

WELSH HIGHLAND RAILWAY LIMITED
(Limited by Guarantee)

DIRECTORS' REPORT
and
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

Company No. 0790125 (England and Wales)
Registered Charity No. 1039817



WELSH HIGHLAND RAILWAY LIMITED

(Limited by Guarantee)

COMPANY INFORMATION

Directors

D. W. Allan
A. Blackwell
G. Farr
A. Goodwin
J.H. Kerr
A. McNicol
R. Ollier
J.M. Savage
R.A. Sinclair
P. Thomason

Secretary

G. Ll. Hughes

Company Number

0790125 (England and Wales)

Registered Charity Number

1039817

Registered Office

Gelerts Farm Works
Madoc Street
Porthmadog
Gwynedd
LL49 9DY

Auditors

Morris Gregory
Chartered Accountants
and
Registered Auditors
County End Business Centre
Jackson Street
Springhead
Oldham
O14 4TZ

Bankers

Girobank Plc
62 Hagley Road
Birmingham
B16 8PE

and

National Westminster Bank Plc
72 High Street
Porthmadog
Gwynedd
LL49 9NR

WELSH HIGHLAND RAILWAY LIMITED
(Limited by Guarantee)

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DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

The directors present their report and financial statements for the year ended December 31, 2000.

Principal activity

The Company's principal activity continued to be the operation and development of its site at Porthmadog. It aims to preserve and illustrate the history of the Welsh Highland Railway, which ceased operations in 1937, and to support the revival of the whole of that scenic route as a railway for the benefit of tourists and residents alike.

Chairman's report

Year 2000 was, to say the least, an interesting one at Gelert's Farm. It was a year in which the company managed to substantially maintain both its passenger figures and its income, in spite of a continuing fall in visitor numbers to North Wales. It was a year which saw Russell visiting Dinas to join in the celebration of the re-opening of the northern section as far as Waunfawr. It was a year in which the new timetable leaflet was produced adorned with Eric Leslie's splendid period artwork. It was a year which saw a lot of official encouragement for the embryonic museum project, and it was a year which saw some work start on the long awaited extension to Pont Croesor.

The fact that an improved result was achieved is a tribute to the dedication and to the hard work of all those involved in running the line during the operating season. Once again your company must acknowledge its debt to Cwmni Rheilffordd Beddgelert for it is they who manage the shop both in terms of staffing and stocking and it is they who make a substantial contribution to our income with the profit they generate from their efforts.

The visit of Russell to Dinas was inevitably controversial, but in the event there is no doubt that the visit was a success and much appreciated by crews and visitors alike.

The timetable leaflet was received with some acclaim and was generally thought to have been the best the company has produced for some time. It is however difficult to judge its effect on members of the public and we can only assume that it was beneficial in its principal duty - that of attracting passengers to the railway.

The museum proposals benefited from the considerable interest shown by Gwynedd Council. Extensive consultation was undertaken with organisations that might be considered to have an interest in the project and the response was generally favourable.

On the extension the company commissioned a topographical survey of the trackbed to Portreuddyn. This was the preliminary work necessary as a prerequisite to undertaking a more general survey and preparing plans for approval by Gwynedd Council. In November an appeal was launched to the membership for funds to enable the company to commence work on its long held ambition. The appeal leaflet was fronted with yet another splendid period drawing by Eric Leslie. As the year ends money is still coming in as a response to that appeal.

On the downside it must be recorded that volunteer numbers for operating and regular work have been somewhat reduced, but special events produced good support and this must be maintained.

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

Directors

The directors who served during the year were:

D. W. Allan	
A. Blackwell	
G. Farr	
A. Goodwin	
J.H. Kerr	Appointed May 27, 2000
D. M. Meller	Resigned May 27, 2000
A. McNicol	
R. Ollier	
J.M. Savage	Appointed May 27, 2000
R.A. Sinclair	Appointed May 27, 2000
P. Thomason	

Constitution

The Company is limited by guarantee and its governing document is its Memorandum and Articles of Association. In the event of a winding up of the company each member shall contribute to the debts and liabilities up to a minimum of £1.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

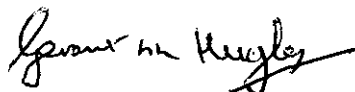
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

This report was approved by the board on May 19, 2001 and has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors.



G. Ll. Hughes
Secretary

AUDITORS' REPORT
TO THE MEMBERS OF WELSH HIGHLAND RAILWAY LIMITED
(Limited by Guarantee)

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

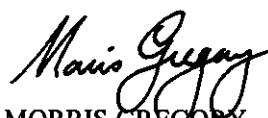
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at December 31, 2000 and of its financial activities and surplus for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



MORRIS GREGORY
CHARTERED ACCOUNTANTS
and
REGISTERED AUDITORS
OLDHAM

May 19, 2001

WELSH HIGHLAND RAILWAY LIMITED
(Limited by Guarantee)

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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2000

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	<u>Notes</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u> <u>2000</u>	<u>Total</u> <u>1999</u>
		£	£	£	£
Incoming resources					
Passenger fares and other income	2	-	19,704	19,704	20,944
Covenanted income from subsidiary companies		-	8,400	8,400	5,000
Contribution from subsidiary company		-	-	-	3,000
Contribution from Russell Cafe		-	1,500	1,500	-
Fundraising and subscriptions		15,983	12,941	28,924	20,593
Total income		<u>£ 15,983</u>	<u>£ 42,545</u>	<u>£ 58,528</u>	<u>£ 49,537</u>
Resources expended					
Direct charitable expenditure					
Railway operating costs and projects		3,129	35,541	38,670	37,207
Other expenditure					
Management and administration		-	7,232	7,232	7,539
Total expenditure		<u>£ 3,129</u>	<u>£ 42,773</u>	<u>£ 45,902</u>	<u>£ 44,746</u>
Net income for the year	3	<u>£ 12,854</u>	<u>£ (228)</u>	<u>£ 12,626</u>	<u>£ 4,791</u>

There were no recognised gains or losses other than those included in the statement of financial affairs.

The notes on pages 6 to 11 form part of these financial statements.

WELSH HIGHLAND RAILWAY LIMITED
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BALANCE SHEET
AT DECEMBER 31, 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£	£
Fixed assets			
Tangible assets	5	269,286	270,518
Investments	6	18,202	18,202
		<u>287,488</u>	<u>288,720</u>
Current assets			
Stocks		500	750
Debtors	7	8,151	4,191
Cash at bank and in hand		18,269	11,485
		<u>26,920</u>	<u>16,426</u>
Creditors: amounts falling due within one year	8	(9,924)	(10,206)
Net current assets		<u>16,996</u>	<u>6,220</u>
Total assets less current liabilities		<u>304,484</u>	<u>294,940</u>
Creditors: amounts falling due after more than one year	9	(30,835)	(33,632)
Deferred grants	10	(12,108)	(12,393)
		<u>£ 261,541</u>	<u>£ 248,915</u>
Capital			
Revaluation reserve	12	119,393	119,829
Restricted income funds	12	26,620	13,766
Unrestricted funds	12	115,528	115,320
Retained funds	13	<u>£ 261,541</u>	<u>£ 248,915</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved by the board of directors on May 19, 2001 and signed on its behalf.

D.W. ALLAN
Director



The notes on pages 6 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

The company and its subsidiary undertakings comprise a small group. The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as one individual undertaking and not about its group.

The company is a registered charity under Charity Number 1039817.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line basis
Rail, rolling stock, plant and machinery	-	rates between 10% reducing balance basis and 50% straight line basis.

1.3 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

2. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts. Turnover is attributable to one continuing activity.

There were no exports during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

3. Operating surplus

The operating surplus is stated after charging or (crediting):

	<u>2000</u>	<u>1999</u>
	£	£
Depreciation of tangible fixed assets		
- owned by the company	7,545	8,270
Life memberships released to income	(1,483)	(1,768)
Grant released to income	(285)	(285)

4. Taxation

There is no corporation tax payable because of the company's charitable status.

5. Tangible fixed assets

	<u>Freehold land and buildings</u>	<u>Rail, rolling stock, plant and machinery</u>	<u>Total</u>
	£	£	£
Cost or valuation			
At January 1, 2000	253,536	115,826	369,362
Additions	1,752	4,561	6,313
At December 31, 2000	<u>255,288</u>	<u>120,387</u>	<u>375,675</u>
Depreciation			
At January 1, 2000	18,710	80,134	98,844
Charge for the year	2,956	4,589	7,545
At December 31, 2000	<u>21,666</u>	<u>84,723</u>	<u>106,389</u>
Net book values			
At December 31, 2000	<u>£ 233,622</u>	<u>£ 35,664</u>	<u>£ 269,286</u>
At December 31, 1999	<u>£ 234,826</u>	<u>£ 35,692</u>	<u>£ 270,518</u>

Included in the cost or valuation of freehold land and buildings are assets stated at their 1990 valuation of £150,000. The original cost of these assets amounted to £35,549.

WELSH HIGHLAND RAILWAY LIMITED

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(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000****6. Investments**

	<u>2000</u>	<u>1999</u>
	£	£
Investment in subsidiary undertakings		
Subsidiary company - Cwmni Rheilffordd Beddgelert Cyfyngedig	18,100	18,100
- Cwmni Rheilffordd Caernarfon Cyfyngedig	100	100
- Welsh Highland Railway Trading Limited	2	2
	<u>£ 18,202</u>	<u>£ 18,202</u>

	<u>Beddgelert</u>	<u>Caernarfon</u>	<u>W H R Trading Ltd</u>
Country of registration	England and Wales	England and Wales	England and Wales
Holding	Ordinary shares	Ordinary shares	Ordinary shares
Proportion held	100%	100%	100%
Aggregate of share capital and reserves			
At December 31, 2000	£ 18,380	£ (57)	£ 2
Profit/(loss) retained for the financial year ended			
December 31, 2000	£ 104	£ (6)	£ -
Nature of business	(see below)*	Non-trading	Non-trading

*The raising of funds by various means in order to rebuild, restore and operate the narrow gauge railway between Porthmadog and Dinas. The company also operates the shop.

7. Debtors

	<u>2000</u>	<u>1999</u>
	£	£
Due within one year		
Income tax recoverable	3,225	1,225
Other taxation recoverable	137	-
Other debtors	1,423	1,641
Amounts due from subsidiary companies	567	979
Prepayments and accrued income	2,799	346
	<u>£ 8,151</u>	<u>£ 4,191</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

8. Creditors: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Bank loans and overdrafts (secured)	1,600	1,449
Trade creditors	3,312	2,301
Amounts due to subsidiary company	203	401
Interest free loans	2,100	2,100
Accruals	1,227	2,487
Life memberships reserve	1,482	1,468
	<u>£ 9,924</u>	<u>£ 10,206</u>

9. Creditors: amounts falling due after more than one year

	<u>2000</u>	<u>1999</u>
	£	£
Life memberships reserve	14,836	17,195
Bank loan (secured)	15,999	16,437
	<u>£ 30,835</u>	<u>£ 33,632</u>
Analysis of maturity of bank loan:		
Within one year	1,600	1,449
Between one and two years	1,767	1,600
Between two and five years	6,493	5,877
After five years	6,576	8,959
	<u>£ 16,436</u>	<u>£ 17,885</u>

10. Deferred grants

	At January <u>1, 2000</u>	Received <u>during the year</u>	Released <u>to income</u>	At December <u>31, 2000</u>
	£	£	£	£
Welsh Development Agency	8,300	-	230	8,070
Welsh Tourist Board	2,213	-	15	2,198
Gwynedd Council	1,880	-	40	1,840
	<u>£ 12,393</u>	<u>£ -</u>	<u>£ 285</u>	<u>£ 12,108</u>
To be released				
Within 12 months				285
After 12 months				11,823
				<u>£ 12,108</u>

The grants will be released back to income over the life of the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

11. Liability of members

The number of members at December 31, 2000 is 989 (1999 : 1,035) and in the event of a winding up of the company each member shall contribute to the debts and liabilities up to a maximum of £1. In addition to the above there are 52 junior members.

12. Reserves

	<u>Restricted income funds</u>	<u>Unrestricted funds</u>	<u>Revaluation reserve</u>
	£	£	£
At January 1, 2000	13,766	115,320	119,829
Net income for the year	12,854	(228)	-
Transfers	-	436	(436)
At December 31, 2000	<u>£ 26,620</u>	<u>£ 115,528</u>	<u>£ 119,393</u>

13. Reconciliation of movement in retained funds

	<u>2000</u>	<u>1999</u>
	£	£
At January 1, 2000	248,915	244,124
Surplus for the year	12,626	4,791
At December 31, 2000	<u>£ 261,541</u>	<u>£ 248,915</u>

14. Special projects

During the year the company had received specific donations of £12,854 (1999 : £2,879) which were held in connection with future expenditure on various projects as follows:

	<u>2000</u>	<u>1999</u>
	£	£
Pedemoura	1,730	1,730
Bagnall 3050	691	631
Bagnall 3023	236	236
Barclay Locos	112	112
Karen	2,206	1,706
Gladstone	631	631
NG15	4,628	4,628
Weighbridge	94	94
Museum	1,229	229
Membership	715	715
Workshop	50	50
Pont Croesor Extension Fund	14,196	3,004
Pen-y-Mount	102	-
	<u>£ 26,620</u>	<u>£ 13,766</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

15. Analysis of fund balances between the net assets

	<u>Revaluation reserve</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
	£	£	£	£
Tangible fixed assets	119,393	123,273	26,620	269,286
Investments	-	18,202	-	18,202
Net current assets	-	16,996	-	16,996
Creditors due after more than one year	-	(30,835)	-	(30,835)
Deferred grants	-	(12,108)	-	(12,108)
	<u>£ 119,393</u>	<u>£ 115,528</u>	<u>£ 26,620</u>	<u>£ 261,541</u>

16. Capital commitments

At December 31, 2000 the company had capital commitments of £Nil (1999 : £Nil) both authorised and contracted for.