

**WENSLEYDALE RAILWAY PLC  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
31 MARCH 2003**



**Company Registration Number 4093919**

**CREERS**  
Chartered Accountants & Registered Auditors  
St. Andrew's House  
Spenn Lane  
York  
YO1 7FS

**WENSLEYDALE RAILWAY PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**YEAR ENDED 31 MARCH 2003**

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# WENSLEYDALE RAILWAY PLC

## CHAIRMAN'S REVIEW

YEAR ENDED 31 MARCH 2003

Although the year covered by this report finished on 31 March 2003, I will take the opportunity to refer to the months following and to comment on the future.

The 2002/03 financial year was a year when expenditure substantially overshadowed income. The company was penalised by the difficulties facing the rail industry as a whole. During the period we were gaining approval to operate, our main dealings were with the organisations most affected by, or involved in dealing with, the major problems of the railways - Network Rail, the Health and Safety Executive, the Strategic Rail Authority and the Office of the Rail Regulator. Protracted negotiations with these organisations frustrated our plans to operate a basic service for the whole of the 2003 season.

On the positive side, shares in Wensleydale Railway plc have continued to be purchased and the substantial practical assistance of the Wensleydale Railway Association has been of great benefit. Rolling stock and support vehicles for engineering work were purchased and training of operations and commercial staff was undertaken.

As most of you will know, the official handover of the line took place on 12 May and train services between Leeming Bar and Leyburn started on 4 July.

The priorities for next year are to increase the capital base of the company so that we can extend the train services and increase the range of income generating activities.



Keith Cameron  
Chairman

# WENSLEYDALE RAILWAY PLC

## CHIEF EXECUTIVE'S REPORT

YEAR ENDED 31 MARCH 2003

When the year under review is contemplated in the medium and long term, I am sure that it will be seen that many important tasks, which put the company into the right shape for the future, were completed. However, from close quarters the continued pressures of developing the UK's first post-privatisation, vertically integrated railway in a climate of massive upheaval in the industry have been testing.

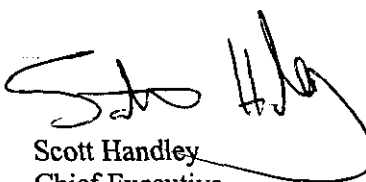
Your Board's activity over the year has been concentrated on gaining the required consents to allow the takeover of the line to be completed and to reorganise subsidiary and related companies into a structure more suited to our future operations. In all of these cases, all goals set have been met and the company has remained in a position to take on the operation of the railway as soon as this becomes possible.

Although a number of the final approval sign-offs came just after the end of the year under review, I include them in this report as the substantive work was done before the year end.

The major milestones achieved by your company can be summarised as follows:

- 1) Approval of our business case assessments by the Strategic Rail Authority.
- 2) Granting of licences to operate railway assets by the Office of the Rail Regulator. These licences are a pre-requisite to the operation of the line, and as we have been issued with a full set (the first UK company to achieve this), we can operate a fully vertically integrated part of the UK network.
- 3) Completion of Network Rail (formally Railtrack) lease negotiations with a significant improvement in the terms of the lease over those set out in the company prospectus.
- 4) Reorganisation of subsidiary and related companies into a much more efficient form. This has given your company a 70% stake in the key properties which are needed to operate the railway. In addition, the reorganisation allowed group short-term borrowing to be reduced and bondholders to be converted into shareholders.
- 5) The main station properties have been refinanced through a deal with the Ecology Building Society. This has allowed the release of further development capital and removed the burden of a significant proportion of the historic short-term borrowing of related companies.

At the end of the year, therefore, your company is in the position required to take on the railway and to commence operations. That said, I predict that the first short season of operation that will be open to us will bring further challenges. This, coupled with the very significant increase in liability insurance premiums, will keep financial pressures and controls at the forefront of your Board's mind. You can be assured that we will continue to discharge our responsibilities to you to the best of our ability and we will keep the aim of the project, the development of a sustainable railway service for Wensleydale, in our sights at all times.



Scott Handley  
Chief Executive

# WENSLEYDALE RAILWAY PLC

## COMPANY DIRECTORS

YEAR ENDED 31 MARCH 2003

The members of the Board are listed below.

**Keith Cameron** is non-Executive Chairman. Aged 56, he retired as an Executive Director of Arcadia Group plc. He is currently a Director of Arcadia Group Senior Executive Pension Scheme Ltd, Barclays Bank UK Retirement Fund Trustee Ltd, SyBlue Ltd and is a Visiting Professor at Cranfield University. He is also Chair of the Retail Advisory Board of National Children's Homes and an adviser to several service companies

**Scott Handley** is Chief Executive. As Principal of The Handley Partnership, he advises a number of organisations responsible for the establishment and operation of public transport schemes. He is also a nationally recognised specialist in the assessment of historic buildings.

**Ruth Annison** is Marketing Director. Since 1975 she has been a Partner in the Hawes ropemakers, W R Outhwaite and Son and is Chairman of the Settle-Carlisle Railway Business Liaison Group. In 1990, Ruth initiated the group which became the Wensleydale Railway Association.

**Colin Brown** is Commercial Director. A graduate of Nottingham University, he is a Chartered Civil Engineer with over 20 years experience and currently works for Mouchel specialising in transportation and environmental impact assessment.

**Steve Deane** is Mechanical Engineering Director. A graduate of the RAF College, Cranwell, he is a Chartered Engineer with over 25 years experience of managing aircraft, maintenance and a range of large scale engineering projects.

**Andrew Maude** is Director of Property and Utilities. After graduating from University College, London, he has worked as a building surveyor and has worked extensively on the restoration and renovation of listed buildings in addition to designing many new build and pollution control works.

**Clive Roberts** is Engineering Director. After Imperial College, London, he worked for British Rail and subsequently joined Corus Rail Consultancy where he is managing the design team handling the Sunderland extension of the Tyne and Wear Metro.

**Mark Flather** is non-Executive Director and Safety Director. Now retired, he has many years experience in the road haulage industry as an operator and company owner. He is a community agent for South Yorkshire Passenger Transport Executive and a trained member of Peak Rail's operating team.

# WENSLEYDALE RAILWAY PLC

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors present their report and the annual report and accounts of the company for the year ended 31 March 2003.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the preparation for the construction, development and operation of the Wensleydale Railway, initially between Leeming Bar and Leyburn, and subsequently with extensions westward towards Aysgarth Falls. A review of the business and future developments are contained on pages 2 and 3.

### 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.

### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2003	At 1 April 2002
K G Cameron	6,000	6,000
S A Handley	8,000	8,000
C R Annison	8,000	8,000
C J Brown	4,000	4,000
A A Maude	4,000	4,000
C J Roberts	4,000	4,000
M W D Flather	4,000	4,000
S T Deane	500	500

The directors listed above, with the exception of S T Deane whose shares are fully paid, all subscribed for the opening shares in the company partially paying for them on subscription at £0.25 per share. The remaining £0.75 per share on these shares is payable on demand. This amounts to £28,500 of unpaid share capital.

### SHARE CAPITAL

During the year the company offered its shares to the public. At 31 March 2003 £1,102,580 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 2003 were 2 days based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

# WENSLEYDALE RAILWAY PLC

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

### AUDITORS

A resolution to re-appoint Creers as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

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

Signed by order of the directors



C A LINDSAY  
Company Secretary

Approved by the directors on 5 September 2003

**WENSLEYDALE RAILWAY PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**YEAR ENDED 31 MARCH 2003**

Company law requires the directors to prepare annual report and accounts for each financial year which give a true and fair view of the state of affairs of the 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 page 13, 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.



# WENSLEYDALE RAILWAY PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the annual report and accounts on pages 10 to 20, which have been prepared under the historical cost convention, and the accounting policies set out on page 13.

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 United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the annual report and accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 the Directors' Report and 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 United Kingdom 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 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 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 annual report and accounts 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 annual report and accounts.

# WENSLEYDALE RAILWAY PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

### OPINION

In our opinion the annual report and accounts give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



St. Andrew's House  
Spenn Lane  
York  
YO1 7FS

CREERS  
Chartered Accountants  
& Registered Auditors

5 September 2003

# WENSLEYDALE RAILWAY PLC

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	Year to 31 Mar 03 £	Period from 20 Oct 00 to 31 Mar 02 £
<b>TURNOVER</b>	2	26,776	16,269
Cost of sales		40,991	13,265
<b>GROSS (LOSS)/PROFIT</b>		<u>(14,215)</u>	<u>3,004</u>
Administrative expenses		191,756	264,620
Other operating income		(45)	(2,046)
<b>OPERATING LOSS</b>	3	<u>(205,926)</u>	<u>(259,570)</u>
Interest receivable		966	5,003
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(204,960)</u>	<u>(254,567)</u>
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(204,960)</u>	<u>(254,567)</u>
Balance brought forward		<u>(254,567)</u>	-
Balance carried forward		<u>(459,527)</u>	<u>(254,567)</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 13 to 20 form part of these annual report and accounts.

# WENSLEYDALE RAILWAY PLC

## BALANCE SHEET

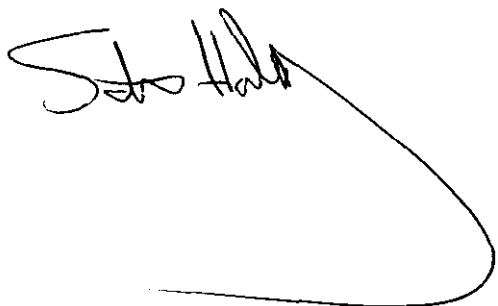
31 MARCH 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	6	58,632	34,931
Investments	7	14,000	—
		72,632	34,931
<b>CURRENT ASSETS</b>			
Stocks	8	1,200	1,660
Debtors	9	483,140	575,444
Cash at bank and in hand		111,766	57,156
		596,106	634,260
<b>CREDITORS: Amounts falling due within one year</b>	10	25,685	45,908
<b>NET CURRENT ASSETS</b>		570,421	588,352
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		643,053	623,283
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	1,102,580	877,850
Profit and loss account		(459,527)	(254,567)
<b>SHAREHOLDERS' FUNDS</b>	14	643,053	623,283

These annual report and accounts were approved by the directors on the 5 September 2003 and are signed on their behalf by:

S A HANDLEY

C J BROWN




The notes on pages 13 to 20 form part of these annual report and accounts.

# WENSLEYDALE RAILWAY PLC

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	Note	Year to 31 Mar 03 £	Period from 20 Oct 00 to 31 Mar 02 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	(118,421)	(783,232)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	966	5,003
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	15	(52,665)	(42,465)
CASH OUTFLOW BEFORE FINANCING		<u>(170,120)</u>	<u>(820,694)</u>
FINANCING	15	224,730	877,850
INCREASE IN CASH	15	<u>54,610</u>	<u>57,156</u>

The notes on pages 13 to 20 form part of these annual report and accounts.

# WENSLEYDALE RAILWAY PLC

## NOTES TO THE ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2003

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The annual report and accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### 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.

#### 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
Rolling Stock	-	10% Reducing balance
Vehicles	-	25% Straight line
Equipment	-	25% 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.

### 2. TURNOVER

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

An analysis of turnover is given below:

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
United Kingdom	<u>26,776</u>	<u>16,269</u>

# WENSLEYDALE RAILWAY PLC

## NOTES TO THE ANNUAL REPORT AND ACCOUNTS

### YEAR ENDED 31 MARCH 2003

#### 3. OPERATING LOSS

Operating loss is stated after charging:

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Depreciation	4,496	7,534
Loss on disposal of fixed assets	10,468	-
Auditors' remuneration		
- as auditors	5,500	5,000
Operating lease costs:		
- land and buildings	6,005	3,052
Share issue costs	<u>3,891</u>	<u>90,856</u>

The company has spent a total of £3,891 (2002 £90,856) on the issue of the ordinary share capital, which comprised postage and administration costs.

#### 4. PARTICULARS OF EMPLOYEES

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

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	No	No
Number of management staff	8	7
Number of sales staff	1	1
	<u>9</u>	<u>8</u>

The aggregate payroll costs of the above were:

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Wages and salaries	76,445	68,998
Social security costs	4,709	4,676
	<u>81,154</u>	<u>73,674</u>

#### 5. DIRECTORS' EMOLUMENTS

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

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Emoluments receivable	<u>51,000</u>	<u>66,500</u>

# WENSLEYDALE RAILWAY PLC

## NOTES TO THE ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2003

### 6. TANGIBLE FIXED ASSETS

	Station Improvements £	Track and Rail infrastructure £	Rolling Stock £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>						
At 1 Apr 2002	–	10,768	–	30,279	1,418	42,465
Additions	23,708	2,158	16,000	4,000	299	46,165
Disposals	–	–	–	(24,279)	–	(24,279)
<b>At 31 Mar 2003</b>	<u>23,708</u>	<u>12,926</u>	<u>16,000</u>	<u>10,000</u>	<u>1,717</u>	<u>64,351</u>
<b>DEPRECIATION</b>						
At 1 Apr 2002	–	171	–	7,186	177	7,534
Charge for the year	593	231	1,600	1,667	405	4,496
On disposals	–	–	–	(6,311)	–	(6,311)
<b>At 31 Mar 2003</b>	<u>593</u>	<u>402</u>	<u>1,600</u>	<u>2,542</u>	<u>582</u>	<u>5,719</u>
<b>NET BOOK VALUE</b>						
<b>At 31 Mar 2003</b>	<u>23,115</u>	<u>12,524</u>	<u>14,400</u>	<u>7,458</u>	<u>1,135</u>	<u>58,632</u>
At 31 Mar 2002	–	10,597	–	23,093	1,241	34,931

### 7. INVESTMENTS

	Aysgarth Station Bonds £
<b>COST</b>	
Additions	14,000
<b>At 31 March 2003</b>	<u>14,000</u>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2003</b>	<u>14,000</u>

### 8. STOCKS

	2003 £	2002 £
Stock	500	500
Finished goods	700	1,160
	<u>1,200</u>	<u>1,660</u>



**WENSLEYDALE RAILWAY PLC**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS**  
**YEAR ENDED 31 MARCH 2003**

**9. DEBTORS**

	2003	2002
	£	£
VAT recoverable	8,849	3,393
Other debtors	473,551	572,051
Prepayments and accrued income	740	—
	<u>483,140</u>	<u>575,444</u>

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

	2003	2002
	£	£
Trade creditors	1,460	19,677
PAYE and social security	5,613	8,617
Other creditors	12,430	9,498
Accruals and deferred income	6,182	8,116
	<u>25,685</u>	<u>45,908</u>

**11. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	<u>1,600</u>	<u>1,600</u>

# WENSLEYDALE RAILWAY PLC

## NOTES TO THE ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2003

### 12. RELATED PARTY TRANSACTIONS

During the year the company entered into the following transactions on an arms length basis with other entities. The Handley Partnership is related by virtue of the fact that S A Handley, a director and shareholder of the company, is associated with this enterprise. During the year K G Cameron and C R Annison were also directors of TWRC Limited, the company responsible for much of the early work in re-establishing the railway, and WRC(P) Limited, the company which owns the railway property, and C J Brown and A A Maude were also directors of WRC(P) Limited.

#### Handley Partnership

Rent and administration charges	£5,915 (2002 £27,735)
Administration charges	£2,190 (2002 £3,595)

#### TWRC Limited

Loans made	£13,200 (2002 £213,327)
Aysgarth Station bonds purchased	£14,000 (2002 £Nil)

#### WRC(P) Limited

Expenses paid on behalf of WRC(P)	£1,000 (2002 £19,582)
Loans made	£17,300 (2002 £297,949)
Loans received	£130,000 (2002 £Nil)

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

#### Creditors

Handley Partnership	£27 (2002 £170)
---------------------	-----------------

#### Debtors

TWRC Limited	£226,527 (2002 £213,327)
WRC(P) Limited	£209,331 (2002 £314,031)

### 13. SHARE CAPITAL

#### Authorised share capital:

	2003	2002
	£	£
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

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

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>1,102,580</u>	<u>1,102,580</u>	<u>877,850</u>	<u>877,850</u>

# WENSLEYDALE RAILWAY PLC

## NOTES TO THE ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2003

### 13. SHARE CAPITAL *(continued)*

On 23 November 2000 the company offered 2,500,000 ordinary shares of £1 each at par for public subscription.

During the year 224,730 ordinary shares of £1 each were issued and fully paid.

At March 2003, 1,102,580 had been issued with an amount of £37,500 unpaid.

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

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Loss for the financial year	(204,960)	(254,567)
New equity share capital subscribed	<u>224,730</u>	877,850
Net addition to funds	19,770	623,283
Opening shareholders' equity funds	<u>623,283</u>	—
Closing shareholders' equity funds	<u>643,053</u>	<u>623,283</u>

### 15. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year to	Period from
	31 Mar 03	20 Oct 00 to 31 Mar 02
	£	£
Operating loss	(205,926)	(259,570)
Depreciation	4,496	7,534
Loss on disposal of fixed assets	10,468	—
Decrease/(increase) in stocks	460	(1,660)
Decrease/(increase) in debtors	92,304	(575,444)
(Decrease)/increase in creditors	(20,223)	45,908
Net cash outflow from operating activities	<u>(118,421)</u>	<u>(783,232)</u>

**WENSLEYDALE RAILWAY PLC**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS**  
**YEAR ENDED 31 MARCH 2003**

**15. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Interest received	966	5,003
Net cash inflow from returns on investments and servicing of finance	<u>966</u>	<u>5,003</u>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Payments to acquire tangible fixed assets	(46,165)	(42,465)
Receipts from sale of fixed assets	7,500	-
Acquisition of Investments	<u>(14,000)</u>	-
Net cash outflow for capital expenditure and financial investment	<u>(52,665)</u>	<u>(42,465)</u>

**FINANCING**

	Year to 31 Mar 03	Period from 20 Oct 00 to 31 Mar 02
	£	£
Issue of equity share capital	<u>224,730</u>	877,850
Net cash inflow from financing	<u>224,730</u>	<u>877,850</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2003	2002
	£	£
Increase in cash in the period	<u>54,610</u>	57,156
Movement in net funds in the period	<u>54,610</u>	57,156
Net funds at 1 April 2002	<u>57,156</u>	-
Net funds at 31 March 2003	<u>111,766</u>	<u>57,156</u>

**WENSLEYDALE RAILWAY PLC**  
**NOTES TO THE ANNUAL REPORT AND ACCOUNTS**  
**YEAR ENDED 31 MARCH 2003**

**15. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	<u>57,156</u>	<u>54,610</u>	<u>111,766</u>
Net funds	<u>57,156</u>	<u>54,610</u>	<u>111,766</u>

**16. POST BALANCE SHEET EVENTS**

The official handover of the line between Northallerton and Redmire took place on 12th May 2003 and services between Leeming Bar and Leyburn started on 4th July 2003.

On 31st July 2003 the company acquired a majority holding in TWRC Limited as part of a reorganisation in which bondholders in TWRC Limited converted their bonds to shares in TWRC Limited before exchanging those shares for shares in the Plc.