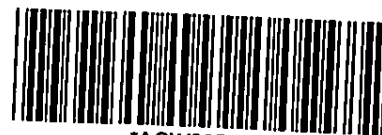


WENSLEYDALE RAILWAY PLC
ANNUAL REPORT AND
CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2009

Company registration number 4093919

Foss Place, Foss Islands Road, York YO31 7UJ

TUESDAY



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WENSLEYDALE RAILWAY PLC

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WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT

It is a great privilege to write this report as the new Chairman of your Board from April 1st 2009. At the 2008 AGM Ruth Annison gave six months notice of her resignation from her role of Chairman of the Board. So even though I am writing this report, the many developments of 2008/9 were, in fact, achieved under her leadership.

This has been another year of steady development for the Wensleydale Railway. Safety remained our top priority and with the help of the Wensleydale Railway Association (WRA) we were able to make further improvements in key safety areas such as level crossing signage; visibility and gates; cutting back vegetation and track work. However it is a huge task to maintain the status quo and we must also be striving for improvements in areas such as staff working conditions (e.g. covered accommodation for work on traction).

Reducing our fixed costs was a priority during this year and the company was able to re-negotiate the Leyburn Station lease so that our annual rents have been significantly reduced. We have been able to retain a magnificent presence at Leyburn (which is run by the Friends of Leyburn Station) whilst also reducing our liability for property management. We need to work now with the landlord and local authorities on regenerating that whole site as a business, community and transport hub.

We continue to have good relations with our principal landlord, Network Rail. We were very pleased to note that during the year Jerry Swift was promoted to Head of Corporate Responsibility (Government & Corporate Affairs) at Network Rail. As Director of Community Rail at Network Rail he was our main contact and a source of considerable support and encouragement. His successor is Neil Barthorpe who has already been to travel on the railway and take part in our socio-economic study Steering Group. We have enjoyed welcoming him to his new role and look forward to a long and productive relationship with him.

Our trains operated on 200 days in the year, which is more than most independent railways and allowed once again for a winter closure for essential works to be carried out on and off track. We will keep the winter closure under review because as we develop the railway it may become feasible, even necessary, to run an all year round service.

The summer of 2008 saw a highly successful Operation Dalesman event skilfully organised by Mike Sheehan. This event (which was repeated in 2009) is important to the business in so many respects; clearly the income it generates is vital but in addition the partnership working involved gives the railway a central role in community activities. This was made manifest in the response of community organisations and businesses in Leyburn in particular. We also continued the highly successful events and guided walks which are providing new customers to local businesses too, with potential for much more as the programme develops. The publicity which results from these activities including television coverage is worth a fortune to the railway.

2008 also saw a repeat of the very popular "Whiff of Steam". With a somewhat reduced three weeks of running the contribution made to your company's finances was vital but somewhat less than in 2007. The year saw the founding of a Wensleydale Railway Diesel Traction Group and the autumn saw our first Diesel Gala. There is no doubt that Diesel traction can be a highly lucrative attractor of customers and in any case the railway will always need diesel traction for engineering and other purposes.

The increasing diversity of train services has emerged mainly out of business necessity. It is clear that simply operating a DMU for much of the year will not attract enough income to pay the massive costs of running a 22 mile railway. In keeping with all similar railways we need to develop a successful business model in order to run our railway. Running the cheapest possible train service is not always a successful business model because our expenditure is of necessity high whatever trains we run. The key is to give value for money.

During the year a Commercial Review Group composed of David Littlefair, John Ozelton and Peter Annison looked into this and concluded that we had to continue to add value to the offer. This means more days where locomotives and coaches can provide a quality experience with extra revenue earning potential such as dining, beer trains etc. In 2009 we are trying out more diesel-hauled days and have increased steam from three weeks to six. The General Manager is developing a plan to take this further in 2010 and will address the AGM on this topic. There are clearly difficult business decisions to make because providing more quality trains costs extra money which means that marketing has to be increased in order to ensure increased income.

The above is an illustration of the complex challenges faced by the Board but we hope is evidence that we have been doing the two things that are needed most: Reducing fixed costs and increasing earnings potential. 2008/9's financial results are an achievement which was greatly helped by a generous legacy.

WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT - continued

Your Board is determined to have a balanced budget in future years because it is only once we have financial balance that we can really operate as a business that can get beyond day to day fire-fighting.

In terms of buildings there were some important high points during the year. The signalbox relocation and restoration project at Leeming Bar led by David Walker made great progress. This project shows the tremendous quality that volunteers on the railway can deliver against all the odds. Similarly the provision of accessible toilets at Leeming Bar, Bedale and Leyburn stations were important steps in making our railway open to all.

Friends groups at Aysgarth, Leeming Bar, Leyburn and Redmire and a Bedale Station Support group continued their good work. Bedale Station is a butterfly soon to emerge from its chrysalis. The Station Support Group has drawn up plans to turn the station into a bustling station with excellent passenger and community facilities including café and meeting rooms and possibly a support role for the railway's on-train catering. The project has been held up by the need for funding but it is one of our priorities for capital fundraising. It is intended that centres such as this will be able to generate much needed income all year round.

This past year has also seen the foundations laid for the railway to move to the next level in its growth. We successfully recruited a General Manager, Kevin Powell. While recruitment was underway John Ozelton was appointed for six months as Acting General Manager and made great progress. A Management Team is coming into place so that the General Manager can work to his full potential and many more colleagues can share the burdens and rewards of management. Sadly Norman Ash and Adrian Walby left our employment but Norman will be available to us on an occasional basis and Adrian will remain involved too.

Working with the Wensleydale Railway Trust and Wensleydale Railway Association, we resolved to establish The Railway Council which has started in the year 2009/10. This is a much needed forum where the big strategic questions can be discussed and developed. Its first product is the draft Medium Term Plan which is the subject of consultation currently (see the web-site www.wensleydalerailway.com for details or contact the office at Leeming Bar station).

The reasoning behind these changes is that in order to keep and retain volunteers there needs to be much clearer definition of roles and more capacity to forward manage. One of the main risks to your business is the reliance on a thin line of volunteers who keep the railway going day in and day out, for example at Leeming Bar. We need people even when trains are not running to staff the office, answer the 'phone, do the administrative work and generally support an increasingly busy operation. Greater focus will be needed on this in future.

Peter Annison asked during the year to stand down from the work that he has been doing (on every aspect of the plc's finances). It is a credit to the enormous amount of work that he has been doing that a number of finance posts have been created (but not yet filled – volunteers needed!). This is clearly a priority for the company's attention. We remain indebted to Peter. Colin Brown has moved across from being Head of Civil Engineering to serving on the new Engineering Advisory Panel. Colin has contributed a huge amount of time and expertise and I am delighted that he will still contribute his expertise even though his time is under more pressure from (paid) work commitments.

The Board saw some big changes during the year. The Board appointed Ian Sesnan to take over as your Board's Chairman when Ruth Annison stepped down in March. Angus Maude was appointed as the plc's first Vice-Chairman. Ruth's term of office on the Board ends with this year's AGM and for the first time in nine years (indeed since the company started) she will no longer be one of your Directors.

Marketing is vital to our business and Ruth achieved many great things as Marketing Director; (just three recent examples include significant coverage of your railway as a rural enterprise on BBC's "The One Show" and "Countryfile" and an excellent full page article in the Yorkshire Post on the JMW Turner excursion on our railway). Her departure will leave a vacancy and the Board has decided in the meantime that external relations and marketing will be conducted through the Chairman and Management Team. Mike Sheehan has kindly volunteered and been appointed as Marketing Manager and is assembling a strong team.

David Littlefair happily was able to rejoin the Board after his operation. We also launched an appeal for more Directors, some of the fruits of which will be presented to the AGM.

WENSLEYDALE RAILWAY PLC

CHAIRMAN'S STATEMENT – continued

Chris Leah who has been our Safety Director kindly delayed his departure from the Board until we had our new structure in place. He is a figure of national importance in the railway industry and his service on the Board will be much missed but he will still be available to us for occasional advice. I am delighted to say that Chris has agreed to address the AGM on railway safety issues and there will of course be an opportunity for us to thank him then.

We still urgently need Directors (for example of Safety and Finance). With our new structures in place new Directors can be more confident of being able to fulfil their Board roles as part of busy lives. Directors do not need to live locally.

Once again we have had a successful year but one made so much harder for everyone by the shortages of finance. Again we owe an enormous debt to industry partners and the WRA/WRT for their support in so many ways. The WRA have helped the railway greatly with their fundraising activities and the Trust's work also greatly benefits the whole railway. Through the good offices of the Heritage Railway Association we had further support from their Vice-Chairman, Mark Smith, who is also Chairman of the West Somerset Railway. Mark has been giving us the benefit of his lengthy experience in railway operation and management.

The year also saw more important progress on the proposed extensions to the railway. The team of volunteers (who work at Corus Rail Infrastructure Services and are undertaking this work in memory of colleague Clive Roberts) progressed their work under the expert management of John Graham, producing five engineering options for the approach to Northallerton. A team got underway developing work on the proposed Western Extensions too under the leadership of Ruth Annison and John Ozelton. There is clearly strong potential for both these extension projects also to attract funding for upgrading the existing railway too.

We also had a major breakthrough in securing the full funding for the socio-economic study of the Wensleydale Railway between Northallerton and Aysgarth from Yorkshire Forward; Richmondshire District Council; Hambleton District Council and North Yorkshire County Council. This study's findings will be available at the AGM. We became involved with Richmondshire District Council in the Upper and Lower Wensleydale studies and their Local Strategic Partnership's Prosperous Communities Task Group.

The work mentioned above has highlighted for us that our role as a railway serving the community is far more than simply the train services that we offer. It is also about the impact that we have on the local economy and the enormous potential benefits that we can bring to the area as we grow.

Both Ruth and I would like to thank you for all the support that you have shown the railway over the last year; for example an enormous £3,708 was donated by the Steam Patrons in 2008 which so practically helped us to bring the locomotive to Wensleydale again. Under the Board's powers to issue shares £54,560 of shares were issued which has also helped to fund the numerous developments mentioned above. The Board retains the power to issue further shares and will continue to issue them at their par value. At the time of writing your Board is considering a re-launch of the Share Offer this winter so that we may bring forward more quickly some of our plans. I hope to be able to make an announcement at the AGM.

In so many ways you have helped during the year and I hope that you can see that year on year your investment is paying off in creating a truly magnificent Wensleydale Railway.



Ian Sesnan
Chairman, Wensleydale Railway plc

WENSLEYDALE RAILWAY PLC

DIRECTORS' PROFILES

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

Ian Sesnan runs his own regeneration consultancy, working mainly on community, heritage and environmental projects. He has 16 years management experience in Local Government, the voluntary sector (Friends of the Earth) and the Private Sector (as an Associate Director of Civic Regeneration Ltd). Much of Ian's work relates to social enterprises, including advising enterprises on behalf of the Adventure Capital Fund. He is a visiting lecturer at the University of Westminster mainly tutoring on the MA Urban Regeneration course.

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

Ruth Annison moved to Wensleydale in 1975 since when she has been a partner in the manufacturing firm W.R. Outhwaite & Son, Ropemakers of Hawes. She was the founder and chairman of the Settle-Carlisle Railway Business Liaison Group ("SCRBLG"), reconstituted in 2003 as the Settle-Carlisle Enterprise Network Limited ("SCENe") and was instrumental in the formation of the Wensleydale Railway project in 1990. In 1994 she was awarded a Travelling Fellowship by the Winston Churchill Memorial Trust, for travel in Denmark, Sweden and the Netherlands to study best practice in rural railways relevant to the Wensleydale Railway; in 2006 she received the Discretionary Leadership Award of the Duke of York's Community Initiative and from 2005 -2009 was chairman of Wensleydale Railway plc.

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

Steve Deane, who is also a director of Lightweight Community Transport Ltd, is a Chartered Mechanical Engineer with an MSc from Brunel University. He has 35 years' experience of aerospace maintenance, procurement and safety and has worked in a voluntary capacity on the Wensleydale Railway project for 16 years. In 2006 and 2007 he was the Wensleydale Railway's Line Manager, leading the introduction of the steam traction. He now works as a tutor for the Open University.

Chris Leah (Safety Director – appointed 01.11.2005; resigned 31.07.2009)

Chris Leah is a railway professional, having worked for 38 years in the industry. After holding a number of senior operational and business positions within British Rail, Chris became Operations and Safety Director on the Board of Railtrack plc and Safety and Compliance Director on the Board of Network Rail. He currently holds the offices of Vice-President and Company Secretary of the Institution of Railway Operators; Operations and Safety Director, Ffestiniog Railway plc; Trustee and chairman of Bressingham Steam Preservation Company Ltd. He is also a member of the Railway Heritage Trust Advisory Panel and a churchwarden.

WENSLEYDALE RAILWAY PLC
DIRECTORS' PROFILES - continued

Carl Les (Director – appointed 27.08.2009)

Carl Les has lived in the Leeming Bar area all his life with the exception of education at Business School in Leeds, and the Scottish Hotel School, in Glasgow, and a brief period working for Trust House Forte. Returning to run the family business in 1974, on the ill health of his father, Carl helped develop Leeming Bar Services into the hotel, meetings centre, retail outlet and filling station it is today. He has also served as a Director of two hotel marketing and communications companies and is a former Director of The Yorkshire Pantry, Regional Food Group, Business Link and the Yorkshire Tourist Board. In 1995 he was elected to Hambleton District Council, and in 1997 to North Yorkshire County Council. He is a Cabinet Member at NYCC, with the portfolio for Corporate Affairs which includes finance, HR, legal services, communications and performance management.

David Littlefair (Director – appointed 08.12.2008)

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

Andrew Maude (Vice-Chairman and Director – appointed 14.05.2008)

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

Robert Whitehouse (Director – appointed 27.08.2009)

A retired solicitor, who is an experienced Senior Manager and Human Resources Professional with a strong background in the modernisation of public services, now specialising in management, coaching, Human Resources advice and training. Robert is established in the self employed world with commitment to assisting organisations to improve performance and deliver outstanding results through their workforce. Robert is both a shareholder and volunteer guard on the Railway. He has had a lifelong interest in railways with his parents and grandfather working on the railway. He is currently Vice-Chairman of the Wensleydale Railway Association.

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2009.

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

The result for the year shows a significant improvement with the loss before tax for the year reduced from £136,169 in 2008 to £61,001. However, it must be remembered that this year has been significantly affected by the receipt of the very generous bequest of £112,000. Without this additional income the loss for the year would have increased, primarily as a result of lower ticket revenue, due to fewer 'steam' days and additional costs from undertaking much needed maintenance work.

This situation highlights the importance of the development issues mentioned in the Chairman's Statement as the generation of additional income and continuing control of costs is essential to the continued development of the railway.

THE DIRECTORS OF THE COMPANY

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

C R Anison	
S T Deane	
C R Leah	Resigned 31.07.2009
C Les	Appointed 27.08.2009
D Littlefair	Appointed 08.12.2008
A A Maude	Appointed 14.05.2008
I Sesnan	
R Whitehouse	Appointed 27.08.2009

WENSLEYDALE RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 - continued

SHARE CAPITAL

During the year the company issued further shares of £54,560. At 31 March 2009 £2,138,928 (2008 £2,084,368) of share capital was in issue.

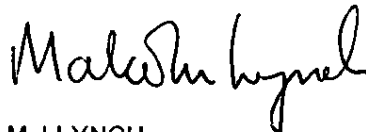
POLICY ON THE PAYMENT OF CREDITORS

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 2009 were 74 days (2008 83 days) based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

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

Signed by order of the directors



M J LYNCH
Company Secretary

Approved by the directors on 27 August 2009

WENSLEYDALE RAILWAY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies, as described on pages 15 and 16, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual report and accounts; and
- prepare the annual report and accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

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

The directors are responsible for the maintenance and integrity of the company and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the group and parent company financial statements (the "annual report and accounts") of Wensleydale Railway plc for the year ended 31 March 2009 which comprise of the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out on pages 15 and 16.

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

Respective responsibilities of the directors and the auditors

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

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

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

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the annual report and accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the annual report and accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the annual report and accounts are free from material misstatement, whether caused by fraud or other irregularity or error. However, with respect to the turnover at Leeming Bar of £134,396 and Northallerton of £56,098 the evidence available to us was limited because records for Northallerton had been destroyed and most of the records provided for Leeming Bar did not substantiate the turnover recorded in the annual report and accounts. Owing to the nature of the group's records, we were unable to obtain sufficient appropriate audit evidence regarding the completeness of income by using other audit procedures.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the annual report and accounts.

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

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 arising from limitation in audit scope

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of income at Leeming Bar and Northallerton, in our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs at 31 March 2009 and of the loss of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to the completeness of income at Leeming Bar and Northallerton:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- proper accounting records have not been maintained.

In our opinion the information given in the directors' report is consistent with the financial statements.


JWP Creers

Chartered Accountants and
Registered Auditors

Foss Place
Foss Islands Road
York
YO31 7UJ

27 August 2009

WENSLEYDALE RAILWAY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Note	Total 2009 £	Total 2008 £
Turnover	2	306,135	346,483
Cost of sales		(258,795)	(273,274)
Gross profit		47,340	73,209
Railway maintenance		41,514	28,237
Administrative expenses		174,983	139,797
Amortisation of goodwill		34,803	27,004
Other operating charges		21,599	45,453
Other operating income		(67,968)	(57,930)
Legacy		(112,000)	-
		92,931	182,561
Operating (loss)	3	(45,591)	(109,352)
Interest receivable		1,389	338
Interest payable	7	(16,799)	(27,155)
(Loss) on ordinary activities before taxation		(61,001)	(136,169)
Taxation	4	-	-
(Loss) after taxation		(61,001)	(136,169)
Minority interest		160	(111)
Retained (loss) for the year		(61,161)	(136,058)
Balance brought forward		(1,482,767)	(1,346,709)
Balance carried forward		(1,543,928)	(1,482,767)

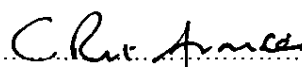
The notes on pages 15 to 28 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 MARCH 2009

	Note	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
FIXED ASSETS					
Goodwill	8	139,213	-	174,016	-
Tangible assets	9	989,492	529,368	1,013,140	542,224
Investments	10	-	97,252	-	97,252
		<u>1,128,705</u>	<u>626,620</u>	<u>1,187,156</u>	<u>639,476</u>
CURRENT ASSETS					
Stock	11	21,589	21,589	27,156	27,156
Debtors	12	37,298	342,911	23,882	350,970
Cash at bank		39,556	37,292	23,130	13,475
		<u>98,443</u>	<u>401,792</u>	<u>74,168</u>	<u>391,601</u>
CREDITORS: Amounts falling due within one year	13	212,462	293,936	191,832	309,675
		<u>(114,019)</u>	<u>107,856</u>	<u>(117,664)</u>	<u>81,926</u>
Net current (liabilities)/assets					
TOTAL ASSETS LESS CURRENT LIABILITIES		1,014,686	734,476	1,069,492	721,402
CREDITORS: Amounts falling due after more than one year	14	415,929	115,475	464,294	117,538
		<u>598,757</u>	<u>619,001</u>	<u>605,198</u>	<u>603,864</u>
CAPITAL AND RESERVES					
Share capital	18	2,138,928	2,138,928	2,084,368	2,084,368
Profit and loss account	19	(1,543,928)	(1,519,927)	(1,482,767)	(1,480,504)
Minority interest		3,757	-	3,597	-
		<u>598,757</u>	<u>619,001</u>	<u>605,198</u>	<u>603,864</u>
Shareholders' Funds	20				

These annual report and accounts were approved by the directors on 27 August 2009 and are signed on their behalf by:


C R Annison


I C R Sesnan

COMPANY REGISTRATION NUMBER 4093919

The notes on pages 15 to 28 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	21	4,461	16,454
Returns on investments and servicing of finance	21	(15,410)	(26,817)
Taxation		-	-
Capital expenditure and financial Investment	21	(7,800)	(3,240)
Cash outflow before financing		(18,749)	(13,603)
Financing	21	35,175	32,442
Increase in cash	21	16,426	18,839

The notes on pages 15 to 28 form part of this annual report and accounts

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting - Going Concern

The directors are continuing to strive for new sources of income and control levels of expenditure. These efforts have enabled the group to meet its liabilities when they fall due. These procedures are on-going and new opportunities for further funding and cost reduction are planned for the foreseeable future.

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

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

Basis of Consolidation

The consolidated profit and loss account and balance sheet includes the financial statements of the company and its subsidiary undertakings. No profit and loss is presented for the company as permitted by Section 230 of the Companies Act 1985. The loss dealt with in the accounts of the company for the year ended 31 March 2009 was £39,423 (2008 £76,741).

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

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.

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES continued

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 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.

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:

	2009 £	2008 £
United Kingdom	306,135	346,483
	<u> </u>	<u> </u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

3. OPERATING PROFIT

Operating profit is stated after charging:

	2009 £	2008 £
Depreciation	31,448	37,031
Amortisation	34,803	27,004
Auditors' remuneration - as auditors	9,000	8,500
other services	2,350	1,950
Operating lease costs:		
Land and buildings	18,567	29,825
	<u> </u>	<u> </u>

4. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

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

	2009 £	2008 £
Loss on ordinary activities before taxation	(61,001)	(136,139)
	<u> </u>	<u> </u>
Loss on ordinary activities by rate of tax	(12,810)	(27,228)
Deferred tax credit	321	(1,308)
Off-set losses	12,489	28,536
	<u> </u>	<u> </u>
Total current tax	-	-
	<u> </u>	<u> </u>

5. PARTICULARS OF EMPLOYEES

Group and Company

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

	2009 Number	2008 Number
Management and administration	1	2
Sales staff	1	1
Railway operations and maintenance	3	2
	<u> </u>	<u> </u>
	5	5
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	87,356	86,292
Social security costs	6,421	6,089
	<u> </u>	<u> </u>
	93,777	92,381
	<u> </u>	<u> </u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2009 £	2008 £
Emoluments receivable	-	10,390

7. INTEREST PAYABLE

	2009 £	2008 £
Interest payable on bank and other borrowings	16,799	27,155

8. GOODWILL

	2009 £	2008 £
Balance at 1 April 2008	174,016	201,020
Amortised in the year	(34,803)	(27,004)
Balance at 31 March 2009	139,213	174,016

9. TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST					
At 1 April 2008	537,717	143,870	361,184	183,144	1,225,915
Additions	-	7,800	-	-	7,800
At 31 March 2009	537,717	151,670	361,184	183,144	1,233,715
DEPRECIATION					
At 1 April 2008	70,273	17,440	31,140	93,922	212,775
Charge for the year	10,754	3,307	7,224	10,163	31,448
At 31 March 2009	81,027	20,747	38,364	104,085	244,223
NET BOOK VALUE					
At 31 March 2009	456,690	130,923	322,820	79,059	989,492
At 31 March 2008	467,444	126,430	330,044	89,222	1,013,140

Hire Purchase Agreements

Included within the net book value of £989,492 is £nil (2008 £15,746) relating to assets held under hire purchase agreements. The depreciation charged to the annual report and accounts for the year in respect of such assets amounted to £nil (2008 £1,750).

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

9. TANGIBLE FIXED ASSETS continued - COMPANY

	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
COST				
1 April 2008	140,121	361,184	183,144	684,449
Additions	7,800	-	-	7,800
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	147,921	361,184	183,144	692,249
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 April 2008	17,163	31,140	93,922	142,225
Charge for the year	3,269	7,224	10,163	20,656
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2009	20,432	38,364	104,085	162,881
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 March 2009	127,489	322,820	79,059	529,368
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	122,958	330,044	89,222	542,224
	<hr/>	<hr/>	<hr/>	<hr/>

Hire Purchase Agreements

Included within the net book value of £529,368 is £nil (2008 £15,746) relating to assets held under hire purchase agreements. The depreciation charged to the annual report and accounts for the year in respect of such assets amounted to £nil (2008 £1,750).

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

10. INVESTMENTS - COMPANY

	WRC(P) Limited £	TWRC Limited £	Total £
COST			
At 1 April 2008 and 31 March 2009	2	97,250	97,252
	<u> </u>	<u> </u>	<u> </u>

Holdings of more than 20%

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

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

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

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

	2009 £	2008 £
Aggregate capital and reserves		
TWRC Limited	93,917	89,918
WRC(P) Limited	(156,122)	(165,348)
	<u> </u>	<u> </u>
Profit/(Loss) for the year		
TWRC Limited	3,999	(2,828)
WRC(P) Limited	9,226	(16,730)
	<u> </u>	<u> </u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

11. STOCKS

Group and Company

	2009 £	2008 £
Finished goods	21,589	27,156

12. DEBTORS

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade debtors	30,676	29,740	5,213	4,376
Amounts owed by group undertakings	-	306,742	-	327,925
VAT recoverable	3,693	3,500	6,366	6,366
Prepayments and accrued income	2,929	2,929	12,303	12,303
	<u>37,298</u>	<u>342,911</u>	<u>23,882</u>	<u>350,970</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

13. CREDITORS: Amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans and overdrafts	11,455	-	6,538	-
Trade creditors	76,741	72,218	86,253	82,905
Amounts owed to group undertakings	-	164,787	-	173,636
PAYE and social security	120	120	11,477	11,477
VAT	413	-	413	-
Hire purchase agreements	-	-	3,000	3,000
Corporation tax	-	-	-	-
Debenture loans	32,100	-	7,100	-
Directors current accounts	8,475	-	11,431	-
Other creditors	27,316	14,004	33,805	25,566
Accruals and deferred income	55,842	42,807	31,815	13,091
	<u>212,462</u>	<u>293,936</u>	<u>191,832</u>	<u>309,675</u>

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans and overdrafts	11,455	-	6,538	-
Debenture loans	32,100	-	7,100	-
	<u>43,555</u>	<u>-</u>	<u>13,638</u>	<u>-</u>

On 29 December 2003 HSBC issued a debenture to secure monies owed to them. It agreed a fixed and floating charge over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital buildings, fixtures, fixed plant and machinery. 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 2009

14. CREDITORS: Amounts falling due after more than one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans and overdrafts	294,354	-	307,456	-
Debenture loans	6,100	-	39,300	-
Other creditors	30,000	30,000	30,000	30,000
Deferred income	85,475	85,475	87,538	87,538
	<u>415,929</u>	<u>115,475</u>	<u>464,294</u>	<u>117,538</u>

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

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Bank loans and overdrafts	294,354	-	307,456	-
Debenture loans	6,100	-	39,300	-
	<u>294,354</u>	<u>-</u>	<u>307,456</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £248,535 (2008 £281,305) 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 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Amounts payable				
In one year or less	11,455	-	6,538	-
In more than one year but not more than two years	11,455	-	6,538	-
In more than two years but not more than five years	34,364	-	19,613	-
In more than five years	248,535	-	281,305	-
	<u>305,809</u>	<u>-</u>	<u>313,994</u>	<u>-</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 there were annual commitments under non-cancellable operating leases as set out below:

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
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	62,400	83,200
	<hr/>	<hr/>	<hr/>	<hr/>
	18,345	73,545	64,225	85,025
	<hr/>	<hr/>	<hr/>	<hr/>

17. RELATED PARTY TRANSACTIONS

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

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

Creditors and accruals

Directors' current account £8,475 (2008 £11,431)

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

R Annison (Director) £10,000 (2008 £10,000)
P Annison (Close family member) £5,000 (2008 £20,000)

18. SHARE CAPITAL

Authorised share capital:

	2009 £	2008 £
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
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WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

18. SHARE CAPITAL continued

Allotted, called up and fully paid:

	No	2009 £	No	2008 £
Ordinary shares of £1 each	2,138,928	2,138,928	2,084,368	2,084,368

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 54,560 ordinary shares of £1 each were issued and fully paid.

At 31 March 2009, 2,138,928 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 2008	(1,482,767)
Retained loss for the year	(61,161)
	<hr/>
Balance at 31 March 2009	(1,543,928)
	<hr/>

COMPANY

	Profit and loss account £
Balance at 1 April 2008	(1,480,504)
Retained loss for the year	(39,423)
	<hr/>
Balance at 31 March 2009	(1,519,927)
	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

GROUP

	2009 £	2008 £
(Loss) for the financial year	(61,161)	(136,058)
New equity share capital	54,560	20,850
Minority interest re TWRC	160	(111)
	<hr/>	<hr/>
Net (reduction) in funds	(6,441)	(115,319)
Opening shareholders equity funds	605,198	720,517
	<hr/>	<hr/>
Closing shareholders equity funds	598,757	605,198
	<hr/>	<hr/>

COMPANY

	2009 £	2008 £
Loss for the financial year	(39,423)	(76,741)
New equity share capital subscribed	54,560	20,850
	<hr/>	<hr/>
Net increase/(reduction) in funds	15,137	(55,891)
Opening shareholders equity funds	603,864	659,755
	<hr/>	<hr/>
Closing shareholders equity funds	619,001	603,864
	<hr/>	<hr/>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

21. NOTES TO THE STATEMENTS OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT

	2009 £	2008 £
Operating (loss)	(157,591)	(109,352)
Legacy	112,000	-
Depreciation	31,448	37,031
Amortisation of goodwill	34,803	27,004
Decrease in stocks	5,567	5,701
(Increase)/Decrease in debtors	(13,416)	37,188
(Decrease)/Increase in creditors	(8,350)	18,882
Net cash inflow/(outflow) from operating activities	<u>4,461</u>	<u>16,454</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2009 £	2008 £
Interest received	1,389	338
Interest paid	(16,799)	(27,155)
Net cash outflow from returns on investments and servicing of finance	<u>(15,410)</u>	<u>(26,817)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

	2009 £	2008 £
Payments to acquire tangible fixed assets	(7,800)	(3,240)
Net cash outflow for capital expenditure and financial investment	<u>(7,800)</u>	<u>(3,240)</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

21. NOTES TO THE STATEMENTS OF CASH FLOWS continued

FINANCING

	2009 £	2008 £
Issue of equity share capital	54,560	20,850
Advance of bank loans	-	25,000
(Repayment) of bank loans	(8,185)	(5,815)
(Repayment) of debenture loans	(8,200)	(1,100)
Hire purchase agreements	(3,000)	(6,493)
	<u> </u>	<u> </u>
Net cash inflow from financing	35,175	32,442
	<u> </u>	<u> </u>

RECONCILIATION OF NET CASH FLOW

	2009 £	2008 £
Increase in cash period	16,426	18,839
Movement on bank and debenture loans	16,385	(17,629)
	<u> </u>	<u> </u>
Movement in net debt	32,811	1,210
Net funds at 1 April 2008	(337,264)	(338,474)
	<u> </u>	<u> </u>
Net funds at 31 March 2009	(304,453)	(337,264)
	<u> </u>	<u> </u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2008 £	Cash flows £	At 31 March 2009 £
Net cash:			
Cash in hand and at bank	23,130	16,426	39,556
	<u> </u>	<u> </u>	<u> </u>
	23,130	16,426	39,556
Debt due within one year	(13,638)	(29,917)	(43,555)
Debt due after one year	(346,756)	46,302	(300,454)
	<u> </u>	<u> </u>	<u> </u>
Net debts	(337,264)	32,811	(304,453)
	<u> </u>	<u> </u>	<u> </u>