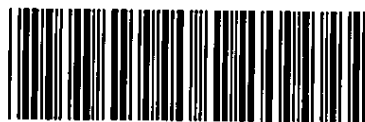


Cymraeg

Report of the Directors/Trustees and
Financial Statements for the Year Ended 31 December 2006
for
Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

SATURDAY



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COMPANIES HOUSE

Dunn and Ellis - Chartered Accountants
REGISTERED AUDITORS
7/9 High Street
Porthmadog
Gwynedd LL49 9LR

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Contents of the Financial Statements
for the Year Ended 31 December 2006

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Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Company Information
for the Year Ended 31 December 2006

DIRECTORS/TRUSTEES:	D A Kent J H Ewing T C I McKenzie D A Williams E Jones D H Thomas N S Mc Master
SECRETARY:	A J Wilkinson
REGISTERED OFFICE:	Ffridd Isaf Rhyd Ddu Caernarfon GWYNEDD LL54 6TN
REGISTERED NUMBER:	3157171 (England and Wales)
AUDITORS:	Dunn and Ellis - Chartered Accountants REGISTERED AUDITORS 7/9 High Street Porthmadog Gwynedd LL49 9LR
BANKERS:	Barclays Bank plc Gwynedd & Ynys Mon Group Caernarfon Gwynedd
CHARITABLE STATUS:	The Company's Charity Commission number is - 1094938

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Report of the Directors/Trustees
for the Year Ended 31 December 2006

The directors/trustees present their report with the financial statements of the company for the year ended 31 December 2006

STRATEGIC OBJECTIVES AND ACTIVITIES

The principal activity of the company in the year under review was that of the encouragement and promotion of public interest in the Caernarfon to Porthmadog railway and also fundraising directed at the reinstatement of the permanent way and stations

REVIEW OF FINANCES, ACTIVITIES AND ACHIEVEMENTS

The results for the year and financial position of the company are as shown in the annexed financial statements

The sales operation again had a very successful year, although down on 2005 due to the lack of new publications Membership numbers were increased to 2,018 at the end of December 2006, in addition a number of bequests were received which resulted in the increased accumulated funds position

STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITABLE FUNDS

The company is a company limited by guarantee of its members and not having a share capital In the event of the company being wound up the members undertake to contribute to the costs of winding up a sum not exceeding £1

The company was incorporated 8th February, 1996 and took over the affairs of the Welsh Highland Railway Society

DIRECTORS/TRUSTEES

The directors/trustees during the year under review were -

D A Kent
J H Ewing
T C I McKenzie
D A Williams
E Jones
D H Thomas
N S Mc Master

GRANT MAKING POLICY 2007

Following the decision of the board in 2005 that the company shall contribute £150,000 over a five year period towards reinstating the Rhyd Ddu to Porthmadog section, a further sum of £30,000 is due in 2007 The Board has further approved significant expenditure on specific capital projects to enhance the railway in 2007 over both the current operational line and the Phase IV extension The directors' principal responsibility is to ensure that income is maximised from all sources, in order, to fund the instalments of the total contribution due

CHARITY'S RESERVE POLICY

The accumulated fund of the Charity at the balance sheet date (the Charity's reserves) reflect, apart from stock and debtors in respect of Company souvenirs, the cash held at the Bank This is held for the continuing support of the Charity's main aims, namely the reinstatement of the Caernarfon to Porthmadog railway line The major part of this cash will be distributed as indicated in Grant making policy above

TRUSTEE INDUCTION AND TRAINING

As part of their induction programme new directors/trustees are made aware of their responsibilities as Trustees and are provided with copies of the Governance document and of the previous three years annual report and accounts

Report of the Directors/Trustees
for the Year Ended 31 December 2006

STATEMENT OF DIRECTORS'/TRUSTEES' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

RELATIONSHIP WITH RELATED PARTIES/EXTERNAL BODIES

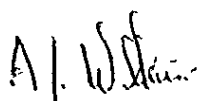
Cymdeithas Rheilffordd Eryri works closely with the Ffestiniog Railway Trust and the Welsh Highland Railway Construction Ltd. Most of the grants are provided to these organisations. The Company also has close links with Ffestiniog Railway Society and other interested parties.

AUDITORS

The auditors, Dunn and Ellis - Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



A J Wilkinson - Secretary

Date

21st April 2007

Report of the Independent Auditors to the Members of
Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

We have audited the financial statements of Cymdeithas Rheilffordd Eryri (formerly Welsh Highland Railway Society) for the year ended 31 December 2006 on pages six to nine. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or the information specified by law regarding directors' remuneration and other transactions is not disclosed. We are not required to consider whether the statement in the Directors' report concerning the major risks to which the charity is exposed covers all the risks and controls, or to form an opinion on the effectiveness of the Charity's risk management control procedures.

We read the Report of the Directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any material misstatements within 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 company's circumstances, consistently applied and adequately disclosed.

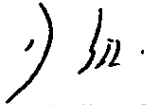
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the Independent Auditors to the Members of
Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its incoming and outgoing resources for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Dunn and Ellis - Chartered Accountants
REGISTERED AUDITORS
7/9 High Street
Porthmadog
Gwynedd LL49 9LR

Date 29 June 2007

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Statement of Financial Activities and Income and Expenditure account
for the year ended 31st December, 2006.

	Restricted Funds	Unrestricted Funds	Total 31 12 2006	Total 31 12 2005
INCOMING RESOURCES				
Income from the sale of souvenirs	0	9,067	9,067	13,024
Less - Cost of sales	0	4,016	4,016	6,041
	0	5,051	5,051	6,983
Income from members				
Subscriptions	0	40,263	40,263	37,514
Life memberships	0	7,500	7,500	4,375
		0		
Income from donations and bequests	0	42,146	42,146	4,917
Income from investments	186	2,940	3,126	1,248
Gift aid recovery	0	13,216	13,216	21,265
Sundry income		1,712	1,712	1,767
Phase IV income	1,007	0	1,007	5,550
TOTAL INCOMING RESOURCES	1,193	112,828	114,021	83,619
OUTGOING RESOURCES				
Donation to Ffestiniog Railway Trust	0	33,934	33,934	72,532
Management and administration of the Charity's objectives	0	20,017	20,017	22,717
Depreciation	0	0	0	1,713
TOTAL OUTGOING RESOURCES	0	53,951	53,951	96,962
NET INCOMING/OUTGOING RESOURCES	1,193	58,877	60,070	-13,343
Accumulated funds brought forward	5,550	48,029	53,579	66,922
ACCUMULATED FUNDS CARRIED FORWARD	6,743	106,906	113,649	53,579

The notes form part of these financial statements

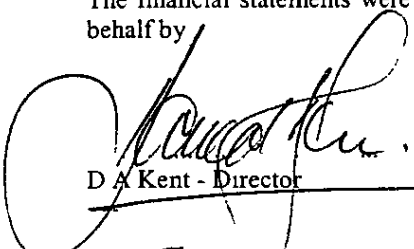
Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

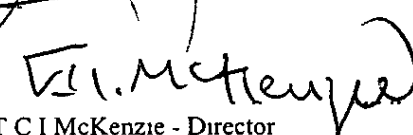
Balance Sheet
31 December 2006

		<u>31.12.06</u>	<u>31 12 05</u>
	Notes	£	£
CURRENT ASSETS:			
Stocks	4	1,775	1,645
Debtors	5	2,150	5,476
Investments	6	125	-
Cash at bank		<u>112,172</u>	<u>54,582</u>
		116,222	61,703
CREDITORS: Amounts falling due within one year	7	<u>2,573</u>	<u>8,124</u>
NET CURRENT ASSETS:		<u>113,649</u>	<u>53,579</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£113,649</u>	<u>£53,579</u>
RESERVES:			
Accumulated fund		<u>113,649</u>	<u>53,579</u>
		<u>£113,649</u>	<u>£53,579</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors on 21st April 2007 and were signed on its behalf by


D A Kent - Director


T C I McKenzie - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Fund Accounting

Unrestricted funds are funds which are available at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the funds provider. At the year end £6,743 is available and dedicated to the Phase IV rebuilding project in extending the line from Rhyd Ddu to Porthmadog. As there are no specific items of expenditure to which this relates the directors consider the funds are unrestricted and there are therefore no restricted funds to report.

Accounting for Charities

The financial statements have been prepared in accordance with the SORP 'Accounting for Charities' issued by the Charity Commissioners for England and Wales

2 OPERATING SURPLUS/(DEFICIT)

The operating surplus(2005- operating deficit)is stated after charging

	31.12.06	31 12 05
	£	£
Depreciation - owned assets	-	559
Loss on disposal of fixed assets	-	1,154
Auditors' remuneration	<u>501</u>	<u>499</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2006 nor for the year ended 31 December 2005

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Notes to the Financial Statements
for the Year Ended 31 December 2006

4	STOCKS	31.12.06	31 12 05
		£	£
	Stock	<u>1,775</u>	<u>1,645</u>
	Stock is valued by the directors		
5	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.06	31 12 05
		£	£
	Trade debtors	<u>2,150</u>	<u>5,476</u>
6	CURRENT ASSET INVESTMENTS	31.12.06	31 12 05
		£	£
	Unlisted investments	<u>125</u>	<u>-</u>
7	CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.06	31 12 05
		£	£
	Trade creditors	2,073	7,625
	Accrued expenses	<u>500</u>	<u>499</u>
		<u>2,573</u>	<u>8,124</u>

8 **RELATED PARTY DISCLOSURES**

Related parties are the members and directors of the company. The ultimate control of the company rests with the members. The only transactions between the members and the company involved the payment of subscriptions and the purchase of books, videos and clothing held by the company for resale.

9. **ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances as at 31st December, 2006 are represented as follows -

	Restricted	Unrestricted	Total
	£	£	£
Current assets	6,743	109,479	116,222
Current liabilities	nil	2,573	2,573
 Total assets	 <u>6,743</u>	 <u>106,906</u>	 <u>113,649</u>

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Detailed Income and Expenditure account
for the Year Ended 31 December 2006

	<u>31.12.06</u>		<u>31 12 05</u>	
	£	£	£	£
Sales		9,067		13,024
Cost of sales:				
Cost of Goods sold	3,687		6,041	
Indirect selling expenditure	<u>329</u>		<u>-</u>	
		<u>4,016</u>		<u>6,041</u>
GROSS SURPLUS		5,051		6,983
Other income:				
Annual subscriptions	40,263		37,514	
Life memberships	7,500		4,375	
Donations & bequests received	42,146		4,917	
Raffle proceeds	874		-	
Phase IV income	1,007		5,550	
NG 15 income	-		582	
Advertising revenue	838		1,185	
Gift aid income tax recovery	13,216		21,265	
Deposit account interest	<u>3,126</u>		<u>1,248</u>	
		<u>108,970</u>		<u>76,636</u>
		114,021		83,619
Expenditure:				
Printing and stationery	11,015		11,585	
Postage and advertising	3,613		3,278	
Travelling	-		100	
Tools	2,537		6,402	
Sundry expenses	2,341		806	
Auditors remuneration	501		499	
Legal & professional fees	-		30	
Ffestiniog Railway Trust	3,934		5,032	
Ffestiniog Railway Phase IV	30,000		60,000	
Caernarfon Station remodelling	<u>-</u>		<u>7,500</u>	
		<u>53,941</u>		<u>95,232</u>
		60,080		(11,613)
Finance costs:				
Bank charges		<u>10</u>		<u>17</u>
		60,070		(11,630)
Depreciation:				
Plant & machinery		-		559
		<u>-</u>		<u>559</u>
Carried forward		60,070		(12,189)

This page does not form part of the statutory financial statements

Cymdeithas Rheilffordd Eryri
(formerly Welsh Highland Railway Society)

Detailed Income and Expenditure account
for the Year Ended 31 December 2006

	<u>31.12.06</u>		<u>31 12 05</u>	
	£	£	£	£
Brought forward		60,070		(12,189)
Loss on disposal of fixed assets:				
Plant & machinery		-		1,154
NET		<u>£60,070</u>		<u>£(13,343)</u>

This page does not form part of the statutory financial statements