
WENSLEYDALE RAILWAY PLC
FINANCIAL STATEMENTS ANNUAL REPORT
AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2013

Company registration number 04093919

TUESDAY



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COMPANIES HOUSE

jwpcreeers llp
CHARTERED ACCOUNTANTS

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

WENSLEYDALE RAILWAY PLC
FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2013

CONTENTS	PAGE
The directors' report	1
Statement of directors' responsibilities	7
Independent auditor's report to the shareholders	8
Profit and loss account	10
Group statement of total recognised gains and losses	11
Group balance sheet	12
Balance sheet	13
Group cash flow cash flow statement	14
Notes to the financial statements annual report and accounts	15

WENSLEYDALE RAILWAY PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements annual report and accounts of the group for the year ended 31 March 2013

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The Chairman's statement below 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

WENSLEYDALE RAILWAY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

FUTURE DEVELOPMENTS CHAIRMAN'S STATEMENT

A Introduction

I think it was Her Majesty the Queen who brought the phrase 'Annus Horribilis' into public consciousness and, for the Wensleydale Railway, 2012/13 was certainly ours

It began with us having to comply with Her Majesty's Inspector of Railways requirement to complete the cut-back of vegetation and restore sight-lines and ended up with a major landslip at Akebar which curtailed our getting the season off to the flying start it needed. We were still struggling with financial consequences of the popular but costly 'Summer of Steam' two years before and a 'slow' year in 2011/12. We were implementing new computer software to produce cogent management information we had not previously had and we were progressing our proposals to restructure the Plc in a way which would improve our chances of seeking grants and other forms of income. Our volunteer and staff time was spent on reviewing rail and track safety and continued compliance with the requirement to manage vegetation and sight-lines. Our staff and volunteers were heroic in overcoming difficulty after difficulty, but it was a very tough year.

The good news is that we did start the current year off in a more stable financial situation than in any previous year and I'm confident that when the Chairman's report is written in 2014 reviewing this year, it will be a more positive affirmation of all our successes and a celebration of the 10 years the railway has been operating.

Before proceeding to our achievements, I must mention the sad passing of Steve Craggs, one of our former Plc directors, and several of our volunteers. Their cheerful and purposeful contributions to the Railway will not be forgotten.

B Structure and Staffing

We have continued the four divisions of the Plc and this report gives an account of their activities in driving forward our ambitions for a leaner and more efficient railway.

During 2012/13 Board membership was

John Mazzucchi - Chair

Janet Crampton - Vice Chair

Angus Maude - Chief Executive

Peter Dew - Operations

Carl Les - Marketing and Local Community Engagement

Russell Lord - Infrastructure

David Pilgrim - Strategic Financial Planning (to become Associate Director Strategic Finance in 2013/14)

Peter Whitehead stepped down as director on September 29th 2012 and we are very appreciative of the work Peter undertook, together with the late Steve Craggs, in producing videos of the Railway. In June 2013, David Pilgrim announced that other work commitments forced him to resign from the Board but in 2013/14 he will continue to advise the Board on financial matters and produce monthly reports as before. We are very indebted to David for his work.

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

WENSLEYDALE RAILWAY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

1 Operations

The 2012 timetable was revised with a reduction of about 9% in the number of running days in order to avoid those days when passenger numbers were minimal. The idea of the second train starting at Leyburn was again included, but this experiment has not been repeated in 2013.

Harsh economic lessons learned from 2011 meant that there were fewer steam-hauled services, and those that ran were hauled by the North Eastern Locomotive Preservation Group's J72 class locomotive, which is more economical to run but which has restricted haulage capability. This led to some capacity problems in the peak season. The J72 has been hired again for the 2013 season. Similarly, the previous expensive hiring in of diesel locomotives was kept to a minimum in both 2012 and 2013. Diesel Multiple Units, which are cheaper to run, were used as often as possible, with locomotive hauled trains only being resorted to when the number of bookings exceeded the capacity of the DMUs.

The generally poor summer weather had some effect on passenger numbers, though less than might be imagined. Services were suspended on Tuesday, September 24th due to flooding - a day when both the A1 and the A684 were closed for the same reason. An inspection train was operated as far as Leyburn to assess damage, and this subsequently undertook further trips to carry those who were stranded because of road closures. This provided some useful publicity and, it is hoped, goodwill among local residents.

The speed restrictions at user-worked crossings, imposed as a result of the Fox Park collision, were removed and this led to an improvement in timekeeping and service reliability. There were a number of incidents with cyclists at Aiskew Crossing during the year, and this problem will be addressed, as far as it can be, when the crossing is renewed during the winter 2013-14 closure period. This follows the successful relaying of track and resurfacing at Bedale Crossing during January 2013. A collision between an empty train and a car at Aiskew AOCL on 30th January led to police action against the car driver: no blame attached to the railway.

The landslip at Akebar embankment led to the closure of the line after services on 2nd January. Considerable work was necessary in order to rectify the problem, and both paid staff and volunteers worked through some appalling weather conditions to remove the track, dig out and repair the formation, cut down vegetation on the embankment and replace the track in time for services to resume at Easter. Early season services ran, using a DMU, between Bedale and Castle Hills. Peter Dew, the Director with responsibility for Operations, has expressed his gratitude to all of those involved, who ensured that we were still able to run some services even though Leyburn and Redmire had no trains for several weeks. I add my thanks to his.

The revised Safety Management System was introduced, and we offer thanks to Richard Brown, Operations Manager, who was responsible for much of this work, compiling and distributing the new rule book. All staff involved in safety-critical jobs were re-examined on the new rule book during 2012.

More volunteers qualified as guards, crossing keepers and signalmen during 2012, this led to a reduction in the pressure on the paid staff, although both they and a small band of volunteers were often called upon to fill in on these tasks, especially during the peak season. The situation has improved further in 2013.

We acknowledge the hard work put in by Nigel Park, General Manager, his staff and the many volunteers, without whom the successful operation of the Wensleydale Railway would be impossible.

WENSLEYDALE RAILWAY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

2 Commercial/Marketing and Local Community Engagement

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. In almost 2 decades of public service now, the involvement of volunteers in our society never ceases to amaze the Board. The generosity of spirit, and time and often cash, means that all our lives are the better and the richer.

The Wensleydale Railway family of volunteers supporting hard working paid staff, all going beyond the measured mark, is perhaps the perfect example of this.

In our view, it's important to channel efforts and resources in a business like approach to our endeavours. We need to make the railway sustainable, so we must buy and sell our product at a margin to let this happen. Carl Les, the Director with responsibility for commercial management brings a substantial amount of experience in retailing to the role.

We have made many changes last year, and there will be more to come. One of Carl's favourite quotes from the time of President Kennedy is "Don't ask if change is coming - ask rather how you can be part of it". Having spent his whole life in the hospitality business Carl knows only too well that whatever the structure of the railway, we will have customers who expect and demand good service, products at an acceptable price, and a friendly environment in which to enjoy their choice of a day out.

If we can deliver all that, together, then we will succeed, make a profit, become sustainable and continue for many years to come. We're looking forward to it.

3 Infrastructure

The Infrastructure Team under the leadership of Michael Brittlebank has continued to upgrade the track between Leeming Bar and Redmire by 'spot sleepers' and replacing ballast where necessary. Two major projects were planned and undertaken within the year, a complete renewal of Bedale Crossing and the upgrading of the track between Leeming Bar and Castle Hills to passenger standards. The latter is almost complete.

The heavy rains throughout the winter brought its own problems and resulted in a landslip at Akebar Embankment. This closed the Railway for over two months while the embankment was rebuilt, a new track bed constructed and the track re-laid. We are very grateful for the very generous response to the appeal launched by the WRA and WRT.

4 Strategic Finance and Business Planning

Having installed Sage Financial software, the focus has been on making coherent and complete all previous records so decisions for future activity are based on reliable data. We still found some loose ends and previously unknown commitments but are gradually feeling more confident that we now have the full picture. Our accounts manager also assumed the role of Office Manager as well as being actively involved in face-to-face contact with passengers on the trains. Having the General Manager and Accounts Manager at Board meetings has also helped inform our decision-making, and in 2013/14 we will invite the Chairs of the WRA and the WRT to be part of that process.

We have not been satisfied with the current banking arrangements and are in the process of switching to a simpler, more flexible and less costly facility whilst maintaining the level of security demanded by the Board.

As you may recall from previous financial presentations the Board has been keen to ensure that the Railway is managed in a sustainable and business-like manner such that it gets its costs under control, operates within its means whilst providing a firm base for future growth. The Financial Accounts for 2012/13 very much reflects the first full year of this approach. Although there has been a 14% reduction in turnover, Direct Costs are down by 25%, Admin Expenses are down by 20% whilst Other Income (mostly property rental Income) is up by 65%.

I am therefore delighted that we are able to report a 69% reduction in Operating Loss.

Monthly management accounts now provide the Board with timely and reliable financial data whilst supplementary reports are now beginning to provide departmental trading margins. As with many parts of the Railway the "quality" and granularity of information is continuing to improve. The Board is satisfied that we now have sound control of our business and the management tools to identify and rectify issues as they arise. Our aim is now to build the turnover in a sustainable manner whilst keeping the costs down and growth rate within the very limited cash resources available.

As you may be aware from previous years the Board's greatest challenge is to manage cash during the "down season", that is the fourth quarter of the financial year. The cash flow issue was further exacerbated during 2012/13 as a result of the

WENSLEYDALE RAILWAY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

complete replacement of Bedale Crossing and the rebuild of the rail embankment at Akebar. The Board is most grateful for the support of the WRA and the Trust during the last quarter of 2012/13 in helping us through this very difficult period.

C The Future

In 2013/14, our major focus will be on expansion of services to our customers and extension of the line using the strategic plan (attached) which all members of the railway family have agreed.

We will, in general management and operational terms

- continue to control costs tightly and start the year in an even healthier financial situation than any new season has started since the beginning of the railway

- pursue our policy of repaying bonds and loans, and dealing with historic debts

- increase our income through rents and way-leaves and, of course, increased sales of tickets and refreshments

- build on good passenger experience, constantly learning what our customers want and providing the best we can as cost-effectively as possible. They have loved the special afternoon-tea trains and some of the other specials. We'll definitely be doing more of those.

- 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.

With regard to specific projects, we will

- renew Aiskew Crossing, with a grant obtained from Sustran and NYCC

- erect a temporary platform at Castle Hills, to be known as Northallerton West

- complete the covered accommodation

- restructure the Company

- Continue to plan the extension towards Castle Bolton

RESULTS AND DIVIDENDS

The loss for the year amounted to £65,435. The directors have not recommended a dividend.

DIRECTORS

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

A A Maude

D Pilgrim

J Mazzocchi

P A Dew

R F Lord

C A Les

P Whitehead

P Whitehead retired as a director on 29 September 2012

D Pilgrim retired as a director on 1 June 2013

WENSLEYDALE RAILWAY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2013

SHARE CAPITAL

During the year the company issued further shares of £93,640 At 31 March 2013 £2,422,218 (2012 £2,328,578) 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 2013 were 212 days (2012 164) 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 re-appointed under section 487(2) of the Companies Act 2006

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

Signed on behalf of the directors



Director
J MAZZUCCHI

Approved by the directors on 26 July 2013

WENSLEYDALE RAILWAY PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 MARCH 2013

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

Company law requires the directors to prepare financial statements annual report and accounts for each financial year. Under that law the directors have elected to prepare the financial statements annual report and accounts 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 annual report and accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements annual report and accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 annual report and accounts,
- prepare the financial statements annual report and accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements annual report and accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group 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 group's auditor is 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 auditor is aware of that information.

WENSLEYDALE RAILWAY PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WENSLEYDALE RAILWAY PLC
YEAR ENDED 31 MARCH 2013

We have audited the group and parent company financial statements annual report and accounts ("the financial statements annual report and accounts") of Wensleydale Railway PLC for the year ended 31 March 2013 on pages 10 to 26. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements annual report and accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements annual report and accounts 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 OF THE FINANCIAL STATEMENTS
ANNUAL REPORT AND ACCOUNTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements annual report and accounts sufficient to give reasonable assurance that the financial statements annual report and accounts 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 the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements annual report and accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements annual report and accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

EMPHASIS OF MATTER - 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.

WENSLEYDALE RAILWAY PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WENSLEYDALE RAILWAY PLC *(continued)*

YEAR ENDED 31 MARCH 2013

OPINION ON FINANCIAL STATEMENTS
ANNUAL REPORT AND ACCOUNTS

In our opinion the financial statements annual report and accounts

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2013 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

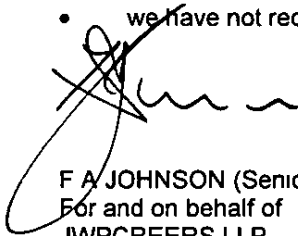
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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 annual report and accounts 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 & Statutory Auditor

Genesis 5
Church Lane
Heslington
York
YO10 5DQ

8 August 2013

WENSLEYDALE RAILWAY PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
GROUP TURNOVER	2	431,041	500,058
Cost of sales		<u>361,779</u>	<u>469,668</u>
GROSS PROFIT		69,262	30,390
Distribution costs Distribution Costs		284	284
Administrative expenses		195,910	244,765
Other operating income	3	<u>(75,229)</u>	<u>(45,726)</u>
OPERATING LOSS	4	(51,703)	(168,933)
Interest receivable		3	3
Interest payable and similar charges	6	<u>(13,735)</u>	<u>(12,586)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(65,435)	(181,516)
Tax on loss on ordinary activities	7	—	—
LOSS FOR THE FINANCIAL YEAR	8	<u>(65,435)</u>	<u>(181,516)</u>

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 26 form part of these financial statements annual report and accounts.

WENSLEYDALE RAILWAY PLC
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
Loss for the financial year attributable to the shareholders of the parent company	(65,435)	(181,516)
Unrealised profit on revaluation of certain fixed assets	<u>—</u>	<u>117,077</u>
Total gains and losses recognised since the last annual report	<u>(65,435)</u>	<u>(64,439)</u>

The notes on pages 15 to 26 form part of these financial statements annual report and accounts.

WENSLEYDALE RAILWAY PLC
GROUP BALANCE SHEET
31 MARCH 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	9	—	35,029
Tangible assets	10	<u>1,176,359</u>	<u>1,142,226</u>
		<u>1,176,359</u>	<u>1,177,255</u>
CURRENT ASSETS			
Stock	12	8,112	9,181
Debtors	13	47,124	28,481
Cash at bank and in hand		<u>4,235</u>	<u>2,779</u>
		<u>59,471</u>	<u>40,441</u>
CREDITORS: Amounts falling due within one year	14	<u>319,698</u>	<u>343,957</u>
NET CURRENT LIABILITIES		<u>(260,227)</u>	<u>(303,516)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>916,132</u>	<u>873,739</u>
CREDITORS: Amounts falling due after more than one year	15	<u>387,399</u>	<u>373,211</u>
		<u>528,733</u>	<u>500,528</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	2,422,218	2,328,578
Revaluation reserve	19	117,077	117,077
Profit and loss account	19	<u>(2,010,562)</u>	<u>(1,945,127)</u>
SHAREHOLDERS' FUNDS	20	<u>528,733</u>	<u>500,528</u>

These financial statements annual report and accounts were approved by the directors and authorised for issue on 26 July 2013, and are signed on their behalf by



J MAZZUCCHI

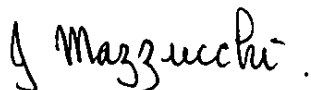
WENSLEYDALE RAILWAY PLC

BALANCE SHEET

31 MARCH 2013

	Note	2013 £	£	2012 £
FIXED ASSETS				
Tangible assets	10		635,451	595,643
Investments	11		101,650	101,650
			<u>737,101</u>	<u>697,293</u>
CURRENT ASSETS				
Stock	12	8,112		9,181
Debtors	13	229,280		240,787
Cash at bank and in hand		4,232		2,612
		<u>241,624</u>		<u>252,580</u>
CREDITORS: Amounts falling due within one year	14	<u>395,856</u>		<u>422,328</u>
NET CURRENT LIABILITIES			(154,232)	(169,748)
TOTAL ASSETS LESS CURRENT LIABILITIES			582,869	527,545
CREDITORS: Amounts falling due after more than one year	15		144,730	116,832
			<u>438,139</u>	<u>410,713</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18		2,422,218	2,328,578
Profit and loss account	19		(1,984,079)	(1,917,865)
SHAREHOLDERS' FUNDS			<u>438,139</u>	<u>410,713</u>

These financial statements annual report and accounts were approved by the directors and authorised for issue on 26 July 2013, and are signed on their behalf by



J MAZZUCCHI

Company Registration Number 04093919

The notes on pages 15 to 26 form part of these financial statements annual report and accounts.

WENSLEYDALE RAILWAY PLC
GROUP CASH FLOW CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2013

	Note	2013 £	£	2012 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	21		(28,628)	20,690
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21		(13,732)	(12,583)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21		(57,058)	(96,618)
CASH OUTFLOW BEFORE FINANCING			(99,418)	(88,511)
FINANCING	21		111,861	88,065
INCREASE/(DECREASE) IN CASH	21		<u>12,443</u>	<u>(446)</u>

The notes on pages 15 to 26 form part of these financial statements annual report and accounts.

WENSLEYDALE RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND
ACCOUNTS
YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

Basis of accounting basis of accounting - going concern

The financial statements annual report and accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets 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 Annual report and accounts incorporate the financial statements annual report and accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements annual report and accounts by virtue of section 408 of the Companies Act 2006.

Related parties transactions

The consolidated accounts of the Wensleydale Railway Plc group are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Wensleydale Railway Plc group.

Turnover

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

Amortisation

Amortisation 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:

Goodwill	-	10 years
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Fixed assets

All fixed assets are initially recorded at cost.

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES *(continued)*

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

Freehold Property	- 2% straight line
Track and rail infrastructure	- 2 % straight line
Station improvements	- 2 5% reducing balance
Plant and equipment	- 10% reducing balance and 20% 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.

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,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- 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 a discounted/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.

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES *(continued)*

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.

	2013 £	2012 £
United Kingdom	<u>431,041</u>	<u>500,058</u>

3. OTHER OPERATING INCOME

	2013 £	2012 £
Rent receivable	47,893	43,715
Other operating income	<u>27,336</u>	<u>2,011</u>
	<u>75,229</u>	<u>45,726</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2013 £	2012 £
Directors' remuneration	—	—
Amortisation of intangible assets	35,029	35,030
Depreciation of owned fixed assets	28,541	25,821
Profit on disposal of fixed assets	(5,616)	(2,089)
Operating lease costs		
- Plant and equipment	6,520	8,150
Auditor's remuneration - audit of the financial statements annual report and accounts	7,600	7,600
Auditor's remuneration - other fees	<u>3,690</u>	<u>3,690</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
Auditor's remuneration - audit of the financial statements annual report and accounts	<u>7,600</u>	<u>7,600</u>
Auditor's remuneration - other fees		
- Statutory audit of subsidiaries	1,790	1,790
- Taxation services	1,250	1,250
- Accounts preparation	650	650
	<u>3,690</u>	<u>3,690</u>

5. PARTICULARS OF EMPLOYEES

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

	2013 No	2012 No
Number of sales staff	2	2
Number of railway operations and maintenance staff	5	5
Number of management and administration staff	2	2
	<u>9</u>	<u>9</u>

The aggregate payroll costs of the above were

	2013 £	2012 £
Wages and salaries	120,168	139,268
Social security costs	7,549	10,403
	<u>127,717</u>	<u>149,671</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Interest payable on bank borrowing	335	395
Other similar charges payable	13,400	12,191
	<u>13,735</u>	<u>12,586</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

7. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2012 - 20%)

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(65,435)</u>	<u>(181,516)</u>
Loss on ordinary activities by rate of tax	(13,087)	(36,303)
Off set losses	<u>13,087</u>	<u>36,303</u>
Total current tax	<u>-</u>	<u>-</u>

8. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements annual report and accounts of the parent company was £(66,214) (2012 - £(184,126))

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 April 2012 and 31 March 2013	<u>350,290</u>
AMORTISATION	
At 1 April 2012	315,261
Charge for the year	<u>35,029</u>
At 31 March 2013	<u>350,290</u>
NET BOOK VALUE	
At 31 March 2013	<u>-</u>
At 31 March 2012	<u>35,029</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

10. TANGIBLE FIXED ASSETS

Group	Investment property £	Track and Rail infrastructure £	Station improvements £	Freehold property £	Plant and Equipment £	Total £
COST OR VALUATION						
At 1 Apr 2012	330,000	425,257	208,938	283,733	187,520	1,435,448
Additions	–	53,533	–	–	9,525	63,058
Disposals	–	–	–	–	(1,101)	(1,101)
At 31 Mar 2013	330,000	478,790	208,938	283,733	195,944	1,497,405
DEPRECIATION						
At 1 Apr 2012	–	62,377	34,938	67,150	128,757	293,222
Charge for the year	–	9,576	4,350	5,675	8,940	28,541
On disposals	–	–	–	–	(717)	(717)
At 31 Mar 2013	–	71,953	39,288	72,825	136,980	321,046
NET BOOK VALUE						
At 31 Mar 2013	330,000	406,837	169,650	210,908	58,964	1,176,359
At 31 Mar 2012	330,000	362,880	174,000	216,583	58,763	1,142,226
Company		Track and Rail infrastructure £	Station improvements £	Plant and Equipment £	Total £	
COST OR VALUATION						
At 1 April 2012		425,257	205,189	187,520	817,966	
Additions		53,533	–	9,525	63,058	
Disposals		–	–	(1,101)	(1,101)	
At 31 March 2013		478,790	205,189	195,944	879,923	
DEPRECIATION						
At 1 April 2012		62,377	31,189	128,757	222,323	
Charge for the year		9,576	4,350	8,940	22,866	
On disposals		–	–	(717)	(717)	
At 31 March 2013		71,953	35,539	136,980	244,472	
NET BOOK VALUE						
At 31 March 2013		406,837	169,650	58,964	635,451	
At 31 March 2012		362,880	174,000	58,763	595,643	

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

11 INVESTMENTS

Company	Group companies £
COST	
At 1 April 2012 and 31 March 2013	<u>101,650</u>
NET BOOK VALUE	
At 31 March 2013 and 31 March 2012	<u>101,650</u>

	Country of Incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company				
TWRC Limited				To support the development and expansion of the Wensleydale Railway
WRC(P) Limited	England	Ordinary shares	100%	To support the development and expansion of the Wensleydale Railway
	England	Ordinary shares	100%	
			2013 £	2012 £
Aggregate capital and reserves				
TWRC Limited			91,293	91,293
WRC(P) Limited			(57,012)	(57,012)
Profit and (loss) for the year				
TWRC Limited			(923)	(923)
WRC(P) Limited			33,483	33,483

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.

12 STOCKS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Stock	<u>8,112</u>	<u>9,181</u>	<u>8,112</u>	<u>9,181</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

13. DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	28,835	18,393	28,835	18,393
Amounts owed by group undertakings	—	—	182,156	212,306
Other debtors	13,500	—	13,500	—
Prepayments and accrued income	4,789	10,088	4,789	10,088
	<u>47,124</u>	<u>28,481</u>	<u>229,280</u>	<u>240,787</u>

14 CREDITORS. Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Debenture loans	33,700	33,700	—	—
Bank loans and overdrafts	25,353	35,936	15,896	24,181
Trade creditors	185,524	218,065	185,523	218,065
Amounts owed to group undertakings	—	—	144,499	145,239
Directors' loan accounts	5,375	—	5,375	—
Other creditors including taxation and social security				
PAYE and social security	5,486	—	5,486	—
VAT	3,934	3,048	3,934	3,048
Other creditors	28,872	25,243	19,343	15,734
Accruals and deferred income	31,454	27,965	15,800	16,061
	<u>319,698</u>	<u>343,957</u>	<u>395,856</u>	<u>422,328</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	<u>29,598</u>	<u>37,478</u>	<u>15,896</u>	<u>24,181</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.

15 CREDITORS. Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	242,669	256,379	—	—
Other creditors	49,101	37,416	49,101	37,416
Accruals and deferred income	95,629	79,416	95,629	79,416
	<u>387,399</u>	<u>373,211</u>	<u>144,730</u>	<u>116,832</u>

WENSLEYDALE RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND
ACCOUNTS

YEAR ENDED 31 MARCH 2013

15 CREDITORS' Amounts falling due after more than one year (continued)

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	<u>242,669</u>	<u>256,378</u>	<u>—</u>	<u>—</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	<u>183,565</u>	<u>199,020</u>	<u>—</u>	<u>—</u>

16 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Within 1 year	1,825	1,825
After more than 5 years	<u>16,720</u>	<u>16,720</u>
	<u>18,545</u>	<u>18,545</u>

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as set out below

Company	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Within 1 year	1,825	1,825
After more than 5 years	<u>71,720</u>	<u>71,720</u>
	<u>73,545</u>	<u>73,545</u>

17. RELATED PARTY TRANSACTIONS

The directors do not believe the company to be under the control of any individual or company

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

WENSLEYDALE RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND
ACCOUNTS

YEAR ENDED 31 MARCH 2013

18. SHARE CAPITAL

Allotted, called up and fully paid:

	2013 No	£	2012 No	£
2,422,218 Ordinary shares (2012 - 2,328,578) of £1 each	<u>2,422,218</u>	<u>2,422,218</u>	<u>2,328,578</u>	<u>2,328,578</u>

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 93,640 ordinary shares of £1 each were issued and fully paid

At 31 March 2013 2,422,218 had been issued and fully paid

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

19. RESERVES

Group	Revaluation reserve £	Profit and loss account £
Balance brought forward	117,077	(1,945,127)
Loss for the year	—	(65,435)
Balance carried forward	<u>117,077</u>	<u>(2,010,562)</u>
Company		
		Profit and loss account £
Balance brought forward		(1,917,865)
Loss for the year		(66,214)
Balance carried forward		<u>(1,984,079)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Loss for the financial year	(65,435)	(181,516)
Other net recognised gains and losses	—	117,077
New ordinary share capital subscribed	<u>93,640</u>	<u>73,670</u>
Net addition to shareholders' funds	28,205	9,231
Opening shareholders' funds	<u>500,528</u>	<u>491,297</u>
Closing shareholders' funds	<u>528,733</u>	<u>500,528</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

21. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating loss	(51,703)	(168,933)
Amortisation	35,029	35,030
Depreciation	28,541	25,821
Profit on disposal of fixed assets	(5,616)	(2,089)
Decrease in stock	1,069	1,410
(Increase)/decrease in debtors	(18,643)	27,995
(Decrease)/increase in creditors	(17,305)	101,456
Net cash (outflow)/inflow from operating activities	<u>(28,628)</u>	<u>20,690</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £	2012 £
Interest received	3	3
Interest paid	(13,735)	(12,586)
Net cash outflow from returns on investments and servicing of finance	<u>(13,732)</u>	<u>(12,583)</u>

CAPITAL EXPENDITURE

	2013 £	2012 £
Payments to acquire tangible fixed assets	(63,058)	(98,707)
Receipts from sale of fixed assets	6,000	2,089
Net cash outflow from capital expenditure	<u>(57,058)</u>	<u>(96,618)</u>

FINANCING

	2013 £	2012 £
Issue of equity share capital	93,640	73,670
Repayment of debenture loans	—	(900)
Repayment of bank loans	(13,306)	(11,364)
Net inflow from other short-term creditors	3,629	23,328
Net inflow from other long-term creditors	11,685	5,316
Net inflow/(outflow) from long-term accruals	16,213	(1,985)
Net cash inflow from financing	<u>111,861</u>	<u>88,065</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2013

21 NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013		2012
	£	£	£
Increase/(decrease) in cash in the period	12,443		(446)
Net cash outflow from debenture loans	—		900
Net cash outflow from bank loans	13,306		11,364
Net (inflow) from other short-term creditors	(3,629)		(23,328)
Net cash (inflow) from other long-term creditors	(11,685)		(5,316)
Net (inflow) from/outflow from long-term accruals	(16,213)		1,985
		(5,778)	(14,841)
Change in net debt		(5,778)	(14,841)
Net debt at 1 April 2012		(465,311)	(450,470)
Net debt at 31 March 2013		(471,089)	(465,311)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2012 £	Cash flows £	At 31 Mar 2013 £
Net cash			
Cash in hand and at bank	2,779	1,456	4,235
Overdrafts	(22,638)	10,987	(11,651)
	(19,859)	12,443	(7,416)
Debt			
Debt due within 1 year	(72,241)	(4,033)	(76,274)
Debt due after 1 year	(373,211)	(14,188)	(387,399)
	(445,452)	(18,221)	(463,673)
Net debt	(465,311)	(5,778)	(471,089)