

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1994
FOR
Peak Rail plc



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COMPANY INFORMATION

DIRECTORS: S.E.Barratt
G.Bennett
H.Davenport
A.J.Evans
T.J.Oaks
R.A.Raynor
M.K.Thomas
D.White

SECRETARY: R.A.Horne

REGISTERED OFFICE: Matlock Station
Matlock
Derbyshire
DE4 3NA

REGISTERED NUMBER: 2071143

AUDITORS: Ainleys
Chartered Accountants
Registered Auditors
35 Stamford New Road
Altrincham
Cheshire
WA14 1EB

REPORT OF THE BOARD
for the year ended 31 December 1994

The Board presents to its' shareholders the annual report and accounts for the year ended 31 December 1994 which shows an improvement in the operating performance as the reported pre-tax loss is down from £126,622 to £58,013. This is still a disappointing result when set against the tremendous effort that has been expended into improving the railway through refurbishment of the shops, buffet and better marketing.

The implementation of more focused marketing during 1994 by Andy Evans brought a significant increase in visitors to our operating railway which from the results you will see has produced an increase in shop sales, train income and operating profit. After a short period in office the Board is sorry to announce his resignation due to extra business commitments.

Despite strenuous efforts to keep our costs under control our insurance costs have increased substantially due to higher public liability premiums. Our dispute with the Inland Revenue's District Valuer's office in respect of business rates has still not been resolved and we have no date when our appeal will be heard but, based on professional advice received, we are of the opinion that these will not be payable. The year's charge, as in previous years, has been fully provided for in these accounts.

In November 1994 we commenced operation of our Restaurant Car train and the results for the early part of 1995 are very encouraging. This will increase significantly both our sales income and our operating profit. During 1995 we will have completed our expansion to Rowsley Midland Road which is on the site of the former Rowsley engine shed and will lead to further increases in our train income and, again, our operating income with very little additional direct or overhead costs. We are confident that these actions will significantly add to our overall revenue and reduce the pre-tax loss during 1995.

The Board would like to say Thank You to all those who have supported us during the year and the working members as without you there would be no railway in operation.

Signed: THE BOARD

Date: 29th April 1995

FORMAL REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of provision and management of railway and other transport services including retail trading and the provision of catering facilities.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year ended 31 December 1994. The deficit transferred to reserves will be £58,013.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

Name	Class of Capital	31.12.94	1. 1.94 or date of appointment if later
S.E.Barratt (Appointed 18.03.94)	Ordinary £1.00	1,852	1,802
G.Bennett	Ordinary £1.00	141	141
R.Burgess (Resigned 04.03.94)	Ordinary £1.00	104	104
H.Davenport	Ordinary £1.00	1,001	741
A.J.Evans (Appointed 07.01.94)	Ordinary £1.00	300	-
R.A.Grange (Resigned 17.06.94)	Ordinary £1.00	2,402	2,196
T.J.Oaks (Appointed 17.07.94)	Ordinary £1.00	1,100	1,000
R.A.Raynor	Ordinary £1.00	586	41
S.R.Smith (Appointed 16.03.94) (Resigned 16.07.94)	Ordinary £1.00	250	250
M.K.Thomas	Ordinary £1.00	50	50
D.White	Ordinary £1.00	160	160

REPORT OF THE DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ainleys, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Secretary

R.A.Horne

Dated:

29 April 1995

Peak Rail plc

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
Peak Rail plc

We have audited the financial statements on pages six to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page twelve.

Respective responsibilities of directors and auditors As described on page three the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ainleys
Chartered Accountants
Registered Auditors
35 Stamford New Road
Altrincham
Cheshire
WA14 1EB

Dated: 17th March 1995

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 1994

		31.12.94	31.12.93
	Notes	£	£
TURNOVER	2	109,943	95,093
Cost of Sales		59,757	62,729
GROSS PROFIT		50,186	32,364
Administrative Expenses		127,457	172,984
		(77,271)	(140,620)
Other Operating Income	3	19,153	11,721
OPERATING LOSS	5	(58,118)	(128,899)
Interest Receivable	6	523	2,800
		(57,595)	(126,099)
Interest Payable and Similar Charges	7	418	523
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(58,013)	(126,622)
Tax on Loss on Ordinary Activities	8	-	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(58,013)	(126,622)
(Deficit)/Retained Profit brought forward		(1,406)	125,216
DEFICIT CARRIED FORWARD		£(59,419)	£(1,406)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

BALANCE SHEET
As at 31 December 1994

		31.12.94		31.12.93	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible Assets	9		810,017		791,706
CURRENT ASSETS:					
Stocks	10	12,966		13,939	
Debtors	11	20,688		28,862	
Cash at Bank		7,137		25,417	
		-----		-----	
		40,791		68,218	
CREDITORS: Amounts falling due within one year	12	100,379		77,874	
		-----		-----	
NET CURRENT LIABILITIES:			(59,588)		(9,656)
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES:			750,429		782,050
CREDITORS: Amounts falling due after more than one year	13		(17,100)		(17,100)
ACCRUALS AND DEFERRED INCOME:	14		(259,537)		(264,091)
			-----		-----
			£473,792		£500,859
			=====		=====
CAPITAL AND RESERVES:					
Called Up Share Capital	15		497,164		467,218
Revaluation Reserve	16		36,047		35,047
Profit & Loss Account			(59,419)		(1,406)
			-----		-----
Shareholders' Funds	17		£473,792		£500,859
			=====		=====

ON BEHALF OF THE BOARD:

R. Kaym
.....
DIRECTOR

Approved by the Board on 17th March 1995

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 December 1994

	31.12.94		31.12.93	
	£	£	£	£
Net Cash Inflow from Operating Activities		4,659		(71,437)
Returns on Investments and Servicing of Finance				
Interest Received	523		2,800	
Interest Paid	(418)		(523)	
	-----		-----	
Net Cash Inflow from Returns on Investments and Servicing of Finance		105		2,277
Taxation				
Corporation Tax Paid	-		-	
	-----		-----	
Tax Paid		-		-
Investing Activities				
Purchase of Tangible Fixed Assets	(59,530)		(103,493)	
Sale of Tangible Fixed Assets	3,483		1	
Government Grants Received	3,624		2,754	
	-----		-----	
Net Cash Outflow from Investing Activities		(52,423)		(100,738)
		-----		-----
Net Cash Outflow before Financing		(47,659)		(169,898)
Financing				
New Loan	3,600		376	
Loan Repayments	(4,167)		(1,087)	
Cash Receipt re Share Issue	29,946		63,431	
	-----		-----	
Net Cash Inflow from Financing		29,379		62,720
		-----		-----
Decrease in Cash and Cash Equivalents		£(18,280)		£(107,178)
		=====		=====

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1994

1. RECONCILIATION OF OPERATING LOSS
TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31.12.94 £	31.12.93 £
Operating Loss	(58,118)	(128,899)
Depreciation Charges	39,263	43,677
Loss on Sale of Fixed Assets	9	7,874
Profit on Sale of Fixed Assets	(536)	-
Decrease in Stocks	973	8,526
Decrease in Debtors	8,174	2,039
Decrease in Creditors	23,072	(655)
Revaluation Transfer	(8,178)	(4,000)
	-----	-----
Net Cash Inflow/(Outflow) from Operating Activities	4,659	(71,437)
	=====	=====

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Year Ended 31 December 1994

	£
Balance at 1 January 1994	25,417
Net Cash Outflow	(18,280)

Balance at 31 December 1994	7,137
	=====

Year Ended 31 December 1993

	£
Balance at 1 January 1993	132,595
Net Cash Outflow	(107,178)

Balance at 31 December 1993	25,417
	=====

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN
THE BALANCE SHEET

Year Ended 31 December 1994

	31.12.94	1. 1.94	Change in Year
	£	£	£
Cash at Bank and In Hand	7,137	25,417	(18,280)
	=====	=====	=====

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1994

Year Ended 31 December 1993

	31.12.93	1. 1.93	Change in Year
	£	£	£
Cash at Bank and In Hand	25,417	137,952	(112,535)
Bank Overdrafts	-	(5,357)	5,357
	-----	-----	-----
	25,417	132,595	(107,178)
	=====	=====	=====

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Issued Share Capital	Loans
	£	£
Balance at 1 January 1994	467,218	37,611
Cash Inflow/(Outflow) from Financing	29,946	(567)
	-----	-----
Balance at 31 December 1994	497,164	37,044
	=====	=====

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Property	- Nominal
Leasehold Property	- Over the remainder of the lease or 50 years
Tools	- 25% on cost
Shop & Office Equipment	- 25-33% on cost
Rolling Stock	- 10% on cost

Stocks

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

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Government Grants

The accounting policy of the company is to credit the government grants to the profit & loss account over the useful economic life of the assets to which they relate.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

An analysis of turnover by geographical market is given below:

31.12.94	31.12.93
£	£
109,943	95,093
-----	-----
109,943	95,093
=====	=====

3. OTHER OPERATING INCOME

	31.12.94	31.12.93
	£	£
Revenue Donations	10,422	5,345
Sundry Income	8,731	6,376
	-----	-----
	19,153	11,721
	=====	=====

4. STAFF COSTS

	31.12.94	31.12.93
	£	£
Wages and Salaries	36,580	42,132
	=====	=====

The average weekly number of employees during the year was as follows:

	31.12.94	31.12.93
Shop Staff	2	3
Operating & Construction Labour	3	3
	--	--
	5	6
	==	==

5. OPERATING LOSS

The operating loss is stated after charging:

	31.12.94	31.12.93
	£	£
Depreciation - Owned Assets	39,263	43,677
(Profit)/Loss on Disposal of Fixed Assets	(527)	7,874
Auditors' Remuneration	2,280	2,260
	=====	=====
Directors' Emoluments	14,309	13,330
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

6. INTEREST RECEIVABLE

	31.12.94	31.12.93
	£	£
Building Society Interest	58	38
Bank Deposit Interest	465	2,762
	-----	-----
	523	2,800
	=====	=====

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.94	31.12.93
	£	£
Other Interest	418	523
	-----	-----
	418	523
	=====	=====

8. TAXATION

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 1994 nor for the year ended 31 December 1993.

9. TANGIBLE FIXED ASSETS

	Freehold Property	Leasehold Property (Non - Landlord)	Leasehold Property (Landlord)	Tools
	£	£	£	£
COST:				
As at 1 January 1994	101,750	669,343	420,982	54,222
Additions	1,301	35,422	13,661	1,189
Disposals	-	(420,982)	-	(1,195)
	-----	-----	-----	-----
As at 31 December 1994	103,051	283,783	434,643	54,216
	-----	-----	-----	-----
DEPRECIATION:				
As at 1 January 1994	1,750	55,083	40,131	40,850
Charge for Year	1,000	5,675	14,612	5,975
Eliminated on Disposals	-	(40,131)	-	(1,188)
	-----	-----	-----	-----
As at 31 December 1994	2,750	20,627	54,743	45,637
	-----	-----	-----	-----
NET BOOK VALUE:				
As at 31 December 1994	£100,301	£263,156	£379,900	£8,579
	=====	=====	=====	=====
As at 31 December 1993	£100,000	£614,260	-	£13,372
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

	Shop & Office Equipment	Rolling Stock	Totals
	£	£	£
COST:			
As at 1 January 1994	9,613	101,911	936,839
Additions	5,286	3,671	60,530
Disposals	(2,247)	(6,173)	(9,615)
As at 31 December 1994	12,652	99,409	987,754
DEPRECIATION:			
As at 1 January 1994	7,631	39,820	145,134
Charge for Year	2,160	9,841	39,263
Eliminated on Disposals	(2,245)	(3,227)	(6,660)
As at 31 December 1994	7,546	46,434	177,737
NET BOOK VALUE:			
As at 31 December 1994	£5,106	£52,975	£810,017
As at 31 December 1993	£1,984	£62,090	£791,706

Included in land and buildings is freehold land valued at £100,000. The original cost of the land was £15,000. The valuation was carried out by Mark Jenkinson and Son on 18 February 1994.

10. STOCKS

	31.12.94	31.12.93
	£	£
Goods for resale	11,966	11,979
Spare Parts and Materials	1,000	1,960
	12,966	13,939

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.94	31.12.93
	£	£
Trade Debtors	3,620	10,652
Other Debtors	5,611	6,061
Prepayments	11,457	12,149
	20,688	28,862

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31.12.94	31.12.93
	£	£
Trade Creditors	57,666	28,373
Accrued Expenses	20,739	27,789
Share Application Monies	5,504	9,671
Members Loans	14,440	10,840
Membership Subscriptions	2,030	1,201
	-----	-----
	100,379	77,874
	=====	=====

13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR

	31.12.94	31.12.93
	£	£
Buxton Site Bonds	17,100	17,100
	=====	=====

14. ACCRUALS AND DEFERRED INCOME

	31.12.94	31.12.93
	£	£
Deferred Government Grants:		
Brought Forward	264,091	265,337
Received in Year	3,624	2,754
Deferred Income	(8,178)	(4,000)
	-----	-----
	259,537	264,091
	=====	=====

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	31.12.94	31.12.93
			£	£
1,000,000	Ordinary	£1.00	1,000,000	1,000,000
			=====	=====

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	31.12.94	31.12.93
			£	£
497,164	Ordinary	£1.00	497,164	467,218
			=====	=====

29,946 Ordinary shares of £1.00 each were allotted and fully paid for cash at par during the year.

These shares were issued to enable the company to continue its capital expenditure programme.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1994

16. REVALUATION RESERVE

	31.12.94	31.12.93
	£	£
Brought Forward	35,047	34,047
Transfer In Year	1,000	1,000
	-----	-----
	36,047	35,047
	=====	=====

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.94	31.12.93
	£	£
Loss for the Financial Year	(58,013)	(126,622)
Share Capital Issued	29,946	63,431
Revaluation	1,000	1,000
	-----	-----
NET REDUCTION OF SHAREHOLDERS' FUNDS	(27,067)	(62,191)
Opening Shareholders' Funds	500,859	563,050
	-----	-----
CLOSING SHAREHOLDERS' FUNDS	473,792	500,859
	=====	=====
Equity interests	473,792	500,859
	=====	=====

18. RATES DISPUTE

The company is at present in dispute with the Inland Revenue District Value with regard to the rates invoices. The full potential liability has been provided for in the financial statements.

19. CHANGE IN DEPRECIATION POLICY

Following a review by the Board of the depreciation policies related to certain assets it was decided that the value of Track and Sleepers should be written off over 50 years rather than the original method which was over 27 years.

The adoption of the new policy has had the effect of reducing the depreciation charge for the year by £4,835 and therefore the reported loss by the same amount.