

Report of the Directors and
Financial Statements for the Year Ended 31st December 2000
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 2000

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Midland Railway Enterprises Plc
Company Information
for the Year Ended 31st December 2000

DIRECTORS:

A West
G Arundel
J Brindley
J Twells
C Deeth
J Hett
R Nipper

SECRETARY:

A West

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 2000

The directors present their report with the financial statements of the company for the year ended 31st December 2000.

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 2000.

DIRECTORS

The directors during the year under review were:

A R Johnson	- resigned 11.4.2000
A West	
G Arundel	
J Brindley	
J Twells	
C Deeth	
J Hett	
R Nipper	

The beneficial interests of the directors holding office on 31st December 2000 in the issued share capital of the company were as follows:

	31.12.00	1.1.00
Ordinary shares £1 shares		
A West	500	500
G Arundel	-	-
J Brindley	500	500
J Twells	1,000	1,000
C Deeth	1,500	1,500
J Hett	1,000	1,000
R Nipper	-	-

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 2000

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:

Andrew M. West
A West - SECRETARY

Dated: 15th May 2001

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 twelve 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 2000 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: 18 May 2001

Midland Railway Enterprises Plc

Profit and Loss Account
for the Year Ended 31st December 2000

		2000		1999	
	Notes	£	£	£	£
TURNOVER	2		336,087		295,655
Cost of sales			262,459		213,589
GROSS PROFIT			73,628		82,066
Distribution costs		2,309		2,590	
Administrative expenses		50,390		49,337	
			52,699		51,927
OPERATING PROFIT	4		20,929		30,139
Interest receivable and similar income			3		3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			20,932		30,142
Tax on profit on ordinary activities	5		-		-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			20,932		30,142
Deficit brought forward			(48,538)		(78,680)
DEFICIT CARRIED FORWARD			<u>£(27,606)</u>		<u>£(48,538)</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 profits for the current and previous years.

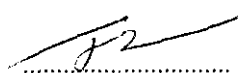
The notes form part of these financial statements

Midland Railway Enterprises Plc

Balance Sheet
31st December 2000

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		65,322		67,774
Investments	7		2		2
			<u>65,324</u>		<u>67,776</u>
CURRENT ASSETS:					
Stocks	8	51,030		53,001	
Cash at bank		990		160	
		<u>52,020</u>		<u>53,161</u>	
CREDITORS: Amounts falling due within one year	9	<u>24,564</u>		<u>49,579</u>	
NET CURRENT ASSETS:			<u>27,456</u>		<u>3,582</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£92,780</u></u>		<u><u>£71,358</u></u>
CAPITAL AND RESERVES:					
Called up share capital	11		120,386		119,896
Profit and loss account			<u>(27,606)</u>		<u>(48,538)</u>
SHAREHOLDERS' FUNDS:	12		<u><u>£92,780</u></u>		<u><u>£71,358</u></u>

ON BEHALF OF THE BOARD:


.....
- DIRECTOR

Approved by the Board on 15th May 2001

The notes form part of these financial statements

Midland Railway Enterprises Plc

Cash Flow Statement
for the Year Ended 31st December 2000

		<u>2000</u>	<u>1999</u>
	Notes	£	£
Net cash inflow from operating activities	1	1,250	2,686
Returns on investments and servicing of finance	2	3	3
Capital expenditure	2	-	(3,000)
		<u>1,253</u>	<u>(311)</u>
Financing	2	-	(663)
Increase/(Decrease) in cash in the period		<u>£1,253</u>	<u>£(974)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>1,253</u>	<u>(974)</u>
Change in net debt resulting from cash flows		<u>1,253</u>	<u>(974)</u>
Movement in net debt in the period		<u>1,253</u>	<u>(974)</u>
Net (debt)/funds at 1st January		<u>(263)</u>	<u>711</u>
Net funds/(debt) at 31st December		<u>£990</u>	<u>£(263)</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 2000

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	20,929	30,139
Depreciation charges	2,452	2,364
Movement in other creditors	(18,521)	(10,067)
Issue of shares	490	-
Decrease/(Increase) in stocks	1,971	(15,944)
Decrease in creditors	(6,071)	(3,806)
Net cash inflow from operating activities	<u>1,250</u>	<u>2,686</u>

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

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	<u>3</u>	<u>3</u>
Net cash inflow for returns on investments and servicing of finance	<u>3</u>	<u>3</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>-</u>	<u>(3,000)</u>
Net cash outflow for capital expenditure	<u>-</u>	<u>(3,000)</u>
Financing		
Cash receipt re share issue	<u>-</u>	<u>(663)</u>
Net cash outflow from financing	<u>-</u>	<u>(663)</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 2000

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.00 £	Cash flow £	At 31.12.00 £
Net cash:			
Cash at bank	160	830	990
Bank overdraft	(423)	423	-
	<u>(263)</u>	<u>1,253</u>	<u>990</u>
Total	<u>(263)</u>	<u>1,253</u>	<u>990</u>

Analysed in Balance Sheet

Cash at bank	160	990
Bank overdraft	(423)	-
	<u>(263)</u>	<u>990</u>

The notes form part of these financial statements

Midland Railway Enterprises Plc
Notes to the Financial Statements
for the Year Ended 31st December 2000

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

	2000 £	1999 £
Wages and salaries	114,947	94,746

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

	2000	1999
Catering & sales	5	5
Engineering	10	8
	15	13

4. OPERATING PROFIT

The operating profit is stated after charging:

	2000 £	1999 £
Depreciation - owned assets	2,452	2,364
Auditors' remuneration	1,000	950
Directors' emoluments	25,122	24,518

Midland Railway Enterprises Plc

Notes to the Financial Statements
for the Year Ended 31st December 2000

5. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 2000 nor for the year ended 31st December 1999.

6. TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property	Plant and machinery	Totals
	£	£	£	£
COST:				
At 1st January 2000 and 31st December 2000	8,864	69,310	10,027	88,201
DEPRECIATION:				
At 1st January 2000	-	14,169	6,258	20,427
Charge for year	-	1,713	739	2,452
At 31st December 2000	-	15,882	6,997	22,879
NET BOOK VALUE:				
At 31st December 2000	8,864	53,428	3,030	65,322
At 31st December 1999	8,864	55,141	3,769	67,774

7. FIXED ASSET INVESTMENTS

	£	
COST:		
At 1st January 2000 and 31st December 2000		2
NET BOOK VALUE:		
At 31st December 2000		2
At 31st December 1999		2
	2000	1999
	£	£
Unlisted investments	2	2

8. STOCKS

	2000	1999
	£	£
Catering stock	3,230	4,097
Shop stock	32,632	33,736
Engineering stock	15,168	15,168
	51,030	53,001

Midland Railway Enterprises Plc

**Notes to the Financial Statements
for the Year Ended 31st December 2000**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000	1999
	£	£
Bank loans and overdrafts (see note 10)	-	423
Trade creditors	22,395	28,466
Loan from holding company	1,119	19,640
Accruals	1,050	1,050
	<u>24,564</u>	<u>49,579</u>

10. LOANS AND OVERDRAFTS

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

	2000	1999
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	423
	<u>-</u>	<u>423</u>

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2000	1999
			£	£
500,000	Ordinary shares	£1	500,000	500,000
			<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2000	1999
			£	£
120,386	Ordinary shares	£1	120,386	119,896
(1999 - 119,896)			<u>120,386</u>	<u>119,896</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	20,932	30,142
Shares issued in period	490	-
Shares cancelled in period	-	(663)
Net addition to shareholders' funds	<u>21,422</u>	<u>29,479</u>
Opening shareholders' funds	71,358	41,879
Closing shareholders' funds	<u>92,780</u>	<u>71,358</u>
Equity interests	<u>92,780</u>	<u>71,358</u>