

Report of the Council

After the splendour of the previous year, 2006 was a time for consolidation after physical development and preparation for managerial change. With David Leech due to retire as Traffic Manager in February 2007 and David Mitchell wishing to stand down as Managing Director, a group of Council members, including some who also hold office in the Company, went through an exhaustive process to decide what form the succession should take and then to select a suitable appointee. Larry Bridges, a lifetime career railwayman, accepted the post of General Manager in November to commence just after the year end.

Another facet of preparation for the future was the production of the Strategic Business Plan, published in the September 2006 *Talyllyn News* and presented in the modern fashion at the Annual General Meeting. The report brought into sharp focus the financial problem creeping up on the Railway from costs rising faster than traffic revenue. Those costs are little influenced by passenger numbers so every extra ticket sold improves the position by almost its face value. Unfortunately, we have a fairly static potential market, so selling more seats is not easy; changes in our marketing arrangements are outlined below and your Council hopes that these will bear fruit in the medium term. More immediately, there are opportunities to improve commercial profits and the Company's management is working to exploit these.

Despite reduced traffic, the impact of a fares increase plus positive returns from other aspects of the business and the contributions of members led to a cash position at the end of the year which many preserved railways would envy so shortly after major development work. Our new Treasurer and Accountant, Garry Mumford, deserves especial thanks for knowing and using the right expert to defeat the attempt by Her Majesty's Revenue and Customs to claw back a very substantial sum of input Value Added Tax on the Wharf redevelopment.

The sad death of employee and volunteer Graham Jenkins in February 2006, shortly before his 34th birthday, led to a unique appeal by the Society to put some money by for his baby daughter's future education. The membership responded with generosity and over £7,000 will be invested on her behalf.

Traffic & Operating

After the excitement of opening the new Wharf building in 2005, it was back down to earth in 2006. Traffic was depressed by the combined effects of a wet Spring Bank Holiday, the reluctance of potential visitors to leave home during the association football World Cup and an exceptionally hot spell in July. Passenger bookings were down 4.0% to 50,778 and passenger journeys down 3.8% to 95,338 but traffic revenue increased by 7.8% to £335,122 owing to an increase in fares. A noticeable feature was the growing popularity of footplate experience trains. These are highly profitable, but there have been difficulties in finding sufficient suitable crews.

The main operating incident of the year occurred in August when a small boy fell out of a carriage as a train left Abergynolwyn. Fortunately the train was going slowly at the time and the boy was shaken but unhurt.

The TROPS booking system for operating staff came into operation. This proved very popular with volunteers, but there were teething problems for the roster clerks, mainly on the locomotive side. Thanks are due to them and the Applications Development section of the Traffic & Operating Committee for the large amount of work put in to ensure all trains were properly prepared and crewed.

Marketing

Once again our passengers have reacted favourably to the facilities which are now on offer at Wharf and we continue to have very significant numbers making repeat visits to the Railway.

As in the past, a good number of Special Events ran during 2006 including the Rolt Rally, two improved *Duncan Days*, the Have-a-Go Gala, Victorian Week and the Land Rover Rally. Following on from the success of the previous year's 'new look' Santa Specials and Spirit of Christmas trains, the service was developed substantially in 2006, with trains running to capacity and the 'Spirit of

Christmas' ride and buffet being extremely well received. A new winter leaflet advertising the Carol Train and our usual Christmas service branded as 'Mince Pie Specials' brought in significant numbers of passengers. In addition, Footplate Experiences, Weddings and 'Special Treat' trains have all had their part to play in raising the profile of the Railway.

The Railway's website first appeared late in 1994, one of the earliest for a preserved railway, and was continually expanded and improved by its creator. Late in 2006 he stood down as Webmaster and his successor is building on the good work whilst introducing a content management system to ease future maintenance.

New Marketing Strategy and Implementation Working Groups were formed towards the end of 2006 and much has been achieved in a relatively short space of time, with their work being reported in various issues of the *News*. The new posters have already been making an impact around the Railway.

General distribution of our timetable leaflets was found no longer to be possible with volunteer labour and a review of the system took place in 2006. Planned professional distribution was costed and has been implemented for 2007. However, please continue to take timetables with you and give them to friends, family and any reasonable outlet without them – we can all help to play our part in marketing our Railway.

Shop and Catering

The 2006 season was the first full year in the redeveloped Wharf building. Catering had an astoundingly profitable year with volumes up at both Abergynolwyn and Wharf. The latter is developing a passing trade as well as Railway passengers which is encouraging. The turnover in the *Porter's Platter* is now almost three times that achieved in the former portable refreshment room. In addition to normal activities it has been used for a number of party bookings, whilst the *Quarryman's Caban* at Abergynolwyn has served buffets for a number of special trains. The staff discount, which was previously based on a reduced tariff for specific items, was changed from late 2005 to a standard percentage of the public prices; in 2006 this amounted to nearly £10,000.

Revenue from the Railway Shop was slightly down, with Wharf showing a small increase, on a reduced passenger level, and Abergynolwyn showing a drop, albeit on a much smaller total. Unlike recent years there was no new book specifically about the Talylyn Railway. However, Jamie Owen, a Welsh radio and television presenter, enjoyed a specially organized footplate experience day and his book including that event did boost sales in the Christmas period.

In both the Shop and refreshment rooms there is a policy of local sourcing which is proving popular, supporting the concept of providing quality items and products which reflect the locality and are not available in other tourist outlets. Daily opening in the November to December period when trains were not running certainly helped Shop sales as people bought Christmas gifts, with takings in some weeks being greater than in the low season of train operation. In the café there was a steady flow of customers, including volunteers, and figures indicate that the operation broke even.

Engineering

The major overhaul of No. 1 *Talylyn* was largely completed by Easter 2007. Among many improvements, weaker buffing and drawgear springs were installed following the success of this modification to No. 3 *Sir Haydn* and No 6. *Douglas/Duncan* in reducing longitudinal oscillations of carriages. No. 2 *Dolgoch* suffered tube corrosion at the firebox end earlier than expected, and the same problem affected No. 3 with all tubes having to be replaced early though some were shortened for re-use in No. 2. No. 4 *Edward Thomas* also suffered local tube erosion at the firebox end and had to be partially re-tubed. The root cause of this phenomenon is being investigated. The extensive overhaul of No. 5 *Midlander* has progressed well including modifications required to accommodate a compressor to operate air brakes.

Carriage No. 20 went back into service at Easter 2006 with a new carpet in the saloon and some seats re-upholstered. After the corroded angle iron supporting the body of No. 10 had been cut out, a complete new solebar had to be fitted on the north side; restoration of panelling continues and a tip-up bench seat is being fitted in the compartment next to the guard's. Carriage No. 13 had the west end

compartment floor replaced. Ballast wagon No. 20 was extensively rebuilt with a new standard hopper door assembly.

The new Wharf building has undergone some rectification work and improvement through the year. In the old building, the Shop ceiling has been insulated and the roof space floored throughout. The final portable building on the Wharf site, acquired in 1977 as an office for the Managing Director, was demolished in April. *Llechfan* has required considerable work after its use as a temporary office, and work started on restoration of the slate roof at Brynglas Station.

Most of the remaining earth floor in the North Carriage Shed was concreted during the year, with the tracks relaid. Outside, the coal road at Wharf was concreted with the ash pit made shallower. Track through Pendre platform was relaid, and new points were made and installed improving access to the South Carriage Shed.

Health & Safety

Health and Safety continues to be a prime concern. During the year the Safety Management System, which replaces the Safety Case Exemption, has been prepared and is now finalized. The Incident Control Plan has been updated and re-formatted to conform to the systems used by the emergency services. During the year there were three reportable incidents, one involving a Royal Mail van which failed to stop at Brynglas and another when a carriage door was opened on a moving train. Level crossings are currently a priority for Her Majesty's Railway Inspectorate and a review of those on the T.R. has been undertaken in anticipation of an expected inspection in 2007. The usual management inspections have taken place during the year. Keeping the Railway safe is a continuous task and the need for employees and volunteers to work safely and tidy up after themselves cannot be overemphasized. The annual Management Safety Audit took place and the points raised have been followed up. H.M.R.I. have the perception that Heritage Railways are less safe than the 'big' railway, due in part to the number of incidents per passenger mile being higher, and we are expecting a more proactive approach from the Inspectorate in the future. Safety must continue to be our key priority.

Society Activities

The Society and Membership Committee provided light entertainment of various forms throughout 2006, ranging from the standard Bank Holiday barbecues and the Bonfire, to the New Year's Eve party at Abergynolwyn.

A.G.M. Evening saw the unveiling of the first ever *TR Idle*, a musical talent show along the lines of those found on television. The highlight and thus winner was a young member with his own very special performance of "The TR in 5 Minutes".

Over New Year the Young Members' Group and friends took on the task of finishing concreting the floor and relaying the track in the North Carriage Shed. This will help to make life easier for Guards preparing their sets in the morning as they now have a cleaner and safer working area, and a shorter step up into the carriages. The Y.M.G. also smartened up *Llechfan* inside and out, with licks of paint to the sitting room, corridors and windows. A new patio and barbecue have been built behind the hostel along with an area of decking, providing a versatile area for outdoor entertainment.

The *Navvies* and *Tracksiders* groups for the active under-14 members have been busy helping out further up the line, particularly around Abergynolwyn Station and the Extension.

At the year end membership was 3,435, a drop of 2.9% from last year; in view of the subscription increases agreed at the 2005 A.G.M. this is a reasonable situation. The new membership leaflet is now in circulation and new posters to publicize the Society are being developed.

Museum and Heritage

This was the first full year of operation of the new Museum, and just over 20,000 visitors were recorded. It has been open daily from February to December, and the comments received in person and in the visitors' book have been very favourable. The Museum is always manned when open to the public, and thanks are due to the stalwart band of attendants, although more volunteers to help spread the workload are always welcome. Income for the Museum is now entirely from the collection

boxes and by individual donations and legacies, and, although comparison with recent years is not directly possible due to the disruption of the rebuilding works, present figures are encouraging.

The year has also seen some changes of personnel, and many thanks are due to the retiring trustees for all the work they have put in over the years. The next challenge will be upgrading our present “approved” museum status to the higher “accredited” ranking, a task which will inevitably involve more paperwork.

Outside the Museum, volunteers have been busy catching up on the backlog of maintenance of the historic wagon fleet.

Report of the Honorary Treasurer

This, my second report as Society Treasurer, and Accountant to the Railway Company, brings with it the first set of financial statements produced from the new computerized accounting system.

The transition from the manual records maintained for so many years by Colin Roobottom to a fully computerized process has proved to be a much greater challenge than was at first envisaged. Our organization is extremely complex for its size and the change has therefore been much more time-consuming and demanding than planned for. This only goes to highlight again the tremendous personal effort that Colin dedicated to the Railway for all those years. I am also deeply indebted to many people who have contributed and assisted, especially Peter Austin as our volunteer Accounts Assistant. Having now reached the significant milestone of producing these accounts from the new system, we are also a long way forward in achieving a greatly enhanced management reporting system, which I anticipate will begin to become available during the later part of 2007.

Turning to the accounts themselves, the Railway made a loss for the 2006 year of £33,227, very similar to that of £31,907 in 2005. Many factors have contributed to the overall position being this consistent.

Traffic Receipts increased by 7.8%, attributable to increased fares as passenger numbers were down in the year. Operating Costs were slightly higher than in 2005, the main contributor to this being staff costs which have risen by 8.4% year on year. This is due to a number of factors, not least of which being the continuing impact of the minimum wage increases.

Overall the Railway activities show a greater loss than in 2005, a trend which is generally attributable to costs rising more quickly than revenue. Many of the cost increases are in areas such as utilities and staffing and are difficult to contain as they reflect influences beyond our control.

The most pleasing trend is in the Railway Shop and Catering activities on which more detail is given in Note 3. The Railway Shop recorded marginally lower turnover but a slightly improved profit. However the Catering turnover increase of 7.5%, together with improved Gross Profit and a good control of costs, has produced an excellent profit of £18,864. The full impact of the facilities at Wharf has come through in the year.

Turning to the Balance Sheet, it will be noted that the expenditure on Wharf Redevelopment in Fixed Assets is now shown as zero. This is due to the final tranche of grant from Talylyn Holdings being paid within the year.

Talylyn Holdings shows a high donations figure for 2006, mainly due to legacies including the proceeds from the sale of John Slater’s Tywyn residence, *Caxton Cottage*.

The Society’s income from subscriptions has improved significantly over 2005 increasing by some 25.2% due to the rate increase agreed at the 2005 AGM. Donations were also higher mainly because of a legacy received in the year. Income of £1,752 (2005: £1,443) from the “T.R. Tote” is also included here. Society expenditure was lower after a particularly high year in 2005. It is pleasing to note that the Society shows a surplus after the special grant of £33,227 to the Railway Company to eliminate its deficit.