

GREAT CENTRAL RAILWAY PLC

CONTENTS

	<u>Page</u>
Directors' Report	1 - 9
Independent Auditors' Report	10 - 11
Profit and Loss Account	12
Statement of Recognised Gains and Losses	13
Balance Sheet	14 - 15
Cash Flow Statement	16
Notes to the Cash Flow Statement	17
Notes to the Financial Statements	18 - 25
Summary of Income and Expenditure	26

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

PRINCIPAL ACTIVITIES

The Company's principal aim is to re-create, for present and future generations, the experience of British main line railway operation during the best years of steam locomotives. The Great Central Railway is open to visitors daily throughout the year with scheduled steam passenger trains and Restaurant Car services every weekend as well as during public holidays (including Christmas Day) and selected Summer weekdays.

The Company currently enjoys "non profit distribution status", and its Articles of Association prohibit the payment of dividends or distributions to shareholders.

REVIEW OF THE YEAR

The Directors are pleased to report the continued progress of the Great Central Railway PLC (GCR PLC) during this year of growth and change. Our marketing department has been developed to the extent that we can now take a focused approach in various areas. Success is already beginning to show as we develop the events programme to supplement our Galas, which are in themselves a major success story, despite the costs involved. Our reputation for Galas has reverted to the halcyon days and each one in the past year has set another benchmark for income, whilst expenditure is beginning to be controlled. Visiting locomotives now come for a season wherever possible, and transport costs are therefore amortised over the whole period which allows for photographic charters and DATEX to add on to the income and spread the expense involved.

The objectives of the business will continue to be straightforward. We need to increase turnover, control costs wherever possible, ensuring safety and other essential compliance with regulations. Balancing income and expenditure remains exceedingly difficult but is critical to our future. It is not possible to earn a return on investment by merely running trains and this has been proved since rail transport began nearly 200 years ago. Our task therefore is to increase turnover by marketing our developing assets. The market is changing and we have to be at the forefront of these changes. Whilst our core business will continue to be a Steam Heritage Railway supported by our fleet of Diesel Locomotives it is not enough to attract just enthusiasts who represent a modest part of our business. We must attract the family market bringing people to GCR and Charnwood for a day out where we can offer more attractions.

The Atkins Feasibility Study was completed showing positive results on a benefit cost basis of 2.8. This allows us to move forward towards replacing the Gap. In September last year we formed a new company with the sole purpose of raising the money to bring this to reality. Several members of our Board joined the new company which is chaired by Nigel Harris. The two companies work in tandem and once the North and South join further changes will be necessary but this will take time. If the money becomes available in the next 6 months it is estimated that it will take up to 4 years before the first train operates.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

When we review the past 3 years we can see major changes that have occurred. The growing list encompasses all areas of the Railway, assisted by our stakeholders, shareholders and supporters who have collectively helped us raise a total sum in excess of £750k. This will see the completion of a programme of reinvestment to allow future growth. Over the years with continued losses there has been no money available and we have fallen behind the competition but are now actively pursuing growth. The combined effect has not been wasted on our local Councils. The local authorities along with the Rail and related industries see that there are major opportunities and have been actively helping us in developing a forward thinking business plan for GCR PLC, with the realisation that we offer a prime opportunity to encourage tourism in Leicestershire. It is our intention to become the major attraction throughout the East Midlands and with all that is currently being planned and in operation this target is achievable within the next 3 years.

The success of the combination of GCR PLC, Friends of The Great Central Main Line (FoGCML) and the David Clarke Railway Trust continues. The number of Friends has risen during the year and is now at 4,000 and still increasing. The President's appeal for increased shareholding has had some positive results but much is still needed to stabilize the finances of the company. There is still work to do on the administration but action is being taken to rectify the position. One of our major problems is that the whole company relies on our excellent volunteer force and they can only give a certain amount of their time, which they do willingly, and we certainly could not operate without them. This inevitably leaves communication gaps which can be frustrating in the extreme.

Our income through the booking office remains very much a growth area with all sectors up considerably and this produced an increase in turnover of 11.3%. In overall terms this figure increases to 16% in an extremely difficult year and is due in no small part to the success of our events. It shows very clearly that GCR is popular in its market and is capable of earning good revenues. It proves that our product is one which our customers wish to buy. Without that we would not have a business. We get excellent compliments from almost everyone as they see the progress made with the infrastructure. The following are either in progress or completed:-

- **Lovatt House.** This is now completed and we moved part of the management team into it at the end of the Summer. The approximate costs are as follows - £285k from Charnwood Borough Council, £130k from DCRT and £85k from Gift Aided appeals from the generosity of all concerned. The building (which remains in DCRT ownership) is now available to GCR and will provide a major income benefit and our marketing department will commence promoting Lovatt House for a variety of corporate usage.
- **Canopy.** Progress on the canopy went well throughout the year. The projected cost is just below £500k and the second section was under way by the year end and at the time of writing is nearly complete. To date a fully funded £130k has been successfully raised and this has covered both the 2 end sections. A major thrust in raising gift aided money and grants from other charities is being actively pursued. There is a long way to go but our volunteer fundraising team act very positively and we are confident that the next year will produce a completion date which until recently looked to be unachievable.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

- **Butler Henderson.** We commenced work towards the end of the year on the Butler Henderson Tea Rooms at Quorn and Woodhouse, with an anticipated completion date of the end of May this year. Despite the inclement weather in December and January we are almost on schedule. The cost is £160k and the fundraising is complete. Of this amount £40k has come from the generosity of our main sponsor Leicester Railway Society with a balance coming from individual stakeholders and DCRT. This is part of our thrust to transform Quorn into a major attraction. The facilities include toilets for the disabled, a shower and a 46 seat restaurant. There will be a number of outside tables which will add to the restaurant. It has been extremely well planned and looks very much in keeping with the surrounding area thanks to the tremendous input by the dedicated work of Tony Sparks and his team.
- **Turntable.** Contracts were in place in March and installation of the turntable will commence in mid June 2011 and will be completed in time for the October Gala. There are several income streams open to us which include photo charter, locomotive turning, coach turning for equal weathering and last, but by no means least, a spectacle for families. Again with the help of stakeholders and directors the sum of £130k has been raised.
- **Pullman Coaches.** As projected in last year's summary the Pullman charter train was completed on time for the October Gala. This was fully funded by Cromwell Tools at a cost of £290k. There is still upgrading work to be done which was put in hand towards the end of the financial year. It is proving increasingly popular and will be a major focus for developing a strong niche market in the future. The achievement in meeting a deadline was incredible and much thanks are due not only to Mr. Michael Gregory of Cromwell Tools but to all the people involved at C&W and RVP who along with outside contractors produced miracles.

The total sum expended by GCR and DCRT so far is some £920k which has already been funded with a balance outstanding on the canopy of approximately £200k plus. It has been necessary to build the infrastructure to allow us to move into profit but this will not occur until the income streams from the above develop in the next 2 years.

FINANCIAL RESULTS

Having stated earlier that the Board of Directors is more than happy at the increase in turnover we encountered an extremely difficult year due to circumstances beyond our control. To show a loss of £92,162 is very disappointing, after all the hard work and developments for the future which have been put in place. The reasons for the loss in broad terms are as follows:

- The Atkins Report was mainly funded by the Charnwood Borough Council in conjunction with East Midlands Development Agency. Our input on match funding amounts to £52,787 all of which has been paid for by GCR PLC assisted by a grant from DCRT.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

- The annual income of £40k from the Army training contract did not come to fruition and therefore reduced net income by that amount.

More generally, GCR Plc attracted relatively little income from special projects, such as testing, which counteracted good financial performance elsewhere.

Whilst the figures themselves are disappointing due to the reasons above there are areas which are encouraging. The locomotive department continues to expand and contract work is now being charged out where applicable. We see further growth in this activity which bodes well for the future. All the staff in the department under Craig Stinchcombe's role as Chief Mechanical Engineer have responded very well and we will look to develop further in what should be a lucrative addition to finances. The amount of effort put in by both the paid staff and the excellent volunteers that work so hard deserve a special mention. Without the total input we would be struggling, but it is good to be able to report that on average we have had a supply of up to 8 locomotives at any one time. This is an area that no other Heritage Railway can match and as we move forward into planned maintenance the future looks secure.

The Carriage and Wagon (C&W) department has been merged with Railway Vehicle Preservations (RVP) and is settling down well. Unfortunately we had to make redundancies in C&W but now that the coaching stock is managed by Mike Lang of RVP above the sole bar and by Tom Tighe below the sole bar we can see progress being made. Tom is also responsible for Fitness To Run exams and the annual inspections. The work output has quadrupled and again sincere thanks are called for to all the staff for their co operation and dedication to the Railway.

Much work has been done in all departments to handle growth with, in many cases, limited resources based on a volunteer force who realistically can only devote a portion of their time to the Railway. Signal & Telegraph (S&T) continue to work wonders as do the Booking Office, Permanent Way and the Operations team. With the advent of the Marketing team we are already seeing steady growth and believe that the coming year will begin to bear more fruit as we revitalise sales and provide the opportunity to move forward.

With the arrival of the Pullman coaches, the Directors' saloon and increasing use of the Beavertail, the Catering Department have on occasions produced miracles. On the Pullman launch in October, with the kitchen car finished the evening before, James McIntosh, supported by Geoff Hall and the dedicated staff, produced a fantastic meal for 120 guests. Our reputation is second to none and all should take pride in the on-train catering service department.

We still have some difficulties with IT as do most Heritage Railways and need to take decisions on a way forward. This will be one of our challenges for 2011.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

THE FUTURE

2011 has started off quite well particularly with regard to booking office turnover which despite last year being a record has increased, but only to the tune of 1%. A great deal depends on the effect of fuel costs, which include not only exorbitant petrol prices and how this will affect income, but also diesel oil and coal will affect expenditure. All other costs are higher than previous, including insurance, depreciation and related expenses. It is worth pointing out that for the launch of the Pullman Coaches which followed the October Gala, we used 154 tonnes of coal that week at a cost of £26,500. The only good news is that this resulted in record breaking turnover for the week.

A major area of concern surrounds our ability to promote our special projects division. Last year we were some £48k down on income in this area and there is little sign that our customers have much work in hand. In the year under review we lost the Army contract and we have just heard that the section has been disbanded due to Government cutbacks. We did however do their training in February but will now be looking for alternative sources of income. If new special projects cannot be found then the effect on the P&L account will be somewhat devastating as we have relied on this part of the business bringing in an average of over £150k income a year. It is for this reason that we have to develop our out stations to replace lost business. There is an entirely different scenario which will come into being when we are connected to the main line.

We have extremely close contacts with the National Railway Museum (NRM) who have included us in part of their 5 year plan to develop much closer ties across the board and for GCR PLC to be given Museum rights. There are many opportunities including transfer of skills, double track testing and housing of locomotives and stock. Further discussions will take place with the directors of the NRM during the coming year.

A major concern is the cost of bridges. We are in the initial investigation stage of evaluating our needs and have had a survey carried out on the Great Central Road and Beeches Road bridges. These are in depth reports and calculation of requirements and we must thank the Leicestershire Highways Department for their help in producing reports which were given on a free of charge basis but at a substantial cost to the Highways Department. In line with other Heritage Railways, bridges are the major danger to the future of our Railways. We must find solutions to as yet unknown costs, but which in any case will amount to a serious financial challenge.

PRINCIPAL RISKS AND UNCERTAINTIES

The principle risks to the performance of the Railway are:

- Visitor attendance and commercial usage
- Reliability of the operation
- Safety of the operation
- Financial stability
- Availability of volunteer labour

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

The primary revenues of the Railway are derived from visitor attendance. The levels of attendance can be affected by factors inside and outside the control of the Railway. Our active marketing function continually seeks to define and promote interesting events which will appeal to the visiting public, often themed around railway or other popular topics. It is also the intention of the Board to diversify our customer base to include increased railway industry testing, staff training, competence and other work, which both uses our assets, otherwise unused during the normal working week, and attracts additional revenues unrelated to public appeal, popular fashion or the vagaries of the weather.

This report covers the work focused on our operation. Running a reliable clock-face timetable is a focus of paramount importance and significant resource is directed to this end.

Similarly, the operation of the dedicated Safety Committee (see below) led by Board member Dr. Eric Smith, means that a professional and independently-led safety assessment is maintained covering the entire GCR enterprise.

The Railway is operated by a combination of paid and volunteer staff. The continuing and increased input of volunteers is vital in maintaining the desired levels of activity and variety in operation. The membership organisation of FoGCML continues to focus on maintaining and increasing its membership levels and, through that, promoting volunteer input. A significant challenge in future years will be the ageing demographic of the membership and thereby the operating team. The Board is considering how to approach this problem to secure the GCR's future.

KEY PERFORMANCE INDICATORS (KPI'S)

Operational and safety performance is continually monitored and is contained within proper and professional tolerances.

The ongoing critical performance of the operation is basically financial; in particular it is measured by:

- Trading profits;
- Cash flow; and
- The management of debt owed by the Railway

BOARD CHANGES

M. Gregory, G. Hanson, N. Harris, R. H. Marsh and R. Tilden Smith resigned in October following the creation of Great Central Railway Development Ltd which was formed to raise funds to bridge the Gap. T. A. Ingall also resigned in December.

SAFETY COMMITTEE

The Company's Safety Committee, comprising representatives from all areas of the railway, meets quarterly under the leadership of Safety Manager and Director Dr. Eric Smith, to review and monitor all aspects of safety management. The board acknowledges the commitment of the Safety Manager and his team to a safely operated railway.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

ENVIRONMENTAL POLICY

The route of the Company's railway provides a wildlife habitat which is managed by the Company's staff in consultation with the Charnwood Wildlife Project and other interested agencies. Various areas have developed as rich havens for many wild species of flora and fauna and a substantial programme of boundary maintenance is ongoing. The Company also liaises with the local authorities to ensure that best practices are adhered to with regard to the emission of smoke and noise.

MEMBERSHIP OF TRADE ASSOCIATIONS

The Company is a corporate member of the Heritage Railway Association, the Leicestershire Chamber of Commerce and Industry, Leicester Shire Promotions, and the Loughborough Chamber of Trade and Commerce.

TANGIBLE FIXED ASSETS

The movement in tangible fixed assets during the year is set out in note 6 to the accounts.

DIRECTORS

The directors and their interests (including family interests) in the shares of the Company were as follows:

	1 February 2010 or date of appointment	31 January 2011 or date of resignation
K Byass	-	480
M Gregory (resigned 17 October 2010)	100,480	100,480
G Hanson (resigned 17 October 2010)	50,000	52,100
N Harris (resigned 17 October 2010)	10,640	11,120
T A Ingall (resigned 15 December 2010)	2,340	4,040
R H Marsh (resigned 30 September 2010)	3,656	3,656
D T Morgan	54,000	54,960
R J Patching	109,360	109,840
M J Sheppard	11,672	11,912
A C Sparks	800	1,160
E H Smith (appointed 17 April 2010)	-	1,000
R Tilden Smith (resigned 17 October 2010)	8,480	8,480

None of the directors had a beneficial interest in any significant contract to which the Company was a party during the year. The Company maintains liability cover for directors.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 to 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.

STATEMENT OF DISCLOSURE TO AUDITORS:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ISSUE OF SHARES

240,820 shares of 25p each have been allotted during the year ended 31 January 2011 wholly for cash and are fully paid. As at 31 January 2011 12,340,132 shares were in issue.

SHAREHOLDERS' INTERESTS

At 31 January 2011, the following have interests exceeding 5% of the issued share capital of the Company.

The David Clarke Railway Trust	31.5%	(3,909,953 shares)
Charnwood Borough Council	8.6%	(1,043,192 shares)
Leicester City Council	8.3%	(1,000,000 shares)

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2011

(continued)

CREDITOR PAYMENT POLICY

The Company's policy is, whenever possible, to pay suppliers in accordance with agreed terms and conditions of trade. Creditor days amounted to 62 days at 31 January 2011 (2010-63 days).

AUDITORS

A resolution proposing the re-appointment of Messrs. Thomas May & Co. as auditors to the Company will be put to the annual general meeting.

CONCLUSION

We ask now for three things. Your continued generous support as a shareholder, your indulgence with a visit (bringing family and friends with you!) and finally the most valuable thing you could give; time. Professional skills are at a premium. Could you spare a few hours to help the management team? You may be recently retired and seeking to stay active. Simply put, we are all in this enterprise together. Join in as an active volunteer, at whatever level and with whatever commitment you can give. With more shoulders to the wheel, more willing support we can truly go "Forward!" faster.

Registered Office:

Great Central Station
Loughborough
Leicestershire
LE11 1RW

On behalf of the Board

RICHARD J PATCHING
Director

1 June 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GREAT CENTRAL RAILWAY PLC

We have audited the financial statements of Great Central Railway Plc for the year ended 31 January 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2011 and of its 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.

OPINION ON OTHER MATTER 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GREAT CENTRAL RAILWAY PLC

(continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

B S Carruthers (Senior Statutory Auditor)
for and on behalf of Thomas May & Co

Chartered Accountants
Statutory Auditor

Allen House
Newarke Street
Leicester
LE1 5SG

1 June 2011

GREAT CENTRAL RAILWAY PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2011

	<u>Notes</u>	<u>2011</u>		<u>2010</u>	
		£	£	£	£
<u>TURNOVER</u>					
(continuing activities)	1		2,026,922		1,734,805
Own work capitalised			22,023		66,623
Other operating income			149,572		122,750
			<hr/>		<hr/>
			2,198,517		1,924,178
Operating costs	2	2,177,404		1,820,341	
Depreciation of tangible fixed assets	1 & 6	135,109		114,561	
Release of capital grants	1	(33,252)		(31,292)	
			<hr/>		<hr/>
			2,279,261		1,903,610
			<hr/>		<hr/>
<u>OPERATING (LOSS)/PROFIT</u>					
(continuing activities)			(80,744)		20,568
Interest payable	4		(11,418)		(12,800)
			<hr/>		<hr/>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</u>					
<u>BEFORE TAXATION</u>			(92,162)		7,768
Taxation on result of ordinary activities	5		-		-
			<hr/>		<hr/>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</u>					
<u>AFTER TAXATION</u>			(92,162)		7,768
			<hr/> <hr/>		<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JANUARY 2011

	<u>2011</u>	<u>2010</u>
	£	£
(Loss)/profit for the financial year	(92,162)	7,768
Prior year adjustment	-	(14,550)
Total gains and losses recognised since last financial statements	<u>(92,162)</u>	<u>(6,782)</u>

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET
AS AT 31 JANUARY 2011

	<u>Notes</u>	<u>2011</u>		<u>2010</u>	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible assets	6		2,729,421		2,402,602
Investments	7		49		-
			-----		-----
			2,729,470		2,402,602
 <u>CURRENT ASSETS</u>					
Stocks	8	66,411		60,510	
Debtors: amounts falling due within one year	9	240,783		122,642	
Debtors: amounts falling due after more than one year	9	139,304		166,064	
Cash in hand and at bank		46,183		93,288	
			-----		-----
		492,681		442,504	
			=====		=====
 <u>CREDITORS: Amounts falling due within one year</u>					
Other	10	571,687		470,949	
			-----		-----
<u>NET CURRENT LIABILITIES</u>			(79,006)		(28,445)
			-----		-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			2,650,464		2,374,157
 <u>CREDITORS: Amounts falling due after more than one year:</u>					
Debenture loan (secured)	11a	325,000		325,000	
Other	11b	1,150,447		842,183	
			-----		-----
			1,475,447		1,167,183
			-----		-----
			1,175,017		1,206,974
			=====		=====

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET
AS AT 31 JANUARY 2011
(continued)

		<u>2011</u>	<u>2010</u>
		£	£
<u>CAPITAL AND RESERVES</u>			
Called-up share capital	13	3,085,033	3,024,828
Profit and Loss Account – Adverse balance	14	(1,910,016)	(1,817,854)
		<hr/>	<hr/>
		1,175,017	1,206,974
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 1 June 2011.

On behalf of the Board

R J PATCHING
Director

GREAT CENTRAL RAILWAY PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

	<u>Notes</u>	<u>2011</u>		<u>2010</u>	
		£	£	£	£
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>	1		134,291		214,058
 <u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>					
Interest paid		(11,418)		(12,800)	
		-----		-----	
Net cash outflow from returns on investments and servicing of finance			(11,418)		(12,800)
 <u>TAXATION</u>					
Corporation tax paid			-		-
 <u>CAPITAL EXPENDITURE</u>					
Purchase of fixed assets		(461,928)		(238,504)	
		-----		-----	
Net cash outflow from investing activities			(461,928)		(238,504)
 <u>FINANCING</u>					
Issue of shares		60,205		55,126	
Loan repayments		(20,657)		(42,500)	
New loans advanced		252,402		54,439	
		-----		-----	
Net cash inflow from financing			291,950		67,065
			-----		-----
<u>(DECREASE) / INCREASE IN CASH</u>	2		(47,105)		29,819
			=====		=====

GREAT CENTRAL RAILWAY PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

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

	<u>2011</u>	<u>2010</u>
	£	£
Operating (loss)/profit	(80,744)	20,568
Depreciation	135,109	114,561
Increase in stocks	(5,901)	(94)
(Increase)/Decrease in debtors	(91,381)	35,927
Increase in creditors	177,208	43,096
	<hr/>	<hr/>
Net cash inflow from operating activities	134,291	214,058
	<hr/> <hr/>	<hr/> <hr/>

2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>£</u>	<u>£</u>
Decrease in cash in period	(47,105)	
New loans advanced	(252,402)	
Loan repayments	20,657	
	<hr/>	
Change in net debt		(278,850)
Net debt at 1 February 2010		(274,807)
		<hr/>
Net debt at 31 January 2011		(553,657)
		<hr/> <hr/>

3 ANALYSIS OF CHANGES IN NET DEBT

	<u>At</u>		<u>At</u>
	<u>1 February</u>	<u>Cash</u>	<u>31 January</u>
	<u>2010</u>	<u>Flows</u>	<u>2011</u>
	£	£	£
Cash in hand and at bank	93,288	(47,105)	46,183
Debt due within one year	(43,095)	(16,118)	(59,213)
Debt due after one year	(325,000)	(215,627)	(540,627)
	<hr/>	<hr/>	<hr/>
	(274,807)	(278,850)	(553,657)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of Accounting

The accounts are prepared under the historical cost convention. The Company has a substantial loan from The David Clarke Railway Trust which is subject to a loan agreement [see note 11]. There is a two year notice period for repayment of the debenture loan of £325,000. At present the Company has not received notice on the debenture loan.

The Company has an overdraft facility of £150,000 which is due for review in July 2011. This facility is personally guaranteed by a former chairman of the company for £50,000 and a former director of the company for £50,000. Consequently the directors consider it appropriate to continue to prepare the accounts on the going concern basis and the accounts do not contain any adjustments that would result from the company being unable to continue as a going concern.

Legacies

Legacies are included in the accounts where the company has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Depreciation

Depreciation is calculated so as to write down to estimated residual value the cost of tangible fixed assets over their estimated useful lives as follows:-

Long leasehold land and buildings	-	1%-4% per annum on cost
Railway track, ballast and signalling cost	-	1.5% per annum on cost
Plant and equipment	-	10%-20% per annum on cost
Rolling stock	-	7.5% per annum on cost

Impairment of Fixed Assets

The directors have carried out a review relating to the impairment of fixed assets. No further provision for impairment is considered necessary.

Capital Grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account over a period approximating to the lives of qualifying assets. The unamortised portions of capital grants are included in accruals and deferred income.

Stocks

Stocks are valued at the lower of cost and net realisable value.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Pension Scheme

Contributions to the Company's pension scheme are charged to the Profit and Loss Account as incurred. (See Note 16)

Deferred Costs

The company has entered into agreements with locomotive owners whereby any restoration costs incurred by the company are offset against future steaming fees when the locomotives become operational on the railway.

The deferred costs carried forward are included in debtors.

Operating Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Turnover

Turnover represents amounts receivable by the Company in respect of goods sold and services provided during the year, excluding value added tax.

2. OPERATING COSTS

	<u>2011</u>		<u>2010</u>
	£	£	£
Increase in stock of goods for resale	(5,902)		(94)
Raw materials and consumables	486,908		461,858
Employee costs:			
Wages and salaries	557,985	516,461	
Social security costs	40,061	34,960	
Other pension costs	13,842	14,824	
	<hr/>	<hr/>	
	611,888		566,245
Other operating charges	1,084,510		792,332
	<hr/>		<hr/>
	2,177,404		1,820,341
	<hr/> <hr/>		<hr/> <hr/>
Included in operating costs are:-	<u>2011</u>		<u>2010</u>
	£		£
Hire of plant and machinery	173,578		136,125
Auditors' remuneration	9,500		10,000
	<hr/> <hr/>		<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. EMPLOYEE NUMBERS

The average number of persons (full time equivalents) employed by the Company (including directors and part-time employees) during the year was as follows:-

	<u>2011</u> No.	<u>2010</u> No.
Management (includes all unpaid directors)	12	11
Other	33	35
	-----	-----
	45	46
	=====	=====

4. INTEREST PAYABLE

	<u>2011</u> £	<u>2010</u> £
Bank loan and overdraft repayable within five years	596	390
On other loans	10,822	12,410
	-----	-----
	11,418	12,800
	=====	=====

5. TAXATION

Based on the result for the year there is no liability to corporation tax or deferred tax.

The company had losses available to carry forward against future trading profits at 31 January 2011 amounting to £2,978,000. There was no liability to deferred tax at 31 January 2011 as a result of losses carried forward.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Long Leasehold Land and Buildings</u> £	<u>Railway Track Ballast and Signalling</u> £	<u>Plant and Equipment</u> £	<u>Rolling Stock</u> £	<u>Total</u> £
At 1 February 2010	1,399,117	1,760,610	409,729	1,140,290	4,709,746
Additions	157,836	-	11,427	292,665	461,928
<hr/>					
At 31 January 2011	1,556,953	1,760,610	421,156	1,432,955	5,171,674
<hr/>					
<u>Depreciation</u>					
At 1 February 2010	456,928	776,682	326,760	746,774	2,307,144
Charged in year	20,929	26,409	16,833	70,938	135,109
<hr/>					
At 31 January 2011	477,857	803,091	343,593	817,712	2,442,253
<hr/>					
<u>Net Book Value</u>					
At 31 January 2011	1,079,096	957,519	77,563	615,243	2,729,421
<hr/>					
At 31 January 2010	942,189	983,928	82,969	393,516	2,402,602
<hr/>					

The accumulated provision for depreciation of £2,442,253 at 31 January 2011 includes £500,000 in respect of provision for impairment.

7. INVESTMENTS

Shares in Participating Investment

Addition in year and balance at 31 January 2011

£
49

During the year the company acquired 49% of the ordinary share capital of the Great Central Railway Development Limited. The company was formed on 27 August 2010 to progress the re-unification of the north and south sections of the Heritage Great Central Railway and has not yet commenced trading.

8. STOCKS

	<u>2011</u> £	<u>2010</u> £
Raw materials and consumables	25,188	17,551
Goods for resale	41,223	42,959
	<hr/>	<hr/>
	66,411	60,510
	<hr/>	<hr/>

GREAT CENTRAL RAILWAY PLC
NOTES TO THE FINANCIAL STATEMENTS
(continued)

9.	<u>DEBTORS</u>	<u>2011</u>	<u>2010</u>
		£	£
	Trade debtors	304,485	229,532
	Other debtors	49,478	41,451
	Prepayments and accrued income	26,124	17,723
		-----	-----
		380,087	288,706
		=====	=====

Included in debtors are amounts due after more than one year:

Trade debtors	139,304	166,064
	-----	-----

10. CREDITORS

Amounts falling due within one year:

(a) Any bank overdraft is secured by personal guarantees.

(b)	<u>Other</u>	<u>2011</u>	<u>2010</u>
		£	£
	Loans	59,213	43,095
	Trade creditors	358,602	278,495
	Social security and other taxation payable	10,747	10,840
	Other creditors	38,100	32,870
	Accruals and deferred income	105,025	105,649
		-----	-----
		571,687	470,949
		=====	=====

Loans are repayable as follows:

	<u>2011</u>	<u>2010</u>
	£	£
Repayable on demand:		
Interest free	58,213	42,095
Interest at 5% per annum	1,000	1,000
	-----	-----
	59,213	43,095
	=====	=====

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. CREDITORS

Amounts falling due after more than one year:

(a) The debenture loan is secured by a first fixed and floating charge over the assets of the Company and is repayable on receipt of twenty-four months written notice.

(b) <u>Other</u>	<u>2011</u> £	<u>2010</u> £
Loans	215,627	-
Accruals and deferred income	934,820	842,183
	<hr/>	<hr/>
	1,150,447	842,183
	<hr/> <hr/>	<hr/> <hr/>

Deferred income is capital grants not yet credited to profit.

12. LOAN MATURITY ANALYSIS

	<u>2011</u> £	<u>2010</u> £
<u>Loans</u>		
Due within one year	59,213	43,095
Due in two to five years or later if no notice of repayment received	215,627	-
	<hr/>	<hr/>
	274,840	43,095
	<hr/> <hr/>	<hr/> <hr/>

The loans include £250,000 which is secured upon 6 coaches belonging to the Company comprising Kitchen Car 1525, Bar Car 1100, Bar Car 4758, two first Open coaches 3079 and 3042 and a Brake Vehicle 81343.

Debenture loan

Due in two to five years or later if no notice of repayment received	325,000	325,000
	<hr/> <hr/>	<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. SHARE CAPITAL

	<u>2011</u>	<u>2010</u>
	£	£

Allotted, called up and fully paid:

12,340,132 ordinary shares of 25 pence per share	3,085,033	3,024,828
--	-----------	-----------

=====

During the year 240,820 shares were issued at par. The invitation to subscribe for shares at par remains open to enable the Company to strengthen its capital base.

14. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

2011
£

Balance at 1 February 2010	(1,817,854)
----------------------------	-------------

Loss for the year	(92,162)
-------------------	----------

Balance at 31 January 2011	(1,910,016)
----------------------------	-------------

=====

15. FINANCIAL COMMITMENTS

Capital expenditure contracted at 31 January 2011 for which no provision has been made in these accounts was as follows:

	<u>2011</u>	<u>2010</u>
	£	£

Contracted	Nil	Nil
------------	-----	-----

=====

At 31 January 2011 the Company had annual commitments under non-cancellable operating leases as follows:

	<u>2011</u>	<u>2010</u>
	£	£

Operating leases which expire within:

One year	1,757	2,333
----------	-------	-------

Two to five years	3,576	1,788
-------------------	-------	-------

=====

	5,333	4,121
--	-------	-------

=====

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme for permanent employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £13,842 (2010 - £14,824).

17. RELATED PARTY TRANSACTIONS

Certain directors have made unsecured loans to the company. At 1 February 2010, an amount of £18,100 was outstanding to directors. During the year further advances of £2,400 were received and no repayments were made. At 31 January 2011 £20,500 was outstanding to the directors. The loans carry interest at rates varying from 0% to 5.0% and are repayable on demand.

Messrs. N Harris, TA Ingall and AC Sparks, directors of the company during part of the year under review, are also committee members of Friends of the Great Central Main Line (FoGCML). During the year, Great Central Railway plc received grants totalling £19,100 from FoGCML. A management fee of £4,000 was charged to FoGCML for the year ended 31 January 2011 in respect of income and costs processed by Great Central Railway plc on behalf of Friends of the Great Central Main Line. At the year end, £3,287 was owed to Friends of Great Central Main Line.

Mr N Harris, a director of the company during part of the year under review, is also a director of Loughborough Standard Locomotives Group Limited (LSLG), a company that provides locomotive 78019 in exchange for steaming fees. They also provide locomotive maintenance and repair and services. Great Central Railway PLC paid a total of £16,997 to LSLG during the year. At the year end £8,408 was owed to LSLG.

Mr M Sheppard, a director of the company for the year under review, is also a director of Town Tub (Loughborough) Ltd, a company that provides cleaning services to the company. Great Central Railway PLC paid a total of £2,040 to Town Tub (Loughborough) Ltd during the year. At the year end £nil was owed to Town Tub (Loughborough) Ltd.

Mr M Gregory, a director of the company during part of the year under review, is also a director of Cromwell Tools Limited, a company that provides tooling products to the company. Great Central Railway plc purchased goods to the value of £12,174 from Cromwell Tools Limited and owed them £2,469 at the year end. Cromwell Tools Limited also provided an interest free loan of £250,000 to Great Central Railway plc which was outstanding at the year end.

GREAT CENTRAL RAILWAY PLC

SUMMARY OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JANUARY 2011

	<u>2011</u> £	<u>2010</u> £
<u>INCOME</u>		
Ordinary fares	552,150	497,848
Santa Specials	147,646	135,974
Platform tickets	36,337	34,782
Restaurant car train fares, meals and drinks	534,732	440,840
Griddle car, retail and refreshment room	307,036	305,589
"Drive a Train" experience	149,094	141,891
Hire of railway facilities	104,727	149,455
Contract engineering	142,510	7,840
Other income	98,541	72,175
	<hr/>	<hr/>
	2,072,773	1,786,394
	<hr/> <hr/>	<hr/> <hr/>
<u>EXPENDITURE</u>		
Train operating and maintenance costs	993,300	772,451
Special event costs	98,903	103,518
Advertising and marketing costs	102,830	56,844
On-train catering costs	348,200	287,316
Retail and refreshment room costs	124,908	130,025
Management, administration and general overheads	430,154	403,584
	<hr/>	<hr/>
	2,098,295	1,753,738
	<hr/> <hr/>	<hr/> <hr/>
OPERATING (LOSS) / PROFIT	(25,522)	32,656
Net Interest	(11,395)	(12,784)
Depreciation (less profits on disposal)	(101,856)	(83,268)
Revenue grants	98,795	71,164
Bad debts written off	603	-
Feasibility study expenditure	(52,787)	-
	<hr/>	<hr/>
(LOSS) / PROFIT FOR THE YEAR	(92,162)	7,768
	<hr/> <hr/>	<hr/> <hr/>