

REGISTERED NUMBER: 2279310 (England and Wales)

Report of the Directors and
Financial Statements for the Year Ended 31st December 1998
for
Midland Railway Enterprises Plc



Hunter Jones Alton
Chartered Accountants
Registered Auditors
36 Bridge Street
Belper
Derbyshire
DE56 1AX

Midland Railway Enterprises Plc

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for the Year Ended 31st December 1998

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Midland Railway Enterprises Plc
Company Information
for the Year Ended 31st December 1998

DIRECTORS:

A R Johnson
A West
G Arundel
J Brindley
J Twells
P Deane
C Deeth
J Hett

SECRETARY:

A R Johnson

REGISTERED OFFICE:

Butterley Station
RIPLEY
Derbyshire
DE5 3QZ

REGISTERED NUMBER:

2279310 (England and Wales)

AUDITORS:

Hunter Jones Alton
Chartered Accountants
Registered Auditors
36 Bridge Street
Belper
Derbyshire
DE56 1AX

Midland Railway Enterprises Plc
Report of the Directors
for the Year Ended 31st December 1998

The directors present their report with the financial statements of the company for the year ended 31st December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale of railway souvenirs and the provision of catering and engineering services.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31st December 1998.

DIRECTORS

The directors during the year under review were:

A R Johnson
A West
G Arundel
J Brindley
J Twells
P Deane
C Deeth
J Hett

The beneficial interests of the directors holding office on 31st December 1998 in the issued share capital of the company were as follows:

	31.12.98	1.1.98
Ordinary shares £1 shares		
A R Johnson	500	500
A West	500	500
G Arundel	-	-
J Brindley	500	500
J Twells	1,000	1,000
P Deane	420	420
C Deeth	1,500	1,500
J Hett	1,000	1,000

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 judgements 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.

Midland Railway Enterprises Plc

Report of the Directors
for the Year Ended 31st December 1998

AUDITORS

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

ON BEHALF OF THE BOARD:



.....
A R Johnson - SECRETARY

Dated: 8/6/99

Midland Railway Enterprises Plc

Report of the Auditors to the Shareholders of
Midland Railway Enterprises Plc

We have audited the financial statements on pages five to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page two 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 judgements 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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hunter Jones Alton
Chartered Accountants
Registered Auditors
36 Bridge Street
Belper
Derbyshire
DE56 1AX

Hunter Jones Alton

Dated: 11 June 1999

Midland Railway Enterprises Plc

Profit and Loss Account
for the Year Ended 31st December 1998

	Notes	1998		1997	
		£	£	£	£
TURNOVER	2		271,195		241,390
Cost of sales			200,879		184,260
GROSS PROFIT			70,316		57,130
Distribution costs		3,143		2,915	
Administrative expenses		48,611		58,052	
			51,754		60,967
OPERATING PROFIT/(LOSS)	4		18,562		(3,837)
Interest receivable and similar income			29		8
			18,591		(3,829)
Interest payable and similar charges	5		6		-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			18,585		(3,829)
Tax on profit/(loss) on ordinary activities	6		-		-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			18,585		(3,829)
Deficit brought forward			(97,265)		(93,436)
DEFICIT CARRIED FORWARD			<u>£(78,680)</u>		<u>£(97,265)</u>

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 profit for the current year and the loss for the previous year.

The notes form part of these financial statements

Midland Railway Enterprises Plc

Balance Sheet
31st December 1998

		1998		1997	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		67,138		68,327
Investments	8		<u>2</u>		<u>2</u>
			67,140		68,329
CURRENT ASSETS:					
Stocks	9	37,057		45,395	
Cash at bank		<u>711</u>		<u>341</u>	
		37,768		45,736	
CREDITORS: Amounts falling due within one year	10	<u>63,029</u>		<u>92,529</u>	
NET CURRENT LIABILITIES:			<u>(25,261)</u>		<u>(46,793)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£41,879</u>		<u>£21,536</u>
CAPITAL AND RESERVES:					
Called up share capital	12		120,559		118,801
Profit and loss account			<u>(78,680)</u>		<u>(97,265)</u>
Shareholders' funds	13		<u>£41,879</u>		<u>£21,536</u>

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Approved by the Board on8/6/99.....

The notes form part of these financial statements

Midland Railway Enterprises Plc
Cash Flow Statement
for the Year Ended 31st December 1998

		<u>1998</u>	<u>1997</u>
	Notes	£	£
Net cash inflow from operating activities	1	616	231
Returns on investments and servicing of finance	2	23	8
Capital expenditure	2	(1,175)	(800)
		<u>(536)</u>	<u>(561)</u>
Financing	2	1,758	100
Increase/(Decrease) in cash in the period		<u><u>£1,222</u></u>	<u><u>£(461)</u></u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>1,222</u>	<u>(461)</u>
Change in net debt resulting from cash flows		<u>1,222</u>	<u>(461)</u>
Movement in net debt in the period		1,222	(461)
Net debt at 1st January 1998		<u>(511)</u>	<u>(50)</u>
Net funds/(debt) at 31st December 1998		<u><u>£711</u></u>	<u><u>£(511)</u></u>

The notes form part of these financial statements

Midland Railway Enterprises Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 1998

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit/(loss)	18,562	(3,837)
Depreciation charges	2,364	2,673
Movement in other creditors	(30,301)	(1,551)
Decrease/(Increase) in stocks	8,338	(2,708)
Decrease in debtors	-	31
Increase in creditors	1,653	5,623
Net cash inflow from operating activities	<u>616</u>	<u>231</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	29	8
Interest paid	(6)	-
Net cash inflow for returns on investments and servicing of finance	<u>23</u>	<u>8</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,175)	(800)
Net cash outflow for capital expenditure	<u>(1,175)</u>	<u>(800)</u>
Financing		
Cash receipt re share issue	1,758	100
Net cash inflow from financing	<u>1,758</u>	<u>100</u>

The notes form part of these financial statements

Midland Railway Enterprises Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 1998

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.98 £	Cash flow £	At 31.12.98 £
Net cash:			
Cash at bank	341	370	711
Bank overdraft	(852)	852	-
	<u>(511)</u>	<u>1,222</u>	<u>711</u>
 Total	 <u>(511)</u>	 <u>1,222</u>	 <u>711</u>
 Analysed in Balance Sheet			
 Cash at bank	 341		 711
Bank overdraft	(852)		-
	<u>(511)</u>		<u>711</u>

The notes form part of these financial statements

Midland Railway Enterprises Plc
Notes to the Financial Statements
for the Year Ended 31st December 1998

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.

Depreciation

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

Leasehold property	- 2% on cost
Plant and machinery	- at varying rates 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.

2. TURNOVER

Turnover represents the net amounts, exclusive of Value Added Tax, invoiced and received by the company in respect of sales of souvenirs, the provision of catering services and the provision of engineering services.

3. STAFF COSTS

	1998	1997
	£	£
Wages and salaries	<u>75,933</u>	<u>81,728</u>

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

	1998	1997
Catering & sales	4	4
Engineering	5	4
	<u>9</u>	<u>8</u>

Directors emoluments for 1998 covers a 12 month charge as compared to 9 months in the 1997 accounts.

4. OPERATING PROFIT/(LOSS)

The operating profit (1997 - operating loss) is stated after charging:

	1998	1997
	£	£
Depreciation - owned assets	2,364	2,673
Auditors' remuneration	<u>1,050</u>	<u>1,800</u>
Directors' emoluments	<u>23,534</u>	<u>17,500</u>

Midland Railway Enterprises Plc

Notes to the Financial Statements
for the Year Ended 31st December 1998

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
Bank interest	6	-
	<u>6</u>	<u>-</u>

6. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 1998 nor for the year ended 31st December 1997.

7. TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property	Plant and machinery	Totals
	£	£	£	£
COST:				
At 1st January 1998	8,864	69,310	5,852	84,026
Additions	-	-	1,175	1,175
	<u>8,864</u>	<u>69,310</u>	<u>7,027</u>	<u>85,201</u>
At 31st December 1998	8,864	69,310	7,027	85,201
DEPRECIATION:				
At 1st January 1998	-	10,743	4,956	15,699
Charge for year	-	1,713	651	2,364
	<u>-</u>	<u>12,456</u>	<u>5,607</u>	<u>18,063</u>
At 31st December 1998	-	12,456	5,607	18,063
NET BOOK VALUE:				
At 31st December 1998	<u>8,864</u>	<u>56,854</u>	<u>1,420</u>	<u>67,138</u>
At 31st December 1997	<u>8,864</u>	<u>58,567</u>	<u>896</u>	<u>68,327</u>

8. FIXED ASSET INVESTMENTS

	£
COST:	
At 1st January 1998	
and 31st December 1998	2
	<u>2</u>
NET BOOK VALUE:	
At 31st December 1998	<u>2</u>
At 31st December 1997	<u>2</u>
	<u>2</u>
	1998
	£
Unlisted investments	2
	<u>2</u>

Midland Railway Enterprises Plc
Notes to the Financial Statements
for the Year Ended 31st December 1998

9. STOCKS

	1998	1997
	£	£
Catering stock	5,339	5,333
Shop stock	28,424	37,562
Engineering stock	3,294	2,500
	<u>37,057</u>	<u>45,395</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£	£
Bank loans and overdrafts (see note 11)	-	852
Trade creditors	31,594	29,099
Loan from holding company	29,707	60,008
Accruals	1,050	1,050
Payments on account of shares	545	586
Share Purchase Club	133	934
	<u>63,029</u>	<u>92,529</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1998	1997
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>852</u>

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	1998	1997
			£	£
500,000	Ordinary shares	£1	<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1998	1997
			£	£
120,559	Ordinary shares	£1	120,559	118,801
(1997 - 118,801)				
			<u>120,559</u>	<u>118,801</u>

Midland Railway Enterprises Plc
Notes to the Financial Statements
for the Year Ended 31st December 1998

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit/(Loss) for the financial year	18,585	(3,829)
Shares issued in period	1,758	100
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	20,343	(3,729)
Opening shareholders' funds	21,536	25,265
CLOSING SHAREHOLDERS' FUNDS	41,879	21,536
Equity interests	41,879	21,536