to ensure all relevant agencies support the proposal for a link. An engineering options appraisal is underway, to look at four possible routes, as well as seeking agreement with the main statutory bodies as to what the contents of a socio-economic impact assessment study need to be and the proposed service model. These would further demonstrate the case for public investment if they showed net benefits to the area, taking account of the costs of both building and running the connection. This study is likely to cost more than £25,000, however although Wensleydale Railway will still need to put up a minimum of £10,000, there are indications that we may be able to attract some public funding. Shareholders will be very encouraged to know that, for the first time, the link is shown in Network Rail's strategic plan (see www.networkrail.co.uk, Business Plan, Route 9, Figure 18) although the feasibility studies and finance will remain the responsibility of Wensleydale Railway. The opportunity to plan for extension of the route in the opposite direction is also eagerly awaited, namely towards Bolton Castle and also Aysgarth, where the Company owns the former station (the building is currently subdivided and let as a permanent residence and a holiday cottage).

By the time the financial year ended in March, the Company had survived the lean months of last winter and was able to look forward with guarded optimism to new business opportunities after a long period of financial stringency. From May to July, Wensleydale Railway has provided facilities at Leeming Bar station for Virgin Trains to carry out practical training for two days each week, dealing with emergencies involving train evacuation from a smoke-filled coach onto the lineside where no platform is available, feedback and news reports have been very positive.

WENSLEYDALE RAILWAY PLC

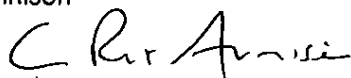
CHAIRMAN'S STATEMENT YEAR ENDED 31 MARCH 2007 - continued

This was immediately followed by the month-long 'Whiff of Steam' summer service using Bo'Ness and Kinnell Railway's steam locomotive No 80105. This opportunity to enhance the railway's regular services represented a very substantial financial investment and required detailed planning. However the necessary preparations led, amongst other things, to the provision of some long-awaited facilities, to team-building, extra training and the acquisition of valuable new skills. The result was a smooth transport operation, integrating steam-hauled services with DMU feeder services through warm co-operation between Wensleydale Railway personnel and the Scottish train crew led by Brian Thompson. There was a substantial increase in passenger numbers and revenue and the project, initiated and led by Steve Deane with a strong team of staff and volunteers, was hailed a success in all respects. As most passengers changed trains at Leyburn, the focus of railway activity moved west from Leeming Bar during August. The Operations Department, signalling team, crossing keepers and Friends of Leyburn Station (FOLS) - and many, many others behind the scenes - responded magnificently to the much-increased workload, as did all those whose daily work at all stations helped to make the train crews' task achievable. Although most journeys were made for 'leisure' purposes (rather than as public transport), there was a considerable increase in the number of walkers using the train between Leyburn and Redmire for single journeys, significant benefits to the local economy are now being assessed through a questionnaire to local businesses. Many favourable comments were received from passengers about the information provided on the websites run by Peter Williams and Sandra Ward (the first of which received commendation in the Heritage Railway Association's annual competition earlier this year).

Inevitably a large organisation has to accept changes in personnel as people move house, retire and relinquish or take on other commitments. Phil Kirkland, WR's volunteer Director of Civil Engineering since 2004, took up a senior engineering post with Tyne and Wear Metro on July 1, he remains readily available to give professional advice and as a volunteer, having transferred the formal responsibilities for infrastructure to Colin Brown as volunteer Head of Civil Engineering. More volunteers with engineering skills are also needed, to enlarge the infrastructure team. David Littlefair, who responded to an earlier request for supporters with business experience, has been appointed as volunteer Finance and Property Director (a new post) with the intention of splitting this into two directorships as soon as possible and meanwhile a Business Audit is in progress.

Looking ahead, the Company is currently advertising for a full-time General Manager who will face two challenges: to keep a public railway open using a combination of paid staff and working volunteers, and to lead the business to a new level of development and growth. This is a new post, the closing date for applications is October 31. In tandem with this, your Board looks forward to strengthening communications, forward planning and increasing funding opportunities through regular tripartite meetings with representatives of the Wensleydale Railway Association and the Wensleydale Railway Trust, both of which have proved generous in their varied and continuing support during the year and through the activities of their members. Thank you all.

Ruth Annison



(Signature)

Chairman, Wensleydale Railway plc

WENSLEYDALE RAILWAY PLC

DIRECTORS' PROFILES

Ruth Annison (Chairman and Director of Sales and Marketing - appointed 31.10.2000)

Ruth Annison moved to Wensleydale in 1975 since when she has been a partner in the manufacturing firm W R Outhwaite & Son, Ropemakers of Hawes. She was the founder and chairman of the Settle-Carlisle Railway Business Liaison Group ("SCRBLG"), recently reconstituted as the Settle-Carlisle Enterprise Network Limited ("SCeNe") and was instrumental in the formation of the Wensleydale Railway project in 1990.

Steve Deane (Director of Mechanical Engineering and Compliance - appointed 24.03.2001)

Steve Deane is a Chartered Mechanical Engineer with over 30 years experience of maintenance, procurement and safety aspects in the aerospace and other transport-related fields. He holds an MSc from Brunel University and has worked on the Wensleydale Railway project for 12 years in a voluntary capacity. Amongst his other duties he manages the relationship with Parry Associates and has been employed by Wensleydale Railway plc since 01.09.2006.

Chris Leah (Safety Director - appointed 01.11.2005)

Chris Leah is a railway professional, having worked for 38 years in the industry. After holding a number of senior operational and business positions within British Rail, Chris became Operations and Safety Director on the Board of Railtrack plc and Safety and Compliance Director on the Board of Network Rail. He currently holds the office of Chairman of the Institution of Railway Operators.

Ian Sesnan (Director of Communities and Regeneration - appointed 11.09.2006)

Ian Sesnan runs his own regeneration consultancy, working mainly on community, heritage and environmental projects. He has 16 years management experience in Local Government, as well as experience working for Central Government (Scottish Office) and the Private Sector (as an Associate Director of Civic Regeneration Ltd). Much of Ian's work relates to social enterprises, including advising enterprises on behalf of the Adventure Capital Fund and the Development Trusts Association. He is a non-executive director of Lamberth NHS Primary Care Trust, also a visiting lecturer at the University of Westminster and a Trustee of Kings College Hospital Charitable Trust.

David Littlefair (Finance and Property Director – appointed 23.08.2007)

David Littlefair, an accountant, has established two successful businesses from scratch. The first, a Mazda and Volvo and motor dealership, Ripon Motors Ltd, a thirteen year project sold in 1984, followed by Hideaway Country Holidays Ltd, a twenty-two year project converting a Scottish Castle and the establishment therein of a thriving Country House Hotel, Weddings and Conference Centre. Amongst a number of honorary community roles, as Director and Old Boy he recently spearheaded a successful £5 million Building Project Appeal for Woodhouse Grove School, Bradford.

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the development and operation of the Wensleydale Railway, between Northallerton and Redmire

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached annual report and accounts

The directors have not recommended a dividend

BUSINESS REVIEW

The Chairman's statement on pages 1 and 2 provides a comprehensive review of the performance of the business during the year and the steps that are being taken to ensure the continuing operation of the Railway

These measures, primarily aimed at controlling costs, have enabled the company to maintain a net asset position at the balance sheet date and the group to once again reduce its loss for the year, this time by £73,507

However, the most pleasing aspect of the accounts has been the skilful management of cash flow to produce a net outflow for the year of only £719. This along with additional funds generated after the year by the provision of training facilities for Virgin Trains and the "Whiff of Steam" summer service has in the directors' opinion put the group in a much stronger position than it was twelve months ago

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Class of share	At 31 March 2007	At 1 April 2006 or later date of appointment
C R Annison	Ordinary £1 Shares	8,011	8,011
S T Deane	Ordinary £1 Shares	800	800
P Kirkland - resigned 02 04 2007			
C R Leah	Ordinary £1 Shares	900	-
I Sesnan - appointed 11 09 2006			
D Littlefair – appointed 23 08 2007			

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

SHARE CAPITAL

During the year the company offered its shares to the public At 31 March 2007 £2,063,518 of share capital was in issue

POLICY ON THE PAYMENT OF CREDITORS

The company's policy is to settle terms and conditions of payments with suppliers It is company policy that payments are made in accordance with those terms and conditions, provided that it complies with all its obligations in this regard

Trade creditor days of the company for the year ended 31 March 2007 were 72 days based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors

AUDITORS

A resolution to re-appoint JWPCreers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
Leeming Bar Station,
Leases Road,
Leeming Bar,
Northallerton,
North Yorkshire
DL7 9AR

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'M J Lynch', followed by a period.

M J LYNCH
Company Secretary

Approved by the directors on 14 September 2007

WENSLEYDALE RAILWAY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare an annual report and accounts for each financial year which give a true and fair view of the state of affairs of the group and company at the end of the year and of the profit or loss for the year then ended. In preparing those annual report and accounts, the directors are required to

- select suitable accounting policies, as described on pages 13 and 14, and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual report and accounts, and
- prepare the annual report and accounts 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 annual report and accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WENSLEYDALE RAILWAY PLC**

We have audited the group and parent company financial statements (the "financial statements") of Wensleydale Railway plc for the year ended 31 March 2007 which comprise of the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out on pages 13 and 14.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the annual report and accounts in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland).

We report to you our opinion as to whether the annual report and accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the annual report and accounts, 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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the annual report and accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the annual report and accounts, and of whether the accounting policies are appropriate to the group'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 annual report and accounts are free from material misstatement, whether caused by fraud or other irregularity or error.

WENSLEYDALE RAILWAY PLC

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2007 - continued**

BASIS OF AUDIT OPINION continued

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

GOING CONCERN

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the level of net current liabilities. In view of the significance of the level of net current liabilities, we consider that it should be drawn to your attention but our opinion is not qualified in this respect

OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs at 31 March 2007 and of the loss of the group for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- The information given in the directors' report is consistent with the financial statements



JWP Creers

Chartered Accountants and
Registered Auditors

Foss Place
Foss Islands Road
York
YO31 7UJ

14 September 2007

WENSLEYDALE RAILWAY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Note	Total 2007 £	Total 2006 £
Turnover	2	300,963	403,240
Cost of sales		(244,764)	(329,959)
Gross profit		<u>56,199</u>	<u>73,281</u>
Administrative expenses		136,121	213,633
Amortisation of goodwill		33,503	33,517
Other operating charges		44,669	44,153
Other operating income		(60,908)	(51,765)
		<u>153,385</u>	<u>239,538</u>
Operating (loss)	3	(97,186)	(166,257)
Interest receivable		70	252
Interest payable	7	(26,500)	(31,066)
(Loss) on ordinary activities before taxation		<u>(123,616)</u>	<u>(197,071)</u>
Taxation	4	-	-
(Loss) after taxation		(123,616)	(197,071)
Minority interest		(62)	(10)
Retained (loss) for the year		<u>(123,554)</u>	<u>(197,061)</u>
Balance brought forward		(1,223,155)	(1,026,094)
Balance carried forward		<u>(1,346,709)</u>	<u>(1,223,155)</u>

The notes on pages 13 to 26 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 MARCH 2007

	Note	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
FIXED ASSETS					
Goodwill	8	201,020	-	234,523	-
Tangible assets	9	1,046,931	565,224	1,084,743	592,243
Investments	10	-	97,252	-	97,252
		<u>1,247,951</u>	<u>662,476</u>	<u>1,319,266</u>	<u>689,495</u>
CURRENT ASSETS					
Stock	11	32,857	32,857	41,763	41,763
Debtors	12	61,070	386,933	33,050	362,279
Cash at bank		4,748	3,125	5,376	2,853
		<u>98,675</u>	<u>422,915</u>	<u>80,189</u>	<u>406,895</u>
CREDITORS: Amounts falling due within one year	13	204,732	333,007	167,459	310,162
		<u>(106,057)</u>	<u>89,908</u>	<u>(87,270)</u>	<u>96,733</u>
Net current (liabilities)/assets					
TOTAL ASSETS LESS CURRENT LIABILITIES		1,141,894	752,384	1,231,996	786,228
CREDITORS: Amounts falling due after more than one year	14	421,377	92,629	438,563	101,617
		<u>720,517</u>	<u>659,755</u>	<u>793,433</u>	<u>684,611</u>
CAPITAL AND RESERVES					
Share capital	19	2,063,518	2,063,518	2,012,818	2,012,818
Profit and loss account	20	(1,346,709)	(1,403,763)	(1,223,155)	(1,328,207)
Minority interest		3,708	-	3,770	-
		<u>720,517</u>	<u>659,755</u>	<u>793,433</u>	<u>684,611</u>
Shareholders' Funds	21	<u>720,517</u>	<u>659,755</u>	<u>793,433</u>	<u>684,611</u>

These annual report and accounts were approved by the directors on 14 September 2007 and are signed on their behalf by


C R Annison

The notes on pages 13 to 26 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
Net cash (outflow) from operating activities	22	(6,674)	(187,414)
Returns on investments and servicing of finance	22	(26,430)	(30,814)
Taxation		-	-
Capital expenditure and financial Investment	22	(3,369)	-
Cash outflow before financing		(36,473)	(218,228)
Financing	22	35,754	194,572
(Decrease) in cash	22	(719)	(23,656)

The notes on pages 13 to 26 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting - Going Concern

The directors have since November 2005 undertaken procedures to generate new sources of income and control levels of expenditure. These efforts have enabled the group to meet its liabilities when they fall due. These procedures are being continued and new opportunities for further funding and cost reduction are planned for the foreseeable future.

The financial statements have been prepared on the going concern basis which assumes that the company and its subsidiaries will continue in operational existence for the foreseeable future.

The validity of this assumption depends upon the success of the directors in generating additional income from new and existing sources and continuing the tight control of costs established since November 2005.

The directors believe the group is in a much stronger financial position than it was twelve months ago and it is appropriate for the financial statements to be prepared on a going concern basis.

Basis of Consolidation

The consolidated profit and loss account and balance sheet includes the financial statements of the company and its subsidiary undertakings. No profit and loss is presented for the company as permitted by Section 230 of the Companies Act 1985. The loss dealt with in the accounts of the company for the year ended 31 March 2007 was £75,556 (2006 £147,694).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the Year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Goodwill

Goodwill has arisen on the acquisition of the companies. This records the cost of acquisition less the fair value of the assets at acquisition.

Amortisation - 10 years

Depreciation

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

Station Improvements	- 2.5% reducing balance
Track and rail infrastructure	- 2% straight line
Plant and equipment	- 10% reducing balance and 20% - 25% straight line
Freehold property	- 2% straight line

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES continued

Stocks

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

Operating lease agreements

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

2 TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	300,963	403,240

3 OPERATING PROFIT

Operating profit is stated after charging

	2007 £	2006 £
Depreciation	41,181	42,608
Amortisation	33,503	33,517
Auditors' remuneration - as auditors	7,025	8,900
Other services	1,200	1,100
Operating lease costs		
Land and buildings	1,825	1,300

4 TAXATION

	2007 £	2006 £
Current tax		
UK corporation tax based on the results for the year	-	-

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

5 PARTICULARS OF EMPLOYEES

Group and Company

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

	2007 Number	2006 Number
Management and administration	2	3
Sales staff	1	4
Railway operations and maintenance	2	6
	<u>5</u>	<u>13</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	86,137	180,256
Social security costs	5,467	14,587
	<u>91,604</u>	<u>194,843</u>

6 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	7,920	-

Salary paid to S T Deane for duties as part-time line manager

7 INTEREST PAYABLE

	2007 £	2006 £
Interest payable on bank and other borrowings	26,500	31,066

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

8 GOODWILL

	2007 £	2006 £
Balance at 1 April 2006	234,523	268,040
Amortised in the year	(33,503)	(33,517)
	<u> </u>	<u> </u>
Balance at 31 March 2007	<u>201,020</u>	<u>234,523</u>

9 TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST					
At 1 April 2006	537,717	143,870	361,184	176,535	1,219,306
Additions	-	-	-	3,369	3,369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	537,717	143,870	361,184	179,904	1,222,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 1 April 2006	48,764	10,979	16,693	58,127	134,563
Charge for the year	10,755	3,272	7,223	19,931	41,181
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	59,519	14,251	23,916	78,058	175,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 31 March 2007	<u>478,198</u>	<u>129,619</u>	<u>337,268</u>	<u>101,846</u>	<u>1,046,931</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2006	<u>488,953</u>	<u>132,891</u>	<u>344,491</u>	<u>118,408</u>	<u>1,084,743</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Hire Purchase Agreements

Included within the net book value of £1,046,931 is £17,858 (2006 £20,163) relating to assets held under hire purchase agreements. The depreciation charged to the annual report and accounts for the year in respect of such assets amounted to £2,306 (2006 £2,522).

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

9 TANGIBLE FIXED ASSETS - COMPANY

	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST				
1 April 2006	140,121	361,184	176,535	677,840
Additions	-	-	3,369	3,369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	140,121	361,184	179,904	681,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 DEPRECIATION				
At 1 April 2006	10,777	16,693	58,127	85,597
Charge for the year	3,234	7,223	19,931	30,388
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	14,011	23,916	78,058	115,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 NET BOOK VALUE				
At 31 March 2007	126,110	337,268	101,846	565,224
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 At 31 March 2006	129,344	344,491	118,408	592,243
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Hire Purchase Agreements

Included within the net book value of £565,224 is £17,858 (2006 £20,163) relating to assets held under hire purchase agreements. The depreciation charged to the annual report and accounts for the year in respect of such assets amounted to £2,306 (2006 £2,522).

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

10 INVESTMENTS - COMPANY

	WRC(P) Limited £	TWRC Limited £	Total £
COST			
At 1 April 2006 and 31 March 2007	2	97,250	97,252
	<u> </u>	<u> </u>	<u> </u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company Subsidiary undertaking	Country of registration or incorporation	Shares held Class	%
TWRC Limited	England and Wales	Ordinary	96
WRC(P) Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
TWRC Limited	To support the development and expansion of the Wensleydale Railway
WRC(P) Limited	The rental of property

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

11 STOCKS

Group and Company

	2007 £	2006 £
Finished goods	32,857	41,763

12 DEBTORS

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Trade debtors	19,109	14,982	15,838	15,838
Amounts owed by group undertakings	-	340,480	-	331,119
VAT recoverable	5,007	5,007	6,534	6,534
Other debtors	15,043	15,043	2,288	2,288
Prepayments and accrued income	21,911	11,421	8,390	6,500
	<u>61,070</u>	<u>386,933</u>	<u>33,050</u>	<u>362,279</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

13 CREDITORS: Amounts falling due within one year

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans and overdrafts	5,818	382	5,243	356
Trade creditors	59,196	57,904	53,313	52,019
Amounts owed to group undertakings	-	194,428	-	197,958
PAYE and social security	6,151	6,151	1,015	1,015
VAT	413	-	413	-
Hire purchase agreements	6,493	6,493	6,441	6,441
Corporation tax	-	-	-	-
Debenture loans	8,200	-	8,700	-
Directors current accounts	8,310	-	8,310	-
Other creditors	77,198	53,871	48,143	34,816
Accruals and deferred income	32,953	13,778	35,881	17,557
	<u>204,732</u>	<u>333,007</u>	<u>167,459</u>	<u>310,162</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans and overdrafts	5,818	382	5,243	356
Debenture loans	8,200	-	8,700	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

On 29 December 2003 HSBC issued a debenture to secure monies owed to them. It agreed a fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital buildings, fixtures, fixed plant and machinery. Other loans are secured against the freehold property of the group.

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

14 CREDITORS: Amounts falling due after more than one year

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans and overdrafts	289,448	-	297,646	-
Debenture loans	39,300	-	39,300	-
Hire purchase agreements	3,000	3,000	9,784	9,784
Deferred income	89,629	89,629	91,833	91,833
	<u>421,377</u>	<u>92,629</u>	<u>438,563</u>	<u>101,617</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Bank loans and overdrafts	289,448	-	297,646	-
Debenture loans	39,300	-	39,300	-
	<u>328,748</u>	<u>-</u>	<u>336,946</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £268,003 (2006 £273,646) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

15 MATURITY OF DEBT

Creditors include finance capital which is due for repayment as follows -

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Amounts payable				
In one year or less	5,361	-	4,877	-
In more than one year but not more than two years	5,361	-	4,950	-
In more than two years but not more than five years	16,084	-	19,050	-
In more than five years	268,003	-	273,646	-
	<u>294,809</u>	<u>-</u>	<u>302,523</u>	<u>-</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

16 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 there were annual commitments under non-cancellable operating leases as set out below

	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
Land and buildings				
Operating leases which expire				
Within one year	1,825	1,825	1,600	1,600
After more than five years	34,400	83,200	35,200	83,200
	<u>36,225</u>	<u>85,025</u>	<u>36,800</u>	<u>84,800</u>

17 RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as required to be disclosed under Financial Reporting Standard 8

Included in the balance sheet are the following amounts owed to/from related parties -

Creditors and accruals

Directors' current account £15,788 (2006 £10,420)

Included in other creditors are the following loans due to related parties

R Annison (Director) £10,000 (2006 £10,000)

P Annison (Close family member) £10,000 (2006 £nil)

18 FINANCIAL RISK MANAGEMENT POLICIES

The group holds a financial instrument in order to finance its ownership of the freehold land and buildings. The interest rate is charged at 3.4% over the base rate.

19 SHARE CAPITAL

Authorised share capital

	2007 £	2006 £
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

19 SHARE CAPITAL continued

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	2,063,518	2,063,518	2,012,818	2,012,818

On 23 November 2000 the company offered 2,500,000 ordinary shares of £1 each at par and on 19 April 2006 the company offered 2,750,000 ordinary shares of £1 each at par for public subscription

During the year 50,700 ordinary shares of £1 each were issued and fully paid

At 31 March 2007, 2,063,518 had been issued and fully paid

These shareholders will be entitled to dividends (subject to usual legal restraints) Other benefits will be dependent on the level of subscription including travel and dining benefits

20 STATEMENT OF MOVEMENTS ON RESERVES GROUP

	Profit and loss account £
Balance at 1 April 2006	(1,223,155)
Retained loss for the year	(123,554)
	<hr/>
Balance at 31 March 2007	(1,346,709)
	<hr/>
COMPANY	Profit and loss account £
Balance at 1 April 2006	(1,328,207)
Retained loss for the year	(75,556)
	<hr/>
Balance at 31 March 2007	(1,403,763)
	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

GROUP

	2007 £	2006 £
Loss for the financial year	(123,554)	(197,061)
New equity share capital	50,700	232,163
Minority interest re TWRC	(62)	(10)
	<hr/>	<hr/>
Net (reduction)/increase in funds	(72,916)	35,092
Opening shareholders equity funds	793,433	758,341
	<hr/>	<hr/>
Closing shareholders equity funds	720,517	793,433
	<hr/>	<hr/>

COMPANY

	2007 £	2006 £
Loss for the financial year	(75,556)	(147,694)
New equity share capital subscribed	50,700	232,163
	<hr/>	<hr/>
Net (reduction)/increase in funds	(24,856)	84,469
Opening shareholders equity funds	684,611	600,142
	<hr/>	<hr/>
Closing shareholders equity funds	659,755	684,611
	<hr/>	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

22 NOTES TO THE STATEMENTS OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT

	2007 £	2006 £
Operating (loss)	(97,186)	(166,257)
Depreciation	41,181	42,608
Amortisation of goodwill	33,503	33,517
Decrease/(Increase) in stocks	8,906	(4,748)
(Increase)/Decrease in debtors	(28,020)	64,542
Increase/(Decrease) in creditors	34,942	(157,076)
Net cash (outflow) from operating activities	(6,674)	(187,414)

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	70	252
Interest paid	(26,500)	(31,066)
Net cash outflow from returns on investments and servicing of finance	(26,430)	(30,814)

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2007 £	2006 £
Payments to acquire tangible fixed assets	(3,369)	-
Net cash outflow for capital expenditure and financial investment	(3,369)	-

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

22 NOTES TO THE STATEMENTS OF CASH FLOWS continued

FINANCING

	2007 £	2006 £
Issue of equity share capital	50,700	232,163
Repayment of bank loans	(7,714)	(2,424)
Repayment of debenture loans	(500)	-
Repayment of other loans	-	(29,167)
Hire purchase agreements	(6,732)	(6,000)
	<u> </u>	<u> </u>
Net cash inflow from financing	35,754	194,572
	<u> </u>	<u> </u>

RECONCILIATION OF NET CASH FLOW

	2007 £	2006 £
(Decrease) in cash period	(719)	(23,656)
Movement on bank and debenture loans	8,124	31,225
	<u> </u>	<u> </u>
Movement in net debt	7,405	7,569
Net funds at 1 April 2006	(345,879)	(353,448)
	<u> </u>	<u> </u>
Net funds at 31 March 2007	(338,474)	(345,879)
	<u> </u>	<u> </u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2006 £	Cash flows £	At 31 March 2007 £
Net cash			
Cash in hand and at bank	5,376	(628)	4,748
Overdrafts	(366)	(91)	(457)
	<u> </u>	<u> </u>	<u> </u>
	5,010	(719)	4,291
Debt due within one year	(13,943)	(75)	(14,018)
Debt due after one year	(336,946)	8,199	(328,747)
	<u> </u>	<u> </u>	<u> </u>
Net debts	(345,879)	7,405	(338,474)
	<u> </u>	<u> </u>	<u> </u>