

Company Registration No. 01257394 (England and Wales)

GREAT CENTRAL RAILWAY PLC

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 JANUARY 2012**

GREAT CENTRAL RAILWAY PLC

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GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

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 a year of continuing progress, revenue growth and infrastructure expansion despite difficult economic times. These challenges have been met with the development of new marketing ideas; bringing new 'products' into focus and evaluating them.

However, while our major goals have been a resounding success in terms of income and customer satisfaction, (indeed, good profits have been achieved on individual events) overall costs have been too high and must be reduced. Turnover through the booking office has continued its growth but against that, a second year of reduced income from the funds administered by the David Clarke Railway Trust (DCRT) (whose own revenues are understandably committed to various projects) combined with a further decline in income in our testing programme (which we attribute to the severe economic downturn), means Great Central Railway plc (GCR) will record a loss this year.

Our investment programme has continued unabated and many visitors have complimented us on the speed of this transformation. We have greatly benefited from the generosity and support of several stakeholders who have been incredibly generous in giving large sums of money through DCRT into specific projects. Over the last four years, close to £2million has been invested this way; from Lovatt House to Leicester North and at all points in between, the benefits are being felt. We can be proud of the railway we are maintaining and creating together. As we continue to lose money on a purely trading basis it is not possible to develop the company without the generosity of shareholders, stakeholders and the members of Friends of the Great Central Main Line.

If the benefits arising from our investment income continue at the same level in the coming two years then we will have the tools to attract more families to a day out with Great Central Railway rather than a single return visit to Leicester North on a steam train. There is strong evidence that the concept is already working well and many visitors have expressed their thanks for having an enjoyable family day out!

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

(continued)

Our ongoing objectives remain the same. To increase turnover, control costs wherever possible whilst ensuring safety and other essential compliance with regulations. At the same time we pay due regard to the heritage we are preserving. Balancing income to cost remains critical and is an area which is being addressed. The family market is still open to major expansion and it is heartening to see the change in emphasis with our customers. The following projects have now been finished and in most instances are fully financed

- **Lovatt House.** This is owned by DCRT and was completed in the last financial year at a total cost of slightly in excess of £500k. It has settled down but we have had problems with planning permission being granted for a change of use from offices to allow us to market conferences, weddings and parties. A somewhat restricted agreement was put in place last month and we now expect to benefit in a more positive financial way.
- **Butler Henderson.** This is now fully operational and is also fully funded to a total figure of £175k with the additions necessary after completion. Turnover is ahead of budget but margins have fallen short of requirements and are being rectified.
- **Turntable.** The turntable opened on schedule for the October Gala and has been used on several occasions since then. Maximum benefit has not been achieved with very poor weather over the late winter months. Plans to better market this attraction and facility are being discussed and will be put in place.
- **Ellis Tea Room.** The extension to the Ellis Tea Room was completed and has given customers more space and reduced queues at the weekend. With the ongoing development of the garden model railway, complete with a dozen or more gauge one steam locomotives, Rothley is developing into the first of our "family attractive" venues. The present Car Park facilities need to be enhanced in the near future.
- **Pullman Coaches.** The success of these has been outstanding and their utilisation improving rapidly. In October we appointed a Charters Manager with excellent results to date. This has been particularly noticeable with marketing weddings, birthdays and anniversaries. The use of the Pullman Bar Cars and the Director's Saloon has brought in many bookings and with further marketing there is major growth on the horizon. This is one of the successes of the year in conjunction with the marketing department as a whole.
- **Canopy.** Work continues apace on this major, £500k project. It is our intention to complete this by the middle of 2013, so may we make a plea for even more support to the magnificent efforts put in so far. This is an achievement which we can all be proud of and one which transforms Loughborough. The canopy and Lovatt House are the two largest ventures ever taken on and both have been made possible via support from Friends, DCRT, shareholders and major gifts from stakeholders and well-wishers.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

(continued)

- **Greenacres.** We started negotiations with Leicester City Council to lease this site in October 2011 and against some competition won the contract to lease the buildings for an initial 10 years, with an option for a further 10. Originally entitled "Chaos Centre" it was funded by European Development Fund money to the tune of £1.5 million and built to an extremely high "Green Specification" in 2007. The company went into liquidation before opening and the property was heavily vandalised. After positive discussions with Leicester City Council GCR plc took on the lease on March 1st 2012. The potential will be commented on later in this report.

The above developments have broken records for this company in investment terms, speed of completion and raising the required funds. The combination gives the company the opportunity to move forward and the Directors are confident that stage 1 of the Board's requirements and implementation of the 5 year plan have been met. There is still much to do to achieve financial success.

FINANCIAL RESULTS

Whilst progress is being made in many areas the hard facts remain that we have had a loss of £145k which followed a loss of £92k in the previous year;

- On the down side revenue grants through DCRT totalled only £45,800 as against £62,795 in the previous year. Our income from testing fell to £94,587 against £104,727 which in total accounts for £27,135. Although this is not the total answer the previous year showed an even larger shortfall across these two areas.
- Cash flow improved by £9,709
- The income from Friends exceeded expectations. FoGCML has become such a booming success story that it was able to make grants of £43k to GCR. This is aided by the tremendous benefits of the Main Line magazine which continues to get a great deal of positive publicity for its excellence.
- Three years ago we put together a contract engineering arm of the loco shed under the management of the Chief Mechanical Engineer and this has continued to grow to £67k (plus materials) in the year just ended and is budgeted to reach £100k in the current year.
- With the merging of Carriage and Wagon and Railway Vehicle Preservations (RVP) under one management we have seen a major step forward in the amount of work coming out of the combined effort. Whilst this is very positive the costs of this improvement mean an additional sum of £20k per coach, which caused cash flow problems and the requisite funding requirements had to be put in place. As with the loco department it is gratifying to see the close working relationship between the few paid staff and the volunteers. At the end of the year we started to look at ways of carrying out some contract work and this was achieved at the very end of the year with growth potential looking forward.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

(continued)

- Our one major filming contract was with Top Gear. It produced good profitability but also the widest worldwide audience the railway has ever had and we will continue to see the ongoing benefits of this event.
- Catering. With the developments already discussed we have a budgeted turnover figure which will move up from £640k, in the year under review, to £890k. With major catering outlets at each station and with the development of the Greenacres Restaurant, as well as taking on the refreshment room at Loughborough, we are going through major changes, which will give us the opportunity to move into a positive, profitable, result.

THE FUTURE

At the end of the year under review the company structure was again adjusted. Mr. Michael Gregory of Cromwell Tools took over the position of President with Mr. David Morgan continuing in the role of Chairman. Mr. Bill Ford was appointed Managing Director with Mr. Richard Patching taking on the role of General Manager and Director. Dr. Eric Smith was appointed Safety Director in the previous year with Mr. Kenneth Byass continuing as Legal Board Member. Mr. Tony Sparks remains the Project Director with Mr. Michael Sheppard supporting the company for GCR history and archives. The Board is responsible for safety, governance, finance and future planning and is supported by a Group Management Team who are responsible for day to day operations. It meets on a monthly basis. The members of this group are responsible for the eight departments within the railway and work very closely together in support of one another for the benefit of the company.

Our relationship with the National Railway Museum(NRM) remains very close and we see even closer ties between GCR plc and the NRM. The opportunities to develop are becoming of more significance and we look forward to further announcements during the course of the next few months. The company already operate three NRM engines and has the loan of the Class 33 Diesel Locomotive. Our plans include having our own locomotives in the future with the addition of a visiting locomotive for Gala and Special Events.

GREENACRES

The acquisition of the Greenacres lease is of major importance to the company. Whilst it has a conference centre and restaurant with magnificent views, it can also accommodate in its eight separate units workshops for training, skills and employment. These will be operated through a partnership with Leicester City Council, Leicester College, Apex Works and others to be identified in industry. GCR will co-ordinate and oversee the transformation at Leicester North to ensure that it becomes a major tourism Gateway into the City of Leicester as well as a community based enterprise.

There are many opportunities for the development of tourism in the immediate area and we are in initial discussions with the Abbey Pumping Station and the Space Centre, where future joint attractions are anticipated.

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

(continued)

With the speed of progress we have appointed a manager for the site who has the necessary experience within the council and business sectors. We have also appointed an outside consultant who worked for East Midlands Development Agency (EMDA) and has been responsible for a number of our projects through EMDA. It is envisaged that the development of Greenacres will further encapsulate major fundraising both within Europe and locally. This will enhance our already successful fundraising team who have helped raise considerable sums for our various projects.

Although there's nothing tangible to see beyond an access gate in the fence closing off the trackbed at the canal bridge, the reality is that the reunification project with the north is making progress in terms of essential preparatory work. The Great Central Railway Development (GCRD) team has made solid progress in advance of a planning application and a submission for a Transport and Works Act, which would give us the powers to construct and operate the missing 500m of railway. GCRD is involved in detailed negotiations with Network Rail with regards as to how we can work with them at lowest cost/disruption to reinstate the bridge over the Midland Main Line – because reunification holds the promise of significant benefits for Network Rail too. A formal topographical survey has been completed, which provided ground data needed for a detailed technical specification for the reinstated line, which was almost complete as this went to press. Completion of this specification will allow calculation of the most accurate costing of the missing link we have yet seen. This will pave the way for a detailed discussions with all stakeholders about a financial way forward, with very positive early progress. GCRD anticipates a solid year of progress in 2012/13 with the prospect of exciting developments if current talks bear fruit.

The completion of the signalling scheme at Swithland will have taken place prior to the AGM and is a culmination of the late David Clarke's double track project into which he put so much of his time, money and effort. What better epitaph could there be? It opens up great operational flexibility which means more exciting galas and the ability to handle extra charter traffic independently of the regular timetable.

THE CORE BUSINESS

As always, we are indebted to our dedicated teams of volunteers without whose commitment and hard work we could not operate our scheduled train service. Our volunteers include not only footplate crews and train staff but also signalmen, station masters, ticket clerks, engineers, permanent way gangs etc. We should also pay tribute to the paid staff who often provide the continuity and consistency required to operate the regular and respected service levels that we have been able to achieve. Not least we should express our appreciation of the catering staff whose hard work succeeded in generating much needed income.

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 2012

(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 and W J C Ford were appointed in August.

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 2012

(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 2011 or date of appointment	31 January 2012 or date of resignation
W J C Ford (appointed 20 August 2011)	188,920	191,120
K Byass	480	1,000
M Gregory (appointed 20 August 2011)	100,480	100,480
D T Morgan	54,960	56,000
R J Patching	109,840	110,360
M J Sheppard	11,912	12,172
A C Sparks	1,160	1,560
E H Smith	1,000	1,000

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 2012

(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

1,839,196 shares of 25p each have been allotted during the year ended 31 January 2012. Of these 539,196 were for cash and 1,300,000 relate to the conversion of the debenture of £325,000 into share capital. As at 31 January 2012 14,179,328 shares were in issue.

SHAREHOLDERS' INTERESTS

At 31 January 2012, the following have interests exceeding 5% of the issued share capital of the Company.

The David Clarke Railway Trust	38.1%	(5,399,421 shares)
Charnwood Borough Council	7.4%	(1,043,192 shares)
Leicester City Council	7.0%	(1,000,000 shares)

GREAT CENTRAL RAILWAY PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2012

(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 58 days at 31 January 2012 (2011-62 days).

AUDITORS

A resolution appointing Grant Thornton UK LLP (incorporating 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

W J C FORD
Director

1 June 2012

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 2012 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, 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 2012 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 Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Regent House
80 Regent Road
Leicester
LE1 7NH

1 June 2012

GREAT CENTRAL RAILWAY PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2012

	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
		£	£	£	£
<u>TURNOVER</u>					
(continuing activities)	1		2,125,317		2,026,922
Own work capitalised			17,151		22,023
Other operating income			103,811		149,572
			<hr/>		<hr/>
			2,246,279		2,198,517
Operating costs	2	2,304,555		2,177,404	
Depreciation of tangible fixed assets	1 & 6	115,459		135,109	
Release of capital grants	1	(39,520)		(33,252)	
			<hr/>		<hr/>
			2,380,494		2,279,261
			<hr/>		<hr/>
<u>OPERATING LOSS</u>					
(continuing activities)			(134,215)		(80,744)
Interest payable	4		(11,452)		(11,418)
			<hr/>		<hr/>
<u>LOSS ON ORDINARY ACTIVITIES</u>					
<u>BEFORE TAXATION</u>			(145,667)		(92,162)
Taxation on result of ordinary activities	5		-		-
			<hr/>		<hr/>
<u>LOSS ON ORDINARY ACTIVITIES</u>					
<u>AFTER TAXATION</u>			(145,667)		(92,162)
			<hr/> <hr/>		<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no recognised gains and losses other than those passing through the profit and loss account.

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET
AS AT 31 JANUARY 2012

	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible assets	6		3,171,762		2,729,421
Investments	7		49		49
			3,171,811		2,729,470
<u>CURRENT ASSETS</u>					
Stocks	8	68,543		66,411	
Debtors: amounts falling due within one year	9	156,210		206,778	
Debtors: amounts falling due after more than one year	9	161,478		173,309	
Cash in hand and at bank		55,892		46,183	
			442,123		492,681
			442,123		492,681
<u>CREDITORS: Amounts falling due within one year</u>					
Other	10	590,307		571,687	
			590,307		571,687
<u>NET CURRENT LIABILITIES</u>			(148,184)	(79,006)	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			3,023,627	2,650,464	
<u>CREDITORS: Amounts falling due after more than one year:</u>					
Debenture loan (secured)	11a	-		325,000	
Other	11b	1,534,478		1,150,447	
			1,534,478		1,475,447
			1,534,478		1,475,447
			1,489,149		1,175,017

GREAT CENTRAL RAILWAY PLC

BALANCE SHEET
AS AT 31 JANUARY 2012
(continued)

		<u>2012</u>	<u>2011</u>
		£	£
<u>CAPITAL AND RESERVES</u>			
Called-up share capital	13	3,544,832	3,085,033
Profit and Loss Account – Adverse balance	14	(2,055,683)	(1,910,016)
		<hr/>	<hr/>
		1,489,149	1,175,017
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 1 June 2012

On behalf of the Board

W J C FORD
Director

Company No. 01257394

GREAT CENTRAL RAILWAY PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2012

	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
		£	£	£	£
<u>NET CASH INFLOW FROM OPERATING ACTIVITIES</u>	1		461,654		134,291
 <u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>					
Interest paid		(11,452)		(11,418)	
		-----		-----	
Net cash outflow from returns on investments and servicing of finance			(11,452)		(11,418)
 <u>TAXATION</u>					
Corporation tax paid			-		-
 <u>CAPITAL EXPENDITURE</u>					
Purchase of fixed assets		(557,800)		(461,928)	
		-----		-----	
Net cash outflow from investing activities			(557,800)		(461,928)
 <u>FINANCING</u>					
Issue of shares		134,799		60,205	
Loan repayments		(17,492)		(20,657)	
New loans advanced		-		252,402	
		-----		-----	
Net cash inflow from financing			117,307		291,950
 <u>INCREASE/(DECREASE) IN CASH</u>					
	2		9,709		(47,105)
			=====		=====

GREAT CENTRAL RAILWAY PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2012

1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2012</u>	<u>2011</u>
	£	£
Operating loss	(134,215)	(80,744)
Depreciation	115,459	135,109
Increase in stocks	(2,132)	(5,901)
Decrease in debtors	62,398	(91,381)
Increase in creditors	420,144	177,208
	<hr/>	<hr/>
Net cash inflow from operating activities	461,654	134,291
	<hr/> <hr/>	<hr/> <hr/>

2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>£</u>	<u>£</u>
Increase in cash in period	9,709	
Loan repayments	17,492	
	<hr/>	
Net cash flow		27,201
Conversion of debenture into shares		325,000
Net debt at 1 February 2011		(553,657)
		<hr/>
Net debt at 31 January 2012		(201,456)
		<hr/> <hr/>

3 ANALYSIS OF CHANGES IN NET DEBT

	<u>At</u>		<u>Other</u>		<u>At</u>
	<u>1 February</u>	<u>Cash</u>	<u>non cash</u>	<u>charges</u>	<u>31 January</u>
	<u>2011</u>	<u>Flows</u>	<u>£</u>	<u>£</u>	<u>2012</u>
	£	£	£	£	£
Cash in hand and at bank	46,183	9,709	-	-	55,892
Debt due within one year	(59,213)	24,534	-	-	(34,679)
Debt due after one year	(540,627)	(7,042)	325,000	-	(222,669)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(553,657)	27,201	325,000	-	(201,456)
	<hr/> <hr/>	<hr/> <hr/>	<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 had a substantial loan from The David Clarke Railway Trust which was subject to a loan agreement [see note 11]. There was a two year notice period for repayment of the debenture loan of £325,000 which was waived when the loan was converted into shares (see note 17).

The Company has an overdraft facility of £100,000 which is due for review in June 2012. This facility is personally guaranteed by current and former directors of the company. 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	-	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.

Operating Leases

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

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. ACCOUNTING POLICIES (continued)

Deferred Taxation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted.

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.

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>2012</u>		<u>2011</u>	
	£	£	£	£
Increase in stock of goods for resale		(2,132)		(5,902)
Raw materials and consumables		578,126		486,908
Employee costs:				
Wages and salaries	673,362		557,985	
Social security costs	43,108		40,061	
Other pension costs	15,884		13,842	
	-----		-----	
		732,354		611,888
Other operating charges		996,207		1,084,510
		-----		-----
		2,304,555		2,177,404
		=====		=====
Included in operating costs are:-		<u>2012</u>		<u>2011</u>
		£		£
Hire of plant and machinery		194,599		173,578
Auditors' remuneration		9,700		9,500
		-----		-----

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>2012</u> <u>No.</u>	<u>2011</u> <u>No.</u>
Management (includes all unpaid directors)	12	12
Other	42	33
	<hr/>	<hr/>
	54	45
	<hr/> <hr/>	<hr/> <hr/>

4. INTEREST PAYABLE

	<u>2012</u> <u>£</u>	<u>2011</u> <u>£</u>
Bank loan and overdraft repayable within five years	1,402	596
On other loans	10,050	10,822
	<hr/>	<hr/>
	11,452	11,418
	<hr/> <hr/>	<hr/> <hr/>

5. TAXATION

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

The company has losses available to carry forward against future trading profits at 31 January 2012 amounting to £3,137,000. No provision has been made for the deferred tax asset arising from these losses as the Directors cannot be certain that they will be realised in the foreseeable future

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 2011	1,556,953	1,760,610	421,156	1,432,955	5,171,674
Additions	525,349	28,173	1,455	2,823	557,800
<hr/>					
At 31 January 2012	2,082,302	1,788,783	422,611	1,435,778	5,729,474
<hr/>					
<u>Depreciation</u>					
At 1 February 2011	477,857	803,091	343,593	817,712	2,442,253
Charged in year	28,576	26,831	14,531	45,521	115,459
<hr/>					
At 31 January 2012	506,433	829,922	358,124	863,233	2,557,712
<hr/>					
<u>Net Book Value</u>					
At 31 January 2012	1,575,869	958,861	64,487	572,545	3,171,762
<hr/>					
At 31 January 2011	1,079,096	957,519	77,563	615,243	2,729,421
<hr/>					

The accumulated provision for depreciation of £2,557,712 at 31 January 2012 includes £500,000 in respect of provision for impairment.

7. INVESTMENTS

Shares in Participating
Investment
£

Balance at 31 January 2012 49

The company owns 49% of the ordinary share capital of the Great Central Railway Development Limited, a company formed to progress the re-unification of the north and south sections of the Heritage Great Central Railway.

8. STOCKS

	<u>2012</u> £	<u>2011</u> £
Raw materials and consumables	29,475	25,188
Goods for resale	39,068	41,223
	<hr/>	<hr/>
	68,543	66,411
	<hr/>	<hr/>

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

9.	<u>DEBTORS</u>	<u>2012</u>	<u>2011</u>
		£	£
	Trade debtors	275,146	304,485
	Other debtors	8,152	49,478
	Prepayments and accrued income	34,390	26,124
		<hr/>	<hr/>
		317,688	380,087
		<hr/> <hr/>	<hr/> <hr/>

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

	Trade debtors	161,478	173,309
		<hr/> <hr/>	<hr/> <hr/>

10. CREDITORS

Amounts falling due within one year:

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

(b)	<u>Other</u>	<u>2012</u>	<u>2011</u>
		£	£
	Loans	34,679	59,213
	Trade creditors	380,656	358,602
	Social security and other taxation payable	13,891	10,747
	Other creditors	6,491	4,848
	Accruals and deferred income	154,590	138,277
		<hr/>	<hr/>
		590,307	571,687
		<hr/> <hr/>	<hr/> <hr/>

Loans are repayable as follows:

		<u>2012</u>	<u>2011</u>
		£	£
	Repayable on demand:		
	Interest free	33,679	58,213
	Interest at 5% per annum	1,000	1,000
		<hr/>	<hr/>
		34,679	59,213
		<hr/> <hr/>	<hr/> <hr/>

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. CREDITORS

Amounts falling due after more than one year:

(a) The debenture loan was secured by a first fixed and floating charge over the assets of the Company.

(b) <u>Other</u>	<u>2012</u> £	<u>2011</u> £
Loans	222,669	215,627
Accruals and deferred income	1,311,809	934,820
	<hr/>	<hr/>
	1,534,478	1,150,447
	<hr/> <hr/>	<hr/> <hr/>

Deferred income is capital grants not yet credited to profit.

12. LOAN MATURITY ANALYSIS

	<u>2012</u> £	<u>2011</u> £
<u>Loans</u>		
Due within one year	34,679	59,213
Due in two to five years or later if no notice of repayment received	222,669	215,627
	<hr/>	<hr/>
	257,348	274,840
	<hr/> <hr/>	<hr/> <hr/>

The loans include £235,169 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
	<hr/> <hr/>	<hr/> <hr/>

On 30 January 2012 the debenture was converted into 1,300,000 ordinary shares of 25p each.

GREAT CENTRAL RAILWAY PLC

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. SHARE CAPITAL 2012
£ 2011
£

Allotted, called up and fully paid:

14,179,328 ordinary shares of 25 pence per share 3,544,832 3,085,033

During the year 1,839,196 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

	<u>2012</u> £
Balance at 1 February 2011	(1,910,016)
Loss for the year	(145,667)
Balance at 31 January 2012	<u>(2,055,683)</u>

15. FINANCIAL COMMITMENTS

Capital expenditure contracted at 31 January 2012 for which no provision has been made in these accounts was as follows:

	<u>2012</u> £	<u>2011</u> £
Contracted	101,485	Nil

At 31 January 2012 the Company had annual commitments under non-cancellable operating leases as follows:

	<u>2012</u> £	<u>2011</u> £
Operating leases which expire within:		
One year	1,320	1,757
Two to five years	4,476	3,576
	<u>5,796</u>	<u>5,333</u>

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 £15,884 (2011 - £13,842).

17. RELATED PARTY TRANSACTIONS

Certain directors have made unsecured loans to the company. At 1 February 2012, an amount of £20,200 was outstanding to directors. No movements occurred on these loans during the year. The loans carry interest at rates varying from 0% to 5.0% and are repayable on demand.

Mr A C Sparks, a director of the company during the year under review, is also a committee member of Friends of the Great Central Main Line (FoGCML). During the year, Great Central Railway plc received grants totalling £43,000 (2011 £39,000) from FoGCML. A management fee of £4,000 (2011 £4,000) was charged to FoGCML for the year ended 31 January 2012 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, £2,479 (2011:£3,287) was owed to Friends of Great Central Main Line.

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 (2011:£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 £15,642 (2011:£12,174) from Cromwell Tools Limited and owed them £1,985 (2011:£2,469) at the year end. Cromwell Tools Limited also provided an interest free loan to Great Central Railway plc of which £235,169 (2011:£250,000) was outstanding at the year end.

Mr WJC Ford is a trustee of the David Clarke Railway Trust. During the year Great Central Railway plc received grants amounting to £471,578. To avoid any potential conflict of interest Mr WJC Ford excludes himself from any meeting at the David Clarke Railway Trust where grants to the Great Central Railway plc are being considered.

At 1 February 2011 the David Clarke Railway Trust was owed £325,000 in respect of a long standing debenture. Interest of £8,000 was paid during the year. The remaining interest of £18,000 was waived by the David Clarke Railway Trust. On 30 January 2012 the debenture was converted into 1,300,000 ordinary shares of 25p at their par value of £325,000.

GREAT CENTRAL RAILWAY PLC

SUMMARY OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JANUARY 2012

	<u>2012</u> £	<u>2011</u> £
<u>INCOME</u>		
Ordinary fares	601,489	552,150
Santa Specials	153,538	147,646
Platform tickets	27,514	36,337
Restaurant car train fares, meals and drinks	556,296	534,732
Griddle car, retail and refreshment room	401,654	307,036
"Drive a Train" experience	144,400	149,094
Hire of railway facilities	94,587	104,727
Contract engineering	67,044	142,510
Other income	75,227	98,541
	<hr/>	<hr/>
	2,121,749	2,072,773
	<hr/> <hr/>	<hr/> <hr/>
<u>EXPENDITURE</u>		
Train operating and maintenance costs	1,018,180	993,300
Special event costs	115,218	98,903
Advertising and marketing costs	97,354	102,830
On-train catering costs	358,002	348,200
Retail and refreshment room costs	226,609	124,908
Management, administration and general overheads	456,404	430,154
	<hr/>	<hr/>
	2,271,767	2,098,295
	<hr/> <hr/>	<hr/> <hr/>
OPERATING LOSS	(150,018)	(25,522)
Net Interest	(11,451)	(11,395)
Depreciation (less profits on disposal)	(75,939)	(101,856)
Revenue grants	88,801	98,795
Bad debts written off	2,940	603
Feasibility study expenditure	-	(52,787)
	<hr/>	<hr/>
LOSS FOR THE YEAR	(145,667)	(92,162)
	<hr/> <hr/>	<hr/> <hr/>