



Wensleydale Railway plc

Annual Report and  
Consolidated Accounts  
for the year ending  
31 March 2011



Company registration number 4093919



## WENSLEYDALE RAILWAY PLC

<b>I N D E X</b>	<b>P A G E</b>
CHAIRMAN'S STATEMENT	2 - 4
DIRECTORS' PROFILES	5
DIRECTORS' REPORT	6 - 7
STATEMENT OF DIRECTORS' RESPONSIBILITIES	8
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS	9 - 10
CONSOLIDATED PROFIT AND LOSS ACCOUNT	11
CONSOLIDATED AND COMPANY BALANCE SHEET	12
CONSOLIDATED CASH FLOW STATEMENT	13
NOTES TO THE ANNUAL REPORT AND ACCOUNTS	14 - 27

## WENSLEYDALE RAILWAY PLC

### CHAIRMAN'S STATEMENT

I write this report having completed my first, eventful, year as Chairman of your Board. The year has been one of continuous development as we strived to become a popular, successful and well-renowned heritage railway offering considerable community benefits.

#### 1 April 2010 – 31 March 2011

Board membership comprises:

Angus Maude	Chair
Janet Crampton	Vice Chair
Steven Craggs	Marketing and Branding
Peter Dew	Operations
Carl Les	Marketing and Local Community Engagement
Russell Lord	Infrastructure
John Mazzucchi	WRA nomination
David Pilgrim	Strategic Financial Planning
Peter Whitehead	Fundraising

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

You will notice that, somewhat disappointingly, the accounts are qualified by our Auditors. This is because last years accounts were qualified and therefore could impact on this year (see page 9 of this report). The Auditors did comment that the standard of booking-keeping was very much improved and that the records and information requested were presented in a timely manner and in good order. If we maintain these standards, there should be no need to qualify the accounts in future.

I would like to thank Chris Riley who has been an invaluable Financial Advisor to the Board in this past year, and who, with the Finance Manger, has master-minded the transfer of our accounts from the TAS accounting package to a SAGE package at the recommendation of our Auditors. Whilst this has been of little benefit in producing information for the 2010/2011 accounts, we fully anticipate that providing the Auditors with year-end reports for 2011/12 will be considerably more straightforward. The installation of the new accounting system has not been without some headaches but I can report that we are beginning to get more reliable and consistent management information.

Although from March 2010 we have had a full staff complement in place, it has proved a constant battle to manage daily business arrangements and the running of an ambitious operational timetable. The season was reasonably successful but it was at the cost of a considerable amount of volunteer effort and goodwill and we experienced some unavoidable delays and cancellations.

A busy timetable put extra pressure on the rolling stock too. We ran a mixed programme of events, excursions, walks, galas and other events offering popular appeal, and joined forces with Leyburn Chamber of Commerce once again to contribute to the success of the 'Op Dalesman' 1940s weekend. All of these increased our 'exposure' as a major tourist and recreational attraction (and some of them made us a little bit of profit too)!

I consider that controlling costs has been and will continue to be our biggest challenge as we face a critical point in the railway's development – keeping fully operational trains running on sound track – in a climate of rising prices and creaking infrastructure. Everything that we attempt to do is burdened by the legacy of insufficient investment in the infrastructure of the railway in past years, in nearly every case due to fact that the railway has been run on a hand-to-mouth basis with little or no surplus to plough back into track and trains. We are determined that with increased fundraising and more confident financial planning we shall be able to satisfy the Regulators that we are running a safe and viable railway and continue to provide a great experience for our fare-paying public.

**WENSLEYDALE RAILWAY PLC**  
**CHAIRMAN'S STATEMENT - continued**

Difficult decisions were made towards the end of the year, for instance to bring in steam and invest in our marketing, which has paid dividends in raising our profile but is also very expensive. We have also benefited from excellent coverage on the Country File programme, and a series of videos (available on YouTube) produced by two of our directors, Steven Craggs and Peter Whitehead. One of these *Great Expectations* relates to the decision to extend the share issue indefinitely as – quite frankly – there is no end to the demand on resources to keep the railway fully functioning and able to respond to the increased demand generated by our marketing and advertising.

**Looking to the Future**

In September 2010 the Board completed its plan to issue more shares and approved a new share prospectus but, as income from share sales was not as high as we had hoped, we have extended the issue indefinitely. If we can attract injections of cash for sustainable capital projects, we will be able to progress our more ambitious plans to improve the infrastructure of the track and increase the destinations of the trains that run on it.

To this end, we have investigated changing the railway's financial and legal status to some form of Not-for-Profit organisation as NFPs have greater ability to attract grant aid and other forms of funding if they can demonstrate that any trading surpluses are reinvested into the core business of the organisation. In our case, that will be easy! Continually trying to 'feed the beast' is a remorseless pressure!

My letter and questionnaire earlier this year on the status of the company brought a response from 10% (approx. 400 shareholders) of the shareholding 95% of whom indicated that the status of the company should be changed. It was less clear cut as to what that form that should be, hence the resolution set out in the enclosed papers.

Infrastructure will be the most demanding drain on any income, and complying with the Office of the Rail Regulator is the most pressing operational requirement. As with last year, we have continued our programme of planned maintenance and replacing sleepers and weakened track. With the generous help of the Wensleydale Railway Association and their 'Tanner for the Shed' appeal, we are considerably closer to offering covered accommodation for the security of locomotives and to provide a weather-proofed environment for staff working on them. This is due to be completed in 2011/12. We are conscious that some of our rolling stock is tired and does not meet the expectations of consumer demand or offer operational resilience and we are constantly working to improve it.

Our name is becoming better known, our passenger numbers are up, we have been the subject of a terrific BBC episode of Country File which showed the railway in the best possible light and has given us the inspiration to build on our successes. And there have been many. We are constantly praised on the friendliness of our crews and station staff, steam and heritage diesel have been enormously popular and well supported, we are giving people a great experience of the rail of yesteryear as well as satisfying their more modern consumer expectations of an appealing timetable and a professionally run service.

2011 has started off very promisingly with excellent user feedback from the passengers who supported the Diesel Gala weekend, Leyburn Food Festival and 1940s weekend. Positive feedback specifically mentioned the friendliness of the railway and the spectacular beauty of the scenery. The effect of the railway on the local community cannot be doubted. The Leyburn Chamber of Commerce has thanked the railway for the increased trade it has seen as a result of the special weekend events (anecdotally we have heard that the pubs in Leyburn were at full stretch for most of the Diesel Gala weekend and one ran out of beer on the 1940s weekend). We have seen full trains with standing room only and income was 20% up on the 1940s weekend for much reduced cost.

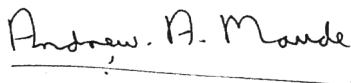
**WENSLEYDALE RAILWAY PLC**  
**CHAIRMAN'S STATEMENT - continued**

This has only been possible due to the efforts of an amazingly committed team of volunteers and staff, without whose hard work and innovation we would not have been able to offer so much for the public to enjoy. I am conscious, however, that we haven't got everything right for volunteers but we have listened to the feedback and will be trying harder to make sure they get the training they need to do meaningful duties that help the railway's operations but also give them a fulfilling opportunity for satisfying and valued personal involvement. I'm informed that numbers of those actively involved in volunteering currently stand at around 280 – we can *always* do with more', and anyone interested in volunteering will be most welcome. For 2011/12 the Board has plans to provide overnight accommodation at Leeming Bar to enable volunteers who live at a distance to be able to 'bunk' here, with access to a kitchen and to a shower etc. This plan will proceed once all the necessary permissions have been obtained, and the money has been raised to convert two offices into a single- and a twin-bedroom.

We will continue with our longer-term ambitions to extend the railway west to Aysgarth and east to Northallerton to attract more visitors but also to give our staff something inspiring to work towards. Progress on this is entirely dependent, however, on us being able to attract major injections of funding. An updated strategic plan is available from the web site. The income that we are achieving from sales is being swallowed up by relentless expenditure to keep the railway safe and operating smoothly.

Balancing these two 'pulls' of strategic drive against day-to-day operational and economic realities has required major commitment and additional skills of the Board, which this year has been strengthened with the addition of key directors with strategic responsibility for financial planning, fundraising and operational and safety compliance.

We continue to make the transition from community railway to a heritage railway offering considerable community benefits, which has been borne out by increased passenger take-up and will be even more noticeable when we come to review passenger numbers and tickets sales in 2011/12, proving that appealing to historic and recreational interest is a viable strategic line to take.



Andrew A Maude  
Chairman, Wensleydale Railway plc

## WENSLEYDALE RAILWAY PLC

### DIRECTORS' PROFILES

#### **Andrew Maude (Chairman - appointed 14.05.2008)**

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

#### **Russell Lord (Infrastructure Director - appointed 23.02.2010)**

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

#### **Janet Crampton (Director – appointed 18.04.2010)**

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

#### **David Pilgrim (Director – appointed 13.03.2011)**

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

#### **John Mazzucchi (Director – appointed 23.01.2011)**

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

#### **Steven Michael Craggs (Director – appointed 23.01.2011)**

Steven Craggs owns his own film company which makes instructional films for the UK rail industry.

#### **Peter Anthony Dew (Director – appointed 23.01.2011)**

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

#### **Peter Whitehead (Director - appointed 05.09.2010)**

Peter Whitehead is a local businessman and fund raiser.

## WENSLEYDALE RAILWAY PLC

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2011.

#### PRINCIPAL ACTIVITIES

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

#### RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached annual report and accounts.

The directors have not recommended a dividend.

#### BUSINESS REVIEW

The Chairman's statement on pages 2 - 4 provides a comprehensive review of the performance of the business during the year and demonstrates the steps that are being taken to ensure the continuing operation of the Railway.

#### THE DIRECTORS OF THE COMPANY

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

J R Crampton	Appointed 18.04.2010
S T Deane	Resigned 25.09.2010
C A Les	
D I Littlefair	Resigned 26.07.2010
R F Lord	
A A Maude	
I C R Sesnan	Resigned 31.05.2010
R C Whitehouse	Resigned 25.09.2010
D Pilgrim	Appointed 13.03.2011
J Mazzucchi	Appointed 23.01.2011
S M Craggs	Appointed 23.01.2011
P A Dew	Appointed 23.01.2011
P Whitehead	Appointed 05.09.2010

**WENSLEYDALE RAILWAY PLC**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011 - continued**

**SHARE CAPITAL**

During the year the company issued further shares of £93,300. At 31 March 2011 £2,254,908 (2010 £2,161,608) 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.

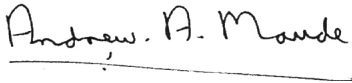
Trade creditor days of the company for the year ended 31 March 2011 were 70 days (2010 75 days) based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

**AUDITOR**

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

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

Signed by order of the directors

A handwritten signature in black ink that reads "Andrew A. Maude". The signature is written in a cursive style and is positioned above a horizontal line that serves as a signature line.

A A Maude  
Director

Approved by the directors on

## WENSLEYDALE RAILWAY PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

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

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

We have audited the group and parent company financial statements (the "financial statements") of Wensleydale Railway plc for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

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

**SCOPE OF THE AUDIT**

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

**GOING CONCERN**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the level of net current liabilities. In view of the significance of the level of net current liabilities, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**BASIS FOR QUALIFIED OPINION**

Our audit opinion on the financial statements for the period ended 31 March 2010 was qualified due to the evidence available to us being limited because certain records for Northallerton and Leeming Bar had been destroyed and most of the records provided for Leeming Bar did not substantiate the turnover recorded in the financial statements. 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. Our opinion on the current period's financial statements is also qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

**QUALIFIED OPINION**

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs at 31 March 2011 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

JWPCreers LLP  
Genesis 5  
Innovation Way  
Heslington  
York  
YO10 5DQ

**WENSLEYDALE RAILWAY PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	Note	Total 2011 £	Total 2010 £
Turnover	2	433,919	408,662
Cost of sales		(364,131)	(289,663)
		<hr/>	<hr/>
<b>Gross profit</b>		69,788	118,999
		<hr/>	<hr/>
Railway maintenance		30,709	37,522
Administrative expenses		178,547	178,428
Amortisation of goodwill		35,030	34,803
Other operating income		(39,424)	(58,966)
Legacy		(5,000)	(2,943)
		<hr/>	<hr/>
		199,862	188,844
		<hr/>	<hr/>
Operating (loss)	3	(130,074)	(69,845)
Interest receivable		-	-
Interest payable	6	(9,681)	(10,119)
		<hr/>	<hr/>
<b>(Loss) on ordinary activities before taxation</b>		(139,755)	(79,964)
Taxation	7	-	-
		<hr/>	<hr/>
(Loss) after taxation		(139,755)	(79,964)
Minority interest		-	36
		<hr/>	<hr/>
<b>Retained (loss) for the year</b>		(139,755)	(79,928)
Balance brought forward		(1,623,856)	(1,543,928)
		<hr/>	<hr/>
<b>Balance carried forward</b>		(1,763,611)	(1,623,856)
		<hr/> <hr/>	<hr/> <hr/>

All of the activities of the group are classed as continuing.

There are no recognised gains or losses other than the results for the year as set out above.

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

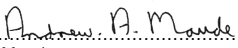
**The notes on pages 14 to 27 form part of these financial statements**

**WENSLEYDALE RAILWAY PLC**

**CONSOLIDATED AND COMPANY BALANCE SHEET AS AT 31 MARCH 2011**

	Note	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
<b>FIXED ASSETS</b>					
Goodwill	8	70,059	-	104,410	-
Tangible assets	9	952,263	517,082	981,711	535,776
Investments	10	-	101,652	-	97,252
		<hr/>	<hr/>	<hr/>	<hr/>
		1,022,322	618,734	1,086,121	633,028
<b>CURRENT ASSETS</b>					
Stock	11	10,591	10,591	14,724	14,724
Debtors	12	56,476	300,932	13,791	294,427
Cash at bank		5,800	3,854	19,115	13,812
		<hr/>	<hr/>	<hr/>	<hr/>
		72,867	315,377	47,630	322,963
<b>CREDITORS: Amounts falling due within one year</b>	13	222,301	301,541	195,698	276,041
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		(149,434)	13,836	(148,068)	46,922
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		872,888	632,570	938,053	679,950
<b>CREDITORS: Amounts falling due after more than one year</b>	14	381,591	111,401	396,580	113,438
		<hr/>	<hr/>	<hr/>	<hr/>
		491,297	521,169	541,473	566,512
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>					
Share capital	18	2,254,908	2,254,908	2,161,608	2,161,608
Profit and loss account	19	(1,763,611)	(1,733,739)	(1,623,856)	(1,595,096)
Minority interest		-	-	3,721	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Shareholders' Funds</b>	20	491,297	521,169	541,473	566,512
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

These annual report and accounts were approved by the directors and authorised for issue on \_\_\_\_\_ and are signed on their behalf by:

  
 A A Maude

.....  
 J R Crampton

Company registration number 4093919

**The notes on pages 14 to 27 form part of these financial statements**

**WENSLEYDALE RAILWAY PLC**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	21	(105,177)	7,707
Returns on investments and servicing of finance	21	(9,681)	(10,119)
Taxation		-	-
Capital expenditure and financial investment	21	(4,400)	(27,011)
		<hr/>	<hr/>
Cash outflow before financing		(119,258)	(29,423)
Financing	21	80,730	8,982
		<hr/>	<hr/>
(Decrease)/Increase in cash	21	(38,528)	(20,441)
		<hr/> <hr/>	<hr/> <hr/>

**The notes on pages 14 to 27 form part of these financial statements**

## WENSLEYDALE RAILWAY PLC

### NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting - Going Concern**

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

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

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

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

##### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. No profit and loss is presented for the company as permitted by Section 408 of the Companies Act 2006. The loss dealt with in the accounts of the company for the year ended 31 March 2011 was £138,643 (2010 £75,169).

##### **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 2011**

**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;

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:

	2011 £	2010 £
United Kingdom	433,919	408,662

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**3. OPERATING LOSS**

Operating loss is stated after charging:

	2011 £	2010 £
Depreciation	29,448	34,792
Amortisation	35,030	34,803
Auditors' remuneration		
- as auditor	9,500	9,500
- other services	1,240	913
Operating lease costs:		
- land and buildings	18,401	18,345
	18,401	18,345

**4. PARTICULARS OF EMPLOYEES**

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

	2011 No.	2010 No.
Number of management and administration staff	1	1
Number of sales staff	1	1
Number of railway operations and maintenance staff	6	4
	8	6
	8	6

The aggregate payroll costs of the above were:

	2011 £	2010 £
Wages and salaries	140,533	99,045
Social security costs	11,017	7,315
	151,550	106,360
	151,550	106,360

**5. DIRECTORS' REMUNERATION**

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

	2011 £	2010 £
Remuneration receivable	-	-
	-	-

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Interest payable on bank and other borrowings	9,681	10,119
	9,681	10,119

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**7. TAXATION ON ORDINARY ACTIVITIES**

**Factors affecting current tax charge**

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

	2011 £	2010 £
Loss on ordinary activities before taxation	(139,755)	(79,964)
Loss on ordinary activities by rate of tax	(29,349)	(16,792)
Off-set losses	29,349	16,792
Total current tax	-	-

**8. GOODWILL**

	2011 £	2010 £
Balance at 1 April 2010	104,410	139,213
Additions	679	-
Amortised in the year	(35,030)	(34,803)
Balance at 31 March 2011	70,059	104,410

**9. TANGIBLE FIXED ASSETS - GROUP**

	Freehold property £	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
<b>COST</b>					
At 1 April 2010	537,717	151,670	387,717	183,622	1,260,726
Additions	-	-	-	-	-
At 31 March 2011	537,717	151,670	387,717	183,622	1,260,726
<b>DEPRECIATION</b>					
At 1 April 2010	91,782	27,369	46,118	113,746	279,015
Charge for the year	10,754	3,107	7,754	7,833	29,448
At 31 March 2011	102,536	30,476	53,872	121,579	308,463
<b>NET BOOK VALUE</b>					
At 31 March 2011	435,181	121,194	333,845	62,043	952,263
At 31 March 2010	445,935	124,301	341,599	69,876	981,711

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**9. TANGIBLE FIXED ASSETS continued - COMPANY**

	Station improvements £	Track and rail infrastructure £	Plant and equipment £	Total £
<b>COST</b>				
1 April 2010	147,921	387,717	183,622	719,260
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	147,921	387,717	183,622	719,260
	<hr/>	<hr/>	<hr/>	<hr/>
 <b>DEPRECIATION</b>				
At 1 April 2010	23,620	46,118	113,746	183,484
Charge for the year	3,107	7,754	7,833	18,694
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	26,727	53,872	121,579	202,178
	<hr/>	<hr/>	<hr/>	<hr/>
 <b>NET BOOK VALUE</b>				
At 31 March 2011	121,194	333,845	62,043	517,082
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	124,301	341,599	69,876	535,776
	<hr/>	<hr/>	<hr/>	<hr/>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**10. INVESTMENTS**

<b>Company</b>	<b>WRC(P) Limited £</b>	<b>TWRC Limited £</b>	<b>Total £</b>
<b>COST</b>			
At 1 April 2010	2	97,250	97,252
Additions	-	4,400	4,400
	<hr/>	<hr/>	<hr/>
At 31 March 2011	2	101,650	101,652
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Holdings of more than 20%**

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

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

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

**Principal activity**

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

<b>Aggregate capital and reserves</b>	<b>2011 £</b>	<b>2010 £</b>
TWRC Limited	92,216	93,014
WRC(P) Limited	(90,495)	(125,211)
	<hr/>	<hr/>
<b>Profit/(Loss) for the year</b>		
TWRC Limited	(798)	(903)
WRC(P) Limited	34,716	30,911
	<hr/>	<hr/>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**11. STOCKS**

**Group and Company**

	2011 £	2010 £
Finished goods	10,591	14,724
	<u>          </u>	<u>          </u>

**12. DEBTORS**

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade debtors	46,235	46,235	8,206	8,206
Amounts owed by group undertakings	-	244,456	-	280,636
Prepayments and accrued income	10,241	10,241	5,585	5,585
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	56,476	300,932	13,791	294,427
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

13. **CREDITORS: Amounts falling due within one year**

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loans and overdrafts	38,164	25,213	12,569	-
Trade creditors	83,781	83,781	74,648	74,648
Amounts owed to group undertakings	-	157,603	-	158,323
PAYE and social security	3,158	3,158	2,484	2,484
VAT	7,974	7,974	11,224	11,224
Bonds	34,600	-	34,600	-
Other creditors	19,734	1,915	19,971	2,151
Accruals and deferred income	34,890	21,897	40,202	27,211
	<u>222,301</u>	<u>301,541</u>	<u>195,698</u>	<u>276,041</u>

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

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loans and overdrafts	<u>38,164</u>	<u>25,213</u>	<u>12,569</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 2011**

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

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loans and overdrafts	268,090	-	281,042	-
Bonds	2,100	-	2,100	-
Other creditors	30,000	30,000	30,000	30,000
Deferred income	81,401	81,401	83,438	83,438
	<u>381,591</u>	<u>111,401</u>	<u>396,580</u>	<u>113,438</u>

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

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Bank loans and overdrafts	268,090	-	281,042	-

Included within creditors falling due after more than one year is an amount of £212,224 (2010 £226,825) 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 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
<b>Amounts payable</b>				
In one year or less	12,951	-	12,569	-
In more than one year but not more than two years	13,345	-	12,951	-
In more than two years but not more than five years	42,521	-	41,266	-
In more than five years	212,224	-	226,825	-
	<u>281,041</u>	<u>-</u>	<u>293,611</u>	<u>-</u>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**16. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2011 there were annual commitments under non-cancellable operating leases as set out below:

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
<b>Land and buildings</b>				
Operating leases which expire:				
Within one year	1,881	1,881	1,825	1,825
After more than five years	16,520	71,720	16,520	71,720
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	18,401	73,601	18,345	73,545
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**17. RELATED PARTY TRANSACTIONS**

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

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

**18. SHARE CAPITAL**

**Authorised share capital:**

	2011 £	2010 £
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
	<u>          </u>	<u>          </u>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**18. SHARE CAPITAL continued**

**Allotted, called up and fully paid:**

	No	2011 £	No	2010 £
Ordinary shares of £1 each	2,254,908	2,254,908	2,161,608	2,161,608
	<u>2,254,908</u>	<u>2,254,908</u>	<u>2,161,608</u>	<u>2,161,608</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 93,300 ordinary shares of £1 each were issued and fully paid.

At 31 March 2011, 2,254,908 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 2010	(1,623,856)
Retained loss for the year	(139,755)
	<u>                    </u>
Balance at 31 March 2011	<u>(1,763,611)</u>

**COMPANY**

	Profit and loss account £
Balance at 1 April 2010	(1,595,096)
Retained loss for the year	(138,643)
	<u>                    </u>
Balance at 31 March 2011	<u>(1,733,739)</u>

WENSLEYDALE RAILWAY PLC

NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

**GROUP**

	2011 £	2010 £
(Loss) for the financial year	(139,755)	(79,928)
New equity share capital	93,300	22,680
Minority interest re TWRC	(3,721)	(36)
	<hr/>	<hr/>
Net (reduction) in funds	(50,176)	(57,284)
Opening shareholders equity funds	541,473	598,757
	<hr/>	<hr/>
Closing shareholders equity funds	491,297	541,473
	<hr/> <hr/>	<hr/> <hr/>

**COMPANY**

	2011 £	2010 £
Loss for the financial year	(138,643)	(75,169)
New equity share capital subscribed	93,300	22,680
	<hr/>	<hr/>
Net (reduction)/increase in funds	(45,343)	(52,489)
Opening shareholders equity funds	566,512	619,001
	<hr/>	<hr/>
Closing shareholders equity funds	521,169	566,512
	<hr/> <hr/>	<hr/> <hr/>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

**21. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT/(LOSS)**

	2011 £	2010 £
Operating (loss)	(135,074)	(72,788)
Legacy	5,000	2,943
Depreciation	29,448	34,792
Amortisation of goodwill	35,030	34,803
Decrease in stocks	4,133	6,865
Decrease/(Increase) in debtors	(42,685)	20,972
(Decrease)/Increase in creditors	(1,029)	(19,880)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(105,177)	7,707
	<hr/> <hr/>	<hr/> <hr/>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2011 £	2010 £
Interest paid	(9,681)	(10,119)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(9,681)	(10,119)
	<hr/> <hr/>	<hr/> <hr/>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS**

	2011 £	2010 £
Payments to acquire minority interest	(4,400)	-
Payments to acquire tangible fixed assets	-	(27,011)
	<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment	(4,400)	(27,011)
	<hr/> <hr/>	<hr/> <hr/>

**WENSLEYDALE RAILWAY PLC**

**NOTES TO THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

21. **NOTES TO THE CASH FLOW STATEMENT continued**

**FINANCING**

	2011 £	2010 £
Issue of equity share capital	93,300	22,680
(Repayment) of bank loans	(12,570)	(12,198)
(Repayment) of debenture loans	-	(1,500)
	<u>          </u>	<u>          </u>
Net cash inflow from financing	80,730	8,982
	<u>          </u>	<u>          </u>

**RECONCILIATION OF NET CASH FLOW**

	2011 £	2010 £
(Decrease)/Increase in cash in the period	(38,528)	(20,441)
Movement on bank and debenture loans	14,670	13,698
	<u>          </u>	<u>          </u>
Change in net debt	(23,858)	(6,743)
Net funds at 1 April 2010	(311,196)	(304,453)
	<u>          </u>	<u>          </u>
Net funds at 31 March 2011	(335,054)	(311,196)
	<u>          </u>	<u>          </u>

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 April 2010 £	Cash flows £	At 31 March 2011 £
Net cash:			
Cash in hand and at bank	19,115	(13,315)	5,800
Overdrafts	-	(25,213)	(25,213)
	<u>          </u>	<u>          </u>	<u>          </u>
	19,115	(38,528)	(19,413)
Debt due within one year	(47,169)	(382)	(47,551)
Debt due after one year	(283,142)	12,952	(270,190)
	<u>          </u>	<u>          </u>	<u>          </u>
Net debts	(311,196)	(25,958)	(337,154)
	<u>          </u>	<u>          </u>	<u>          </u>





[www.wensleydalerrailway.com](http://www.wensleydalerrailway.com)

Wensleydale Railway plc  
Leeming Bar Station, Leases Road  
Leeming Bar, Northallerton DL7 9AR  
Tel: 01677 425805  
Information Line: 01454 50 54 74

