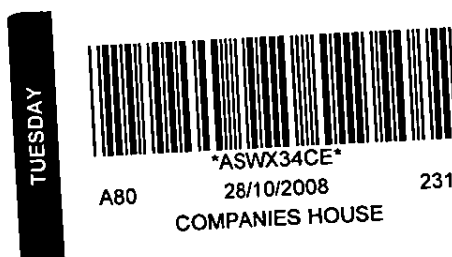

WENSLEYDALE RAILWAY PLC

**ANNUAL REPORT AND
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2008**

Company registration number 4093919



jwp 
CHARTERED ACCOUNTANTS

Foss Place, Foss Islands Road, York YO31 7UJ

WENSLEYDALE RAILWAY PLC

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WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT

Wensleydale Railway runs through spectacularly attractive countryside and also benefits from its proximity to the Yorkshire Dales National Park. Whilst the year under review has provided its share of practical difficulties, financial anxieties and frustration, there have also been successes, progress - and real hope for future extension of the line.

Underlying this strong positive image, however, is the harsh reality of declining farm incomes, lack of affordable housing, reduced visitor numbers, and the 'credit crunch'. Yet Wensleydale is as well-placed as any rural area to find new ways of earning a living. It is midway between both road and rail arteries - the A1/M6 motorways, the East and West coast main lines - and with the bonus of the Leeds-Settle-Carlisle railway passing the head of the dale at Garsdale. It is also increasingly recognised that full re-opening of the railway between Northallerton and Redmire - and eventual reconstruction of the 18 mile 'missing link' between Redmire and Garsdale - can make an important contribution to the survival and future of local communities and thereby to sustainable tourism.

The year under review, ending 31 03 08, was notable for a number of significant developments. In August 2007, scheduled steam train services returned to Wensleydale for the first time in half a century. The 'Whiff of Steam' services, organised and led by Steve Deane, were very successful and the results encouraged us to invite Bo'Ness and Kinneil Railway's locomotive No 80105 for a return visit this summer, on dates which included and enhanced WR's first 1940s week-end.

An innovation between Christmas and Easter 2008 was 'Operation Spring Clean' which provided an opportunity to prepare for the new season and undertake major work on the infrastructure and rolling stock, which can be done more efficiently during a 'blockade' than when trains are running. Much refurbishing and decorating of properties was also accomplished, plus training, new ticket design - and marketing, for which the Wensleydale Railway Association contributed a £1000 support grant. We also saw the foundations going in for a restored signal box at Leeming Bar, helped by a grant from the Lottery to the Wensleydale Railway Trust, with the work carried out by David Walker and his team. The main costs of the railway continue when trains are not running but targets for action, as funds permit, are the upgrading of railway carriages, better toilet facilities for disabled passengers, covered accommodation for rolling stock and improvements to site security.

The commercial activities of the railway are key to its future growth but the weather has not been kind to rural tourism recently. However an innovation in timetable planning for the 2008 season worked well. A 40 minute break was allowed when the train returned to Leyburn from Redmire on its second journey, instead of returning directly to Leeming Bar. This increase in 'dwell time' increased the length of a day out for walkers and boosted the station tearoom and shop sales. It will be a consideration in future planning, especially as it also provides benefits in rostering train crews.

It is encouraging to note real progress regarding the short but essential eastern extension from WR track at Castle Hills into Northallerton station, thanks to work being undertaken on a voluntary basis by staff from Corus Rail Infrastructure Services in York, in memory of the late Clive Roberts. Their technical design work has identified several engineering options for reinstating the track into the station. Crucially, this work will provide a realistic estimate of the costs involved. Additionally, North Yorkshire County Council has grant-funded an initial socio-economic study on access to health, education and other services. These developments have also brought together, to work as active participants with WR personnel, officers of the two district councils (Richmondshire and Hambleton), NYCC, Network Rail and, most recently, Yorkshire Forward. Ian Sesnan and John Graham are providing WR's leadership and project management respectively for the Northallerton link. The detailed work and commitment of the Corus team, and the specialist contributions being made by all those working on different sections of this scheme, are most gratefully acknowledged.

WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT YEAR ENDED 31 MARCH 2008 - continued

The Board is considering a start to planning the first western extension, to Bolton Castle and then to Aysgarth. As a preliminary step, the current cost of re-building the railway from Redmire to Bolton Castle was calculated earlier this year. A range of skills and knowledge will be required when the Board establishes a team to take this work forward, including technical and planning expertise, experience in project management and fund-raising. Expressions of interest would now be welcomed from those who would like to contribute to this phase of the work in a voluntary capacity.

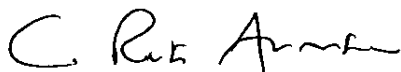
The train journey, for most visitors, is the highlight of their visit to the railway. However train services (whether steam-hauled or diesel multiple unit) depend on a robust business to sustain the core activities. Continuing investment and effective financial management are needed, together with all the business basics: good administration, effective management of cash flow, credit control and the property portfolio, meeting statutory and contractual obligations – including an increasing burden of complex and fast-changing legislation which often has unintended consequences, often especially costly for small businesses. For all of this, we depend on the continuing support of the Company's shareholders, a very small team of staff – and 300 working volunteers, whose dedication is legendary. A revised system for registering new volunteers and induction to the organisation has been introduced by Phil Smith and this is run in conjunction with the existing safety training. The Board is indebted to Chris Leah and Colin Brown for their major contributions as Safety Director and Head of Civil Engineering respectively and to Peter Annison as Financial Controller. All three have carried particularly heavy workloads, with 24/7 responsibilities throughout the year.

Recently, the Parliamentary Committee on Environment, Food and Rural Affairs held a formal hearing in Hawes, to hear from six speakers about local issues and potential for the local economy. The visiting MPs were insistent that they wanted to know about barriers to growth and prosperity in agriculture, business and tourism. The roles of the Yorkshire Dales National Park (planning) and the regional development agency, Yorkshire Forward (funding), were discussed – both of which impact on the development of the Wensleydale Railway. I was able to present evidence of the contribution that the railway is already making to the local economy, the opportunities for future growth, and to refer to the recent visit to Bedale station by their colleague William Hague MP (who came with civic dignitaries to see the work completed by the Minor Works Group of WRA volunteers).

Shareholders are well aware of the financial pressures that have governed the pace of development to date and continue to do so. The Business Review (page 5) and Going Concern statement (page 14) are relevant in this context. I wish to place on record our gratitude for practical support from rail industry partners, as well as funding for key areas of work by the Wensleydale Railway Trust and the Wensleydale Railway Association. The Company has received a substantial legacy from the estate of the late Mr George Stephenson of Doncaster who died in January. It has been received at a most opportune time and will be divided between urgent needs and longer-term benefit.

As always, there have been some changes in personnel. To our great regret David Littlefair, who had quickly made his mark as a valued member of the Board, resigned as Finance and Property Director when he unexpectedly needed major surgery; he is now recovering well from a pioneering heart operation. On a happier note, Angus Maude, chairman of the Wensleydale Railway Association, was appointed and welcomed onto the Board. However there remain vacancies for both Finance and Property directors, as the intention had been to separate the two roles in 2008.

I should like to thank you all for your continuing support, including the many shareholders whose contributions as Patrons of Summer Steam raised more than £4000. This paid for the locomotive haulage between Scotland and Leeming Bar – and several tonnes of coal as well! Thank you all.



Ruth Annison
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 WR 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. In 1994 she was awarded a Travelling Fellowship by the Winston Churchill Memorial Trust, for travel in Denmark, Sweden and the Netherlands to study best practice in rural railways relevant to the Wensleydale Railway, in 2006 she received the Discretionary Leadership Award of the Duke of York's Community Initiative.

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

Steve Deane, who is also a director of Lightweight Community Transport Ltd, is a Chartered Mechanical Engineer with an MSc from Brunel University. He has 35 years' experience of aerospace maintenance, procurement and safety and has worked in a voluntary capacity on the Wensleydale Railway project for 13 years. In 2006 and 2007 he was the Wensleydale Railway's Line Manager, leading the introduction of the steam traction. He now works as a freelance consultant.

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 offices of Vice-President and Company Secretary of the Institution of Railway Operators, Operations and Safety Director, Ffestiniog Railway plc, Trustee and chairman designate of Bressingham Steam Preservation Company Ltd. He is also a member of the Railway Heritage Trust Advisory Panel and a churchwarden.

Dr 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, the voluntary sector (Friends of the Earth) 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 visiting lecturer at the University of Westminster mainly tutoring on the MA Urban Regeneration course.

Andrew Maude (Director – appointed 14.05.2008)

Andrew Maude graduated from the Bartlett School of Architecture at University College London. He has practised as a building surveyor since. He has worked for local authorities in London and now works for North Yorkshire County Council. He has been responsible for a wide range of projects, mainly involving existing buildings. These have included renovation, restoration and improvement of listed buildings. In addition he has designed many new build and pollution control works. He has served in the Territorial Army where he gained extensive experience in the organisation and management of people, materials and equipment in both the transport and communications units. Currently he is a senior property manager and chairman of Wensleydale Railway Association and the Wensleydale Railway Trust.

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2008

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 2 and 3 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

Once again the main focus of the directors has been the control of costs and generating additional revenue. These efforts have resulted in a 15% increase in turnover to £346,483. However, the loss before taxation for the year showed a slight increase to £136,169 (2007 £123,616) primarily as a result of the increase of essential maintenance expenditure to £28,237 (2007 £4,155).

This situation highlights the importance of the development measures mentioned in the Chairman's Statement as the generation of additional income is essential to help fund the continuance and further development of the railway.

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

THE DIRECTORS OF THE COMPANY

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

C R Annison

S T Deane

C R Leah

I Sesnan

D Littlefair – served the company from
23 08 2007 up until 31 03 2008

A A Maude - appointed 14 05 2008

P Kirkland – resigned 02 04 2007

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

SHARE CAPITAL

During the year the company offered its shares to the public. At 31 March 2008 £2,084,368 (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.

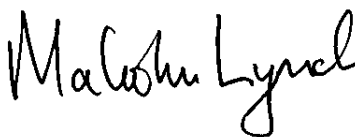
Trade creditor days of the company for the year ended 31 March 2008 were 83 days (2007 72 days) based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

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



M J LYNCH
Company Secretary

Approved by the directors on 18 September 2008

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 14 and 15, 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 2008 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 14 and 15.

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 2008 - 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 2008 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

18 September 2008

WENSLEYDALE RAILWAY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Note	Total 2008 £	Total 2007 £
Turnover	2	346,483	300,963
Cost of sales		(273,274)	(240,609)
Gross profit		73,209	60,354
Railway maintenance		28,237	4,155
Administrative expenses		139,797	136,121
Amortisation of goodwill		27,004	33,503
Other operating charges		45,453	44,669
Other operating income		(57,930)	(60,908)
		182,561	157,540
Operating (loss)	3	(109,352)	(97,186)
Interest receivable		338	70
Interest payable	7	(27,155)	(26,500)
(Loss) on ordinary activities before taxation		(136,169)	(123,616)
Taxation	4	-	-
(Loss) after taxation		(136,169)	(123,616)
Minority interest		(111)	(62)
Retained (loss) for the year		(136,058)	(123,554)
Balance brought forward		(1,346,709)	(1,223,155)
Balance carried forward		(1,482,767)	(1,346,709)

The notes on pages 14 to 27 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 MARCH 2008

	Note	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
FIXED ASSETS					
Goodwill	8	174,016	-	201,020	-
Tangible assets	9	1,013,140	542,224	1,046,931	565,224
Investments	10	-	97,252	-	97,252
		<hr/>	<hr/>	<hr/>	<hr/>
		1,187,156	639,476	1,247,951	662,476
CURRENT ASSETS					
Stock	11	27,156	27,156	32,857	32,857
Debtors	12	23,882	350,970	61,070	386,933
Cash at bank		23,130	13,475	4,748	3,125
		<hr/>	<hr/>	<hr/>	<hr/>
		74,168	391,601	98,675	422,915
CREDITORS: Amounts falling due within one year	13	191,832	309,675	204,732	333,007
		<hr/>	<hr/>	<hr/>	<hr/>
Net current (liabilities)/assets		(117,664)	81,926	(106,057)	89,908
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,069,492	721,402	1,141,894	752,384
CREDITORS: Amounts falling due after more than one year	14	464,294	117,538	421,377	92,629
		<hr/>	<hr/>	<hr/>	<hr/>
		605,198	603,864	720,517	659,755
		<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES					
Share capital	19	2,084,368	2,084,368	2,063,518	2,063,518
Profit and loss account	20	(1,482,767)	(1,480,504)	(1,346,709)	(1,403,763)
Minority interest		3,597	-	3,708	-
		<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' Funds	21	605,198	603,864	720,517	659,755
		<hr/>	<hr/>	<hr/>	<hr/>

These annual report and accounts were approved by the directors on 18 September 2008 and are signed on their behalf by

C R Annison

The notes on pages 14 to 27 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
Net cash inflow / (outflow) from operating activities	22	16,454	(6,674)
Returns on investments and servicing of finance	22	(26,817)	(26,430)
Taxation		-	-
Capital expenditure and financial Investment	22	(3,240)	(3,369)
Cash outflow before financing		(13,603)	(36,473)
Financing	22	32,442	35,754
Increase/(Decrease) in cash	22	18,839	(719)

The notes on pages 14 to 27 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

Basis of accounting - Going Concern

The directors are continuing to strive for 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 on-going 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.

The directors believe as a result of the efforts of all involved and the receipt of a legacy of £112,000 received after 31 March 2008 that 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 2008 was £76,741 (2007 £75,556).

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 subsidiary 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 2008

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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

	2008 £	2007 £
United Kingdom	346,483	300,963

3. OPERATING PROFIT

Operating profit is stated after charging

	2008 £	2007 £
Depreciation	37,031	41,181
Amortisation	27,004	33,503
Auditors' remuneration - as auditors	8,500	7,025
Other services	1,950	1,200
Operating lease costs		
Land and buildings	29,825	29,825

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

4 TAXATION

	2008 £	2007 £
Current tax		
UK corporation tax based on the results for the year	-	-
	<u> </u>	<u> </u>

5 PARTICULARS OF EMPLOYEES

Group and Company

The average number of full-time equivalent staff employed during the financial year amounted to

	2008 Number	2007 Number
Management and administration	2	2
Sales staff	1	1
Railway operations and maintenance	2	2
	<u> </u>	<u> </u>
	5	5
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	86,292	86,137
Social security costs	6,089	5,467
	<u> </u>	<u> </u>
	92,381	91,604
	<u> </u>	<u> </u>

6 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2008 £	2007 £
Emoluments receivable	10,390	7,920
	<u> </u>	<u> </u>

Salary paid to S T Deane for duties as part-time line manager up to 31 December 2007

7 INTEREST PAYABLE

	2008 £	2007 £
Interest payable on bank and other borrowings	27,155	26,500
	<u> </u>	<u> </u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

8 GOODWILL

	2008 £	2007 £
Balance at 1 April 2007	201,020	234,523
Amortised in the year	(27,004)	(33,503)
	<u> </u>	<u> </u>
Balance at 31 March 2008	<u>174,016</u>	<u>201,020</u>

9 TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST					
At 1 April 2007	537,717	143,870	361,184	179,904	1,222,675
Additions	-	-	-	3,240	3,240
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	<u>537,717</u>	<u>143,870</u>	<u>361,184</u>	<u>183,144</u>	<u>1,225,915</u>
DEPRECIATION					
At 1 April 2007	59,519	14,251	23,916	78,058	175,744
Charge for the year	10,754	3,189	7,224	15,864	37,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	<u>70,273</u>	<u>17,440</u>	<u>31,140</u>	<u>93,922</u>	<u>212,775</u>
NET BOOK VALUE					
At 31 March 2008	<u>467,444</u>	<u>126,430</u>	<u>330,044</u>	<u>89,222</u>	<u>1,013,140</u>
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>

Hire Purchase Agreements

Included within the net book value of £1,013,140 is £15,746 (2007 £17,858) 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 £1,750 (2007 £2,306)

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

9 TANGIBLE FIXED ASSETS - COMPANY

	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST				
1 April 2007	140,121	361,184	179,904	681,209
Additions	-	-	3,240	3,240
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	140,121	361,184	183,144	684,449
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 April 2007	14,011	23,916	78,058	115,985
Charge for the year	3,152	7,224	15,864	26,240
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	17,163	31,140	93,922	142,225
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 March 2008	122,958	330,044	89,222	542,224
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	126,110	337,268	101,846	565,224
	<hr/>	<hr/>	<hr/>	<hr/>

Hire Purchase Agreements

Included within the net book value of £542,224 is £15,746 (2007 £17,858) 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 £1,750 (2007 £2,306).

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

10 INVESTMENTS - COMPANY

	WRC(P) Limited £	TWRC Limited £	Total £
COST			
At 1 April 2007 and 31 March 2008	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 2008

11 STOCKS

Group and Company

	2008 £	2007 £
Finished goods	27,156	32,857

12 DEBTORS

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Trade debtors	5,213	4,376	19,109	14,982
Amounts owed by group undertakings	-	327,925	-	340,480
VAT recoverable	6,366	6,366	5,007	5,007
Other debtors	-	-	15,043	15,043
Prepayments and accrued income	12,303	12,303	21,911	11,421
	<u>23,882</u>	<u>350,970</u>	<u>61,070</u>	<u>386,933</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

13 CREDITORS: Amounts falling due within one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans and overdrafts	6,538	-	5,818	382
Trade creditors	86,253	82,905	59,196	57,904
Amounts owed to group undertakings	-	173,636	-	194,428
PAYE and social security	11,477	11,477	6,151	6,151
VAT	413	-	413	-
Hire purchase agreements	3,000	3,000	6,493	6,493
Corporation tax	-	-	-	-
Debenture loans	7,100	-	8,200	-
Directors current accounts	11,431	-	15,788	-
Other creditors	33,805	25,566	69,720	53,871
Accruals and deferred income	31,815	13,091	32,953	13,778
	<u>191,832</u>	<u>309,675</u>	<u>204,732</u>	<u>333,007</u>

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

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans and overdrafts	6,538	-	5,818	382
Debenture loans	7,100	-	8,200	-
	<u>13,638</u>	<u>-</u>	<u>14,018</u>	<u>382</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 2008

14 CREDITORS: Amounts falling due after more than one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans and overdrafts	307,456	-	289,448	-
Debenture loans	39,300	-	39,300	-
Hire purchase agreements	-	-	3,000	3,000
Other creditors	30,000	30,000	-	-
Deferred income	87,538	87,538	89,629	89,629
	<u>464,294</u>	<u>117,538</u>	<u>421,377</u>	<u>92,629</u>

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

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans and overdrafts	307,456	-	289,448	-
Debenture loans	39,300	-	39,300	-
	<u>346,756</u>	<u>-</u>	<u>328,748</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £281,305 (2007 £268,003) 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 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Amounts payable				
In one year or less	6,538	-	5,361	-
In more than one year but not more than two years	6,538	-	5,361	-
In more than two years but not more than five years	19,613	-	16,084	-
In more than five years	281,305	-	268,003	-
	<u>313,994</u>	<u>-</u>	<u>294,809</u>	<u>-</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

16 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 there were annual commitments under non-cancellable operating leases as set out below

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Land and buildings				
Operating leases which expire				
Within one year	1,825	1,825	1,825	1,825
After more than five years	62,400	83,200	62,400	83,200
	<u>64,225</u>	<u>85,025</u>	<u>64,225</u>	<u>85,025</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 £11,431 (2007 £15,788)

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

R Annison (Director) £10,000 (2007 £10,000)

P Annison (Close family member) £20,000 (2007 £10,000)

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:

	2008 £	2007 £
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 2008

19 SHARE CAPITAL continued

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	2,084,368	2,084,368	2,063,518	2,063,518

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 20,850 ordinary shares of £1 each were issued and fully paid

At 31 March 2008, 2,084,368 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 2007	(1,346,709)
Retained loss for the year	(136,058)
	<hr/>
Balance at 31 March 2008	(1,482,767)
	<hr/>
COMPANY	Profit and loss account £
Balance at 1 April 2007	(1,403,763)
Retained loss for the year	(76,741)
	<hr/>
Balance at 31 March 2008	(1,480,504)
	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

GROUP

	2008 £	2007 £
Loss for the financial year	(136,058)	(123,554)
New equity share capital	20,850	50,700
Minority interest re TWRC	(111)	(62)
	<hr/>	<hr/>
Net (reduction) in funds	(115,319)	(72,916)
Opening shareholders equity funds	720,517	793,433
	<hr/>	<hr/>
Closing shareholders equity funds	605,198	720,517
	<hr/>	<hr/>

COMPANY

	2008 £	2007 £
Loss for the financial year	(76,741)	(75,556)
New equity share capital subscribed	20,850	50,700
	<hr/>	<hr/>
Net (reduction) in funds	(55,891)	(24,856)
Opening shareholders equity funds	659,755	684,611
	<hr/>	<hr/>
Closing shareholders equity funds	603,864	659,755
	<hr/>	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

22 NOTES TO THE STATEMENTS OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT

	2008 £	2007 £
Operating (loss)	(109,352)	(97,186)
Depreciation	37,031	41,181
Amortisation of goodwill	27,004	33,503
Decrease in stocks	5,701	8,906
Decrease / (Increase) in debtors	37,188	(28,020)
Increase in creditors	18,882	34,942
Net cash inflow / (outflow) from operating activities	<u>16,454</u>	<u>(6,674)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £	2007 £
Interest received	338	70
Interest paid	(27,155)	(26,500)
Net cash outflow from returns on investments and servicing of finance	<u>(26,817)</u>	<u>(26,430)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2008 £	2007 £
Payments to acquire tangible fixed assets	(3,240)	(3,369)
Net cash outflow for capital expenditure and financial investment	<u>(3,240)</u>	<u>(3,369)</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

22 NOTES TO THE STATEMENTS OF CASH FLOWS continued

FINANCING

	2008 £	2007 £
Issue of equity share capital	20,850	50,700
Advance of bank loans	25,000	-
(Repayment) of bank loans	(5,815)	(7,714)
Repayment of debenture loans	(1,100)	(500)
Hire purchase agreements	(6,493)	(6,732)
	<u> </u>	<u> </u>
Net cash inflow from financing	32,442	35,754
	<u> </u>	<u> </u>

RECONCILIATION OF NET CASH FLOW

	2008 £	2007 £
Increase/(Decrease) in cash period	18,839	(719)
Movement on bank and debenture loans	(17,629)	8,124
	<u> </u>	<u> </u>
Movement in net debt	1,210	7,405
Net funds at 1 April 2007	(338,474)	(345,879)
	<u> </u>	<u> </u>
Net funds at 31 March 2008	(337,264)	(338,474)
	<u> </u>	<u> </u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2007 £	Cash flows £	At 31 March 2008 £
Net cash			
Cash in hand and at bank	4,748	18,382	23,130
Overdrafts	(457)	457	-
	<u> </u>	<u> </u>	<u> </u>
	4,291	18,839	23,130
Debt due within one year	(14,018)	380	(13,638)
Debt due after one year	(328,747)	(18,009)	(346,756)
	<u> </u>	<u> </u>	<u> </u>
Net debts	(338,474)	1,210	(337,264)
	<u> </u>	<u> </u>	<u> </u>