
WENSLEYDALE RAILWAY PLC

ANNUAL REPORT AND

CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2012

Company registration number 4093919



jwpcreeers llp
CHARTERED ACCOUNTANTS

Genesis 5, Church Lane, Heslington, York YO10 5DQ

WENSLEYDALE RAILWAY PLC

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WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT

For the Wensleydale Railway 2011 was a year of mixed fortunes with many achievements, much change and, in spite of considerable effort on everyone's part, disappointing financial results

Our achievements have been considerable and include

Infrastructure – 4 panels of new flat-bottom rail using concrete sleepers was laid at Blind Lane to replace worn out bullhead, 500 sleepers replaced, several level crossing deck renewals, general improvements to level crossings including massive vegetation clearance to improve sight lines, plus various gate, fence and sign improvements

Leeming Bar Shed – although there is no shed to be seen at present, a lot of work has been done pending its erection, including digging the inspection pit, building the pit walls and floor, installing the rail and re-aligning 50% of the track in the yard. In addition, planning and building regulation applications have been submitted. Once these applications have been approved, funding is available to continue with the work

Leyburn Station - the local group has sourced new signs, paved and drained the platform, and also have erected a water tank - all at minimal cost to the company

Other Locations – similarly, other groups have almost completed the restoration of *Scruton Station*, undertaken a major refurbishment of *Bedale Signal Box* and transformed the station site at *Aysgarth*

Rolling Stock - there has been an enormous amount of work carried out to make the 110 & 117 Diesel Multiple Units (DMUs) fit for service. At the same time, the recently acquired Mk1 coaches have also been refurbished and brought into service. Much remains to be done, however, and help is always welcome

Extending the Line - a group of volunteers have been actively working on plans to extend the line both East and West so that when the opportunity arises the Railway will be able to make progress in a timely manner. These are both long term projects, which are likely to advance incrementally over a period of time

Some of these topics are covered in greater detail below

1. Finance Report

Total revenues for the reporting year increased by a little over £66,000 compared with the year ending March 2010, a 15% improvement. Operational Management at the time focused on building passenger numbers which resulted in increased Ticket Sales revenues of £76,000, again providing a significant 42% improvement over the previous year. Other revenue sectors for the reporting year's income statement were very comparable with those of the previous year

Unfortunately operational management did not keep a close eye on direct costs. It became clear towards the end of the 2010 summer that in order to increase ticket sales by £76,000 WR plc had spent an additional £105,537. Most of this additional expenditure was incurred mobilising, running and hiring expensive specialist diesel and steam locomotives. Needless to say such additional losses caused significant cash flow issues for the whole company over the subsequent winter period. However, I am pleased to report that with help of very understanding "Creditors", the support of the WRA and unexpected income from the "A1 improvement programme" in the early part of 2012 the cash situation was contained and we were able to start to repay legacy debts in a controlled and sustainable manner

The Company has recently introduced a new accounting facility. It provides detailed management information that allows detailed scrutiny of revenues and costs in a timely manner. Such monthly management accounts reflect the new organisation structure, director responsibilities, and financial processes. As a result, costs, which are closely managed by the new General Manager on a day to day basis, have been significantly reduced in this current year without any significant impact on the level or quality of services provided

In addition Directors and Operational Managers are focused on developing a series of business initiatives which are planned to allow us to "at least break even at the operating profit level" during the current financial year. The Board fully appreciates the effort that needs to be made, but it is confident that this is achievable whilst at the same time paying off past debts and operating within our current cash constraints

WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT - continued

2. Safety

In August a car collided with a steam hauled train on one of our user worked crossings, Fox Park. Fortunately nobody - passenger, staff nor car driver - sustained any injuries. Her Majesty's Inspector of Railways (HMRI) investigated the accident and reported that the overgrowth of vegetation was a contributory cause of the accident and imposed a 10mph speed limit on all such crossings until vegetation was cleared sufficiently to provide clear sight lines. A concerted effort was made over the winter months to provide the necessary sightings by the removal of trees and bushes. The line was re-examined by HMRI in late February and the restriction was removed in March. We now have a system in place to monitor the vegetation at these crossings on a monthly basis.

3. Structure and Staffing

The Company was reorganised into four operating divisions, Commercial, Finance, Infrastructure and Operations. Each division is the responsibility of a plc director and a manager oversees the day-to-day operation. It is the Company's intention, when funds become available, to appoint more salaried staff. At present we have a mixture of paid staff and volunteers with some positions being 'job-shared'.

A thorough review of all roles was conducted during the year and, in the reorganisation that followed, the previous post of Customer Services Manager was deleted from the new structure. To thank her for many years of sterling service, the Board presented Amanda Pearson with flowers and messages of goodwill in her new role outside of the organisation.

Nick Wood resigned as General Manager in September, and pending the review of salaried staff, Nigel Park was appointed as acting General Manager. We thank Nick for his efforts and wish him well for the future.

At Board level, Angus Maude stepped down as Chair in October and assumed the position of Chief Executive. John Mazzucchi was elected as Chair. Steve Craggs resigned in the spring of 2012 but continues to support the Railway by producing excellent videos, available on YouTube, and his work is much appreciated. The Board is still looking for director(s) to lead engineering and health & safety.

I thank the Board for their commitment to the railway and for their support to me.

The Commercial Division, responsible for catering, property management and shops, is managed by volunteers with the help of a loyal band of part-time paid staff at the Northallerton Kiosk. All aspects of this division have been closely reviewed with the object of maximising revenue, this has involved adjusting the stock levels and prices. We realise that we need to improve our catering experience available to passengers, both on and off the trains. At the moment our facilities only permit us to offer cold food in the buffets.

4. Management Information

The Company's finances have been completely reorganised onto the Sage accountancy system, which will enable costs to be more closely monitored and produce monthly detailed accounts to the Board. It is the Board's primary aim to produce a trading surplus in the very near future. One of our limiting factors is the historical debt the present Board has inherited and it's our intention to clear these as soon as funds become available. This limits the funds to expand the business. Throughout the accounting year, we have employed a full-time Accounts Manager, assisted by a volunteer. More help is required in this department.

5. Operations

The Operations Division continues to keep our trains running and maintained to a high standard in very difficult circumstances. It is to their credit that very few trains have been cancelled due to lack of staff. During the high season our small band of paid staff worked many hours beyond the 'call of duty'. It has been very pleasing to see our passenger numbers approaching 40,000. Work has started on covered maintenance accommodation but at present we are in negotiation with the local water company over the siting of a sewer.

WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT - continued

Under the new rules, issued by Office of Rail Regulation, every railway / tramway has to possess a Safety Management System (SMS) This document details, among others, how the railway is safely operated, how staff are trained, vehicle and track maintenance, how an emergency is managed and the corresponding record keeping Following the HMRI's visit in August 2011, it was necessary to rewrite this document and the corresponding rule book This mammoth task was undertaken by members of the Operations Division, to whom we owe many thanks This was finally approved by the HMRI in November

Thanks to the financial support of the WRA Ltd, we have been able to replace approximately 1,000 sleepers Our valiant volunteer infrastructure team have replaced 200m with new track, sleepers and ballast at Blind Lane We are now proving we have the necessary skills and expertise to undertake major track improvements This division is managed and staffed solely by volunteers who are known to work throughout the night on occasions and in all weathers

Local Groups have continued to improve their respective stations, often raising their own funds Leyburn have tarmac'd the platform and installed drainage and fencing Bedale has been transformed new waiting room, leading directly onto the platform and staff facilities improved Simple refreshments are now available The large room has been leased to Bedale Community Bakery, thus helping our cash flow Various improvements have been made at Leeming Bar including the redecoration of the offices The Cottage at Aysgarth has been redecorated and many parts have been refurnished, much work has been done to improve the surrounds and the area is used as an occasional car park, providing a source of income The Company owns Aysgarth and Leeming Bar, Bedale and Leyburn are on long-term leases

6. Strategic Plan

The Board, in consultation with the Association and the Trust, has re-examined the strategic plan and produced its Aims and Objectives, which are attached Our aim is ultimately to reopen the line between Northallerton and Garsdale Our immediate objective, however, is to improve the existing track and upgrade the line between Leeming Bar and Northallerton, establish a temporary platform at Castle Hills (Northallerton), thus enabling us to reintroduce excursion traffic, another income source The medium-term objective is to extend the line to Castle Bolton and at a later stage to Aysgarth This does not preclude our return to Northallerton, although Network Rail has indicated they will not support our return to the former Northallerton Bay Platform, for which they have other plans Other alternatives are being investigated although, with costs in the region of £10m-£20m, it very much remains a long-term objective

It is realised that our immediate survival lies in minimising costs and increasing sales

In 2011-12, we increased passenger numbers by nearly 40% but increased the cost of sales in putting on an exciting but costly summer of steam and preserved diesel This helped to raise our profile and we provided a great many people with a great day out but, in the future, we must learn the painful lesson that getting ticket sales up must not be *at any cost* to the railway That said, we must continue to attract tourists as a high priority, we are a heritage railway and, in becoming one, we are attracting visitors and supporting the local community For the local community, we have introduced a discount scheme for local residents which is proving very popular

7. The Future

In 2012-13, we will continue to build on previous successes and avoid some of the pitfalls that followed last year's ambitious timetable We will

continue to control costs tightly and intend to enter a trading surplus this year, or soon after,
build on good passenger experience, constantly learning what our customers want and providing the best we can as cost-effectively as possible,
continue to invest in our best assets our volunteers, who tirelessly strive to raise funds for new projects and initiatives and who turn out in all weathers to keep the railway running,
improve our internal systems and processes to maximise the new structure's effectiveness,
monitor current structures and relationships to ensure that operational and commercial management is as 'lean' and effective as possible

John Mazzucchi
Chair of the Plc
7 August 2012

WENSLEYDALE RAILWAY PLC

DIRECTORS' PROFILES

John Mazzucchi (Chairman – appointed 23.01.2011)

John Mazzucchi has been a Wensleydale Railway volunteer for over ten years and is a director of the Wensleydale Railway Association Limited

Andrew Maude (Chief Executive - appointed 14.05.2008)

Andrew Maude is a Building Surveyor with over 30 years experience on a wide range of buildings, including renovation, restoration and improvement of listed buildings. In addition he has designed new-build and pollution control works. He is a senior property manager with North Yorkshire County Council and a Director of the WRT and a Director of WRA.

Carl Les (Director - appointed 27.08.2009)

Carl Les is a business and hospitality expert with over 40 years experience in the hospitality industry. He owns and has developed the Leeming Bar Services into a hotel, meetings centre, catering, retail and filling station business. He is a District and County Councillor in Hambleton and North Yorkshire.

Russell Lord (Infrastructure Director - appointed 23.02.2010)

Russell Lord is a senior infrastructure manager at Network Rail who has spent all his working life in the rail industry.

Janet Crampton (Director – appointed 18.04.2010)

Janet Crampton is currently a national programme manager for the Department of Health. In addition she runs her own health and social care consultancy having been involved in commissioning care services, and managing change and improvement in both the Department of Health and local health and social care economies for over 20 years. In addition, Janet is currently chair of Scruton Parish Council.

David Pilgrim (Director – appointed 13.03.2011)

David Pilgrim is a chartered electrical engineer and chairman/board member of several medium sized companies.

Peter Anthony Dew (Director – appointed 23.01.2011)

Peter Dew is a former British Rail trainee and recently retired from the bus company he founded and ran in York.

Peter Whitehead (Director - appointed 05.09.2010)

Peter Whitehead is a local businessman and fund raiser.

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2012

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 - 4 provides a comprehensive review of the performance of the business during the year and demonstrates the steps that are being taken to ensure the continuing operation of the Railway

THE DIRECTORS OF THE COMPANY

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

J R Crampton
C A Les
R F Lord
A A Maude
D Pilgrim
J Mazzucchi
S M Craggs
P A Dew
P Whitehead

Resigned 19 02 2012

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012 - continued

SHARE CAPITAL

During the year the company issued further shares of £73,670 At 31 March 2012 £2,328,578 (2011 £2,254,908) 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

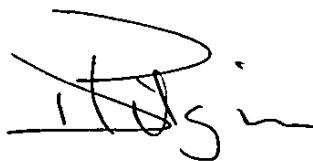
Trade creditor days of the company for the year ended 31 March 2012 were 164 days (2011 70 days) based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors

AUDITOR

JWPCreers LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006

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 'D Pilgrim', written over a horizontal line.

D Pilgrim
Director

Approved by the directors on 7 August 2012

WENSLEYDALE RAILWAY PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

WENSLEYDALE RAILWAY PLC
INDEPENDENT AUDITOR'S 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 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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.

QUALIFIED OPINION

In our opinion, the financial statements

- give a true and fair view of the state of the group's and parent company's affairs at 31 March 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WENSLEYDALE RAILWAY PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WENSLEYDALE RAILWAY PLC – continued

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

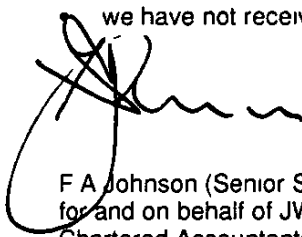
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or

we have not received all the information and explanations we require for our audit



F A Johnson (Senior Statutory Auditor)
for and on behalf of JWPCreers LLP
Chartered Accountants and Statutory Auditor

JWPCreers LLP
Genesis 5
Church Lane
Heslington
York
YO10 5DQ

9 August 2012

WENSLEYDALE RAILWAY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	Total 2012 £	Total 2011 £
Turnover	2	500,058	433,919
Cost of sales		(469,668)	(364,131)
Gross profit		30,390	69,788
Administrative expenses		210,019	209,256
Amortisation of goodwill		35,030	35,030
Other operating income		(45,726)	(39,424)
Legacy		-	(5,000)
		199,323	199,862
Operating (loss)	3	(168,933)	(130,074)
Interest receivable		3	-
Interest payable	6	(12,586)	(9,681)
(Loss) on ordinary activities before taxation		(181,516)	(139,755)
Taxation	7	-	-
(Loss) after taxation		(181,516)	(139,755)
Retained (loss) for the year		(181,516)	(139,755)
Balance brought forward		(1,763,611)	(1,623,856)
Balance carried forward		(1,945,127)	(1,763,611)

All of the activities of the group are classed as continuing

The company has taken advantage of Section 408 of the Companies Act 2006 not to publish its own profit and loss account

The notes on pages 15 to 28 form part of these financial statements

WENSLEYDALE RAILWAY PLC
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
Loss for the financial year attributable to the shareholders	(181,516)	(139,755)
Unrealised profit on revaluation of certain fixed assets	117,077	-
	<u> </u>	<u> </u>
Total gains and losses recognised since the last annual report	<u>(64,439)</u>	<u>(139,755)</u>

WENSLEYDALE RAILWAY PLC

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 MARCH 2012

	Note	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
FIXED ASSETS					
Goodwill	8	35,029	-	70,059	-
Tangible assets	9	1,142,226	595,643	952,263	517,082
Investments	10	-	101,650	-	101,652
		<u>1,177,255</u>	<u>697,293</u>	<u>1,022,322</u>	<u>618,734</u>
CURRENT ASSETS					
Stock	11	9,181	9,181	10,591	10,591
Debtors	12	28,481	240,787	56,476	300,932
Cash at bank		2,779	2,612	5,800	3,854
		<u>40,441</u>	<u>252,580</u>	<u>72,867</u>	<u>315,377</u>
CREDITORS: Amounts falling due within one year	13	343,957	422,328	222,301	301,541
		<u>(303,516)</u>	<u>(169,748)</u>	<u>(149,434)</u>	<u>13,836</u>
Net current (liabilities)/assets					
TOTAL ASSETS LESS CURRENT LIABILITIES		873,739	527,545	872,888	632,570
CREDITORS: Amounts falling due after more than one year	14	373,211	116,832	381,591	111,401
		<u>500,528</u>	<u>410,713</u>	<u>491,297</u>	<u>521,169</u>
CAPITAL AND RESERVES					
Share capital	18	2,328,578	2,328,578	2,254,908	2,254,908
Profit and loss account	19	(1,945,127)	(1,917,865)	(1,763,611)	(1,733,739)
Revaluation reserve	20	117,077	-	-	-
		<u>500,528</u>	<u>410,713</u>	<u>491,297</u>	<u>521,169</u>
Shareholders' Funds	21				

These annual report and accounts were approved by the directors and authorised for issue on 7 August 2012 and are signed on their behalf by

J. Mazzocchi
J Mazzocchi

D Pilgrim
D Pilgrim

Company registration number 4093919

The notes on pages 15 to 28 form part of these financial statements

WENSLEYDALE RAILWAY PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	22	30,201	(105,177)
Returns on investments and servicing of finance	22	(12,583)	(9,681)
Taxation		-	-
Capital expenditure and financial Investment	22	(96,618)	(4,400)
Cash outflow before financing		(79,000)	(119,258)
Financing	22	78,554	80,730
(Decrease)/Increase in cash	22	(446)	(38,528)

The notes on pages 15 to 28 form part of these financial statements

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES

Basis of accounting - Going Concern

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

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, the continuing tight control of costs and complying with the agreements made to reduce the legacy debt.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. No profit and loss is presented for the company as permitted by Section 408 of the Companies Act 2006. The loss dealt with in the accounts of the company for the year ended 31 March 2012 was £184,126 (2011 £138,643).

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

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

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

	2012 £	2011 £
United Kingdom	500,058	433,919

3 OPERATING LOSS

Operating loss is stated after charging

	2012 £	2011 £
Depreciation	25,820	29,448
Amortisation	35,030	35,030
Auditors' remuneration		
- as auditor	9,500	9,500
- other services	1,140	1,240
Operating lease costs		
- land and buildings	18,345	18,401

4 PARTICULARS OF EMPLOYEES

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

	2012 No	2011 No
Number of management and administration staff	2	2
Number of sales staff	1	1
Number of railway operations and maintenance staff	4	5
	<u>7</u>	<u>8</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	139,268	140,533
Social security costs	10,403	11,017
	<u>149,671</u>	<u>151,550</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	-	-

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable on bank and other borrowings	12,586	9,681

7 TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

There is no liability to corporation tax due to the incidence of tax losses

	2012 £	2011 £
Loss on ordinary activities before taxation	(181,516)	(139,755)
Loss on ordinary activities by rate of tax	(36,303)	(29,349)
Off-set losses	36,303	29,349
Total current tax	-	-

8 GOODWILL

	2012 £	2011 £
Balance at 1 April 2011	70,059	104,410
Additions	-	679
Amortised in the year	(35,030)	(35,030)
Balance at 31 March 2012	35,029	70,059

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

9 TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST					
At 1 April 2011	537,717	151,670	387,717	183,622	1,260,726
Additions	-	57,268	37,540	3,899	98,707
Revaluation	76,016	-	-	-	76,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	613,733	208,938	425,257	187,521	1,435,449
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 1 April 2011	102,536	30,476	53,872	121,579	308,463
Charge for the year	5,675	4,462	8,505	7,179	25,821
Revaluation	(41,061)	-	-	-	(41,061)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	67,150	34,938	62,377	128,758	293,223
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 31 March 2012	546,583	174,000	362,880	58,763	1,142,226
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011	435,181	121,194	333,845	62,043	952,263
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included within freehold property is an investment property with a book value of £330,000 (2011 £212,923)

Following a recent valuation by an independent chartered surveyor the directors have chosen to revalue the investment property to its current market value of £330,000

TANGIBLE FIXED ASSETS - COMPANY

	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST				
1 April 2011	147,921	387,717	183,622	719,260
Additions	57,268	37,540	3,899	98,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	205,189	425,257	187,521	817,967
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 April 2011	26,727	53,872	121,579	202,178
Charge for the year	4,462	8,505	7,179	20,146
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2012	31,189	62,377	128,758	222,324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 March 2012	174,000	362,880	58,763	595,643
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011	121,194	333,845	62,043	517,082
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

10 INVESTMENTS

Company	WRC(P) Limited £	TWRC Limited £	Total £
COST			
At 1 April 2011	2	101,650	101,652
Additions	-	-	-
Disposals	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
At 31 March 2012	-	101,650	101,650
	<hr/>	<hr/>	<hr/>

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	100
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

	2012 £	2011 £
Aggregate capital and reserves		
TWRC Limited	91,293	92,216
WRC(P) Limited	(57,012)	(90,495)
	<hr/>	<hr/>
Profit/(Loss) for the year		
TWRC Limited	(923)	(798)
WRC(P) Limited	33,483	34,716
	<hr/>	<hr/>

WRC(P) Limited is the 100% owned subsidiary of TWRC Limited Wensleydale Railway plc controls 100% of WRC(P) Limited by way of its 100% ownership of TWRC Limited, as such the results of WRC(P) Limited have been disclosed in these accounts

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

11 STOCKS

Group and Company

	2012 £	2011 £
Finished goods	9,181	10,591

12 DEBTORS

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Trade debtors	18,393	18,393	46,235	46,235
Amounts owed by group undertakings	-	212,306	-	244,456
Prepayments and accrued income	10,088	10,088	10,241	10,241
	<u>28,481</u>	<u>240,787</u>	<u>56,476</u>	<u>300,932</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

13 CREDITORS: Amounts falling due within one year

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Bank loans and overdrafts	35,936	24,181	38,164	25,213
Trade creditors	218,065	218,065	83,781	83,781
Amounts owed to group undertakings	-	145,239	-	157,603
PAYE and social security	-	-	3,158	3,158
VAT	3,048	3,048	7,974	7,974
Bonds	33,700	-	34,600	-
Other creditors	25,243	15,734	19,734	1,915
Accruals and deferred income	27,965	16,061	34,890	21,897
	<u>343,957</u>	<u>422,328</u>	<u>222,301</u>	<u>301,541</u>

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

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Bank loans and overdrafts	<u>35,936</u>	<u>24,181</u>	<u>38,164</u>	<u>25,213</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. The bank loan is secured against the freehold property of the group. The bank loan is at a variable rate of 2.5% above the base rate. The loan is repayable by monthly instalments.

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

14 CREDITORS: Amounts falling due after more than one year

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Bank loans and overdrafts	256,379	-	268,090	-
Bonds	-	-	2,100	-
Other creditors	37,416	37,416	30,000	30,000
Deferred income	79,416	79,416	81,401	81,401
	<u>373,211</u>	<u>116,832</u>	<u>381,591</u>	<u>111,401</u>

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

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Bank loans and overdrafts	256,379	-	268,090	-

Included within creditors falling due after more than one year is an amount of £199,020 (2011 £212,224) 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 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Amounts payable				
In one year or less	13,297	-	12,951	-
In more than one year but not more than two years	13,702	-	13,345	-
In more than two years but not more than five years	43,657	-	42,521	-
In more than five years	199,020	-	212,224	-
	<u>269,676</u>	<u>-</u>	<u>281,041</u>	<u>-</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

16 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 there were annual commitments under non-cancellable operating leases as set out below

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Land and buildings				
Operating leases which expire				
Within one year	1,825	1,825	1,825	1,825
After more than five years	16,520	71,720	16,520	71,720
	<u>18,345</u>	<u>73,545</u>	<u>18,345</u>	<u>73,545</u>

17 RELATED PARTY TRANSACTIONS

During the year the company made purchases of £1,797 (2011 £768) from The Lodge a business owned by C A Les, a director of the company, at the year end £35 (2011 £127) was due to this business

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

18 SHARE CAPITAL

Authorised share capital:

	2012 £	2011 £
9,950,000 ordinary shares of £1 each	9,950,000	9,950,000
50,000 ordinary 'A' shares of £1 each	50,000	50,000
	<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 2012

18 SHARE CAPITAL continued

Allotted, called up and fully paid:

	No	2012 £	No	2011 £
Ordinary shares of £1 each	2,328,578	2,328,578	2,254,908	2,254,908

On 23 November 2000 the company offered 2,500,000 ordinary shares of £1 each at par and on 19 April 2004 the company offered 2,750,000 ordinary shares of £1 each at par for public subscription

During the year 73,670 ordinary shares of £1 each were issued and fully paid

At 31 March 2012, 2,328,578 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

19 STATEMENT OF MOVEMENTS ON RESERVES GROUP

	Profit and loss account £
Balance at 1 April 2011	(1,763,611)
Retained loss for the year	(181,516)
	<hr/>
Balance at 31 March 2012	(1,945,127)
	<hr/>

COMPANY

	Profit and loss account £
Balance at 1 April 2011	(1,733,739)
Retained loss for the year	(184,126)
	<hr/>
Balance at 31 March 2012	(1,917,865)
	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

20 REVALUATION RESERVE

	2012 £	2011 £
Revaluation of fixed assets	117,077	-
Balance carried forward	117,077	-

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

GROUP

	2012 £	2011 £
(Loss) for the financial year	(181,516)	(139,755)
New ordinary share capital subscribed	73,670	93,300
Minority interest re TWRC	-	(3,721)
Other net recognised gains and losses	117,077	-
Net increase/(reduction) in funds	9,231	(50,176)
Opening shareholders equity funds	491,297	541,473
Closing shareholders equity funds	500,528	491,297

COMPANY

	2012 £	2011 £
Loss for the financial year	(184,126)	(138,643)
New equity share capital subscribed	73,670	93,300
Net (reduction)/increase in funds	(110,456)	(45,343)
Opening shareholders equity funds	521,169	566,512
Closing shareholders equity funds	410,713	521,169

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

22 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT/(LOSS)

	2012 £	2011 £
Operating (loss)	(168,933)	(135,074)
Legacy	-	5,000
Depreciation	25,820	29,448
Profit on disposal of fixed assets	(2,089)	-
Amortisation of goodwill	35,030	35,030
Decrease in stocks	1,410	4,133
Decrease/(Increase) in debtors	27,995	(42,685)
(Decrease)/Increase in creditors	110,968	(1,029)
Net cash inflow/(outflow) from operating activities	<u>30,201</u>	<u>(105,177)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	3	-
Interest paid	(12,586)	(9,681)
Net cash outflow from returns on investments and servicing of finance	<u>(12,583)</u>	<u>(9,681)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2012 £	2011 £
Payments to acquire minority interest	-	(4,400)
Payments to acquire tangible fixed assets	(98,707)	-
Receipts from sale of fixed assets	2,089	-
Net cash outflow for capital expenditure and financial investment	<u>(96,618)</u>	<u>(4,400)</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

21 NOTES TO THE CASH FLOW STATEMENT continued

FINANCING

	2012 £	2011 £
Issue of equity share capital	73,670	93,300
Net inflow/outflow from short term creditors	13,819	-
Net inflow from other long term creditors	5,316	-
Repayment of bank loans	(12,266)	(12,570)
Net outflow from long term accruals	(1,985)	-
	<u> </u>	<u> </u>
Net cash inflow from financing	78,554	80,730
	<u> </u>	<u> </u>

RECONCILIATION OF NET CASH FLOW

	2012 £	2011 £
(Decrease)/Increase in cash in the period	(446)	(38,528)
Movement on bank and debenture loans	14,365	12,570
	<u> </u>	<u> </u>
Change in net debt	13,919	(25,958)
Net funds at 1 April 2011	(337,154)	(311,196)
	<u> </u>	<u> </u>
Net funds at 31 March 2012	(323,235)	(337,154)
	<u> </u>	<u> </u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2011 £	Cash flows £	At 31 March 2012 £
Net cash			
Cash in hand and at bank	5,800	(3,021)	2,779
Overdrafts	(25,213)	2,575	(22,638)
	<u> </u>	<u> </u>	<u> </u>
	(19,413)	(446)	(19,859)
Debt due within one year	(47,551)	554	(46,997)
Debt due after one year	(270,190)	13,811	(256,379)
	<u> </u>	<u> </u>	<u> </u>
Net debts	(337,154)	13,919	(323,235)
	<u> </u>	<u> </u>	<u> </u>