

Central Railway Limited

Directors' report and consolidated financial statements

Registered number 2924763

31 March 2008



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Central Railway Limited
Directors' report and consolidated financial statements
31 March 2008

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Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2008.

Principal activities and business review

Central Railway Limited is a company formed to promote the development and operation of a single project, a modern railway system capable, unlike existing UK railways, of handling all sizes and kinds of railway traffic including in particular freight trains carrying lorries, lorry trailers and containers, as well as any size of Continental or UK freight or passenger rolling stock. Central Railway Limited is not currently a company carrying on a trade, it does not have any revenues and its sole purpose is to provide an investment vehicle for construction of this railway. At present, the company's principal asset is the value of its ideas and, in accordance with normal accounting practice, this value is not shown in the company's accounts. The accounts included in this document are not relevant to understanding the business case for the projects. They do not reflect the value of work carried out on the project by many of the company's suppliers.

Proposed dividends

The directors do not recommend the payment of a dividend (2007: *£nil*). The loss for the year retained in the group is £23,573 (2007: £46,946).

Directors and directors' interests

The directors who held office during the period were as follows:

RJV Raffety
AP Stevens (resigned 3rd November 2008)
IGA Hunter
P Jenkinson
MJ Butcher
Sir T Legg
M Cornil
C Savage
DG Jones

Directors' report (*continued*)

The directors who held office at the end of the financial period had the following interests in the ordinary shares of Central Railway PLC as recorded in the register of directors' share interests:

	Class of share	At 31 March 2008	At 31 March 2007
AP Stevens	1p ordinary	3,430,500	3,430,500
JV Raffety	1p ordinary	550,000	550,000
DG Jones	1p ordinary	-	-
IGA Hunter	1p ordinary	936,000	936,000
P Jenkinson	1p ordinary	265,816	265,816
M Cornil	1p ordinary	-	-
Sir T Legg	1p ordinary	6,000	6,000
MJ Butcher	1p ordinary	482,500	482,500
C Savage	1p ordinary	-	-

AP Stevens (and connected persons) held £9,000 (2007: £9,000) convertible loan stock in the company at the year end.

IGA Hunter held £200,000 (2007: £200,000) convertible loan stock in the company at the year end. No other directors or their immediate families held any interest in the loan stock of the company.

Detailed below are the share options held by the directors:

	Granted 18 October 2006 Number of shares	Granted 3 November 2003 Number of shares	Granted 13 September 2002 Number of shares	Granted 11 March 2002 Number of shares	Granted 18 April 2001 Number of shares
C Savage	1,750,000	250,000	250,000	250,000	-
DG Jones	1,750,000	-	-	-	-
RJV Raffety	1,750,000	50,000	150,000	250,000	100,000
AP Stevens	-	250,000	250,000	250,000	100,000
IGA Hunter	1,750,000	300,000	-	-	-
P Jenkinson	1,750,000	100,000	100,000	100,000	100,000
M Cornil	1,750,000	-	-	-	-
Sir T Legg	1,750,000	50,000	50,000	50,000	-
MJ Butcher	1,750,000	50,000	-	-	-

Directors' report (*continued*)

The options granted on 18 April 2001 can be exercised between 19 April 2001 and 18 April 2010 at an exercise price of 50p per share. The options granted on 11 March 2002 can be exercised between 11 March 2002 and 10 March 2011 at an exercise price of 50p per share. The options granted on 13 September 2002 can be exercised between 14 September 2002 and 13 September 2011 at an exercise price of 50p per share. The options granted on 3 November 2003 can be exercised between 4 November 2003 and 3 November 2012 at an exercise price of 50p per share. The options granted on 18 October 2006 can be exercised between 19 October 2006 and 1 November 2012 at an exercise price of 1p per share.

Detailed below are the share warrants attached to shares acquired by the directors:

	A warrants	B warrants
	Number of warrants	Number of warrants
DG Jones	-	-
C Savage	-	-
R Raffety	-	-
AP Stevens	33,000	66,000
IGA Hunter	634,000	1,268,000
P Jenkinson	10,000	20,000
M Cornil	-	-
Sir T Legg	1,000	2,000
MJ Butcher	1,000	2,000

No other directors served during the year.

Creditor payment policy

The company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payments practice.

By order of the board

RJV Raffety



Director

Central Railway Limited
2 Lambs Passage
London
EC1Y 8BB

28 January 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards.

The group and company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**Consolidated profit and loss account
for the year ended 31 March 2008**

	Note	2008 £	2007 £
Administrative expenses		(8,418)	(28,661)
Operating loss		(8,418)	(28,661)
Interest receivable		45	90
Interest payable	2	(18,200)	(18,375)
Loss on ordinary activities before taxation		(26,573)	(46,946)
Taxation	4	-	-
Loss on ordinary activities after taxation		(26,573)	(46,946)
Retained loss brought forward		(5,217,396)	(5,170,450)
Retained loss carried forward		(5,243,969)	(5,217,396)

There are no discontinued business activities. The consolidated profit and loss prepared on an unmodified historical cost basis would not differ from that above. There were no recognised gains or losses (2007: £nil) other than the loss for the financial year.

**Balance sheets
at 31 March 2008**

	Note	Group		Company	
		2008	2007	2008	2007
		£	£	£	£
Current assets					
Other debtors		482	3,064	-	-
Prepayments and accrued income		-	-	-	-
Cash at bank and in hand		589	11,380	589	11,380
		1,071	14,444	589	11,380
Creditors: amounts falling due	2	(708,816)	(695,616)	(446,652)	(414,050)
Net current liabilities		(707,745)	(681,172)	(446,063)	(402,670)
Total assets less current liabilities		(707,745)	(681,172)	(446,063)	(402,670)
Creditors: amounts falling due after more than one year	3	(1,153,408)	(1,153,408)	(1,153,408)	(1,153,408)
Net liabilities		(1,861,153)	(1,834,580)	(1,599,471)	(1,556,078)
Capital and reserves					
Called up share capital	5	170,733	170,733	170,733	170,733
Share premium account	5	2,391,031	2,391,031	2,391,031	2,391,031
Merger reserve	5	821,052	821,052	-	-
Profit and loss account	5	(5,243,969)	(5,217,396)	(4,161,235)	(4,117,842)
		(1,861,153)	(1,834,580)	(1,599,471)	(1,556,078)

These accounts are prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

For the year ended 31st March 2008 the company was entitled to exemption under section 249A(1) of the Companies Act 1985. Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985. The directors acknowledge their responsibility for ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss account for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 27 January 2009 and were signed on its behalf by:



RJV Raffety
Director

Notes

1. Fixed asset investments

	Company 2008 £
<i>Shares in subsidiaries</i>	
At beginning and end of year	75,435
<i>Loan to subsidiaries</i>	
At beginning of year	3,219,844
Additions	25,240
At end of year	3,245,084
<i>Provision against loan and shares</i>	
At beginning of year	3,295,279
Charge for year	25,240
At end of year	3,320,519

In view of the uncertainty over the future of the project following rejection of the group's application to the Secretary of State for approval of the project via a hybrid bill, the directors have considered it to be prudent to provide in full against the company's investment in Central Railway Project Limited.

The company's subsidiary undertakings at 31 March 2008 were:

	<i>Country of registration</i>	<i>Paid up share capital</i>	<i>Percentage held</i>
Central Railway Project Limited (held by the Company)	England and Wales	15,087 Ordinary shares of £1 each	100%
Central Railway Property Limited	England and Wales	2 Ordinary shares of £1 each	100%

The principal activity of Central Railway Limited is to hold Central Railway Project Limited, which is developing and seeking approval for the construction and operation of a railway system between Northern England and Northern France via the Channel Tunnel. The other subsidiary undertaking was dormant during the year.

Notes (continued)

2. Creditors: amounts falling due within one year

	Group		Company	
	2007	2007	2008	2007
	£	£	£	£
Trade creditors	184,211	184,211	-	-
Other creditors including taxation and social security	292,000	292,000	292,000	292,000
Accruals	232,605	219,405	154,652	122,050
	708,816	695,616	446,652	414,050

Other creditors includes an unsecured loan of £281,000 which accrues interest at 6.50%. This loan, and interest, is repayable at such time that the Group raises sufficient finance as a consequence of a favourable decision by the Government in respect of the project, or on demand should the company enter liquidation.

3. Creditors: amounts falling due after one year

	Company & Group	
	2008	2007
	£	£
Loan stock	1,141,400	1,141,400
Other loans	-	-
Directors loans	12,008	12,008
	1,153,408	1,153,408

All loan stock bears no interest. The terms of conversion are 4 ordinary shares for every £1 of loan stock for the first £37,700 of loan stock issued, 2 ordinary shares for every £1 of loan stock for the next £99,700 of loan stock issued, a maximum of £0.80 (issue price) of ordinary shares for every £1 of loan stock for the next £171,500 of loan stock issued, a maximum of £0.50 (issue price) of ordinary shares for every £1 of loan stock for the next £20,000 issued, and a maximum of £0.80 (issue price) of ordinary shares for every £1 of loan stock for the next £321,000 issued.

4. Deferred taxation

A deferred tax asset has not been recognised under FRS 19 on the grounds that there is insufficient evidence that the asset will be recoverable.

Notes (continued)

The Group continues to make taxable losses and is not forecast to make sufficient profits for the foreseeable future.

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Unrecognised deferred tax asset in respect of tax losses	1,191,257	1,191,257	223,173	223,173

Tax losses have been agreed with the Inland Revenue up to 2002.

5. Called up share capital and reserves

	Company & Group	
	2008 £	2007 £
Authorised		
Ordinary shares of 1p each	500,000	500,000
Allotted, called up and fully paid		
Ordinary shares of 1p each	130,733	130,733

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Notes (continued)

Company	Share Capital	Merger reserve	Share premium	Profit & loss account	Total 2007
At beginning of year	170,733	-	2,391,031	(4,117,842)	(1,556,078)
Issue of Central Railway Ltd shares	-	-	-	-	-
Retained loss for the year before provisions	-	-	-	(18,155)	(18,155)
Additional loss for provisions for intercompany items	-	-	-	(25,240)	(25,240)
	170,733	-	2,391,031	(4,161,237)	(1,599,473)

Group

At beginning of year Issue of Central Railway Ltd shares	170,733	821,052	2,391,031	(5,217,396)	(1,834,580)
Issue of Central Railway Ltd shares	-	-	-	-	-
Retained loss for the year	-	-	-	(26,573)	(26,573)
At end of year	170,733	821,052	2,391,031	(5,243,969)	(1,861,153)

The share premium account is stated net of cumulative share issue costs of £25,418 (2007: £25,418)

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