

WELSH HIGHLAND LIGHT RAILWAY (1964) LIMITED
(Limited by Guarantee)

DIRECTORS' REPORT
and
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

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



WELSH HIGHLAND LIGHT RAILWAY (1964) LIMITED
(Limited by Guarantee)

COMPANY INFORMATION

Directors	D.W. Allan L. Blackwell A. Carter H.J. Chapman G. Farr P.D. Johnson Mrs E. Jones V.G. Jones D.M. Meller A. McNicol P. Thomason S. Weatherby
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 368 Lees Road Oldham OL4 5ER
Bankers	Girobank Plc 62 Hagley Road Birmingham B16 8PE and National Westminster Bank Plc 72 High Street Porthmadog Gwynedd LL49 9NR

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CONTENTS

	Page
Directors' report	1 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11
The following pages do not form part of the financial statements	
Income and expenditure account	12 - 13

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 1995

The directors present their report and financial statements for the year ended December 31, 1995.

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

1995 was a slightly frustrating year for the Company. The Public Inquiry costs still cast a shadow over the Company, but a small increase in traffic was won and improved our financial position. Marketing was "sub contracted" to Cwmni Rheilffordd Beddgelert. This change did help matters along considerably, but our slightly optimistic traffic target was not reached. Ironically this was mainly due to good summer weather! Unfortunately overcast weather is our best friend during the summer and the record sunshine in July saw our projected income wilting almost as much as our train crews.

The Company continued to exploit ruthlessly its volunteer labour force during the year. Despite dire predictions a full service was operated, although with one or two heart stopping moments. The second "Dirty Chappies" weekend saw the second Polish diesel in action, with monster diesel double heading putting on an awesome display of power. This event again produced much valuable railway press coverage for the railway. A third member of the breed has now appeared on site! The foot plate experience holidays seem as popular as they ever were providing useful income in the otherwise quiet season "shoulders".

From the personnel point of view, 1995 was a sad one, with the death of Geronwy Roberts, one of the few surviving links to the "old" Welsh Highland Company. Tragically, the year also saw the loss of Ron Wilsdon, a person long associated with our Company, and a notable contributor to Transport Heritage generally, making it a particularly bad year from the people point of view. On a rather more cheerful note, 1995 was the year Mr. Les Blackwell was able to retire in good health from the post of Company Treasurer. Mention must be made of Les's sterling and tireless work in running a very tight financial ship over the years, and all will wish him the best for the future. His successor will be Mr. Richard Sinclair who will take over as main Company Treasurer. Mr. Blackwell will, however, continue his active involvement as Treasurer of C.R.B. Hopefully, however, this will involve a much reduced workload.

Attempts at reaching an accommodation with the Festiniog Railway Company continued, with David Allan holding a number of face to face discussions with both the Chairman and General Manager of that Company. A number of points of agreement were settled on, but not concluded. We continued to enjoy the support of local politicians and the County Council requested that there should be an accommodation over our extending from Porthmadog to Pont Croesor as a condition of the F.R. starting from Caernarfon. Our solid support for the principle of rebuilding the line from Caernarfon was made plain, as part of this accord. Disappointingly, despite our offering a very valuable supporting role and even to rebuild two miles of railway at nil cost to the F.R. we have not finalised a settlement.

The conclusion must be that we cannot rely on reaching an overall settlement as part of our development strategy. Accordingly, a revised business plan is now in preparation, and grant aid is being sought, for major funding to develop our site at Porthmadog. This will be entirely compatible with any future connection to a rebuilt "main line".

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 1995

The Board's view is that the Company must create its own future, whilst being ready to give support to the F.R. if invited. This implies no reduction in our commitment or enthusiasm, but reflects a determination to improve what is within our control. Formal Museum Registration is being sought as part of this process. Despite the financial pressure the Company has supported the Northern Gateway Project in Porthmadog, which was promoted by Cyngor Dosborth Dwyfor. This will result in a vastly improved "front of house" image for our visitors in the 1996 season. Other minor improvements will be readily apparent around our site.

The continued support of the Company membership is our most valued asset and the Board is confident that this will not be diminished.

Directors and their interests

The directors who served during the year were:

D.W. Allan	
L. Blackwell	
A. Carter	
H.J. Chapman	Elected May 27, 1995
G. Farr	
P.D. Johnson	
Mrs E. Jones	
V.G. Jones	Elected May 27, 1995
D.M. Meller	Elected May 27, 1995
A. McNicol	
S.C. Seale	Resigned May 27, 1995
P. Thomason	
S. Weatherby	
R.E. Wilsdon	Resigned May 27, 1995

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.

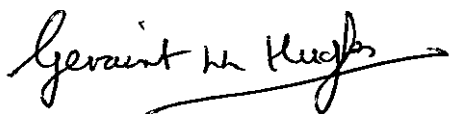
DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 1995

Auditors

The auditors, Morris Gregory will be proposed for re-appointment in accordance with Section 384(1) of the Companies Act 1985.

This report was approved by the board on March 2, 1996 taking advantage of the exemptions available to small companies, conferred by Part II of Schedule 8 to the Companies Act 1985.

Signed on behalf of the board of directors.

A handwritten signature in cursive script, appearing to read 'Geraint L.I. Hughes', with a long horizontal flourish extending to the right.

G.L.I. HUGHES
Secretary

AUDITORS' REPORT
TO THE MEMBERS OF WELSH HIGHLAND LIGHT RAILWAY (1964) LIMITED
(Limited by Guarantee)

We have audited the financial statements on pages 4 to 10 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at December 31, 1995 and of its 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

March 2, 1996

WELSH HIGHLAND LIGHT RAILWAY (1964) LIMITED
(Limited by Guarantee)

5

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
Turnover	2	16,418	15,758
Cost of sales		(12,958)	(31,595)
		<u>3,460</u>	<u>(15,837)</u>
Other operating income		46,065	67,133
		<u>49,525</u>	<u>51,296</u>
Administrative expenses		(29,921)	(30,726)
Public inquiry costs		(338)	10,000
Operating surplus	3	<u>19,266</u>	<u>30,570</u>
Interest payable		(475)	(2,144)
Interest receivable		1	71
		<u> </u>	<u> </u>
Surplus on ordinary activities before taxation		18,792	28,497
Tax on profit on ordinary activities	4	-	-
Surplus retained for the financial year	11	<u>£ 18,792</u>	<u>£ 28,497</u>

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

WELSH HIGHLAND LIGHT RAILWAY (1964) LIMITED
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6

BALANCE SHEET
AT DECEMBER 31, 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
Fixed assets			
Tangible assets	5	239,577	242,956
Investment	6	17,200	17,100
		<u>256,777</u>	<u>260,056</u>
Current assets			
Stocks		6,842	220
Debtors	7	6,280	5,588
Cash at bank and in hand		9,551	1,888
		<u>22,673</u>	<u>7,696</u>
Creditors: amounts falling due within one year	8	(54,015)	(60,864)
Net current liabilities		<u>(31,342)</u>	<u>(53,168)</u>
Total assets less current liabilities		<u>225,435</u>	<u>206,888</u>
Deferred grants	9	(11,493)	(11,738)
		<u>£ 213,942</u>	<u>£ 195,150</u>
Capital and reserves			
Revaluation reserve	11	121,600	122,063
Profit and loss account	11	92,342	73,087
Retained funds	12	<u>£ 213,942</u>	<u>£ 195,150</u>

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Approved by the board of directors on March 2, 1996 and signed on its behalf.

MRS. E. JONES
Director



The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

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 undertaking 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.

1.4 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

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, 1995

3. Operating surplus

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

	<u>1995</u>	<u>1994</u>
	£	£
Depreciation of tangible fixed assets		
- owned by the company	9,074	9,709
Life memberships released to income	(1,411)	(1,295)
Grant released to income	(245)	(259)

4. Taxation

There is no corporation tax payable because of available trading losses.

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, 1995	197,939	103,964	301,903
Additions	3,547	2,148	5,695
At December 31, 1995	<u>201,486</u>	<u>106,112</u>	<u>307,598</u>
Depreciation			
At January 1, 1995	6,204	52,743	58,947
Charge for the year	2,030	7,044	9,074
At December 31, 1995	<u>8,234</u>	<u>59,787</u>	<u>68,021</u>
Net book values			
At December 31, 1995	<u>£ 193,252</u>	<u>£ 46,325</u>	<u>£ 239,577</u>
At December 31, 1994	<u>£ 191,735</u>	<u>£ 51,221</u>	<u>£ 242,956</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, 1995

6. Investment

	<u>1995</u>	<u>1994</u>
Investment in subsidiary undertaking		
Subsidiary company - Cwmni Rheilffordd Beddgelert Cyfyngedig	17,100	17,100
- Cwmni Rheilffordd Caernarfon Cyfyngedig	100	-
	<u>£ 17,200</u>	<u>£ 17,100</u>

	<u>Beddgelert</u>	<u>Caernarfon</u>
Country of registration	England and Wales	England and Wales
Holding	Ordinary shares	Ordinary shares
Proportion held	100%	100%
Aggregate of share capital and reserves At December 31, 1995	£ 17,057	£ (219)
Profit/(loss) retained for the financial year ended December 31, 1995	£ 200	£ (18)
Nature of business:	(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 and catering facilities.

7. Debtors

	<u>1995</u>	<u>1994</u>
	£	£
Due within one year		
Income tax recoverable	1,667	2,150
Other debtors	1,604	979
Amounts due from subsidiary companies	496	-
Prepayments and accrued income	2,513	2,459
	<u>£ 6,280</u>	<u>£ 5,588</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

8. Creditors: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank loans and overdrafts (secured)	-	8,701
Trade creditors	944	293
Amounts due to subsidiary company	131	-
Interest free loans	13,100	13,545
Accruals	16,531	15,946
Life memberships reserve	23,309	22,379
	<u>£ 54,015</u>	<u>£ 60,864</u>

9. Deferred grants

	<u>At January 1, 1995</u>	<u>Received during the year</u>	<u>Released to income</u>	<u>At December 31, 1995</u>
	£	£	£	£
Welsh Development Agency	9,450	-	(230)	9,220
Welsh Tourist Board	2,288	-	(15)	2,273
	<u>£ 11,738</u>	<u>£ -</u>	<u>£ (245)</u>	<u>£ 11,493</u>
To be released				
Within 12 months				245
After 12 months				11,248
				<u>£ 11,493</u>

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

10. Liability of members

The number of members at December 31, 1995 is 1,172 (1994 : 1,200) 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 are 97 junior members.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

11. Reserves

	Profit and loss account	Revaluation reserve
	£	£
At January 1, 1995	73,087	122,063
Surplus retained for the year	18,792	-
Transfer to profit and loss account	463	(463)
At December 31, 1995	<u>£ 92,342</u>	<u>£ 121,600</u>

12. Reconciliation of movement in shareholders' funds

	1995	1994
	£	£
At January 1, 1995	195,150	166,653
Surplus for the year	18,792	28,497
At December 31, 1995	<u>£ 213,942</u>	<u>£ 195,150</u>