

WELSH HIGHLAND RAILWAY LIMITED  
(Limited by Guarantee)

DIRECTORS' REPORT  
and  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009



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

WELSH HIGHLAND RAILWAY LIMITED  
(Limited by Guarantee)

COMPANY INFORMATION

|                           |  |
|---------------------------|--|
| Directors                 | C Boulter<br>C Dearden<br>G Farr<br>A J Goodwin<br>R W Harrison<br>M C Herbert<br>J P S Hewett (Chairman)<br>A McNicol<br>M J Owen<br>R A Sinclair   |
| Secretary                 | C R Willby   |
| Company Number            | 0790125 (England and Wales)  |
| Registered Charity Number | 1039817  |
| Registered Office         | The Station Building<br>Tremadog Road<br>Porthmadog<br>Gwynedd<br>LL49 9DY   |
| Auditors                  | Morris Gregory<br>Chartered Accountants<br>and<br>Statutory Auditors<br>County End Business Centre<br>Jackson Street<br>Springhead<br>Oldham<br>O14 4TZ  |
| Bankers                   | Alliance & Leicester Commercial Bank Plc<br>Bridle Road<br>Bootle<br>Merseyside<br>GIR 0AA<br><br>CAF Bank Limited<br>25 Kings Hill Avenue<br>Kings Hill<br>West Malling<br>Kent<br>ME19 4JQ<br><br>National Westminster Bank Plc<br>72 High Street<br>Porthmadog<br>Gwynedd<br>LL49 9NR |

WELSH HIGHLAND RAILWAY LIMITED  
(Limited by Guarantee)

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**WELSH HIGHLAND RAILWAY LIMITED**  
(Limited by Guarantee)

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

The Directors, who act as Trustees of the charity, present their annual report and audited financial statements for the year ended December 31, 2009

**Structure, Governance and Management**

The charity is a company limited by guarantee. The registered company number is 790125 (England and Wales) and the registered charity number is 1039817

The company is limited by guarantee and its governing document is its Memorandum and Articles of Association. Each member has undertaken to contribute a maximum of £1 to the assets of the company in the event of its winding up.

**Directors**

The ten members of the Board are each elected by the membership and serve for three years.

The current membership of the Board is reported earlier in this document. At the Annual General Meeting in July 2009, Finance Director Richard Sinclair was re-elected for a further term of office. Richard Harrison and Martyn Owen joined the Board for the first time, both have an engineering background and bring considerable management experience to our organisation.

Andy Blackwell and Gwynfor Pierce Jones did not seek re-election in July 2009. Our thanks are due to them for their service to the company during their time as Directors.

**Statement of Directors' Responsibilities for the Financial Statements**

The directors, who are also trustees for the purposes of the Charities Acts, are required by law to prepare financial statements which give a true and fair view of the state of affairs of the charity at the end of the financial year, and of the financial activities and total recognised gains or losses for the year.

The directors are of the opinion that in preparing the financial statements on pages 8 to 15, appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgements and all applicable accounting standards have been followed. We are also satisfied that the charity has adequate resources to meet its operational needs for the foreseeable future, and accordingly, we continue to adopt the going concern basis in preparing the financial statements.

The directors are responsible for ensuring that the charity keeps accounting records which disclose with reasonable accuracy the financial position of the charity, and which enable us to ensure that the accounts comply with the Companies Act 2006 and Statement of Recommended Practice, Accounting and Reporting by Charities. We are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Object and Activities**

The objectives of the charity continue to be

- a) To advance the education of the public in matters concerning railways
- b) For the public benefit to provide or assist in the provision of facilities for the recreation and other leisure time operations in the interest of social welfare and with the object of improving life

The charity continues to fulfil these objectives by operating heritage trains between Porthmadog to Pen-y-Mount, and by giving visitors chance to tour the Engine Sheds and ride on the miniature railway

The charity's activities are subsidised by train fares and revenue from the shop, which is run by its trading subsidiary, Cwmni Rheilffordd Beddgelert Cyfyngedig. Donations from members and supporters continue to form an important source of income, particularly to fund specific improvement projects

To ensure that the charity's objectives are met, the directors lay down policies to be carried out by the Commercial Manager, Engineering Manager and their staff

### **Achievements and Performance**

#### **Review of Developments**

The work of the charity was significantly enhanced in 2009 by the completion of two major projects: the new museum building and the restoration of the original WHR Buffet Car

The new museum building has already won praise from visitors and the local community as a quality facility. The larger display and exhibition space gives us a better opportunity to carry out one of the charity's core objectives, telling the story of the narrow gauge railways of Porthmadog and their influence round the world

A new video animation explaining the workings of a steam locomotive boiler was installed in 2009, followed by the first in a series of new display panels towards the end of the year. A number of interactive games for children have been developed, allowing us to enhance the educational benefits we can provide to one of our largest groups of visitors

The original Welsh Highland Buffet Car returned to service in May following the completion of a high quality restoration to 1928 condition. We are grateful to the Museums Libraries and Archives Council for awarding us a grant from its PRISM Fund to pay for much of the restoration work. Reflecting its historic status, the Buffet Car has a dual role, as a working carriage, and also as a key exhibit in the museum when not in use

Other restoration projects made good progress during the year. The only surviving locomotive from the old Welsh Highland Railway – Russell – was finally reunited with its wheels at the end of 2009 and became a rolling chassis

Work also began on another locomotive restoration project: Baldwin locomotive No 794. This locomotive belongs to the Imperial War Museum, and is similar to one which ran on the original Welsh Highland Railway which was scrapped in 1942. It is intended that it should be restored to look like its WHR sister, and recreate scenes from the 1920s and 1930s

Visitor numbers during 2009 held steady, ending the year just a few hundred lower than the near record total of the previous year. As well as enabling us to reach a wider audience, this increase has also brought much needed extra revenue

Our train services ran to Pen-y-Mount during 2009, following the decision by the Festiniog Railway Company (which owns the line beyond that point) that it would not be possible for our trains to operate over its metals. The shorter line has not affected our ability to fulfil our charitable objectives. Nonetheless, it is disappointing that the commitment of our volunteers and donors in building a section of the railway has not yet led to our being able to use it in the long term. We remain committed to reaching an amicable settlement with the Festiniog Railway Company, and we are grateful to everyone who has provided messages of support for our position

### **Cwmni Rheilffordd Beddgelert Cyfyngedig**

The charity's trading subsidiary had one of its best ever years, with a significant increase in turnover. Staff costs remained static at almost exactly the same level as 2008, but overheads and the cost of sales increased. However, the final contribution from the shop at the end of the year was still up by almost £1,000 on the previous twelve months.

The shop has benefited from the increased visitor numbers and careful management of the range of stock items has meant that spending on gift items continues to be high. The sale of specialist railway books continues to provide an extra revenue stream and provide an added attraction for enthusiasts to come and also experience the work of the charity.

### **Staff and Members**

The directors wish to thank all volunteers and paid staff for their contribution during 2009. Our successes could not have been achieved without the hard work of a great many people, whether for just a few hours volunteering or on the full time payroll.

A number of key departmental posts were filled during 2009. Phil Ankers was appointed as Health & Safety Manager, while Dave Hill has taken up the job of Signals Foreman and Nick Pell has begun working as Permanent Way Foreman. Geoff and Marilyn Clifford have brought their organisational and fund raising skills to the Heritage Tram Project.

In the Commercial Department, David Hyde was appointed Museum Documentation Officer with responsibility for the catalogue. Victoria Towers has taken on the job of roster clerk and Stuart Hall was appointed to a paid position as guard and shedmaster towards the end of the season.

The number of members remained steady during the year, and the number of active volunteers increased slightly overall. Chairman James Hewett has continued to serve on a number of influential tourism-related committees in North Wales, giving him a key role in helping to develop the economy of our region.

### **Marketing**

We continue to develop new ways to promote the railway, and the charity's work in general. Our timetable leaflet was completely redesigned for the 2009 season, reflecting a new house style.

The charity continues to use the internet to reach a wider audience with considerable success, including blogging and a presence on the social networking sites Facebook, Bebo and Twitter. By the end of the year, our presence on Facebook had resulted in several extra passengers and a new member of staff!

We continue to receive positive coverage in the local and national media, from major events to picture coverage of snow on the railway. Our membership of the Attractions of Snowdonia consortium continues to help promote our activities. We also continued to benefit from many positive marketing partnerships during 2009, these included links with local hotels and guest houses, and participation in a promotion run by Walkers crisps.

### **Health and Safety**

The directors take the view that the safety of the travelling public and those working on the railway is paramount. We are pleased that the charity was able to maintain its good safety record during 2009.

The Board decided to strengthen its commitment to this area by appointing a director with specific responsibility for safety. Richard Harrison took up this role in the autumn, and has been conducting a review of the Safety.

**Management System (SMS)** The new Health & Safety Manager has also identified areas for improvement which are currently being implemented

The company remains keen to increase the number of volunteers qualified in First Aid, and also to create a climate where members can easily and freely discuss their concerns and suggestions

### **Risk Management**

A detailed assessment of the risks facing the charity was drawn up as part of the Business Plan, which was adopted by the Board towards the end of 2005. This was reviewed during 2009. The risks identified are taken into account informally as part of the day to day operation of the company

The directors have now begun preparation of a new business plan to cover the period from 2010 onwards. A more comprehensive risk management strategy will be drawn up as part of this process

### **Results and Financial Position**

Income from both fares and shop sales continued to increase during 2009, despite the economic climate, a credit to our volunteers and staff. Income from bank interest fell, both because of the fall in interest rates and because we spent considerable capital sums during the year. Exceptional income was generated by the disposal NG15 class locomotive No 120 and Deutsche Reichsbahn carriage No 960-140

However, we also experienced a considerable increase in the figure for railway operating costs, almost wholly due to increases in insurance premiums. The Board has since undertaken a review of our cover with a view to reducing these premiums if at all possible

The net surplus for 2009, including all donations, was £55,384 compared to a deficit of £(37,620) in 2008. Expenditure on capital projects has meant that cash flow remained extremely tight throughout the year. The Board continues to keep spending under close review, but believes our current policy remains a sensible investment in our future

Thanks are due to a number of company officers for their help with the finances during 2009, including Chris Dearden, Pauline and Robert Hughes, Lloyd Wyn Jones and Lyn Seale

### **Voluntary Contributions**

A number of specific projects are underway at the time of writing, and these are listed below. Grateful thanks are due to all supporters, both members of the company and others, who have contributed in the last twelve months

**Baldwin Fund** – restoration work began on this locomotive during 2009, and has made good progress. A large donation enabled us to complete a key first stage of the restoration quickly, this has been backed up with high profile general fundraising to continue the pace in future months. However, over £100,000 still remains to be raised before the locomotive can be returned to steam

**Extension Fund** – this continued to operate during the year, though a letter was sent to contributors early in 2010 with a view to ceasing its activity. Standing order contributions remained healthy during the period under review

**Heritage Train Project** – the high costs of completing one element of this project (the replica of Carriage No 25) meant that the fund continued to incur costs faster than money could be raised. The end result was a considerable deficit at the end of the year. We are pleased to report that a new Fund Raising team took office at the very end of the year, and have rapid progress in dealing with this position

Peter Thomason Fund – this was started with a £150,000 donation from the family of our late Vice Chairman, Peter Thomason. A large part of this money was spent during 2009 on the new museum building, which has been dedicated in Peter's memory. The remainder continues to be held in a high interest account, though the current economic conditions mean that this has generated less income than in previous years.

Russell Restoration Fund – successful fund raising continued during 2009, albeit with a slightly lower profile than previous years. Increased costs of the restoration mean further fundraising will be necessary in order to return this locomotive to steam as quickly as possible.

The Board wishes to express its gratitude to all donors and supporters for their generosity during 2009. Many have contributed significant sums of money during the year, enabling many of our high profile restoration projects to go ahead.

#### **Reserves Policy**

The directors currently have a policy to maintain unrestricted reserves to support an operating season's expenditure costs. This is reviewed based on activities and the nature of the charitable company's income streams.

The calculation of the required reserves is an integral part of the charitable company's planning and budgeting processes and is reviewed on an annual basis.

#### **Supplier Payment Policy**

The company's normal policy is to make payment at the end of the month following purchase unless terms agreed with the supplier require earlier payment. The company is aware that it trades in an economically sensitive area of Wales, and special care is taken to ensure that local suppliers are paid promptly and in full.

#### **The Future**

The charity's core role will continue to be developing its work with visitors to its site in Porthmadog, providing better facilities for them, and conserving the historic items of Welsh narrow gauge heritage in our care.

The immediate priority must be completion of the many projects which are currently underway, including the restoration of steam locomotive Russell. We also need to achieve Accredited Museum status to formalise our role and give structure to future developments.

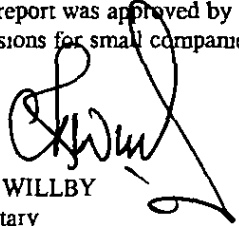
We must build on these successes by attracting more visitors, and working with schools and other groups to better fulfil our charitable objectives. Priority must also be given to important infrastructure projects such as completing the new mess building, improvements to Porthmadog (WHR) station and new diesel locomotive power, as well as attracting more members and volunteers to make sure it happens.

Members' support in this will be vital, whether as volunteers, donors or simply by supporting from a distance.

#### **Auditors**

Morris Gregory have confirmed their willingness to be re-appointed for a further term in accordance with the provisions of Section 487(2) of the Companies Act 2006.

This report was approved by the Board on July 24, 2010 and has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

  
C R WILLBY  
Secretary



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELSH HIGHLAND RAILWAY LIMITED**

We have audited the financial statements of Welsh Highland Railway Limited for the year ended December 31, 2009, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Directors' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Directors' remuneration specified by law are not made.

We read other information contained in the Directors' Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

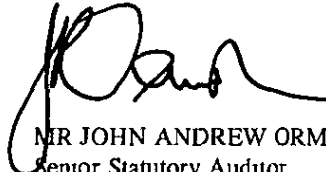
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 charitable company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at December 31, 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended, the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the financial statements have been properly prepared in accordance with the Companies Act 2006, and the information given in the Directors' Annual Report is consistent with the financial statements

County End Business Centre  
Jackson Street  
Springhead  
Oldham  
Lancashire  
OL4 4TZ



MR JOHN ANDREW ORMISTON  
Senior Statutory Auditor  
MORRIS GREGORY  
Chartered Accountants and  
Statutory Auditor

July 24, 2010

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | <u>Unrestricted<br/>Funds</u> | <u>Restricted<br/>Funds</u> | <u>Total<br/>2009</u> | <u>Total<br/>2008</u> |
|---|-------------------------------|-----------------------------|-----------------------|-----------------------|
|   | £                             | £                           | £                     | £                     |
| <b>Incoming resources</b>                                     |                               |                             |                       |                       |
| <b>Incoming resources from charitable activities</b>          |                               |                             |                       |                       |
| Fundraising and subscriptions                                 | 32,816                        | 50,463                      | 83,279                | 144,861               |
| Covenanted income from subsidiary companies                   | 11,637                        | -                           | 11,637                | 10,715                |
| Activities in furtherance of the charity's objects            |                               |                             |                       |                       |
| Passenger fares and other income (Note 2)                     | 86,806                        | -                           | 86,806                | 65,015                |
| <b>Incoming resources from generated funds</b>                |                               |                             |                       |                       |
| Interest receivable   | 1,066                         | 56                          | 1,122                 | 6,464                 |
| <b>Total incoming resources</b>                               | <u>£ 132,325</u>              | <u>£ 50,519</u>             | <u>£ 182,844</u>      | <u>£ 227,055</u>      |
| <b>Resources expended</b>                                     |                               |                             |                       |                       |
| <b>Cost of generating funds</b>                               |                               |                             |                       |                       |
| Cost of activities in furtherance of the charity's objectives |                               |                             |                       |                       |
| Railway operating costs and projects                          | 117,847                       | 2,202                       | 120,049               | 256,141               |
| Management and administration                                 | 5,561                         | -                           | 5,561                 | 6,684                 |
| Governance costs - auditor's remuneration                     | 1,850                         | -                           | 1,850                 | 1,850                 |
| <b>Total resources expended</b>                               | <u>£ 125,258</u>              | <u>£ 2,202</u>              | <u>£ 127,460</u>      | <u>£ 264,675</u>      |
| <b>Net movement in funds (Note 12)</b>                        | 7,067                         | 48,317                      | 55,384                | (37,620)              |
| <b>Transfer between funds (Note 12)</b>                       | 108,934                       | (108,934)                   | -                     | -                     |
| <b>Transfer from revaluation reserve (Note 12)</b>            | 436                           | -                           | 436                   | 436                   |
| <b>Fund balances brought forward at January 1, 2009</b>       | <u>525,433</u>                | <u>99,897</u>               | <u>625,330</u>        | <u>662,514</u>        |
| <b>Fund balances carried forward at December 31, 2009</b>     | <u>£ 641,870</u>              | <u>£ 39,280</u>             | <u>£ 681,150</u>      | <u>£ 625,330</u>      |

All gains and losses recognised in the year are included in the Statement of Financial Affairs

All amounts relate to continuing operations

The notes on pages 10 to 15 form part of these financial statements

**WELSH HIGHLAND RAILWAY LIMITED**  
(Limited by Guarantee)

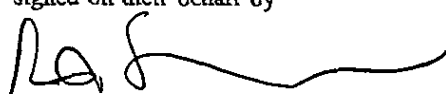
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**BALANCE SHEET**  
**AT DECEMBER 31, 2009**

|   | <u>Notes</u> | <u>2009</u>      | <u>2008</u>      |
|---|--------------|------------------|------------------|
|   |              | £                | £                |
| <b>Fixed assets</b>                                     |              |                  |                  |
| Tangible assets   | 5            | 683,020          | 506,795          |
| Investments   | 6            | 18,104           | 18,104           |
|   |              | <u>701,124</u>   | <u>524,899</u>   |
| <b>Current assets</b>                                   |              |                  |                  |
| Stocks  |              | 500              | 500              |
| Debtors   | 7            | 85,551           | 93,486           |
| Cash at bank and in hand                                |              | 44,944           | 184,105          |
|   |              | <u>130,995</u>   | <u>278,091</u>   |
| Creditors: amounts falling due within one year          | 8            | (22,813)         | (47,283)         |
| <b>Net current assets</b>                               |              | <u>108,182</u>   | <u>230,808</u>   |
| <b>Total assets less current liabilities</b>            |              | <u>809,306</u>   | <u>755,707</u>   |
| Creditors: amounts falling due after more than one year | 9            | (3,144)          | (4,644)          |
| Deferred grants   | 10           | (9,543)          | (9,828)          |
|   |              | <u>£ 796,619</u> | <u>£ 741,235</u> |
| <b>Capital</b>  |              |                  |                  |
| Revaluation reserve                                     | 12           | 115,469          | 115,905          |
| Restricted income funds                                 | 12           | 39,280           | 99,897           |
| Unrestricted funds                                      | 12           | 641,870          | 525,433          |
| Retained funds  | 13           | <u>£ 796,619</u> | <u>£ 741,235</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on July 24, 2010 and are signed on their behalf by



R A SINCLAIR  
Director

The notes on pages 10 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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 financial statements have been prepared in compliance with the Companies Act 2006 and the Statement of Recommended Practice Accounting and Reporting by Charities

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 408 of the Companies Act 2006 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,<br>plant and machinery | - | rates between 10% reducing balance basis<br>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, 2009**

**3 Operating surplus**

The operating surplus is stated after charging or (crediting)

|                                       | <u>2009</u>       | <u>2008</u>       |
|---------------------------------------|-------------------|-------------------|
|                                       | £                 | £                 |
| Depreciation of tangible fixed assets |                   |                   |
| - owned by the company                | 14,002            | 18,746            |
| Life memberships released to income   | (1,500)           | (1,500)           |
| Grant released to income              | (285)             | (285)             |
|                                       | <u>          </u> | <u>          </u> |

**4. Taxation**

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

**5. Tangible fixed assets**

|                          | <u>Freehold<br/>land and<br/>buildings</u> | <u>Rail, rolling<br/>stock,<br/>plant and<br/>machinery</u> | <u>Total</u>     |
|--------------------------|--|---|------------------|
|                          | £  | £   | £                |
| <b>Cost or valuation</b> |  |   |                  |
| At January 1, 2009       | 330,012                                    | 354,728   | 684,740          |
| Additions                | 66,564                                     | 123,663   | 190,227          |
| Disposal                 | -  | -   | -                |
| At December 31, 2008     | <u>396,576</u>                             | <u>478,391</u>  | <u>874,967</u>   |
| <b>Depreciation</b>      |  |   |                  |
| At January 1, 2009       | 47,442                                     | 130,503   | 177,945          |
| Charge for the year      | 5,607                                      | 8,395   | 14,002           |
| At December 31, 2009     | <u>53,049</u>                              | <u>138,898</u>  | <u>191,947</u>   |
| <b>Net book values</b>   |  |   |                  |
| At December 31, 2009     | <u>£ 343,527</u>                           | <u>£ 339,493</u>  | <u>£ 683,020</u> |
| At December 31, 2008     | <u>£ 282,570</u>                           | <u>£ 224,225</u>  | <u>£ 506,795</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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**6 Investments**

|  | <u>2009</u>     | <u>2008</u>     |
|--|-----------------|-----------------|
|  | £               | £               |
| Investment in subsidiary undertakings                        |                 |                 |
| Subsidiary company - Cwmni Rheilffordd Beddgelert Cyfyngedig | 18,100          | 18,100          |
| - Welsh Highland Railway Trading Limited                     | 2               | 2               |
| - Ashbury Railway Carriage & Iron Company Limited            | 2               | 2               |
|  | <u>£ 18,104</u> | <u>£ 18,104</u> |

|   | <u>Ashbury Railway Carriage<br/>&amp; Iron Company Limited</u> | <u>Beddgelert</u> | <u>W H R<br/>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<br>and reserves                                  |  |                   |                              |
| At December 31, 2009  | 2  | 18,351            | 2                            |
| Profit/(loss) retained for the<br>financial year ended<br>December 31, 2009 | £ -  | £ -               | £ -                          |
| Nature of business  | Non-trading  | (see below)*      | 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>2009</u>     | <u>2008</u>     |
|---------------------------------------|-----------------|-----------------|
|                                       | £               | £               |
| Due within one year                   |                 |                 |
| Income tax recoverable                | 45,667          | 43,631          |
| Other taxation recoverable            | 3,505           | 17,112          |
| Amounts due from subsidiary companies | 23,783          | 25,001          |
| Prepayments and accrued income        | 12,596          | 7,742           |
|                                       | <u>£ 85,551</u> | <u>£ 93,486</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**8. Creditors: amounts falling due within one year**

|                          | <u>2009</u>     | <u>2008</u>     |
|--------------------------|-----------------|-----------------|
|                          | £               | £               |
| Trade creditors          | 4,316           | 34,049          |
| PAYE/NI                  | 1,005           | 299             |
| Interest free loans      | 2,100           | 2,100           |
| Accruals                 | 3,823           | 5,100           |
| Life memberships reserve | 1,500           | 1,500           |
| Other creditors          | 10,069          | 4,235           |
|                          | <u>£ 22,813</u> | <u>£ 47,283</u> |

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

|                          | <u>2009</u>    | <u>2008</u>    |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Life memberships reserve | <u>£ 3,144</u> | <u>£ 4,644</u> |

**10. Deferred grants**

|                          | <u>At<br/>January 1,<br/>2009</u> | <u>Received<br/>during the year</u> | <u>Released<br/>to income</u> | <u>At<br/>December 31,<br/>2009</u> |
|--------------------------|-----------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
|                          | £                                 | £                                   | £                             | £                                   |
| Welsh Development Agency | 6,230                             | -                                   | 230                           | 6,000                               |
| Welsh Tourist Board      | 2,078                             | -                                   | 15                            | 2,063                               |
| Gwynedd Council          | 1,520                             | -                                   | 40                            | 1,480                               |
|                          | <u>£ 9,828</u>                    | <u>£ -</u>                          | <u>£ 285</u>                  | <u>£ 9,543</u>                      |
| To be released           |                                   |                                     |                               |                                     |
| Within 12 months         |                                   |                                     |                               | 285                                 |
| After 12 months          |                                   |                                     |                               | 9,258                               |
|                          |                                   |                                     |                               | <u>£ 9,543</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, 2009**

**11. Liability of members**

The number of members at December 31, 2009 is 1,025 (2008 961) 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 58 junior members.

**12. Reserves**

|  | <u>Restricted income<br/>funds</u> | <u>Unrestricted<br/>funds</u> | <u>Revaluation<br/>reserve</u> |
|--|------------------------------------|-------------------------------|--------------------------------|
|  | £                                  | £                             | £                              |
| At January 1, 2009                     | 99,897                             | 525,433                       | 115,905                        |
| Net income for the year                | 48,317                             | 7,067                         | -                              |
| Transfer from revaluation reserve      | -                                  | 436                           | (436)                          |
| Transfers to unrestricted income funds | (108,934)                          | 108,934                       | -                              |
| At December 31, 2009                   | <u>£ 39,280</u>                    | <u>£ 641,870</u>              | <u>£ 115,469</u>               |

**13. Reconciliation of movement in retained funds**

|                                | <u>2009</u>      | <u>2008</u>      |
|--------------------------------|------------------|------------------|
|                                | £                | £                |
| At January 1, 2009             | 741,235          | 778,855          |
| Surplus/(deficit) for the year | 55,384           | (37,620)         |
| At December 31, 2009           | <u>£ 796,619</u> | <u>£ 741,235</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**14. Special projects**

During the year the company had received special donations of £50,463 (2008 £105,201), together with bank interest of £56 which were applied to funds in connection with future expenditure on various projects

|                     | At Jan 1,<br>2009 | Donations<br>received | Bank<br>interest | Capital<br>expenditure | Transfer<br>to general<br>funds | Fund<br>raising<br>costs | At<br>Dec 31,<br>2009 |
|---------------------|-------------------|-----------------------|------------------|------------------------|---------------------------------|--------------------------|-----------------------|
|                     | £                 | £                     | £                | £                      | £                               | £                        | £                     |
| Bagnall 590         | 57,657            | 10,038                | 54               | (40,310)               | -                               | (1,440)                  | 25,999                |
| Gelert Owners       | 1,342             | 60                    | -                | -                      | -                               | -                        | 1,402                 |
| Russell Restoration | 17,629            | 24,964                | 2                | (26,471)               | -                               | (304)                    | 15,820                |
| Heritage Train Fund | (10,174)          | 8,487                 | -                | (36,487)               | -                               | (458)                    | (38,632)              |
| Karen               | 2,861             | -                     | -                | -                      | -                               | -                        | 2,861                 |
| NG15                | 4,628             | -                     | -                | -                      | (4,628)                         | -                        | -                     |
| Extension fund      | 25,954            | 6,914                 | -                | (1,038)                | -                               | -                        | 31,830                |
|                     | <u>£ 99,897</u>   | <u>£ 50,463</u>       | <u>£ 56</u>      | <u>£ (104,306)</u>     | <u>£ (4,628)</u>                | <u>£ (2,202)</u>         | <u>£ 39,280</u>       |

**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                  | 115,469                    | 567,551             | -                 | 683,020          |
| Investments                            | -                          | 18,104              | -                 | 18,104           |
| Net current assets                     | -                          | 68,902              | 39,280            | 108,182          |
| Creditors due after more than one year | -                          | (3,144)             | -                 | (3,144)          |
| Deferred grants                        | -                          | (9,543)             | -                 | (9,543)          |
|  | <u>£ 115,469</u>           | <u>£ 641,870</u>    | <u>£ 39,280</u>   | <u>£ 796,619</u> |

**16. Capital commitments**

At December 31, 2009 the company had capital commitments of £Nil (2008 £Nil) both authorised and contracted for