

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales · Charity number 1000378

Details

Other names	WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO LIMITED, W & L L R, WELSHPOOL & LLANFAIR RAILWAY
Status	Registered
Legal form	Charitable company
Company number	00646238
Registered	1990-09-19
Register	View on the Charity Commission register

Contact

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Llanfair Station
Pool Road
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Welshpool
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Activities

Objects: TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE HISTORY AND DEVELOPMENT OF RAILWAY LOCOMOTION BY THE PRESERVATION OF RAILWAY LOCOMOTIVES AND/OR ROLLING STOCK AND/OR HISTORIC RAILWAY LINES

Activities: To advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines

Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-12-31	£1,232,933	£1,023,404	£3,191,262	9
2024-12-31	£980,028	£1,095,708	£2,995,733	11
2023-12-31	£968,288	£1,076,508	£3,113,317	10
2022-12-31	£1,214,983	£953,323	£3,189,633	8
2021-12-31	£1,511,892	£925,585	£2,960,973	5
2020-12-31	£587,021	£557,556	£2,339,666	6

Trustees

Name	Role	Appointed
Anne-Marie Wright	Chair	2023-05-13
ANDREW GEORGE CHARMAN		2012-06-13
Daisy Rhianna Shennan		2025-05-19
Helen Clare Gauntlett		2025-05-19
Helen Margaret Ashby		2017-10-26
Jack Gregory		2026-05-09
MR STEVE CLEWS		
PROFESSOR IAIN SINCLAIR MCLEAN		
Paul Christopher Charles Wixey		2026-05-09
Ryk Parkinson		2023-05-13
SIMON JOHN BOWDEN		

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

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Accounts

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2025

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Administrative details

Registered office The Station
Llanfair Caereinion Welshpool
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Phone 01938 810441

Web www.wllr.org.uk

Accountants Cadwallader & Co LLP Chartered Accountants
Eagle House
25 Severn Street
Welshpool
Powys SY21 7AD

Auditor W R Partners
Hafren House
10 St. Giles Business Park
Newtown
Powys SY16 3AJ

Solicitors Lanyon Bowdler LLP
4 St Martin's Street
Hereford HR2 7RE

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Ken Hughes

Engineering Manager James Mander

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion, on Saturday 09 May 2026 at 2.30 p.m. for the purpose of transacting the following business: -

Ordinary Resolutions

1. To receive and adopt the consolidated financial statements and the report of the trustees for the year ended 31 December 2025.
2. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. John Forman, Ryk Parkinson, Robert Robinson and Anne Wright retire by rotation. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
3. To elect a president. Lord Hague has confirmed his willingness to be elected.
4. To elect vice presidents. Alan Higgins, Tony Thorndike, Sir Philip Williams and Michael Whitehouse have confirmed their willingness to be re-elected.

Immediately after the end of the meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead. A proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the meetings.

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose charitable purpose is:

to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.

The trustees who served during 2025 were:

	<i>Number of trustees' meetings attended</i>	
	<i>Actual / Possible</i>	
Anne-Marie Wright <i>Chairman*</i>	6	6
Helen Ashby	6	6
Simon Bowden	6	6
Andrew Charman	5	6
Steve Clews <i>Vice Chairman</i>	6	6
John Forman	6	6
Helen Gauntlett <i>(from 17 May)</i>	2	3
Peter Green <i>(until 17 May)</i>	2	3
David Jones <i>(until 17 May)</i>	3	3
Iain McLean <i>Vice Chairman</i>	5	6
Bob Mason	6	6
Ryk Parkinson	6	6
Robert Robinson	6	6
Daisy Shennan <i>(from 17 May)</i>	3	3

**Anne-Marie Wright was elected chairman by trustees following the annual general meeting on 18 May. Steve Clews and Iain McLean were elected vice-chairmen at the same time.*

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health and safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2025. It meets the requirements for charity accounting prescribed by the Charity Commission. It also meets the Directors' Report requirements prescribed in company law.

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by paying the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd, which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on the following pages appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees, who are also directors of Welshpool & Llanfair Light Railway Preservation Co. Ltd for the purposes of company law, are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day-to-day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working members. They are encouraged, however, to identify their own training needs. Trustees are provided with updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail Accident Investigation Branch and the Heritage Railway Association.

In accordance with the company's Articles, one-third of trustees, being those who have been longest in office since being elected, must retire each year. They are then eligible to stand for re-election if they wish. The board is mindful of

the Charity Governance code, however, which recommends a maximum tenure of nine years to ensure board renewal, diversity, and effectiveness. While this is only a recommendation, not a requirement, the board has agreed to adopt progressively such a limit on tenure. As a first step, from 2026 no trustee who has served continuously for more than twelve years will be eligible to stand for re-election.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed.

The board of trustees keep six registers of risks to the business. These cover risks at a company level relating to commercial, external, finance, governance, operations, and personnel matters, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed, and documented at each board meeting. An annual review of all six registers was held during the first quarter of 2025 when it was agreed that environmental risks, due to climate change and the burning of fossil fuels, should be specifically identified and incorporated into the appropriate risk registers.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. The process is managed by the officer responsible for safety with heads of department providing departmental input. These risk assessments continued to be reviewed and updated during 2025 and are key elements in the safety audits.

Health and safety

The safety and welfare of visitors, staff and volunteers take precedence over all other activities. During 2025 the railway had one reportable incident involving a signal passed at danger (SPAD). There were a number of minor operational incidents, near misses, and injuries which were recorded and investigated using our internal processes, with reporting to the safety management team at each meeting and relevant safety improvements instigated, and notices and briefings issued to staff. Incident numbers and details of higher-level incidents were reported to trustees at each board meeting.

During the year, in response to the external safety audit conducted in February 2025 an action plan, led by the general manager, has seen further improvements to document control, competence management, risk assessments and other progressive measures with the increasing use of the HOPS management system for documentation and competency records storage.

As part of its general inspections of the management of derailment risks, the Office of Rail and Road (ORR) visited the railway and made two formal actions, relating to the management of structures. These are now being addressed as

part of our continuous improvement cycle. Additional advice was provided on a further nine matters for the railway to consider. This inspection helped validate much of the improvement works on our Safety Management Systems over the past few years.

Preparatory works were initiated alongside discussions with the ORR towards the installation of an automatic barrier level crossing at Dolarddyn Road. A general review of the railway's level crossings was undertaken and new risk assessments for 17 crossings were produced.

Updates of the Operating Rule Book and Emergency Response Plans were published and rolled out to staff at the start of the season.

Staff continue to work with the Heritage Railway Association, our regulator the ORR, other railways, and industry to share changes and best practice and staff attended a variety of safety related training courses throughout the year. The railway continues to invest in new equipment to provide a safe and efficient working environment.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion.

This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion;
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements;
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the appropriate skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896;
- the conservation of its heritage assets and equipment for public enjoyment;
- the education of the public in the history of railway locomotion;

- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services;
- view the stations and buildings without payment whenever the railway is open;
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway, but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

The railway built upon the experience of the past four years to continue rebuilding passenger numbers and revenue, with a consolidation of special events programme and experiences. Trains operated on 174 days, 3 days fewer than in 2024 due to the later timing of the Easter holidays. We continued to encourage online booking to help us in managing capacity and improving the visitor experience, with Llanfair boarding being promoted for catering and first-class services. We continue to promote Gift Aid on fares where possible which allows us to reclaim additional income as a donation.

The continued challenging economic climate for the tourism sector saw passenger numbers 1,800 down compared to 2024 and 2,400 short of budget, partially due to a shortfall in expected Santa Special event custom during December, and hot weather during the middle of the year which required substitution of diesel power for 14% of advertised steam services due to lineside fire risks. Income per passenger remained strong, however, and grew more than the average ticket price.

18 afternoon tea trains were delivered by our catering team and most sold out. Premium experiences continued to help fill trains at traditional quieter times and increase our income per visitor. Alongside afternoon tea and evening Fish & Chips specials, more dates were added for the Gin & Whisky tasting train in partnership with a local distillery and a new wine tasting train was launched in partnership with Tanners Wines of Welshpool. Fewer trains were run than in 2024, with more mid-week and low season days having two rather than three timetabled round trips, helping improve efficiency, offset the rise in costs and offering a shorter, more attractive duty for most staff.

The year saw a consolidated two-day beer and cider festival at Raven Square station and the return of popular family events, which all helped drive traffic to Llanfair Connections. New events launched included Dinosaurs Weekend

and Halloween half-term activities. We ran several 'kids-travel-free' offers throughout the year, aimed at engaging with families in the local area. All these events helped bring in additional income and new audiences who would not otherwise visit a traditional heritage experience.

All departments contributed to these successes, often adapting to operational changes at short notice. Timetables for the year were planned around predicted available staff levels, and several new staff started and qualified in a range of roles. Despite this, short notice cover during the peak season remained a challenge and we had to cope with a prolonged period of very hot and dry weather in July and August which saw additional measures put in place due to lineside fire risks.

Behind the scenes, our staff worked to ensure that safety regimes were maintained, marketing and administration conducted, and rostering managed. Recruitment and training of sufficient staff to support activities across all areas of the organisation remains a priority.

Track, infrastructure and buildings

Phase one of the biggest building project undertaken on the railway for many years was completed this year. The external cladding and insulation of the building housing 'Llanfair Connections' and the Cloverlands model car museum were replaced and an attractive new glass entrance constructed. This was funded by a Community Ownership Fund grant, the second largest ever awarded to the railway.

Our infrastructure remains in good shape but, like other railways, we need be aware of the effects of climate change. This means keeping a close eye on culverts and waterways.

On the track, following a landslip at Hanged Man's Tree the previous winter, we constructed a gabion wall to provide extra stability. The project took 11 days, 30 gabion baskets and nearly 150 tonnes of stone, which had to be brought to site from Raven Square station and placed in the gabions. At one stage there were three excavators working on site supporting members of the track gang and others who helped with the project.

We started the year replacing sleepers just west of the Kink and have continued with general maintenance ever since. Some of our timber sleepers have nearly reached the end of their lives and will shortly need replacing. We plan to carry out a detailed inspection of the whole line to determine where we need to start a rolling programme of relay work using composite sleepers. It is anticipated that this will take 10 years.

Steam Locomotives

In 2025 the steam locomotive fleet accumulated a total of 5582 miles of which No. 1 *The Earl* completed 3010 miles and No. 10 *Sir Drefaldwyn* 2572 miles. Including for test purposes, No. 1 was in steam on 99 days and No. 10 on 76.

This was the first year that No. 10 made a significant contribution following its recent overhaul, although it was out of service in May and June for remedial work to its ashpan; an awkward job without lifting the boiler.

Work on the overhaul of locomotive No. 8 *Dougal* continued at the Sittingbourne & Kemsley Light Railway. Visiting locomotive Manning Wardle No. 1877 (previously known as *Chevallier*) ran a total of 314 miles which included several trips at the gala.

We ran through the year entirely on Polish coal which was obtained at the same price as in 2024.

Rolling Stock

The carriage fleet accumulated a mileage of 26806 in passenger service during 2025, plus 291 miles on engineering trains due to withdrawal of the mess coach. MÁV carriage 430 returned to service in time for the Santa services having been equipped with a pair of ex-SLR Gibbins patent spring frame bogies, overhauled and suitably modified. It is also being used to trial the use of composite brake blocks for the first time on the W&L.

Carriage B43, purchased from the Zillertalbahn, was delivered to Welshpool on 7th November. It awaits work on couplers, brakes and doorways to make it suitable for operation here.

Carriage B20, which last ran in 2020 and has subsequently been used as a booking office adjacent to the tearoom, was judged to be beyond economic repair and will be disposed of.

Diesel Locomotives

Locomotive No. 7 *Chattenden* completed 592 miles on passenger services, while No. 17 similarly completed 1344 miles. This relatively high mileage was principally due to the non-availability of steam locos at certain times, although some services were diagrammed for diesel operation in order to offer crew training opportunities, and some substitutions made due to fire risk. Fortunately, the average cost of diesel fuel over the year was less than in 2024.

Education and heritage

The railway meets its formal charitable purpose by preserving the heritage and providing learning opportunities for all visitors. Our formal and informal educational experiences include a varied timetable of heritage train rides, special events and activities showcasing the story of the W&LLR from 1903 to the present and its connections with the wider world of 2ft 6in gauge railways.

Llanfair Connections and the Cloverlands Model Car Museum were open to the public on 109 days throughout the operating season and welcomed 4,544 visitors, an 11.5% increase over 2024. The opening of both facilities continued

to be restricted by the lack of volunteer stewards. Our continued aspiration is to be open daily when trains are running.

The most significant acquisition in 2025 was a high-quality detailed 7mm scale model of the railway, built and donated by Ralph Seymour. In addition, the railway continued to partner with Cloverlands Model Car Museum, which acquired a significant collection of Bugatti models on long-term loan from the family of former Cloverlands trustee Max Tomlinson.

Major improvements to the facilities started immediately after Gala in September, thanks to a grant from the Community Ownership Fund (COF), which will increase the size of our education space, providing a striking new entrance, new displays and more community facilities.

Throughout the year we have continued to enhance the oral history collections, with new interviews and transcriptions completed, ensuring that the memories and expertise of early volunteers is captured for posterity.

From March to September, a temporary exhibition celebrating the 200th anniversary of railways was displayed in Llanfair Connections.

Family events during the year included the Easter Bunny Weekend, Build in Bricks, Teddy Bears' Picnic, Dinosaur Day, Halloween Spooktacular and the Santa Specials, which were enhanced with children's activities, trails and quizzes. The Santa Specials included a special Schools Day which attracted approximately 300 children to the railway.

Environment

Our Environment Policy requires us, among other things, to:

- comply with all relevant environmental regulatory requirements;
- continually improve and monitor environmental performance;
- continually improve and reduce environmental impacts;
- incorporate environmental factors into business decisions, and
- ensure staff awareness and training.

Specific examples include the work of the Fence 2 Fence team in cutting back undergrowth, helping both to encourage healthy growth and reduce the fire risk. Following the closure of Ffos-y-Fran coal mine, we have had to source our coal from elsewhere. The alternative supplies are inferior in quality and generate considerably more smoke pollution. This was mitigated by an increase in the number of diesel hauled trains, both in the timetable and through short notice substitutions. We changed our system for waste disposal at our stations, allowing better recycling of the materials collected.

We continue to seek out other opportunities for environmental improvement.

Fundraising

Donations, grants and legacies during the year totalled over £0.5 million. The year was dominated by managing the Community Ownership Fund (COF) grant. The building restoration part-funded by this grant was completed on time and on budget. The main sources of voluntary income were legacies, donations (mostly from members) and Gift Aid, including Gift Aid claimed on fares.

W&L Sales

Thank you to the staff in catering who adjusted to revised opening hours and a refreshed range, and to volunteers in the shops who delivered good sales and healthy gross margins in a difficult economic environment.

While sales were 17% lower, the bottom line was back into profit. The £34,000 contributed to the parent railway provided a substantial contribution to the cost of running our trains.

Membership and volunteers

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. We welcomed 339 new members in 2025 (2024 322), another good year. Total membership at year end was 2,159, a net increase of 26. 71 of our new members are young members.

With the important objective of continuing to encourage new members to become active volunteers, we reviewed how we offer and run our long-standing annual New Members' Day. Volunteer numbers held steady during the year but recruiting new volunteers continues to be a challenge and many of our volunteers are now over 70. Training has continued well in all departments and information systems improved so that volunteers are kept up to date.

During the year a recognition system was introduced under which volunteers will receive a badge and certificate after 5 years of service. Awards for special service have also been introduced, with nominations to be made annually by working volunteers.

Staff

In 2025 the company employed six full-time and two part-time staff; plus there are around 220 part time volunteer staff contributing about 14 full-time equivalent staff, and a number of seasonal staff in the tearoom. The number of volunteers remained largely stable during 2025 with staff retiring from some roles and new recruits in many areas. Trustees and management are actively engaging with the challenge of recruiting sufficient volunteers to ensure the sustainability of the current operating model in the long-term.

Development of a comprehensive staff guide continued with an update to the Code of Conduct and a suite of reviewed HR Policies including social media

and whistleblowing policies. These were posted on HOPS – the company’s document management system.

A dedicated safeguarding team continues with David Plume as safeguarding officer and Helen Gauntlett taking over the role of safeguarding trustee from Anne-Marie Wright.

Ruth Davies finished her three-year contract with us as events apprentice at the end of February 2025. We thank Ruth for all her work across many aspects of the railway including events, social media, administration and permanent way over the past few years.

The railway welcomed two new full-time members of staff to the team. Kenneth Hughes joined us in February in the new role of Infrastructure and Buildings Manager. Following the retirement of Sarah Perry at the end of 2024, Alina Turrell joined us as Marketing and Administration Officer in April 2025.

The Trustees are most grateful to the paid full-time and seasonal and volunteer staff for their forbearance, patience, and hard work during another challenging year for the heritage rail sector.

Marketing

The Company continued with a range of marketing activities to attract different audiences to the railway. Our traditional print leaflets were distributed throughout mid Wales, north Wales and Shropshire with additional inclusion in ‘bedroom browser’ packs at accommodation providers. Press releases and adverts in local and enthusiast print publications were placed at core times throughout the year. Banners and posters along with new roadside signs helped highlight the railway’s events and tearoom to local and passing traffic.

We ran several targeted online advertising campaigns on a range of social media platforms, particularly aimed to highlight our events and catering experiences to a broader family audience, alongside print media specifically towards the group travel market, which saw a healthy increase in bookings and is now back to pre-2019 levels.

The railway was represented at a variety of shows and events including the Camping and Caravan Show, 16mm Association show, and stands at local shows in Shrewsbury, Oswestry and Berriew. These events allowed engagement with a range of audiences both as potential visitors, volunteers or members.

We continued to collect and analyse visitor feedback to identify areas of improvement, with all tickets booked online being sent a feedback form. A Visit Wales ‘secret shopper’ visit saw us retain our ‘Visitor Attraction Quality Assurance Standard’ with an improved score and we were awarded a Trip Advisor ‘Traveller’s Choice Award’ for the fifth year in a row, alongside meeting the standards for membership of the ‘Kids in Museums’ manifesto.

We continue to take part in a range of joint marketing and discount card schemes as part of the ‘Great Little Trains of Wales’.

Financial review

Results and financial position

2025 saw railway operation income (Note 3) 8% lower than 2024 as visitor numbers were down due to both lower tourism locally and having to cancel trains on dry days if a diesel was not available. Traffic improved in the autumn and Santa trains were popular, particularly with local schools. With more diesel trains run, coal costs were £6,000 lower. With No. 10 *Sir Drefaldwyn* fully back in traffic we did not have the £11,000 hire fee for *Zillertal*. In administration costs (Note 6), IT expenditure was lower after the focus on HOPS and IT resilience in 2024.

W&L Sales (Note 4) successfully returned its catering activities to profitability. Staff costs were reduced, notably by not opening on non-train days when passing trade is too low to justify it. This has helped reduce food waste, as has reviewing the range of items we offer, with less, lower margin, prepared food. The improved cost control delivered £34,000 profit (plus £26,000 in fees to the preservation company) compared to the £2,000 loss in 2024. Gross margins in both the shops and catering were at a healthy level. Our shops also benefit from the very welcome volunteer effort, which means that their gross profit goes fully to support the railway without incurring any staff costs.

Membership income at £30,000 is sufficient to cover the £29,000 of related costs (Note 5) which comprise The Llanfair Railway Journal, volunteer support and governance including the audit fee. As our income in 2025 was over £1 million, our accounts must be audited. From 2026 the limit rises to £1.5 million, so we may again only require an independent financial examination.

Our management accounts summary (Note 25) shows our income and expenditure from each area of daily operations, using a more insightful format than the consolidated statement of financial activities permits; but still totalling the same £195,529 'net movement in funds' for the year. This shows the importance of the contributions from W&L Sales, investment income and net membership surplus to the overall financial health of the company. The gap this year was a bearable £18,000 but the board's objective is to break even. This is important so that the legacies, donations and capital grants we receive can be fully used to advance the step-change larger projects which enhance and preserve the railway for future generations.

In 2025, the railway benefitted from £126,000 in donations, including £96,000 for the major overhaul of No. 2 *The Countess*. Legacies totalling £97,000 came from our much-missed supporters David Barker and John Hurdley, with a further final payment from Roy Laverick's estate. The record £300,000 from the government's Community Ownership Fund allowed the reroofing, recladding and refitting of our industrial units to proceed quickly. These buildings have already proved invaluable since they were acquired and we can now make more permanent installations in them to provide office space, storage, workshops, display areas and a convivial meeting space.

Fixed assets (Notes 11 and 12) have increased by a net £343,000. In addition to work on No. 2 *The Countess* in heritage assets, we have delivered the major industrial unit refurbishment (£358,000 so far), the *Glaswagen* carriage from Austria and refurbished MÁV bogies. In addition, the carriage alarm system, metalworking fluid management, fire alarm improvements and CCTV have been key safety and security improvements while the new counter for Welshpool shop has made staff life easier and gives visitors a better welcome.

The CCLA investments (Notes 7 and 13) delivered £39,000 in interest and dividends. While the valuation loss of £14,000 (4%) is disappointing, it comes after gains of 4% in 2024 and 6% in 2023. This fund is a long-term investment that provides protection against 'rainy days' and so its performance needs to be judged on a long-term basis.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives.

Existing restricted funds for No. 2 *The Countess*, No. 7 *Chattenden*, No. 8 *Dougal*, other diesels, the Wickham trolley, viaduct protection and Llanfair Connections displays are planned to be used in the coming years. The 2020 Appeal and donations for carriage improvements are awaiting approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 6 *Monarch* and heritage wagons are for longer term projects.

Designated funds

Designated funds include £104,000 contractually committed for future capital expenditure, costs to complete rolling stock work already in progress, funds earmarked for displays as our interpretation centre plans evolve and further work on our Llanfair site.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal, major work in civil and mechanical engineering and the need to restock both shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any currently planned capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £1,080,000. The trustees have also decided to retain long-term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin

for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £310,000 to be an appropriate additional reserve. Adding these two figures, reserves of £1,390,000 were required at 31st December 2025; whilst actual investments, cash and working capital available stood at £1,410,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit fund, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund, which is an ethical fund.

The investment managers remain positive on the medium- and long-term prospects for equities with their investments spread across regions and sectors to help manage risk.

THE FUTURE

2025 carried on from 2024 in presenting the preservation company with the challenge of attracting sufficient volunteers to maintain the railway and operate the train service. In consequence the timetable saw more dates of two round trips operated rather than three, to make best use of available resources. The use of marketing and online booking encouraged passengers onto these train times and increased our average passenger occupancy per departure. This operating model will be carried over into 2026.

The current business plan was published in May 2023 and appears to be serving us well. The plan will be updated in 2026. The major strategies that had been signed off have been re-examined through an external advisor. In December 2024 the railway was awarded a substantial grant via the Community Ownership Fund to reroof and improve the space within the three former 'Colinette' industrial buildings at Llanfair Station. A complete recladding was completed between September and December 2025, with the internal works to improve office, display, community and engineering space planned for completion during the first half of 2026.

An external safety audit was completed in November 2025, and the safety management team will add impetus to addressing the audit recommendations along with monitoring our continuous improvement processes. A project has been initiated to install an automatic barrier level crossing at Dolarddyn Road.

The commercial challenges of 2025 will likely continue throughout 2026 as we face the ongoing economic impact on households' disposable incomes. We will continue to review and adapt our offering to provide a varied range of

experiences and respond to market trends. Planning for the 2026 season has concentrated on ensuring that reduced resources can cope with the timetable; our high end offering and events have been further prioritised to increase spend per visitor. The range of events has been reviewed to focus on those which offer the best return on expenditure and attract our core visitors, including outsourcing the operation of three of the family 'character' events to an external company. We will continue to consolidate the range of offerings that were undertaken in 2025, including the selection of on-train catering, as we move to ensure catering activities bring in an overall profit. The lessons learned from the last five years, and considerable visitor and volunteer feedback will be built on as we push towards increased operational income and contributions to the charity.

We will continue to build on networking and lobbying through connections with HRA, GLTW and expansion of our liaison railways and organisations.

The efforts to preserve, and even improve, the appearance of the railway to ensure it remains attractive to visitors will continue to progress in 2026 and beyond. The condition of building and significant infrastructure maintenance remains a priority, in particular to improve the resilience of the permanent way against more frequent and prolonged periods of extreme weather.

There will be a continued focus on volunteer recruitment and retention as this has now become critical to the future of the company. This will involve a more targeted initiative to fill specific volunteer posts and ensure an efficient training process.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

Anne-Marie Wright

Chairman
21 March 2026

Independent Auditor's report to the Trustees of Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Opinion

We have audited the financial statements of Welshpool & Llanfair Light Railway Preservation Co. Ltd (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 December 2025 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for

issue. Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, including the Strategic Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

We understood how the Group is complying with these frameworks by making enquiries of management and those responsible for legal and compliance procedures. We reviewed board minutes to identify any recorded instances of irregularity or non-compliance that might have a material impact on the financial statements.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with key management to understand where they are considered there was susceptibility to fraud. Based on our understanding our procedures involved

enquiries of management and those charged with governance, manual journal testing, cashbook reviews for large and unusual items and the challenge of significant estimates used in preparing financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Fletcher BA FCA (Senior Statutory Auditor)

for and on behalf of
WR Partners
Chartered Accountants
Statutory Auditors
Belmont House
Shrewsbury
Shropshire
SY2 6LG

9 April 2026

Consolidated statement of financial activities
for the year ended 31 December 2025
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2025	Total 2024
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	440,818	108,612	549,430	201,705
<i>Charitable activities</i>					
Railway operation and preservation	3	398,808	-	398,808	434,302
Membership subscriptions		29,714	-	29,714	26,787
<i>Other trading activities</i>					
Commercial trading operations	4	215,546	-	215,546	258,899
<i>Investment income</i>	7	27,258	12,177	39,435	58,335
Total income		1,112,144	120,789	1,232,933	980,028
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	565,359		565,359	584,374
Railway operation and preservation – projects	3	208,597	38,989	247,586	229,691
Membership and governance expenses	5	28,905	-	28,905	20,998
<i>Other trading activities</i>					
Commercial trading operations	4	181,554	-	181,554	260,645
Total expenditure		984,415	38,989	1,023,404	1,095,708
Net gain/(loss) on investments	13	(14,000)	-	(14,000)	12,000
Net income/(expenditure) for the year		113,729	81,800	195,529	(103,680)
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		113,729	81,800	195,529	(103,680)
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,659,370	336,363	2,995,733	3,099,413
Total funds carried forward		2,773,099	418,163	3,191,262	2,995,733

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to £195,529 (2024 £103,680 loss).

Consolidated and charity balance sheets

as at 31 December 2025

Company Registration No.00646238	Note	Group		Charity	
		2025	2024	2025	2024
Fixed assets		£	£	£	£
Heritage fixed assets	11	753,879	802,949	753,879	802,949
Other tangible fixed assets	12	1,038,833	647,007	1,038,833	647,007
Investments	13	302,000	316,000	332,000	346,000
		2,094,712	1,765,956	2,124,712	1,795,956
Current assets					
Stocks	14	255,500	112,400	235,000	87,500
Debtors	15	169,294	104,587	169,294	120,950
COIF deposit account		555,254	920,218	555,254	920,218
Bank accounts and cash balances	16	311,437	207,502	303,706	201,689
		1,291,485	1,344,707	1,263,254	1,330,357
Creditors: amounts falling due within one year					
Trade creditors		116,751	44,451	116,751	44,451
Other creditors including tax and social security	17	5,380	3,251	25,491	3,251
Accruals and deferred income	18	39,058	31,892	39,058	31,892
		161,189	79,594	181,300	79,594
Net current assets		1,130,296	1,265,113	1,081,954	1,250,763
Creditors: amounts falling due after more than one year	18	33,746	35,336	33,746	35,336
Total net assets		3,191,262	2,995,733	3,172,920	3,011,383
The funds of the charity:					
Unrestricted funds		2,372,099	2,391,798	2,353,757	2,407,448
Designated funds		401,000	267,572	401,000	267,572
Total unrestricted funds	19	2,773,099	2,659,370	2,754,757	2,675,020
Restricted income funds	20	418,163	336,363	418,163	336,363
Total funding provided		3,191,262	2,995,733	3,172,920	3,011,383

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting. The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 21 March 2026 and signed on their behalf.

Anne-Marie Wright (Chair of the Trustees)

Steve Clews (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2025

		2025		2024	
	Not e	£	£	£	£
Net cash provided by/(used in) operating activities	23		282,156		27,683
Cash flows from investing activities:					
Dividends from investments	23		8,860		7,799
Acquisition of heritage and other tangible fixed assets	11 12		(552,045)		(88,728)
Disposal of tangible fixed assets			-		-
(Acquisition) / divestment of investment assets	13		-		(30,000)
Net cash provided by / (used in) investing activities			(543,185)		(110,929)
Cash flow from financing activities:					
Financing activities in year			-		-
Net cash provided by/(used in) financing activities			-		-
Change in cash and cash equivalents in the year	22		(261,029)		(83,246)
Cash and cash equivalents at beginning of year	22		1,127,720		1210,966
Cash and cash equivalents at end of year	22		866,691		1127,720

Notes to the accounts

31 December 2025

1. Accounting policies

Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies, and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

(m) Contingent income

The charity sometimes benefits from legacies with payment received over several years. When further receipt is uncertain, amounts may be shown as contingent income.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2025	2024
	£	£	£	£
Gift aided donations	9,626	89,221	98,847	92,165
Other donations	7,831	19,391	27,222	15,016
Legacies	97,085	-	97,085	58,819
Gift Aid on fares	24,513	-	24,513	23,486
Grants – Community Ownership Fund	300,000	-	300,000	-
Grants – Other	1,763	-	1,763	12,219
<hr/>				
Total 2025	440,818	108,612	549,430	201,705
Total 2024	123,603	78,102	201,705	

3. Railway operation and preservation

Turnover	Note	2025		2024	
		£	£	£	£
Fares			386,217		427,087
Keyse Cottage receipts		5,379		3,843	
Solar panels and EV charging income		3,432		1,605	
Sale of surplus materials and parking		3,780		1,767	
Other operating income			12,591		7,215
Income from railway operation and preservation			398,808	434,302	
Working expenses					
Fuel		45,161		51,468	
Repairs and maintenance:					
Mechanical engineering		52,083		45,080	
Civil engineering		30,152		43,783	
Costs for special trains & events		34,657		37,734	
Loco hire fees		-		11,346	
Keyse Cottage running expenses		3,080		2,219	
Administration and management costs	6	400,226		392,744	
Total working expenses of railway operation and preservation			565,359	584,374	
Major project expenditure					
Mechanical engineering		-		-	
Civil engineering		38,297		44,169	
Depreciation	11 12	209,289		185,522	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			247,586	229,691	
Net cost of railway operation and preservation			414,137	379,763	

4. Subsidiary's trading activities

	Note	2025		2024	
		£	£	£	£
Income – Shops		58,070		68,800	
Income – Catering		157,476		190,099	
Income – Consultancy		-		-	
Total trading income			215,546		258,899
Less: Shops cost of sales		29,701		35,812	
Gross margin - shops			48.9%		47.9%
Less: Catering cost of sales		65,456		90,944	
Less: Catering staff costs	Note 6	60,842		109,859	
Net margin after staff - catering			19.8%		(5.6)%
Less: Other administration and management costs	Note 6	25,555		24,030	
Total trading expenditure			181,554		260,645
Net (loss)/profit for the year			33,992		(1,746)

Subsidiary's balance sheet at year-end

	2025	2024
Current assets -other	28,231	30,713
Current (liabilities) – other	-	-
Current assets / (liabilities) – inter-company balance with parent company	20,111	(16,363)
Net assets	48,342	14,350

W&L Sales Limited is a 100% owned subsidiary, with £30,000 share capital.

5. Membership and governance expenses

	Note	£ 2025	£ 2024
The Llanfair Railway Journal		13,396	11,904
Administration and management costs	6	15,509	9,094
		28,905	20,998

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2025	Total 2024
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	47,738	-	-	47,738	40,385
Electricity and heating	43,923	-	-	43,923	39,807
Equipment rental and maintenance	4,394	-	-	4,394	7,753
Cleaning and hygiene supplies	13,019	-	-	13,019	13,562
Rent charged to trading	(21,555)	21,555	-	-	-
	87,519	21,555	-	109,074	101,507
Selling					
Advertising and publicity	30,539	-	-	30,539	32,648
Administrative					
Staff costs (<i>Note 9</i>)	204,232	60,842	-	265,074	309,687
Travelling	4,035	-	-	4,035	1,879
External training	7,274	-	-	7,274	4,647
Telephone and radio	7,555	-	-	7,555	4,599
Postage, stationery, and IT costs	8,171	-	-	8,171	20,699
Independent audit/examination fees	-	-	7,500	7,500	1,500
Accountancy fees	20,091	-	-	20,091	19,345
General expenses	12,655	-	8,009	20,664	16,429
Admin recharge to trading	(4,000)	4,000	-	-	-
	260,013	64,842	15,509	340,364	378,785
Financial					
Bank charges and booking processing costs	22,155	-	-	22,155	22,787
2025 Total	400,226	86,397	15,509	502,132	535,727
2024	392,744	133,889	9,094	535,727	

7. Investment income

	2025	2024
	£	£
CCLA Charity Investment Funds:		
– Investment fund dividends	8,860	7,799
CCLA Deposit Fund – Interest	30,575	50,174
Interest on tax	-	362
	39,435	58,335
Of which: restricted	12,177	10,504
unrestricted	27,258	47,831

8. Taxation

No liability arises to corporation tax for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2025	2024
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	238,153	284,017
Social security costs	16,011	14,136
Other pension costs	10,910	11,534
	265,074	309,687

No member of staff received emoluments in excess of £60,000 (2024: Nil). Key management received emoluments of £48,600 (2024 £47,500). In addition to its paid staff, the charity benefits from the substantial efforts of over 220 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2025	Number 2024
Charity (full time equivalent)	6	6
Subsidiary (full time equivalent)	3	5
	9	11

The group employed 11 (2024 26) different employees during the year.

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision.

Trustees received £1,993 as reimbursement of travel expenses (2024: £217).

10. Related party transactions

The railway spent £5,690 with Confidence2Care, a company run by relatives of the chairman, for FirstAid support at events. There were no other related party transactions in the year. James Brett, General Manager, is a director of Great Little Trains of Wales Ltd. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd, Shropshire Union Canal Society, Montgomery Waterways Restoration Trust, the Heritage Railway Association and the Heritage Rail Charitable Trust. Robert Robinson is town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum. Andrew Charman is chair of Cloverlands Museum and editor of Narrow Gauge World. These trustees have recused themselves from any discussions or decisions on topics that may have given rise to a conflict of interest. During the year the trustees donated £6,683 in total to the Charity (2024: £3,348).

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2024	596,266	1,506,263	12,507	2,115,036
Additions	-	31,989	-	31,989
(Disposals)	-	-	-	-
At 31 December 2025	596,266	1,538,252	12,507	2,147,025
Depreciation				
At 31 December 2024	453,124	846,456	12,507	1,312,087
Charges for the period	13,661	67,398	-	81,059
(Disposals)	-	-	-	-
At 31 December 2025	466,785	913,854	12,507	1,393,146
Net book amount				
31 December 2025	129,481	624,398	NIL	753,879
31 December 2024	143,142	659,807	NIL	802,949

There was £7000 of capital expenditure contracted for at the period end (2024: Nil).

Five-year summary of heritage fixed asset transactions:

Year	Purchases £	Major items
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2022	77,342	No. 10 <i>Sir Drefaldwyn</i> <i>Sierra Leone carriage</i> 1066
2023	101,878	<i>Bowater wagons 610 and 631</i> <i>Sierra Leone carriage</i> 1066
2024	4,284	No. 10 <i>Sir Drefaldwyn</i> No. 8 <i>Dougal</i>
2025	31,989	No. 2 <i>The Countess</i>

12. Other tangible fixed assets: group and charity

Cost	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
	£	£	£	£
At 31 December 2024	883,334	479,289	429,243	1,791,866
Additions	393,644	104,449	21,963	520,056
(Disposals)	-	-	(15,239)	(15,239)
At 31 December 2025	1,276,978	583,738	435,967	2,296,683
Depreciation				
At 31 December 2024	515,187	316,917	312,755	1,144,859
Charge for the period	29,198	39,872	59,160	128,230
(Disposals)	-	-	(15,239)	(15,239)
At 31 December 2025	544,385	356,789	356,676	1,257,850
Net book amount				
31 December 2025	732,593	226,949	79,291	1,038,833
31 December 2024	368,147	162,372	116,488	647,007

There was £97,000 of capital expenditure contracted for at the period end (2024: £212,000).

13. Investments

COIF charity funds	Number	Group		Charity	
		2025 £	2024 £	2025 £	2024 £
Investment Fund shares					
At 1 January at market value	15,618	316,000	274,000	316,000	274,000
Purchases	-	-	30,000	-	30,000
Gain/(loss) on investment from change in value		(14,000)	12,000	(14,000)	12,000
At 31 December at market value	15,618	302,000	316,000	302,000	316,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	30,000
		302,000	316,000	332,000	346,000
Historic cost at 31 December		177,000	177,000	207,000	207,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £48,342 (2024: £14,350). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Stores	235,000	87,500	235,000	87,500
Goods for resale	20,500	24,900	-	-
	255,500	112,400	235,000	87,500

15. Debtors

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Trade debtors	19,533	19,785	19,533	19,785
Prepayments and accrued income	61,166	32,300	61,166	32,300
VAT	46,692	11,298	46,692	11,298
Gift Aid recoverable	41,903	41,204	41,903	41,204
Amount due from subsidiary company	-	-	-	16,363
	169,294	104,587	169,294	120,950

16. Bank overdraft

The group has overdraft facilities of £Nil (2024 - £Nil).

17. Other creditors including tax and social security

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
PAYE	5,380	3,251	5,380	3,251
Amount due to subsidiary company			20,111	-
	5,380	3,251	25,491	3,251

18. Accruals and deferred income

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Subscriptions in advance	56,804	55,428	56,804	55,428
Less: falling due after more than one year	(33,746)	(35,336)	(33,746)	(35,336)
	23,058	20,092	23,058	20,092
Accruals and deferred income	16,000	11,800	16,000	11,800
	39,058	31,892	39,058	31,892

19. Unrestricted funds

	Balances 31 Dec 2024 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2025 £
<i>Free Reserves</i>	941,842	767,960	(984,415)	(146,000)	579,387
<i>Reserves used by Net Fixed Assets</i>	1,449,956	342,756	-		1,792,712
<i>General funds</i>	2,391,798	1,110,716	(984,415)	(146,000)	2,372,099
137					
Museum/Interpretation Centre	55,572	1,428	-	-	57,000
Capital projects planned	212,000	-	-	132,000	344,000
Designated funds	267,572	1,428	-	132,000	401,000
Total unrestricted funds	2,659,370	1,112,144	(984,415)	(14,000)	2,773,099

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2025, £1,539,611 (2024: £1,223,721) of general funds represents reserves that will match future depreciation of the assets bought with those donations and legacies. Other fixed assets were purchased using internal resources.

20. Restricted funds

	Balances 31 Dec 2024	Income	(Expenditure)	Transfer from/(to) unrestricted funds	Balances 31 Dec 2025
	£	£	£	£	£
Restoration of No.6 <i>Monarch</i>	7,581	227	-	-	7,808
Restoration of No.14	30,636	919	-	-	31,555
Restoration of No. 8 <i>Dougal</i>	714	884	(87)	-	1,511
Restoration of No. 2 <i>The Countess</i>	65,858	100,211	(31,902)	-	134,167
Carriage improvement fund	42,431	10,590	(7,000)	-	46,021
Heritage wagon fund	4,440	2,193	-	-	6,633
Overhaul of No. 7 <i>Chattenden</i>	99,133	3,199	-	-	102,332
Diesel maintenance	6,071	182	-	-	6,253
Wickham Trolley	547	16	-	-	563
Viaduct and bridges protection	24,372	731	-	-	25,103
Connections displays	1,308	39	-	-	1,347
2020 appeal	53,272	1,598	-	-	54,870
	336,363	120,789	(38,989)	-	418,163

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2025 £
Tangible heritage and other fixed assets	1,792,712	-	1,792,712
Investments	256,004	45,996	302,000
Net current assets	758,129	372,167	1,130,296
Long term liabilities	(33,746)	-	(33,746)
	2,773,099	418,163	3,191,262

22. Analysis of changes in net funds

	At 31 Dec 2024 £	Cash flows £	At 31 Dec 2025 £
Bank and cash balances	207,502	103,935	311,437
COIF Deposit account	920,218	(364,964)	555,254
	1,127,720	(261,029)	866,691

23. Net cashflow from operating activities

	2025 £	2024 £
Net income/(expenditure) per Statement of Financial Activities	195,529	(103,680)
Adjust for non-cash items:		
Depreciation	209,289	185,522
Net (gain)/loss on investments	14,000	(12,000)
Adjust for working capital changes:		
(Increase)/decrease in stocks	(143,100)	(11,300)
(Increase)/decrease in debtors	(64,707)	3,093
(Decrease)/increase in creditors		(26,153)
	80,005	
Adjust for dividends received: (shown separately in Cashflow)	(8,860)	(7,799)
	282,156	27,683

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2024 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	123,603	78,102	201,705
<i>Charitable activities</i>			
Railway operation and preservation	434,302	-	434,302
Membership subscriptions	26,787	-	26,787
<i>Other trading activities</i>			
Commercial trading operations	258,899	-	258,899
<i>Investment income</i>	47,831	10,504	58,335
Total income	891,422	88,606	980,028
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	582,122	2,252	584,374
Railway operation and preservation – projects	227,085	2,606	229,691
Membership and governance expenses	20,998	-	20,998
<i>Other trading activities</i>			
Commercial trading operations	260,645	-	260,645
Total expenditure	1,090,850	4,858	1,095,708
Net gain/(loss) on investments	12,000	-	12,000
Net income/(expenditure) for the year	(187,428)	83,748	(103,680)

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales -Retail & catering £	Appeals & investment income £	Membership and governance £	2025 £	2024 £
Income from daily operating activities	398,808	215,546	39,435	29,714	683,503	778,323
Gift Aid on fares	24,513	-	-	-	24,513	23,486
Donations – earmarked to running cost items	-	-	-	-	-	-
Grants - for running costs: local engagement /audience research	50,000	-	-	-	50,000	12,219
Daily operating (costs)	(565,359)	(181,554)	-	(28,905)	(775,818)	(866,017)
Net income: Daily operations	(92,038)	33,992	39,435	809	(17,802)	(51,989)
Long term income						
Donations, Legacies, Grants (excluding items above to cover daily operating costs)			474,917		474,917	166,000
(Loss)/Gains on investments			(14,000)		(14,000)	12,000
Long term project expenditure						
Major project (spend)	(38,297)	-		-	(38,297)	(44,169)
(Depreciation)	(209,289)	-		-	(209,289)	(185,522)
Net income/ (expenditure) by activity on Consolidated Statement of Financial Activities	(339,624)	33,992	500,352	809	195,529	(103,680)

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

**Sixty sixth Annual General Meeting held at 3.30pm
on Saturday 17 May 2025 at the Station, Llanfair Caereinion, Powys**

Present:

Alan Higgins (Vice President)	Tony Thorndike (Vice President)
Steve Clews (Chairman)	Iain McLean (Vice Chairman)
Helen Ashby	Bob Mason
Simon Bowden	Ryk Parkinson
Andrew Charman	Robert Robinson
John Forman	Anne-Marie Wright
Peter Green	James Brett (General Manager)
Michael Reilly (Company Secretary)	

and 47 other members, including 14 by video-link.

Alan Higgins chaired the meeting

Apologies for Absence

Apologies were received from the Earl of Powis (President), Sir Philip Williams (Vice President), Michael Whitehouse (Vice President), David Jones, Brian Cattell, Geoff, Simon and Dave Gauntlett, Graham Hall, Dick Johnson, Mervyn Pritchard, Richard Thomas and Tom and Patricia White.

1. Minutes of the Annual General Meeting on 18 May 2024

The minutes of the previous AGM were agreed as a true record. Steve Davidson asked that in future consistent terminology be used throughout the report, rather than referring to trustees and directors interchangeably. He also asked the meaning of SORP. Bob Mason explained this stood for Statement of Recommended Practice.

2. Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2024

Steve Clews highlighted the main points of the annual report.

2024 had continued to present the challenge of attracting sufficient volunteers, which resulted in only a small increase in number of operating days. We built upon the experience of the previous three years to continue to rebuild revenue with a consolidation of special events programme and experiences. Trains operated on 177 days; an increase of 8 days compared to 2023, but with a reduction in number of trains operated giving a further increase in efficiency. Passenger numbers were 4% down on 2023 and budget mostly due to reduced numbers on Santa trains. Traffic income was also 4% down on 2023, a reduction of £16,000 and £41,000 below budget.

We had a successful year of special events culminating in a successful Gala, albeit marred by two incidents, one a serious derailment. The tearoom offerings were reduced somewhat from 2023 as unfortunately, tea room losses continued to offset the excellent shop profits. The use of the mobile catering unit was not a success. W & L Sales ended the year with a small loss. No. 699.01 'Sir Drefaldwyn' entered full time traffic after receiving its final

painting alongside No.1. ZB2 failed with boiler stay issues at mid-year and was returned to Austria in October. DL-34 on loan from the Alishan Forestry Railway was ceremonially launched in May.

Operations and Infrastructure Manager Kevin Heywood left in September and Administrative Assistant Sarah Perry retired from the company at the end of the year. He then paid thanks to all who had contributed behind the scenes to the successful running of the railway in 2024, in whatever capacity.

Alan Higgins then invited Bob Mason to outline the main features of the Consolidated Financial Statements. He said that the two headlines from them were that income in 2024 had been slightly down on budget due to poor 'Santa Special' figures and the drastic action that had been taken to bring catering costs down. There was an overall deficit in 2024 of £52,000, largely due to further losses on catering, but this had been more than offset by interest income on our investments held with the CCLA. He then briefed members on significant capital expenditure that would be required in the coming months, including for new rails, sleepers and railflats.

In subsequent questions Philip Crook and Paul Atkins queried the treatment of W&L Sales losses, arguing that these should not have been included in the preservation company's accounts. Bob Mason explained that the accounts were consolidated in line with Charity Commission recommended practice. Following complaints that some figures were missing from the published accounts, both he and the company secretary undertook to post the correct version on the website. After Bob Mason had replied to further questions on points of detail, Alan Higgins moved to adopt the report. This was proposed by Tony Thorndike, seconded by Richard Wiltshire and carried with no objections.

3. Election of Trustees

Steve Clews, Peter Green, David Jones and Bob Mason were retiring from the board by rotation. Peter Green was not standing for re-election. There were four other candidates standing: Helen Gauntlett, Jack Gregory, Rowan Joachim and Daisy Shennan, making a total of seven candidates for four places. In the subsequent ballot, Steve Clews, Helen Gauntlett, Bob Mason and Daisy Shennan received the most votes and as all four received more votes in favour than against they were duly elected to the board.

4. Election of President

Alan Higgins proposed that the Earl of Powis be elected President, which was seconded by Richard Green and passed unanimously.

5. Election of Vice Presidents

Alan Higgins passed the chair to Steve Clews

The following nominations were made: Alan Higgins, Tony Thorndike, Sir Philip Williams and Michael Whitehouse. With the consent of the meeting, the nominations were put collectively and agreed unanimously, Aaron Jones proposing and Eileen Niblock seconding.

Alan Higgins resumed the chair

With the agreement of the chairman, Richard Green then asked if the board was aware of the Charity Commission's governance code, which called for a rigorous assessment to be made to justify trustees remaining on the board for more than nine years, and for an explanation to be given in the annual report where this was the case. The company secretary confirmed that the board was aware and made regular efforts to bring in new trustees. But it was not easy. This was the first year since he had been company secretary that we had had a contested election. He apologised for failing to include an explanatory note in the annual report and undertook to do so in future.

Steve Davidson then stood to give thanks to David Jones for his long service on the board, noting that his departure from it would break the long link we had had with local authorities. He proposed that the chairman of the company write to Mr Jones to thank him for his service. Steve Clews agreed to do so. There being no further business, Alan Higgins

thanked all those responsible for organising the meeting and all who attended or joined by video-link.

The meeting closed at 5.10pm.

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales - Charity number 1000378

Accounts

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2024

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Administrative details

Registered office The Station
Llanfair Caereinion Welshpool
Powys SY21 0SF

Phone 01938 810441

Web www.wllr.org.uk

Accountants Cadwallader & Co LLP Chartered Accountants
Eagle House
25 Severn Street
Welshpool
Powys SY21 7AD

Auditor W R Partners
Hafren House
10 St. Giles Business Park
Newtown
Powys SY16 3AJ

Solicitors Lanyon Bowdler LLP
4 St Martin's Street
Hereford HR2 7RE

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Kevin Heywood
(until September)

Engineering Manager James Mander

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion, on Saturday 17 May 2025 at 3.30 p.m. for the purpose of transacting the following business: -

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2024.
2. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Steve Clews, Peter Green, David Jones and Bob Mason retire by rotation. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
3. To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
4. To elect vice presidents. Alan Higgins, Tony Thorndike, Sir Philip Williams and Michael Whitehouse have confirmed their willingness to be re-elected.

Immediately after the end of the meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead and that proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the Meetings.

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose charitable purpose is:

to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.

The trustees who served during 2024 were:

	<i>Number of trustees' meetings attended</i>	
	<i>Actual / Possible</i>	
Steve Clews <i>Chairman</i>	6	6
Iain McLean <i>Vice Chairman</i>	5	6
Helen Ashby	5	6
Simon Bowden	3	5*
Andrew Charman	6	6
John Forman	6	6
Peter Green	4	6
David Jones	4	6
Bob Mason	6	6
Ryk Parkinson	5	6
Anne-Marie Wright	6	6

**possible attendance 5 meetings due to covering essential operational requirements*

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health and safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2024. It meets the requirements for charity accounting prescribed by the Charities SORP. It also meets the Directors' Report requirements prescribed in company law.

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by paying the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd, which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on the following pages appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees, who are also directors of Welshpool & Llanfair Light Railway Preservation Co. Ltd for the purposes of company law, are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day-to-day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working members. They are encouraged, however, to identify their own training needs. Trustees are provided with updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed.

The board of trustees keep six registers of risks to the business. These cover risks at a company level relating to commercial, external, finance, governance, operations, and personnel matters, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emerging and changed risks are identified and documented at each board meeting. An annual review of all six registers was held in the first quarter of 2024.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. The process is managed by the safety officer with heads of department providing departmental input.

Health and safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. During 2024 the company had three reportable incidents. Two were signals passed at danger (SPAD). The third was derailment of the Wickham Trolley during the August gala event, which resulted in injuries to three people. The RAIB was informed and accepted that we would investigate internally. Relevant departments were briefed on the recommendations from the investigation, which will also form part of the annual safety audit action plan.

There were several minor operational incidents, near misses, and injuries which were recorded and investigated using our internal processes, with reporting to the Safety Management Team at each meeting, relevant safety improvements instigated, and notices and briefings issued to staff. Incident numbers and details of higher-level incidents were reported to trustees at board meetings.

In response to the external safety audit conducted in January 2024, an action plan, led by the general manager, has led to further improvements to document control, competence management, risk assessments and other measures. The Safety Management Team continued to meet regularly during the year. Updating of the Operating Rule Book and Emergency Response Plans continued with a target of implementation for the 2025 running season.

Staff continue to work with the Heritage Railway Association, our regulator the ORR, other railways, and industry to share changes and best practice. Staff attended a variety of safety related training courses throughout the year including Working at Height, Ladder Safety, Lifting, and Food Hygiene. Seven members of staff attended an externally provided course to qualify as track patrollers, and four staff gained qualifications in the operation of excavators and other plant.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion.

This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion;
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements;
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the appropriate skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896;
- the conservation of its heritage assets and equipment for public enjoyment;
- the education of the public in the history of railway locomotion;
- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services;
- view the stations and buildings without payment whenever the railway is open;
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway, but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

The company built upon recent experience to continue to rebuild passenger numbers and revenue, with a consolidation of special events and experiences. Trains operated on 177 days, 8 more than in 2023. We continued to encourage online booking to help in managing capacity and improving the visitor experience, with Llanfair boarding being promoted for catering and first class services. Several new ticket categories were introduced to better reflect our offering to single adult family units and those with additional access needs. The continued challenging economic climate saw passenger numbers down by 1,000 compared to 2023, and similarly down on the budget plan, primarily due to a shortfall in expected Santa Special event footfall and poor weather.

Revenue similarly fell short of budget, but income per passenger increased more than the average ticket price due to the nudge towards higher quality or added experiences, such as on-train picnic hampers. Our afternoon tea train delivery was brought back in-house and sold out on most dates. Premium experiences continue to help fill trains at quieter times and increase our income per visitor. Alongside afternoon tea and evening fish & chips specials, more dates were added for the gin & whisky tasting train in partnership with a local distillery. Despite operating more days, the railway ran fewer trains than in 2023, with more mid-week and low season days having two rather than three timetabled round trips, helping improve efficiency, offset the rise in operating costs and providing a shorter and more attractive duty for most staff.

The year saw an improved three day beer and cider festival event hosted at Raven Square station, a new Teddy Bears' Picnic family event, and two externally delivered character events, Bluey and Paw Patrol, alongside returning favourites, including the Easter 'Carrot Express' and Build-in-Bricks activities, which helped drive traffic to our Llanfair Connections Museum during May half-term. All these events helped bring in additional income and new customers.

All departments at the railway contributed to these successes, often adapting to operational changes at short notice. Timetables for the year were planned around predicted available staff levels, and a good number of new staff started with us and qualified in a range of roles. Despite this, short notice cover during the peak season remained a challenge.

Track, infrastructure and buildings

At the start of the year a mainline point and track in the platform road at Cyfronydd were replaced. The old 1902 rail was taken up and a new ballast bed with new drainage, plastic sleepers and S30 rail laid. The point work and track were ready for operation at Easter and the lever frame was fully installed by mid-summer. New ballast walls just east of Golfa summit should prevent the loss of ballast at the side of the embankment and help

stabilise the track. The retaining wall at Sign Hut Curve was extended, again to retain ballast. Other locations also received attention.

Spot sleepers were used to replace more than 70 life expired sleepers. A broken rail west of Banwy Bridge was replaced and numerous other maintenance jobs carried out. Over 12 days of flailing took place, cutting back all undergrowth and trees within reach. On completion, and after training several successors, Dave 'Tractor Dave' Davies retired. He is to be thanked for faithfully flailing for many years. Thanks to externally provided track inspection training, we now have six qualified track patrollers so that Colin Bull, who has carried the burden for some time, can at long last retire. He does so with our grateful thanks.

A failed culvert caused a sinkhole to appear under the track and storm damage included a major landslide in a cutting on Golfa Bank. Increasingly severe weather patterns mean that we need to be vigilant about the state of our infrastructure. As part of this, a survey was carried out on our river frontage, fortunately revealing nothing requiring urgent attention. We similarly continue to monitor the condition of the Banwy Bridge.

Proposals for the repair and future use of the former Colinette building are being developed following receipt of a substantial grant. Routine maintenance of our other buildings, often unnoticed but essential, is carried out by the midweek gang. A lot of their effort this year has been expended around Raven Square station. More volunteers are needed both here and for the track gang, to maintain these vital functions of our railway.

Steam locomotives

In 2024 the steam locomotive fleet accumulated a total of 6588 miles, of which No. 1 *The Earl* completed 5387 miles, No. 10 *Sir Drefaldwyn* 561 miles and ZB2 *Zillertal* (our No. 21), on-hire from the Zillertalbahn, 640 miles. Including for test and running-in purposes, No. 1 was in steam on 151 days, No. 10 on 21 days and No. 21 on 20 days.

ZB2 was taken out of service in early July due to firebox stay failures which were deemed beyond economic repair for an on-hire locomotive. The loco was returned to the Zillertalbahn on 27th November.

No. 10 returned to traffic at the gala following completion of its finish painting and lining. Locomotive No. 8 *Dougal* was despatched to the Sittingbourne & Kemsley Light Railway in April, where in exchange for their assistance with repairing the boiler, the loco will enjoy a period on loan.

During the year we used up the last of our supply of Welsh steam coal from Ffos y Fran and ran most of the year on Polish steam coal. With the cost of Polish coal being more attractive than recent deliveries of either Welsh or bio-fuels, our average round trip fuel cost in 2024 was lower than in both 2022 and 2023.

Rolling stock

The carriage fleet accumulated a mileage of 27774 in passenger service, plus 413 miles on engineering trains due to the withdrawal of the mess coach. Work continued throughout the year on refurbishing and modifications to ex-RNAD wagon No. 41 to prepare it for mounting a custom-built welfare unit for use as a new mess coach.

An order was placed with Alan Keef Ltd for two new rail wagons to replace our ex-RNAD wagons Nos. 35 and 38 which had been withdrawn in 2023 due to excessive corrosion. The new wagons will incorporate our spare Butterley-built (ex-Bowater) wagon bogies suitably overhauled and will be vacuum-fitted.

Diesel locomotives

The failure of ZB2 in early July plus the delay in getting No. 10 back into service resulted in Diema locomotive No. 17 accumulating a significant passenger train mileage when two train sets were operating. Overall, it clocked-up 1726 miles in the year, including use on engineering trains. No. 7 *Chattenden* was in use throughout the year principally on engineering trains although it did see limited passenger use at the gala.

Alishan Forest Railway diesel locomotive DL-34 (W&L No. 22) arrived back at Llanfair in early April after having a vacuum brake system fitted over the winter. Grondana couplings were fitted upon its return, and it was ceremonially launched into service in May in the presence of representatives of the Alishan Forest Railway. Subsequent test running indicated that the performance of the second-hand exhaustor built into the vacuum system was sub-optimal and this has been stripped for examination.

Education and heritage

The railway meets its formal charitable purpose by preserving the heritage and providing learning opportunities for all visitors. Educational experiences include a varied timetable of heritage train rides, special events and activities showcasing the story of the W&LLR from 1903 to the present and its connections with the wider world of 2ft 6in gauge railways.

Llanfair Connections and the Cloverlands Model Car Museum were open to the public on 92 days and welcomed 4,021 visitors, a 73.5% increase over 2023. The opening of both facilities continued to be restricted by the lack of volunteer stewards and our aim for the future continues to be to open daily when trains are running.

New displays incorporating artefacts found in store on the railway included an original cylinder from *The Earl* that had been replaced during the 1999-2000 overhauls. A line phone from the original single telephone line along the length of the railway, which continued in use for the first ten years of

preservation, and an insulator from the line, recovered from a surviving telegraph pole between Heniarth and Llanfair Caereinion, formed the basis of a small display about communications. From May to October, there was a temporary exhibition about the Alishan Forest Railway.

A major re-arrangement of the Cloverlands Model Car Museum continued throughout the year, together with the development of a permanent display about the history of Formula 1, enhanced by significant new acquisitions.

Welshpool display shed was opened regularly on operating days allowing visitors to view No. 6 *Monarch*, No. 12 *Joan*, and other out of service locomotives, alongside our heritage rolling stock.

Environment

We have put in place new arrangements for handling waste to comply with new regulations. We are recycling wherever possible, even to the point of collecting and re-cycling “sawdust” arising from the drilling of plastic sleepers to take track fixings.

Ash dieback continues to make its presence felt with growing numbers of lineside trees showing signs of the disease. It is likely that in due course we will need to fell the affected trees and develop a plan to replant.

Severe storms saw the railway suffer fallen trees, not previously identified as being at risk, both within our estate and from adjoining property. Weather was also a cause of our first landslip for many years, near Hanged Mans Tree on Golfa Bank. Here, a section of cutting slope became saturated and material slumped onto the line, thankfully without damage to the track bed itself, or disrupting services.

Fundraising

The railway continued to benefit from generous donors and legacies, with a spectacular finish, a large grant being secured in principle in December.

Income during the year was £107,181 from donations including Gift Aid reclaimable, £58,819 from legacies, and £12,219 in grants. The appeal for the overhaul of locomotive No.7, and for improvements to our carriage fleet for premium services, met its target and closed during the year. The overhaul of No.7 will proceed as soon as Taiwanese diesel DL-34 is ready for regular traffic after modifications and crew training.

In December we launched an appeal for £150,000 to fund the heavy overhaul of locomotive No. 2 (GWR 823) *The Countess*. The official launch was on 30 December, to coincide with the New Year ‘whistle-up’ to herald Rail 200, which will run throughout 2025 on the bicentenary of the opening of the Stockton & Darlington Railway. Various incentives were offered including one for those able to donate the symbolic sum of £823. By the launch day, the appeal was already at over a third of its target sum, thanks to an extraordinary gift from a generous supporter.

At the same time, the railway received news of approval in principle of a large grant application made for essential repairs to the structure of the industrial units that house Llanfair Connections, our linked car museum Cloverlands, and storage facilities. We applied in April, under Community Ownership Fund, but progress stopped when the general election was called. Then in November the new government announced that it would complete the round that was in progress when the election was called before closing the scheme. The grant was subject to contract negotiations which started after the year end. It must be spent by mid-December 2025 at latest.

W&L Sales

Catering sales increased 11% (£18,000) on 2023 but the tearoom remained loss-making. Portion control was improved, but increased staffing levels resulted in a 25% increase in staff costs. From November, opening days were reduced to concentrate on busier days, with a range of products that we can serve profitably. Our in-house catering team took over afternoon tea train catering. Feedback on this and our other on-train catering offerings was very good. Thanks are due to both paid and volunteer staff who make these experiences such a success.

Shop sales were 3% lower, attributable to fewer 'blockbuster' new books and our visitors watching their pennies in tougher financial times. Thanks to better gross margins, however, the shop's contribution to revenue was £1,000 higher. The service given by our enthusiastic and dedicated volunteers to our visitors is much appreciated, as demonstrated by the many cheerful passengers chatting to staff.

Membership and volunteers

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. We welcomed 322 new members in 2024 (2023 376), another good year. Total membership at year end was 2,133, a net increase of 29. Dick Johnson stood down as one of the membership team at the end of 2024. Dick's association with the railway goes back over sixty years, to the very beginning of its preservation. He has served the railway capably in many roles and we thank him for his care and thoughtfulness in looking after members.

Trustees and management are grappling with the challenge of recruiting sufficient volunteers to ensure the sustainability of the current operating model. The number of volunteers remained largely stable and more local people are getting involved, but the age profile is high. Over the next year we hope to have a volunteer team member on duty every operating day to try to encourage more volunteers.

Staff

In 2024 the company employed seven full time and one part time staff. Around 220 part time volunteers contributed about 14 full-time equivalent staff and there were some seasonal staff in the tea-room.

Development of a comprehensive Staff Guide was transformed into a Code of Conduct and a suite of HR policies. These were posted on HOPS – the company’s document management system. A dedicated safeguarding team was set up with David Plume being appointed as safeguarding officer and Anne-Marie Wright as safeguarding trustee.

Staff worked to ensure that safety regimes were maintained, marketing and administration conducted, and rostering managed. Recruitment and training of sufficient staff to support activities across all areas of the organisation remains a constant priority, however.

Catherine Smith joined us as part-time community engagement officer in May with a remit for increasing our volunteer recruitment and engagement with the local community, alongside working with the existing volunteer liaison and safeguarding team to review our offering for existing volunteers.

Kevin Heywood left in September and his role as operations and infrastructure manager has been restructured. Duty managers have taken on operational oversight and the new post of infrastructure and buildings manager has been created. This was advertised in late 2024 and filled in early 2025.

Sarah Perry retired in December 2024 and her role of marketing and administration assistant has been converted into a full-time position and was to be advertised in early 2025. Ruth Davies was due to complete her level 3 apprenticeship in business administration with us at the end of January 2025. We thank her for her hard work over the past three years.

The trustees are most grateful to all the staff, full-time, seasonal and volunteer, for their forbearance, patience, and hard work during another difficult year.

Marketing

We continued with a range of marketing activities to attract different audiences. Our traditional print leaflets were distributed throughout mid and north Wales and Shropshire, with additional inclusion in ‘bedroom browser’ packs at accommodation providers. Press releases and adverts in local and enthusiast print publications were placed at core times throughout the year. Banners, posters and new roadside signage helped highlight the railway’s events and tearoom to local and passing traffic and we continue to take part in a range of joint marketing and discount card schemes as part of the ‘Great Little Trains of Wales’.

We ran several targeted online advertising campaigns on a range of social media platforms to highlight our events and catering experiences to a broader family audience. The website was reviewed to improve browsing speeds, navigation and integration, especially on mobile and tablet devices.

We were represented at a variety of shows and events, including the British Tourism and Travel Show, Association of 16mm. Narrow Gauge Modellers Show, Shrewsbury Flower Show and, for the first time, Oswestry and Berriew shows. Targeted advertising helped group bookings to return to pre-2019 levels. We continued to collect and analyse visitor feedback to identify areas of improvement, with all tickets booked online being sent a feedback form. A Visit Wales 'secret shopper' visit saw us retain our 'Visitor Attraction Quality Assurance Standard' with an improved score, and we were awarded a Trip Advisor 'Traveller's Choice Award' for the fourth year in a row. We were pleased to win 'Best Third Sector' organisation in the Mid Wales Tourism Awards 2024-5

Financial review

Results and financial position

2024 was a good year financially. The dip in traffic income of £11,000 was due to quieter than usual Santa trains but coal costs were also £11,000 lower. Despite straitened times, Gift Aid was £23,000 (2023 £29,000). Learning from 2023 experience meant that spending on special events was £8,000 lower, while still delivering a varied programme for our different audiences. Part of this saving was reallocated to marketing, particularly social media. We also reprinted the Discovery booklets at our own expense, the initial batch being grant-funded, since these are so popular with younger visitors. We spent funds to make our IT hardware more resilient and to make sure we benefit from HOPS as a way to make better use of volunteer time.

Progress in returning catering to profitability was slower than expected and losses, mainly on prepared food, were £28,000. This is being addressed for 2025.

Total income (consolidated statement of financial activities) was £980,000. As well as traffic, retail and catering income, this included £12,000 of grants supporting our community engagement officer, £7,000 in donations to the appeal for the overhaul of No. 7 and £66,000 to start the No. 2 appeal. We received £59,000 more from the bequests of Charles Fisher, Roy Laverick and Roger Pattie, and further auction proceeds from the balance of Peter Hempson's model collection. The railway is most grateful to the many supporters who have remembered us in their wills. Generous interest rates (5%) on our deposits with CCLA also helped generate £58,000 in investment income.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, major project expenditure relates to building inspections in preparation for capital projects and the civil engineering winter trackwork. The external track costs in 2024 were modest, as the larger spend items will come in February 2025 with the work at Golfa.

Administrative costs (Note 6) detail the expenditure on operating the railway, on W&L Sales' trading activities and on membership and governance costs. Staff costs in railway operation reflect the addition of the community engagement officer. W&L Sales includes our catering manager and the casual staff engaged for the tearoom and mobile catering unit, when open. Electricity usage is under investigation as it has increased across the Llanfair site, notably in the workshop and catering, and 2024 contract prices did not reduce as much as we had hoped.

The CCLA investments (Notes 7 and 13) delivered £8,000 in dividends and a valuation gain of £12,000 (2023 £18,000 gain). £30,000 has been added to cover the board's updated estimate of the buffer needed against unforeseen adverse events. The 2020/2021 pandemic showed the benefit of such a reserve.

Our consolidated statement of financial activities follows the format required of all charities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity, including those donations and grants given to cover specific operating expenses. Long-term donations are shown separately below, along with how they are spent, sometimes in a different period from when they were received. Donations and legacies received in 2024 contributed £166,000 that can be applied to the priorities within the business plan and as the match funding usually required for grants.

Capital expenditure in 2024 was £89,000. In heritage fixed assets this was work on No. 8 and the lining of No. 10. In other fixed assets, it was work on creating new offices in the industrial units, DL-34 modifications, the mess coach and ex-RNAD van 213, the new air compressor and catering equipment. £212,000 of spend for 2025 has already been committed.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives.

Existing restricted funds for No.2, No.7, No. 8, other diesels and viaduct protection are planned to be used in the coming years. The 2020 Appeal, Connections displays and carriage improvements are awaiting approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 6 *Monarch*, the Wickham trolley and heritage wagons are for longer term projects.

Designated funds

Designated funds include £212,000 contractually committed for future capital expenditure and a fund earmarked for fitting out and displays as our interpretation centre plans evolve.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal. This is when major work is undertaken on civil and mechanical engineering, refurbishments, capital items, and when W&L Sales restocks the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £1,070,000. The trustees have also decided to retain long-term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £310,000 to be an appropriate additional reserve. Adding these two figures, reserves of £1,380,000 were required at 31st December 2024; whilst actual investments, cash and working capital available stood at £1,490,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit fund, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund, which is an ethical fund.

The investment managers remain positive on the medium- and long-term prospects for equities with their investments spread across regions and sectors to help manage risk.

THE FUTURE

2024 continued in presenting the company with the challenge of attracting sufficient volunteers and in consequence a further reduced timetable was instigated. This resulted in a further increase in income from a reduced

number of trains. This operating model has therefore been carried over largely unchanged into 2025.

The current business plan was published in May 2023 and is serving us well. It will be updated in 2026. The major strategies that had been agreed have been re-examined through an external advisor. In December we were awarded a substantial grant to refurbish the Colinette building to secure it for future use.

An external safety audit will be completed early in 2025, and the Safety Management Team will add impetus to addressing the audit recommendations.

The commercial challenges of 2024 will continue throughout 2025 but should be mitigated by our progression to the 'new normal' operating environment. Planning for 2025 has concentrated on ensuring that reduced resources can cope with the timetable; our high end offering and events have been further prioritised to increase spend per visitor. The range of events which have been trialled over the past few years has been reviewed to focus on those which offer the best return and attract our core visitors. We will consolidate the range of offerings that were available in 2024, including in on-train catering, as we move to bring catering back into profit. The lessons learned from the last four years and considerable visitor and volunteer feedback will be built on in 2025 as we push towards increased operational income and contributions to the charity.

During 2025 we will continue to build on networking and lobbying through connections with HRA, GLTW and expansion of our liaison railways and organisations. The efforts to preserve, and even improve, the appearance of the railway to ensure it remains attractive to visitors will continue. The condition of buildings and significant infrastructure and their maintenance will be 2025 priorities.

There will be an increased focus on volunteer recruitment and retention as this has now become critical to the future of the company. This will involve a more targeted initiative to campaign to fill volunteer posts and ensure an efficient training process.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.



Steve Clews

Chairman
22 March 2025

**Independent Financial Examiner's report to the Trustees of
Welshpool & Llanfair Light Railway Preservation Co. Ltd.**

I report to the charity Trustees on my examination of the accounts of the Charitable Company for the year ended 31 December 2024.

Responsibilities and basis of report

As the Trustees of the Charitable Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Charitable Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Charitable Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Charitable Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Charitable Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

This report is made solely to the Charitable Company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the Charitable Company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's Trustees as a body, for my work or for this report.

Signed: 

Dated: 25 April 2025

John Fletcher BA (Hons) FCA

WR Partners
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Consolidated statement of financial activities
for the year ended 31 December 2024
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2024	Total 2023
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	123,603	78,102	201,705	204,887
<i>Charitable activities</i>					
Railway operation and preservation	3	434,302	-	434,302	445,680
Membership subscriptions		26,787	-	26,787	23,367
<i>Other trading activities</i>					
Commercial trading operations	4	258,899	-	258,899	242,544
<i>Investment income</i>	7	47,831	10,504	58,335	51,810
Total income		891,422	88,606	980,028	968,288
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	582,122	2,252	584,374	564,662
Railway operation and preservation – projects	3	227,085	2,606	229,691	233,023
Membership and governance expenses	5	20,998	-	20,998	22,375
<i>Other trading activities</i>					
Commercial trading operations	4	260,645	-	260,645	256,448
Total expenditure		1,090,850	4,858	1,095,708	1,076,508
Net gain/(loss) on investments	13	12,000	-	12,000	18,000
Net income/(expenditure) for the year		(187,428)	83,748	(103,680)	(90,220)
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		(187,428)	83,748	(103,680)	(90,220)
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,846,798	252,615	3,099,413	3,189,633
Total funds carried forward		2,659,370	336,363	2,995,733	3,099,413

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a loss of £(103,680), (2023 £90,220 loss).

Consolidated and charity balance sheets

as at 31 December 2024

Company Registration No.00646238	Group	Charity 2024	2023	2024	2023
	Note	£	£	£	£
Fixed assets					
Heritage fixed assets	11	802,949	874,253	802,949	874,253
Other tangible fixed assets	12	647,007	672,497	647,007	672,497
Investments	13	316,000	274,000	346,000	304,000
		1,765,956	1,820,750	1,795,956	1,850,750
Current assets					
Stocks	14	112,400	101,100	87,500	73,000
Debtors	15	104,587	107,680	120,950	132,145
COIF deposit account		920,218	1,033,844	920,218	1,033,844
Bank accounts and cash balances	16	207,502	177,122	201,689	164,661
		1,344,707	1,419,746	1,330,357	1,403,650
Creditors: amounts falling due within one year					
Trade creditors		44,451	49,884	44,451	49,884
Other creditors including tax and social security	17	3,251	4,696	3,251	4,696
Accruals and deferred income	18	31,892	53,642	31,892	53,642
		79,594	108,222	79,594	108,222
Net current assets		1,265,113	1,311,524	1,250,763	1,295,428
Creditors: amounts falling due after more than one year	18	35,336	32,861	35,336	32,861
Total net assets		2,995,733	3,099,413	3,011,383	3,113,317
The funds of the charity:					
Unrestricted funds		2,391,798	2,793,363	2,407,448	2,807,267
Designated funds		267,572	53,435	267,572	53,435
Total unrestricted funds	19	2,659,370	2,846,798	2,675,020	2,860,702
Restricted income funds	20	336,363	252,615	336,363	252,615
Total funding provided		2,995,733	3,099,413	3,011,383	3,113,317

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

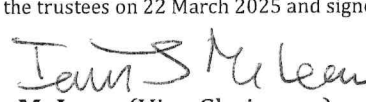
No audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting. The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees on 22 March 2025 and signed on their behalf.


Steve Clews (Chairman of the Trustees)


Iain McLean (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2024

		2024	2023
	Note	£	£
Net cash provided by/(used in) operating activities	23		27,683
Cash flows from investing activities:			
Dividends from investments	23	7,799	7,783
Acquisition of heritage and other tangible fixed assets	11 12	(88,728)	(184,400)
Disposal of tangible fixed assets		-	-
(Acquisition) / divestment of investment assets	13	(30,000)	-
Net cash provided by / (used in) investing activities			(110,929)
Cash flow from financing activities:			
Financing activities in year		-	-
Net cash provided by/(used in) financing activities			-
Change in cash and cash equivalents in the year	22		(83,246)
Cash and cash equivalents at beginning of year	22		1,210,966
Cash and cash equivalents at end of year	22		1,127,720

Notes to the accounts

31 December 2024

1. Accounting policies

Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies, and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

(m) Contingent income

The charity sometimes benefits from legacies with payment received over several years. When further receipt is uncertain, amounts may be shown as contingent income.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2024	2023
	£	£	£	£
Gift aided donations	17,317	74,848	92,165	79,496
Other donations	11,762	3,254	15,016	10,200
Legacies	58,819	-	58,819	78,729
Gift Aid on fares	23,486	-	23,486	28,615
Grants – Powys Council	-	-	-	7,328
Grants – Welsh Govt	12,219	-	12,219	519
Total 2024	123,603	78,102	201,705	204,887
Total 2023	118,564	86,323	204,887	

3. Railway operation and preservation

Turnover	Note	2024		2023
		£	£	£
Fares			427,087	
Keyse Cottage receipts		3,843		3,824
Solar panels and EV charging income		1,605		4,420
Sale of surplus materials and parking		1,767		1,805
Other operating income			7,215	
Income from railway operation and preservation			434,302	
Working expenses				
Fuel		51,468		62,736
Repairs and maintenance:				
Mechanical engineering		45,080		51,606
Civil engineering		43,783		42,675
Costs for special trains & events		37,734		45,655
Loco hire fees		11,346		15,169
Keyse Cottage running expenses		2,219		2,035
Administration and management costs	6	392,744		344,786
Total working expenses of railway operation and preservation			584,374	
Major project expenditure				
Mechanical engineering		-		8,500
Civil engineering		44,169		22,639
Depreciation	11 12	185,522		201,884
(Gain)/loss on disposal		-		-
Total major project spend on railway operation and preservation			229,691	
Net cost of railway operation and preservation			379,763	

4. Subsidiary's trading activities

	Note	2024		2023
		£	£	£
Income – Shops		68,800		71,042
Income – Catering		190,099		171,502
Income – Consultancy		-		-
Total trading income			258,899	
Less: Shops cost of sales		35,812		38,784
Gross margin - shops			47.9%	
Less: Catering cost of sales		90,944		98,160
Less: Catering staff costs	6	109,859		87,617
Net margin after staff - catering			(5.6)%	
Less: Administration and management costs	6	24,030		31,887
Total trading expenditure			260,645	
Net (loss)/profit for the year			(1,746)	
Subsidiary's balance sheet at year-end			2024	2023
Current assets -other			30,713	40,561
Current (liabilities) – other			-	-
Current assets / (liabilities) – inter-company balance with parent company			(16,363)	(24,465)
Net assets			14,350	16,096

W&L Sales Limited is a 100% owned subsidiary, with £30,000 share capital.

5. Membership and governance expenses

	Note	£	£
		2024	2023
The Llanfair Railway Journal		11,904	12,982
Membership expenses	6	4,935	5,659
Governance costs	6	4,159	3,734
		20,998	22,375

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2024	Total 2023
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	40,385	-	-	40,385	41,804
Electricity and heating	39,807	-	-	39,807	25,320
Equipment rental and maintenance	7,753	-	-	7,753	5,340
Cleaning and hygiene supplies	13,562	-	-	13,562	13,634
Rent charged to trading	(20,030)	20,030	-	-	-
	81,477	20,030	-	101,507	86,098
Selling					
Advertising and publicity	32,648	-	-	32,648	26,283
Administrative					
Staff costs (<i>Note 9</i>)	199,828	109,859	-	309,687	287,130
Travelling	1,879	-	-	1,879	1,422
External training	4,647	-	-	4,647	3,130
Telephone and radio	4,599	-	-	4,599	4,671
Postage, stationery, and IT costs	20,699	-	-	20,699	6,872
Independent audit/examination fees	-	-	1,500	1,500	1,500
Accountancy fees	19,345	-	-	19,345	19,265
General expenses	8,835	-	7,594	16,429	13,130
Admin recharge to trading	(4,000)	4,000	-	-	-
	255,832	113,859	9,094	378,785	337,120
Financial					
Bank charges and booking processing costs	22,787	-	-	22,787	24,182
2024 Total	392,744	133,889	9,094	535,727	473,683
2023	344,786	119,504	9,393	473,683	

7. Investment income

	2024	2023
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,799	7,783
CCLA Deposit Fund	50,174	44,027
– Interest		
Interest on tax	362	-
	58,335	51,810
Of which: restricted	10,504	7,404
unrestricted	47,831	44,406

8. Taxation

No liability arises to corporation tax for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2024	2023
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	284,017	261,791
Social security costs	14,136	14,411
Other pension costs	11,534	10,928
	309,687	287,130

No member of staff received emoluments in excess of £60,000 (2023: Nil). Key management received emoluments of £47,500 (2023 £48,710). In addition to its paid staff, the charity benefits from the substantial efforts of over 220 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2024	Number 2023
Charity (full time equivalent)	6	6
Subsidiary (full time equivalent)	5	4
	11	10

The group employed 26 (2023 23) different employees during the year:

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision.

Trustees received £217 as reimbursement of travel expenses (2023: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd, Shropshire Union Canal Society, the Heritage Railway Association and the Heritage Rail Charitable Trust. Robert Robinson is town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum. Andrew Charman is chair of Cloverlands Museum and editor of Narrow Gauge World. These trustees have recused themselves from any discussions or decisions on topics that may have given rise to a conflict of interest. Trustees, as well as being volunteers, are also among the many financial donors to the railway.

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2023	596,266	1,501,979	12,507	2,110,752
Additions	-	4,284	-	4,284
(Disposals)	-	-	-	-
At 31 December 2024	596,266	1,506,263	12,507	2,115,036
Depreciation				
At 31 December 2023	439,463	784,529	12,507	1,236,499
Charges for the period	13,661	61,927	-	75,588
(Disposals)	-	-	-	-
At 31 December 2024	453,124	846,456	12,507	1,312,087
Net book amount				
31 December 2024	143,142	659,807	NIL	802,949
31 December 2023	156,803	717,450	NIL	874,253

There was no capital expenditure contracted for at the period end (2023: Nil).

Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2020	190,183	No. 10 <i>Sir Drefaldwyn</i>
2021	144,619	No. 1 <i>The Earl</i> No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2022	77,342	No. 10 <i>Sir Drefaldwyn</i> Sierra Leone carriage 1066
2023	101,878	Bowater wagons 610 and 631 Sierra Leone carriage 1066
2024	4,284	No. 10 <i>Sir Drefaldwyn</i> <i>Dougal</i>

12. Other tangible fixed assets: group and charity

Cost	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment
	£	£	£
At 31 December 2023	878,624	501,960	411,644
Additions	4,710	59,968	19,766
(Disposals)	-	(82,639)	(2,167)
At 31 December 2024	883,334	479,289	429,243

Depreciation

At 31 December 2023	501,993	352,683	265,055
Charge for the period	13,194	46,873	49,867
(Disposals)	-	(82,639)	(2,167)
At 31 December 2024	515,187	316,917	312,755

Net book amount

31 December 2024	368,147	162,372	116,488
31 December 2023	376,631	149,277	146,589

There was £212,000 of capital expenditure contracted for at the period end (2023: £24,000).

13. Investments

COIF charity funds

	Number	Group		Charity
		2024	2023	2024
		£	£	£
Investment Fund shares				
At 1 January at market value	14,119	274,000	256,000	274,000
Purchases	1,499	30,000	-	30,000
Gain/(loss) on investment from change in value		12,000	18,000	12,000
At 31 December at market value	15,618	316,000	274,000	316,000
Shares in subsidiary				
At 31 December at cost	30,000			30,000
		316,000	274,000	346,000
Historic cost at 31 December		177,000	147,000	207,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £14,350 (2023: £16,096). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity
	2024 £	2023 £	2024 £
Stores	87,500	73,000	87,500
Goods for resale	24,900	28,100	-
	112,400	101,100	87,500

15. Debtors

	Group		Charity
	2024 £	2023 £	2024 £
Trade debtors	19,785	17,440	19,785
Prepayments and accrued income	32,300	42,725	32,300
VAT	11,298	12,726	11,298
Gift Aid recoverable	41,204	34,789	41,204
Amount due from subsidiary company	-	-	16,363
	104,587	107,680	120,950

16. Bank overdraft

The group has overdraft facilities of £Nil (2023 - £Nil).

17. Other creditors including tax and social security

	Group		Charity
	2024 £	2023 £	2024 £
PAYE	3,251	4,696	3,251
	3,251	4,696	3,251

18. Accruals and deferred income

	Group		Charity
	2024 £	2023 £	2024 £
Subscriptions in advance	55,428	50,603	55,428
Less: falling due after more than one year	(35,336)	(32,861)	(35,366)
	20,092	17,742	20,092
Accruals and deferred income	11,800	35,900	11,800
	31,892	53,642	31,892

19. Unrestricted funds

	Balances 31 Dec 2023 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2024 £
<i>Free reserves</i>	1,246,613	889,285	(994,056)	(200,000)	941,842
<i>Reserves used by Net Fixed Assets</i>	1,546,750		(96,794)		1,449,956
<i>Total general funds</i>	<i>2,793,363</i>	<i>889,285</i>	<i>(1,090,850)</i>	<i>(200,000)</i>	<i>2,391,798</i>
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	53,435	2,137	-	-	55,572
Capital commitments	-	-	-	212,000	212,000
<i>Total designated funds</i>	<i>53,435</i>	<i>2,137</i>	<i>-</i>	<i>212,000</i>	<i>267,572</i>
<i>Total unrestricted funds</i>	<i>2,846,798</i>	<i>891,422</i>	<i>(1,090,850)</i>	<i>12,000</i>	<i>2,659,370</i>

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2024, £1,223,721 (2023: £1,250,151) of general funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2023 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2024 £
Restoration of No.6 <i>Monarch</i>	7,289	292	-	-	7,581
Restoration of No.14	29,333	1,303	-	-	30,636
Restoration of No. 8 <i>Dougal</i>	2,442	878	(2,606)	-	714
Restoration of No. 2 <i>The Countess</i>	-	65,858	-	-	65,858
Zillertal carriages maintenance	2,252	-	(2,252)	-	-
Carriage improvement fund	38,210	4,221	-	-	42,431
Heritage wagon fund	4,269	171	-	-	4,440
Overhaul of No. 7 <i>Chattenden</i>	88,324	10,809	-	-	99,133
Diesel maintenance	5,838	233	-	-	6,071
Wickham Trolley	-	547	-	-	547
Viaduct and bridges protection	23,435	937	-	-	24,372
Connections displays	-	1,308	-	-	1,308
2020 appeal	51,223	2,049	-	-	53,272
	252,615	88,606	(4,858)	-	336,363

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2024 £
Tangible heritage and other fixed assets	1,449,956	-	1,449,956
Investments	272,796	43,204	316,000
Net current assets	971,954	293,159	1,265,113
Long term liabilities	(35,336)	-	(35,336)
	2,659,370	336,363	2,995,733

22. Analysis of changes in net funds

	At 31 Dec 2023 £	Cash flows £	At 31 Dec 2024 £
Bank and cash balances	177,122	30,380	207,502
COIF Deposit account	1,033,844	(113,626)	920,218
	1,210,966	(83,246)	1,127,720

23. Net cashflow from operating activities

	2024 £	2023 £
Net income/(expenditure) per Statement of Financial Activities	(103,680)	(90,220)
Adjust for non-cash items:		
Depreciation	185,522	201,884
Net (gain)/loss on investments	(12,000)	(18,000)
Adjust for working capital changes:		
(Increase)/decrease in stocks	(11,300)	3,000
(Increase)/decrease in debtors	3,093	71,793
(Decrease)/increase in creditors	(26,153)	41,009
Adjust for dividends received: (shown separately in Cashflow)	(7,799)	(7,783)
	27,683	201,683

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2023 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	118,564	86,323	204,887
<i>Charitable activities</i>			
Railway operation and preservation	445,680	-	445,680
Membership subscriptions	23,367	-	23,367
<i>Other trading activities</i>			
Commercial trading operations	242,544	-	242,544
<i>Investment income</i>	44,406	7,404	51,810
Total income	874,561	93,727	968,288
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	563,062	1,600	564,662
Railway operation and preservation – projects	200,298	32,725	233,023
Membership and governance expenses	22,375	-	22,375
<i>Other trading activities</i>			
Commercial trading operations	256,448	-	256,448
Total expenditure	1,042,183	34,325	1,076,508
Net gain/(loss) on investments	18,000	-	18,000
Net income/(expenditure) for the year	(149,622)	59,402	(90,220)

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales -Retail & catering £	Appeals & investment income £	Membershi p and governance £	2024 £	2023 £
Income from daily operating activities	434,302	258,899	58,335	26,787	778,323	763,401
Gift Aid on fares	23,486	-	-	-	23,486	28,615
Donations – earmarked to running cost items	-	-	-	-	-	3,750
Grants - for running costs: local engagement /audience research	12,219	-	-	-	12,219	7,847
Daily operating (costs)	(584,374)	(260,645)	-	(20,998)	(866,017)	(843,485)
Net income: Daily operations	(114,367)	(1,746)	58,335	5,789	(51,989)	(39,872)
 <i>Long term income</i>						
Donations, Legacies, Grants (excluding items above to cover daily operating costs)			166,000		166,000	164,675
(Loss)/Gains on investments			12,000		12,000	18,000
 <i>Long term project expenditure</i>						
Major project (spend)	(44,169)	-			(44,169)	(31,139)
(Depreciation)	(185,522)	-			(185,522)	(201,884)
Net income/ (expenditure) by activity	(344,058)	(1,746)	236,335	5,789	(103,680)	(90,220)

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales - Charity number 1000378

Accounts

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2023

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Administrative details

Registered office The Station
Llanfair Caereinion Welshpool
Powys SY21 0SF

Phone 01938 810441

Web www.wllr.org.uk

Accountants Cadwallader & Co LLP Chartered Accountants
Eagle House
25 Severn Street
Welshpool
Powys SY21 7AD

Auditor W R Partners
Hafren House
10 St. Giles Business Park
Newtown
Powys SY16 3AJ

Solicitors Lanyon Bowdler LLP
4 St Martin's Street
Hereford HR2 7RE

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Kevin Heywood

Engineering Manager James Mander

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion, on Saturday 18 May 2024 at 3.30 p.m. for the purpose of transacting the following business:-

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2023.
2. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Helen Ashby, Simon Bowden, Andrew Charman and Iain McLean retire by rotation. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
3. To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
4. To elect vice presidents. Alan Higgins, Tony Thorndike and Sir Philip Williams have confirmed their willingness to be re-elected. Michael Whitehouse has indicated his willingness to be elected.

Special Resolution

5. To amend article 3 (1) of the Memorandum of Association of the Company by renumbering the existing clause (g) as clause (h) and inserting a new clause (g) to read:
To collect, conserve and display locomotives, rolling stock and any other artefacts from railways or tramways, create displays, establish museums and/or archives.

Immediately after the end of this meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead and that proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the Meetings.

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose formal charitable purpose is:

to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.

The trustees who served during 2023 were:

	<i>Number of trustees' meetings attended Actual/Possible</i>	
Steve Clews <i>Chairman</i>	5	5
Iain McLean <i>Vice Chairman</i>	5	5
Helen Ashby	5	5
William Bickers-Jones <i>(resigned in January)</i>	1	1
Simon Bowden	4	5
Andrew Charman	2	5
Oliver Edwards <i>(until 13 May)</i>	3	3
John Forman	5	5
Peter Green	4	5
David Jones	4	5
Bob Mason	5	5
Ryk Parkinson <i>(from 13 May)</i>	2	2
Robert Robinson	4	5
Anne-Marie Wright <i>(from 13 May)</i>	1	2

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health and safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2023. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law.

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by payment of the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd., which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on the following pages appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these

financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's independent examiner is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the independent examiner is aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day-to-day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working members. However, they are encouraged to identify their own training needs. Trustees are provided with the updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail

Accident Investigation Branch and the Heritage Railway Association (HRA).

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed. The board of trustees keeps six registers of risks to the business. These cover company level risks relating to commercial, external, finance, governance, operations, and personnel matters, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed, and documented at each board meeting. An annual review of all six registers was held in January 2023.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. The process is managed by the officer responsible for safety with heads of department providing departmental input. These risk assessments continued to be reviewed and updated during 2023 and are key elements in the safety audits.

Health and safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. During 2023 the railway had three reportable incidents, all were signals passed at danger (SPAD). There were several operational incidents, near misses, and minor injuries which were recorded and investigated using our internal processes, with reporting to the Safety Management Team at each meeting, and relevant safety improvements instigated and notices and briefings issued to staff. Incident numbers and details of higher level incidents were reported to trustees at board meetings.

In response to the external safety audit conducted in January 2023, an action plan, led by the general manager and safety officer, saw further improvements to document control, competence management, risk assessments and other measures. The Document Management System was moved to a new web based system specifically developed for heritage railways, meeting industry best practice and General Data Protection Regulations (GDPR) requirements.

The Safety Management Team was re-formed in April with an updated remit and commitment to meet five times per year. Projects to update the operating rule book and revise the level crossing risk assessments were started.

The safety officer resigned in August due to pressure of work and despite advertising the post several times has not yet been replaced.

Railway staff continue to work with the HRA, ORR, other railways, and industry to share changes and best practice. Staff attended a variety of safety related training courses throughout the year including working at height, ladder safety, manual handling, risk management models, and food hygiene. The railway continues to invest in new equipment to provide a safe and efficient working environment.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion.

This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion;
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements;
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the appropriate skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896;
- the conservation of its heritage assets and equipment for public enjoyment;
- the education of the public in the history of railway locomotion;
- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services;

- view the stations and buildings without payment whenever the railway is open;
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway, but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

The railway built upon the experience of the past three years to continue rebuilding passenger numbers and revenue with an expanded programme of special events and experiences. Trains operated on 169 days with most services operating the full length of the line. Online booking continued to be encouraged to aid us in managing capacity, thereby helping to improve the visitor experience, with Llanfair boarding being promoted for catering and first class services.

Despite the impact of the rising cost of living and an uncertain economic climate on visitors' disposable income, passenger numbers met our target for the year, with an increase of 5% on 2022. Revenue from railway operations exceeded budget by £30,000 and marked an increase of £70,000 on 2022. This was despite operating 18% fewer trains, helping improve our efficiencies and manage operating costs across the organisation. Our special events programme expanded, with a second 'enthusiasts' event' to celebrate the 120th anniversary of opening and 60 years of preservation of the line, alongside our traditional Steam Gala weekend, Santa Specials and an increased range of family events. Premium experiences continue to help fill trains at traditionally quieter times and increase our income per visitor. Alongside Afternoon Tea and evening Fish & Chips specials, a Gin & Whisky tasting train was introduced in partnership with a local distillery. Our station tearoom at Llanfair opened on more dates with an expanded menu of hot food and the provision of pre-booked picnic boxes. Following experience with an external caterer since 2020, the railway purchased and began operating its own mobile catering unit, both to provide an additional outlet at Llanfair on busy days and give us the ability to offer hot food at Welshpool station on select dates.

All departments at the railway contributed to this success, often adapting to operational changes at short notice. Timetables for the year were planned around predicted available staff levels but despite this short notice cover during the peak season remained a challenge. The engineering team worked hard to keep both No.1 *The Earl* and ZB2 *Zillertal* in service. One of the major highlights of the year was the return

of No. 10 *Sir Drefaldwyn* to traffic after a long and extensive overhaul. Our civil engineering and buildings departments worked year-round to maintain the railway infrastructure and estate, ensuring its safety and operational reliability. As well as tackling the backlog of deferred maintenance, notable achievements included the external repainting of Raven Square Station building and renewal of a section of line between Heniarth and Schoolmistress' Cottage with composite recycled plastic sleepers.

Our museum continues to develop its interpretation and range of displays on offer, bolstered by the separate Cloverlands Model Car Museum which helps attract a different clientele to the railway. Welshpool display shed was opened regularly on operating days and saw the addition of No. 14, ex-Sierra Leone Hunslet 85, and Sentinel locomotive *Nutty* (formerly W&L No. 5) which arrived on long-term loan from the narrow gauge railway museum in Tywyn.

Behind the scenes, our staff worked to ensure that safety regimes were maintained, marketing and administration conducted, and rosters managed. Recruitment and training of sufficient staff to support activities across all areas of the organisation, however, remains a constant priority.

Track, infrastructure and buildings

Significant work included a relay west of Heniarth Mill Bridge using plastic sleepers and S30 rail (all new), the purchase of an S30 turnout for Cyfronydd (scheduled for installation in early 2024) and the ordering of 400 plastic sleepers for future work. Diseased and dangerous trees have been removed, new fencing installed at Welshpool station and, following the return to service of locomotive No.7 *Chattenden*, extra flailing took place. Problems with wagon availability were eased considerably by the refurbishment of the two Bowaters wagons and the introduction of two new tool vans.

An in-house survey of the Tanllan retaining wall was carried out, leading to the decision to commission a scour survey of the river bank over a longer frontage and an external consultant was recruited to survey the former Colinette building to determine what will be required to re-roof it.

The midweek gang continued to be busy throughout the year with tasks that are often unseen but essential to the maintenance of the railway estate, including repainting the Llanfair Caereinion signal box and other painting, plumbing, drainage and maintenance work.

Steam locomotives

In 2023 the steam locomotive fleet accumulated a total of 6978 miles of which No. 1 *The Earl* completed 4660 miles, No. 10 *Sir Drefaldwyn* 722 miles and ZB2 *Zillertal*, on-hire from the Zillertalbahn, 1596 miles. Including for test and running-in purposes, No. 1 was in steam on 133 days with Nos. 10 and ZB2 on 30 days each.

The highlight of the year was No. 10 being outshopped in May for testing and running-in prior to entering service on 17th June at the 60th year of preservation event. Later in the year No. 2 *The Countess* was taken into the workshop to commence a 10-year overhaul and boiler lift.

Procuring solid fuel of adequate quality and acceptable cost is becoming increasingly challenging. In 2022 and 2023 we took a number of deliveries of both coal and bio-fuels of widely differing characteristics with consequent difficulties for crews. Our last full season (i.e. not Covid-affected) on good quality Welsh steam coal throughout was 2019, since when we have seen average fuel consumption per trip increase by some 35%, while the last two years' fuel costs have been more than double those of 2019 and earlier.

Rolling stock

The carriage fleet accumulated 27126 miles in passenger service during 2023 plus 318 miles on engineering trains due to withdrawal of the mess coach.

SLR carriage 1066 was returned from Statfold on 15th December following conversion from 3rd to 2nd class to an in-house design, rather than according to the Gloucester Carriage original. The work included a full repaint plus reinstating the interior lighting and steam heating, and the installation of a battery-powered refrigerator to assist with the provision of light refreshments.

Carriage C572 returned to traffic in April following replacement of the Llanfair end headstock. The wheelsets of both B14 and C572 were reprofiled by the VoR at Aberystwyth and reinstalled. MÁV carriage 430 was returned to traffic in December following a lengthy wait for repairs to the braking system.

Our old tool van – ex-RNAD No. 210 – was withdrawn earlier in the year with the bodywork condemned and replaced by our two ex-RNAD ammunition vans, given W&L numbers 86 & 87, now refurbished. The vendor was unable to advise us of the original RNAD numbers.

The track gang's mess coach which featured the original body from B17 mounted on ex-RNAD bogie wagon No. 41 was also withdrawn due to life-

expired bodywork. Work commenced in the autumn to overhaul the wagon with replacement of corroded structural members and adapting it to mount a custom-designed welfare unit.

Our two Butterley-built ex-Bowater wagons Nos. 610 & 631 were despatched in turn to Alan Keef Ltd. for overhaul and refurbishment following which both were available for use from mid-November.

Two of our Cravens-built, ex-RNAD bogie flat wagons Nos. 35 & 38, which in stripped-down condition have been used as rail carriers for many years, were withdrawn from service due to excessive corrosion.

Diesel locomotives

Locomotive No. 7 *Chattenden* returned to traffic on engineering trains in March following wheel turning and overhauling of the axleboxes. It completed 624 miles on passenger services, the majority in April, due to non-availability of steam locomotives early in the season. Locomotive No. 17 was also used on engineering trains as well as completing 112 miles in passenger service.

Alishan Forest Railway diesel locomotive DL-34 (W&L No. 22) was delivered to Llanfair on 1st February. It was subjected to a full examination and test running in late-March, and in September was despatched to Industrial & Heritage Rail Services at Darley Dale for fitting a vacuum brake system. At the same time work was underway at Llanfair producing the components necessary to fit Grondana couplings.

Education and heritage

The railway meets its formal charitable purpose by preserving the heritage and providing learning opportunities for all visitors. Our educational experiences include a varied timetable of heritage train rides, special events and activities showcasing the story of the W&LLR since 1903 and its connections with other 2ft 6in gauge railways.

In 2023 'Llanfair Connections' and the Cloverlands Model Car Museum were open to the public throughout the operating season and welcomed 2,317 visitors. Opening of both facilities continued to be restricted by the lack of volunteer stewards. Our goal is to open daily when trains are running. Work continued to update and enhance the displays, including adding more objects to them from the historic collections. The 16mm. scale model railway was improved to enable it to be visitor operated, making it a very popular exhibit. The Cloverlands Model Car Museum team also started a major redisplay of at the end of the season.

Family events during the year included the Carrot Express at Easter, Fireman Sam, Peter Rabbit visits, Paddington Bear and the Santa Specials, which were enhanced with trails, quizzes and educational activities.

In September we were awarded a small grant from Kids in Museums, which included a family friendly audit and £500 towards the implementation of some new activities and the improvement of signposting our family friendly offer both online and on site.

A small number of duplicate objects, and items which did not fit the Collections Development policy, were disposed of at public auction and some new acquisitions were made. A painting of *The Earl* on Banwy Bridge was accepted from the daughter of one of the railway's founding members and is now on display in Llanfair Connections.

Environment

With UK mined coal coming to an end we have continued to try alternative fuels, revising firing techniques as necessary and giving feedback to fuel suppliers. With its varied and frequent changes of gradient, our railway presents significant firing challenges, and we will remain engaged in the development of alternative fuels to help ensure future supplies of effective coal substitutes.

The catering team has switched to recyclable packaging materials for retail stock, further reducing our dependence on single use plastics. We have adopted modern paint systems with a reduced environmental impact for repainting buildings and continually seek to adopt best practice to reduce energy consumption.

The use of recycled plastic sleepers has now become the established standard when relaying track, with the permanent way team having developed new techniques for the handling and use of them.

Ash dieback has become prevalent in wider areas around the railway and will be a major challenge in coming years. More positively, we are seeing a wider range of lineside flora arising from the steady cutting back and coppicing of otherwise dominant species.

Fundraising

The railway continued to benefit from generous donors and legacies. Income during the year was £118,311 from donations (including £34,789 in Gift Aid reclaimable), £78,729 from legacies, and £7,847 in grants. The specific appeals during the year were for the overhaul of locomotive No.7 *Chattenden*, and for improvements to our carriage fleet for premium

services. An order was placed for refurbishment of ex-Sierra Leone carriage 1066, which returned in splendid condition after the year end. The arrival on loan of Taiwanese diesel DL-34 will permit No.7 to be released for overhaul once a costed plan has been drawn up.

The appeals team worked on several events to reward donors and to publicise our fund-raising progress. The appeals director sang the Welsh national anthem in Welsh, the Sierra Leone national anthem in English, and a jaunty song about the Salzkammergut Lokalbahn in German, in an authentic Austrian accent according to our former general manager.

W&L Sales

Step changes in the tearoom and catering more broadly meant that W&L Sales income was significantly higher. So too, however, were costs and after allowing for rent and administrative charges this resulted in a net loss. Steps are being taken to avoid this situation in 2024.

Shop sales remained buoyant and ahead of 2022, due to careful buying and pricing, and generous donations of items to be sold. This has been helped by the service given by our enthusiastic and dedicated shop volunteers, which is much appreciated and for which W&L Sales is very grateful.

Membership and volunteers

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. We welcomed 376 new members in 2023 (2022 150) after deciding to give recruitment at the railway additional focus. New members are encouraged to attend a New Members' Day where they can get to know the railway and its people. Total membership at the end of 2023 was 2,104, a net increase of 188. We do gain many new members through our social media presence as well as at the railway. Members are also encouraged to invite friends and colleagues to join.

The volunteer liaison committee completed another survey identifying how many active volunteers we have and where there is need for more recruitment.

Staff

In 2023 the company employed seven full-time and one-part time staff; plus there are around 250 part-time volunteer staff contributing about 14 full-time equivalent staff, and some seasonal staff in the tea-room. Although this was a slight increase in volunteer numbers on previous

years, it still resulted in an unavoidable reduction in services. Trustees and management are grappling with the problem of recruiting sufficient volunteers.

Publication of a comprehensive staff guide, work on which started in 2022, has been delayed by supply issues.

In January, Sara Jones was appointed as catering manager. In August, Carys Evans was recruited to the grant funded position of community engagement officer, only to resign in September. Recruitment to fill this post will be re-run in 2024.

In August Paul Wixey stepped down as volunteer safety officer and the following month William Bickers-Jones stepped down as volunteer buildings manager. Despite active advertising, both positions remain unfilled and replacements will now be sought externally.

The trustees are most grateful to the paid full-time and seasonal and volunteer staff for their forbearance, patience, and hard work during another challenging year for the heritage sector.

Financial review

Results and financial position

The trustees are of the opinion that in preparing the financial statements and related notes, appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and that all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

2023 was an eventful year. Traffic income, boosted by increasing experience in operating a wide range of successful events, was up an impressive 15%. Visitor generosity also led to £29,000 Gift Aid from fares, (2022 £27,000), representing a 30% take-up after allowing for events and group visits not eligible to be gift-aided. With better timetabling meaning fewer but fuller trains, coal costs were £8,000 lower and learning from 2022 experiences in events meant that spending on special events was £22,000 lower.

Broadening our tearoom offering and bringing the mobile catering unit operation in-house doubled catering income to £172,000. However, it has taken time to assess the appropriate staffing levels for different days with different trading patterns. Catering staff costs were £88,000 and reducing

these will be a top priority for 2024. Similarly, while visitor feedback on new menu options has been excellent, we need to raise gross margins on these items. In a good year W & L Sales contributes £20,000 profit to the company and also pays cross-charges for its use of station space, share of utilities, repairs, bank fees and administrative support totalling some £30,000. In 2023 W & L Sales had a loss of £14,000 due to the work on expanding catering and that needs to be reversed in 2024.

Total incoming resources (consolidated statement of financial activities) were £968,000. As well as traffic, retail and catering income, this included £8,000 of grants supporting key day-to-day projects, £90,000 in donations to the upcoming overhaul of No. 7 *Chattenden* and other projects, and £79,000 in legacies from Hugh Appleton, Marshall Cresswell, Ian Dettner, Charles Fisher, Peter Hempson, David Leigh and Alan Willmott (Windjammer Films). Appropriately generous interest rates (4.5%) on our deposits with CCLA also helped generate £52,000 in investment income.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, major project expenditure included the remaining mechanical engineering costs relating to assessing and reassembling for display No.14 (ex-SLR 85) and the civil engineering winter trackwork. The external track costs in 2023 were modest; the excellent work achieved over the winter being due to the dedicated and capable energies of the track gang using materials already to hand. Within working expenses, civil engineering included the many building maintenance smaller projects ably progressed earlier in 2023.

Administrative costs (Note 6) detail the expenditure on operating the railway, on W&L Sales' trading activities and on membership and governance costs. Staff costs in railway operation reflect the full year impact from having two paid workshop staff and the events assistant. W&L Sales includes our catering manager and the casual staff engaged to operate the tearoom and mobile catering unit, including successfully supporting our many events. Electricity costs were £16,000 higher due to 2023 contract prices; the 2024 contracts will have lower unit costs.

The CCLA investments (Notes 7 and 13) delivered £8,000 in dividends and a valuation gain of £18,000 (2022 £33,000 loss, 2021 £35,000 gain). This investment is held for the long-term as a buffer against unforeseen adverse events and the 2020/2021 pandemic showed the benefit of such a reserve.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity, including those donations and grants given to cover

specific operating expenses. Long-term donations are shown separately below, along with how they are spent, sometimes in a different period from when they were received. The generosity of members and other supporters meant that donations and legacies received in 2023 contributed £165,000 that can be applied to the many priorities within the recent business plan update.

Capital expenditure in 2023 was £184,000. In heritage fixed assets this was the comprehensive overhaul of Bowater wagons 610 and 631, completing the work on converting carriage SLR 1066 to second class and completing the overhaul of No. 10 *Sir Drefaldwyn*. In other fixed assets, the capital spend was the fully-fitted mobile catering unit and completing the new bogies for carriage MÁV 430.

Contingent income

The charity is expecting further payments from two legacies already notified. The amounts cannot be estimated with reasonable certainty at the date of this report, but the total could be £20,000.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives.

Existing restricted funds for No.7 *Chattenden* and other diesels, carriage improvements and maintenance and viaduct protection are planned to be used in the coming years. The 2020 Appeal and heritage wagon funds are awaiting approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 8 *Dougal* and No. 6 *Monarch* are for longer term projects.

Designated fund

The trustees have a designated fund earmarked for fitting out and displays as our interpretation centre plans evolve.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal. This is when major work is undertaken on civil and mechanical engineering, refurbishments, capital items, and when W&L Sales restocks the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an

appropriate level of seasonal reserve. This is calculated to be £610,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £310,000 to be an appropriate additional reserve. Adding these two figures, reserves of £920,000 were required at 31st December 2023; whilst actual investments, cash and working capital available stood at £1,500,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit fund, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund, which is an ethical fund.

The investment managers remain positive on the medium- and long-term prospects for equities with their investments spread across regions and sectors to help manage risk.

THE FUTURE

Faced with the challenge, as in 2022, of attracting sufficient volunteers a reduced timetable was implemented. This resulted in an increase of income for an 18% decrease in number of trains. The operating model has therefore been carried over into 2024. The updated business plan was published in May, and this will form the basis for the company's activities over the next three years. The plan will next be updated in 2026. The major strategies that had been signed off are being re-examined through the Major Projects Advisory Group.

An external safety audit will be completed early in 2024 and the reconstitution of the Safety Management Team will add impetus to addressing the audit recommendations.

The commercial challenges of 2023 will continue throughout 2024 as we face the cost-of-living crisis but should be mitigated by our progression to the new standard operating environment. Planning for the 2024 season has concentrated on ensuring that we can cope with the timetable even with reduced resources; our high end offering and events have been further prioritised to increase spend per visitor. We will still need to ensure we can cope with short term commercial and operating upsets, so a degree of flexibility in our operations will become normal. As in 2023,

this will need excellent operational communication and marketing with a focus on regular updates. We will consolidate the range of offerings that were provided in 2023, including increasing the range of catering as we bring on-train catering in house. The lessons learned from the last three years and considerable visitor and volunteer feedback will be built on in 2024 as we push towards increased operational income and contributions to the charity.

During 2024 we will continue to build on networking and lobbying through our membership of the HRA and Great Little Trains of Wales, and expansion of our liaisons with other railways and organisations. Efforts to preserve and improve the appearance of the railway to ensure it remains attractive to visitors will continue. The condition of buildings and significant infrastructure and their maintenance will be priorities.

Volunteer recruitment has now become critical to the future of the company and our ability to maintain the current levels of operation so there will be an increased focus on it in 2024.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

Steve Clews

Chairman
16 March 2024

Independent Financial Examiner's report to the Trustees of Welshpool & Llanfair Light Railway Preservation Co. Ltd.

I report to the charity Trustees on my examination of the accounts of the Charitable Company for the year ended 31 December 2023.

Responsibilities and basis of report

As the Trustees of the Charitable Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Charitable Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Charitable Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Charitable Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Charitable Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

This report is made solely to the Charitable Company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the Charitable Company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's Trustees as a body, for my work or for this report.

John Fletcher BA (Hons) FCA
15 April 2024

WR Partners
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Consolidated statement of financial activities
for the year ended 31 December 2023
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2023	Total 2022
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	118,564	86,323	204,887	634,459
<i>Charitable activities</i>					
Railway operation and preservation	3	445,680	-	445,680	387,705
Membership subscriptions		23,367	-	23,367	21,629
<i>Other trading activities</i>					
Commercial trading operations	4	242,544	-	242,544	153,800
<i>Investment income</i>	7	44,406	7,404	51,810	17,390
Total income		874,561	93,727	968,288	1,214,983
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	563,062	1,600	564,662	513,665
Railway operation and preservation – projects	3	200,298	32,725	233,023	269,903
Membership and governance expenses	5	22,375	-	22,375	28,269
<i>Other trading activities</i>					
Commercial trading operations	4	256,448	-	256,448	141,486
Total expenditure		1,042,183	34,325	1,076,508	953,323
Net gain/(loss) on investments	13	18,000	-	18,000	(33,000)
Net income/(expenditure) for the year		(149,622)	59,402	(90,220)	228,660
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		(149,622)	59,402	(90,220)	228,660
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,996,420	193,213	3,189,633	2,960,973
Total funds carried forward		2,846,798	252,615	3,099,413	3,189,633

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a loss of £(90,220), (2022 £228,660 surplus).

Consolidated and charity balance sheets

as at 31 December 2023

Company Registration No.00646238		Group		Charity	
		2023	2022	2023	2022
Fixed assets	Note	£	£	£	£
Heritage fixed assets	11	874,253	854,285	874,253	854,285
Other tangible fixed assets	12	672,497	709,949	672,497	709,949
Investments	13	274,000	256,000	304,000	286,000
		1,820,750	1,820,234	1,850,750	1,850,234
Current assets					
Stocks	14	101,100	104,100	73,000	79,000
Debtors	15	107,680	179,473	132,145	179,473
COIF deposit account		1,033,844	984,035	1,033,844	984,035
Bank accounts and cash balances	16	177,122	201,865	164,661	188,030
		1,419,746	1,469,473	1,403,650	1,430,538
Creditors: amounts falling due within one year					
Trade creditors		49,884	11,230	49,884	11,230
Other creditors including tax and social security	17	4,696	3,289	4,696	6,668
Accruals and deferred income	18	53,642	54,285	53,642	54,285
		108,222	68,804	108,222	72,183
Net current assets		1,311,524	1,400,669	1,295,428	1,358,355
Creditors: amounts falling due after more than one year	18	32,861	31,270	32,861	31,270
Total net assets		3,099,413	3,189,633	3,113,317	3,177,319
The funds of the charity:					
Unrestricted funds		2,793,363	2,944,541	2,807,267	2,932,227
Designated funds		53,435	51,879	53,435	51,879
Total unrestricted funds	19	2,846,798	2,996,420	2,860,702	2,984,106
Restricted income funds	20	252,615	193,213	252,615	193,213
Total funding provided		3,099,413	3,189,633	3,113,317	3,177,319

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

No audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 17 March 2024 and signed on their behalf

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2023

		2023		2022	
	Note	£	£	£	£
Net cash provided by/(used in) operating activities	23		201,683		367,364
Cash flows from investing activities:					
Dividends from investments	23	7,783		7,663	
Acquisition of heritage and other tangible fixed assets	11 12	(184,400)		(224,790)	
Disposal of tangible fixed assets		-		-	
(Acquisition) / divestment of investment assets	13	-		-	
Net cash provided by / (used in) investing activities			(176,617)		(217,127)
Cash flow from financing activities:					
Financing activities in year			-		-
Net cash provided by/(used in) financing activities			-		-
Change in cash and cash equivalents in the year	22		25,066		150,237
Cash and cash equivalents at beginning of year	22		1,185,900		1,035,663
Cash and cash equivalents at end of year	22		1,210,966		1,185,900

Notes to the accounts

31 December 2023

1. Accounting policies

The Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies, and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

(m) Contingent income

The charity sometimes benefits from legacies with payment received over several years. When further receipt is uncertain, amounts may be shown as contingent income.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2023	2022
	£	£	£	£
Gift aided donations	1,876	77,620	79,496	49,538
Other donations	1,497	8,703	10,200	6,181
Legacies	78,729	-	78,729	535,271
Gift Aid on fares	28,615	-	28,615	26,896
Grants – Powys Council	7,328	-	7,328	-
Grants – Welsh Govt	519	-	519	673
Grants – Heritage Lottery Fund	-	-	-	15,900
<hr/>				
Total 2023	118,564	86,323	204,887	634,459
Total 2022	622,400	12,059	634,459	

3. Railway operation and preservation

Turnover	Note	2023		2022	
		£	£	£	£
Fares			435,631		378,845
Keyse Cottage receipts		3,824		923	
Solar panels and EV charging income		4,420		4,472	
Sale of surplus materials and parking		1,805		3,465	
Other operating income			10,049		8,860
Income from railway operation and preservation			445,680		387,705
Working expenses					
Fuel		62,736		70,650	
Repairs and maintenance:					
Mechanical engineering		51,606		45,736	
Civil engineering		42,675		25,632	
Costs for special trains & events		45,655		67,953	
Loco hire fees		15,169		13,401	
Keyse Cottage running expenses		2,035		1,667	
Administration and management costs	6	344,786		288,626	
Total working expenses of railway operation and preservation			564,662		513,665
Major project expenditure					
Mechanical engineering		8,500		2,000	
Civil engineering		22,639		96,523	
Depreciation	11 12	201,884		171,380	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			233,023		269,903
Net cost of railway operation and preservation			352,005		395,863

4. Subsidiary's trading activities

	Note	2023		2022	
		£	£	£	£
Income – Consultancy		-		1,550	
Income – Catering		171,502		87,850	
Income – Shops		71,042		64,400	
Total trading income			242,544		153,800
Less: Catering cost of sales		98,160		45,612	
Gross tearoom profit			42.8%		48.1%
Less: Shops cost of sales		38,784		34,260	
Gross shops profit			45.4%		46.8%
Less: Administration and management costs	6	119,504		61,614	
Total trading expenditure			256,448		141,486
Net (loss)/profit for the year			(13,904)		12,314

Subsidiary's balance sheet at year-end

	2023	2022
Current assets -other	40,561	38,935
Current (liabilities) – other	-	-
Current assets / (liabilities) – inter-company balance with parent company	(24,465)	3,379
Net assets	16,096	42,314

W&L Sales Limited is a 100% owned subsidiary, with £30,000 share capital.

5. Membership and governance expenses

	Note	£ 2023	£ 2022
The Llanfair Railway Journal		12,982	11,954
Membership expenses	6	5,659	5,753
Governance costs	6	3,734	10,562
		22,375	28,269

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2023	Total 2022
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	41,804	-	-	41,804	38,386
Electricity and heating	25,320	-	-	25,320	8,966
Equipment rental and maintenance	5,340	-	-	5,340	4,419
Cleaning and hygiene supplies	13,634	-	-	13,634	12,928
Rent charged to trading	(19,887)	19,887	-	-	-
	66,211	19,887	-	86,098	64,699
Selling					
Advertising and publicity	26,283	-	-	26,283	31,120
Administrative					
Staff costs (<i>Note 9</i>)	199,513	87,617	-	287,130	187,186
Travelling	1,422	-	-	1,422	1,017
External training	3,130	-	-	3,130	6,873
Telephone and radio	4,671	-	-	4,671	4,084
Postage, stationery, and IT costs	6,872	-	-	6,872	4,381
Independent audit/examination fees	-	-	1,500	1,500	8,500
Accountancy fees	19,265	-	-	19,265	17,690
General expenses	5,237	-	7,893	13,130	15,270
Admin recharge to trading	(12,000)	12,000	-	-	-
	228,110	99,617	9,393	337,120	245,001
Financial					
Bank charges and booking processing costs	24,182	-	-	24,182	25,735
2023 Total	344,786	119,504	9,393	473,683	366,555
2022	288,626	61,614	16,315	366,555	

7. Investment income

	2023	2022
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,783	7,663
CCLA Deposit Fund	44,027	9,693
– Interest		
Interest on tax	-	34
	51,810	17,390
Of which: restricted	7,404	4,520
unrestricted	44,406	12,870

8. Taxation

No liability arises to corporation tax for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2023	2022
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	261,791	170,067
Social security costs	14,411	9,659
Other pension costs	10,928	7,460
	287,130	187,186

No member of staff received emoluments in excess of £60,000 (2022: Nil). Key Management received emoluments of £48,710 (2022 £46,872). In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2023	Number 2022
Charity (full time equivalent)	6	6
Subsidiary (full time equivalent)	4	2
	10	8

The group employed 23 (2022 18) different employees during the year.

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision. Trustees received £Nil as reimbursement of travel expenses (2022: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd, Shropshire Union Canal Society, the Heritage Railway Association and the Heritage Rail Charitable Trust. Robert Robinson is town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum. Andrew Charman is chair of Cloverlands Museum and editor of Narrow Gauge World. These trustees have recused themselves from any discussions or decisions on topics that may have given rise to a conflict of interest. In 2023, the Friends of Sierra Leone National Railway Museum made a donation of £8,500 to the railway towards costs related to locomotive No 85.

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2022	596,266	1,400,101	12,507	2,008,874
Additions	-	101,878	-	101,878
(Disposals)	-	-	-	-
At 31 December 2023	596,266	1,501,979	12,507	2,110,752
Depreciation				
At 31 December 2022	424,345	717,737	12,507	1,154,589
Charges for the period	15,118	66,792	-	81,910
(Disposals)	-	-	-	-
At 31 December 2023	439,463	784,529	12,507	1,236,499
Net book amount				
31 December 2023	156,803	717,450	NIL	874,253
31 December 2022	171,921	682,364	NIL	854,285

There was no capital expenditure contracted for at the period end (2022: Nil).

Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2022	77,342	No. 10 <i>Sir Drefaldwyn</i> <i>Sierra Leone carriage 1066</i>
2023	101,878	<i>Bowater wagons 610 and 631</i> <i>Sierra Leone carriage 1066</i>

12. Other tangible fixed assets: group and charity

	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
Cost	£	£	£	£
At 31 December 2022	878,624	475,717	357,545	1,711,886
Additions	-	26,243	56,279	82,522
(Disposals)	-	-	(2,180)	(2,180)
At 31 December 2023	878,624	501,960	411,644	1,792,228
Depreciation				
At 31 December 2022	464,995	318,785	218,157	1,001,937
Charge for the period	36,998	33,898	49,078	119,974
(Disposals)	-	-	(2,180)	(2,180)
At 31 December 2023	501,993	352,683	265,055	1,119,731
Net book amount				
31 December 2023	376,631	149,277	146,589	672,497
31 December 2022	413,629	156,932	139,388	709,949

There was £24,000 of capital expenditure contracted for at the period end (2022: £105,000).

13. Investments

COIF charity funds	Number	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
Investment Fund shares					
At 1 January at market value	14,119	256,000	289,000	256,000	289,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		18,000	(33,000)	18,000	(33,000)
At 31 December at market value	14,119	274,000	256,000	274,000	256,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	30,000
		274,000	256,000	304,000	286,000
Historic cost					
at 31 December		147,000	147,000	177,000	177,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £16,096 (2022: £42,314). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Stores	73,000	79,000	73,000	79,000
Goods for resale	28,100	25,100	-	-
	101,100	104,100	73,000	79,000

15. Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	17,440	11,860	17,440	11,860
Prepayments and accrued income	42,725	110,427	42,725	110,427
VAT	12,726	28,829	12,726	28,829
Gift Aid recoverable	34,789	28,357	34,789	28,357
Amount due from subsidiary company	-	-	24,465	-
	107,680	179,473	132,145	179,473

16. Bank overdraft

The group has overdraft facilities of £Nil (2022 - £Nil).

17. Other creditors including tax and social security

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
PAYE	4,696	3,289	4,696	3,289
Amount due to subsidiary company	-	-	-	3,379
	4,696	3,289	4,696	6,668

18. Accruals and deferred income

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Subscriptions in advance	50,603	46,495	50,603	46,495
Less: falling due after more than one year	(32,861)	(31,270)	(32,861)	(31,270)
	17,742	15,225	17,742	15,225
Accruals and deferred income	35,900	39,060	35,900	39,060

53,642 54,285 53,642 54,285

19. Unrestricted funds

	Balances 31 Dec 2022 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2023 £
<i>General funds</i>	2,944,541	873,005	(1,042,183)	18,000	2,793,363
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	51,879	1,556	-	-	53,435
	51,879	1,556	-	-	53,435
Total unrestricted funds	2,996,420	874,561	(1,042,183)	18,000	2,846,798

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2023, £1,250,151 (2022: £1,345,684) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2022 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2023 £
Restoration of No.6 <i>Monarch</i>	6,952	337	-	-	7,289
Restoration of No.14	28,292	9,541	(8,500)	-	29,333
Restoration of No. 8 <i>Dougal</i>	1,621	821	-	-	2,442
Zillertal carriages maintenance	3,740	112	(1,600)	-	2,252
Carriage improvement fund	47,899	14,536	(24,225)	-	38,210
Heritage wagon fund	4,145	124	-	-	4,269
Overhaul of No. 7 <i>Chattenden</i>	24,663	63,661	-	-	88,324
Diesel maintenance	5,668	170	-	-	5,838
Viaduct and bridges protection	22,752	683	-	-	23,435
2020 appeal	47,481	3,742	-	-	51,223
	193,213	93,727	(34,325)	-	252,615

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2023 £
Tangible heritage and other fixed assets	1,546,750	-	1,546,750
Investments	234,936	39,064	274,000
Net current assets	1,097,973	213,551	1,311,524
Long term liabilities	(32,861)	-	(32,861)
	2,846,798	252,615	3,099,413

22. Analysis of changes in net funds

	At 31 Dec 2022 £	Cash flows £	At 31 Dec 2023 £
Bank and cash balances	201,865	(24,743)	177,122
COIF Deposit account	984,035	49,809	1,033,844
	1,185,900	25,066	1,210,966

23. Net cashflow from operating activities

	2023 £	2022 £
Net income/(expenditure) per Statement of Financial Activities	(90,220)	228,660
Adjust for non-cash items:		
Depreciation	201,884	171,380
Net (gain)/loss on investments	(18,000)	33,000
Adjust for working capital changes:		
(Increase)/decrease in stocks	3,000	(8,900)
(Increase)/decrease in debtors	71,793	(21,228)
(Decrease)/increase in creditors	41,009	(27,885)
Adjust for dividends received: (shown separately in Cashflow)	(7,783)	(7,663)
	201,683	367,364

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2022 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	622,400	12,059	634,459
<i>Charitable activities</i>			
Railway operation and preservation	387,705	-	387,705
Membership subscriptions	21,629	-	21,629
<i>Other trading activities</i>			
Commercial trading operations	153,800	-	153,800
<i>Investment income</i>	12,870	4,520	17,390
Total income	1,198,404	16,579	1,214,983
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	509,061	4,604	513,665
Railway operation and preservation – projects	208,678	61,225	269,903
Membership and governance expenses	28,269	-	28,269
<i>Other trading activities</i>			
Commercial trading operations	141,486	-	141,486
Total expenditure	887,494	65,829	953,323
Net gain/(loss) on investments	(33,000)	-	(33,000)
Net income/(expenditure) for the year	277,910	(49,250)	228,660

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales -Retail & catering £	Appeals & investment income £	Membership and governance £	2023 £	2022 £
Income from daily operating activities	445,680	242,544	51,810	23,367	763,401	580,524
Gift Aid on fares	28,615	-	-	-	28,615	26,896
Donations – earmarked to running cost items	3,750	-	-	-	3,750	10,800
Grants - for running costs: local engagement /audience research	7,847	-	-	-	7,847	15,900
Daily operating (costs)	(564,662)	(256,448)	-	(22,375)	(843,485)	(675,920)
Net income: Daily operations	(78,770)	(13,904)	51,810	992	(39,872)	(41,800)
Long term income						
Donations, Legacies, Grants			164,675		164,675	580,863
(Loss)/Gains on investments			18,000		18,000	(33,000)
(Audit fee) – due to legacy income			-		-	(7,500)
Long term project expenditure						
Major project (spend)	(31,139)	-		-	(31,139)	(98,523)
(Depreciation)	(201,884)	-		-	(201,884)	(171,380)
Net income/ (expenditure) by activity	(311,793)	(13,904)	234,485	992	(90,220)	228,660

Minutes of 2023 Annual General Meeting

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

**Sixty fourth Annual General Meeting held at 5.00pm
on Saturday 13 May 2023 at the Station, Llanfair Caereinion, Powys**

Present:

Tony Thorndike (Vice President)	David Jones
Steve Clews (Chairman)	Bob Mason
Andrew Charman	James Brett (General Manager)
John Forman	Michael Reilly (Company Secretary)

and 28 other members, including 15 by video-link

Steve Clews chaired the meeting

Apologies for Absence

Apologies were received from the Earl of Powis (President), Alan Higgins (Vice-President), Sir Philip Williams (Vice-President), Helen Ashby, Dick Johnson, Annora Johnson, Mervyn Pritchard and Richard Thomas.

1. Minutes of the Annual General Meeting on 15 May 2022

The minutes of the previous AGM were agreed as a true record. There were no matters arising.

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2022

Steve Clews highlighted the main points of the annual report.

In some ways 2022 had been more difficult than 2021, the main difficulties being high inflation and instability in the supply of coal. But passenger numbers were encouraging, at 96% of 2019 levels, with operating income 38% higher, due in part to an increased uptake of premium and add-on experiences. Shop income held up well, tearoom income less so although we again received a useful contribution from the mobile catering unit. We welcomed the Cloverlands model car museum as an additional attraction at Llanfair and unlike some railways we had been able to continue operating with steam traction during the hot, dry days of the summer. Paid staff and volunteers alike had all worked hard to make this possible and Steve Clews thanked them all for their important contributions.

Bob Mason then summarised the main features of the Consolidated Financial Statements. The headline was a very impressive 78% increase in income due mainly to income from special events. The success of these varied, however, and we aimed to build on the successful ones and learn from the others in 2023. Other important points to note were the importance of the contribution made by W&L Sales to income, although this had been lower in 2022 than in 'normal' years; and the £27,000 contribution from Gift Aid, which covered roughly two-thirds of the cost of our coal for the year. While we had recorded a deficit on day-to-day activities this year, the £100,000 insurance payout in 2021 from our pandemic cover had provided a useful buffer. The goal was still to balance the books on day-to-day operations. We had received more helpful support from the National Lottery Heritage Fund and some more generous bequests. Our reserves were a healthy £1.6 million at year-end although this would reduce significantly as the business plan progressed.

In subsequent questions, Kate Billmore asked how ‘Steambricks’ was expected to make a profit in 2023, given that it had not done so in 2022. Bob Mason explained that it would be advertised more and held in Welshpool not Llanfair. James Brett added that the focus would be on ‘hands-on interaction’ rather than an expensive static display, so the overall cost would be roughly one-third of the previous year’s event. Steve Davidson noted that railway operating costs were higher than revenue and asked for an explanation, expressing concern that this suggested that income from donations and legacies was being used to cover running costs. Bob Mason said that this was why revenue from W&L Sales was so important. In common with almost all heritage railways, income from ticket sales alone was insufficient to cover railway operating costs. Almost 30% of traffic income went on coal and basic locomotive running repairs alone. We therefore looked to our sales subsidiary and membership subscriptions to cover the difference. Note 25 in the accounts explained day-to-day income and expenditure in more detail. Income from legacies was used for investment and capital spending, not to cover running costs.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was then proposed by Steve Davidson, seconded by Tony Thorndike, and passed unanimously.

3. Election of Trustees

John Forman and Robert Robinson were retiring from the board by rotation and standing for re-election. Ryk Parkinson and Anne-Marie Wright were standing for election. Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held, all four candidates received more votes in favour than against and were therefore elected or re-elected to the board.

4. Election of President

Steve Clews proposed that the Earl of Powis be elected President, which was seconded by Steve Davidson and agreed unanimously.

5. Election of Vice Presidents

The following nominations were made: Alan Higgins, Tony Thorndike, and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed unanimously, Andrew Charman proposing and Anne-Marie Wright seconding.

There being no further business, Steve Clews thanked those responsible for organising the meeting and all who attended or joined by video-link and the meeting closed at 5.40pm.

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales - Charity number 1000378

Accounts

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2022

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Administrative details

Registered office The Station
Llanfair Caereinion Welshpool
Powys SY21 0SF

Phone 01938 810441

Web www.wllr.org.uk

Accountants Cadwallader & Co LLP Chartered Accountants
Eagle House
25 Severn Street
Welshpool
Powys SY21 7AD

Auditor W R Partners
Hafren House
10 St. Giles Business Park
Newtown
Powys SY16 3AJ

Solicitors Lanyon Bowdler LLP
4 St Martin's Street
Hereford HR2 7RE

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Kevin Heywood

Engineering Manager James Mander

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion on Saturday 13 May 2023 at 5.00 p.m. for the purpose of transacting the following business:-

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2022.
2. To appoint WR Partners as auditors of the Company and to authorise the directors to determine their remuneration.
3. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Oliver Edwards, John Forman and Robert Robinson retire by rotation and William Bickers-Jones has resigned. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
4. To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
5. To elect vice presidents. Alan Higgins, Tony Thorndike, and Sir Philip Williams have indicated their willingness to be re-elected.

Immediately after the end of this meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead and that proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the Meetings.

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose formal charitable purpose is:

to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.

The trustees who served during 2022 were:

	<i>Number of trustees' meetings attended</i>	
	<i>Actual/Possible</i>	
Steve Clews <i>Chairman</i>	6	6
Iain McLean <i>Vice Chairman</i>	5	6
Helen Ashby	6	6
William Bickers-Jones	4	6
Simon Bowden	5	6
Andrew Charman	4	6
Oliver Edwards	3	6
John Forman	6	6
Peter Green	6	6
David Jones	6	6
Bob Mason	6	6
Robert Robinson	6	6

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health and safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2022. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law.

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by payment of the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd, which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on the following pages appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees (who are also directors of Welshpool & Llanfair Light Railway Preservation Co. Ltd for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the

charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day-to-day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working members. However, they are encouraged to identify their own training needs. Trustees are provided with the updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed.

The board of trustees keep six registers of risks to the business. These cover risks at a company level relating to commercial, external, finance, governance, operations, and personnel matters, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed, and documented at each board meeting. An annual review of all six registers was held in January 2022.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. The process is managed by the safety officer with heads of department providing departmental input. These risk assessments were extensively reviewed and updated during 2022 following the 2021 safety audit.

Health and safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. There were no reportable incidents on the railway in 2022. There were several operational incidents, near misses, and injuries which were recorded and investigated using our internal processes with reporting to the board at each meeting, relevant safety improvements instigated and notices and briefings issued to staff.

Restrictions imposed in response to the Covid-19 pandemic were gradually phased out during the first half of the year in line with Welsh Government guidance but screens at service points, hand sanitiser stations and the continued encouragement of advance booking to prevent overcrowding were retained to provide reassurance.

In response to the 2021 safety audit an action plan, led by the general manager and safety officer, has seen improvements to document control, competence management, a new incident and near miss reporting system, internal auditing and other progressive measures.

Railway staff continue to work with the Heritage Railway Association, other railways, and industry to share changes and best practice. Staff attended a variety of safety-related training courses throughout the year including first aid, asbestos awareness, food hygiene and allergy awareness.

The railway continues to invest in new equipment to provide a safe and efficient working environment. A new tractor with front loader was purchased to mechanise several manual handling tasks.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion.

This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion;
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements;
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the appropriate skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896;
- the conservation of its heritage assets and equipment for public enjoyment;
- the education of the public in the history of railway locomotion;
- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services;
- view the stations and buildings without payment whenever the railway is open;
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway, but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

The railway built upon the successful service developed during 2021 to rebuild passenger numbers and revenue with an expanded programme of special events and experiences. A timetable was delivered that could be operated in line with Covid-secure precautions if restrictions had been reintroduced. Trains operated on 179 days with a mixture of one- and two-hour trips from Llanfair Caereinion proving popular with visitors. Welshpool station was opened on more days than during the previous two years, with more trains serving it and the reintroduction of regular passenger boarding there from June.

Despite the impact of the rising cost of living on customer spending, passenger numbers were 92% of 2019 levels. Revenue from railway operations exceeded the budget and marked an increase of over £100,000 compared with 2019. The year saw the welcome return of our Steam Gala and Santa Specials in their traditional formats alongside the introduction of new events which drew in different audiences. Premium experiences, catering and special events helped increase our income per passenger, ensuring the company ended the year in a stable financial position.

Our station tearoom reopened at the start of the year serving its traditional fare. A cooperative model was operated alongside the outside catering unit provided by 4 Seasons which offered alternative hot food, bringing in additional revenue and providing a service to the wider community on days the tearoom was not open.

All departments at the railway contributed to these successes, often adapting to operational changes at short notice. Operating staff shortages during the peak season required short notice reductions in the timetabled services. The engineering team worked hard to keep both No.1 *The Earl* and ZB2 *Zillertal* in service, alongside making substantial progress on major overhaul projects and supporting the work of other departments.

Our civil engineering and buildings departments worked year-round to maintain the railway infrastructure and estate, ensuring its safety and operational reliability. Alongside tackling the backlog of tasks due to various restrictions of the past two years, the major notable success was the rebuild and commissioning of Sylfaen station passing loop to increase our operational flexibility.

Our 'Llanfair Connections' visitor centre welcomed a regular flow of visitors, boosted by the arrival of Cloverlands Model Car Museum from its previous premises in Montgomery. Its collection was installed and opened in stages during the year, enhancing the scope of displays for our visitors.

Behind the scenes, our staff worked to ensure that safety regimes were maintained, marketing and administration efficiently conducted, and rosters managed. Recruitment and training of sufficient volunteers to

support activities across all areas of the railway remains a constant priority however.

Track, infrastructure and buildings

The railway now has a qualified civil engineer on the team, enabling progress in more areas.

Significant work included re-railing at Tanllan, Cwm Curves, Llanfair station area, Castle loop, and Mill Curves. Tree maintenance and removal of storm damaged trees obstructing the line continues to be a major feature. One drawback was a shortage of rolling stock for works trains but recommissioning of our Baguley-Drewry railcar *The Wasp* aided flexibility, especially for lighter work.

The midweek gang was busy all year, with projects including refurbishment of S&T equipment, numerous instances of drain clearance and assorted plumbing repairs, supplementary work to the shop and ticket office counter at Llanfair, and the perennial grass cutting, shrub taming, and gutter clearance. Roof leaks were a major contributor to problems in 2022, and quotations are now being sought for re-roofing the former Colinette building.

Welshpool station was repainted, and drainage work to reduce the persistent flooding at the rear of the Colinette building and around the ashpit area undertaken. This involved laying a new drain, new manholes and a connection to the drain which previously discharged straight from the A458 road onto our track bed.

Steam locomotives

In 2022 the steam locomotive fleet accumulated a total of 7476 miles of which No. 1 *The Earl* completed 5418 miles (72%) and locomotive ZB2 *Zillertal*, on-hire from the Zillertalbahn, 2058 miles (28%). Including for test and running-in purposes, No. 1 was in steam on 167 days; ZB2 on 60 days. The number of steaming days for one loco is a W&L record in preservation, this previously being 149 for No. 2 in 2019, but the mileage is not, the record being 5915, also for No. 2 that year. The difference is due to the significant number of trips run only to Castle in 2022.

Work continued at Llanfair on the overhaul of No. 10 *Sir Drefaldwyn*.

Due to difficulties with the supply of steam coal, much of the year was spent running the locomotives on alternative fuels as described below in 'Environment.' These operations included extensive trialling of the various types available. Whether coal or any form of 'bio-fuel', towards the end of the year our solid fuel costs were more than twice those of 2021.

Rolling stock

The carriage fleet accumulated a mileage of 27405 in passenger service during 2022. SLR carriage 1066 was dispatched to Statfold on 4th April for conversion from 3rd to 2nd class. Carriage C572 was withdrawn in October due to corrosion to the Llanfair end headstock, upon which repair work started before the year-end. The two ex-RNAD ammunition vans - W&L numbers 86 & 87 – had Grondana couplings fitted and the majority of the bodywork refurbishment has been completed.

Diesel locomotives

Diesel locomotive No. 7 *Chattenden* was failed during the year due to unacceptably worn tyre profiles. The wheelsets were subsequently removed and dispatched to the VoR workshops at Aberystwyth for reprofiling. With the wheelsets removed, the opportunity was being taken towards the end of the year to recondition the axleboxes.

Diema locomotive No. 17 saw extensive service on engineering trains in addition to accumulating 704 miles on passenger trains.

No. 20 *The Wasp* had not seen service during 2020-21 but with No. 7 unavailable our small personnel carrier proved of use to the track gang towards the end of the year.

Education and heritage

The railway meets its formal charitable purpose by preserving the heritage and providing learning opportunities for all visitors.

In 2022 Llanfair Connections was open to the public between February half term and October half term and welcomed 3,389 visitors during the year. Opening continued to be restricted by the lack of volunteer stewards and our goal for the future is to open daily when trains are running.

Mid-year saw volunteer steward Dave Plume take over responsibility for the maintenance and operation of Llanfair Connections as manager, leaving Helen Ashby as head of department to concentrate on collections development and management. During 2022 a new exhibition about wool was added, reflecting the original purpose of the railway and the former use of the Colinette building as a wool factory. A new display on the early years of preservation was also added, and the children's activities that had been removed during the Covid restrictions were reinstated.

Family activities and education resources linked to the Paddington Bear event proved very popular and will be used as a template for future special events.

The transfer of the Cloverlands Model Car Museum from Montgomery has added to the displays in Llanfair Connections and is proving very successful.

Collections management standards were improved through the transfer of the collections inventory into the HOPS database and through the setting up of a collections working group to discuss and agree potential acquisitions, disposals and new interpretation across the railway.

Environment

We continued to take steps to reduce our carbon footprint, conducting trials with two types of smokeless coal briquettes and one bio-fuel alternative. Our engineering team and loco crews adapted our locomotives and their operating techniques accordingly and we subsequently gave feedback to the producers to help improve their products. With heavy overhauls of our diesel locomotives planned, consideration is being given to adapting them to run on alternatives to fossil-based fuel.

Similarly in the refurbishment of buildings, consideration has been given to improving the fabric and their services to ensure we adopt the best of current practices and ensure their longevity.

In 2022 we started using sleepers made from recycled plastic. Though more expensive than timber or concrete and needing the track gang to develop new methods of handling and use, they are predicted to have a very long life, good performance and reduce our carbon footprint over the long term.

We have moved away from reactive cutting back of lineside vegetation and aim to become more pro-active in its management, paying attention to the impact on flora and fauna and our legacy to future generations.

Fundraising

It was another good year for voluntary income. The 'Railway Transformed' appeal, for coaches and diesel locomotive *Chattenden*, contributed over £55,000 donation income. Outline drawings for a new first-class coach were drawn up, and we sent ex-Sierra Leone Railway coach 1066 to a contractor for an upgrade. Legacy income was no less than £467,000, with more to come in 2023 as some estates were being wound up. We also received a small amount of grant and consultancy income.

W&L Sales

The further relaxation of Covid restrictions in 2022 allowed both the shops and the tearoom to be open. The departure of the tearoom manager in early August, while saving salary costs, reduced the ability to manage them as

effectively as hoped. The contracted mobile catering unit remained in place at Llanfair. The result was an overall contribution to the parent charity of almost £37,000. In 2023 we will operate our own catering unit, and this should increase sales considerably. Staffing of both shops proved problematic but a rebuild of the shop counter at Llanfair will allow Station Masters to cover the shop as well as ticket sales, easing staffing requirements. The trustees would like to thank all those who contributed over the year to the running of the shops and tearoom.

Membership and volunteers

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. Total membership at the end of 2022 was 1,916, which is 100 fewer than in December 2021. We had 176 new members but 267 left, including 26 who passed away. Lower recruitment is attributable to visitors who, having already booked online, are less inclined to join as members on the day. We do gain many new members through our social media presence, but recruitment at the railway will receive additional focus in 2023. Members are also encouraged to invite friends and colleagues to join.

The volunteer liaison committee completed a survey giving it a clear picture as to how many volunteers we have and where there is need for more recruitment. A more flexible approach to training was adopted, so it should be easier for volunteers to progress in their chosen area of interest.

Staff

In 2022 the company employed seven full-time and one part-time staff; plus there are around 220 part-time volunteer staff contributing about 24 full-time equivalent staff and some seasonal staff in the tea-room. This is a considerable reduction in volunteers on previous years and resulted in an unavoidable reduction in services. Trustees are grappling with the problem.

During the year the Covid safe operations strategy and rules were slowly reduced to zero in line with government guidance. Development of a comprehensive staff guide was started.

In February Ruth Davies was appointed as events apprentice, a new role enabling us to organise more events.

In March James Mander was appointed as engineering manager and has settled into his role well with a noticeable increase in volunteers in the department.

Also in March, Stephen Garner was appointed as catering supervisor but left at the end of August. Recruitment of his replacement started towards the end of the year.

The trustees are most grateful to all the staff, paid, seasonal and volunteer, for their forbearance, patience, and hard work during another difficult year.

Marketing

The year 2022 saw continued development of our marketing efforts. Online marketing is now central to our promotional efforts using our website and social media channels to good effect. We continue to see high levels of engagement with offers for special occasions such as afternoon tea. Our leaflet layout was revised and improved with new artwork produced to celebrate the 120th anniversary of the construction of locomotive Nos. 1 and 2. Limited options in the leaflet distribution market mean that we are bringing in a more local focus, with direct contact between the railway and individual attractions and accommodation providers. Introduced in 2021 with our new booking system, our anonymous post-visit survey collection continued to give us considerable evidence about the views of our visitors. Senior management and trustees review these to ensure that our events, experiences and facilities continue to meet visitors' expectations.

Financial review

Results and financial position

The trustees are of the opinion that in preparing the financial statements and related notes, appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and that all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

Traffic income, boosted by experimenting with a wide range of events and special experiences of on-train catering and first-class travel was up an impressive 57%; 26% (£78,000) if we allow for 2021 still being affected by the pandemic. For the first time we offered visitors the opportunity to Gift Aid their fares, this generated an additional £27,000.

Unfortunately cost increases absorbed much of the extra income, with coal and alternative solid fuels £50,000 higher while events cost £60,000 to put on. Re-opening the tearoom, while a great step forward, involved costs of £25,000, including recruiting our own catering manager.

W&L Sales' surplus, which the railway relies on as a contribution to day-to-day operations, was £37,000 (2021 £33,000), some £20,000 lower than the amount typically contributed in past years.

The railway's electricity prices for 2022 were still on a fixed price contract. For 2023 these will treble, resulting in an additional £20,000 cost.

Total incoming resources (consolidated statement of financial activities) were again above £1 million at £1,215,000 due to:

- Traffic income recovering after the pandemic and rising a further 26% due to new events and other initiatives;
- More operating days resulting in more retail sales and catering benefitting from the tearoom re-opening;
- National Lottery Heritage Fund support on audience research and training;
- £83,000 in donations from our many supporters, including donations with fares and supplemented by Gift Aid;
- £535,000 in legacies from Charles Fisher, David Thomas, Ian Waters, Roger Pattie and Roy Laverick;
- Rising interest rates, so that the funds we hold for reserves and upcoming major projects generated an extra £10,000.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, major project expenditure here includes winter track relays and costs relating to assessing locomotive No.14 (ex-SLR 85). Costs for special trains and events include the incremental costs for events such as hiring in locomotives, artists' fees and Christmas presents for Santa trains.

Administrative costs (Note 6) show marketing £22,000 lower as 2021 had one-off costs for the new website and online booking. External training is £4,000 higher as we made more use of this with some topics supported by the NLHF grant. Hygiene costs include PPE; we include the cost here even when the relevant volunteer makes a contribution, which goes to donations. Thanks are due to those who have helped in this way. IT costs are £10,000 lower as 2021 had the Solidworks software purchase, but in the sub-section 'Financial' we have extra costs on card processing and online booking due both to the higher volume of sales and the greater level of information and control we have with our new EPOS system.

Staff costs were higher than 2021 as we had two additional permanent staff: a catering manager and an events apprentice.

The CCLA investments (Notes 7 and 13) delivered £8,000 in dividends, but the valuation at 31 December 2022 was £33,000 lower (2021 had a £35,000 gain). The valuation has improved since year-end and this investment is held for the long-term.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity, including those donations and grants given to cover specific operating expenses. Long-term donations are shown separately below, along with how they are spent, sometimes in a different period from when they were received. The additional cost of our audit is also shown as an audit is only required when Income exceeds £1million. The generosity of members and other supporters meant that donations and legacies received in 2022 earmarked for long-term projects contributed £581,000 that can be applied to the many priorities within the business plan.

Capital expenditure in 2022 was £225,000. In 'Heritage fixed assets' this was work on converting carriage SLR 1066 to second class and towards completing No. 10 *Sir Drefaldwyn*. In 'Other tangible fixed assets' it was improvement works to enable us to rent part of our units to Cloverlands museum, overhauled bogies for carriage MÁV 430, work on the tool vans, a new tractor, two defibrillators, our EPOS system, a new air compressor and other replacement equipment. We have also capitalized transport costs for locomotive DL-34 (paid in advance of delivery) and will amortize these over its expected loan period from 2023.

Contingent income

The charity is expecting further payments from two legacies already notified. The amounts could not be estimated with reasonable certainty at the date of this report, but the total could be £40,000.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives and business plan. During the year, £49,000 was transferred to the carriage improvement fund from unrestricted funds as the original donor was known to have an interest in carriage improvement though the funds were not donated with any restriction specified.

Existing restricted funds for No.7 *Chattenden* and other diesels, carriage improvements and maintenance, and viaduct protection are planned to be used in the coming years. The 2020 appeal and heritage wagon funds are awaiting approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 8 *Dougal* and No. 6 *Monarch* are for longer term projects.

Designated fund

The trustees have a designated fund earmarked for fitting out and displays as our interpretation centre plans evolve.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal. This is when major work is undertaken on civil and mechanical engineering, refurbishment, and capital items, when coal stocks are replenished and when W&L Sales restocks the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £550,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £250,000 to be an appropriate additional reserve. Adding these two figures, reserves of £800,000 were required at 31st December 2022, whilst actual investments, cash and working capital readily available (so excluding stock) stood at £1,560,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in the CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit account, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund units which is an ethical fund.

The investment managers remain positive on the medium- and long-term prospects, preferring equities to fixed income assets.

THE FUTURE

2022 carried on in presenting the company with major challenges. We were fortunate to have returned an excellent performance compared to 2019 but with very different operations. Because of the pandemic and subsequent

commercial uncertainty, the planned update of the business plan was further delayed into 2023. The major strategies that had been signed off are being rebased due to the reduction in numbers of operational staff. Development of the next ten-year business plan will be completed during the first half of 2023.

A safety audit will be completed early in 2023 to allow off-season time to address the recommendations from the last audit. There will be a focus on addressing the subsequent recommendations prior to a follow up audit at year end.

Uncertainties and commercial challenge will continue throughout 2023 as we face the cost-of-living crisis and a 'normal' that has changed since 2019. Planning has concentrated on ensuring that reduced resources can cope with the timetable; our high end offering and events have been further prioritised to increase spend per visitor. However, some flexibility, with a degree of short-range planning will still be needed. As in 2022, this will need excellent operational communication and marketing with a focus on regular updates. We will consolidate the range of offerings that were given in 2022, including increasing the range of catering as we bring our mobile catering unit into operation. The lessons learned from the last three years and considerable visitor and volunteer feedback will be built on as we push towards increased operational income and contribution to the charity.

The major projects advisory group was reactivated during 2022 and this will be invaluable in informing the business plan as we continue to evaluate our options for site development.

During 2023 we will continue to build on networking and lobbying through connections with HRA, GLTW and expansion of our liaison railways and organisations.

The efforts to preserve and improve the appearance of the railway to ensure it remains attractive to visitors will be prioritised in 2023 and beyond, with efforts made to further catch up on previously deferred maintenance.

During 2023 there will be an increased focus on volunteer recruitment as this has now become critical to the future of the company. This will involve a more focused campaign to fill volunteer posts.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

Steve Clews

Chairman 18 March 2023



Independent Auditor's report to the Trustees of Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Opinion

We have audited the financial statements of Welshpool & Llanfair Light Railway Preservation Co. Ltd. (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the parent charitable company balance sheet, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Board of Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit;
- or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Report of the Board of Trustees and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement included in the Report of the Board of Trustees, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are those that relate to the reporting framework (Charities SORP (FRS102), the Companies

Act 2006 and the Charities Act 2011, the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

We understood how the charitable company and group are complying with these frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures. We also reviewed board minutes to identify any recorded instances of irregularity or non-compliance that might have a material impact on the financial statements.

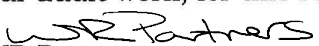
We assessed the susceptibility of the charitable company and group's financial statements to material misstatement, including how fraud might occur by meeting with key management and those charged with governance to understand where they considered there was susceptibility to fraud. Based on our understanding, procedures involved enquiries of management and those charged with governance, manual journal entry testing, cashbook reviews for large and unusual items and the challenge of significant accounting estimates used in preparing the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


WR Partners
Chartered Accountants
Statutory Auditors
Hafren House
10 St. Giles Business Park
Newtown
Powys
SY16 3AJ
24 March 2023

Consolidated statement of financial activities
for the year ended 31 December 2022
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2022	Total 2021
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	622,400	12,059	634,459	1,050,556
<i>Charitable activities</i>					
Railway operation and preservation	3	387,705	-	387,705	348,660
Membership subscriptions		21,629	-	21,629	20,861
<i>Other trading activities</i>					
Commercial trading operations	4	153,800	-	153,800	84,239
<i>Investment income</i>	7	12,870	4,520	17,390	7,576
Total income		1,198,404	16,579	1,214,983	1,511,892
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	509,061	4,604	513,665	522,266
Railway operation and preservation – projects	3	208,678	61,225	269,903	316,888
Membership and governance expenses	5	28,269	-	28,269	20,223
<i>Other trading activities</i>					
Commercial trading operations	4	141,486	-	141,486	66,208
Total expenditure		887,494	65,829	953,323	925,585
Net gain/(loss) on investments	13	(33,000)	-	(33,000)	35,000
Net income/(expenditure) for the year		277,910	(49,250)	228,660	621,307
Gross transfers between funds	20	(48,533)	48,533	-	-
Net movement in funds for the year		229,377	(717)	228,660	621,307
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,767,043	193,930	2,960,973	2,339,666
Total funds carried forward		2,996,420	193,213	3,189,633	2,960,973

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a surplus of £228,660 (2021 £621,307 surplus).

Consolidated and charity balance sheets

as at 31 December 2022

Company Registration No.00646238	Note	Group		Charity	
		2022	2021	2022	2021
Fixed assets		£	£	£	£
Heritage fixed assets	11	854,285	855,350	854,285	855,350
Other tangible fixed assets	12	709,949	655,474	709,949	655,474
Investments	13	256,000	289,000	286,000	319,000
		1,820,234	1,799,824	1,850,234	1,829,824
Current assets					
Stocks	14	104,100	95,200	79,000	73,000
Debtors	15	179,473	158,245	179,473	159,878
COIF deposit account		984,035	800,679	984,035	800,679
Bank accounts and cash balances	16	201,865	234,984	188,030	216,014
		1,469,473	1,289,108	1,430,538	1,249,571
Creditors: amounts falling due within one year					
Trade creditors		11,230	37,703	11,230	37,697
Other creditors including tax and social security	17	3,289	2,608	6,668	16,608
Accruals and deferred income	18	54,285	56,559	54,285	51,059
		68,804	96,870	72,183	105,364
Net current assets		1,400,669	1,192,238	1,358,355	1,144,207
Creditors: amounts falling due after more than one year	18	31,270	31,089	31,270	31,089
Total net assets		3,189,633	2,960,973	3,177,319	2,942,942
The funds of the charity:					
Unrestricted funds		2,944,541	2,716,675	2,932,227	2,698,644
Designated funds		51,879	50,368	51,879	50,368
Total unrestricted funds	19	2,996,420	2,767,043	2,984,106	2,749,012
Restricted income funds	20	193,213	193,930	193,213	193,930
Total funding provided		3,189,633	2,960,973	3,177,319	2,942,942

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

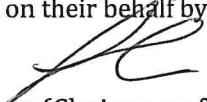
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

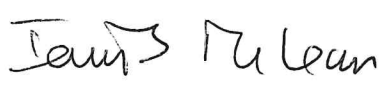
However, an audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 18 March 2023 and signed on their behalf by:


Steve Clews (Chairman of the Trustees)


Iain McLean (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2022

		2022		2021	
	Note	£	£	£	£
Net cash provided by/(used in) operating activities	23		367,364		538,988
Cash flows from investing activities:					
Dividends from investments	23	7,663		7,466	
Acquisition of heritage and other tangible fixed assets	11 12	(224,790)		(169,827)	
Disposal of tangible fixed assets		-		-	
(Acquisition) / divestment of investment assets	13	-		-	
Net cash provided by / (used in) investing activities			(217,127)		(162,361)
Cash flow from financing activities:					
Financing activities in year		-		-	
Net cash provided by/(used in) financing activities			-		-
Change in cash and cash equivalents in the year	22		150,237		376,627
Cash and cash equivalents at beginning of year	22		1,035,663		659,036
Cash and cash equivalents at end of year	22		1,185,900		1,035,663

Notes to the accounts

31 December 2022

1. Accounting policies

The Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies, and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

(m) Contingent income

The charity will benefit from further final payments from two legacies already received in large part. The amounts are not certain but could total £40,000.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2022	2021
	£	£	£	£
Gift aided donations	39,445	10,093	49,538	83,886
Other donations	4,215	1,966	6,181	23,314
Legacies	535,271	-	535,271	580,302
Gift Aid on fares	26,896	-	26,896	-
Furlough support	-	-	-	2,083
Grants – EU TAIS	673	-	673	58,705
Grants – Powys Council	-	-	-	15,000
Grants – Heritage Lottery Fund	15,900	-	15,900	22,900
Grants – Cultural Recovery Fund	-	-	-	264,366
<hr/>				
Total 2022	622,400	12,059	634,459	1,050,556
Total 2021	987,804	62,752	1,050,556	

3. Railway operation and preservation

Turnover	Note	2022		2021	
		£	£	£	£
Fares			378,845		241,532
Keyse Cottage receipts		923		2,664	
Solar panels income		4,472		1,681	
Sale of surplus materials and parking, Insurance receipt		3,465		102,783	
Other operating income			8,860		107,128
Income from railway operation and preservation			387,705		348,660
Working expenses					
Fuel		70,650		21,220	
Repairs and maintenance:					
Mechanical engineering		45,736		89,227	
Civil engineering		25,632		70,255	
Costs for special trains & events		67,953		7,260	
Loco hire fees		13,401		18,498	
Keyse Cottage running expenses		1,667		1,299	
Administration and management costs	6	288,626		314,507	
Total working expenses of railway operation and preservation			513,665		522,266
Major project expenditure					
Mechanical engineering		2,000		15,629	
Civil engineering		96,523		126,986	
Depreciation	11 12	171,380		174,273	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			269,903		316,888
Net cost of railway operation and preservation			395,863		490,494

4. Subsidiary's trading activities

	Note	2022		2021	
		£	£	£	£
Income – Consultancy		1,550		-	
Income – Catering		77,850		28,755	
Income – Shops		74,400		55,484	
Total trading income			153,800		84,239
Less: Catering cost of sales		40,112		17,488	
Gross tearoom profit			48.5%		39.2%
Less: Shops cost of sales		39,760		26,237	
Gross shops profit			46.6%		52.7%
Less: Administration and management costs	6	61,614		22,483	
Total trading expenditure			141,486		66,208
Net profit for the year - to be donated to parent company by gift aid			12,314		18,031

Subsidiary's balance sheet at year-end	2022	2021
Current assets -other	38,935	41,170
Current (liabilities) – other	-	(7,139)
Current assets / (liabilities) – inter-company balance with parent company	3,379	14,000
Net assets	42,314	48,031

W&L Sales Limited is a 100% owned subsidiary, with £30,000 share capital.

5. Membership and governance expenses

	Note	£ 2022	£ 2021
The Llanfair Railway Journal		11,954	11,921
Membership expenses	6	5,753	1,230
Governance costs	6	10,562	7,072
		28,269	20,223

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2022	Total 2021
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	38,386	-	-	38,386	32,896
Electricity and heating	8,966	-	-	8,966	10,957
Equipment rental and maintenance	4,419	-	-	4,419	5,267
Cleaning and hygiene supplies	12,928	-	-	12,928	16,820
Rent charged to trading	(12,528)	12,528	-	-	-
	52,171	12,528	-	64,699	65,940
Selling					
Advertising and publicity	31,120	-	-	31,120	52,794
Administrative					
Staff costs <i>(Note 9)</i>	151,637	35,549	-	187,186	162,785
Travelling	1,017	-	-	1,017	670
External training	6,873	-	-	6,873	3,236
Telephone and radio	4,084	-	-	4,084	3,447
Postage, stationery, and IT costs	4,381	-	-	4,381	14,362
Independent audit/examination fees	-	-	8,500	8,500	7,072
Accountancy fees	17,690	-	-	17,690	16,485
General expenses	5,918	1,537	7,815	15,270	7,813
Admin recharge to trading	(12,000)	12,000	-	-	-
	179,600	49,086	16,315	245,001	215,870
Financial					
Bank charges and booking processing costs	25,735	-	-	25,735	10,688
2022 Total	288,626	61,614	16,315	366,555	345,292
2021	314,507	22,483	8,302	345,292	

7. Investment income

	2022	2021
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,663	7,466
CCLA Deposit Account – Interest	9,693	57
Bank interest	-	-
Interest on tax	34	53
	17,390	7,576
Of which: restricted	4,520	5,648
unrestricted	12,870	1,928

8. Taxation

No liability arises to corporation tax on the surplus for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2022	2021
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	170,067	146,811
Social security costs	9,659	9,242
Other pension costs	7,460	6,732
	187,186	162,785

No member of staff received emoluments in excess of £60,000 (2021: Nil). The General Manager's emoluments were in the range £40,001 to £45,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2022	Number 2021
Charity (full time equivalent)	6	5
Subsidiary (full time equivalent)	2	-
	8	5

The group employed 18 different employees during the year.

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision.

Trustees received £Nil as reimbursement of travel expenses (2021: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director/trustee of Oswestry and Borderlands Tourism Ltd, the Heritage Railway Association, the Heritage Rail Charitable Trust and the Shropshire Union Canal Society. Robert Robinson is town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum and William Bickers Jones is also a trustee of that organisation. Andrew Charman is a trustee of Cloverlands model car museum and editor of Narrow Gauge World and Helen Ashby and Oliver Edwards are heritage consultants to several railways. If any of these perceived a conflict of interest, they would have withdrawn from discussions and decisions on that topic.

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2021	596,266	1,322,759	12,507	1,931,532
Additions	-	77,342	-	77,342
(Disposals)	-	-	-	-
At 31 December 2022	596,266	1,400,101	12,507	2,008,874
Depreciation				
At 31 December 2021	409,228	654,447	12,507	1,076,182
Charges for the period	15,117	63,290	-	78,407
(Disposals)	-	-	-	-
At 31 December 2022	424,345	717,737	12,507	1,154,589
Net book amount				
31 December 2022	171,921	682,364	NIL	854,285
31 December 2021	187,038	668,312	NIL	855,350

There was £85,000 capital expenditure contracted for at the period end (2021: Nil).

Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2022	77,342	No. 10 <i>Sir Drefaldwyn</i> Sierra Leone carriage 1066

12. Other tangible fixed assets: group and charity

	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
Cost	£	£	£	£
At 31 December 2021	882,945	391,174	300,940	1,575,059
Additions	3,999	84,543	58,906	147,448
(Disposals)	(8,320)	-	(2,301)	(10,621)
At 31 December 2022	878,624	475,717	357,545	1,711,886
Depreciation				
At 31 December 2021	437,769	289,023	192,793	919,585
Charge for the period	35,546	29,762	27,665	92,973
(Disposals)	(8,320)	-	(2,301)	(10,621)
At 31 December 2022	464,995	318,785	218,157	1,001,937
Net book amount				
31 December 2022	413,629	156,932	139,388	709,949
31 December 2021	445,176	102,151	108,147	655,474

There was £20,000 of capital expenditure contracted for at the period end (2021: £30,000).

13. Investments

COIF charity funds	Number	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Investment Fund shares					
At 1 January at market value	14,119	289,000	254,000	289,000	254,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		(33,000)	35,000	(33,000)	35,000
At 31 December at market value	14,119	256,000	289,000	256,000	289,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	30,000
		256,000	289,000	286,000	319,000
Historic cost at 31 December		147,000	147,000	177,000	177,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £42,314 (2021: £48,031). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Stores	79,000	73,000	79,000	73,000
Goods for resale	25,100	22,200	-	-
	104,100	95,200	79,000	73,000

15. Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	11,860	163	11,860	163
Prepayments and accrued income	110,427	90,395	110,427	90,395
VAT	28,829	50,659	28,829	52,292
Gift Aid recoverable	28,357	17,028	28,357	17,028
	179,473	158,245	179,473	159,878

16. Bank overdraft

The group has overdraft facilities of £Nil (2021 - £Nil).

17. Other creditors including tax and social security

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
PAYE	3,289	2,608	3,289	2,608
Amount due to subsidiary company	-	-	3,379	14,000
	3,289	2,608	6,668	16,608

18. Accruals and deferred income

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Subscriptions in advance	46,495	46,148	46,495	46,148
Less: falling due after more than one year	(31,270)	(31,089)	(31,270)	(31,089)
	15,225	15,059	15,225	15,059
Accruals and deferred income	39,060	41,500	39,060	36,000
	54,285	56,559	54,285	51,059

19. Unrestricted funds

	Balances 31 Dec 2021 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2022 £
<i>General funds</i>	2,716,675	1,196,893	(887,494)	(81,533)	2,944,541
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	50,368	1,511	-	-	51,879
	50,368	1,511	-	-	51,879
Total unrestricted funds	2,767,043	1,198,404	(887,494)	(81,533)	2,996,420

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2022, £1,345,684 (2021: £1,340,154) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2021 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2022 £
Restoration of No.6 <i>Monarch</i>	6,700	252	-	-	6,952
Restoration of No.14	29,280	1,012	(2,000)	-	28,292
Restoration of No. 8 <i>Dougal</i>	824	797	-	-	1,621
Zillertal carriages maintenance	3,631	109	-	-	3,740
Carriage improvement fund	49,889	8,702	(59,225)	48,533	47,899
Heritage wagon fund	4,024	121	-	-	4,145
Overhaul of No. 7 <i>Chattenden</i>	21,370	3,293	-	-	24,663
Diesel maintenance	7,693	247	(2,272)	-	5,668
Viaduct and bridges protection	24,421	663	(2,332)	-	22,752
2020 appeal	46,098	1,383	-	-	47,481
	193,930	16,579	(65,829)	48,533	193,213

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2022 £
Tangible heritage and other fixed assets	1,564,234	-	1,564,234
Investments	219,135	36,865	256,000
Net current assets	1,244,321	156,348	1,400,669
Long term liabilities	(31,270)	-	(31,270)
	2,996,420	193,213	3,189,633

22. Analysis of changes in net funds

	At 31 Dec 2021 £	Cash flows £	At 31 Dec 2022 £
Bank and cash balances	234,984	(33,119)	201,865
COIF Deposit account	800,679	183,356	984,035
	1,035,663	150,237	1,185,900

23. Net cashflow from operating activities

	2022 £	2021 £
Net income/(expenditure) per Statement of Financial Activities	228,660	621,307
Adjust for non-cash items:		
Depreciation	171,380	174,273
Net (gain)/loss on investments	33,000	(35,000)
Adjust for working capital changes:		
(Increase)/decrease in stocks	(8,900)	(20,700)
(Increase)/decrease in debtors	(21,228)	(51,859)
(Decrease)/increase in creditors	(27,885)	(141,567)
Adjust for dividends received: (shown separately in Cashflow)	(7,663)	(7,466)
	367,364	538,988

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2021 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	987,804	62,752	1,050,556
<i>Charitable activities</i>			
Railway operation and preservation	348,660	-	348,660
Membership subscriptions	20,861	-	20,861
<i>Other trading activities</i>			
Commercial trading operations	84,239	-	84,239
<i>Investment income</i>	1,928	5,648	7,576
Total income	1,443,492	68,400	1,511,892
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	518,676	3,590	522,266
Railway operation and preservation – projects	275,094	41,794	316,888
Membership and governance expenses	20,223	-	20,223
<i>Other trading activities</i>			
Commercial trading operations	66,208	-	66,208
Total expenditure	880,201	45,384	925,585
Net gain/(loss) on investments	35,000	-	35,000
Net income/(expenditure) for the year	598,291	23,016	621,307

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales £	Appeals & investment income £	Membership and governance £	2022 £	2021 £
Income from daily operating activities	387,705	153,800	17,390	21,629	580,524	461,336
Gift Aid on fares	26,896	-	-	-	26,896	-
Donations – earmarked to running cost items	6,250	-	-	4,550	10,800	-
Grants - for running costs: audience research / pandemic	15,900	-	-	-	15,900	149,266
Daily operating (costs)	(513,665)	(141,486)	-	(20,769)	(675,920)	(602,697)
Net income: Daily operations	(76,914)	12,314	17,390	5,410	(41,800)	7,905
 <i>Long term income</i>						
Donations, Legacies, Grants			580,863		580,863	901,290
(Loss)/Gains on investments			(33,000)		(33,000)	35,000
(Audit fee) – increased cost due to higher income				(7,500)	(7,500)	(6,000)
 <i>Long term project expenditure</i>						
Major project (spend)	(98,523)	-		-	(98,523)	(142,615)
(Depreciation)	(171,380)	-		-	(171,380)	(174,273)
Net income/ (expenditure) by activity	(346,817)	12,314	565,253	(2,090)	228,660	621,307

Minutes of 2022 Annual General Meeting

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

**Sixty third Annual General Meeting held at 1.00pm
on Sunday 15 May 2022 at the Station, Llanfair Caereinion, Powys**

Present:

Sir Philip Williams (Vice President)	David Jones
Steve Clews (Chairman)	Bob Mason
Oliver Edwards	James Brett (General Manager)
John Forman	Michael Reilly (Company Secretary)

and 27 other members, including 18 by video-link

Steve Clews chaired the meeting

Apologies for Absence

Apologies were received from the Earl of Powis (President), Tony Thorndike (Vice-President), William Bickers-Jones, John Davies, Wendy Elliott, Kaye Forman, Peter Green, Rowan Joachim, Iain McLean, Melanie-Jane Martin, John Nunn, Elizabeth and Ruth Parkinson, Richard Pearson, Robert Robinson, Richard Thomas, and Chris and Ros Tigwell.

1. Minutes of the Annual General Meeting on 16 May 2021

The minutes of the previous AGM were agreed as a true record. There were no matters arising.

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2021

Steve Clews highlighted the main points of the annual report.

Trains began operating from 1st May but continued social distancing restrictions meant that we carried fewer passengers than in 2019 and with most trains only running to Castle Caereinion and return. Although the tea-room remained closed, the mobile catering unit at Llanfair was a continued success and improved efficiency meant operating income showed an improvement over 2019.

Locomotive No.1 returned from overhaul at the Vale of Rheidol Railway and work continued on the overhaul of No.10. The extension to the Welshpool shed was largely completed, while the Fence2Fence, Buildings and Midweek teams plus the track gang had continued their vital maintenance work. The company thanked all volunteers and paid staff for their support, most of the latter having been furloughed for a period at the start of the year. Staff changes had seen Charles Spencer replaced as General Manager by James Brett and the departure of Engineering Manager Richard Featherstone, while Matthew Dawe had spent six months with us as Community Development Officer. They were all thanked for their contributions to the railway.

In response to a question from Steve Everett, Steve Clews explained that all departments had been asked to identify arrears of maintenance for inclusion in the next business plan. These would be ranked by priority for attention as the plan was implemented. Steve Davidson then expressed concern about the voting procedures for annual meetings, claiming that encouraging members to vote by proxy meant the ballot was no longer secret. The secretary explained that under the Companies Act we had a legal obligation to offer proxy voting. This was also more democratic as it allowed all members a vote. We had encouraged its use during the pandemic when attendance at the meetings was restricted but precautions were taken to maintain confidentiality and

voting at the meeting itself continued to be possible. Following further discussion about proxy voting, the secretary undertook to produce a report providing a breakdown of voting patterns.

Bob Mason then summarised the main features of the Consolidated Financial Statements. Although we had expected 2021 to be a tough year, traffic income from regular operations was higher than in 2019, thanks to several innovations, especially the introduction of a First-Class option. This had enabled us to make a small operating surplus which, combined with more pandemic-related grant income plus some generous legacies and donations, placed us in a very strong position.

In response to Tom Brady, he said that our overall performance placed us in the upper quartile of heritage railways in terms of financial sustainability and management. The railway was well run, and the future looked rosy. In reply to Malcolm Elliot, he said that the new business plan should be ready by September. Malcolm Elliot also observed that the company was the only organisation of which he was a member that did not issue a printed annual report. In reply, the secretary pointed out that the move to place the report on the website had been approved by members at the 2019 AGM and printed copies continued to be available on request.

Bruce Lawson asked why we used two sets of accountants, to which Bob Mason explained that Cadwalladers acted as our book-keepers and WR Partners were our auditors. John Forman, speaking on behalf of Dick Johnson, asked whether the AGM could be held on a Saturday rather than a Sunday in alternate years. The chairman agreed to consider this.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was then proposed by Stephen Everett and seconded by Bruce Lawson. On a vote, adoption was approved by 372 in favour and 2 against, with six votes withheld.

Steve Clews then gave a brief report on developments in the first half of 2022. James Mander, Ruth Davies and Stephen Garner had all joined the paid staff as Engineering Manager, Events Apprentice and Catering Supervisor respectively. A new Extended Leadership Team had been set up and held an 'awayday' to improve collaboration and collectively look for ways of improvement; we had operated successfully at the February half-term despite bad weather including local flooding and progress had been made with essential maintenance and overhauls. With the availability of Welsh coal increasingly uncertain, trials had taken place with alternative fuel, so far with reasonable results although it was considerably more expensive.

3. Election of Trustees

As he was a candidate for re-election, Steve Clews stepped down for this item and John Forman took the chair. Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held, and all four candidates received more votes in favour than against. Steve Clews, Peter Green, David Jones, and Bob Mason were therefore all re-elected to the board.

4. Election of President

Steve Clews resumed the chair and proposed that the Earl of Powis be elected President, which was seconded by Richard Green and agreed unanimously.

5. Election of Vice Presidents

The following nominations were made: Alan Higgins, Tony Thorndike, and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Malcolm Elliot proposing and Steve Davidson seconding.

There being no further business, the meeting closed at 2.10pm.

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales - Charity number 1000378

Accounts

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2021

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Administrative details

Principal office The Station
(also the registered office) Llanfair Caereinion Welshpool
Powys SY21 0SF

Phone 01938 810441

Web www.wllr.org.uk

Accountants Cadwallader & Co LLP Chartered Accountants
Eagle House
25 Severn Street
Welshpool
Powys SY21 7AD

Auditor W R Partners
Hafren House
5 St. Giles Business Park
Newtown
Powys SY16 3AJ

Solicitors Lanyon Bowdler LLP
4 St Martin's Street
Hereford HR2 7RE

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Kevin Heywood

Mechanical Engineering Manager Richard Featherstone
(until 14th November 2021)

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion on Sunday 15 May 2022 at 1.00 p.m. for the purpose of transacting the following business:-

Ordinary Resolutions

1. To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2021.
2. To appoint WR Partners as auditors of the Company and to authorise the directors to determine their remuneration.
3. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Steve Clews, Peter Green, David Jones, and Bob Mason retire by rotation. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
4. To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
5. To elect vice presidents. Alan Higgins, Tony Thorndike and Sir Philip Williams have indicated their willingness to be re-elected.

Immediately after the end of this meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead and that proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the Meetings.

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose formal charitable purpose is:

to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.

The trustees who served during 2021 were:

	<i>Number of trustees' meetings attended</i>	
	<i>Actual/Possible</i>	
Steve Clews <i>Chairman</i>	7	7
Iain McLean <i>Vice Chairman</i>	7	7
Helen Ashby	7	7
William Bickers-Jones	7	7
Simon Bowden	6	7
Andrew Charman	7	7
Oliver Edwards	7	7
John Forman	7	7
Peter Green	7	7
David Jones	5	7
Bob Mason	7	7
Robert Robinson	5	7

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health and safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2021. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law.

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by payment of the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd, which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on pages 22 to 40 appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees (who are also directors of Welshpool & Llanfair Light Railway Preservation Co. Ltd for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and

expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day-to-day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working members. However, they are encouraged to identify their own training needs. Trustees are provided with the updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed.

The board of trustees keeps six registers of risks to the business. These registers hold risks at a company level relating to commercial, external, finance, governance, operations, and personnel, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed, and documented at each board meeting. The annual review of all six registers was held in January 2021.

The railway management review and manage operational risk through a documented risk assessment and mitigation process. The process is being managed by the safety officer with heads of department providing the departmental input.

Health and safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. The railway did not have any reportable incidents. Minor operational incidents, near misses, and injuries were recorded and investigated via our internal processes with reporting to the board at each meeting, and relevant safety improvements, notices and briefings issued to staff.

The restrictions imposed in response to the Covid-19 pandemic had a substantial impact on the way we operated over the year. Pre-booking, social distancing, face-coverings, enhanced cleaning, and regular testing all played their part in helping keep both our visitors and staff safe.

The annual external safety audit in September, conducted by a new assessor, highlighted the need for improvement in several areas. These include incident reporting, risk assessment, document control, and competence management and an action plan has been drawn up to address them over the coming year.

Staff attended a variety of safety related training courses throughout the year, including assessment best practice, delivered via the Heritage Railway Association.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion.

This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion;
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements;
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the appropriate skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896;
- the conservation of its heritage assets and equipment for public enjoyment;
- the education of the public in the history of railway locomotion;
- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services;
- view the stations and buildings without payment whenever the railway is open;
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway, but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

The railway built upon the successful Covid-secure service developed during 2020 to build back passenger numbers and revenue. Restrictions meant we were not able to start operations until 1st May, with social distancing restrictions limiting the numbers we could accommodate.

Despite this, trains operated on 142 days with a mixture of one- and two-hour trips from Llanfair proving popular with visitors. Revenue from railway operations and sales activities both exceeded budget for the year, and traffic revenue for August grew compared to the same period in 2019. Combined with grant aid provided mainly via the Welsh Government Cultural Recovery Fund, the company ended the year in a stable financial position.

Covid restrictions notwithstanding, we successfully introduced several new offerings, including a combined breakfast ticket which helped attract passengers to the first departure of the day, and the regular use of the first-class ex-Sierra Leone Railway carriage on most operating days. These innovations combined with the return of the successful Fish & Chip evening specials, alongside a limited enthusiast special event on the traditional gala weekend, and seven days of sold-out Santa specials.

The restrictions meant it was not financially viable to open our tearoom during the season, but the outside catering unit operated by Nerys Astley provided an alternative, bringing in much needed revenue and offering a service to the wider community.

All departments contributed to these successes, often having to be flexible and adapting to operational changes at short notice. The engineering team worked hard to keep *ZB2 Zillertal* in service as our primary steam locomotive for the first part of the season, while our civil engineering and buildings departments worked year-round to maintain the railway estate, ensuring its safety and operational reliability.

Our 'Llanfair Connections' museum welcomed a regular flow of visitors on the days it was open. An extension to the Tourism Amenities Improvement Scheme (TAIS) deadline allowed several important projects to be completed over the year, including reinstatement of Sylfaen loop on a new alignment with an island platform, installation of Cyfronydd siding alongside a replica livestock ramp, and completion of the fitting out of the display sheds at Welshpool, providing both an expanded display area and much needed covered storage for rolling stock.

Behind the scenes our staff worked to ensure that safety procedures were maintained, marketing and administration efficiently conducted, and rosters managed such that no services had to be curtailed or cancelled for want of staff during the year. Recruitment and training of sufficient volunteers to support activities across all areas of the railway remains a constant priority, however.

Track, infrastructure, and buildings

All bridge structures were professionally inspected by ECSL consultancy, in co-operation with staff, and some follow-up action was identified. This

varies from traditional track work, to cleaning and painting, and some general cleaning and building type work. These surveys will help us to plan the safe future of all our under-line structures.

The major track renewal project of the year was the reinstatement of Sylfaen loop, and creation of an island platform. This project, which was largely funded by the EU via the Welsh government's TAIS scheme, will improve operational flexibility.

Notable repairs undertaken by the 'midweek gang' and others included refurbishing a set of lever frames, for use in new projects or to replace other worn lever frames when they have to be taken out of service. The tearoom kitchen was also completely refurbished, including major repairs to the floor structure and a new non-slip, hygienic cleanable floor finish. Frustratingly it is not possible to correct the slope to the floor without a total rebuild of the tearoom and shop.

A project which will improve the safety and efficiency of our services was the installation of a new, much larger radio mast at Castle Caereinion. This three-section extending mast was donated to the railway and refurbished by the midweek gang. New foundations were poured with final erection due in February 2022.

A top quality paint system in the former British Railways Western Region colours is being used to prolong the life of our buildings but a combination of bad weather and shortage of labour hampered progress.

The essential task of gutter clearance is now easier thanks to drone surveys, which avoids unnecessary use of access equipment, but considerable effort remains needed for other regular essential work including grass cutting, strimming, and keeping bushes, shrubs, and trees under control. More volunteers are badly needed. Most of the building tasks require some experience, and specialist knowledge is welcome, but some training can be given for painting work, while many other tasks only require a reasonable level of fitness.

Steam locomotives

The overhaul of No. 1 *The Earl* at the Vale of Rheidol's Aberystwyth workshops was completed and the locomotive returned to W&L metals on 26th July, following which it was recommissioned and entered service in early August. Upon delivery, our ex-SLGR Hunslet tank No. 14 was sent to Aberystwyth where it has been assessed for a potential overhaul. This would include significant work to the boiler. Work continued at Llanfair on the overhaul of No. 10 *Sir Drefaldwyn*.

In 2021 the steam locomotive fleet accumulated a total of 5,540 miles in service, of which No. 1 *The Earl* completed 2,372 miles (43%) and locomotive ZB2 *Zillertal*, on-hire from the Zillertalbahn, 3,168 miles (57%). The boiler ticket for locomotive No. 2 *The Countess* expired in February 2021.

Rolling stock

The carriage fleet accumulated a mileage of 22,812 in passenger service during 2021.

Refurbishment and overhaul of carriage B14 was completed. MÁV carriage 430 was taken out of service pending work on the bogies and brake gear. Carriage B20 was withdrawn as being unfit to run and has been stabled at Llanfair to serve as the station master's office.

Two of the ex-RNAD ammunition vans acquired in 2019 (to be W&L numbers 86 and 87) were fully stripped-down in preparation for rebuilding as a pair of new tool vans. They will be run as a matched pair and have had Grondana couplings fitted at one end of each for compatibility with our existing stock.

Diesel locomotives and plant

Diesel locomotive No. 17 was returned to Llanfair at the end of March following work on the wheelsets, axle boxes and final drives by Riley & Son Ltd. It had been sent initially only for wheel turning but examination during dismantling had revealed an appreciable amount of additional work required. Diesel locomotives No. 7 *Chattenden* and No. 17 both saw service on engineering trains during 2021. In addition, No. 17 accumulated 826 miles on passenger trains and Santa support services.

A prolonged overhaul of the tamper was completed, and the machine successfully returned to active service.

Education and heritage

The railway meets its formal charitable purpose by preserving its heritage and providing learning opportunities for all visitors.

Llanfair Connections was able to open to the public again from May 2021 and welcomed 2,343 visitors during the year. The 16mm gauge railway proved very popular, as did the limited children's activities that we were able to offer. We were also able to provide all the interpretation and signage in Welsh, thanks to a new volunteer.

A 15 Minute Heritage grant from the National Lottery Heritage Fund enabled us to create a series of interpretive boards at different points along the railway, a children's Discovery Book, which was given to every child

visiting the railway during 2021, and a series of videos, covering stories relating to the W&LLR, displayed on new equipment. These have proved very popular with visitors.

Pupils from Llanfair Primary School visited in April, as part of their studies of the 2nd World War. It is to be hoped that this was only the first of many school visits.

At Welshpool, vehicles were moved into the enlarged display shed, and the *Monarch* working group was able to carry out some cleaning and cosmetic restoration of the locomotive. New pop-up banners, funded by the TAIS grant, have been produced for the vehicles on display.

A small selection of free online education resources for children have been created for the Twinkl educational website as part of their 'The Great Family Staycation' and can be viewed at [Welshpool & Llanfair Light Railway Activity Pack | Twinkl](#), This includes a downloadable fact file, drawing and colouring activities and a word search.

The inventory of objects accepted into the museum collection was completed, with a photographic record of every item created and a WLLR Collections Development Policy was drafted and approved by the Board.

Fundraising

For the first time in the history of the company, income from donations, bequests, and grants exceeded £1 million (Note 2 to the accounts). This is the largest amount in cash terms, and probably the largest amount in real terms that the Company has raised in a single year in its 60-year history. In 2020 and 2021, a substantial amount of grant income came from national and local government in response to the pandemic. This will not continue indefinitely, and the Appeals team (now renamed Fundraising team) therefore continues to look at all sources of donations and grants, while encouraging supporters to think of us in their wills.

W&L Sales

Although W&L Sales was again constrained in its activities during the year, the rules and restrictions in 2021 were much less detrimental than those of 2020. The result was an overall contribution to the preservation company of some £33,000. Although Llanfair shop was open whenever trains were running, unfortunately Welshpool shop was only open for some of the trains which ran through to there. Enforced closure of the tearoom throughout the year because of the restrictions provided the ideal opportunity to carry out a very necessary refurbishment of the kitchen, and thanks are due to the midweek gang and all those who participated in this work. The outside mobile catering unit, with socially distanced seating in the adjacent marquee, remained and in addition to its usual service it also supplied the refreshments included in some ticket packages.

Membership and volunteers

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. Total membership at the end of 2021 was 2,012, a dip of 40 over the preceding twelve months. Lower recruitment is attributable to visitors who, having already booked online, are less inclined to join as members at Llanfair on the day. On the other hand, our excellent social media presence encourages a steady flow of new members throughout the year.

During the past year we have seen a good influx of new volunteers and many others returning after the relaxing of Covid restrictions. The Volunteer Liaison Committee has been joined by a recruitment officer who will target areas where we are particularly short.

The training programme is running well, and with a more flexible approach being adopted, it should be easier for volunteers to progress in their chosen area of interest. New members are all invited to join us for New Members Day, usually held annually at Llanfair, with the aim of encouraging active involvement in the running of the railway.

Staff

In 2021 the company employed five full time and one part time staff; plus there are around 290 part time volunteer staff.

During the first months of 2021 some paid staff were partially furloughed. Due to Covid 19 the number of volunteer staff attending was reduced during the year. Covid safe operations strategy and rules continued to be followed and continually reviewed and adjusted as necessary by the general manager and the safety officer, to whom the board is indebted.

In February, general manager Charles Spencer commenced a two-month handover to James Brett, James assuming full responsibilities from 1st April. The two-month handover was most beneficial in creating a smooth transition at a time of great upheaval and uncertainty due to the Covid pandemic. The trustees are grateful to Charles and James for their diligence in completing this.

Also in February, Matthew Dawe joined us for a grant-funded six-month appointment as community development officer, predominantly working on our human resources capability. We thank him for his efforts and wish him well for the future.

Engineering manager Richard Featherstone left the company on 14th November. The trustees thank him for his six years of service and wish him well for the future. At year-end, recruitment of his replacement was ongoing. As part of the implementation of the management structure, and to increase capability within the engineering department two volunteers,

Aaron Jones and John Travis, were appointed as mechanical engineering foremen.

The trustees are most grateful to James, Charles, Kevin, Richard, Sarah, Joe, Matthew and all the volunteer staff for their forbearance, patience, and hard work during another particularly difficult year.

Marketing

2021 was a positive year in our development of improved marketing methods, including the setting up of a dedicated product and marketing department.

Experimentation with the experiences offered was central to our approach in the year. Breakfast trains, combining morning food and a train trip, attracted substantial visitor numbers for a previously unpopular departure time. On some days, this trip was the most popular. The introduction of first-class travel, using a previously under-utilised carriage, generated £51,297 in ticket sales between May and September with 2,996 people carried and an approximate net return of £43,000 to the railway. Many tickets were sold out a week or more in advance, suggesting there may be further untapped demand.

Promotional methods were also improved. A new website and booking system were implemented, making the railway a leader in the heritage railway field for online presence. This project was delivered both on-time and under budget. The railway's Facebook audience grew by 49% in the year. This delivered results in the 2021 season and is expected to be positive news long-term. A leaflet presence was retained in local distribution sites.

Research, strategy, planning, and data are all key to our approach, with much work done in 2021. A new commercial strategy, with greater focus on marketing the resources required to deliver, was approved by the board in September. It takes full account of experience in the year and covers areas such as events, anniversary celebrations and targets for the short, medium and long term.

Funding from the National Lottery Heritage Fund enabled us to undertake research among audiences and markets who do not currently use the railway, as well as those who do, to identify barriers to increased visiting. The findings are now being used to guide our product and marketing decision-making.

Further insight into our existing markets has come from the distribution of automated surveys to visitors after their journey. In 2021, this generated 2,225 responses, a significant percentage of total visitors. 99% rated their overall satisfaction as 'very satisfied' or 'satisfied'.

Financial review

Results and financial position

The trustees are of the opinion that in preparing the financial statements and related notes, appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and that all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The Covid-19 pandemic and its economic impact continued to affect the railway's operation in the first half of the year. The £142,000 grant awarded from the second round of the Cultural Recovery Fund and £15,000 from Powys County Council were vital to allow us to cope with the loss of income and to enable staff to be brought back as early as possible to catch up with maintenance arrears and to ensure that equipment was in good, safe working order for re-opening.

Despite some ongoing restrictions, daily traffic receipts were very promising. Receipts in both August and from our Santa days were very good despite restricted capacity. Llanfair shop ended the year strongly, although with being open on only a few days, only £2,000 was received from Welshpool. Although we missed our own tearoom, the range of on-train catering options delivered £16,000 in sales, while the mobile catering unit at Llanfair provided a most welcome all year-round contribution of £13,000. Our total sales income from operations was £326,000, some two thirds of a normal year and notably better than the £100,000 of 2020.

Total incoming resources (consolidated statement of financial activities) were £1,512,000 due to:

- stronger sales than expected, after support grants had covered the shortfall earlier in the season;
- NLHF support on both the visitor trail and audience research;
- European Union TAIS grant support for Sylfaen loop;
- £107,000 in donations from our many supporters;
- £580,000 in legacies from Roger Pattie, Roy Laverick, Patricia Crimmin, John Rogers and Anthony Swift;
- £100,000 (in Note 3 under Other Operating Income) from our insurers following a Supreme Court ruling that our business interruption insurance policy provided cover appropriate to the pandemic,

as well as daily traffic, shop and catering income mentioned above.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, mechanical engineering here includes work on MÁV carriage bogies, the remaining work on the tamper, assessment of No.14 (ex-SLR 85), as well as the oils, grease, brake

blocks, firebars, parts and couplings needed to keep the operational rolling stock in good order. Locomotive hire covers the 2020 costs for the visit of ZB2 *Zillertal*. Civil engineering includes building repairs, improvements to our different alarm systems, signs covered by the NLHF grant and bridge walkways, as well as new kitchen units for Llanfair tearoom. Trackwork within major project civil engineering was the new Sylfaen loop as well as the main winter track projects.

Administrative costs (Note 6) include the one-off costs for the new website and online booking in marketing and the Solidworks software in computing costs. Staff costs were higher than 2020 as staff were on furlough for much of that year and therefore receiving only 80% of their normal salary.

The CCLA investments (Notes 7 and 13) continued to perform well, delivering £7,000 of dividend income and a £35,000 valuation increase in the year, giving 17% total return.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity and long-term donations and how they are spent, sometimes in a different period from when they were received. For this format, the grants received are split to show they have supported both daily cost needs and project spend that will deliver benefit over many years. The generosity of members and other supporters meant that donations and legacies received in 2021 contributed some £750,000 that can be applied to the many priorities within the most recent business plan update.

Capital expenditure in 2021 was £170,000, mainly work on No.1 *The Earl* and on No. 10 *Sir Drefaldwyn*, but also completion of Welshpool shed extension and the new water treatment installations.

Contingent income

The charity has been notified of two further legacies from Charles Fisher and David Thomas who passed away in 2021. The amounts are not certain and cannot be estimated with reasonable certainty at the date of this report but could total £450,000.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives.

Existing restricted funds for No.7 *Chattenden* and other diesels, carriage improvements, and viaduct protection are planned to be used in the coming years. The 2020 Appeal and heritage wagon funds are awaiting

approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 8 *Dougal* and No. 6 *Monarch* are for longer term projects.

Designated fund

The trustees have a designated fund earmarked for fitting out and displays as our interpretation centre plans evolve.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal. This is when major work is undertaken on civil and mechanical engineering, refurbishment, and capital items, when coal stocks are replenished and when W&L Sales restocks the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £490,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £250,000 to be an appropriate additional reserve. Adding these two figures, reserves of £740,000 were required at 31st December 2021; whilst actual investments, cash and working capital available stood at £1,400,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in the CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit account, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund units which is an ethical fund. The investment managers remain positive on the medium- and long-term prospects, preferring equities to fixed income assets.

THE FUTURE

2021 carried on from 2020 in presenting the preservation company with many challenges. The company has been fortunate to have returned a very good performance, comparable to 2019 but with very different operations.

Due to the ongoing effects of the pandemic, the planned update of the business plan was delayed until the final quarter of 2021. Thus far, the major strategies have been signed off and the development of the next ten-year business plan will be completed during the first half of 2022.

The external safety audit completed in 2021 resulted in several recommendations against the ORR RM3 criteria. In the coming year there will be a focus on addressing these recommendations prior to a follow up audit later in the year.

The uncertainties of 2021 are likely to continue into 2022. It is hoped that planning will not be compromised although operations may need to have some flexibility, with a degree of short-range planning. As in 2021, this will need excellent operational communication and marketing with a focus on regular updates. The accent for 2022 will be on many more special events and improving the variety of offerings available in 2020 and 2021. This will include increasing the range of catering options.

Major projects development work was put on hold during 2020 except for completing some work in progress. The rationale for this group was re-evaluated in 2021 and there will be a complete re-consideration of the major projects from 2022. It is likely that most of the year will be taken up with evaluation of options and planning.

During 2022, we anticipate increased networking and lobbying through connections with HRA and GLTW and the expansion of our liaisons with other railways and organisations.

The efforts to preserve, and even improve, the appearance of the railway to ensure it remains attractive to visitors will be priorities in 2022 and beyond with efforts made further to catch up on deferred maintenance.

There will be an increased focus on volunteer recruitment using the recently approved volunteer recruitment strategy. This will involve a more focused initiative to campaign to fill volunteer posts.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

Steve Clews

Chairman

19 March 2022

Independent Auditor's report

to the Trustees of Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Opinion

We have audited the financial statements of Welshpool & Llanfair Light Railway Preservation Co. Ltd. (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the parent charitable company balance sheet, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The comparative information is unaudited as an audit was not required for 2020.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Board of Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of

assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit;
- or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Report of the Board of Trustees and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement included in the Report of the Board of Trustees, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are those that relate to the reporting framework (Charities SORP (FRS102), the Companies Act 2006 and the Charities Act 2011, the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

We understood how the charitable company and group are complying with these frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures. We also reviewed board minutes to identify any recorded instances of irregularity or non-compliance that might have a material impact on the financial statements.

We assessed the susceptibility of the charitable company and group's financial statements to material misstatement, including how fraud might occur by meeting with key management and those charged with governance to understand where they considered there was susceptibility to fraud. Based on our understanding, procedures involved enquiries of management and those charged with governance, manual journal entry testing, cashbook reviews for large and unusual items and the challenge of significant accounting estimates used in preparing the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

WR Partners
Chartered Accountants
Statutory Auditors
Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

8 April 2022

Consolidated statement of financial activities
for the year ended 31 December 2021
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2021	Total 2020
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	987,804	62,752	1,050,556	456,393
<i>Charitable activities</i>					
Railway operation and preservation	3	348,660	-	348,660	71,039
Membership subscriptions		20,861	-	20,861	21,097
<i>Other trading activities</i>					
Commercial trading operations	4	84,239	-	84,239	30,664
<i>Investment income</i>	7	1,928	5,648	7,576	7,828
Total income		1,443,492	68,400	1,511,892	587,021
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	518,676	3,590	522,266	284,916
Railway operation and preservation – projects	3	275,094	41,794	316,888	213,193
Membership and governance expenses	5	20,223	-	20,223	15,089
<i>Other trading activities</i>					
Commercial trading operations	4	66,208	-	66,208	44,358
Total expenditure		880,201	45,384	925,585	557,556
Net gain/(loss) on investments	13	35,000	-	35,000	16,000
Net income/(expenditure) for the year		598,291	23,016	621,307	45,465
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		598,291	23,016	621,307	45,465
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,168,752	170,914	2,339,666	2,294,201
Total funds carried forward		2,767,043	193,930	2,960,973	2,339,666

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a surplus of £621,307 (2020 £45,465 surplus).

Consolidated and charity balance sheets

as at 31 December 2021

Company Registration No.00646238	Note	Group		Charity	
		2021	2020	2021	2020
Fixed assets		£	£	£	£
Heritage fixed assets	11	855,350	785,929	855,350	785,929
Other tangible fixed assets	12	655,474	729,341	655,474	729,341
Investments	13	289,000	254,000	319,000	284,000
		1,799,824	1,769,270	1,829,824	1,799,270
Current assets					
Stocks	14	95,200	74,500	73,000	58,000
Debtors	15	158,245	106,386	159,878	106,823
COIF deposit account		800,679	354,156	800,679	354,156
Bank accounts and cash balances	16	234,984	304,880	216,014	290,284
		1,289,108	839,922	1,249,571	809,263
Creditors: amounts falling due within one year					
Trade creditors		37,703	31,147	37,697	31,147
Other creditors including tax and social security	17	2,608	2,107	16,608	3,724
Accruals and deferred income	18	56,559	208,642	51,059	206,642
		96,870	241,896	105,364	241,513
Net current assets		1,192,238	598,026	1,144,207	567,750
Creditors: amounts falling due after more than one year	18	31,089	27,630	31,089	27,630
Total net assets		2,960,973	2,339,666	2,942,942	2,339,390
The funds of the charity:					
Unrestricted funds		2,716,675	1,990,851	2,698,644	1,990,575
Designated funds		50,368	177,901	50,368	177,901
Total unrestricted funds	19	2,767,043	2,168,752	2,749,012	2,168,476
Restricted income funds	20	193,930	170,914	193,930	170,914
Total funding provided		2,960,973	2,339,666	2,942,942	2,339,390

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statement have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 19 March 2022 and signed on their behalf by:

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2021

		2021		2020	
	Note	£	£	£	£
Net cash provided by/(used in) operating activities	23		538,988		468,824
Cash flows from investing activities:					
Dividends from investments	23	7,466		7,321	
Acquisition of heritage and other tangible fixed assets	11 12	(169,827)		(226,281)	
Disposal of tangible fixed assets		-		-	
(Acquisition) / divestment of investment assets	13	-		-	
Net cash provided by / (used in) investing activities			(162,361)		(218,960)
Cash flow from financing activities:					
Financing activities in year		-		-	
Net cash provided by/(used in) financing activities			-		-
Change in cash and cash equivalents in the year	22		376,627		249,864
Cash and cash equivalents at beginning of year	22		659,036		409,172
Cash and cash equivalents at end of year	22		1,035,663		659,036

Notes to the accounts

31 December 2021

1. Accounting policies

The Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies, and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

(m) Contingent income

The charity has been notified of two legacies from members who passed away in 2021. The amounts are not certain but could total £450,000.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2021	2020
	£	£	£	£
Gift aided donations	36,524	47,362	83,886	188,403
Other donations	7,924	15,390	23,314	65,968
Legacies	580,302	-	580,302	56,831
Furlough support	2,083	-	2,083	50,134
Grants – EU TAIS	58,705	-	58,705	12,836
Grants – Powys Council	15,000	-	15,000	30,000
Grants – Heritage Lottery Fund	22,900	-	22,900	36,000
Grants – Cultural Recovery Fund	264,366	-	264,366	16,221
<hr/>				
Total 2021	987,804	62,752	1,050,556	456,393
Total 2020	339,876	116,517	456,393	

3. Railway operation and preservation

Turnover	Note	2021		2020	
		£	£	£	£
Fares			241,532		66,972
Driving courses			-		-
Keyse Cottage receipts		2,664		2,005	
Solar panels income		1,681		2,062	
Insurance receipt, sale of surplus materials and parking		102,783		-	
Other operating income			107,128		4,067
Income from railway operation and preservation			348,660		71,039
Working expenses					
Fuel		21,220		10,030	
Repairs and maintenance:					
Mechanical engineering		89,227		30,207	
Civil engineering		70,255		11,147	
Costs applicable to special trains		7,260		980	
Loco hire fees		18,498		9,461	
Keyse Cottage running expenses		1,299		2,081	
Administration and management costs	6	314,507		221,010	
Total working expenses of railway operation and preservation			522,266		284,916
Major project expenditure					
Mechanical engineering		15,629		18,972	
Civil engineering		126,986		27,367	
Depreciation	11 12	174,273		166,854	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			316,888		213,193
Net cost of railway operation and preservation			490,494		427,070

4. Subsidiary's trading activities

	Note	2021		2020	
		£	£	£	£
Income – Consultancy		-		1,257	
Income – Catering		28,755		5,806	
Income – Shops		55,484		23,601	
Total trading income			84,239		30,664
Less: Catering cost of sales		17,488		1,903	
Gross tearoom profit			39.2%		67.2%
Less: Shops cost of sales		26,237		16,298	
Gross shops profit			52.7%		30.9%
Less: Administration and management costs	6	22,483		26,157	
Total trading expenditure			66,208		44,358
<hr/>					
Plus: Grant Income – Furlough			-		13,970
Net profit for the year - to be donated to parent company by gift aid			18,031		276

Subsidiary's balance sheet at year-end	2021	2020
Current assets -other	41,170	31,096
Current (liabilities) – other	(7,139)	(2,437)
Current assets / (liabilities) – inter-company balance with parent company	14,000	1,617
Net assets	48,031	30,276

W&L Sales Limited is a 100% owned subsidiary, with £30,000 share capital.

5. Membership and governance expenses

	Note	£ 2021	£ 2020
The Llanfair Railway Journal		11,921	11,124
Membership secretarial expenses	6	1,230	840
Governance costs	6	7,072	3,125
		20,223	15,089

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2021	Total 2020
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	32,896	-	-	32,896	26,161
Electricity and heating	10,957	-	-	10,957	7,635
Equipment rental and maintenance	5,267	-	-	5,267	3,902
Cleaning and hygiene supplies	16,820	-	-	16,820	12,272
Rent charged to trading	(6,016)	6,016	-	-	-
	59,924	6,016	-	65,940	49,970
Selling					
Advertising and publicity	52,794	-	-	52,794	19,095
Administrative					
Staff costs (<i>Note 9</i>)	162,785	-	-	162,785	145,272
Travelling	670	-	-	670	887
External training	3,236	-	-	3,236	1,474
Telephone and radio	3,447	-	-	3,447	2,163
Postage, stationery, and IT costs	13,843	519	-	14,362	5,118
Independent audit/examination fees	-	-	7,072	7,072	1,000
Accountancy fees	11,895	4,590	-	16,485	15,120
General expenses	6,406	177	1,230	7,813	5,561
Recharged to trading/capital	(9,000)	9,000	-	-	-
	193,282	14,286	8,302	215,870	176,595
Financial					
Bank charges and booking processing costs	8,507	2,181	-	10,688	5,472
2021 Total	314,507	22,483	8,302	345,292	251,132
2020	221,010	26,157	3,965	251,132	

7. Investment income

	2021	2020
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,466	7,321
CCLA Deposit Account – Interest	57	496
Bank interest	-	-
Interest on tax	53	11
	<hr/>	<hr/>
	7,576	7,828
Of which: restricted	5,648	4,930
unrestricted	1,928	2,898

8. Taxation

No liability arises to corporation tax on the surplus for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2021	2020
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	146,811	133,989
Social security costs	9,242	6,059
Other pension costs	6,732	5,224
	<hr/>	<hr/>
	162,785	145,272

No member of staff received emoluments in excess of £60,000 (2020: Nil). The General Manager's emoluments were in the range £35,001 to £40,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2021	Number 2020
Charity (full time equivalent)	5	5
Subsidiary (full time equivalent)	-	1
	<hr/>	<hr/>
	5	6

The subsidiary employed no employees in the year.

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision.

Trustees received £Nil as reimbursement of travel expenses (2020: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd, the Heritage Railway Association and the Heritage Rail Charitable Trust. David Jones is county councillor for most of the railway's area and Robert Robinson has been appointed as town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum and William Bickers Jones is also a trustee of that organisation. Andrew Charman is editor of Narrow Gauge World and Oliver Edwards is a heritage consultant to several railways. If any of these perceived a conflict of interest, they would have withdrawn from discussions and decisions on that topic.

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2020	596,266	1,178,140	12,507	1,786,913
Additions	-	144,619	-	144,619
(Disposals)	-	-	-	-
At 31 December 2021	596,266	1,322,759	12,507	1,931,532
Depreciation				
At 31 December 2020	394,111	594,366	12,507	1,000,984
Charges for the period	15,117	60,081	-	75,198
(Disposals)	-	-	-	-
At 31 December 2021	409,228	654,447	12,507	1,076,182
Net book amount				
31 December 2021	187,038	668,312	NIL	855,350
31 December 2020	202,155	583,774	NIL	785,929

There was no capital expenditure contracted for at the period end (2020: £98,000).

Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2017	3,751	No. 10 <i>Sir Drefaldwyn</i> Bowaters wagon
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>

12. Other tangible fixed assets: group and charity

	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
Cost	£	£	£	£
At 31 December 2020	867,268	391,174	291,409	1,549,851
Additions	15,677	-	9,531	25,208
(Disposals)	-	-	-	-
At 31 December 2021	882,945	391,174	300,940	1,575,059
Depreciation				
At 31 December 2020	400,852	263,166	156,492	820,510
Charge for the period	36,917	25,857	36,301	99,075
(Disposals)	-	-	-	-
At 31 December 2021	437,769	289,023	192,793	919,585
Net book amount				
31 December 2021	445,176	102,151	108,147	655,474
31 December 2020	466,416	128,008	134,917	729,341

There was £30,000 of capital expenditure contracted for at the period end (2020: £Nil).

13. Investments

COIF charity funds	Number	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Investment Fund shares					
At 1 January at market value	14,119	254,000	238,000	254,000	238,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		35,000	16,000	35,000	16,000
At 31 December at market value	14,119	289,000	254,000	289,000	254,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	30,000
		289,000	254,000	319,000	284,000
Historic cost at 31 December		147,000	147,000	177,000	177,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £48,031 (2020: £30,276). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Stores	73,000	58,000	73,000	58,000
Goods for resale	22,200	16,500	-	-
	95,200	74,500	73,000	58,000

15. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	163	5,961	163	5,961
Prepayments and accrued income	90,395	49,770	90,395	49,770
VAT	50,659	12,771	52,292	13,208
Gift Aid recoverable	17,028	37,884	17,028	37,884
Amount due from subsidiary company	-	-	-	-
	158,245	106,386	159,878	106,823

16. Bank overdraft

The group has overdraft facilities of £Nil (2020 - £Nil).

17. Other creditors including tax and social security

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
PAYE	2,608	2,107	2,608	2,107
Amount due to subsidiary company	-	-	14,000	1,617
	2,608	2,107	16,608	3,724

18. Accruals and deferred income

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Subscriptions in advance	46,148	42,972	46,148	42,972
Less: falling due after more than one year	(31,089)	(27,630)	(31,089)	(27,630)
	15,059	15,342	15,059	15,342
Accruals	41,500	193,300	36,000	191,300
	56,559	208,642	51,059	206,642

19. Unrestricted funds

	Balances 31 Dec 2020 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2021 £
<i>General funds</i>	1,990,851	1,442,025	(751,201)	35,000	2,716,675
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	48,901	1,467	-	-	50,368
Grants received in advance	129,000	-	(129,000)	-	-
	177,901	1,467	(129,000)	-	50,368
Total unrestricted funds	2,168,752	1,443,492	(880,201)	35,000	2,767,043

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2021, £1,340,154 (2020: £1,409,123) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2020	Income	(Expenditure)	Transfer from/(to) unrestricted funds	Balances 31 Dec 2021
	£	£	£	£	£
Restoration of No.6 <i>Monarch</i>	6,505	195	-	-	6,700
Restoration of No.14	41,212	1,041	(12,973)	-	29,280
Restoration of No. 8 <i>Dougal</i>	-	824	-	-	824
Zillertal carriages maintenance	4,995	106	(1,470)	-	3,631
Carriage improvement fund	10,930	38,959	-	-	49,889
Heritage wagon fund	3,907	117	-	-	4,024
Overhaul of No. 7 <i>Chattenden</i>	-	21,370	-	-	21,370
Diesel maintenance	4,969	2,724	-	-	7,693
Tamper overhaul	1,511	-	(1,511)	-	-
Tool vans overhaul	-	1,010	(1,010)	-	-
Viaduct and bridges protection	23,710	711	-	-	24,421
Sylfaen loop	27,310	-	(27,310)	-	-
2020 appeal	44,755	1,343	-	-	46,098
Llanfair connections	1,110	-	(1,110)	-	-
	170,914	68,400	(45,384)	-	193,930

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2021 £
Tangible heritage and other fixed assets	1,510,824	-	1,510,824
Investments	252,196	36,804	289,000
Net current assets	1,035,112	157,126	1,192,238
Long term liabilities	(31,089)	-	(31,089)
	2,767,043	193,930	2,960,973

22. Analysis of changes in net funds

	At 31 Dec 2020 £	Cash flows £	At 31 Dec 2021 £
Bank and cash balances	304,880	(69,896)	234,984
COIF Deposit account	354,156	446,523	800,679
	659,036	376,627	1,035,663

23. Net cashflow from operating activities

	2021 £	2020 £
Net income/(expenditure) per Statement of Financial Activities	621,307	45,465
Adjust for non-cash items:		
Depreciation	174,273	166,854
Net (gain)/loss on investments	(35,000)	(16,000)
Adjust for working capital changes:		
Decrease/(increase) in stocks	(20,700)	14,200
Decrease/(increase) in debtors	(51,859)	99,886
Increase/(decrease) in creditors	(141,567)	165,740
Adjust for dividends received: (shown separately in Cashflow)	(7,466)	(7,321)
	538,988	468,824

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2020 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	339,876	116,517	456,393
<i>Charitable activities</i>			
Railway operation and preservation	71,039	-	71,039
Membership subscriptions	21,097	-	21,097
<i>Other trading activities</i>			
Commercial trading operations	30,664	-	30,664
<i>Investment income</i>	2,898	4,930	7,828
Total income	465,574	121,447	587,021
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	284,916	-	284,916
Railway operation and preservation – projects	97,411	115,782	213,193
Membership and governance expenses	15,089	-	15,089
<i>Other trading activities</i>			
Commercial trading operations	44,358	-	44,358
Total expenditure	441,774	115,782	557,556
Net gain/(loss) on investments	16,000	-	16,000
Net income/(expenditure) for the year	39,800	5,665	45,465

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales £	Appeals & investment income £	Membership and governance £	2021 £	2020 £
Income from operating activities	348,660	84,239	7,576	20,861	461,336	130,628
Donations - Tracks to recovery						55,500
Grants - pandemic support	149,266				149,266	131,555
Daily operating (costs)	(522,266)	(66,208)	-	(20,223)	(608,697)	(344,363)
Net income: Daily operations	(24,340)	18,031	7,576	638	1,905	(26,680)
<i>Long term income</i>						
Donations, Legacies, Grants			901,290		901,290	269,338
Gains on investments			35,000		35,000	16,000
<i>Long term project expenditure</i>						
Major project (spend)	(142,615)	-		-	(142,615)	(46,339)
(Depreciation)	(174,273)	-		-	(174,273)	(166,854)
Net income/ (expenditure) by activity	(341,228)	18,031	943,866	638	621,307	45,465

Minutes of 2021 Annual General Meeting

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

Sixty second Annual General Meeting held at 1.00pm on Sunday 16 May 2021 at the Station, Llanfair Caereinion, Powys

Present:

Steve Clews (Chairman), James Brett (General Manager), Adrian Ashby, Helen Ashby, William Bickers-Jones, Simon Bowden, Andrew Charman, Steve Davidson, Oliver Edwards, Martin Evans, John Forman, Peter Green, Bob Mason, Michael Reilly (Company Secretary), and thirty members by video link.

Apologies for Absence

Apologies were received from the Earl of Powis (President), Alan Higgins (Vice-President), Michael & Pamela Denholm, Dick Johnson, Mervyn Pritchard, Robert Robinson, Richard Thomas, and Roy Wilkinson.

1. Minutes of the Annual General Meeting on 9 August 2020

The minutes of the previous AGM were agreed as a true record. There were no matters arising.

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2020

Steve Clews highlighted the main points of the annual report.

The prolonged closure of the railway from March to August due to the Covid19 pandemic had been the biggest threat to the survival of the railway in living memory, possibly ever. Far fewer passengers were carried than in normal years, operations were from Llanfair only, no events were held, and government restrictions meant the season finished early and the tea-room did not open.

Overhaul and repair work was also affected by the lockdowns.

The management, trustees, company secretary and fundraising team worked extremely hard on grants and appeals, which raised enough to replace our lost income and ensure the company finished the year in a good place, while a small gang of local volunteers provided security, safety and maintenance cover during closure and helped maintain operations in the summer.

The company thanked them all for their support, as well as the paid staff, most of whom were furloughed over long periods.

Steve Clews then replied to questions about the annual report from Kate Billmore and Steve Davidson. He said that the board had been aware of the planning application for land opposite the station at Llanfair since December 2016 and had submitted its views to the planning authorities at the time. In the light of the pandemic, most developments were being reviewed and the business plan re-written. Expenditure on 2020 projects was on hold until this was completed. We had been very pleased with the results from having a mobile catering unit on site, but could not give more details for reasons of commercial confidentiality. To the best of his knowledge, any staff member who had stood down, both volunteer and paid, had received due thanks from the company. This was an initiative which the previous GM had instigated.

Bob Mason then summarised the main features of the Consolidated Financial Statements. Railway income in 2020 had been just 24% of what we had originally forecast and W&L Sales income just 19%. But thanks to superb all-round support, including the policy of maintaining a prudent level of reserves, the magnificent response of members and others

to the *Tracks to Recovery* appeal, the furlough scheme, generous grant support, and the agreement of the Zillertalbahn to defer receipt of payments for the hire of ZB2, we had ended the year with project work continuing and a slightly higher level of reserves. Funding was also in place to reinstate Sylfaen loop in 2021, but the railway could not run without income from W&L Sales, so a return to normality was important.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was then proposed by Helen Ashby, seconded by Steve Davidson, and approved unanimously. The appointment of Whittingham Riddell as independent examiners of the Company was then proposed by Steve Davidson, seconded by Oliver Edwards, and also passed unanimously.

Steve Clews then gave a brief report on developments in the first half of 2021. James Brett had succeeded Charles Spencer as General Manager after a transition and Matthew Dawe had joined as Community Development Officer on a six-month contract. Train services had re-started from 1st May following the easing of lockdown restrictions, but social distancing precautions restricted the number of passengers we could carry. Several track relay and repair works had been completed over the winter, while overhauls of No.1, No. 10 and the tamper continued. No.2 was retired from service being out of boiler ticket, while ZB2 needed renewal of boiler tubes and some front tube plate rivets which meant the season began with the Diema as the main locomotive with ZB2 taking over in mid-May.

3. Election of Trustees

Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held, and all four candidates received more votes in favour than against. Helen Ashby, Simon Bowden, Andrew Charman, and Iain McLean were therefore all re-elected to the board.

4. Election of President

Steve Clews proposed that the Earl of Powis be elected President, which was seconded by Helen Ashby and agreed.

5. Election of Vice Presidents

The following nominations were made: Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike, and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Andrew Charman proposing and Martin Evans seconding.

There being no further business, Steve Clews thanked everyone working for the railway in these difficult times and urged those who had not done so recently to visit it. The meeting closed at 1.35pm.

WELSHPOOL AND LLANFAIR LIGHT RAILWAY PRESERVATION CO. LIMITED

England & Wales - Charity number 1000378

Accounts

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

ANNUAL REPORT AND ACCOUNTS 2020

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Administrative details

Principal office (also the registered office)	The Station Llanfair Caereinion Welshpool Powys SY21 0SF
Phone	01938 810441
Web	www.wlir.org.uk
Accountants	Cadwallader & Co LLP Chartered Accountants Eagle House 25 Severn Street Welshpool Powys SY21 7AD
Independent examiners	WR Partners Hafren House 5 St Giles Business Park Newtown Powys SY16 3AJ
Solicitors	Lanyon Bowdler LLP 4 St Martin's Street Hereford HR2 7RE

Officers and managers

Company Secretary	Michael Reilly
General Manager	Charles Spencer
Operations and Infrastructure Manager	Kevin Heywood
Mechanical Engineering Manager	Richard Featherstone

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion on Sunday 16 May 2021 at 1.00 pm for the purpose of transacting the following business:

Ordinary Resolutions

- (1) To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2020.
- (2) To appoint Whittingham Riddell as independent examiners of the Company and to authorise the directors to determine their remuneration.
- (3) To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Helen Ashby, Simon Bowden, Andrew Charman and Iain McLean retire by rotation. There are four vacancies. Details of those offering themselves for election are given in the voting pack sent to all members.
- (4) To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
- (5) To elect vice presidents. Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike and Sir Philip Williams have indicated their willingness to be re-elected.

Immediately after the end of this meeting, a members' forum will be held.

Any member entitled to attend, but not able to be present at the Annual General Meeting, may appoint a proxy to attend and vote on a poll in his or her stead and that proxy need not be a member of the company. A form of proxy will be sent to all members eligible to vote and should be deposited at the Registered Office at least forty-eight hours before the meeting.

Associate members may attend but not vote at the Annual General Meeting. Only persons producing their current membership cards or duly appointed proxies will be admitted to the meeting.

Michael Reilly
Company Secretary
20 March 2021

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose formal charitable purpose is: *to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.*

The trustees serving during 2020 and the meetings they attended were:

	<i>Actual/ possible</i>		<i>Actual/ possible</i>
Steve Clews <i>Chairman</i>	8/8	Oliver Edwards	8/8
		John Forman	8/8
Iain McLean <i>Vice Chairman</i>	6/8	Peter Green <i>(from 9 August)</i>	3/3
Helen Ashby	8/8	Cllr. David Jones	7/8
William Bickers-Jones <i>(from 9 August)</i>	3/3	Bob Mason	8/8
		Robert Robinson	8/8
Simon Bowden	8/8	Bruce Webber	5/5
Andrew Charman	8/8	<i>(until 9 August)</i>	

The trustees cover the following skill areas: staff, appeals, mechanical and civil engineering, finance, health & safety, education, heritage, product marketing, business management and legal. Professional advice is sought as appropriate.

This report sets out the trustees' account of the company's work in 2020. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law

Status of the charity

The Welshpool & Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The charity has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by payment of the annual subscription.

The company has a wholly owned subsidiary, W&L Sales Ltd, which is not a charity and has its own board and accounts. Its profits are gift aided to the preservation company.

The charity can have up to twelve trustees. Members of the board of trustees

are directors of the company for Companies Act purposes. The articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, customarily local councils have been invited to nominate a trustee, whose appointment is subject to approval by members in the usual way.

Governance and management

The trustees are required by law to prepare financial statements, which give a true and fair view of the affairs of the charity and the group at the end of the financial year and of the financial activities, total recognised gains or losses and cash flows of the group for the year.

The trustees are of the opinion that in preparing the financial statements on pages 18 to 36 appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees are responsible for ensuring that the group keeps accounting records which disclose, with reasonable accuracy, the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that they are not aware of any relevant audit information of which the group and charity's independent financial examiners are unaware; and that they have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the group and charity's independent examiners are aware of that information.

The board meets regularly during the year and subgroups of board members meet from time to time as business requires. The general manager is appointed by the trustees to carry out the policies laid down by the board and to manage the day to day operations of the charity. To facilitate effective operations, the general manager has been given authority, within terms of delegation approved by the trustees, for operational matters, including the employment of other staff. The trustees have agreed a written schedule of matters reserved to the board, copies of which may be obtained from the company secretary. The board sets the general manager's remuneration in the light of annual objectives and performance appraisal.

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working

members. However, they are encouraged to identify their own training needs. Trustees are provided with the updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR) Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed. The board of trustees keeps six registers of risks to the business. These registers hold risks at a company level relating to commercial, external, finance, governance, operations and personnel, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. During 2020, ownership of the commercial risk register was transferred from the general manager to a trustee. Emergent and changed risks are identified, discussed and documented at each board meeting. Covid 19 and generic pandemic risks were considered subsequent to the annual review of the registers in January 2020.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. During 2020 considerable work was conducted to identify all risks associated with all operations in a Covid safe environment.

Safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. There were no incidents requiring reporting to outside bodies in the year. We again suffered a small number of minor injuries to staff on the railway. In all the reports the underlying theme was that those involved had not been paying full attention to the task in hand. The importance of doing so, and not distracting others when they are working, cannot be overstressed.

The safety officer's work was dominated by the Covid pandemic and ensuring that suitable risk assessments, working practices and mitigations were introduced to protect staff and visitors from transmission of the virus. It was pleasing to receive letters and emails from the public complimenting us on our precautions and saying how safe they had felt travelling with us.

The railway responded to a request sent to all heritage railways by their regulator, the ORR, for a risk assessment and mitigations regarding passengers leaning out of droplights, and also applied ORR guidance in the reopening of the railway after the spring 2020 lockdown.

Work has continued to strengthen the safety management system (SMS) including identifying a new document management system which we hope to introduce in 2021.

The trustees would like to thank the general manager and the safety & management team for their work in keeping safety at the forefront of the operation of the railway.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion. This encompasses the following three subsidiary objectives:

- the preservation and operation of the eight-mile narrow gauge light railway between Welshpool and Llanfair Caereinion
- the generation of funds to finance the acquisition and restoration of fixed assets and for the operation of the railway, including the necessary maintenance, renewals and replacements
- the continued encouragement of an active membership to provide the necessary volunteer manpower and to preserve or acquire the skills.

Public benefit

The board has had regard to the Charity Commission's guidance on public benefit. Of the charitable purposes set out in the Charities Act 2011, the railway principally contributes to *b) the advancement of education...* and *f) the advancement of the arts, culture, heritage, or science...*

The public benefits of the charity are:

- the preservation of one of the first British railways built under the auspices of the Light Railways Act 1896
- the conservation of its heritage assets and equipment for public enjoyment
- the education of the public in the history of railway locomotion
- the preservation and passing down of craft skills.

In carrying out these benefits to the public, the charity seeks to minimise harm to the environment.

Any member of the public may:

- travel on the public scheduled services
- view the stations and buildings without payment whenever the railway is open
- view how the railway and its operations feature in the landscape at any time.

All members of the company are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs, subject only to health and safety assessments. Company members enjoy concessionary travel on the railway but all other private benefits of membership are incidental to the aims and objectives of the charity.

Achievements and performance

At the start of the year, the railway was set to continue its objective of gradual growth to increase its sustainability. With two steam locomotives expected to come back into service during the year, fewer constraints on operations were foreseen and the published timetable had 637 trains scheduled to run on 176

days, increases of 12% and 6% respectively over 2019. A growing range of special events was also planned.

A half-term service was operated in February, with passenger numbers and revenue down slightly on 2019 due primarily to poor weather. With the first reported coronavirus case in Wales on 28 February, the railway moved quickly to assess the risks and put precautions in place, but it became clear that it would not be possible to open as planned on 4 April. The full national lockdown was announced on 23 March and thereafter only essential maintenance and security were carried out, by local staff.

The lockdown for the leisure sector and the suspension of most work at the railway lasted until early July, and after strenuous preparations the railway reopened to visitors on 1 August. Capacity on trains was severely limited by the need to provide safe separation between household bubbles. To maximise the number of passengers who could travel under these circumstances, services during August ran between Llanfair Caereinion and Castle Caereinion only. The one-hour round trip was very popular with families, especially those with small children, and many trains were sold out.

After planned renewal work on the line between Castle Caereinion and Welshpool which had been interrupted by the lockdown was completed, from the beginning of September one train a day offered a round trip over the whole line, with the popular Castle service continuing twice daily. Then, in mid-October, Wales imposed a second lockdown and thereafter no further public trains operated in 2020; among the significant losses was the popular and very remunerative Santa Special service in December which, like every other special event planned for the 2020 season, had to be cancelled.

Project work also suffered during the closures, with progress dramatically slowed on repairs (barring safety critical maintenance) and improvements, due primarily to the inability of most volunteers to come to the railway. This included the programme of works funded by the EU through the Welsh Government's Tourism Amenity Investment Support scheme.

The company received extraordinary support during this crisis in donations from members and the public, as well as from emergency government grants and the furlough programme. Nevertheless, over 70% of the railway's costs are fixed, whether trains run or not, and some operating revenue was essential to help cover these. Feedback from visitors about our efforts was universally positive, but even more important was that the railway demonstrated its ability to operate trains and welcome visitors in exceptionally difficult circumstances. Operating trains is what a heritage railway is for, and the W&L proved that it was alive and well and could do so.

Many members of the railway community – trustees, management, paid staff, volunteers and supporters – worked very hard and contributed enormously to this past year's achievements. The railway can also report that, as far as it knows, no cases of coronavirus can be attributed to the railway's conduct during the pandemic. Doubtless 2021 will bring challenges, including the need to catch up on maintenance and projects delayed by the pandemic, but the

railway's strong position financially and reputationally at the end of 2020 is the best indicator of its performance over this extraordinary year.

Track, infrastructure and buildings

We continued the programme of replacing worn rails during 2020, starting with a further section at Mill Curves and then at Pussy Bridge, where new 50lb rails were used. Some new rails were also laid at Welshpool station, with the loop rerailed using cascaded original rails and new hardwood sleepers where necessary. At Cyfronydd, a new turnout has been installed and the siding relaid. Special thanks go to the Great Whipsnade Railway for the generous loan of their tamping machine. Overhaul of the easternmost bridge at the Mill Curves was carried out, along with the bridge at the old water tower alongside the River Banwy. Several storm damaged trees were removed and new fencing installed near Sylfaen.

Annual inspections of Banwy bridge and Brynelin viaduct took place, and minor maintenance works were carried out, with a full professional inspection due during 2021.

Numerous building repairs were undertaken by the midweek gang, including work to counter problems with drainage and water penetration. The latter is destined to be an ongoing problem at the former Colinette building until funding for re-roofing is available, but some interim mitigation works are planned. As an offsite project, members of the Fence2Fence team have been building bird boxes to be erected along the line with a view to attracting wildlife and allowing more detailed promotion of our lineside to passengers.

Steam locomotives

In 2020, the steam locomotive fleet ran a total of 2317 miles, of which No. 2 *Countess* completed 1824 miles (79%) and locomotive ZB2 *Zillertal*, on-hire from the Zillertalbahn, 493 miles (21%). All passenger train mileage in 2020 was handled by the two operational steam locos. Number 2's turn on 18 October proved to be its last run before the expiry of its boiler ticket in February 2021. That was also the last passenger service run prior to imposition of the second lockdown in Wales on 23 October. The overhauls of Nos. 1 *The Earl* and 10 *Sir Drefaldwyn* continued. Like so much else, these were severely limited by the pandemic.

Rolling stock

The carriage fleet accumulated a mileage of 9101 in passenger service during 2020. Work started on a refurbishment and overhaul of carriage B14.

Diesel locomotives and plant

Diesel locomotives Nos. 7 *Chattenden* and 17 both saw service on engineering trains during 2020. No. 17 was withdrawn from service and dispatched to Riley & Son Ltd in Heywood on 22 December for work on the wheelsets, axleboxes and final drives. The tamper was subject to an overhaul of its hydraulic and pneumatic systems plus rewiring the engine and a new exhaust system. This

work was funded entirely by donations and the company is grateful to all those who contributed.

Education and heritage

The railway meets its formal charitable purpose by preserving its heritage features and providing learning opportunities for all visitors. For most of 2020 we were unable to deliver our normal programme of special events and opportunities for learning were limited. *Llanfair Connections* was open during the February half term operations and the activities provided were enjoyed by family visitors.

When volunteering on site was possible, the small working group took the opportunity to make minor improvements to *Connections*, and to set up proper collections management procedures to enable us to care for and make accessible our growing collection of heritage objects to professional museum standards.

We have been fortunate in receiving grant funding from the National Lottery Heritage Fund and the Welsh Cultural Recovery fund to enable us to create a range of new displays and activities. The development series of 'trails', exhibitions and activity books will be launched early in 2021.

Fund raising

Amidst the gloom of the pandemic, 2020 was one of the best years for fundraising in the company's 60 year history. As detailed in the accounts, we received donations of £254,000, legacies of £57,000 and grant support totalling £145,000 attributable to the year. A further £129,000 was received in grant support to be spent in 2021 to relieve the continuing effect of the pandemic and to help rebuild. The biggest components of donations went to restoration of locomotive No. 1 *The Earl*; to *Tracks to Recovery* (support for costs during the first pandemic closure); and to repairs to our tamper in memory of Dave Billmore. The first big grant came from the National Lottery Heritage Fund, for which we were eligible because of our recent grant from them towards the 'Grand Tour' of locomotive No. 14. We also acknowledge support from the EU and Welsh Government (continuing Tourist Amenity Infrastructure Support, and Cultural Recovery Fund), Powys County Council (rate relief and related grants) and the UK Government (furlough support). Without all these efforts it would have been a truly bleak year. The fundraising and appeals teams worked very hard to achieve these results.

W&L Sales

Whilst making a contribution to the Preservation Company for rent and administration costs, together with a very small net profit, comparison with previous years is not meaningful given the circumstances. Only Llanfair shop could be opened, with the tea room replaced by an outside mobile catering unit and socially distanced seating in an adjacent marquee.

Comments received and the level of ancillary spend show this was appreciated by visitors. All things considered, the result was satisfactory and the efforts of all the staff, paid and volunteer, who were involved are greatly appreciated.

The much anticipated structural work and site development to provide enhanced facilities for visitors and for W&L Sales is currently on hold and will be reviewed and revived in the future.

Membership and volunteers

Membership at the end of 2020 was 2,054 compared to 2,120 at December 2019. The pandemic restrictions meant we had fewer visitors to Llanfair to recruit from, but we welcomed many new members recruited via social media. We attracted 137 new members in 2020, 33% from the SY postcodes, which usually account for 40%.

Our ability to retain members remains very good, aided by the 3 for 2 offer. Once members have been with us those first three years, the average length of membership is 22 years. In fact, 100 members have been with us 50 years or more. We also issued 18 new life memberships in 2020.

The volunteer liaison team completed a full audit in 2020 to ensure that the railway can plan for sustainability in having enough people in each section to allow the railway to run a full service when Covid-19 restrictions come to an end.

Training was limited in 2020 but plans are being put in place to re-introduce this as soon as restrictions allow. We now need more volunteers in most areas. We hope to attend more local events in 2021 and return to the Warley Model Railway Exhibition, to raise awareness of the railway among a wider audience. A happy volunteer is one who will stay with us for a long time.

Staff

The company employs four full time, one part time and, in normal years, up to six seasonal catering staff, plus there are about 290 part time volunteer staff.

After operating normally in the first three months of the year, including three seasonal staff working in the tearoom over February half-term, the company made extensive use of the government's furlough scheme over the rest of the year. The three full-time and the part time staff, as well as the three tearoom staff who were eligible, were on full-time furlough for between three and six months each. In addition, the general manager was furloughed full-time for three weeks in June, with the chairman and the safety officer taking responsibility for operations at the railway. After the scheme changed in July, all staff worked as required and were furloughed for the remainder of their time. One staff member voluntarily took a reduced regular salary throughout the period. Arrangements were also made for as much working from home as possible.

The trustees and the general manager are very grateful to all paid staff for their acceptance of these arrangements and the reduced income for them that resulted. They particularly recognize the challenges that staff encountered in spending so much time away from the railway.

Attendance of volunteer staff, some of whom come from considerable distances, was significantly impacted by the pandemic and government restrictions as

well as their personal situations, and volunteers suffered the same separation from their railway as the paid staff. About one sixth of the normal volunteer complement – mostly those living locally – were able to contribute essential maintenance during the closure and to operate trains in the restricted August to mid-October running period.

After the long hiatus, a great deal of training and reassessment of safety-critical staff was required, consistent with ORR and HRA guidance, before the railway could reopen to the public in August. Other training was significantly curtailed by the limitations of the pandemic and social distancing.

After the general manager announced in July his intention to retire as of 31 March 2021, a major recruitment effort was mounted which saw broad interest and strong candidates. The appointment of James Brett, formerly of the Crich Tramway Museum in Derbyshire, was announced in December, for a transition starting in February 2021.

A volunteering policy and volunteers' code of conduct were added to the suite of company personnel policies and extensive staff procedures were developed to manage the new Covid-safety provisions.

Marketing

In the first quarter of the year, a review of marketing spend took place in the light of research with our existing visitors from 2019. This was intended to cut back on spending which had not demonstrated sufficient returns, and more effectively to deploy our resources. Particularly, we reviewed leaflet distribution.

With this achieved, we were plunged into the well-reported challenges posed by coronavirus. Sadly, much of our marketing budget had been spent by the time this hit, leaflets being the clearest example.

A key aim became achieving our education, heritage and promotional objectives through digital provision. This was duly achieved in an intense campaign of imagery and video, both of which formed a key part of encouraging donations to our two appeals of 2020 – *Tracks to Recovery* and returning *The Earl* to steam. These were both a great success.

With the limited return of passenger trains from 1 August, a considerable effort was invested on social media, which offered a flexible, low-cost, low-risk promotion method for this uncertain period. This paid off, with many sold-out trains. Although much of the regular marketing variety, such as vintage trains and gala running, was absent our visitor figures remained respectable throughout the shortened season.

Financial review

Results and financial position

The trustees are of the opinion that in preparing the financial statements and related notes appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and that all applicable accounting standards have been followed. They are also satisfied

that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The Covid-19 pandemic and its economic impacts have had significant effects on the railway's operation and that will continue into 2021. Trustees have reviewed the forecast income and expenditure for the coming year and continue to have a reasonable expectation that the railway is a going concern based on these estimated figures.

While the railway operated whenever it could safely do so in 2020, income from railway operations was only 24%, and commercial trading income only 19%, of 2019. Welshpool shop and the tearoom were closed all year, though the mobile catering van at Llanfair provided a most welcome all year round contribution to net income. Our total income from operations was £100,000, compared to a normal year of £450,000.

Total incoming resources (consolidated statement of financial activities) were £587,000 due to the exceptional support of members and other donors gifting £254,000, legacies of £57,000 and grant support totalling £145,000. This record of donations reflected tremendous, widespread response to the tamper overhaul appeal (£21,000), *Tracks to Recovery* (£56,000) and *The Earl* (£95,000). In legacies, Mike Abbott's railwayana collection generated an additional £37,000 and we are also grateful for generous bequests from Clifford Barratt, J M Eccles, Roy Edwards, Roy Evans, David Karran, David Page and Ian Wildbore.

In a difficult year, the railway also recognises the valuable support from Powys County Council in the form of rates relief as well as two grants, the Welsh government's Cultural Recovery Fund, the Heritage Lottery Fund and HMRC's furlough scheme. The EU TAIS grant previously awarded also made payments for Welshpool sheds work and Cyfronydd siding. Together these generated £148,000 in 2020 with a further £129,000 as prepayment of expenditure expected early in 2021.

Looking at cashflow, the December 2020 cash balances are £250,000 higher than December 2019 due mainly to the £129,000 advance receipt of grants and the fact that Mike Abbott's railwayana has now been converted into £119,000 of cash, whereas last year it was valued, but not yet sold.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, this part of mechanical engineering includes the oils, greases, brake blocks, fire bars, new parts and couplings needed to keep the operational rolling stock in fine fettle. Locomotive hire covers the 2020 costs for the visit of *ZB2 Zillertal*. The transport and modification costs are being amortised across her full anticipated stay with us. With lower activity, fuel costs are notably lower and sadly we did not need to aid Santa Special operations with the cost of presents this year. However, as the sun shone throughout Lockdown 1, solar panel income was up at just over £2,000.

'Mechanical engineering projects' refers to the tamper overhaul and 'civil engineering' the curtailed winter track relay programmes, notably Cyfronydd siding.

Within administration costs, staff costs (Note 6 for detail) reflect the much appreciated contribution from staff in accepting only 80% of normal salary while on furlough. Rates are lower by £3,000 due to business rates relief during the pandemic. Cleaning and hygiene reflects £7,000 for additional pandemic required materials, with further pandemic required measures causing spend on other cost lines as well.

Contribution from the commercial trading operations of W&L Sales Ltd is shown in Note 4. With much reduced levels of activity, W&L Sales contributed just £276 of profit to the railway and its contribution in the form of rent and general administration costs was much reduced due to its lower activity. The related furlough grant support of £14,000 did cover substantially all staff costs in the year. During the year, the W&L Sales capital was increased to £30,000, still 100% owned by the railway.

The CCLA investments (Notes 7 and 13) continued to perform well, delivering £7,000 of dividend income and a £16,000 valuation increase in the year, giving 9% total return.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix together long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity and also long-term donations and how they are spent, sometimes in a different period from when they were received. For this format, the *Tracks to Recovery* donations and the pandemic support grants are shown within 'daily operations' to show how this support helped keep the loss on day-to-day activities to £27,000. It also shows that the other £293,000 of donations and legacies received will go to support long-term projects, even in a year as difficult as 2020.

Capital expenditure in 2020 at £226,000 was high as work progressed on both No. 10 *Sir Drefaldwyn* and No.1 *The Earl*. In other fixed assets we have expenditure on the Welshpool shed extension.

The remaining members' loans balances at £1,430 from the 1980s/1990s have now been written-off. After extensive effort to contact members who had made these loans, no further repayment requests have been received in the last decade and with only a surname for the 60 members with loan notes still open it is not possible to do more to contact them.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives.

Existing restricted funds for diesels, viaduct protection, Sylfaen loop and *Llanfair Connections* are planned to be used in the coming year. The 2020 Appeal, carriage improvement, Zillertal carriage maintenance and heritage wagon funds are awaiting approval of suitable projects in due course. Funds for the restoration of locomotives No. 14 and No. 6 *Monarch* are for longer term projects.

Designated fund

The trustees have a designated fund earmarked for fitting out and displays as our interpretation centre plans evolve. In addition, grants received in advance of work being completed have a designated fund amount set aside in anticipation of that spend in 2021.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running higher than normal. This is when major work is undertaken on civil and mechanical engineering, refurbishment and capital items, when coal stocks are replenished and when W&L Sales restocks the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £530,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £250,000 to be an appropriate additional reserve. Adding these two figures, reserves of £780,000 were required at 31 December 2020; whilst actual investments, cash and working capital available stood at £790,000.

Investment policy

The charity's Memorandum of Association gives the trustees discretion in the investment of funds. The trustees consider that investments in the CCLA Investment Management's funds, designed specifically for charities, offer appropriate investment vehicles. The short-term reserves are invested in a deposit account, which has consistently provided a better return than a commercial bank or building society. Longer-term funds are invested in the investment fund units which is an ethical fund. While the current pandemic still poses challenges short-term, the investment managers remain positive on the medium- and long-term prospects, preferring equities to fixed income assets.

The future

2020 was one of the most difficult years that the preservation company has experienced. Consequently, the performance cannot be compared with any other year. The planned update of the business plan had to be put on hold whilst the effects of the pandemic were determined, and the lessons evaluated. Development of a new ten-year business plan will be undertaken during the second quarter of 2021.

The uncertainties of 2020 will continue into 2021 and operations will need to remain flexible with a degree of short-range planning. This will need excellent communication and marketing with a focus on regular updates. The slow build-up of different offerings undertaken in 2020 will have to continue into 2021 with acceptance that some will work better than others. The lessons learned from 2020 will be employed in 2021 with the likelihood that more will emerge.

Major projects development was put on hold during 2020 with the exception of completing some existing work. The development of the retail site at Llanfair will now be re-evaluated following a post project review of the Welshpool sheds project, lessons learned from 2020 and the rebasing of the business plan. TAIS grant project progress was badly affected by the lockdowns and some work will be completed during an extension of the project into the first quarter of 2021.

During 2021 it is envisaged that there will be increased networking and lobbying through connections with HRA, GLTW and expansion of our liaison railways and organisations.

The efforts to preserve and improve the appearance of the railway to ensure it remains attractive to visitors will continue to be a priority in 2021 and beyond, with efforts made to further catch up on previously deferred maintenance.

During 2021 the membership service committee and the volunteer liaison team, assisted by a community development officer, a grant funded short term paid position, will review how to retain and re-invigorate the current membership, look at a scheme for young volunteers and look to increase volunteer activity again.

The charity remains extremely grateful for legacies and donations received over past years. Where an indication of possible use for such finances has been given, consideration will be given to accede to those wishes. It must be stressed however, that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

On behalf of the board of trustees

Steve Clews

Chairman

20 March 2021

Independent examiner's report to the trustees of the Welshpool & Llanfair Light Railway Preservation Co Ltd

Basis of Independent Examiner's Report

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2020 which are set out on pages 18 to 36.

Responsibilities and basis of report

As the charity trustees of the company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no matters have come to my attention in the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

John Fletcher BA(Hons) FCA

WR Partners
Newtown
14 April 2021

Consolidated statement of financial activities
for the year ended 31 December 2020
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income from:					
<i>Voluntary income</i>					
Donations, legacies and grants	2	339,876	116,517	456,393	227,875
<i>Charitable activities</i>					
Railway operation and preservation	3	71,039	-	71,039	290,547
Membership subscriptions		21,097	-	21,097	20,878
<i>Other trading activities</i>					
Commercial trading operations	4	30,664	-	30,664	161,797
<i>Investment income</i>	7	2,898	4,930	7,828	9,750
Total income		465,574	121,447	587,021	710,847
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	284,916	-	284,916	340,439
Railway operation and preservation – projects	3	97,411	115,782	213,193	229,400
Membership and governance expenses	5	15,089	-	15,089	17,996
<i>Other trading activities</i>					
Commercial trading operations	4	44,358	-	44,358	145,615
Total expenditure		441,774	115,782	557,556	733,450
Net gain/(loss) on investments	13	16,000	-	16,000	35,000
Net income/(expenditure) for the year		39,800	5,665	45,465	12,397
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		39,800	5,665	45,465	12,397
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,128,952	165,249	2,294,201	2,281,804
Total funds carried forward		2,168,752	170,914	2,339,666	2,294,201

All of the above results are derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a surplus of £45,465 (2019 £12,397 surplus).

Consolidated and charity balance sheets
as at 31 December 2020

		Group		Charity	
Company Registration No.00646238		2020	2019	2020	2019
Fixed assets	Note	£	£	£	£
Heritage fixed assets	11	785,929	665,303	785,929	665,303
Other tangible fixed assets	12	729,341	790,540	729,341	790,540
Investments	13	254,000	238,000	284,000	238,002
		1,769,270	1,693,843	1,799,270	1,693,845
Current assets					
Stocks	14	74,500	88,700	58,000	70,000
Debtors	15	106,386	206,272	106,823	242,249
COIF deposit account		354,156	268,339	354,156	268,339
Bank accounts and cash balances	16	304,880	142,263	290,284	106,462
		839,922	705,574	809,263	687,050
Creditors: amounts falling due within one year					
Trade creditors		31,147	1,581	31,147	1,241
Other creditors including tax and social security	17	2,107	4,028	3,724	4,028
Accruals and deferred income	18	208,642	75,276	206,642	73,276
		241,896	80,885	241,513	78,545
Net current assets		598,026	624,689	567,750	608,505
Creditors: amounts falling due after more than one year	18	27,630	24,331	27,630	24,331
Total net assets		2,339,666	2,294,201	2,339,390	2,278,019
The funds of the charity:					
Unrestricted funds		1,990,851	2,081,421	1,990,575	2,065,239
Designated funds		177,901	47,531	177,901	47,531
Total unrestricted funds	19	2,168,752	2,128,952	2,168,476	2,112,770
Restricted income funds	20	170,914	165,249	170,914	165,249
Total funding provided		2,339,666	2,294,201	2,339,390	2,278,019

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. Authorised for issue by the Board of Trustees on 20 March 2021 and signed on their behalf, by:

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

**Consolidated cash flow statement:
for the year ended 31 December 2020**

	Note	2020	2019
		£	£
Net cash provided by/ (used in) operating activities	23	468,824	22,205
Cashflows from investing activities:			
Dividends from investments	23	7,321	8,488
Acquisition of heritage and other tangible fixed assets	11 12	(226,281)	(282,441)
Disposal of tangible fixed assets		-	-
(Acquisition)/divestment of investment assets	13	-	-
Net cash provided by/ (used in) investing activities		(218,960)	(273,953)
Cashflow from financing activities:			
Members' loans received/(repaid)	22	-	-
Net cash provided by/ (used in) financing activities		-	-
Change in cash and cash equivalents in the year	22	249,864	(251,748)
Cash and cash equivalents at beginning of year	22	409,172	660,920
Cash and cash equivalents at end of year	22	659,036	409,172

Note: Cash equivalents includes Members' Loans liability

NOTES TO THE ACCOUNTS

31 December 2020

1. Accounting policies

The Welshpool & Llanfair Light Railway Preservation Co Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is at The Station, Llanfair Caereinion, Welshpool, Powys, SY21 0SF. The company is registered as a charity (Number 1000378) with the Charity Commission. It is limited by guarantee and controlled equally by all its members. The company meets the definition of a public benefit entity under FRS102.

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) of the Charity Commission (revised 2015), Financial Reporting Standard (FRS) 102 and the Companies Act 2006, under the historical cost convention, modified to include financial instruments at fair value where appropriate. Investments are included at market value.

The company's functional currency is GBP sterling.

After reviewing the company's forecasts, the trustees have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future and there are no material uncertainties about the charitable group's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing these financial statements.

(b) Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the trustees there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Ltd (registered in England and Wales:03037235), on a line by line basis.

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section

408 of the Companies Act 2006 and paragraph 14.7 of SORP 2015. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

Income from railway fares is included in income in the period in which the relevant journey takes place.

Subscriptions are brought into income in equal monthly instalments for each length of membership. Life membership income is spread over twenty years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Limited is included in income in the period in which the sale is made.

(iii) Donations, legacies and grants

These are included in income when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

(iv) Intangible income

The group is heavily dependent on members who give their time to assist in the activities and running of the charity and in staffing the trading outlets of W&L Sales Ltd. No monetary value is placed on this time in these financial statements; nor is any value attributed to individual gifts in kind valued at less than £1,000.

(e) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the goods or service. Rental payments are charged to income on a straight-line basis over the period to which they relate.

(i) Repairs and maintenance

Expenditure is written off in the period in which it is incurred. A major repair or refurbishment, which gives rise to a significant and continuing economic benefit to the charity by extending the useful life of the asset, is capitalised.

(ii) Overhead allocation

Administration and management costs comprise those overhead expenses which, whilst mainly related to the charitable activities, are not wholly so attributable. The proportion relating to the organisational management of the charity and its compliance with constitutional and statutory requirements is shown separately as Governance.

(iii) Pension costs

Retirement benefits for certain employees are funded by defined contributions from the group. Payments are made to approved pension providers. The group's contributions are treated as expended in the period in which they become payable.

(f) Tangible fixed assets and depreciation

The railway's fixed assets are categorised into Heritage and Other.

Heritage fixed assets are land, buildings, permanent way, locomotives and rolling stock which are of historical significance in the preservation of the railway or otherwise integral to the broader objective of educating the public in the history and development of railway locomotion. Other fixed assets are integral to the operation of the railway, but of lesser historical significance and in some form replaceable.

Acquisitions are made by purchase or donation and assets are included at cost, or estimated cost if donated. Major restoration work to assets that have been out of use for some time is also capitalised at cost. Maintenance costs to keep assets in full working order are charged to the income and expenditure account when incurred. Subject to the trustees' approval, the company may dispose of fixed assets; though in the case of heritage fixed assets this will only happen in very exceptional circumstances.

The company's policy and programme of maintenance is summarised in the trustees' report and the company's website has details of its collection of locomotives and rolling stock and the history of the line.

No depreciation is charged in respect of freehold land. Other assets are depreciated, so as to write their cost down to estimated residual value. Depreciation is normally charged in equal annual instalments over their anticipated useful lives, as follows:

Permanent way	2%
Site works	4%
Buildings	2% - 3%
Locomotives and rolling stock	5%
Plant and equipment	10% - 20%

(g) Investments

Fixed asset investments are stated at market value at the balance sheet date. The statement of financial activities (SOFA) includes the net gains and losses arising on revaluations and disposals throughout the period.

(h) Stocks

These are stated at the lower of cost or net realisable value, due allowance being made for obsolete and slow-moving items. Donated items are included at estimated cost.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

(j) Financial assets and liabilities

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Trade debtors, trade creditors and amounts due from the subsidiary company are recognised initially at transaction price. These obligations are intended to be settled within one year, and are therefore not discounted using the effective interest method. Transaction cost represents their fair value.

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees;

Designated funds – these are unrestricted funds that have been set aside by the trustees for particular purposes; or

Restricted funds – these funds, which arise from grants or donations made for a specific purpose, can only be used for that particular purpose within the objects of the charity. Restrictions arise when stipulated by the donor or grantor or where funds are raised for a specified purpose. The balances of the funds represent the unspent balances.

2. Donations, legacies and grants

	Unrestricted	Restricted	2020	2019
	£	£	£	£
Gift aided donations	79,178	109,225	188,403	110,317
Other donations	58,676	7,292	65,968	11,716
Legacies	56,831	-	56,831	89,000
Furlough support	50,134	-	50,134	-
Grants – EU TAIS	12,836	-	12,836	16,842
Grants – Powys Council	30,000	-	30,000	-
Grants – Heritage Lottery Fund	36,000	-	36,000	-
Grants – Cultural Recovery Fund	16,221	-	16,221	-
Total 2020	339,876	116,517	456,393	227,875
Total 2019	148,075	79,800	227,875	

3. Railway operation and preservation

Turnover	Note	2020		2019	
		£	£	£	£
Fares			66,972		279,554
Driving courses			-		2,242
Keyse Cottage receipts		2,005		5,064	
Solar panels income		2,062		1,887	
Sale of surplus materials, parking etc		-		1,800	
Other operating income			4,067		8,751
Income from railway operation and preservation			71,039		290,547

Working expenses

Fuel		10,030		29,208
Repairs and maintenance:				
Mechanical Engineering		30,207		53,926
Civil Engineering		11,147		16,078
Costs applicable to special trains		980		10,589
Loco hire fees		9,461		5,594
Keyse Cottage running expenses		2,081		3,714
Administration and management costs	6	221,010		221,330
Total working expenses of railway operation and preservation			284,916	340,439

Major project expenditure

Mechanical Engineering		18,972		8,340
Civil Engineering		27,367		65,387
Depreciation	11 12	166,854		155,673
(Gain)/loss on disposal		-		-
Total major project spend on railway operation and preservation			213,193	229,400
Net cost of railway operation and preservation			427,070	279,292

4. Subsidiary's trading activities

		2020		2019	
	Note	£	£	£	£
Income - Consultancy		1,257	-		
Income – Tearoom		5,806		81,122	
Income – Shops		23,601		80,675	
Total trading income			30,664		161,797
Less: Tearoom cost of sales		1,903		37,333	
Gross tearoom profit			67.2%		54.0%
Less: Shops cost of sales		16,298		40,398	
Gross shops profit			30.9%		49.9%
Less: Administration and management costs	6	26,157		67,884	
Total trading expenditure			44,358		145,615
Plus: Grant Income – Furlough			13,970		-
Net profit for the year			276		16,182
to be donated to parent company by gift aid					

Subsidiary's balance sheet at year-end

	2020	2019
Current assets	31,096	54,501
Current (liabilities) – other	(2,437)	(3,660)
Current (liabilities) – inter-company balance with parent company	1,617	(34,657)
Net assets	30,276	16,184

The share capital of W&L Sales Limited, which is a 100% owned subsidiary, was increased to £30,000 in the year.

5. Membership and governance expenses

		£	£
	Note	2020	2019
The Llanfair Railway Journal		11,124	11,513
Membership secretarial expenses	6	840	728
Governance costs	6	3,125	5,755
		15,089	17,996

6. Administration and management

	Railway operation and preservation	Commercial trading W&L Sales Ltd	Membership and Governance	Total 2020	Total 2019
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	26,161	-	-	26,161	31,763
Electricity and heating	7,635	-	-	7,635	7,409
Repairs and maintenance	3,902	-	-	3,902	7,697
Cleaning and hygiene supplies	12,272	-	-	12,272	6,266
Rent charged to trading	(2,940)	2,940	-	-	-
	47,030	2,940	-	49,970	53,135
Selling					
Advertising and publicity	19,095	-	-	19,095	28,946
Administrative					
Staff costs (Note 9)	131,170	14,102	-	145,272	173,301
Travelling	887	-	-	887	3,278
External training	1,474	-	-	1,474	3,482
Telephone and radio	2,163	-	-	2,163	3,471
Postage and stationery	1,846	1,147	2,125	5,118	6,868
Independent audit/examination fees	-	-	1,000	1,000	2,000
Accountancy fees	11,120	4,000	-	15,120	16,640
General expenses	4,581	140	840	5,561	3,358
Recharged to trading/capital	(2,250)	2,250	-	-	(7,673)
	150,991	21,639	3,965	176,595	204,725
Financial					
Bank charges and credit card commission	3,894	1,578	-	5,472	8,891
2020 Total	221,010	26,157	3,965	251,132	295,697
2019	221,330	67,884	6,483	295,697	

7. Investment income

	2020	2019
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,321	8,488
CCLA Deposit Account – Interest	496	1,081
Bank interest	-	-
Interest on tax	11	181
	7,828	9,750
Of which: restricted	4,930	4,790
unrestricted	2,898	4,960

8. Taxation

No liability arises to corporation tax on the surplus for the financial period by reason of the company's charitable status and the donation by gift aid of its net profits by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2020	2019
	£	£
(a) Staff costs during the period were		
Wages and salaries	133,989	160,291
Social security costs	6,059	6,094
Other pension costs	5,224	6,916
	145,272	173,301

No member of staff received emoluments in excess of £60,000 (2019: Nil). The General Manager's emoluments were in the range £30,000 to £35,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

	2020	2019
(b) Average number of persons employed		
Charity (full time employees)	5	5
Subsidiary (full time equivalent)	1	1
	6	6

The subsidiary employed three different employees in the year, aggregating to one full-time equivalent.

(c) Trustees

As a charity, the company is precluded from providing any emoluments for its trustees/directors and the Articles of Association of the subsidiary contain a similar provision.

Trustees received £Nil as reimbursement of travel expenses (2019: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd and of the Heritage Railway Association. David Jones is county councillor for most of the railway's area and Bob Robinson has been appointed as town clerk to Llanfair Town Council. Helen Ashby is Chair of the Friends of Sierra Leone National Railway Museum and William Bickers-Jones is also a trustee of that organisation. Andrew Charman is editor of Narrow Gauge World and Oliver Edwards is a heritage consultant to several railways. If any of these perceived a conflict of interest, they would have withdrawn from discussions and decisions on that topic.

11. Heritage fixed assets: group and charity

Cost	Freehold land, site works, buildings and permanent way	Locomotives and rolling stock	Other plant and equipment	Total
	£	£	£	£
At 31 December 2019	596,266	987,957	12,507	1,596,730
Additions	-	190,183	-	190,183
(Disposals)	-	-	-	-
At 31 December 2020	596,266	1,178,140	12,507	1,786,913
Depreciation				
At 31 December 2019	378,994	539,926	12,507	931,427
Charge for the period	15,117	54,440	-	69,557
(Disposals)	-	-	-	-
At 31 December 2020	394,111	594,366	12,507	1,000,984
Net book amount				
31 December 2020	202,155	583,774	NIL	785,929
31 December 2019	217,272	448,031	NIL	665,303

There was capital expenditure of £98,000 contracted for at the period end (2019: £215,000).

Five year summary of heritage fixed asset transactions:

Year	Purchases	Major items
	£	
2016	5,786	Peate wagon / SG wagon
2017	3,751	No. 10 <i>Sir Drefaldwyn</i> Bowaters wagon
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No.1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No.1 <i>The Earl</i>

12. Other tangible fixed assets: group and charity

Cost	Freehold land, site works, buildings and permanent way	Locomotives and rolling stock	Other plant and equipment	Total
	£	£	£	£
At 31 December 2019	833,965	391,174	294,247	1,519,386
Additions	33,788	-	2,310	36,098
(Disposals)	(485)	-	(5,148)	(5,633)
At 31 December 2020	867,268	391,174	291,409	1,549,851
Depreciation				
At 31 December 2019	364,890	237,309	126,647	728,846
Charge for the period	36,447	25,857	34,993	97,297
(Disposals)	(485)	-	(5,148)	(5,633)
At 31 December 2020	400,852	263,166	156,492	820,510
Net book amount				
31 December 2020	466,416	128,008	134,917	729,341
31 December 2019	469,075	153,865	167,600	790,540

There was capital expenditure of £Nil contracted for at the period end (2019: £Nil).

13. Investments

Investment Fund shares	Number	Group		Charity	
		2020 £	2019 £	2020 £	2019 £
At 1 January at market value	14,119	238,000	203,000	238,000	203,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		16,000	35,000	16,000	35,000
At 31 December, at market value	14,119	254,000	238,000	254,000	238,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	2
		254,000	238,000	284,000	238,002
Historic cost at 31 December		147,000	147,000	177,000	147,002

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £30,276 (2019: £16,184). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Stores	58,000	70,000	58,000	70,000
Goods for resale	16,500	18,700	-	-
	74,500	88,700	58,000	70,000
15. Debtors				
	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	5,961	3,149	5,961	3,149
Prepayments and accrued income	49,770	137,500	49,770	137,500
VAT	12,771	34,349	13,208	35,669
Gift Aid recoverable	37,884	31,274	37,884	31,274
Amount due from subsidiary company	-	-	-	34,657
	106,386	206,272	106,823	242,249

16. Bank overdraft

The group has overdraft facilities of £Nil (2019 - £Nil)

17. Other creditors including tax and social security

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Members' loans, interest free and unsecured				
Repayable on demand	-	660	-	660
Repayable on 3 months' notice from the lender	-	770	-	770
	-	1,430	-	1,430
PAYE	2,107	2,598	2,107	2,598
Amount due to subsidiary company	-	-	1,617	-
	2,107	4,028	3,724	4,028

18. Accruals and deferred income

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Subscriptions in advance	42,972	40,107	42,972	40,107
Less: falling due after more than one year	(27,630)	(24,331)	(27,630)	(24,331)
	15,342	15,776	15,342	15,776
Accruals	193,300	59,500	191,300	57,500
	208,642	75,276	206,642	73,276

19. Unrestricted funds

	Balances 31 Dec 2019 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2020 £
<i>General funds</i>	2,081,421	282,983	(389,553)	16,000	1,990,851
<i>Designated funds – future capital projects</i>					
Museum/ Interpretation Centre	47,531	1,370	-	-	48,901
Grants received in advance	-	181,221	(52,221)	-	129,000
	47,531	182,591	(52,221)	-	177,901
Total unrestricted funds	2,128,952	465,574	(441,774)	16,000	2,168,752

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2020, £1,409,123 (2019: £1,318,769) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2019 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2020 £
Restoration of No.6 'Monarch'	6,320	185	-	-	6,505
Restoration of No.14	39,208	2,004	-	-	41,212
Overhaul of No.1 'The Earl'	-	95,000	(95,000)	-	-
Maintenance of Zillertal carriages	5,655	140	(800)	-	4,995
Carriage improvement fund	10,610	320	-	-	10,930
Heritage wagon fund	3,797	110	-	-	3,907
Maintenance of diesels	4,824	145	-	-	4,969
Tamper overhaul	-	20,483	(18,972)	-	1,511
Viaduct and bridges protection	22,780	930	-	-	23,710
Sylfaen loop	26,520	790	-	-	27,310
2020 Appeal	43,719	1,300	(264)	-	44,755
Llanfair Connections	1,816	40	(746)	-	1,110
	165,249	121,447	(115,782)	-	170,914

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2020 £
Tangible heritage and other fixed assets	1,515,270	-	1,515,270
Investments	212,788	41,212	254,000
Net current assets	468,324	129,702	598,026
Long term liabilities	(27,630)	-	(27,630)
	2,168,752	170,914	2,339,666

22. Analysis of changes in net funds

	At 31 Dec 2019	Cash flows	At 31 Dec 2020
	£	£	£
Bank and cash balances	142,263	162,617	304,880
COIF Deposit account	268,339	85,817	354,156
Members' loans	(1,430)	1,430	-
	409,172	249,864	659,036

23. Net cashflow from operating activities

	2020	2019
	£	£
Net income/(expenditure) per Statement of Financial Activities	45,465	12,397
Adjust for non-cash items:		
Depreciation	166,854	155,673
Net (gain)/loss on investments	(16,000)	(35,000)
Adjust for working capital changes:		
Decrease/(increase) in stocks	14,200	(22,300)
Decrease/(increase) in debtors	99,886	(96,628)
Increase/(decrease) in creditors	165,740	16,551
Take out dividends (shown separately in Cashflow)	(7,321)	(8,488)
	468,824	22,205

24. Statement of financial activities: Prior year comparatives by fund type

	Unrestricted funds	Restricted funds	Total 2019
	£	£	£
Income from:			
<i>Voluntary income</i>			
Legacies and donations	148,075	79,800	227,875
<i>Charitable activities</i>			
Railway operation and preservation	290,547	-	290,547
Membership subscriptions	20,878	-	20,878
<i>Other trading activities</i>			
Commercial trading operations	161,797	-	161,797
<i>Investment income</i>	4,960	4,790	9,750
Total income	626,257	84,590	710,847
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	340,439	-	340,439
Railway operation and preservation – projects	131,680	97,720	229,400
Membership and governance expenses	17,996	-	17,996
<i>Other trading activities</i>			
Commercial trading operations	145,615	-	145,615
Total expenditure	635,730	97,720	733,450
Net gain/(loss) on investments	35,000	-	35,000
Net income/(expenditure) for the year	25,527	(13,130)	12,397

25. Management accounts summary financials by activity

	Railway operation and preservation	W&L Sales	Appeals and investment income	Membership and governance	2020	2019
	£	£	£	£	£	£
Income from operating activities	71,039	30,664	7,828	21,097	130,628	482,972
Donations – <i>Tracks to Recovery</i>	55,500				55,500	
Grants – pandemic support	117,585	13,970			131,555	
Daily operating (costs)	(284,916)	(44,358)	-	(15,089)	(344,363)	(504,050)
Net income: Daily operations	(40,792)	276	7,828	6,008	(26,680)	(21,078)
<i>Long term income</i>						
Donations, legacies and grants to projects			269,338		269,338	227,875
Net gain on investments			16,000		16,000	35,000
<i>Long term project expenditure</i>						
Major project (spend)	(46,339)	-		-	(46,339)	(73,727)
(Depreciation)	(166,854)	-		-	(166,854)	(155,673)
Net income/ (expenditure) by activity	(253,985)	276	293,166	6,008	45,465	12,397

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

Sixty first Annual General Meeting held at 1.00pm on Sunday
9 August 2020 at the Station, Llanfair Caereinion, Powys

Present:

Steve Clews (Chairman)	David Barker
Bob Mason	William Bickers-Jones
Oliver Edwards	Kate Billmore
Charles Spencer (General Manager)	Steve Davidson
Michael Reilly (Company Secretary)	Phil Ellis
	Martin Evans
	John Jacobs

Apologies for Absence

Apologies were received from the Earl of Powis (President), Alan Higgins (Vice-President), Sir Philip Williams (Vice-President), Andrew Charman, Michael & Pamela Denholm, Malcolm Elliot, John Forman, David Gowan, Peter Green, Ralph Hodgson, John Huxley, Dick Johnson, David Jones, Mike Lister, Iain McLean, Mervyn Pritchard, Robert Robinson, Bruce Webber and Tom White.

1. Minutes of the Annual General Meeting on 19 May 2019

The minutes of the previous AGM were agreed as a true record. There were no matters arising.

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2018

Steve Clews highlighted the main points of the annual report.

2019 had been a year of consolidation, motive power shortages requiring a reduction in the timetable, with 11% fewer trains on 7% fewer days than in 2018. Despite this, passenger numbers equalled those of 2018, which had been the highest since 2009. We were also able to launch new events, including Theatre from the Train and Mince Pie specials, while revenue from Santa trains was 25% higher than 2018, so once again total revenue was the highest recorded. We had hired Zillertal from the Zillertalbahn in Austria to help with our motive power needs. This had arrived in time to enter service at gala and had proved very popular in the later part of the season. Our museum Llanfair Connections had also opened in time for the gala.

Bob Mason then summarised the main features of the audited consolidated financial statements.

In answer to questions submitted in advance, he explained that the Charity Commission expected us to keep a sensible level of reserves (and Covid-19 showed we do that) and then to spend all that we receive to further our charitable objectives – to protect, preserve, and educate. The funding that allows this expenditure comes from three main sources – visitor income, grants, donations and legacies. We considered operating income (i.e receipts from visitors) and daily operating expenditure as subsets of total revenue and expenditure for two reasons:

- first, it enabled us to delegate to the general manager the objective to maximise income and to fund salaries and other daily costs from this. The board could

then focus on the major projects that would make step changes in preserving and enhancing the railway

- second, while the daily operating surplus varied from year to year, this approach enabled us to show members that their donations were going to projects that made a difference for the future health of the railway, not to subsidise day-to-day activities.

We ended 2019 with reserves sufficient to meet a 'rainy day'; as well as to see us through the winter period with costs to meet and project commitments but no income. Apart from £1,000 of old, untraceable member loans, we had no loans, overdrafts or other external debt; and while the list of what we wanted to do was endless, we offered an exciting timetable, appealing locos and rolling stock, a line in very good order, the start of a very attractive museum and a committed and energetic volunteer and donor base.

The adoption of the annual report of the trustees and the audited consolidated financial statements was then proposed by William Bickers-Jones, seconded by David Barker and put to a vote. Including proxy votes, the motion was carried with 388 in favour, 3 against and 8 votes withheld.

Steve Clews then gave a brief report on developments in the first half of 2020, which had been dominated by the prolonged closure of the line due to the Covid-19 pandemic. All staff had been placed on furlough, some for a long period and we had relied on a small group of local volunteers to provide security and maintenance cover during closure, as well as to reactivate the railway for opening. We had raised around £180,000 from grants and appeals and this would go some way to replace the lost income. The board expressed its grateful thanks to all concerned.

Points made in answer to questions were:

- The board had been aware for at least two years of the legislation that would prohibit the sale of household coal in the UK. The railway was a member of the Heritage Railway Association and Steve Clews a director. The HRA is a partner in the Heritage Fuels Alliance which was lobbying parliament through the All Parties Parliamentary Group on Heritage Railways on the use of bituminous coal and the closure of UK pits. The government had stated that it had no intention of stopping heritage use of bituminous coal. The alliance was working hard to preserve UK coal supplies.
- The board recognised the importance of adequate expenditure on the maintenance of buildings and structures. The pandemic had forced us to stop all capital projects and the business plan will have to be revisited and rebased in consequence. In doing so we will ensure that we have a balance between maintenance and upgrading of buildings and structures.
- In recommending the phasing out of the separate senior rate subscription from 2022, the management had looked at our fare structure with reference to other railways and the changes in distribution of disposable income. Many seniors now have more disposable income than do young families. The conclusion was that in the interests of simplifying the fare structure and general fairness, concessionary fares for seniors should be ended. This will bring us in to line with many other railways. The membership services committee looked at the subscription structure based on the ending of concessionary fares and recommended that to preserve the ratio of subscription to headline fares they should follow suit and align senior membership rates with ordinary membership ones.

The Tracks to Recovery Appeal had not been closed. We had moved our appeal emphasis to Keep The Earl on Track for two reasons. First, the Tracks to Recovery Appeal was running out of steam and we needed to refresh; steam engine appeals do generate a lot of

response. Second, our asset was at another railway, in bits and the reconstruction stalled. For continued recovery into 2021 and 2022 this engine was needed. Raising additional funding like this freed up money to keep the railway going.

3. Election of Trustees

Richard Green and Simon Mayor had resigned as directors during the year for personal reasons and Bruce Webber had decided not to stand for re-election, after serving as a director for thirty years. Steve Clews thanked them for their contributions and commitment, especially the long and unstinting service by Bruce Webber.

Since there were six candidates for six places the Articles required a single-stage ballot. The ballot was held, and all six candidates received more votes in favour than against. William Bickers-Jones, Oliver Edwards, John Forman, Peter Green, Bob Mason, and Robert Robinson were therefore all elected or re-elected to the board.

4. Election of President

Steve Clews proposed that the Earl of Powis be elected president, which was seconded by Oliver Edwards and agreed.

5. Election of Vice Presidents

The following nominations were made: Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Steve Davidson proposing and David Barker seconding.

6. Change of membership subscriptions

Steve Clews then moved to determine that from 1 January 2021, the membership subscription rates should be as follows:

i	Ordinary annual single	£28.00
ii	Ordinary annual joint	£42.00
iii	Senior annual single	£25.00
iv	Senior annual joint	£37.00
v	Young adult annual	£10.00
vi	Family annual	£55.00
vii	Individual life	£400.00
viii	Joint life	£580.00

and that from 1 January 2022, membership subscriptions for the ordinary and ordinary joint categories should be increased by a further £1.00 and for the family category by £2.00. From the same date, the distinction between ordinary and senior categories, both single and joint, should also be removed.

The resolution was proposed by David Barker, seconded by William Bickers-Jones and put to a vote. Including proxy votes, the motion was carried, 370 in favour and 12 against, with 17 votes withheld.

There being no further business, the meeting closed at 1.45pm.



Welshpool and Llanfair Light Railway Preservation Co Ltd

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