THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFESTINIOG AC ERYRI)

England & Wales · Charity number 239904

Details

Other names	FFESTINIOG RAILWAY TRUST, FESTINIOG RAILWAY TRUST, YMDDIRIEDOLAETH RHEIFFORDD FFESTINIOG, WELSH HIGHLAND RAILWAY TRUST, YMDDIRIEDOLAETH RHEIFFORDD ERYN, THE FESTINIOG RAILWAY TRUST, FFESTINIOG RAILWAY TRUST, FESTINIOG RAILWAY TRUST, YMDDIRIEDOLAETH RHEILFFORDD FFESTINIOG, WELSH HIGHLAND RAILWAY TRUST, YMDDIRIEDOLAETH RHEIFFORDD ERYRI
Status	Registered
Legal form	Trust
Registered	1966-03-03
Register	View on the Charity Commission register

Contact

Address	Soprano Fleecy Court Chapel Green Napton-on-the-Hill Warwickshire CV47 8PA
Phone	01926 811938
Email	trustsecretary@ffwhr.com

Activities

Objects: FOR SUCH CHARITABLE PURPOSES CONNECTED WITH RAILWAYS AND IN PARTICULAR WITH THE FESTINIOG RAILWAY COMPANY AS THE TRUSTEES THINK FIT. (OR FURTHER DETAILS SEE CLAUSE 2 OF THE DEED OF 10TH NOVEMBER 1964)

Activities: Charitable purposes connected with railways, specially charitable purposes connected with the Festiniog Railway Company.

Downloaded from opencharities.uk/ew/239904

Classification

- **How:** Makes Grants To Organisations, Provides Buildings/facilities/open Space
- **What:** Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- Gwynedd

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£12,945,119	£12,977,356	£12,451,102	140
2023-12-31	£13,187,998	£11,815,923	£12,404,520	131
2022-12-31	£8,175,701	£7,891,216	£11,153,244	128
2021-12-31	£6,601,479	£5,796,611	£10,631,656	102
2020-12-31	£5,790,524	£6,276,556	£9,414,514	116

Trustees

Name	Role	Appointed
Dr JOHN DENYS CHARLES ANSTICE PRIDEAUX CBE	Chair	2015-10-09
David Richard Jones		2024-02-23
Dr David Rhys Gwyn OBE		2017-10-06
Nigel Ferrier Burbidge		2025-01-01
RICHARD BROYD CBE		

Downloaded from opencharities.uk/ew/239904

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFE

England & Wales - Charity number 239904

Accounts

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

TRUSTEES' REPORT AND ACCOUNTS

For the year ended 31 December 2024

TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR TO 31 DECEMBER 2024

PROFILE

A Festiniog Railway Trust was created in 1954 when the late Mr. Alan Pegler provided funds to acquire a controlling interest in The Festiniog Railway Company (the "Company") and arranged for stock to be transferred directly the Trust from previous shareholders. The aim was for the future of that renowned railway to be secure in well-disposed hands in perpetuity. The Trust was subsequently reconstituted and registered as a charity on 10 November 1964 and has amongst its stated aims the encouragement and support of charitable purposes connected with railways, particularly the Ffestiniog Railway (*).

The Trustees are appointed under a scheme approved by the Charity Commissioners and incorporated in an amended Trust Deed dated 30 September 1998. With the approval of the Charity Commission, the Trust Deed was further amended on 5 October 2012 to change the name of the Trust to The Ffestiniog and Welsh Highland Railways Trust (*Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri* in Welsh) and to make a number of administrative changes; further administrative changes were made on 15 April 2016. Running the Trust is an entirely voluntary and unpaid activity.

Trust income is primarily from gifts and legacies and from the profits of awholly owned trading company, Ffestiniog Railway Holdings Limited. This exploits commercial opportunities, notably the Ffestiniog Travel business, that are not possible for the Company.

The Trust owns the great majority of all classes of issued share capital and debentures of the Company and nominates the Company's Directors. The Company has operated the Ffestiniog Railway since its inception in 1836. Under Trust ownership, the Company has also re-instated and now operates the once derelict Welsh Highland Railway which shares the Ffestiniog Railway's Harbour station at Porthmadog, runs to Dinas Junction and has been extended to Caernarfon.

The Trust expects that the Company's annual costs and some, but not all, major renewals will be covered by its annual revenues. Improvement projects are funded by the Trust, or one of the supporting societies, and each has their own project plan. Profits from the Ffestiniog Travel business add to the Trust's funds available for such development.

The Trust does not normally initiate charitable work but responds to requests from other interested bodies for grants to support activities aligned with its charitable aims.

A considerable collection of artefacts, records and ephemera exists concerning the railways. No longer required for the railways' operation and maintenance, these constitute an important and historically significant record and responsibility. Trustees seek to ensure that arrangements are in place for the continued safe keeping of these items and their maintenance. Ffestiniog and Welsh Highland Railways Heritage Limited (FfWHRHL), with Directors nominated by the Trustees, was formed and is owned by the Company to oversee the care of these special items, to ensure their protection and to enhance their value to the community. Trustees and the Company have consulted on whether this remains the most appropriate way to safeguard the railways' heritage. As a result FfWHRHL will be wound up in 2025 and alternative arrangements put in place. Constraints of finance and space mean it is not currently possible to mount a permanent display of historic artefacts. However, the complete pre-1954 archive is now available at Gwynedd Archives in Caernarfon.

(*) The spelling of "Festiniog" in the Company's name is legally correct and reflects contemporary Welsh usage in 1832 when the Company was created by Act of Parliament. However, the Trust and the Company have now adopted the current Welsh spelling of "Ffestiniog" in day to day usage and this is used throughout the remainder of this Profile and the Trustees' Report.

LEGAL AND ADMINISTRATIVE DETAILS

Office	Harbour Station Porthmadog Gwynedd LL49 9NF
Registered Charity Number	239904
Secretary	R D Holton Soprano Fleecy Court Chapel Green Napton-on-the-Hill CV47 8PA
Legal Advisor	R J L Stones 91 Linden Way London N14 4NG
Treasurer	S B Cheetham Daubentons Staplow Ledbury HR8 1NP
Bankers	Natwest Bank plc PO Box 877 31 Cheapside London EC2V 6HT CAF Bank (Charity Aid Foundation) 25 Kings Hill Avenue West Mailing Kent ME19 4TA

TRUSTEES' REPORT

YEAR ENDED 31 DECEMBER 2024

TRUSTEES

Dr J D C A Prideaux CBE (Chairman): Mr R Broyd CBE: Dr D R Gwyn OBE;

Mr D R Jones: Mr M L Smith

The Trustees present their report and the accounts for the year ended 31 December 2024.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity Law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity and the group, of incoming resources and the application of those resources within the group for each financial year. Trustees are required to:

select suitable accounting policies and then apply them consistently;

observe the methods and principles of the Charities SORP;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and

prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for ensuring that accounting records are kept that disclose the financial position of the charity with reasonable accuracy at any time and enable Trustees to ensure that the statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and Activities

The objectives of the Trust are "such charitable purposes connected with railways as the Trustees determine". In selecting appropriate purposes, the Trustees are required to especially bear in mind charitable purposes connected with the Company.

The Trustees fulfil these aims through activities aimed at the charitable purpose of advancing heritage. These include:

providing funding to support the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway and

holding a controlling interest in the Company to ensure that it continues to operate in accordance with the Trust's objectives and to enable it to oversee the preservation of historic rolling stock, archives and other artefacts relating to the railways.

Principal Activities and Review of the Year

The Trust's income was again primarily from donations and legacies (with gift aid on these where applicable), donations from Ffestiniog Travel and from investment income. In 2024, income from legacies was £181,615 (2023: £832,486) and from all gifts and donations (including from Ffestiniog Travel) was £531,211 (2023 :£593,126). Total income in 2024 was £829,887 (2023:£1,452,390). Total income in 2024 was in line with that of the last several years, total income in 2023 having been boosted by a particularly large and generous legacy.

Annual governance costs over the last five years have averaged £16,302 of which about two thirds are fundraising costs and the bulk of the remainder audit costs. Administration costs are minimal as all Trustees and Officers of the Trust are unpaid and decline to claim expenses.

In response to requests for the funding of projects from the Company, new commitments totalling £470,000 (2023: £1,120,000) were made. Commitments in 2024 included a very sizeable commitment for remodelling at Dinas. Commitments were also made to fund work on the upgrading of facilities at Boston Lodge, locomotive refurbishment, conversion of WHR service cars to more environmentally friendly battery operation, a new tool van for PW operations, major overhaul of Pulman observation car *Glaslyn*, scoping for improved facilities at Beddgelert station and purchase of a historically important building adjacent to our facilities at Minffordd. These commitments will be drawn down by the Company as grants over time as the work is completed.

In 2024 the Company drew down £893,389 (2023: £354,095) against earlier commitments. This included the Trust's contribution towards the match funding of the NLHF's Boston Lodge project, enhanced facilities at Boston Lodge outside the scope of the NLHF project, repair and refurbishment of the tollgate steps, refurbishment of Pulman car *Bodysgallen*, creation of a PW tool van, conversion of the WHR service cars to battery operation, the major overhaul of two steam locomotives, installation of micro ETS on the WHR, the commencement of remodelling at Dinas and construction of replica NWNGR Ashbury brakevans.

In 2024 the Board of Ffestiniog and Welsh Highland Railways Heritage Ltd (FfWHRHL), wholly owned by the Company, continued to be responsible for appraising and advising the Company on proposed heritage projects. Monitoring the condition of heritage rolling stock was continued during the year. Trustees and the Company have consulted on whether this remains the most appropriate way to safeguard the railways' heritage. As a result, FfWHRHL will be wound up in 2025 and alternative arrangements put in place.

The skills and quality of design and craftsmanship of the workshop staff at Boston Lodge are known far and wide and are a long-term benefit to the organisation. External work overhauling locomotives and building carriages for other narrow-gauge railways provided welcome income to help defray the Company's costs in 2024.

At the Company AGM 2024, Trustees (as majority shareholder) supported a resolution that Jo Charles, Colin Lea and Henry Noon be appointed Directors of the Company.

During the year work continued on the "Interpretaton and Boston Lodge Project" supported by the National Lottery Heritage Fund (NLHF). This is a substantial (£5.2million) project which has been delivered on budget and with only minimal delay. The Trust (along with The Festiniog Railway Society) have provided substantial grants to match the NLHF contribution. Restoration of heritage buildings was completed during 2024. Interpretation aspects of the project, which include guided tours of Boston Lodge and workshops teaching heritage skills, were initiated during 2024 and will continue through 2025.

"The Regenerative Railway", published towards the end of 2022, sets out the vision, strategy and roadmap for the railways over the next decade or so. The title of this document reflects our intent to develop the railway sustainably without losing that which is excellent and which we have inherited from previous generations. As a consequence we aim to pass on to future generations a railway which is thriving, rewarding to supporters, neighbours and customers and well positioned for its third century of operation.

During 2024, the Company continued and extended efficiency measures introduced originally to combat the effects of the pandemic. Traffic receipts were essentially flat versus 2023 but there were increases in the costs of employment and the cost of coal remained very high. Nevertheless the Company was essentially at breakeven in 2024 having made a surplus of £34,444 in 2023. Any surplus is always reinvested into basic expenditure on maintenance or routine projects on the infrastructure for the railways.

Ffestiniog Travel, operated by Ffestiniog Railway Holdings Ltd, continued to enjoy very considerably improved trading conditions in 2024 having recovered the ground lost during the

pandemic. A profit of £365,334 (2023: £382,088) was used to maintain reserves (essential for a travel business) and to resume payment of charitable donations to the Trust. A donation of £310,000 was paid to the Trust by Ffestiniog Holdings Ltd in 2024.

Public Benefit

In planning their activities, the Trustees gave due regard to the guidance on public benefit issued by the Charity Commission.

The Ffestiniog Railway is of enormous significance to both the world-wide development of narrow-gauge railways and the industrial history of North Wales. Much of the original infrastructure and architecture, including the original works at Boston Lodge, has been retained. Motive power and other rolling stock of outstanding historical and technical interest continue to be operated and, together with historic artefacts on display in Porthmadog, are visible to all. The restoration of the Welsh Highland Railway has reconstituted another major part of the narrow-gauge network historically proposed for the region.

The company has business and technical archives dating from its 1832 inception as a statutory company. These are deposited with Gwynedd Archives in Caernarfon and freely available as a resource for researchers. Preservation of this heritage provides an educational and recreational resource which benefits the community as a whole.

The railways run through (and provide access to) the Glaslyn Landscape of Historical Significance and the Snowdonia National Park. Recognition of the contribution to public benefit has come from the inscription of the Ffestiniog Railway as a UNESCO World Heritage site (part of The Slate Landscape of North West Wales).

The Company supports the local community by sponsoring and participating in local events and by providing resources and work experience for local schools. It is not easy to find high quality jobs in Gwynedd – particularly outside the public sector. The railways are not just one of the largest employers in the area, but have become a noted centre of excellence in areas such as carriage building and mechanical engineering, and so offer local people an opportunity to develop skills which would not otherwise exist in such a remote area.

A majority of our permanent staff are recruited locally and over half speak Welsh as a first language. The Trustees will continue to sponsor established members of our permanent staff who do not currently speak Welsh but would like to do so.

The NLHF project at Boston Lodge has included provision of dedicated resources to further and enhance volunteer activity in interpretation of the railway's impact on the community (currently and historically) and has created apprenticeship positions covering works administration, project management and interpretation.

Our local community, which is classified as an economically disadvantaged area, benefits directly from the railways' activities but also indirectly from benefits accruing to local employers and other businesses. The overall benefit to the region has been the subject of academic studies and is now estimated to be over £20m per annum and to support around 400 jobs. This level of economic contribution is recognised as common ground in discussion with Government and local interests.

Structure, Governance and Management

Relationships between the Trust and the Company are governed by the Trust Deed supplemented by a Relationship Agreement dated October 6th, 2023. This replaced earlier Memoranda of Understanding between the Trust and the Company dated 26 July 2010 and 31 July 2003.

Trustees are appointed for five years (and may be reappointed for further terms) under a scheme approved by the Charity Commissioner and which is reflected in the Trust Deed.

Dr D W Roberts MBE retired as a Trustee and Mr D R Jones was appointed his successor with effect from 23 February 2024. Mr Jones will serve the remainder of Dr Roberts term until 31 December 2027.

A retiring Trustee may be appointed as an Emeritus Trustees for a period of three years. They are not Trustees but attend meetings of the Trustees by invitation in order to make their experience available to the Trust. In February 2024 Dr D W Roberts MBE became an Emeritus Trustee.

Julian Scarisbrick, previously Trust Treasurer, became a Director of The Company during 2023. Trustees appointed Stephen Cheetham as Trust Treasurer with effect from February 2024.

The Trustees met formally on three occasions in 2024. Individual Trustees and Officers attended numerous other meetings and functions throughout the year.

The Trust has no employees and work by Trustees and Officers is voluntary. The Trustees are grateful that approximately fifty percent of the hours worked on the railways is undertaken by some 1000 unpaid volunteers.

The General Fund of the Trust supports the Trust's general charitable purposes including the Trust's heritage and archive responsibilities. In addition to the General Fund, the Trust maintains several restricted funds for various more specific charitable purposes where donors wish to support a particular project.

The Trustees confirm that the charity has complied with current statutory requirements, its Trust Deed and the principles of the Charities SORP (FRS 102).

Risk Management

In October 2022 Trustees conducted their a review of the

principal risks and uncertainties that affect the charity and

measures in place to mitigate the risks identified and measures to minimise or manage (as far as reasonably practicable) any impact on the charity should those risks materialise

The charity's risk register was updated as a result of this review. Subsequent annual reviews have confirmed that the risk register remains appropriate.

The Trust's operating subsidiaries maintain their own annually reviewed risk assessments. The Trust receives regular reports from all its subsidiaries highlighting areas of concern. Safety, which is the principle operational risk for the Company, is subject to an annual, independent third-party review.

Grant Award Policy

Grants are made in support of specific approved and budgeted projects and must be approved by the Trustees. Grants payable are accounted for when a constructive obligation has been entered into. The value of such grants unpaid at year end is accrued.

Investment Policy

Apart from its holdings of shares and stock of the Company, the Trust's investments are limited to securities donated to the Trust which are held to generate income and/or the opportunity for gain.

Pay Policy for Senior Staff

No Trustee, or Trust official, received any remuneration in 2024.

Impact of Corona Virus

Any residual impacts from the corona virus pandemic have been consolidated into Trust and company operating procedures.

Neither the Company nor the Trust has any outstanding loans resulting from the recent pandemic.

Reserves

The Trustees have reviewed the reserves of the Trust and consider that unrestricted funds are sufficient to meet the Trust's commitments and other foreseeable calls on its funds. Reserve levels of the charity are monitored on an ongoing basis to ensure that they remain sufficient.

At 31 December 2024, total consolidated reserves were £10,159,012 (2023: £10,109,856) of which £184,432 (2023: £203,962) were in restricted funds.

Dr J D Prideaux

On behalf of the Trustees

13 June 2025

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 December 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2024 £	Total funds 2023 £
Income:					
Donations and legacies	4	711,946	879	712,825	1,425,611
Income from other trading activities:					
Commercial trading operations	6	10,369,157	-	10,369,157	10,051,737
Investment income	7	153,219	232	153,451	49,287
Other Income	6	1,709,686	-	1,709,686	1,661,363
Total income		**12,944,008**	**1,111**	**12,945,119**	**13,187,998**
Expenditure					
Costs of raising funds:					
Commercial trading operations	6/10	12,083,967	-	12,083,967	11,460,547
Expenditure on charitable activities:					
Grants committed	8	892,108	1,281	893,389	355,376
Total expenditure		**12,976,075**	**1,281**	**12,977,356**	**11,815,923**
Net income/*(expenditure)* and net movement in funds for the year		*(32,067)*	*(170)*	*(32,237)*	*1,372,075*
Transfers between funds		-	-	-	-
Other recognised gains/(losses)					
Gains/(losses) on investment assets		-	*(19,360)*	*(19,360)*	*(238,348)*
Actuarial gains/(losses) on defined benefit pension schemes		96,000	-	*96,000*	109,000
Net movement in funds		*63,933*	*(19,530)*	*44,403*	*1,242,727*
Reconciliation of funds					
Total funds brought forward		9,905,894	203,962	10,109,856	8,867,129
Total funds carried forward		**9,969,827**	**184,432**	**10,154,259**	**10,109,856**

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Balance Sheet
for year ending 31 December 2024

	Note	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible Assets	16	37,480,087	37,217,525	93,519	94,800
Investments	17	5	19,365	31,351	50,711
Total fixed assets		**37,480,092**	**37,236,890**	**124,870**	**404,586**
Current assets					
Stock and WIP	18	515,581	770,865	-	-
Debtors	19	1,649,258	875,760	26,259	46,160
Cash at bank and in hand		5,052,896	4,689,866	2,711,691	2,563,172
Total current assets		**7,217,735**	**6,336,491**	**2,737,950**	**1,474,819**
Liabilities					
Creditors falling due within 1 year	20	*2,567,382*	*1,748,273*	*355,678*	*153,458*
Net Current assets		**4,650,353**	**4,588,218**	**2,382,272**	**1,344,674**
Total assets less current liabilities		**42,130,445**	**41,825,108**	**2,507,142**	**1,749,260**
Creditors: falling due after more than 1 year	22	*30,470,343*	*30,115,588*	-	-
Defined benefit pension scheme	25	791,000	695,000	-	-
Net assets		**12,451,102**	**12,404,520**	**2,507,142**	**1,749,260**
The funds of the charity:	26				
Unrestricted income funds		9,969,827	9,905,894	2,322,712	2,397,425
Restricted income funds		184,432	203,962	184,430	203,960
Non-controlling interest		2,296,843	2,294,664	-	-
Total charity funds		**12,451,102**	**12,404,520**	**2,507,142**	**1,749,260**

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at page 15 to 29 form part of these accounts.

Signed.....
Dr J D Prideaux on behalf of the trustees

Date:.....

The Ffestiniog and Welsh Highland Railways Trust
Statement of Cash Flows and Consolidated Statement of Cash Flows
for year ending 31 December 2024

	Year ended 31/12/2024 £	Year ended 31/12/2023 £
Net incoming resources before revaluations	44,403	1,242,727
Investment income less interest payable	(153,451)	(49,287)
Depreciation	1,536,488	1,503,828
Release of grant against depreciation	(288,604)	(288,604)
Pension fund non-cash movement	96,000	109,000
(Profit) / Loss on disposal of assets	-	-
Loss on Investments	-	238,546
(Increase) / decrease in debtors	(773,498)	66,298
(Increase) / decrease in stock	255,284	66,915
Increase / (decrease) in creditors	819,109	176,631
Increase / (decrease) in long term creditors	354,755	(186,097)
Cash from operations	1,890,486	2,879,957
CASH FLOW STATEMENT		
Net cash inflow from operating activities	1,890,486	2,879,957
Returns on investments and servicing of finance	-	-
Cash Flows from investing activities		
(Gain)/Loss on investments	(19,360)	238,546.00
Purchase of investments	-	-
Disposal of investments	-	(19,248)
Capital expenditure and financial investment	(2,213,098)	(1,634,289)
Proceeds on disposal of assets	-	-
Taxation		
Tax paid	18,801	28,583
Cash flows from financing activities		
Repayment of interest free loan	-	(100,000)
Repayment of bank loan	-	-
Cancellation of Debenture Stock	-	-
Increase/(decrease) in cash and cash equivalents in the year	(323,171)	1,393,549
Reconciliation of net cash flow to movement in net cash and liquid resources		
Increase/(Decrease) in cash in the year	(323,171)	1,393,549
Cash and liquid resources at 1 January	4,689,870	3,296,321
Cash and liquid resources as at 31 December	4,366,699	4,689,870
Reconciliation of net cash flow to movement in net debt		
Change in cash in year	(323,171)	1,393,553
Net movement on loans	-	-
Net debt at 1 January	4,200,086	2,806,533
Net debt at 31 December	3,876,915	4,200,086

Analysis of net cash and liquid resources

	At 01/01/24 £	Movement in year £	At 31/12/24 in year £
Cash at bank and in hand	4,689,875	(323,171)	4,366,704
Bank overdraft	-	-	-
	4,689,875	(323,171)	4,366,704

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

f) Fund accounting
Unrestricted funds are available to spend on activities that further any of the purposes of charity.
Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are established in respect of specific activities of the Trust, these are set out in note 22 to these accounts.

g) Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of commercial trading including the rail transport costs, retail costs, catering costs and holiday costs.

Expenditure on charitable activities includes the costs of grants
Other expenditure represents those items not falling into any other heading.

h) Apportionment of costs
The costs of the Trust fall directly into the headings of the SOFA. The costs of the two main trading subsidiaries are allocated to the most appropriate SOFA heading. The costs of the Welsh Highland Railway Construction Company Limited are also included as relating to charitable activities as they relate directly to the development of the railways. The costs of Ffestiniog Railway Holdings Limited are included as fundraising trading as that company exploits commercial opportunities available to it. Therefore no separate breakdown of the allocation of support costs is required.

i) Operating leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

j) Tangible fixed assets
Tangible fixed assets are capitalised and included at cost. The capitalisation policy is to include all items in excess of £100.

Depreciation is provided to write-off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives.

Depreciation is provided at the following rates:
- Permanent way - 2% per annum straight line
- Locomotives and rolling stock - 3.33% per annum straight line
- Buildings and plant - 2.5% to 33% per annum straight line
- Motor Vehicles - 25% per annum reducing balance
- Long leasehold property - over the period of the lease

In future all additions to tangible assets will be stated at cost. Where existing unimpaired fixed assets are stated at valuation, (carried out by a director of a subsidiary entity in 1978, based upon estimated open market values prevailing at that time), the group has taken advantage of the transitional arrangements in FRS 15 to retain the book values.

k) Stock
Stocks and work in progress are valued at lower of cost, including appropriate overhead expenses and net realisable value.

l) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions
On 1st May 2014 the group established two new auto enrolment group personal pension schemes (AE). Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation and are charged in the year in which they arise. The FRS 17 liability in respect of the defined benefit scheme has been included in the financial statements.

2 Legal Status of the Trust
The Trust is an unincorporated charity and operated under a trust deed.

3 The summary financial performance of the charity alone

	2024	2023
	£	£
Donations and Legacies	712,825	1,425,611
Investment Income	6,367	1,148
Interest Income	110,695	25,630
	829,887	**1,452,389**
Expenditure on charitable activities	*904,769*	*361,915*
Net Income/(Expense)	**(74,882)**	**(1,090,474)**
Other recognised gains/(losses) on investment assets	(19,360)	(238,348)
Total funds brought forward	2,601,384	1,749,258
Total funds carried forward	**2,507,142**	**2,601,384**
Represented by:		
Restricted Income funds	184,430	203,960
Unrestricted Income funds	2,322,712	2,397,424
	2,507,142	**2,601,384**

4 Income from donations and legacies

	2024	2023
Donations	£	£
Gifts and Gift Aid	40,844	54,335
Donations	490,367	538,791
Legacies	181,615	832,486
	712,825	**1,425,612**

5. Income from charitable activities

	Unrestricted funds 2024	Unrestricted funds 2023
	£	£
Incoming Resources		
Donations and Gifts	530,331	593,126
Legacies	181,615	832,486
Subtotal: Incoming resources from generated funds	**711,946**	**1,425,612**
Investment Income	6,135	1,148
Interest Receivable	110,695	25,630
Subtotal: Incoming resources for generating funds	**116,829**	**26,778**
Total income from charitable events	**828,775**	**1,452,390**

6. Income earned from other activities

The Trust has two principal trading subsidiaries which are incorporated in the UK. The Festiniog Railway Company (in which the Trust has a controlling interest in each category of share) owns and operates the Ffestiniog and Welsh Highland Light Railway in North Wales. Ffestiniog Railway Holdings Ltd is a wholly owned subsidiary and trades as a travel and ticket agency and tour operator. A summary of their trading results (net of inter-company trading) is shown below. Accounts for both companies have been audited. Those for Ffestiniog Railway Holdings Ltd have been filed at Companies House and those for The Festiniog Railway Company are available on request from Harbour Station, Porthmadog, Gwynedd, LL49 9NF. In addition, The Festiniog Railway Company has three wholly owned subsidiaries, Welsh Highland Light Railway Ltd and Welsh Highland Railway Construction Ltd (both incorporated in the UK), which are involved in the revival of the Welsh Highland Railway and Ffestiniog Railway Heritage Limited which has had no trading activity during the period. Ffestiniog Futures Limited holds £250 of Festiniog Railway Company ordinary stock, of which some is jointly owned with others: in all cases, ownership will eventually revert to the company.

	Ffestiniog Railway Holdings Ltd £	The Festiniog Railway Company £	Ffestiniog Railway Heritage Ltd and Ffestiniog Futures Limited £	Welsh Highland Light Railway Limited £	Welsh Highland Railway Construction Ltd £	2024 Total £	2023 Total £
Turnover	3,043,510	7,342,061	-	-	-	10,385,571	9,981,411
Cost of sales	(2,489,487)	(6,198,515)	-	-	-	(8,688,002)	(8,204,040)
Gross Profit	**554,023**	**1,143,546**	**-**	**-**	**-**	**1,697,568**	**1,855,720**
Administration expenses	(521,030)	(2,655,658)	-	-	(3,011)	(3,179,699)	(2,429,741)
Other operating income	-	1,601,968	-	-	-	1,601,968	1,077,773
Net interest receivable/(payable)	22,341	14,048	-	-	-	36,389	22,509
Net Profit/(Loss)	**55,334**	**103,905**	**-**	**-**	**(3,011)**	**156,227**	**526,261**
FRS 17 actuarial gain/(loss)						-	-
Tax on profit on ordinary activities	(12,670)	(4,753)	-	-	-	(17,423)	(28,583)
Minority interest in profits of subsidiary	-	2,179	-	-	-	2,179	8,548
Profits/(losses) attributable to the Trust	42,664	101,331	-	-	(3,011)	140,983	506,226
	42,664	**101,331**	**-**	**-**	**(3,011)**	**140,983**	**506,226**

7 Investment Income

Some of the group's investment income of £6,367 (2023: £1,148) arises from money held in the trading subsidiaries.

8 Analysis of expenditure on charitable events

	General Fund £	Kyral Fund £	LYD £	P5 £	Workshop £	Emergency Appeal £	Total £
Grants	893,389	-	-	-	-	-	893,389
Sundries	323	-	-	-	-	-	323
Total	**893,712**	-	-	-	-	-	**893,712**

Expenditure on charitable activities was £904,769 (2023: £361,915) of which £898,938 was unrestricted (2023: £359,334).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	General Fund £	Kyral Fund £	LYD £	P5 £	Workshop £	Emergency Appeal £	Total £
Direct grant support	893,389	-	-	-	1,281	-	894,670
Net cost funded from donations and legacies							-
	893,389	-	-	-	***1,281***	-	***894,670***

Welsh Highland Railway Fund
Grants committed and paid in the year relate to construction and track works. The amount committed at the year end relates to construction works.

General Fund
The grants committed and paid during the year were mainly funding the continuing programme to restore more of the Ffestiniog Railway's historical carriages.

The grants remaining committed at the year end were for the restoration of some of the Ffestiniog Railway's carriages and improvements to historical buildings on the Ffestiniog Railway.

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Analysis of support and governance costs

	General support £	Governance function £	Total £	Basis of apportionment
Sundry Expenses	-	323	323	Invoiced
Auditors Remuneration	-	5,226	5,226	Invoiced
Fund raising costs	4,550	-	4,550	Invoiced
Total	**4,550**	**5,549**	**10,099**	

Support and governance costs are £10,099 (2023: £6,539).

11 Net Income/*(expenditure)* for the year

This is stated after charging:	**2024 £**	**2023 £**
Depreciation	1,542,720	1,502,732
Release of grants against depreciation	(288,604)	(288,604)
Audit fees	5,226	4,920
Leasehold Amortisation	1,281	1,281
	1,260,623	**1,172,985**

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2024 £	**2023 £**
Wages and salaries	3,268,666	3,148,455
Social security costs	270,716	265,356
Pension costs	64,027	40,513
	3,603,409	**3,454,324**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2023:£NIL)

13 Staff numbers

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2024 Number	**2023 Number**
Full Time	84	78
Part Time	13	17
Sesonal	43	36
	140	**131**

14 Related party transactions

The Ffestiniog and Welsh Highland Railways Trust has a controlling interest in the Festiniog Railway Company, and also owns all of the issued share capital of Ffestiniog Railway Holdings Ltd. During the year the trust made a number of grants for charitable purposes, all of which were in connection with the above mentioned companies. Further details of grants committed and paid during the year can be found in Note 8 to these accounts.

Further information concerning subsidiaries is provided in note 6.

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Tangible fixed assets - charity (also comprising that of the group)

	Long leasehold land and buildings	Plant machinery and motor vehicles	Total	Charity only Trust Long Leasehold Property
	£	£	£	£
Cost:				
As at 1 January 2024	12,791,066	43,082,167	55,873,233	126,825
Additions	1,598,013	615,085	2,213,098	
(Disposals)	-	(414,048)	(414,048)	
	14,389,079	43,283,204	57,672,283	126,825
Depreciation/Amortisation:				
As at 1 January 2024	(6,060,320)	(12,595,388)	(18,655,708)	(32,025)
Charge for the year	(944,492)	(591,996)	(1,536,488)	(1,281)
Depreciation on disposal	-	-	-	-
Eliminated on disposal	-	-	-	
	(7,004,812)	(13,187,384)	(20,192,196)	(33,306)
Net book value:				
As at 1 January 2024	6,730,746	30,486,779	37,217,525	94,800
As at 31 December 2024	**7,384,267**	**30,095,820**	**37,480,087**	**93,519**

17 Investments

				Charity only		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	£	£	£	£	£	£
Group and Trust						
Cost or valuation:						
At 1 January 2024	19,360	5	19,365	19,360	31,351	50,711
Purchase of new	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Impairment	(19,360)	-	(19,360)	(19,360)	-	(19,360)
At 31 December 2024	-	5	5	-	31,351	31,351

The aggregate market value of the listed investments (all of which are listed on a recognised stock exchange) was as follows:

	2024	2023
	£	£
General Fund (cost £9,869)	-	-
Restricted Funds:		
Kyral Fund (cost £90,607)	-	19,360
	-	19,360

The unlisted investments of the Trust are disclosed fully in the balance sheet of the Trust on page 8. The listed investment are held to provide an investment return.

18 Stock and WIP

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Stock	340,933	490,308	-	-
WIP	174,648	280,557	-	-
	515,581	**770,865**	**-**	**-**

19 Debtors

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	1,110,649	214,667	-	-
Other debtors	38,416	46,955	5,982	24,999
Taxation and social security	157,630	160,751	20,277	21,161
Prepayments and Accrued income	342,563	453,387	-	-
	1,649,258	**875,760**	**26,259**	**46,160**

20 Creditors: amounts falling due within one year

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Bank loan	-	-	-	-
Unsecured Loans	61,333	98,261	-	-
Trade creditors	731,282	272,813	-	-
Other creditors	303,526	290,029	-	-
Accruals and deferred income	1,378,896	956,961	355,678	153,458
Taxation and social	-	-	-	-
Security costs	-	-	-	-
Corporation tax	92,345	130,209	-	-
	2,567,382	**1,748,273**	**355,678**	**153,458**

Deferred capital contributions are gifts and grants received by the Trust's subsidiary companies in respect of capital expenditure incurred by them.

21 Deferred income

	Group	Charity
	£	£
Balance as at 1 January 2024	956,961	-
Movement in year	(421,935)	-
Balance as at 31 December 2024	**1,378,896**	**-**

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Deferred capital contributions	30,454,583	30,099,828	-	-
Bank Loan	-	-		
Ffestiniog Railway 4% debenture stock	15,760	15,760	-	-
	30,470,343	**30,115,588**	**-**	**-**

23 Contingent Liabilities

The assets of one of the subsidiary companies of Trust, Welsh Highland Light Railway Ltd, are secured by way of a debenture being a fixed and floating charge in favour of The Millennium Commission as one of the conditions for that body providing funding for the rebuilding of the Welsh Highland Railway from Caernarfon to Rhyd Ddu. The legal agreement between the company and The Millennium Commission gives the Commission the power to take over the assets of the company in the event the company fails to reinstate the railway and commence passenger operations on terms agreed with The Millennium Commission.

Residual claims amounting to £164,000, relating to the construction of Phase 4 of the Welsh Highland Railway, have been received from contractors. The company disputes these claims and is of the view that nothing further is payable in respect of those contracts. At the present time it is not possible to quantify the eventual outcome of these claims.

24 Capital Commitment

The subsidiary entities had at 31 December 2024 nil (2023: nil) capital commitments contracted for but not provided for.

25 Pensions

One of the subsidiary companies of the Trust has put in place pension provisions for its staff.

Until 31 October 2001, the subsidiary company operated a funded defined benefit pension scheme providing benefits based on the final remuneration. The assets of that scheme are held separately from those of the company in an independently administered fund. The funding of the scheme is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations. This scheme was closed as a fully paid scheme on 31 October 2001. There are 29 deferred members of the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as members approach retirement.

A full actuarial valuation was carried out as at 1 December 2010 and updated to 31 December 2023. All valuations were by a qualified independent actuary.

Employee Benefit Obligations

	2024 £	2023 £
Present value of funded obligations	(1,329,000)	(1,437,000)
Fair value of scheme assets	2,120,000	2,132,000
Present value of unfunded obligations	791,000	695,000
Unrecognised past service cost	-	-
Deficit	791,000	695,000
Related deferred tax asset	-	-
Net liability	791,000	695,000

Amounts in the balance sheet

Liabilities	-	-
Assets	791,000	695,000
Net	791,000	695,000

No account has been taken of any related deferred tax asset. The pension scheme assets did not include any shares issued by the subsidiary company or property occupied by the subsidiary company.

25 Pensions (Continued)

Amounts recognised in the Consolidated Statement of Financial Activities

	2024 £	2023 £
Current service cost	-	-
Interest on obligation	-	-
Expected return on scheme assets	(143,000)	(47,000)
Past service cost	(1,000)	8,000
Losses / (gains) on curtailments and settlements	48,000	(70,000)
Total	(96,000)	(109,000)
Actual return on scheme assets	47,000	164,000

Changes in the present value of the Defined Benefit Obligation

Opening defined benefit obligation	1,437,000	1,437,000
Service Cost	-	-
Interest Cost	69,000	69,000
Actuarial losses / (gains)	(118,000)	(14,000)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(59,000)	(55,000)
Closed defined benefit obligation	1,329,000	1,437,000

Changes in the fair value of Plan Assets

Opening fair value of scheme assets	2,132,000	2,023,000
Expected return	95,000	94,000
Actuarial gains / (losses)	(48,000)	70,000
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(59,000)	(55,000)
Closing fair value of scheme assets	2,120,000	2,132,000

25 Pensions (Continued)

Major Categories of Scheme Assets as a Percentage of Total Plan Assets

The assets of the scheme consist mainly of Managed Funds. The asset figures exclude assets relating to members' AVCs.

The major percentage split of the scheme assets as a percentage of total plan assets and the expected return were as follows:-

	2024 Asset Split £	2024 Percentage Asset Split %	2023 Asset Split £	2023 Percentage Asset Split %
Equities	702,000	33	856,000	40
Property	183,000	9	318,000	15
Fixed Interest	866,000	41	922,000	43
Cash	369,000	17	36,000	2
Total	2,120,000	100	2,132,000	100

The subsidiary company expects to make no contributions to its defined benefit pension scheme in 2023.

Principal Actuarial Assumptions as the Balance Sheet Date (expressed as weighted averages)

The assumptions used by the actuary are the best estimates chosen from a range of possible assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2023	2023
Discount rate at 31 December	5.3%	4.5%
Expected return on plan assets at 31 December*	4.5%	4.7%
Future revaluation in deferment	3.0%	2.9%
Future pension increases	3.0%	3.1%
Post retirement mortality	S2PXA, CMI 2023 with minimum of 1.25% pa	S2PXA, CMI 2022 with minimum of 1.25% pa
Life expectancy for 65 year old male	21.0	21.1
Life expectancy for 65 year old female	23.2	23.2

* The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

25 Pensions (Continued)

On 1 May 2014 the subsidiary company established two new auto enrolment group personal pension schemes (AE Schemes), one for monthly paid employees and one for weekly paid employees. Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation.

The subsidiary company retains a stakeholder pension scheme for any staff who wish to join a company pension scheme but are not eligible to join the AE schemes. There are no company contributions to that scheme.

The pension charges in the group profit and loss account for the period were:	2024 £	2023 £
Closed defined benefit scheme	73,387	63,340
Current money purchase scheme	43,195	43,212
	116,582	106,552

The above amounts including administration costs in relation to the defined benefit scheme.

Amounts recognised in the statement of total recognised gains and losses:	2024 £	2023 £
The present value of unfunded obligations	(791,000)	(695,000)

26 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 January 2024 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Transfers Between Funds £	Funds 31 December 2024 £
General Fund	2,397,423	711,946	(898,938)	-	-	2,210,432
Non Charitable Trading funds	7,508,471	12,232,062	(12,077,137)	96,000	-	7,759,396
	9,905,894	**12,944,008**	**(12,976,075)**	**96,000**	**-**	**9,969,827**

General fund — The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds — These are the funds of the subsidary companies

Analysis of movements in restricted fund	Balance 1 January 2024 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Transfers Between Funds £	Funds 31 December 2024 £
Endowment	5	-	-	-	-	5
Ffestiniog Railway Fund	-	-	-	-	-	-
Kyral Fund	80,678	232	-	(19,360)	-	61,550
Workshop	94,800	-	(1,281)	-	-	93,519
Welsh Highland Rly	-	-	-	-	-	-
Lyd Fund	3,477	879	-	-	-	4,357
P5	-	-	-	-	-	-
C2 Fund	25,000	-	-	-	-	25,000
Emergency Fund	-	-	-	-	-	-
	443,319	**1,111**	**(1,281)**	**(19,360)**	**-**	**184,432**
Non-controlling interests	**2,294,664**	**2,179**	**-**	**-**	**-**	**2,296,843**
	11,153,244	**12,947,298**	**(12,977,356)**	**76,640**	**-**	**12,451,102**

Restricted fund descriptions

Ffestiniog Railway Fund
This fund was set up as a general fund focussed entirely on the Ffestiniong Railway to attract monies from donors who wished their donation to be used exclusively for the benefit of the Ffestiniog Railway.

Kyral Fund
This fund was created to accommodate donations from a Trustee who wished to maintain control over which projects his donations would support. Effectively, therefore, the Trust is custodian trustee of the monies in that fund.

Workshop Fund
During 1999 the Trust received grants and donations amounting to £126,825 in order to construct a carriage and wagon workshop for the restoration of historical vehicles at Boston Lodge. The workshop has been constructed on land held on a 99 year lease from The Ffestiniog Railway Company and the expenditure is being amortised over the period of the lease.

Welsh Highland Fund
This fund was created to receive donations intended solely to contribute to the costs of re-opening the Welsh Highland Railway from Caernarfon to Porthmadog. Monies are used primarily to support reconstruction of the infrastructure i.e. track bed, the track itself, bridges, stations, etc., although some specific donations have been or will be used to support construction of the new first class carriages for the railway. This fund also includes the Pullman Fund which is now included within this Fund.

Locomotive Funds
These restricted funds relate to the funds held for the construction and restoration of the locomotives noted above.

27 Analysis of group net assets between funds

	Fixed Assets £	Investments £	Other net current assets/ (liabilities) £	Creditors of more than one year £	Total £
General	-	-	2,322,712	-	**2,322,713**
Endowment	-	5	-	-	**5**
Ffestiniog Railway Fund	-	-	-	-	**-**
Kyral Fund	-	-	61,550	-	**61,550**
Workshop	93,519	-	-	-	**93,519**
Welsh Highland Rly	-	-	-	-	**-**
P5 Sus Rail	-	-	-	-	**-**
Lyd Fund	-	-	4,355	-	**4,355**
C2 Fund	-	-	25,000	-	**25,000**
Emergency Appeal	-	-	-	-	**-**
					-
Total	**93,519**	**5**	**2,413,617**	**-**	**2,507,142**

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFE

England & Wales - Charity number 239904

Accounts

CHARITY COMMISSION
FIRST CONTACT
26
26 JUN 2024
ACCOUNTS
RECEIVED

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

TRUSTEES' REPORT AND ACCOUNTS

For the year ended 31 December 2023

TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR TO 31 DECEMBER 2023

PROFILE

A Festiniog Railway Trust was created in 1954 when the late Mr. Alan Pegler provided the funds to acquire a controlling interest in The Festiniog Railway Company (the "Company") and arranged for stock to be transferred directly to it from the previous shareholders. The aim of the Trust was for the future of that renowned railway to be secure in well-disposed hands in perpetuity. The Trust was subsequently reconstituted and registered as a charity on 10 November 1964 and has amongst its stated aims the encouragement and support of charitable purposes connected with railways, particularly the Ffestiniog Railway (*).

The Trustees are appointed under a scheme approved by the Charity Commissioners and incorporated in an amended Trust Deed dated 30 September 1998. With the approval of the Charity Commission, the Trust Deed was further amended on 5 October 2012 to change the name of the Trust to The Ffestiniog and Welsh Highland Railways Trust (*Ymddiriedolaeth Rheilffyrdd ac Eryri* in Welsh) and to make a number of administrative changes; further administrative changes were made on 15 April 2016. Running the Trust is an entirely voluntary and unpaid activity.

Trust income is primarily from gifts and legacies and from the profits of a trading company, Ffestiniog Railway Holdings Limited, which is wholly owned by the Trust. This exploits commercial opportunities, notably the Ffestiniog Travel business, that are not possible for the Company.

The Trustees will consider proposals for fund raising by interested parties which, if undertaken in the name of the Trust, may be done so only with the explicit prior agreement of the Trust.

The Trust owns the great majority of all classes of issued share capital and debentures of the Company and nominates the Company's Directors. The Company has operated the Ffestiniog Railway since its inception in 1836. Under Trust ownership, the Company has also re-instated and now operates the once derelict Welsh Highland Railway which shares the Ffestiniog Railway's Harbour station at Porthmadog, runs to Dinas Junction and has been extended to Caernarfon.

The Trust expects that the Company's annual costs will be covered by its annual revenues. Many but not all major renewals are also covered within this. Improvement projects are funded by the Trust, or one of the supporting societies, and each has their own project plan. Profits from the Ffestiniog Travel business add to the Trust's funds available for such development.

The Trust does not normally initiate charitable work but responds to requests from other interested bodies for grants to support activities aligned with its charitable aims.

A very considerable collection of artefacts, records and ephemera exists concerning the railways. These are no longer required directly for the railways' operation and maintenance but constitute a most important and historically significant record, resource and responsibility. Trustees ensure that arrangements are in place for the care and continued safe storage of these items and, where appropriate, their maintenance. Ffestiniog and Welsh Highland Railways Heritage Limited was formed and is owned by the Company to oversee the care of these special items, to ensure their protection and to enhance their value to the community. The Directors of Ffestiniog and Welsh Highland Railways Heritage Limited are nominated by the Trustees. Trustees and the Company have consulted during 2022 as to whether this remains the most appropriate way to safeguard the railways' heritage. Whilst constraints of finance and space mean it is not currently possible to mount a permanent display, nevertheless, the complete pre-1954 archive is now available at Gwynedd Archives in Caernarfon.

(*) The spelling of "Festiniog" in the Company's name is legally correct and reflects contemporary Welsh usage in 1832 when the Company was created by Act of Parliament. However, the Trust and the Company have now adopted the current Welsh spelling of "Ffestiniog" in day to day usage and this is used throughout the remainder of this Profile and the Trustees' Report.

LEGAL AND ADMINISTRATIVE DETAILS

Office	Harbour Station Porthmadog Gwynedd LL49 9NF
Registered Charity Number	239904
Secretary	R D Holton Soprano Fleecy Court Chapel Green Napton-on-the-Hill CV47 8PA
Legal Advisor	R J L Stones 91 Linden Way London N14 4NG
Treasurer	S B Cheetham Daubentons Staplow Ledbury HR8 1NP
Bankers	Natwest Bank plc PO Box 877 31 Cheapside London EC2V 6HT CAF Bank (Charity Aid Foundation) 25 Kings Hill Avenue West Mailing Kent ME19 4TA

TRUSTEES' REPORT

YEAR ENDED 31 DECEMBER 2023

TRUSTEES

Dr J D C A Prideaux CBE (Chairman): Mr R Broyd OBE: Dr D R Gwyn OBE;

Dr D W Roberts MBE: Mr M L Smith

The Trustees present their report and the accounts for the year ended 31 December 2023.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity Law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity and the group, of incoming resources and the application of those resources within the group for each financial year. Trustees are required to:

select suitable accounting policies and then apply them consistently;

observe the methods and principles of the Charities SORP;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and

prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for ensuring that accounting records are kept that disclose the financial position of the charity with reasonable accuracy at any time and enable Trustees to ensure that the statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and Activities

The objectives of the Trust are "such charitable purposes connected with railways as the Trustees determine". In selecting appropriate purposes, the Trustees are required to especially bear in mind charitable purposes connected with the Company.

The Trustees fulfil these aims through activities aimed at the charitable purpose of advancing heritage. These include:

providing funding to support the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway and

holding a controlling interest in the Company to ensure that it continues to operate in accordance with the Trust's objectives and to enable it to oversee the preservation of historic rolling stock, archives and other artefacts relating to the railways.

Principal Activities and Review of the Year

The Trust's income was again primarily from donations and legacies (with gift aid on these where applicable) and from investment income. In 2023, income from legacies was £832,486 (2022 £232,727) and from gifts and donations was £593,126 (2022 £178,370). Total income in 2023 was £1,452,390 (2022 £457,530). This is significantly above the average figure for the previous five years (£722,700) due to the continued success of the Diamond Jubilee Appeal as well as a number of other generous donations and legacies.

Annual governance costs over the last five years have averaged £17,853 of which about two thirds are fundraising costs and the bulk of the remainder are audit costs. Administration costs are minimal as all Trustees and Officers of the Trust are unpaid and decline to claim expenses.

In response to requests for the funding of new projects received by the Trust from the Company, commitments were made to fund work on locomotive and carriage overhauls and refurbishment, as well as on remodelling WHR facilities at Dinas. These commitments will be drawn down by the Company over time as grants as the work is completed.

In 2023 the Company drew down £354,095 (2022 £519,495) against earlier commitments concerning the Trust's contribution towards the match funding of the NLHF's Boston Lodge project, associated development at Boston Lodge outside the scope of the NLHF project, as well as other infrastructure improvements.

The Board of Ffestiniog and Welsh Highland Railways Heritage Ltd. continued to be responsible for appraising and advising the Company on proposed heritage projects. Monitoring the condition of heritage rolling stock was continued during the year.

The skills and quality of design and craftsmanship of the workshop staff at Boston Lodge are known far and wide and are a long-term benefit to the organisation. External work overhauling locomotives and building carriages for other narrow-gauge railways provided welcome income to help defray the Company's costs in 2023.

At the Company AGM, Trustees (as majority shareholder) supported a resolution that Messrs Scarisbrick and Cole be appointed Directors of the Company.

During the year work continued on the National Lottery Heritage Fund (NLHF) supported "Interpretaton and Boston Lodge Project". The Trust (along with The Festiniog Railway Society) have provided substantial grants to match the NLHF contribution. This substantial (£5.2million) project is on track to be delivered on time and on budget.

"The Regenerative Railway", published towards the end of 2022, was widely distributed to friends and supporters of the railways during 2023. This document sets out the vision, strategy and roadmap for the railways over the next decade or so which will see them enter their third century of operation.

During 2023, the Company continued with efficiency measures introduced to combat the effects of the pandemic. Traffic receipts were higher than in 2022 but there were increases in the costs of employment and the cost of coal remained very high. Nevertheless the Company made an operating surplus of £34,444 (2022 £87,190) which, as always, was reinvested into basic expenditure on maintenance or routine projects on the infrastructure for the railways.

The travel business, operated by Ffestiniog Holdings Ltd, continued to enjoy very considerably improved trading conditions in 2023 having recovered the ground lost during the pandemic. This enabled the generation of a profit of £354,233 which was used to rebuild reserves (essential for a travel business) and to resume payment of donations to the Trust. A donation of £100,000 was paid to the Trust by Ffestiniog Holdings Ltd in 2023.

Public Benefit

In planning their activities, the Trustees gave due regard to the guidance on public benefit issued by the Charity Commission.

The Ffestiniog Railway is of enormous significance to both the world-wide development of narrow-gauge railways and the industrial history of North Wales. Much of the original infrastructure and architecture, including the original works at Boston Lodge, has been retained. Motive power and other rolling stock of outstanding historical and technical interest continue to be operated and, together with historic artefacts on display in Porthmadog, are visible to all. The restoration of the Welsh Highland Railway has reconstituted another major part of the narrow-gauge network historically proposed for the region.

The company has business and technical archives dating from its 1832 inception as a statutory company. These are deposited with Gwynedd Archives in Caernarfon and freely available as a resource for researchers. Preservation of this heritage provides an educational and recreational resource which benefits the community as a whole.

The railways run through (and provide access to) the Glaslyn Landscape of Historical Significance and the Snowdonia National Park. Recognition of the contribution to public benefit has come from the inscription of the Ffestiniog Railway as a UNESCO World Heritage site (part of The Slate Landscape of North West Wales).

The Company supports the local community by sponsoring and participating in local events and by providing resources and work experience for local schools. It is not easy to find high quality jobs in Gwynedd – particularly outside the public sector. The railways are not just one of the largest employers in the area, but have become a noted centre of excellence in areas such as carriage building and mechanical engineering, and so offer local people an opportunity to develop skills which would not otherwise exist in such a remote area.

A majority of our permanent staff are recruited locally and over half speak Welsh as a first language. The Trustees will continue to sponsor established members of our permanent staff who do not currently speak Welsh but would like to do so.

The NLHF project at Boston Lodge includes provision of dedicated resources to further and enhance volunteer activity in interpretation of the railway's impact on the community (currently and historically) and has created apprenticeship positions covering works administration, project management and interpretation.

Our local community, which is classified as an economically disadvantaged area, benefits directly from the railways' activities but also indirectly from benefits accruing to local employers and other businesses. The overall benefit to the region has been the subject of academic studies and is now estimated to be over £20m per annum and to support around 400 jobs. This level of economic contribution is recognised as common ground in discussion with Government and local interests.

Structure, Governance and Management

The relationships between the Trust and the Company are governed by the Trust Deed supplemented by a Relationship Agreement dated October 6th, 2023 This replaced earlier Memoranda of Understanding between the Trust and the Company dated 26 July 2010 and 31 July 2003.

Trustees are appointed for five years (and may be reappointed for further terms) under a scheme approved by the Charity Commissioner and which is reflected in the Trust Deed.

Richard Broyd's term as a Trustee ended on 31 December 2022 and he was reappointed for a further five year term commencing 1 January 2023.

Retiring Trustees may be appointed as Emeritus Trustees for a period of three years. They are not Trustees but may attend meetings of the Trustees by invitation in order to make their experience available to the Trust. In 2023 there were no Emeritus Trustees.

Julian Scarisbrick became a Director of The Company during 2023. Trustees appointed Stephen Cheetham as Trust Treasurer with effect from February 2024.

The Trustees met formally on three occasions in 2023. Individual Trustees and Officers attended numerous other meetings and functions throughout the year.

The Trust has no employees and work by Trustees and Officers is voluntary. The Trustees are grateful that approximately fifty percent of the hours worked on the railways is undertaken by some 1000 unpaid volunteers.

The General Fund of the Trust supports the Trust's general charitable purposes including the Trust's heritage and archive responsibilities. In additional to the General Fund, the Trust maintains several restricted funds for various more specific charitable purposes where donors wish to support a particular project.

The Trustees confirm that the charity has complied with current statutory requirements, its Trust Deed and the principles of the Charities SORP (FRS 102).

Risk Management

In October 2022 Trustees conducted their annual review of the

principle risks and uncertainties that affect the charity and

measures in place to mitigate the risks identified and measures to minimise or manage (as far as reasonably practicable) any impact on the charity should those risks materialise

The charity's risk register was updated as a result of this review.

The Trust's operating subsidiaries maintain their own annually reviewed risk assessments. The Trust receives regular reports from all its subsidiaries highlighting areas of concern. Safety, which is the principle operational risk for the Company, is subject to an annual, independent third-party review.

Grant Award Policy

Grants are made in support of specific approved and budgeted projects and must be approved by the Trustees. Grants payable are accounted for when a constructive obligation has been entered into. The value of such grants unpaid at year end is accrued.

Investment Policy

Apart from its holdings of shares and stock of the Company, the Trust's investments are limited to securities donated to the Trust which are held to generate income and/or the opportunity for gain.

Pay Policy for Senior Staff

No Trustee, or Trust official, received any remuneration in 2023.

Impact of Corona Virus

Remaining or ongoing impacts from the corona virus pandemic are given elsewhere in this report.

Neither the Company nor the Trust has any outstanding loans resulting from the recent pandemic.

Reserves

The Trustees have reviewed the reserves of the Trust and consider that unrestricted funds are sufficient to meet the Trust's commitments and other foreseeable calls on its funds. Reserve levels of the charity are monitored on an ongoing basis to ensure that they remain sufficient.

At 31 December 2023, total consolidated reserves were £10,109,856 (2022: £8,867,129) of which £203,962 (2022: £443,320) were in restricted funds.

On behalf of the Trustees

Trustee

Date; 14/06/2024

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

Opinion

We have audited the financial statements of The Ffestiniog and Welsh Highland Railways Trust (the 'company') for the year ended 31 December 2023 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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 to 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 company's affairs as at 31 December 2023 and of its loss 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 quire for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 a Report of the Auditors 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

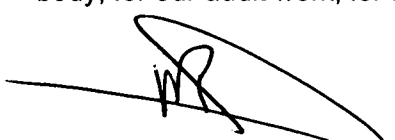
We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Report of the Auditors.

Use of our report

This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assumes responsibility to anyone other than he company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Steven Barrett (Senior Statutory Auditor)
for and on behalf of Williams Denton Cyf
Chartered Certified Accountants
Statutory Auditors
13 Trinity Square
Llandudno
United Kingdom
Conwy
LL30 2RB

Date: 14/06/2024

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 December 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2023 £	Total funds 2022 £
Income:					
Donations and legacies	4	1,238,459	187,153	1,425,611	456,218
Income from other trading activities:					
Commercial trading operations	6	10,051,737	-	10,051,737	7,616,761
Investment income	7	46,862	2,425	49,287	4,514
Other Income	6	1,661,363	-	1,661,363	98,208
Total income		**12,998,421**	**189,578**	**13,187,998**	**8,175,701**
Expenditure					
Costs of raising funds:					
Commercial trading operations	6/10	11,461,828	-	11,461,828	7,330,113
Expenditure on charitable activities:					
Grants committed	8	72,347	281,748	354,095	561,103
Total expenditure		**11,534,175**	**281,748**	**11,815,923**	**7,891,216**
Net income/*(expenditure)* and net movement in funds for the year		*1,464,246*	*(92,170)*	*1,372,075*	*284,485*
Transfers between funds		(91,975)	91,975	-	-
Other recognised gains/(losses)					
Gains/(losses) on investment assets		*814*	*(239,162)*	*(238,348)*	*36,353*
Actuarial gains/(losses) on defined benefit pension schemes		109,000	-	*109,000*	180,000
Net movement in funds		*1,482,085*	*(239,358)*	*1,242,727*	*500,838*
Reconciliation of funds					
Total funds brought forward		8,423,809	443,320	8,867,129	8,366,293
Total funds carried forward		**9,905,894**	**203,962**	**10,109,856**	**8,867,131**

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Balance Sheet
for year ending 31 December 2023

	Note	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible Assets	16	37,217,525	37,087,253	94,800	96,081
Investments	17	19,365	277,159	50,711	308,505
Total fixed assets		**37,236,890**	**37,364,412**	**145,511**	**404,586**
Current assets					
Stock and WIP	18	770,865	837,780	-	-
Debtors	19	875,760	942,058	46,160	28,039
Cash at bank and in hand		4,689,866	3,296,321	2,563,172	1,446,780
Total current assets		**6,336,491**	**5,076,159**	**2,609,332**	**1,474,819**
Liabilities					
Creditors falling due within 1 year	20	*1,748,273*	*1,571,642*	*153,458*	*130,145*
Net Current assets		**4,588,218**	**3,504,517**	**2,455,874**	**1,344,674**
Total assets less current liabilities		**41,825,108**	**40,868,929**	**2,601,385**	**1,749,260**
Creditors: falling due after more than 1 year	22	*30,115,588*	*30,301,685*	-	-
Defined benefit pension scheme	25	695,000	586,000	-	-
Net assets		**12,404,520**	**11,153,244**	**2,601,385**	**1,749,260**
The funds of the charity:	26				
Unrestricted income funds		9,905,894	8,423,809	2,397,423	1,305,940
Restricted income funds		203,962	443,320	203,962	443,320
Non-controlling interest		2,294,663	2,286,115	-	-
Total charity funds		**12,404,520**	**11,153,244**	**2,601,385**	**1,749,260**

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at page 15 to 29 form part of these accounts.

Signed
Dr J D

Date: 14/06/2024

The Ffestiniog and Welsh Highland Railways Trust
Statement of Cash Flows and Consolidated Statement of Cash Flows
for year ending 31 December 2023

	Year ended 31/12/2023 £	Year ended 31/12/2022 £
Net incoming resources before revaluations	1,242,727	284,485
Investment income less interest payable	(49,287)	(4,514)
Depreciation	1,503,832	1,455,377
Release of grant against depreciation	(288,604)	-
Pension fund non-cash movement	109,000	-
(Profit) / Loss on disposal of assets	-	36,353
Loss on Investments	238,546	(30,800)
(Increase) / decrease in debtors	66,298	(391,081)
(Increase) / decrease in stock	66,915	(366,991)
Increase / (decrease) in creditors	176,631	210,886
Increase / (decrease) in long term creditors	(186,097)	(332,501)
Cash from operations	2,879,961	861,214

CASH FLOW STATEMENT

Net cash inflow from operating activities	2,879,961	861,214
Returns on investments and servicing of finance	-	-
Cash Flows from investing activities		
(Gain)/Loss on investments	238,546	36,353.00
Purchase of investments	-	-
Disposal of investments	(19,248)	-
Capital expenditure and financial investment	(1,634,289)	(1,111,586)
Proceeds on disposal of assets	-	-
Taxation		
Tax paid	28,583	-
Cash flows from financing activities		
Repayment of interest free loan	(100,000)	100,000
Repayment of bank loan	-	-
Cancellation of Debenture Stock	-	-
Increase/(decrease) in cash and cash equivalents in the year	1,393,553	(114,020)

Reconciliation of net cash flow to movement in net cash and liquid resources

Increase/(Decrease) in cash in the year	1,393,553	(114,020)
Cash and liquid resources at 1 January	3,296,321	3,410,341
Cash and liquid resources as at 31 December	4,689,875	3,296,321

Reconciliation of net cash flow to movement in net debt

Change in cash in year	1,393,553	(212,344)
Net movement on loans	-	-
Net debt at 1 January	2,806,533	3,018,877
Net debt at 31 December	4,200,087	2,806,533

Analysis of net cash and liquid resources

	At 01/01/23 £	Movement in year £	At 31/12/23 in year £
Cash at bank and in hand	3,301,460	1,388,415	4,689,875
Bank overdraft	(5,139)	5,139	-
	3,197,997	1,393,554	4,689,875

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

f) Fund accounting
Unrestricted funds are available to spend on activities that further any of the purposes of charity.
Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are established in respect of specific activities of the Trust, these are set out in note 22 to these accounts.

g) Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of commercial trading including the rail transport costs, retail costs, catering costs and holiday costs.

Expenditure on charitable activities includes the costs of grants
Other expenditure represents those items not falling into any other heading.

h) Apportionment of costs
The costs of the Trust fall directly into the headings of the SOFA. The costs of the two main trading subsidiaries are allocated to the most appropriate SOFA heading. The costs of the Welsh Highland Railway Construction Company Limited are also included as relating to charitable activities as they relate directly to the development of the railways. The costs of Ffestiniog Railway Holdings Limited are included as fundraising trading as that company exploits commercial opportunities available to it. Therefore no separate breakdown of the allocation of support costs is required.

i) Operating leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

j) Tangible fixed assets
Tangible fixed assets are capitalised and included at cost. The capitalisation policy is to include all items in excess of £100.

Depreciation is provided to write-off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives.

Depreciation is provided at the following rates:
- Permanent way - 2% per annum straight line
- Locomotives and rolling stock - 3.33% per annum straight line
- Buildings and plant - 2.5% to 33% per annum straight line
- Motor Vehicles - 25% per annum reducing balance
- Long leasehold property - over the period of the lease

In future all additions to tangible assets will be stated at cost. Where existing unimpaired fixed assets are stated at valuation, (carried out by a director of a subsidiary entity in 1978, based upon estimated open market values prevailing at that time), the group has taken advantage of the transitional arrangements in FRS 15 to retain the book values.

k) Stock
Stocks and work in progress are valued at lower of cost, including appropriate overhead expenses and net realisable value.

l) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions
On 1st May 2014 the group established two new auto enrolment group personal pension schemes (AE). Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation and are charged in the year in which they arise. The FRS 17 liability in respect of the defined benefit scheme has been included in the financial statements.

2 Legal Status of the Trust
The Trust is an unincorporated charity and operated under a trust deed.

3 The summary financial performance of the charity alone

	2023	2022
	£	£
Donations and Legacies	1,425,611	456,218
Investment Income	1,148	1,115
Interest Income	25,630	1,281
	1,452,390	**458,613**
Expenditure on charitable activities	*361,914*	*570,511*
Net Income/(Expense)	**1,090,475**	**(111,898)**
Other recognised gains/(losses) on investment assets	(238,348)	36,353
Total funds brought forward	1,749,258	1,824,803
Total funds carried forward	**2,601,385**	**1,749,258**
Represented by:		
Restricted Income funds	203,962	443,318
Unrestricted Income funds	2,397,423	1,305,940
	2,601,385	**1,749,259**

4 Income from donations and legacies

	2023	2022
Donations	£	£
Gifts and Gift Aid	54,336	45,121
Donations	538,791	178,370
Legacies	832,486	232,727
	1,425,612	**456,218**

5. Income from charitable activities

	Unrestricted funds 2023	Unrestricted funds 2022
	£	£
Incoming Resources		
Donations and Gifts	593,126	222,407
Legacies	832,486	232,727
Subtotal: Incoming resources from generated funds	**1,425,612**	**455,134**
Investment Income	1,148	1,115
Interest Receivable	25,630	1,281
Subtotal: Incoming resources for generating funds	**26,778**	**2,396**
Total income from charitable events	**1,452,390**	**457,530**

6. Income earned from other activities

The Trust has two principal trading subsidiaries which are incorporated in the UK. The Festiniog Railway Company (in which the Trust has a controlling interest in each category of share) owns and operates the Ffestiniog and Welsh Highland Light Railway in North Wales. Ffestiniog Railway Holdings Ltd is a wholly owned subsidiary and trades as a travel and ticket agency and tour operator. A summary of their trading results (net of inter-company trading) is shown below. Accounts for both companies have been audited. Those for Ffestiniog Railway Holdings Ltd have been filed at Companies House and those for The Festiniog Railway Company are available on request from Harbour Station, Porthmadog, Gwynedd, LL49 9NF. In addition, The Festiniog Railway Company has three wholly owned subsidiaries, Welsh Highland Light Railway Ltd and Welsh Highland Railway Construction Ltd (both incorporated in the UK), which are involved in the revival of the Welsh Highland Railway and Ffestiniog Railway Heritage Limited which has had no trading activity during the period. Ffestiniog Futures Limited holds £250 of Festiniog Railway Company ordinary stock, of which some is jointly owned with others: in all cases, ownership will eventually revert to the company.

	Ffestiniog Railway Holdings Ltd £	The Festiniog Railway Company £	Ffestiniog Railway Heritage Ltd and Ffestiniog Futures Limited £	Welsh Highland Light Railway Limited £	Welsh Highland Railway Construction Ltd £	2023 Total £	2022 Total £
Turnover	2,796,345	7,263,416	-	-	-	9,981,411	7,529,723
Cost of sales	(1,946,319)	(6,257,721)	-	-	-	(8,204,040)	(5,560,605)
Gross Profit	**850,026**	**1,005,694**	**-**	**-**	**-**	**1,855,720**	**2,047,467**
Administration expenses	(475,925)	(1,953,816)	-	-	-	(2,429,741)	(2,110,723)
Other operating income	-	1,077,773	-	-	-	1,077,773	531,364
Net interest receivable/(payable)	8,716	13,794	-	-	-	22,509	(5,785)
Net Profit/(Loss)	**382,816**	**143,445**	**-**	**-**	**-**	**526,261**	**462,323**
FRS 17 actuarial gain/(loss)						-	-
Tax on profit on ordinary activities	(28,583)	-	-	-	-	(28,583)	(485)
Minority interest in profits of subsidiary	-	8,548	-	-	-	8,548	20,751
Profits/(losses) attributable to the Trust	354,233	151,993	-	-	-	506,226	482,589
	354,233	**151,993**	**-**	**-**	**-**	**506,226**	**482,589**

7 Investment Income

Some of the group's investment income of £1,148 (2022: £1,115) arises from money held in the trading subsidiaries.

8 Analysis of expenditure on charitable events

	General Fund £	Kyral Fund £	LYD £	DJA/Regenerative Railway £	Workshop £	Emergency Appeal £	Total £
Grants	73,628	-	-	280,467	-	-	354,095
Sundries	319	-	-	-	-	-	319
Total	**73,947**	**-**	**-**	**280,467**	**-**	**-**	**354,414**

Expenditure on charitable activities was £354,414 (2022: £570,511) of which £73,947 was unrestricted (2022: £564,693).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	General Fund £	Kyral Fund £	LYD £	DJA/Regenerative Railway £	Workshop £	Emergency Appeal £	Total £
Direct grant support	354,095	-	-	-	1,281	-	355,376
Net cost funded from donations and legacies							-
	354,095	**-**	**-**	**-**	***1,281***	**-**	***355,376***

General Fund
The grants committed and paid during the year relate primarily to the maintenance and repair of the Railways' carriage and locomotive fleet as well as to the infrastructure improvements at Boston Lodge and Dinas.

Grants remaining committed at the year end also related to these expenditure categories.

Diamond Jubilee Appeal/Regenerative Railway
Grants committed and paid during the year relate primarily to match funding for the Boston Lodge regeneration project supported by the National Lottery Heritage Fund. Funding was also provided for improved signalling systems on the Welsh Highland Railway.

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Analysis of support and governance costs

	General support £	Governance function £	Total £	Basis of apportionment
Sundry Expenses	-	319	319	Invoiced
Auditors Remuneration	-	4,920	4,920	57.50%
Fund raising costs	1,300	-	1,300	Invoiced
Total	**1,300**	**5,239**	**6,539**	

Support and governance costs are £6,539 (2022: £9,408).

11 Net Income/*(expenditure)* for the year

This is stated after charging:	**2023 £**	**2022 £**
Depreciation	1,502,732	1,455,772
Release of grants against depreciation	(288,604)	(288,604)
Audit fees	4,920	4,536
Leasehold Amortisation	1,281	1,281
	1,220,329	**1,172,985**

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2023 £	**2022 £**
Wages and salaries	3,148,455	2,428,063
Social security costs	265,356	174,010
Pension costs	40,513	39,910
	3,454,324	**2,641,983**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2022:£NIL)

13 Staff *numbers*

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2023 Number	**2022 Number**
Full Time	78	69
Part Time	17	21
Sesonal	36	38
	131	**128**

14 Related party transactions

The Ffestiniog and Welsh Highland Railways Trust has a controlling interest in the Festiniog Railway Company, and also owns all of the issued share capital of Ffestiniog Railway Holdings Ltd. During the year the trust made a number of grants for charitable purposes, all of which were in connection with the above mentioned companies. Further details of grants committed and paid during the year can be found in Note 8 to these accounts.

Further information concerning subsidiaries is provided in note 6.

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Tangible fixed assets - charity (also comprising that of the group)

	Long leasehold land and buildings £	Plant machinery and motor vehicles £	Total £	Charity only Trust Long Leasehold Property £
Cost:				
As at 1 January 2023	11,520,621	42,718,323	54,238,944	126,825
Additions	1,270,445	363,844	1,634,289	
(Disposals)	-	-	-	
	12,791,066	43,082,167	55,873,233	126,825
Depreciation/Amortisation:				
As at 1 January 2023	(5,148,610)	(12,003,081)	(17,151,691)	(30,744)
Charge for the year	(911,710)	(592,307)	(1,504,017)	(1,281)
Depreciation on disposal	-	-	-	-
Eliminated on disposal	-	-	-	
	(6,060,320)	(12,595,388)	(18,655,708)	(32,025)
Net book value:				
As at 1 January 2023	6,372,011	30,715,242	37,087,253	96,081
As at 31 December 2023	**6,730,746**	**30,486,779**	**37,217,525**	**94,800**

17 Investments

	Listed	Unlisted	Total	Charity only Listed	Charity only Unlisted	Charity only Total
	£	£	£	£	£	£
Group and Trust						
Cost or valuation:						
At 1 January 2023	277,154	5	277,159	277,154	31,351	308,505
Purchase of new	-	-	-	-	-	-
Disposals	(19,248)	-	(19,248)	(19,248)	-	(19,248)
Revaluation	(238,546)	-	(238,546)	(238,546)	-	(238,546)
Impairment		-	-	-	-	-
At 31 December 2023	19,360	5	19,365	19,360	31,351	50,711

The aggregate market value of the listed investments (all of which are listed on a recognised stock exchange) was as follows:

	2023	2022
	£	£
General Fund (cost £9,869)	-	18,434
Restricted Funds:		
Kyral Fund (cost £90,607)	19,360	258,720
	19,360	277,154

The unlisted investments of the Trust are disclosed fully in the balance sheet of the Trust on page 8. The listed investment are held to provide an investment return.

18 Stock and WIP

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Stock	490,308	366,687	-	-
WIP	280,557	471,093	-	-
	770,865	**837,780**	**-**	**-**

19 Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	214,667	482,542	-	-
Other debtors	46,955	172,573	24,998	5,553
Taxation and social security	160,751	22,486	21,161	22,486
Prepayments and Accrued income	453,387	264,457	-	-
	875,760	**942,058**	**46,160**	**28,039**

20 Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Bank loan	-	5,139	-	-
Unsecured Loans	98,261	-	-	-
Trade creditors	272,813	363,503	-	-
Other creditors	290,029	736,617	-	-
Accruals and deferred income	956,961	411,783	153,458	130,145
Taxation and social	-	-	-	-
Security costs	-	54,355	-	-
Corporation tax	130,209	245	-	-
	1,748,273	**1,571,642**	**153,458**	**130,145**

Deferred capital contributions are gifts and grants received by the Trust's subsidiary companies in respect of capital expenditure incurred by them.

21 Deferred income

	Group	Charity
	£	£
Balance as at 1 January 2023	405,024	-
Movement in year	(551,937)	-
Balance as at 31 December 2023	**956,961**	**-**

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Deferred capital contributions	30,099,828	30,285,925	-	-
Bank Loan	-	-		
Ffestiniog Railway 4% debenture stock	15,760	15,760	-	-
	30,115,588	**30,301,685**	**-**	**-**

23 Contingent Liabilities

The assets of one of the subsidiary companies of Trust, Welsh Highland Light Railway Ltd, are secured by way of a debenture being a fixed and floating charge in favour of The Millennium Commission as one of the conditions for that body providing funding for the rebuilding of the Welsh Highland Railway from Caernarfon to Rhyd Ddu. The legal agreement between the company and The Millennium Commission gives the Commission the power to take over the assets of the company in the event the company fails to reinstate the railway and commence passenger operations on terms agreed with The Millennium Commission.

Residual claims amounting to £164,000, relating to the construction of Phase 4 of the Welsh Highland Railway, have been received from contractors. The company disputes these claims and is of the view that nothing further is payable in respect of those contracts. At the present time it is not possible to quantify the eventual outcome of these claims.

24 Capital Commitment

The subsidiary entities had at 31 December 2023 nil (2022: nil) capital commitments contracted for but not provided for.

25 Pensions

One of the subsidiary companies of the Trust has put in place pension provisions for its staff.

Until 31 October 2001, the subsidiary company operated a funded defined benefit pension scheme providing benefits based on the final remuneration. The assets of that scheme are held separately from those of the company in an independently administered fund. The funding of the scheme is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations. This scheme was closed as a fully paid scheme on 31 October 2001. There are 29 deferred members of the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as members approach retirement.

A full actuarial valuation was carried out as at 1 December 2010 and updated to 31 December 2023. All valuations were by a qualified independent actuary.

Employee Benefit Obligations

	2023 £	2022 £
Present value of funded obligations	(1,437,000)	(1,437,000)
Fair value of scheme assets	2,132,000	2,023,000
Present value of unfunded obligations	695,000	586,000
Unrecognised past service cost	-	-
Deficit	695,000	586,000
Related deferred tax asset	-	-
Net liability	695,000	586,000

Amounts in the balance sheet

Liabilities	-	-
Assets	695,000	586,000
Net	695,000	586,000

No account has been taken of any related deferred tax asset. The pension scheme assets did not include any shares issued by the subsidiary company or property occupied by the subsidiary company.

25 Pensions (Continued)

Amounts recognised in the Consolidated Statement of Financial Activities

	2023 £	2022 £
Current service cost	-	-
Interest on obligation	-	-
Expected return on scheme assets	(47,000)	(676,000)
Past service cost	8,000	38,000
Losses / (gains) on curtailments and settlements	(70,000)	458,000
Total	(109,000)	(180,000)
Actual return on scheme assets	164,000	(413,000)

Changes in the present value of the Defined Benefit Obligation

Opening defined benefit obligation	1,437,000	2,161,000
Service Cost	-	-
Interest Cost	69,000	40,000
Actuarial losses / (gains)	(14,000)	(642,000)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(55,000)	(122,000)
Closed defined benefit obligation	1,437,000	1,437,000

Changes in the fair value of Plan Assets

Opening fair value of scheme assets	2,023,000	2,567,000
Expected return	94,000	45,000
Actuarial gains / (losses)	70,000	(467,000)
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(55,000)	(122,000)
Closing fair value of scheme assets	2,132,000	2,023,000

25 Pensions (Continued)

Major Categories of Scheme Assets as a Percentage of Total Plan Assets

The assets of the scheme consist mainly of Managed Funds. The asset figures exclude assets relating to members' AVCs.

The major percentage split of the scheme assets as a percentage of total plan assets and the expected return were as follows:-

	2023 Asset Split £	2023 Percentage Asset Split %	2022 Asset Split £	2022 Percentage Asset Split %
Equities	856,000	40	940,000	43
Property	318,000	15	298,000	12
Fixed Interest	922,000	43	761,000	43
Cash	36,000	2	24,000	2
Total	2,132,000	100	2,023,000	100

The subsidiary company expects to make no contributions to its defined benefit pension scheme in 2023.

Principal Actuarial Assumptions as the Balance Sheet Date (expressed as weighted averages)

The assumptions used by the actuary are the best estimates chosen from a range of possible assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2023	2022
Discount rate at 31 December	4.5%	4.7%
Expected return on plan assets at 31 December*	4.7%	1.8%
Future revaluation in deferment	2.9%	3.1%
Future pension increases	3.1%	3.1%
Post retirement mortality	S2PXA, CMI 2022 with minimum of 1.25% pa	S2PXA, CMI 2019 with minimum improvement of 1.25% p.a.
Life expectancy for 65 year old male	21.1	21.6
Life expectancy for 65 year old female	23.2	23.5

* The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

25 Pensions (Continued)

On 1 May 2014 the subsidiary company established two new auto enrolment group personal pension schemes (AE Schemes), one for monthly paid employees and one for weekly paid employees. Employer and employee contributions to these schemes are made in *accordance with the rates laid down by government legislation.*

The subsidiary company retains a stakeholder pension scheme for any staff who wish to join a company pension scheme but are not eligible to join the AE schemes. There are no company contributions to that scheme.

The pension charges in the group profit and loss account for the period were:	2023 £	2022 £
Closed defined benefit scheme	63,340	39,910
Current money purchase scheme	43,212	45,019
	106,552	84,929

The above amounts including administration costs in relation to the defined benefit scheme.

Amounts recognised in the statement of total recognised gains and losses:	2023 £	2022 £
The present value of unfunded obligations	(695,000)	(586,000)

26 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 January 2023 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Transfers Between Funds £	Funds 31 December 2023 £
General Fund	1,305,941	1,263,937	(359,334)	814	(91,975)	2,119,380
Non Charitable Trading funds	7,117,870	11,734,484	(11,174,841)	109,000	-	7,786,513
	8,423,811	**12,998,421**	**(11,534,175)**	**109,814**	**(91,975)**	**9,905,894**

General fund — The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds — These are the funds of the subsidary companies

Analysis of movements in restricted fund	Balance 1 January 2023 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Transfers Between Funds £	Funds 31 December 2023 £
Endowment	5	-	-	-	-	5
Kyral Fund	319,841	-	-	(239,162)	-	80,679
Workshop	96,081	-	(1,281)	-	-	94,800
Lyd Fund	2,393	1,085	-	-	-	3,478
DJA/Regenerative Railway	-	188,492	(280,467)	-	91,975	-
C2 Fund	25,000	-	-	-	-	25,000
	443,319	**189,577**	**(281,748)**	**(239,162)**	**91,975**	**203,962**
Non-controlling interests	**2,286,115**	**8,548**	**-**	**-**	**-**	**2,294,663**
	11,153,244	**13,196,546**	**(11,815,923)**	**(129,348)**	**-**	**12,404,520**

Restricted fund descriptions

Kyral Fund
This fund was created to accommodate donations from a Trustee who wished to maintain control over which projects his donations would support. Effectively, therefore, the Trust is custodian trustee of the monies in that fund.

Workshop Fund
During 1999 the Trust received grants and donations amounting to £126,825 in order to construct a carriage and wagon workshop for the restoration of historical vehicles at Boston Lodge. The workshop has been constructed on land held on a 99 year lease from The Ffestiniog Railway Company and the expenditure is being amortised over the period of the lease.

Lyd and C2 Locomotive Funds
These restricted funds relate to the funds held for the construction and restoration of the locomotives noted above.

Diamond Jubilee Appeal/Regenerative Railway
This fund was created as part of the Diamond Jubilee Appeal to raise resources for the realisation of the Trust's long-term vision for the future of both Railways. Funds raised so far have been spent on the regeneration of Boston Lodge Engineering Works as well as other infrastructure improvements.

27 Analysis of group net assets between funds

	Fixed Assets £	Investments £	Other net current assets/ (liabilities) £	Creditors of more than one year £	Total £
General	-	19,360	2,378,065	-	**2,397,425**
Endowment	-	5	-	-	**5**
Kyral Fund	-	19,360	61,318	-	**80,678**
Workshop	94,800	-	-	-	**94,800**
DJA/Regenerative Railway	-	-	-	-	**-**
Lyd Fund	-	-	3,477	-	**3,477**
C2 Fund	-	-	25,000	-	**25,000**
					-
Total	**94,800**	**38,725**	**2,467,860**	**-**	**2,601,385**

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFE

England & Wales - Charity number 239904

Accounts

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

TRUSTEES' REPORT AND ACCOUNTS

For the year ended 31 December 2022

CONTENTS

CONTENTS	PAGE
PROFILE	2
LEGAL AND ADMINISTRATIVE DETAILS	3
TRUSTEES' REPORT	4-8
REPORT OF THE INDEPENDENT AUDITORS	9-11
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	12
CONSOLIDATED BALANCE SHEET	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15-29

TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR TO 31 DECEMBER 2022

PROFILE

A Festiniog Railway Trust was created in 1954 when the late Mr. Alan Pegler provided the funds to acquire a controlling interest in The Festiniog Railway Company (the "Company") and arranged for stock to be transferred directly to it from the previous shareholders. The aim of the Trust was for the future of that renowned railway to be secure in well-disposed hands in perpetuity. The Trust was subsequently reconstituted and registered as a charity on 10 November 1964 and has amongst its stated aims the encouragement and support of charitable purposes connected with railways, particularly the Ffestiniog Railway (*).

The Trustees are appointed under a scheme approved by the Charity Commissioners and incorporated in an amended Trust Deed (30 September 1998). With the approval of the Charity Commission, the Trust Deed was further amended on 5 October 2012 to change the name of the Trust to The Ffestiniog and Welsh Highland Railways Trust (*Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri* in Welsh) and to make a number of administrative changes; further administrative changes were made on 15 April 2016. Running the Trust is an entirely voluntary and unpaid activity.

Trust income is primarily from gifts and legacies and from the profits of a trading company, Ffestiniog Railway Holdings Limited, which is wholly owned by the Trust. This exploits commercial opportunities, notably the Ffestiniog Travel business, that are not possible for the Company.

The Trustees will consider proposals for fund raising by interested parties which, if undertaken in the name of the Trust, may be done so only with the explicit prior agreement of the Trust.

The Trust owns the great majority of all classes of issued share capital and debentures of the Company and nominates the Company's Directors. The Company has operated the Ffestiniog Railway since its inception in 1836. Under Trust ownership, the Company has also re-instated and now operates the once derelict Welsh Highland Railway which shares the Ffestiniog Railway's Harbour station at Porthmadog, runs to Dinas Junction and has been extended to Caernarfon.

The Trust expects that the Company's annual costs will be covered by its annual revenues. Many but not all major renewals are also covered within this. Improvement projects are funded by the Trust, or one of the supporting societies, and each has their own project plan. Profits from the Ffestiniog Travel business add to the Trust's funds available for such development.

The Trust does not normally initiate charitable work but responds to requests from other interested bodies for grants to support activities aligned with its charitable aims.

There exists a very considerable collection of artefacts, records and ephemera concerning the railways which are no longer required directly for their operation and maintenance. This constitutes a most important and historically significant record, resource and responsibility. The Trustees have for many years overseen the care and continued safe storage of these items, and their maintenance where appropriate. Constraints of finance and space mean it is not currently possible to mount a permanent display. However, the complete pre-1954 archive is now available at Gwynedd Archives in Caernarfon. Ffestiniog and Welsh Highland Railways Heritage Limited was formed and is owned by the Company to oversee the care of these special items, to ensure their protection and to enhance their value to the community. The Directors of Ffestiniog and Welsh Highland Railways Heritage Limited are nominated by the Trustees.

(*) The spelling of "Festiniog" in the Company's name is legally correct and reflects contemporary Welsh usage in 1832 when the Company was created by Act of Parliament. However, the Trust and the Company have now adopted the current Welsh spelling of "Ffestiniog" in day to day usage and this is used throughout the remainder of this Profile and the Trustees' Report.

LEGAL AND ADMINISTRATIVE DETAILS

Office	Harbour Station Porthmadog Gwynedd LL49 9NF
Registered Charity Number	239904
Secretary	R D Holton Soprano Fleecy Court Chapel Green Napton-on-the-Hill CV47 8PA
Legal Advisor	R J L Stones 91 Linden Way London N14 4NG
Treasurer	J D Scarisbrick 9 Chatham Road Old Trafford Manchester M16 0DR
Bankers	Natwest Bank plc PO Box 877 31 Cheapside London EC2V 6HT CAF Bank (Charity Aid Foundation) 25 Kings Hill Avenue West Mailing Kent ME19 4TA

TRUSTEES' REPORT

YEAR ENDED 31 DECEMBER 2022

TRUSTEES

Dr J D C A Prideaux CBE (Chairman): Mr R Broyd OBE: Dr D R Gwyn OBE;

Dr D W Roberts MBE: Mr M L Smith

The Trustees present their report and the accounts for the year ended 31 December 2022.

Statement of Trustees' Responsibilities

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

Charity Law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity and the group, of incoming resources and the application of those resources within the group for each financial year. Trustees are required to:

select suitable accounting policies and then apply them consistently;

observe the methods and principles of the Charities SORP;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and

prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for ensuring that accounting records are kept that disclose the financial position of the charity with reasonable accuracy at any time and enable Trustees to ensure that the statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and Activities

The objectives of the Trust are "such charitable purposes connected with railways as the Trustees determine". In selecting appropriate purposes, the Trustees are required to especially bear in mind charitable purposes connected with the Company.

The Trustees fulfil these aims through activities aimed at the charitable purpose of advancing heritage. These include:

providing funding to support the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway and

holding a controlling interest in the Company to ensure that it continues to operate in accordance with the Trust's objectives and to enable it to oversee the preservation of historic rolling stock, archives and other artefacts relating to the railways.

Principal Activities and Review of the Year

The Trust's income was again primarily from donations and legacies (with gift aid on these where applicable) and from investment income. In 2022, income from legacies was £232,737 (2021 £243,888) and from gifts and donations was £178,369 (2021 £567,050). Total income in 2022 was £458,614 (2021 £811,643). This is somewhat below the average figure for the previous five years (£758,934) which was boosted, in part, by covid related "survival appeals".

Governance costs over the last five years have averaged £19,894 of which about two thirds are fundraising costs and the bulk of the remainder are audit costs. Administration costs are minimal as all Trustees and Officers of the Trust are unpaid and decline to claim expenses.

In response to requests for funding for new projects received by the Trust from the Company, commitments were made to fund work for the planning application for new facilities at Beddgelert Station, for the final stage of installing Micro ETS on the Welsh Highland Railway, for a new machine shop for the carriage works at Boston Lodge and for the NHLF Interpretation and Boston Lodge project. These commitments will be drawn down by the Company as grants over time as the work is completed. In 2022 the Company drew down £559,882 (2021:£415,248) against earlier commitments concerning the new large carriage shed, the NWNG Ashbury replica brakevan, a new modern carriage for the FR fleet (carriage 808), construction of new locomotive *James Spooner*, locomotive *Taliesin's* boiler overhaul and for the NHLF Interpretation and Boston Lodge project. The installation of PV cells on the roof of the new carriage shed at Boston Lodge was also supported. These are capable of producing much of the electricity consumed at Boston Lodge thus contributing to improvement in the railways' environmental footprint.

The Board of Ffestiniog and Welsh Highland Railways Heritage Ltd. continued to be responsible for appraising and advising the Company on proposed heritage projects. Monitoring the condition of heritage rolling stock was continued during the year.

The skills and quality of design and craftsmanship of the workshop staff at Boston Lodge are known far and wide and are a long-term benefit to the organisation. External work overhauling locomotives and building carriages for other narrow-gauge railways provided welcome income to help defray the Company's costs in 2022.

During the year the Company, with the support of the Trust, obtained an order under the Transport and Works Act 1992 which, among other things, made changes to the constitution of the Company as set out in the Festiniog Railway Act of 1869. These changes allowed the Company to increase the maximum number of directors and reduced the level of directors' qualifying stock holding. At the Company AGM, Trustees (as majority shareholder) supported a resolution which increased the maximum number of permitted directors to eleven. This allowed individuals who were serving as "non-statutory" directors to be elected to full statutory status

During the year physical work started on the National Lottery Heritage Fund (NLHF) supported "Interpretaton and Boston Lodge Project". The Trust (along with The Festiniog Railway Society) have provided substantial grants to match the NLHF contribution. Increased inflationary pressures during 2022 resulted in a need for additional funding to enable the project to still fulfil all of its goals. The Trust (and FRS's) commitment to increase their contributions were instrumental in persuading the NLHF to do likewise bringing the overall project budget up to £5.2million.

"The Regenerative Railway" was published towards the end of 2022. This document sets out the vision, strategy and roadmap for the railways over the next decade or so which will see them enter their third century of operation.

During 2022, the Company continued with efficiency measures introduced to combat the effects of the pandemic. Traffic receipts were significantly higher than in 2021 but increases in the costs of employment, and a very dramatic increase in the cost of coal, squeezed margins. Nevertheless the Company made an operating surplus of £87190 (2021:£755,124) which, as always, will be reinvested into basic expenditure on maintenance or routine projects on the infrastructure for the railways.

The travel business operated by Ffestiniog Holdings Ltd enjoyed much better post-covid trading conditions in 2022. This enabled repayment of a £50,000 loan from the Trust (made to maintain reserves as required by IATA) and the generation of a small profit. The immediate priority will be to use this profit to maintain reserves (essential for a travel business). Ffestiniog Holdings Ltd intends to resume payment of dividends to the Trust as soon as reserves allows.

Public Benefit

In planning their activities, the Trustees gave due regard to the guidance on public benefit issued by the Charity Commission.

The Ffestiniog Railway is of enormous significance to both the world-wide development of narrow-gauge railways and the industrial history of North Wales. Much of the original infrastructure and architecture, including the original works at Boston Lodge, has been retained. Motive power and other rolling stock of outstanding historical and technical interest continue to be operated and, together with historic artefacts on display in Porthmadog, are visible to all. The restoration of the Welsh Highland Railway has reconstituted another major part of the narrow-gauge network historically proposed for the region.

The company has business and technical archives dating from its 1832 inception as a statutory company. These are deposited with Gwynedd Archives in Caernarfon and freely available as a resource for researchers. Preservation of this heritage provides an educational and recreational resource which benefits the community as a whole.

The railways run through (and provide access to) the Glaslyn and Ffestiniog Landscapes of Historical Significance and the Snowdonia National Park. Recognition of the contribution to public benefit has come from the inscription of the Ffestiniog Railway as an element within the UNESCO World Heritage site (part of The Slate Landscape of Northwest Wales).

The Company supports the local community by sponsoring and participating in local events and by providing resources and work experience for local schools. It is not easy to find high quality jobs in Gwynedd – particularly outside the public sector. The railways are not just one of the largest employers in the area, but have become a noted centre of excellence in areas such as carriage building and mechanical engineering, and so offer local people an opportunity to develop skills which would not otherwise exist in such a remote area.

A majority of our permanent staff are recruited locally and over half speak Welsh as a first language. The Trustees will continue to offer to support established members of our permanent staff who do not currently speak Welsh but would like to do so.

The NLHF project at Boston Lodge includes provision of dedicated resources to further and enhance volunteer activity in interpretation of the railway's impact on the community (currently and historically) and has created apprenticeship positions covering works administration, project management and interpretation.

Our local community, which is classified as an economically disadvantaged area, benefits directly from the railways' activities but also indirectly from benefits accruing to local employers and other businesses. The overall benefit to the region has been the subject of academic studies and is now estimated to be over £20m per annum and to support around 400 jobs. This level of economic contribution is recognised as common ground in discussion with Government and local interests.

Structure, Governance and Management

The relationships between the Trust and the Company are governed by the Trust Deed. The Trust's position as majority shareholder of the Company is supplemented by a Memorandum of

Understanding between the Trust and the Company dated 26 July 2010 which replaced an earlier Memorandum of 31 July 2003.

Trustees are appointed for five years (and may be reappointed for further terms) under a scheme approved by the Charity Commissioner and which is reflected in the Trust Deed.

Dr Dafydd Gwyn's term as a Trustee ended on 31 December 2021 and he was reappointed for a further five year term commencing 1 January 2022. Dr Dai Robert's term as a Trustee ended on 31 December 2022 and he has been appointed to serve for a further five year term commencing 1 January 2023.

Retiring Trustees may be appointed as Emeritus Trustees for a period of three years. They are not Trustees but may attend meetings of the Trustees by invitation in order to make their experience available to the Trust. In 2022 there were no Emeritus Trustees.

Trustees reviewed and updated the Trust's procedures for financial management during 2022.

The Trustees met formally on three occasions in 2022. Individual Trustees and Officers attended numerous other meetings and functions throughout the year.

The Trust has no employees and work by Trustees and Officers is voluntary. The Trustees are grateful that approximately fifty percent of the hours worked on the railways is undertaken by some 1000 unpaid volunteers.

The General Fund of the Trust supports the Trust's general charitable purposes including the Trust's heritage and archive responsibilities. In additional to the General Fund, the Trust maintains several restricted funds for various more specific charitable purposes where donors wish to support a particular project.

The Trustees confirm that the charity has complied with current statutory requirements, its Trust Deed and the principles of the Charities SORP (FRS 102).

Risk Management

In October 2022 Trustees conducted their annual review of the

principal risks and uncertainties that affect the charity and

measures in place to mitigate the risks identified and measures to minimise or manage (as far as reasonably practicable) any impact on the charity should those risks materialise

The charity's risk register was updated as a result of this review.

The Trust's operating subsidiaries maintain their own annually reviewed risk assessments. The Trust receives regular reports from all its subsidiaries highlighting areas of concern. Safety, which is the principle operational risk for the Company, is subject to an annual, independent third-party review.

Grant Award Policy

Grants are made in support of specific approved and budgeted projects and must be approved by the Trustees. Grants payable are accounted for when a constructive obligation has been entered into. The value of such grants unpaid at year end is accrued.

Investment Policy

Apart from its holdings of shares and stock of the Company, the Trust's investments are limited to securities donated to the Trust which are held to generate income and/or the opportunity for gain.

Pay Policy for Senior Staff

No Trustee, or Trust official, received any remuneration in 2022.

Impact of Corona Virus

Remaining or ongoing impacts from the corona virus pandemic are given elsewhere in this report.

Neither the Company nor the Trust has any outstanding loans resulting from the recent pandemic.

Reserves

The Trustees have reviewed the reserves of the Trust and consider that unrestricted funds are sufficient to meet the Trust's commitments and other foreseeable calls on its funds. Reserve levels of the charity are monitored on an ongoing basis to ensure that they remain sufficient.

At 31 December 2022, total consolidated reserves were £8,867,131 (2021: £8,366,293) of which £443,319 (2021: £409,957) were in restricted funds.

On behalf of the Trustees



D. Gwyn

Trustee (Sign and Print Name) Date: 16 June 2023

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

Opinion
We have audited the financial statements of The Ffestiniog and Welsh Highland Railways Trust (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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 to 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 company's affairs as at 31 December 2022 and of its loss 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 quire for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 a Report of the Auditors 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Report of the Auditors.

Use of our report
This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assumes responsibility to anyone other than he company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Steven Barratt (Senior Statutory Auditor)
for and on behalf of Williams Denton Cyf
Chartered Certified Accountants
Statutory Auditors
13 Trinity Square
Llandudno
United Kingdom
Conwy
LL30 2RB

Date: 16/6/2023

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 December 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2022 £	Total funds 2021 £
Income:					
Donations and legacies	4	455,133	1,085	456,218	810,938
Income from other trading activities:					
Commercial trading operations	6	7,616,761.00	-	7,616,761	4,531,266
Investment income	7	4,514.00	-	4,514	922
Other Income	6	98,208.00	-	98,208	1,258,353
Total income		**8,174,616**	**1,085**	**8,175,701**	**6,601,479**
Expenditure					
Costs of raising funds:					
Commercial trading operations	6/10	7,330,113	-	7,330,113	5,381,363
Expenditure on charitable activities:					
Grants committed	8	559,822	1,281	561,103	415,248
Total expenditure		**7,889,935**	**1,281**	**7,891,216**	**5,796,611**
Net income/*(expenditure)* and net movement in funds for the year		*284,681*	*(197)*	*284,485*	*804,868*
Transfers between funds		2,795	(2,795)	-	-
Other recognised gains/(losses)					
Gains/(losses) on investment assets		-	*36,353*	*36,353*	*(91,443)*
Actuarial gains/(losses) on defined benefit pension schemes		180,000	-	*180,000*	324,000
Net movement in funds		*467,476*	*33,362*	*500,838*	*1,037,425*
Reconciliation of funds					
Total funds brought forward		7,956,333	409,958	8,366,293	7,328,868
Total funds carried forward		**8,423,809**	**443,320**	**8,867,131**	**8,366,293**

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Balance Sheet
for year ending 31 December 2022

	Note	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible Assets	16	37,087,253	37,531,204	96,081	97,362
Investments	17	277,159	246,359	308,505	277,705
Total fixed assets		**37,364,412**	**37,777,563**	**404,586**	**375,067**
Current assets					
Stock and WIP	18	837,780	470,789	-	-
Debtors	19	942,058	550,977	28,039	94,175
Cash at bank and in hand		3,296,321	3,421,269	1,446,780	1,438,981
Total current assets		**5,076,159**	**4,443,035**	**1,474,819**	**1,533,156**
Liabilities					
Creditors falling due within 1 year	20	*1,571,642*	*1,360,756*	*130,145*	*83,521*
Net Current assets		**3,504,517**	**3,082,279**	**1,344,674**	**1,449,635**
Total assets less current liabilities		**40,868,929**	**40,859,842**	**1,749,260**	**1,824,702**
Creditors: falling due after more than 1 year	22	*30,301,685*	*30,634,186*	-	-
Defined benefit pension scheme liability	25	586,000	406,000	-	-
Net assets		**11,153,244**	**10,631,656**	**1,749,260**	**1,824,702**
The funds of the charity:	26				
Unrestricted income funds		8,423,809	7,956,333	1,305,940	1,414,743
Restricted income funds		443,320	409,958	443,320	409,958
Non-controlling interest		2,286,115	2,265,364	-	-
Total charity funds		**11,153,244**	**10,631,655**	**1,749,260**	**1,824,701**

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at page 15 to 29 form part of these accounts.

Signed.....

Print: D. Gwyn ..... on behalf of the Trustees

Date: 16 VI 2023

The Ffestiniog and Welsh Highland Railways Trust **Statement of Cash Flows and Consolidated Statement of Cash Flows** for year ending 31 December 2022	**Year ended 31/12/2022** **£**	**Year ended 31/12/2021** **£**
Net incoming resources before revaluations	284,485	804,868
Investment income less interest payable	(4,514)	(922)
Depreciation	1,457,053	1,441,918
Pension fund non-cash movement	-	323,000
(Profit) / Loss on disposal of assets	36,353	(39,509)
Loss on Investments	(30,800)	85,922
(Increase) / decrease in debtors	(391,081)	42,987
(Increase) / decrease in stock	(366,991)	780,776
Increase / (decrease) in creditors	210,886	(1,058,938)
Increase / (decrease) in deferred income	(332,501)	(1,558,921)
Cash from operations	862,890	821,180
CASH FLOW STATEMENT		
Net cash inflow from operating activities	862,890	821,180
Returns on investments and servicing of finance	-	-
Cash Flows from investing activities		
(Gain)/Loss on investments	36,353.00	-
Purchase of investments	-	(223,778)
Disposal of investments	-	229,299
Capital expenditure and financial investment	(1,111,586)	(802,544)
Proceeds on disposal of assets	-	51,934
Taxation		
Tax paid	-	-
Cash flows from financing activities		
Repayment of interest free loan	-	-
Repayment of bank loan	-	-
Cancellation of Debenture Stock	-	-
Increase/(decrease) in cash and cash equivalents in the year	(212,344)	76,091
Reconciliation of net cash flow to movement in net cash and liquid resources		
Increase/(Decrease) in cash in the year	(212,344)	76,091
Cash and liquid resources at 1 January	3,410,341	3,334,250
Cash and liquid resources as at 31 December	3,197,997	3,410,341
Reconciliation of net cash flow to movement in net debt		
Change in cash in year	(212,344)	76,091
Net movement on loans	-	-
Net debt at 1 January	3,018,877	2,942,786
Net debt at 31 December	2,806,533	3,018,877

Analysis of net cash and liquid resources

	At 01/01/22 **£**	**Movement in year** **£**	**At 31/12/22 in year** **£**
Cash at bank and in hand	3,421,269	(218,133)	3,203,136
Bank overdraft	(10,928)	5,789	(5,139)
	3,410,341	(212,344)	3,197,997

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

f) Fund accounting
Unrestricted funds are available to spend on activities that further any of the purposes of charity.
Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are established in respect of specific activities of the Trust, these are set out in note 22 to these accounts.

g) Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of commercial trading including the rail transport costs, retail costs, catering costs and holiday costs.

Expenditure on charitable activities includes the costs of grants
Other expenditure represents those items not falling into any other heading.

h) Apportionment of costs
The costs of the Trust fall directly into the headings of the SOFA. The costs of the two main trading subsidiaries are allocated to the most appropriate SOFA heading. The costs of the Welsh Highland Railway Construction Company Limited are also included as relating to charitable activities as they relate directly to the development of the railways. The costs of Ffestiniog Railway Holdings Limited are included as fundraising trading as that company exploits commercial opportunities available to it. Therefore no separate breakdown of the allocation of support costs is required.

i) Operating leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

j) Tangible fixed assets
Tangible fixed assets are capitalised and included at cost. The capitalisation policy is to include all items in excess of £100.

Depreciation is provided to write-off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives.

Depreciation is provided at the following rates:
- Permanent way - 2% per annum straight line
- Locomotives and rolling stock - 3.33% per annum straight line
- Buildings and plant - 2.5% to 33% per annum straight line
- Motor Vehicles - 25% per annum reducing balance
- Long leasehold property - over the period of the lease

In future all additions to tangible assets will be stated at cost. Where existing unimpaired fixed assets are stated at valuation, (carried out by a director of a subsidiary entity in 1978, based upon estimated open market values prevailing at that time), the group has taken advantage of the transitional arrangements in FRS 15 to retain the book values.

k) Stock
Stocks and work in progress are valued at lower of cost, including appropriate overhead expenses and net realisable value.

l) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions
On 1st May 2014 the group established two new auto enrolment group personal pension schemes (AE). Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation and are charged in the year in which they arise. The FRS 17 liability in respect of the defined benefit scheme has been included in the financial statements.

2 Legal Status of the Trust
The Trust is an unincorporated charity and operated under a trust deed.

3 The summary financial performance of the charity alone

	2022	2021
	£	£
Donations and Legacies	456,218	810,938
Investment Income	1,115	705
Interest Income	1,281	-
	458,613	**811,643**
Expenditure on charitable activities	*570,511*	*420,230*
Net Income/(Expense)	**(111,898)**	**391,413**
Other recognised gains/(losses) on investment assets	36,353	(91,443)
Total funds brought forward	1,824,803	1,524,833
Total funds carried forward	**1,749,258**	**1,824,803**
Represented by:		
Restricted Income funds	443,318	410,060
Unrestricted Income funds	1,305,940	1,414,743
	1,749,259	**1,824,803**

4 Income from donations and legacies

	2022	2021
Donations	£	£
Gifts and Gift Aid	45,121	70,423
Donations	178,370	496,627
Legacies	232,727	243,888
	456,218	**810,938**

5. Income from charitable activities

	Unrestricted funds 2022	Unrestricted funds 2021
	£	£
Incoming Resources		
Donations and Gifts	222,407	368,894
Legacies	232,727	-
Subtotal: Incoming resources from generated funds	**455,134**	**368,894**
Investment Income	1,115	705
Interest Receivable	1,281	
Subtotal: Incoming resources for generating funds	**2,396**	**705**
Total income from charitable events	**457,530**	**369,599**

6. Income earned from other activities

The Trust has two principal trading subsidiaries which are incorporated in the UK. The Festiniog Railway Company (in which the Trust has a controlling interest in each category of share) owns and operates the Ffestiniog and Welsh Highland Light Railway in North Wales. Ffestiniog Railway Holdings Ltd is a wholly owned subsidiary and trades as a travel and ticket agency and tour operator. A summary of their trading results (net of inter-company trading) is shown below. Accounts for both companies have been audited. Those for Ffestiniog Railway Holdings Ltd have been filed at Companies House and those for The Festiniog Railway Company are available on request from Harbour Station, Porthmadog, Gwynedd, LL49 9NF. In addition, The Festiniog Railway Company has three wholly owned subsidiaries, Welsh Highland Light Railway Ltd and Welsh Highland Railway Construction Ltd (both incorporated in the UK), which are involved in the revival of the Welsh Highland Railway and Ffestiniog Railway Heritage Limited which has had no trading activity during the period. Ffestiniog Futures Limited holds £250 of Festiniog Railway Company ordinary stock, of which some is jointly owned with others: in all cases, ownership will eventually revert to the company.

	Ffestiniog Railway Holdings Ltd £	The Festiniog Railway Company £	Ffestiniog Railway Heritage Ltd and Ffestiniog Futures Limited £	Welsh Highland Light Railway Limited £	Welsh Highland Railway Construction Ltd £	2022 Total £	2021 Total £
Turnover	2,043,919	5,564,256	(100)	(1)	(2)	7,529,723	4,426,379
Cost of sales	(1,480,221)	(4,080,385)	-	-	-	(5,560,605)	(3,625,558)
Gross Profit	**563,699**	**1,483,871**	**(100)**	**(1)**	**(2)**	**2,047,467**	**879,170**
Administration expenses	(368,319)	(1,742,404)	-	-	-	(2,110,723)	(1,660,866)
Other operating income	9,000	522,364	-	-	-	531,364	1,667,302
Net interest receivable/(payable)	(7,893)	2,108	-	-	-	(5,785)	217
Net Profit/(Loss)	**196,487**	**265,939**	**(100)**	**(1)**	**(2)**	**462,323**	**885,823**
FRS 17 actuarial gain/(loss)						-	-
Tax on profit on ordinary activities	3,458	(3,943)	-	-	-	(485)	-
Minority interest in profits of subsidiary	-	20,751	-	-	-	20,751	179,720
Profits/(losses) attributable to the Trust	199,945	282,747	(100)	(1)	(2)	482,589	1,065,543
Net Profit/(Loss)	**199,945**	**282,747**	**(100)**	**(1)**	**(2)**	**482,589**	**1,065,543**

7 Investment Income

Some of the group's investment income of £3,399 (2021: £217) arises from money held in the trading subsidiaries.

8 Analysis of expenditure on charitable events

	General Fund £	Kyral Fund £	LYD £	P5 £	Workshop £	Emergency Appeal £	Total £
Grants	559,822	-	-	-	-	-	559,822
Sundries	335	-	-	-	-	-	335
Total	**560,157**	-	-	-	-	-	**560,157**

Expenditure on charitable activities was £531,684 (2021:£399,178) of which £48,449 was unrestricted (2021:£44,811).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	General Fund £	Kyral Fund £	LYD £	P5 £	Workshop £	Emergency Appeal £	Total £
Direct grant support	559,822	-	-	-	1,281	-	561,103
Net cost funded from donations and legacies							-
	559,822	-	-	-	***1,281***	-	***561,103***

Welsh Highland Railway Fund
Grants committed and paid in the year relate to construction and track works. The amount committed at the year end relates to construction works.

General Fund
The grants committed and paid during the year were mainly funding the continuing programme to restore more of the Ffestiniog Railway's historical carriages.

The grants remaining committed at the year end were for the restoration of some of the Ffestiniog Railway's carriages and improvements to historical buildings on the Ffestiniog Railway.

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Analysis of support and governance costs

	General support £	Governance function £	Total £	Basis of apportionment
Sundry Expenses	-	335	335	Invoiced
Auditors Remuneration	-	4,536	4,536	57.50%
Fund raising costs	4,537	-	4,537	Invoiced
Total	**4,537**	**4,871**	**9,408**	

Support and governance costs are £9,408 (2021: £25,722).

11 Net Income/*(expenditure)* for the year

This is stated after charging:	**2022 £**	**2021 £**
Depreciation	1,455,772	1,440,637
Release of grants against depreciation	(288,604)	(288,604)
Audit fees	4,536	4,320
Leasehold Amortisation	1,281	1,281
	1,172,985	**1,157,634**

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management

	2022 £	**2021 £**
Wages and salaries	2,428,063	2,221,296
Social security costs	174,010	176,988
Pension costs	39,910	46,397
	2,641,983	**2,444,681**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2021:£NIL)

13 Staff numbers

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2022 Number	**2021 Number**
Full Time	69	66
Part Time	21	8
Sesonal	38	28
	128	**102**

14 Related party transactions

The Ffestiniog and Welsh Highland Railways Trust has a controlling interest in the Festiniog Railway Company, and also owns all of the issued share capital of Ffestiniog Railway Holdings Ltd. During the year the trust made a number of grants for charitable purposes, all of which were in connection with the above mentioned companies. Further details of grants committed and paid during the year can be found in Note 8 to these accounts.

Further information concerning subsidiaries is provided in note 6.

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Tangible fixed assets - charity (also comprising that of the group)

	Long leasehold land and buildings	Plant machinery and motor vehicles	Total	Charity only Trust Long Leasehold Property
	£	£	£	£
Cost:				
As at 1 January 2022	10,978,564	42,269,529	53,248,093	126,825
Additions	564,307	449,394	1,013,701	
(Disposals)	(22,250)	(600)	(22,850)	
	11,520,621	42,718,323	54,238,944	126,825
Depreciation/Amortisation:				
As at 1 January 2022	(4,745,923)	(10,970,965)	(15,716,888)	(29,463)
Charge for the year	(424,937)	(1,032,116)	(1,457,053)	(1,281)
Depreciation on disposal	22,250	-	22,250	-
Eliminated on disposal				
	(5,148,610)	(12,003,081)	(17,151,691)	(30,744)
Net book value:				
As at 1 January 2022	6,424,172	31,107,032	37,531,204	97,362
As at 31 December 2022	**6,372,011**	**30,715,242**	**37,087,253**	**96,081**

17 Investments

	Group and Trust			Charity only		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	£	£	£	£	£	£
Cost or valuation:						
At 1 January 2021	246,354	5	246,359	246,354	31,351	277,705
Purchase of new	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation	30,800	-	30,800	30,800	-	30,800
Impairment		-	-	-	-	-
At 31 December 2021	277,154	5	277,159	277,154	31,351	308,505

The aggregate market value of the listed investments (all of which are listed on a recognised stock exchange) was as follows:

	2022	2021
	£	£
General Fund (cost £9,869)	18,434	18,434
Restricted Funds:		
Kyral Fund (cost £90,607)	258,720	227,920
	277,154	246,354

The unlisted investments of the Trust are disclosed fully in the balance sheet of the Trust on page 8. The listed investment are held to provide an investment return.

18 Stock and WIP

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Stock	366,687	226,221	-	-
WIP	471,093	244,568	-	-
	837,780	**470,789**	**-**	**-**

19 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	482,542	246,587	-	-
Other debtors	172,573	129,912	5,553	50,000
Taxation and social security	22,486	44,276	22,486	44,175
Prepayments and			-	-
Accrued income	264,457	130,202	-	-
	942,058	**550,977**	**28,039**	**94,175**

20 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Bank loan	5,139	10,928	-	-
Trade creditors	363,503	509,672	-	-
Other creditors	736,617	563,127	130,145	83,521
Accruals and deferred income	411,783	208,328	-	-
Taxation and social	-	-	-	-
Security costs	54,355	68,701	-	-
Corporation tax	245	-	-	-
	1,571,642	**1,360,756**	**130,145**	**83,521**

Deferred capital contributions are gifts and grants received by the Trust's subsidiary companies in respect of capital expenditure incurred by them.

21 Deferred income

	Group	Charity
	£	£
Balance as at 1 January 2022	208,328	-
Movement in year	(196,696)	-
Balance as at 31 December 2022	**405,024**	**-**

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Deferred capital contributions	30,285,925	30,618,426	-	-
Bank Loan	-	-		
Ffestiniog Railway 4% debenture stock	15,760	15,760	-	-
	30,301,685	**30,634,186**	**-**	**-**

23 Contingent Liabilities

The assets of one of the subsidiary companies of Trust, Welsh Highland Light Railway Ltd, are secured by way of a debenture being a fixed and floating charge in favour of The Millennium Commission as one of the conditions for that body providing funding for the rebuilding of the Welsh Highland Railway from Caernarfon to Rhyd Ddu. The legal agreement between the company and The Millennium Commission gives the Commission the power to take over the assets of the company in the event the company fails to reinstate the railway and commence passenger operations on terms agreed with The Millennium Commission.

Residual claims amounting to £164,000, relating to the construction of Phase 4 of the Welsh Highland Railway, have been received from contractors. The company disputes these claims and is of the view that nothing further is payable in respect of those contracts. At the present time it is not possible to quantify the eventual outcome of these claims.

24 Capital Commitment

The subsidiary entities had at 31 December 2022 nil (2021: nil) capital commitments contracted for but not provided for.

25 Pensions

One of the subsidiary companies of the Trust has put in place pension provisions for its staff.

Until 31 October 2001, the subsidiary company operated a funded defined benefit pension scheme providing benefits based on the final remuneration. The assets of that scheme are held separately from those of the company in an independently administered fund. The funding of the scheme is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations. This scheme was closed as a fully paid scheme on 31 October 2001. There are 34 deferred members of the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as members approach retirement.

A full actuarial valuation was carried out as at 1 December 2017 and updated to 31 December 2021. All valuations were by a qualified independent actuary.

Employee Benefit Obligations

	2022 £	2021 £
Present value of funded obligations	(1,437,000)	(2,161,000)
Fair value of scheme assets	2,023,000	2,567,000
Present value of unfunded obligations	586,000	406,000
Unrecognised past service cost	-	-
Deficit	586,000	406,000
Related deferred tax asset	-	-
Net liability	586,000	406,000

Amounts in the balance sheet

Liabilities	-	-
Assets	586,000	406,000
Net liability	586,000	406,000

No account has been taken of any related deferred tax asset. The pension scheme assets did not include any shares issued by the subsidiary company or property occupied by the subsidiary company.

25 Pensions (Continued)

Amounts recognised in the Consolidated Statement of Financial Activities

	2022 £	2021 £
Current service cost	-	-
Interest on obligation	-	-
Expected return on scheme assets	(676,000)	(119,000)
Past service cost	38,000	(15,000)
Losses / (gains) on curtailments and settlements	458,000	(190,000)
Total	(180,000)	(324,000)
Actual return on scheme assets	(413,000)	219,000

Changes in the present value of the Defined Benefit Obligation

Opening defined benefit obligation	2,161,000	2,338,000
Service Cost	-	-
Interest Cost	40,000	28,000
Actuarial losses / (gains)	(642,000)	(133,000)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(122,000)	(72,000)
Closed defined benefit obligation	1,437,000	2,161,000

Changes in the fair value of Plan Assets

Opening fair value of scheme assets	2,567,000	2,420,000
Expected return	45,000	29,000
Actuarial gains / (losses)	(467,000)	190,000
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(122,000)	(72,000)
Closing fair value of scheme assets	2,023,000	2,567,000

25 Pensions (Continued)

Major Categories of Scheme Assets as a Percentage of Total Plan Assets

The assets of the scheme consist mainly of Managed Funds. The asset figures exclude assets relating to members' AVCs.

The major percentage split of the scheme assets as a percentage of total plan assets and the expected return were as follows:-

	2022 Asset Split £	2022 Percentage Asset Split %	2021 Asset Split £	2021 Percentage Asset Split %
Equities	940,000	43	1,116,000	43
Property	298,000	12	299,000	12
Fixed Interest	761,000	43	1,098,000	43
Cash	24,000	2	54,000	2
Total	2,023,000	100	2,567,000	100

The subsidiary company expects to make no contributions to its defined benefit pension scheme in 2021.

Principal Actuarial Assumptions as the Balance Sheet Date (expressed as weighted averages)

The assumptions used by the actuary are the best estimates chosen from a range of possible assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2022	2021
Discount rate at 31 December	4.7%	1.8%
Expected return on plan assets at 31 December*	1.8%	1.2%
Future revaluation in deferment	3.1%	2.7%
Future pension increases	3.1%	2.7%
Post retirement mortality	S2PXA, CMI 2019 with minimum improvement of 1.25% p.a.	S2PXA, CMI 2019 with minimum improvement of 1.25% p.a.
Life expectancy for 65 year old male	21.6	21.6
Life expectancy for 65 year old female	23.5	23.5

* The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

25 Pensions (Continued)

On 1 May 2014 the subsidiary company established two new auto enrolment group personal pension schemes (AE Schemes), one for monthly paid employees and one for weekly paid employees. Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation.

The subsidiary company retains a stakeholder pension scheme for any staff who wish to join a company pension scheme but are not eligible to join the AE schemes. There are no company contributions to that scheme.

	2022	2021
The pension charges in the group profit and loss account for the period were:	£	£
Closed defined benefit scheme	32,627	38,293
Current money purchase scheme	6,683	8,104
	39,310	46,397

The above amounts including administration costs in relation to the defined benefit scheme.

Amounts recognised in the statement of total recognised gains and losses:	2022	2021
	£	£
The present value of unfunded obligations	(586,000)	(406,000)

26 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 January 2022	Incoming resources	Resources expended	Other recognised gains/ (losses)	Transfers Between Funds	Funds 31 December 2022
	£	£	£	£	£	£
General Fund	1,414,743	453,094	(564,693)	-	2,795	1,305,941
Non Charitable Trading funds	6,541,590	7,721,522	(7,325,242)	180,000	-	7,117,870
	7,956,333	**8,174,616**	**(7,889,935)**	**180,000**	**2,795**	**8,423,809**

General fund — The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds — These are the funds of the subsidary companies/

Analysis of movements in restricted fund	Balance 1 January 2022	Incoming resources	Resources expended	Other recognised gains/ (losses)	Transfers Between Funds	Funds 31 December 2022
	£	£	£	£	£	£
Endowment	5	-	-	-	-	5
Ffestiniog Railway Fund	-	-	-	-	-	-
Kyral Fund	283,721	-	-	36,353	(233)	319,841
Workshop	99,924	-	(1,281)	-	(2,562)	96,081
Welsh Highland Rly	-	-	-	-	-	-
Lyd Fund	1,308	1,085	-	-	-	2,393
P5	-	-	-	-	-	-
C2 Fund	25,000	-	-	-	-	25,000
Emergency Fund	-	-	-	-	-	-
	409,958	**1,085**	**(1,281)**	**36,353**	**(2,795)**	**443,319**
Non-controlling interests	**2,265,364**	**20,751**	**-**	**-**	**-**	**2,286,115**
	10,631,655	**8,196,452**	**(7,891,216)**	**216,353**	**-**	**11,153,242**

Restricted fund descriptions

Ffestiniog Railway Fund
This fund was set up as a general fund focussed entirely on the Ffestiniong Railway to attract monies from donors who wished their donation to be used exclusively for the benefit of the Ffestiniog Railway.

Kyral Fund
This fund was created to accommodate donations from a Trustee who wished to maintain control over which projects his donations would support. Effectively, therefore, the Trust is custodian trustee of the monies in that fund.

Workshop Fund
During 1999 the Trust received grants and donations amounting to £126,825 in order to construct a carriage and wagon workshop for the restoration of historical vehicles at Boston Lodge. The workshop has been constructed on land held on a 99 year lease from The Ffestiniog Railway Company and the expenditure is being amortised over the period of the lease.

Welsh Highland Fund
This fund was created to receive donations intended solely to contribute to the costs of re-opening the Welsh Highland Railway from Caernarfon to Porthmadog. Monies are used primarily to support reconstruction of the infrastructure i.e. track bed, the track itself, bridges, stations, etc., although some specific donations have been or will be used to support construction of the new first class carriages for the railway. This fund also includes the Pullman Fund which is now included within this Fund.

Locomotive Funds
These restricted funds relate to the funds held for the construction and restoration of the locomotives noted above.

27 Analysis of group net assets between funds

	Fixed Assets £	Investments £	Other net current assets/ (liabilities) £	Creditors of more than one year £	Total £
General	-	49,780	1,256,161	-	**1,305,941**
Endowment	-	5	-	-	**5**
Ffestiniog Railway Fund	-	-	-	-	**-**
Kyral Fund	-	258,720	61,120	-	**319,840**
Workshop	96,081	-	-	-	**96,081**
Welsh Highland Rly	-	-	-	-	**-**
P5 Sus Rail	-	-	-	-	**-**
Lyd Fund	-	-	2,391	-	**2,391**
C2 Fund	-	-	25,000	-	**25,000**
Emergency Appeal	-	-	-	-	**-**
					-
Total	**96,081**	**308,505**	**1,344,672**	**-**	**1,749,258**

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFE

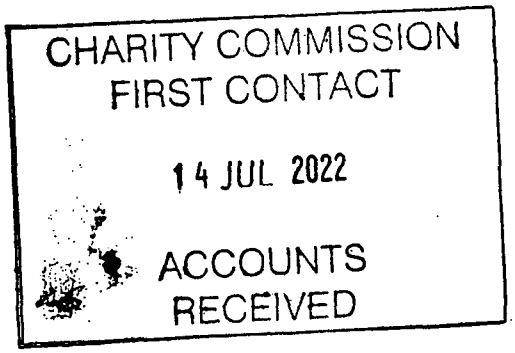
England & Wales - Charity number 239904

Accounts

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

TRUSTEES' REPORT AND ACCOUNTS

For the year ended 31 December 2021



TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2021

PROFILE

A Festiniog Railway Trust was created in 1954 when the late Mr. Alan Pegler provided the funds to acquire a controlling interest in The Festiniog Railway Company (the "Company") and arranged for stock to be transferred directly to it from the previous shareholders. The aim of the Trust was for the future of that renowned railway to be secure in well-disposed hands in perpetuity. The Trust was subsequently reconstituted and registered as a charity on 10 November 1964 and has among its stated aims the encouragement and support of charitable purposes connected with railways, particularly the Ffestiniog Railway *.

The Trustees are appointed under a scheme approved by the Charity Commissioners and incorporated in an amended Trust Deed dated 30 September 1998. With the approval of the Charity Commission, the Trust Deed was further amended on 5 October 2012 to change the name of the Trust to The Ffestiniog and Welsh Highland Railways Trust, Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri in Welsh, and to make a number of administrative changes; further administrative changes were made on 15 April 2016. Running the Trust is an entirely voluntary, unpaid activity. Normally the Trustees meet formally three times a year.

The Trust does not normally initiate charitable work but responds to requests from other interested bodies for grants in pursuit of its charitable aims. Trust income is primarily from gifts and legacies. The Trustees are pleased to receive proposals for fund raising but fund raising in the name of the Trust may only be undertaken with the explicit prior agreement of the Trust.

The Trust owns the great majority of all classes of issued share capital and debentures of the Company and nominates the Company's Directors. As well as operating the Ffestiniog Railway since its inception in 1836, the Company has re-instated and operates the once derelict Welsh Highland Railway which shares the Ffestiniog Railway's Harbour Station at Porthmadog and runs to Dinas Junction and has extended it to Caernarfon.

A very considerable collection of artefacts, records and ephemera concerning the railways exists but is no longer required directly for its operation and maintenance. This constitutes a most important and historically significant record, resource and responsibility. The Trustees have for many years overseen the care and continued safe storage of these items, and their maintenance where appropriate. Although constraints of finance and space mean it is not currently possible to mount any permanent display, the complete pre 1954 archive is now available at Gwynedd Archives at Caernarfon. The Company formed Ffestiniog Railway Heritage Limited, renamed Ffestiniog and Welsh Highland Railways Heritage Limited in 2013, to oversee the care of these special items, to ensure their protection and to enhance their value to the community. The Directors of Ffestiniog and Welsh Highland Railways Heritage Limited are nominated by the Trustees.

A trading company, Ffestiniog Railway Holdings Limited, is wholly owned by the Trust. It exploits commercial opportunities, notably the Ffestiniog Travel business, that are not legally possible for the Company.

* *The spelling of 'Festiniog' in the Company's name is legally correct and reflects contemporary Welsh usage in 1832 when the Company was created by Act of Parliament. However, the Trust and the Company have now adopted the current Welsh spelling of 'Ffestiniog' in day to day usage and this is used t\Zhroughout the remainder of this Profile and the Trustees' Report.*

TRUSTEES' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2021

CONTENTS	PAGE
LEGAL AND ADMINISTRATIVE DETAILS	3
TRUSTEES' REPORT	4-8
REPORT OF THE INDEPENDENT AUDITORS	9-11
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	12
CONSOLIDATED BALANCE SHEET	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15-29

LEGAL AND ADMINISTRATIVE DETAILS

Office	Harbour Station, Porthmadog Gwynedd LL49 9NF
Registered Charity Number	239904
Secretary:	R D Holton Soprano Fleecy Court Chapel Green Napton-on-the-Hill CV47 8PA
Legal Advisor	R J L Stones 91 Linden Way London N14 4NG
Treasurer:	J D Scarisbrick 9 Chatham Road Old Trafford Manchester M16 0DR
Bankers	NatWest Bank plc PO Box 877 31 Cheapside London EC2V 6HT CAF Bank (Charities Aid Foundation) 25 Kings Hill Avenue West Mailing Kent ME19 4TA

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2021

Trustees:
Dr J D C A Prideaux CBE (Chairman); R Broyd OBE; Dr D R Gwyn;
Dr D W Roberts MBE; M L Smith.

The Trustees present their report and the accounts for the year ended 31 December 2021.

Statement of Trustees' Responsibilities

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

Charity Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

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

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and activities

The objectives of the Trust are "such charitable purposes connected with railways as the Trustees determine". In selecting particular purposes the Trustees are required to especially bear in mind charitable purposes connected with the Festiniog Railway Company.

The Trustees fulfil these aims primarily by activities aimed at the charitable purpose of advancing heritage. These include:

- providing funding to support the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway;
- holding a controlling interest in the Company to ensure that it continues to operate in accordance with the Trust's objectives, and to enable it to oversee the preservation of historic rolling stock, archives and other artefacts relating to the railways.

Principal activities and review of the year

There was continuing disruption caused by the Corona virus pandemic in 2021. However, lessons learned living with the Corona virus pandemic and associated restrictions during the 2020 operating season were applied to achieve efficient operation of the railways. The measures taken by the Company included cost control through a change in the operating model leading to movement of fewer empty seats on trains and a significant reduction in the paid workforce. With

a fourfold increase in traffic receipts compared to 2020, and continuing loan and grant support from the Trust and supporting societies, the Company made an operating surplus of £755,124 in 2021 (2020 £3,509). The Trustees are grateful for the continuing hard work of staff and volunteers which has enabled an operating surplus in 2021 despite the difficult trading conditions.

All such surplus funds are re-invested in basic expenditure on maintenance or routine capital projects on the infrastructure of the Company. The Company continues to make progress in achieving its 'sustainable railway' goal. Major long-term infrastructure investments included the new three-road carriage shed at Boston Lodge works. This now enables a further thirty carriages to be kept under cover reducing maintenance costs in future years.

Garratt locomotive 130 and carriage 2048 entered service on the Welsh Highland Railway and the stone portals on the new Moelwyn Tunnel were completed to round off work started as part of the deviation project in the 1970's. Thanks are due to the sponsors whose generosity made these developments possible.

The Board of Ffestiniog and Welsh Highland Railways Heritage Limited continued to be responsible for appraising and advising the Company Board on proposed heritage projects. Monitoring the condition of heritage rolling stock was continued during the year.

The historic workshops at Boston Lodge continued to produce excellent work on the maintenance, repair and full rebuilding of historic rolling stock. The skills and quality of design and craftsmanship of the workshop staff are known far and wide and are a long-term benefit to the organisation. In addition to the routine maintenance of the railways' own vehicles the workshops also carry out work for external customers. During 2021 building of the new double Fairlie locomotive, *James Spooner,* continued. A replica Pickering third class brake carriage for our sister railway, the Welsh Highland Heritage Railway, was completed and delivered.

The Trust welcomes donations and legacies. In 2021 £811,643 (2020 £858,458) was received from donations, legacies, gift aid on these where applicable and investment income. The amount varies from year to year but over the last five years it has received an average of £770,1157. During the same period governance costs have averaged £17,505 of the amount received. About two thirds of this are fundraising costs and of the remainder the majority are audit costs. Administration costs are minimal as all the Trustees and Officers of the Trust are unpaid and do not charge for their expenses.

The General Fund of the Trust supports the Trust's general charitable purposes including the Trust's heritage and archive responsibilities. In addition to the General Fund, the Trust maintains several restricted funds for various more specific charitable purposes where donors wish to support a particular project.

A highlight of 2021 was the inscription of the Ffestiniog Railway from Porthmadog to Blaenau as a UNESCO World Heritage site (part of The Slate Landscape of Northwest Wales).

Furthermore, in 2021, the Company received a substantial National Lottery Heritage Fund (NLHF) grant for the Interpretation and Boston Lodge Works Project. A condition of this grant was provision of matching funding from the Trust and other related bodies.

Overall the Trust awarded grants of £415,248 (2020:£ 1,099,719) in 2021.

Public benefit

In planning their activities, the Trustees have due regard to the guidance on public benefit issued by the Charity Commission.

The Ffestiniog Railway is of enormous significance both for the world-wide development of narrow-gauge railways and for the industrial history of North Wales. The railway retains much of its original infrastructure and architecture, which includes its original works at Boston Lodge, and continues to operate motive power and other rolling stock of outstanding historical and technical interest. As well as retaining its original 1832 statutory form, the Company has business and technical archives dating from its inception. The restoration of the Welsh Highland Railway has reconstituted another major part of the narrow-gauge network historically proposed for the region.

Preservation of this heritage in the form of the two operational railways provides an educational and recreational resource which benefits the community as a whole. Much of the historic rolling stock is still in use in public service and visible to all. In addition to the historic artefacts on display at Porthmadog, the historic pre 1954 archives are deposited with Gwynedd Archives in Caernarfon and are freely available as a resource for researchers. The railways run through (and provide access to) the Glaslyn Landscape of Historical Significance and the Snowdonia National Park. Recognition of the contribution to public benefit made by the railway has come from the (2021) inscription of the Porthmadog-Blaenau section as a UNESCO World Heritage site (part of The Slate Landscape of Northwest Wales) and the award of a NLHF grant for the Interpretation and Boston Lodge Works Project.

The Company reaches out to the local community by sponsoring and participating in local events and by providing resources and work experience for local schools.

The average monthly number of persons employed by the Company during 2021 was 66 full time and eight part time staff. An additional six staff were employed by Ffestiniog Holdings Ltd. The railways employed an average of 28 seasonal workers each week during 2021.

The NLHF Project at Boston Lodge includes provision of dedicated resources to further volunteer activity in interpretation of the railway's impact on the community (both historically and currently) and will create apprenticeship positions covering works administration, project management and interpretation.

The direct benefit from the railway's activities to the local community, which is classified as an economically disadvantaged area, is estimated to be some £6m per annum, to which needs to be added the indirect benefits accruing to local employers and other businesses.

Academic research in 2008 concluded that the total economic impact of the railway on Gwynedd was between £8,192,700 and £9,261,400 per annum and supported between 334 and 375 full time posts in the region. Thus, the total benefit to Gwynedd was estimated to be some £15m per annum. This is believed to have now increased to over £20m per annum following completion of the restoration of the Welsh Highland. The railway, thus, contributes significantly to the local economy and maintains skills that are important to the conservation of its industrial heritage.

Structure, governance and management

The Charity was registered on 4 March 1966, as charity number 239904. In 2005 The Charity Commission agreed to the informal use of 'Ymddiriedolaeth Rheilffyrdd Ffestiniog', as its name in Welsh. On 5 October 2012, with the approval of the Charity Commission, the Trust's name was changed to The Ffestiniog and Welsh Highland Railways Trust, Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri in Welsh, and a number of administrative changes were made to the Trust Deed. Further such minor changes to the Trust Deed were made on 15 April 2016. The change of name recognises the importance of both the Ffestiniog and the Welsh Highland Railways and their complementary relationship.

The relationships between the Trust and the Company are governed by the Trust Deed. The Trust's position as majority shareholder of the Company is supplemented by a Memorandum of Understanding between the Trust and the Company, dated 26 July 2010, which replaced an earlier Memorandum of 31 July 2003.

Trustees are appointed for five years under a scheme approved by the Charity Commission in 1998, with subsequent amendments, which is reflected in the Trust Deed. Trustees may be reappointed for further terms under the same scheme.

Retiring Trustees may be appointed as Emeritus Trustees for a period of three years. They are not Trustees but may attend meetings of the Trust by invitation in order to make their experience available to the Trust. In 2021 the Trust had no Emeritus Trustees.

The Trustees met formally on three occasions during the year. Individual Trustees and Officers attended numerous other meetings and functions throughout the year, sometimes virtually.

The Trust has no employees. All work by the Trustees and Officers and a large proportion of work on the Railways, is undertaken by some 1,000 unpaid volunteers. It is not practicable to quantify

this very large, and essential, contribution.

The Trustees confirm that the charity has complied with current statutory requirements, its Trust Deed and the principles of the Charities SORP (FRS 102).

Risk management

The Trustees conduct an annual review of

• the principal risks and uncertainties that affect the charity

• the measures in place to mitigate those risks identified in the annual review; and measures to minimise or manage (so far as reasonably practicable) any potential impact on the charity should those risks materialise.

The Trustees continue to consider that the principal risk to the Trust is the failure to meet its primary objective of ensuring the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway. The Trust's operating subsidiaries maintain their own risk management policies which are reviewed annually. The Trust receives regular reports from all the subsidiaries; any areas of concern are highlighted in them. Health and safety is the key area of operational risk for the Company and consequently an annual review on this is commissioned from a third party.

Grant making policy

The Trustees' policy is that all grants are made against an approved and budgeted capital project and must be approved by the Trustees. Grants payable are accounted for when a constructive obligation has been entered into. The value of such grants unpaid at the year-end is accrued.

Investment policy

Apart from its holdings of shares and stock of the Company, the investments of the Trust are largely limited to securities donated to the Trust which are held to generate income and / or the opportunity for gains.

The Company provides substantial social benefits as explained in the section on "Public Benefit" above. However the Trust has not made, and has no plans to make, any "social investment" as defined in the Charities SORP.

Pay policy for senior staff

All Trustees give their time freely and no Trustee, or Trust official, received remuneration in the year.

Impact of Corona virus

In addition to impacts described elsewhere in this report, Ffestiniog Holdings' travel business continued to be severely limited during 2021. A loan of £50,000 from the Trust enabled a continuation of trading. There are encouraging signs for trade to start to recover towards pre-pandemic levels in 2022.

The Company undertook a number of externally funded engineering contracts for work at Boston Lodge which provided valuable additional revenue.

A grant of £750,000 in respect of cash flow losses was received by the Company from The Welsh Government in 2021.

Emergency loans by the Trust to the Company have been repaid or converted to grants. Additionally, the Company has repaid the Government Business Interruption Loan received in 2020.

Reserves

The Trustees have reviewed the reserves of the Trust and consider that unrestricted funds are sufficient to meet the Trust's commitments and other foreseeable calls on its funds. The reserve levels of the charity are monitored to ensure they are sufficient.

At 31 December 2021, total consolidated reserves were £8,366,293 (2020: £7,328,869) of which £810,581 (2020 £835,347) were in restricted funds.

On behalf of the Trustees

Trustee (Sign and Print Name) Date : 16 June 2022

D. W. ROBERTS

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

Opinion
We have audited the financial statements of The Ffestiniog and Welsh Highland Railways Trust (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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 to 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 company's affairs as at 31 December 2021 and of its loss 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 quire for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 a Report of the Auditors 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Report of the Auditors.

Use of our report
This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assumes responsibility to anyone other than he company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Steven Barratt (Senior Statutory Auditor)
for and on behalf of Williams Denton Cyf
Chartered Certified Accountants
Statutory Auditors
13 Trinity Square
Llandudno
United Kingdom
Conwy
LL30 2RB

Date: 16/6/2022

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 December 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2021 £	Total funds 2020 £
Income:					
Donations and legacies	4	368,894	442,043	810,938	857,558
Income from other trading activities:					
Commercial trading operations	6	4,531,266.00	-	4,531,266	2,265,118
Investment income	7	922.00	-	922	6,362
Other Income	6	1,258,353.00	-	1,258,353	2,661,487
Total income		**6,159,435**	**442,043**	**6,601,479**	**5,790,525**
Expenditure					
Costs of raising funds:					
Commercial trading operations	6/10	5,381,363	-	5,381,363	5,176,837
Expenditure on charitable activities:					
Grants committed	8	39,881	375,367	415,248	1,099,718
Total expenditure		**5,421,244**	**375,367**	**5,796,611**	**6,276,555**
Net income/*(expenditure)* and net movement in funds for the year		*738,191*	*66,676*	*804,868*	*(486,032)*
Transfers between funds		400,622	(400,622)	-	-
Other recognised gains/(losses)					
Gains/(losses) on investment assets		-	*(91,443)*	*(91,443)*	*143,489*
Actuarial gains/(losses) on defined benefit pension schemes		324,000	-	*324,000*	162,000
Net movement in funds		*1,462,813*	*(425,389)*	*1,037,425*	*(504,543)*
Reconciliation of funds					
Total funds brought forward		6,493,520	835,347	7,328,868	7,833,411
Total funds carried forward		**7,956,333**	**409,958**	**8,366,293**	**7,328,868**

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Balance Sheet
for year ending 31 December 2021

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible Assets	16	37,531,204	38,270,914	97,362	98,643
Investments	17	246,359	337,802	277,705	369,148
Total fixed assets		**37,777,563**	**38,608,716**	**375,067**	**467,791**
Current assets					
Stock and WIP	18	470,789	1,251,565	-	-
Debtors	19	550,977	593,964	94,175	246,004
Cash at bank and in hand		3,421,269	3,497,364	1,438,981	853,187
Total current assets		**4,443,035**	**5,342,893**	**1,533,156**	**1,099,191**
Liabilities					
Creditors falling due within 1 year	20	*1,360,756*	*2,426,988*	*83,521*	*42,150*
Net Current assets		**3,082,279**	**2,915,905**	**1,449,635**	**1,057,041**
Total assets less current liabilities		**40,859,842**	**41,524,621**	**1,824,701**	**1,524,832**
Creditors: falling due after more than 1 year	22	*30,634,186*	*32,193,107*	-	-
Defined benefit pension scheme liability	25	406,000	83,000	-	-
Net assets		**10,631,656**	**9,414,514**	**1,824,701**	**1,524,832**
The funds of the charity:	26				
Unrestricted income funds		7,956,333	6,493,521	1,414,743	689,383
Restricted income funds		409,958	835,347	409,958	835,347
Non-controlling interest		2,265,364	2,085,646	-	-
Total charity funds		**10,631,656**	**9,414,514**	**1,824,701**	**1,524,730**

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at page 15 to 29 form part of these accounts.

Signed.....

Trustee..... D.W. ROBERTS

Date:..... 16 June 2022

The Ffestiniog and Welsh Highland Railways Trust
Statement of Cash Flows and Consolidated Statement of Cash Flows
for year ending 31 December 2021

	Year ended 31/12/2021 £	Year ended 31/12/2020 £
Net incoming resources before revaluations	804,868	(375,976)
Investment income less interest payable	(922)	(6,362)
Depreciation	1,441,918	1,422,684
Pension fund non-cash movement	323,000	(5,000)
(Profit) / Loss on disposal of assets	(39,509)	-
Loss on Investments	85,922	(127,412)
(Increase) / decrease in debtors	42,987	63,474
(Increase) / decrease in stock	780,776	(240,935)
Increase / (decrease) in creditors	(1,058,938)	597,318
Increase / (decrease) in deferred income	(1,558,921)	354,437
Cash from operations	821,181	1,682,227
CASH FLOW STATEMENT		
Net cash inflow from operating activities	821,181	1,809,640
Returns on investments and servicing of finance	-	-
Cash Flows from investing activities		
(Gain)/Loss on investments	-	143,489
Purchase of investments	(223,778)	-
Disposal of investments	229,299	151,500
Capital expenditure and financial investment	(802,544)	(6,968,806)
Proceeds on disposal of assets	51,934	6,144,499
Taxation		
Tax paid	-	-
Cash flows from financing activities		
Repayment of interest free loan	-	-
Repayment of bank loan	-	-
Cancellation of Debenture Stock	-	-
Increase/(decrease) in cash and cash equivalents in the year	76,092	1,280,322
Reconciliation of net cash flow to movement in net cash and liquid resources		
Increase/(Decrease) in cash in the year	76,092	1,152,911
Cash and liquid resources at 1 January	3,496,037	2,343,126
Cash and liquid resources as at 31 December	3,572,129	3,496,037
Reconciliation of net cash flow to movement in net debt		
Change in cash in year	76,092	1,152,911
Net movement on loans	-	-
Net debt at 1 January	2,942,786	1,789,875
Net debt at 31 December	3,018,878	2,942,786

Analysis of net cash and liquid resources

	At 01/01/21	Movement in year	At 31/12/21 in year
	£	£	£
Cash at bank and in hand	3,497,364	(76,095)	3,421,269
Bank overdraft	(1,327)	(9,601)	(10,928)
	3,496,037	(85,696)	3,410,341

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

k) Stock
Stocks and work in progress are valued at lower of cost, including appropriate overhead expenses and net realisable value.

l) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions
On 1st May 2014 the group established two new auto enrolment group personal pension schemes (AE). Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation and are charged in the year in which they arise. The FRS 17 liability in respect of the defined benefit scheme has been included in the financial statements.

2 Legal Status of the Trust
The Trust is an unincorporated charity and operated under a trust deed.

3 The summary financial performance of the charity alone

	2021	2020
	£	£
Donations and Legacies	810,938	857,555
Investment Income	705	900
	811,643	**858,455**
Expenditure on charitable activities	*420,230*	*1,099,718*
Net Income/(Expense)	**391,413**	**(241,263)**
Other recognised gains/(losses) on investment assets	(91,443)	143,489
Total funds brought forward	1,524,731	1,622,505
Total funds carried forward	**1,824,701**	**1,524,731**
Represented by:		
Restricted Income funds	409,958	835,347
Unrestricted Income funds	1,414,743	689,383
	1,824,701	**1,524,730**

4 Income from donations and legacies

	2021	2020
Donations	£	£
Gifts	70,423	112,228
Donations	496,627	696,348
Legacies	243,888	48,985
	810,938	**857,561**

5. Income from charitable activities

	Unrestricted funds 2021	Unrestricted funds 2020
	£	£
Incoming Resources		
Donations and gifts	368,894	114,485
Legacies	-	-
Subtotal: Incoming resources from generated funds	**368,894**	**114,485**
Investment Income	705	900
Subtotal: Incoming resources for generating funds	**705**	**900**
Total Income from charitable events	**369,600**	**115,385**

6. Income earned from other activities

The Trust has two principal trading subsidiaries which are incorporated in the UK. The Festiniog Railway Company (in which the Trust has a controlling interest in each category of share) owns and operates the Ffestiniog and Welsh Highland Light Railway in North Wales. Ffestiniog Railway Holdings Ltd is a wholly owned subsidiary and trades as a travel and ticket agency and tour operator. A summary of their trading results (net of inter-company trading) is shown below. Accounts for both companies have been audited. Those for Ffestiniog Railway Holdings Ltd have been filed at Companies House and those for The Festiniog Railway Company are available on request from Harbour Station, Porthmadog, Gwynedd, LL49 9NF. In addition, The Festiniog Railway Company has three wholly owned subsidiaries, Welsh Highland Light Railway Ltd and Welsh Highland Railway Construction Ltd (both incorporated in the UK), which are involved in the revival of the Welsh Highland Railway and Ffestiniog Railway Heritage Limited which has had no trading activity during the period. Ffestiniog Futures Limited holds £250 of Festiniog Railway Company ordinary stock, of which some is jointly owned with others: in all cases, ownership will eventually revert to the company.

	Ffestiniog Railway Holdings Ltd £	The Festiniog Railway Company £	Ffestiniog Railway Heritage Ltd and Ffestiniog Futures Limited £	Welsh Highland Light Railway Limited £	Welsh Highland Railway Construction Ltd £	2021 Total £	2020 Total £
Turnover	114,451	4,390,380	(100)	(1)	(2)	4,426,379	2,265,118
Cost of sales	(106,535)	(3,519,024)	-	-	-	(3,625,558)	(2,644,915)
Gross Profit	**7,916**	**871,356**	**(100)**	**(1)**	**(2)**	**879,170**	**(301,448)**
Administration expenses	(305,884)	(1,354,982)	-	-	-	(1,660,866)	(2,693,567)
Other operating income	102,458	1,564,844	-	-	-	1,667,302	2,661,487
Net interest receivable/(payable)	217	-	-	-	-	217	5,462
Net Profit/(Loss)	**(195,293)**	**1,081,219**	**(100)**	**(1)**	**(2)**	**885,823**	**328,067**
FRS 17 actuarial gain/(loss)						-	-
Tax on profit on ordinary activities	-	-	-	-	-	-	-
Minority interest in profits of subsidiary	-	179,720	-	-	-	179,720	356
Profits/(losses) attributable to the Trust	(195,293)	1,260,939	(100)	(1)	(2)	1,065,543	327,711
	(195,293)	**1,260,939**	**(100)**	**(1)**	**(2)**	**1,065,543**	**327,711**

7 Investment Income

Some of the group's investment income of £217 (2020: £5,462) arises from money held in the trading subsidiaries.

8 Analysis of expenditure on charitable events

	General Fund	Kyral Fund	LYD	Michael Seymour Fund	P5	Workshop	Emergency Appeal	Total
	£	£	£	£	£	£	£	£
Grants	39,881	139,720	3,257	-	231,109	-	-	413,967
Sundries	350	-	-	-	-	-	-	350
Total	**40,231**	**139,720**	**3,257**	**-**	**231,109**	**-**	**-**	**414,317**

Expenditure on charitable activities was £399,178 (2020:£1,084,988) of which £44,811 was unrestricted (2020:£297,118).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	General Fund	Kyral Fund	LYD	Michael Seymour Fund	P5	Workshop	Emergency Appeal	Total
	£	£	£	£	£	£	£	£
Direct grant support	39,881	139,720	3,257	-	231,109	1,281	-	415,248
Net cost funded from donations and legacies	***39,881***	***139,720***	***3,257***	***-***	***231,109***	***1,281***	***-***	***415,248***

Welsh Highland Railway Fund
Grants committed and paid in the year relate to construction and track works. The amount committed at the year end relates to construction works.

General Fund
The grants committed and paid during the year were mainly funding the continuing programme to restore more of the Ffestiniog Railway's historical carriages.

The grants remaining committed at the year end were for the restoration of some of the Ffestiniog Railway's carriages and improvements to historical buildings on the Ffestiniog Railway.

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Analysis of support and governance costs

	General support £	Governance function £	Total £	Basis of apportionment
Sundry Expenses	-	350	350	Invoiced
Auditors Remuneration	-	4,320	4,320	57.50%
Fund raising costs	21,052	-	21,052	Invoiced
Total	**21,052**	**4,670**	**25,722**	

Support and governance costs are £25,722 (2020:£19,534).

11 Net Income/*(expenditure)* for the year

This is stated after charging:	**2021 £**	**2020 £**
Depreciation	1,440,637	1,421,402
Release of grants against depreciation	(288,604)	(288,604)
Audit fees	4,320	4,320
Leasehold Amortisation	1,281	1,281
	1,157,634	**1,138,399**

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2021 £	**2020 £**
Wages and salaries	2,221,296	2,537,831
Social security costs	176,988	193,236
Pension costs	46,397	54,402
	2,444,680	**2,785,469**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2019:£NIL)

13 Staff numbers

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2021 Number	**2020 Number**
Full Time	66	89
Part Time	8	8
Sesonal	28	19
	102	**116**

14 Related party transactions

The Ffestiniog and Welsh Highland Railways Trust has a controlling interest in the Festiniog Railway Company, and also owns all of the issued share capital of Ffestiniog Railway Holdings Ltd. During the year the trust made a number of grants for charitable purposes, all of which were in connection with the above mentioned companies. Further details of grants committed and paid during the year can be found in Note 8 to these accounts.

Further information concerning subsidiaries is provided in note 6.

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Tangible fixed assets - charity (also comprising that of the group)

	Long leasehold land and buildings	Plant machinery and motor vehicles	Total	Charity only Trust Long Leasehold Property
	£	£	£	£
Cost:				
As at 1 January 2021	10,851,804	41,713,624	52,565,428	126,825
Additions	364,024	340,635	704,659	
(Disposals)	(3,000)	(18,995)	(21,995)	
	11,212,828	42,035,264	53,248,092	126,825
Depreciation/Amortisation:				
As at 1 January 2021	(4,367,531)	(9,926,983)	(14,294,514)	(28,182)
Charge for the year	(423,225)	(1,018,693)	(1,441,918)	(1,281)
Depreciation on disposal	2,100	17,444	19,544	-
Eliminated on disposal				
	(4,788,656)	(10,928,232)	(15,716,888)	(29,463)
Net book value:				
As at 1 January 2021	6,484,273	31,786,641	38,270,914	98,643
As at 31 December 2021	**6,424,172**	**31,107,032**	**37,531,204**	**97,362**

17 Investments

	Listed	Unlisted	Total	Charity only Listed	Charity only Unlisted	Charity only Total
	£	£	£	£	£	£
Group and Trust						
Cost or valuation:						
At 1 January 2021	337,797	5	337,802	337,797	31,351	369,148
Purchase of new	223,778	-	223,778	223,778	-	223,778
Disposals	(229,299)	-	(229,299)	(229,299)	-	(229,299)
Revaluation	(85,922)	-	(85,922)	(85,922)	-	(85,922)
Impairment		-	-	-	-	-
At 31 December 2021	246,354	5	246,359	246,354	31,351	277,705

The aggregate market value of the listed investments (all of which are listed on a recognised stock exchange) was as follows:

	2021	2020
	£	£
General Fund (cost £9,869)	18,434	18,434
Restricted Funds:		
Kyral Fund (cost £90,607)	227,920	319,363
	246,354	337,797

The unlisted investments of the Trust are disclosed fully in the balance sheet of the Trust on page 8. The listed investment are held to provide an investment return.

18 Stock and WIP

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Stock	226,221	267,678	-	-
WIP	244,568	983,887	-	-
	470,789	**1,251,565**	**-**	**-**

19 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	246,587	123,930	-	-
Other debtors	129,912	319,566	50,000	215,000
Taxation and social security	44,276	31,037	44,276	31,004
Prepayments and			-	-
Accrued income	130,202	119,431	-	-
	550,977	**593,964**	**94,276**	**246,004**

20 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Bank loan	10,928	1,327	-	-
Trade creditors	509,672	248,420	-	-
Other creditors	563,127	1,889,002	83,521	42,150
Accruals and deferred income	208,328	248,234	-	-
Taxation and social	-	-	-	-
Security costs	68,701	40,005	-	-
Corporation tax	-	-	-	-
	1,360,756	**2,426,988**	**83,521**	**42,150**

Deferred capital contributions are gifts and grants received by the Trust's subsidiary companies in respect of capital expenditure incurred by them.

21 Deferred income

	Group	Charity
	£	£
Balance as at 1 January 2021	248,234	-
Movement in year	39,906	-
Balance as at 31 December 2021	**208,328**	**-**

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Deferred capital contributions	30,618,426	31,427,347	-	-
Bank Loan	-	750,000		
Ffestiniog Railway 4% debenture stock	15,760	15,760	-	-
	30,634,186	**32,193,107**	**-**	**-**

23 Contingent Liabilities

The assets of one of the subsidiary companies of Trust, Welsh Highland Light Railway Ltd, are secured by way of a debenture being a fixed and floating charge in favour of The Millennium Commission as one of the conditions for that body providing funding for the rebuilding of the Welsh Highland Railway from Caernarfon to Rhyd Ddu. The legal agreement between the company and The Millennium Commission gives the Commission the power to take over the assets of the company in the event the company fails to reinstate the railway and commence passenger operations on terms agreed with The Millennium Commission.

Residual claims amounting to £164,000, relating to the construction of Phase 4 of the Welsh Highland Railway, have been received from contractors. The company disputes these claims and is of the view that nothing further is payable in respect of those contracts. At the present time it is not possible to quantify the eventual outcome of these claims.

24 Capital Commitment

The subsidiary entities had at 31 December 2021 nil (2020: nil) capital commitments contracted for but not provided for.

25 Pensions

One of the subsidiary companies of the Trust has put in place pension provisions for its staff.

Until 31 October 2001, the subsidiary company operated a funded defined benefit pension scheme providing benefits based on the final remuneration. The assets of that scheme are held separately from those of the company in an independently administered fund. The funding of the scheme is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations. This scheme was closed as a fully paid scheme on 31 October 2001. There are 34 deferred members of the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as members approach retirement.

A full actuarial valuation was carried out as at 1 December 2017 and updated to 31 December 2021. All valuations were by a qualified independent actuary.

Employee Benefit Obligations

	2021 £	2020 £
Present value of funded obligations	(2,161,000)	(2,338,000)
Fair value of scheme assets	2,567,000	2,420,000
Present value of unfunded obligations	406,000	82,000
Unrecognised past service cost	-	-
Deficit	406,000	82,000
Related deferred tax asset	-	-
Net liability	406,000	82,000

Amounts in the balance sheet

Liabilities	-	-
Assets	406,000	82,000
Net liability	406,000	82,000

No account has been taken of any related deferred tax asset. The pension scheme assets did not include any shares issued by the subsidiary company or property occupied by the subsidiary company.

25 Pensions (Continued)

Amounts recognised in the Consolidated Statement of Financial Activities

	2021 £	2020 £
Current service cost	-	-
Interest on obligation	-	(5,000)
Expected return on scheme assets	(119,000)	291,000
Past service cost	(15,000)	(11,000)
Losses / (gains) on curtailments and settlements	(190,000)	(113,000)
Total	(324,000)	162,000
Actual return on scheme assets	219,000	159,000

Changes in the present value of the Defined Benefit Obligation

Opening defined benefit obligation	2,338,000	2,056,000
Service Cost	-	-
Interest Cost	28,000	42,000
Actuarial losses / (gains)	(133,000)	280,000
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(72,000)	(40,000)
Closed defined benefit obligation	2,161,000	2,338,000

Changes in the fair value of Plan Assets

Opening fair value of scheme assets	2,420,000	2,301,000
Expected return	29,000	46,000
Actuarial gains / (losses)	190,000	113,000
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(72,000)	(40,000)
Closing fair value of scheme assets	2,567,000	2,420,000

25 Pensions (Continued)

On 1 May 2014 the subsidiary company established two new auto enrolment group personal pension schemes (AE Schemes), one for monthly paid employees and one for weekly paid employees. Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation.

The subsidiary company retains a stakeholder pension scheme for any staff who wish to join a company pension scheme but are not eligible to join the AE schemes. There are no company contributions to that scheme.

The pension charges in the group profit and loss account for the period were:	2021 £	2020 £
Closed defined benefit scheme	38,293	30,088
Current money purchase scheme	8,104	24,314
	46,397	54,402

The above amounts including administration costs in relation to the defined benefit scheme.

Amounts recognised in the statement of total recognised gains and losses:	2021 £	2020 £
The present value of unfunded obligations	(406,000)	(82,000)

26 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 January 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Transfers Between Funds £	Funds 31 December 2021 £
General Fund	689,386	369,544	(44,811)	-	400,622	1,414,743
Non Charitable Trading funds	5,804,134	5,789,891	(5,376,433)	324,000	-	6,541,592
	6,493,521	**6,159,435**	**(5,421,244)**	**324,000**	**400,622**	**7,956,333**

General fund — The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds — These are the funds of the subsidary companies/

Analysis of movements in restricted fund	**Balance 1 January 2021 £**	**Incoming resources £**	**Resources expended £**	**Other recognised gains/(losses) £**	**Transfers Between Funds £**	**Funds 31 December 2021 £**
Endowment	5					5
Ffestiniog Railway Fund	62,677				(62,677)	-
Michael Seymour Fund	(842)				842	-
Kyral Fund	414,651	100,000	(139,720)	(91,443)	233	283,721
Workshop	98,643			(1,281)	2,562	99,924
Welsh Highland Rly	14,234				(14,234)	-
Lyd Fund	3,507	1,058	(3,257)			1,307
P5	193,630	248,812	(231,109)		(211,332)	-
C2 Fund	25,000	-				25,000
Emergency Fund	23,842	92,174	-	-	(116,016)	-
	835,347	**442,043**	**(374,086)**	**(92,724)**	**(400,622)**	**409,957**
Non-controlling interests	**2,085,646**	**179,720**	**-**	**-**		**2,265,366**
	9,414,514	**6,781,198**	**(5,795,330)**	**231,276**	**-**	**10,631,655**

Restricted fund descriptions

Ffestiniog Railway Fund
This fund was set up as a general fund focussed entirely on the Ffestiniong Railway to attract monies from donors who wished their donation to be used exclusively for the benefit of the Ffestiniog Railway.

Michael Seymour Fund
The charity acts as custodian trustee to the estate of the late Michael Seymour, and the fund is under the control of the executors of that estate.

Kyral Fund
This fund was created to accommodate donations from a Trustee who wished to maintain control over which projects his donations would support. Effectively, therefore, the Trust is custodian trustee of the monies in that fund.

Workshop Fund
During 1999 the Trust received grants and donations amounting to £126,825 in order to construct a carriage and wagon workshop for the restoration of historical vehicles at Boston Lodge. The workshop has been constructed on land held on a 99 year lease from The Ffestiniog Railway Company and the expenditure is being amortised over the period of the lease.

Welsh Highland Fund
This fund was created to receive donations intended solely to contribute to the costs of re-opening the Welsh Highland Railway from Caernarfon to Porthmadog. Monies are used primarily to support reconstruction of the infrastructure i.e. track bed, the track itself, bridges, stations, etc., although some specific donations have been or will be used to support construction of the new first class carriages for the railway. This fund also includes the Pullman Fund which is now included within this Fund.

Locomotive Funds
These restricted funds relate to the funds held for the construction and restoration of the locomotives noted above.

27 Analysis of group net assets between funds

	Fixed Assets £	Investments £	Other net current assets/ (liabilities) £	Creditors of more than one year £	Total £
General	-	49,780	1,364,963	-	**1,414,743**
Endowment	-	5	-	-	**5**
Ffestiniog Railway Fund	-	-	-	-	**-**
Michael Seymour Fund	-	-	-	-	**-**
Kyral Fund	-	227,920	55,801	-	**283,721**
Workshop	99,924	-	-	-	**99,924**
Welsh Highland Rly	-	-	-	-	**-**
P5 Sus Rail	-	-	-	-	**-**
Lyd Fund	-	-	1,307	-	**1,307**
C2 Fund	-	-	25,000	-	**25,000**
Emergency Appeal	-	-	-	-	**-**
					-
Total	**99,924**	**277,705**	**1,447,071**	**-**	**1,824,701**

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST (YMDDIRIEDOLAETH RHEILFFYRDD FFE

England & Wales - Charity number 239904

Accounts

THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

TRUSTEE'S REPORT AND ACCOUNTS

For the year ended 31 December 2020

TRUSTEE'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

PROFILE

A Festiniog Railway Trust was first drawn up in 1954 when the late Mr. Alan Pegler arranged for the controlling interest in The Festiniog Railway Company (the "Company") to be transferred directly to it from the old shareholders. Mr. Pegler had supplied the funds to acquire this controlling interest. The aim of the Trust was to secure the future of that renowned railway in well-disposed hands in perpetuity. Subsequently reconstituted and registered as a charity on 10 November 1964, the Trust has among its stated aims the encouragement and support of charitable purposes connected with railways, particularly the Ffestiniog Railway *.

The Trust owns the great majority of all classes of issued share capital and debentures of the Company. As well as operating the Ffestiniog Railway since its inception in 1836, the Company has re-instated and operates the once derelict Welsh Highland Railway between the Ffestiniog Railway's Harbour Station at Porthmadog and Dinas Junction and has extended it to Caernarfon.

The Trustees are appointed under a scheme approved by the Charity Commissioners and incorporated in an amended Trust Deed dated 30 September 1998. With the approval of the Charity Commission, the Trust Deed was further amended on 5 October 2012 to change the name of the Trust to The Ffestiniog and Welsh Highland Railways Trust, Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri in Welsh, and to make a number of administrative changes; further administrative changes were made on 15 April 2016. Running the Trust is an entirely voluntary, unpaid activity. The Trustees meet formally about three times a year.

The Trust does not normally take the initiative in charitable work but makes appropriate grants on agreed bases in co-operation with other interested bodies. The Trustees are always pleased to listen to proposals put forward, but it is essential, legally and practically, to obtain the consent of the Trust before starting to use its name to raise money. Retrospective approval is not possible.

The trading company, Ffestiniog Railway Holdings Limited, wholly owned by the Trust, exploits commercial opportunities, notably the highly successful Ffestiniog Travel business, that are not open directly to The Festiniog Railway Company for historic legal reasons.

The Railway has a very considerable collection of artefacts, records and ephemera no longer required directly for the operation and maintenance of the Railway, but which constitute a most important and historically significant resource and responsibility. The Trustees have for many years overseen the care and continued safe storage of these items, and their maintenance where appropriate. At present it is not possible to mount any permanent display because of constraints of finance and space. However, the complete pre 1954 archive is now available at Gwynedd Archives at Caernarfon. The Company formed Ffestiniog Railway Heritage Limited, renamed Ffestiniog and Welsh Highland Railways Heritage Limited in 2013, to oversee the care of these special items in order to maximise their protection and enhance their value to the community. Its Directors are nominated by the Trustees.

* The 1832 spelling of 'Festiniog' is legally correct and reflects contemporary Welsh usage at that time. However, as with other place names, the Trust and the Railway use the current Welsh spelling of 'Ffestiniog'. This has consequently been used throughout the remainder of this Profile and the Trustees' Report on pages 4 to 8.

TRUSTEES' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE
LEGAL AND ADMINISTRATIVE DETAILS	3
TRUSTEES' REPORT	4-8
REPORT OF THE INDEPENDENT AUDITORS	9-11
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	12
CONSOLIDATED BALANCE SHEET	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15-29

LEGAL AND ADMINISTRATIVE DETAILS

Office:	**Harbor Station** **Porthmadog** **Gwynedd** **LL49 9NF**
Registered Charity Number:	**239,904**
Secretary:	**J L Alexander** **Valldemosa** **Cherry Garden Lane, Danbury** **Essex, CM3 4QP**
Legal Advisor:	**R J L Stones** **91 Linden Way** **London, N14 4NG**
Treasurer:	**J D Scarisbrick** **Flat 1, 17 Chandos Road,** **Chorlton** **Manchester, M21 OSS**
Statutory Auditors:	**Williams Denton Cyf** **Chartered Certified Accountants &** **Statutory Auditors 13 Trinity Square,** **Llandudno** **LL55 1A**
Bankers:	**NatWest Bank plc PO Box 877** **31 Cheapside** **London, EC2V 6HT** **CAF Bank (Charities Aid Foundation)** **25 Kings Hill Avenue** **West Mailing** **Kent, ME19 4TA**

TRUSTEES' REPORT

YEAR ENDED 31 DECEMBER 2019

Trustees:
Dr J D C A Prideaux CBE (Chairman) R Broyd OBE BE; Dr D R Gwyn
Dr D W Roberts MBE; M L Smith.

The Trustees present their report and the accounts for the year ended 31 December 2019.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Charity Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the Trustees are required to:

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

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of the year

The objectives of the Trust are "such charitable purposes connected with railways as the Trustees determine". In selecting particular purposes the Trustees are required to especially bear in mind charitable purposes connected with the Festiniog Railway Company.
The Trustees fulfil these aims primarily by activities aimed at the charitable purpose of advancing heritage. These include:

- providing funding to support the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway;
- overseeing, through Ffestiniog and Welsh Highland Railways Heritage Limited, the preservation of historic rolling stock, archives and other artefacts relating to the railways; and
- holding a controlling interest in the Company to ensure that it continues to operate in accordance with the Trust's objectives.

Despite the disruption caused by the Corona virus pandemic in 2020, it is pleasing to report that the work of the Trust still included the continuing provision of funding in connection with the reopened Welsh Highland Railway. This normally enables passengers to travel some 40 miles over the full

length of the Welsh Highland and Ffestiniog Railways from Caernarfon to Blaenau Ffestiniog with easy cross platform change of trains at Porthmadog. The Trust continues to be most grateful to the Welsh Government, the European Union and many other organisations and individuals whose generous contributions have made this historic project possible. Some associated work still remains to be completed.

The onset of the Corona virus pandemic and the associated restrictions just before the start of the 2020 operating season was catastrophic and lost both railways most of their anticipated 2020 traffic and income but it is pleasing to report that with other sources of income the Company still managed to make a small operating profit of £3,509 in 2020 (2019 £191,115).

All profits are re-invested in basic expenditure on maintenance or routine capital projects on the infrastructure of the Company. The Company continues to make progress in achieving its 'sustainable railway' goal. Work continued to be carried out on major long-term infrastructure investments such as the replacement of Plas y Nant bridge on the Welsh Highland Railway and the commissioning of the new three-road carriage shed at Boston Lodge works. When fully fitted out this will enables a further thirty carriages to be kept under cover in future years.

The Trustees are most grateful for the continuing hard work of staff and volunteers which was reflected in the Company's small operating profit in 2020 despite the continued difficult trading conditions and necessary expenditure during the year.

The Board of Ffestiniog and Welsh Highland Railways Heritage Limited continued to be responsible for appraising proposed heritage projects and advising the Company Board on them. The procedure for monitoring the condition of heritage rolling stock was continued during the year.

The historic workshops at Boston Lodge continued to produce excellent work on the maintenance, repair and full rebuilding of historic rolling stock. The skills and quality of design and craftsmanship of the workshop staff are known far and wide and are a long-term benefit to the organisation. In addition to the routine maintenance of the railways' own vehicles the workshops also carry out work for external customers. During 2020 the rebuilding of the 1863 locomotive *Welsh Pony* was completed and the building of the new double Fairlie locomotive, *James Spooner,* continued. During the year another super saloon for the Welsh Highland Railway and a fifteen inch gauge observation car for the Ravenglass and Eskdale Railway were built and a start made on building a replica Pickering third class brake carriage for the Welsh Highland Heritage Railway at the far end of Porthmadog.

The Trust welcomes donations and legacies. In 2020 £858,458, (2019 £951,827) was received from donations, legacies, gift aid on these where applicable and investment income. The amount varies from year to year but over the last five years it has received an average of £782,176. During the same period governance costs have averaged £15,980 of the amount received. About two thirds of this are fundraising costs and of the remainder the majority are audit costs which the Trust pays as the parent undertaking of the Company. Administration costs are minimal as all the Trustees and Officers of the Trust are unpaid and do not charge for their expenses.

The General Fund of the Trust is used for the Trust's general charitable purposes as explained above. The heritage and archive responsibilities of the Trust come under this head.

In addition to the General Fund, the Trust continued its policy of maintaining several restricted funds for various more specific charitable purposes. In particular, the Trust maintained separate Ffestiniog and Welsh Highland funds so that donors could direct which railway should benefit from any gifts or legacies made to the Trust.

In the opinion of the present Trustees all the funds of the Trust contain adequate resources to meet the Trust's obligations.

Public benefit

In planning their activities, the Trustees have due regard to the guidance on public benefit that has been issued by the Charity Commission.

The Ffestiniog Railway is of enormous significance both for the world-wide development of narrow-gauge railways and for the industrial history of North Wales. The railway retains much of its original infrastructure and architecture, which includes its original works at Boston Lodge, and continues to operate motive power and other rolling stock of outstanding historical and technical interest. The Company is also unusual in retaining its original 1832 statutory form, as well as business and technical archives dating from its inception. The restoration of the Welsh Highland Railway brought back into use and completed another major part of the long proposed historic narrow-gauge network of the region.

Preservation of this heritage in the form of the two operational railways provides an educational and recreational resource which benefits the community as a whole. Much of the historic rolling stock is still in use in public service and visible to all. In addition to the historic artefacts on display at Porthmadog, the historic pre 1954 archives are deposited with Gwynedd Archives in Caernarfon and are freely available as a resource for researchers. The railways run through the Glaslyn Landscape of Historical Significance and the Snowdonia National Park. The Ffestiniog Railway is a significant element of the Slate Landscape of Northwest Wales proposal, which was the UK Government's 2019 submission for World Heritage status.

The Company aims to reach out to the local community, for example by participating in local events and providing resources and work experience for local schools. At 31 December 2020 the railways employed 89 full time and eight part time staff year round, plus seven employed in Ffestiniog Holdings Ltd. The railways employed an average of 19 seasonal workers each week during 2020. The staff at Boston Lodge Works included two apprentices developing skills that will be of long term benefit both to them and to the local economy. In addition, during the year nine HLF funded trainees successfully completed a one year courses leading to NVQ qualifications and three now have full-time employment with the Heritage Railway sector. The direct benefit from the railway's activities to the local community, which is classified as an economically disadvantaged area, is estimated to be some £6m per annum, to which needs to be added the indirect benefits accruing to local employers and other businesses.

Academic research in 2008 concluded that the total economic impact of the railway on Gwynedd laid between £8,192,700 and £9,261,400 per annum and supported between 334 and 375 full time posts in the region. Thus, the total benefit to Gwynedd was estimated to be some £15m per annum. This is believed to have now increased to over £20m per annum following the completion of the Welsh Highland through to Porthmadog. It can be seen that the railway contributes significantly to the local economy as well as maintaining skills that are important to the conservation of its industrial heritage.

Structure, governance and management

The Charity was registered on 4 March 1966, as charity number 239904. In 2005 The Charity Commission agreed to the informal use of 'Ymddiriedolaeth Rheilffyrdd Ffestiniog', as its name in Welsh. On 5 October 2012, with the approval of the Charity Commission, the Trust's name was changed to The Ffestiniog and Welsh Highland Railways Trust, Ymddiriedolaeth Rheilffyrdd Ffestiniog ac Eryri in Welsh, and a number of administrative changes were made to the Trust Deed. Further such minor changes to the Trust Deed were made on 15 April 2016. The change of name recognises the importance of both the Ffestiniog and the Welsh Highland Railways and their complementary relationship.

Trustees are appointed under provisions of a scheme that was approved by the Charity Commission in 1998, with subsequent amendments, and is reflected in the Trust Deed. The relationships between the Trust and the Company are governed by the Trust Deed and the Trust's position as majority shareholder of the Company is supplemented by a Memorandum of Understanding between the Trust and the Company, dated 26 July 2010, which replaced an earlier Memorandum of 31 July 2003.

Retiring Trustees may be appointed as Emeritus Trustees for a period of three years. They are not Trustees but may attend meetings of the Trust by invitation in order to make their experience available to the Trust. In 2020 the Trust had no Emeritus Trustees. The Trustees met formally on three occasions during the year. Individual Trustees and Officers attended numerous other meetings and functions throughout the year, often by Teams or Zoom.

The Trust has no employees. All work by the Trustees and Officers and a large proportion of work on the Railways, is undertaken by some 1,000 unpaid volunteers. It is not practicable to quantify this very large, and essential, contribution.

The Trustees confirm that the charity has complied with current statutory requirements, its Trust Deed and the principles of the Charities SORP (FRS 102).

Objectives and activities

The objectives of the Trust are explained under 'Principal Activities' above. The activities of the Trust during 2020 and for the future are the ongoing support of the Company to ensure its continuing operation.

Although the Welsh Highland Railway was fully opened in 2011, work linked with it continued in 2020. This, and additional work associated with Boston Lodge, will continue to be a significant activity of the Company for some time.

Risk management

The Trustees have implemented a risk management strategy comprising:

- an annual review of the principal risks and uncertainties that affect the charity
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage (so far as reasonably practicable) any potential impact on the charity should those risks materialise.

The Trustees continue to consider that the principal risk to the Trust is the failure to meet its primary objective of ensuring the continued operation of the Ffestiniog Railway and the reconstructed Welsh Highland Railway. The Trust's operating subsidiaries maintain their own risk management policies which are reviewed annually. The Trust receives regular reports from all the subsidiaries; any areas of concern are highlighted in them. Health and safety is the key area of operational risk for the Company and consequently an annual review on this is commissioned from a third party.

Grant making policy

During 2020 the Trust awarded grants of £1,099,719 (2019:£ 1,338,551). The Trustees' policy is that all grants are made against an approved and budgeted capital project and must be approved by the Trustees. Grants payable are accounted for when a constructive obligation has been entered into. The value of such grants unpaid at the year-end is accrued.

Investment policy

Apart from its holdings of shares and stock of the Company, the investments of the Trust are largely limited to securities donated to the Trust which are held to generate income and / or the opportunity for gains.

The Company provides substantial social benefits as explained in the section on "Public Benefit" above. However the Trust has not made, and has no plans to make, any "social investment" as defined in the Charities SORP.

Pay policy for senior staff

All Trustees give their time freely and no Trustee, or Trust official, received remuneration in the year.

Impact of Corona virus

The Trust is aware that the conditions arising from the Corona virus pandemic have materially affected the finances of itself and those of its subsidiaries. Although a recovery is expected in 2021, it is not expected to return to previous levels. Consequently 2021 has been budgeted on the basis of receipts of 60% of those in 2019. Ffestiniog Holdings' holiday business was severely limited during 2020 but is expected to recover starting in 2021.

As a result of the pandemic the Company managed its cost base, furloughed many staff and later in the year made a few staff redundant as at the time furlough was going to end and it was not anticipated 2021 would see traffic similar to 2019. The Company was fortunate in having a number of contracts for work at Boston Lodge which were funded from outside the group hence allowed some revenue to be earned. Initially the Trust, along with the two supporting Societies (WHRS and FRS) each awarded the Company £400,000 cash flow loans to avoid immediate cash-flow problems. Some of each of these loans was converted to grants at the end of 2020 to support the railways getting ready for a 2021 season, £275,000 of the Trusts loan was converted in this way. In addition the Trust, along with the two supporting societies launched and emergency appeal which has raised and passed to the Company £550,000 by the end of the year. The Trustees are very grateful to the railways' many supporters for their generous contributions to the emergency appeal. The Company management also made use of a £750,000 Business Interruption Loan facility, this has allowed them to continue to prepare their accounts on a going concern basis.

Ffestiniog Holdings Ltd has arranged a £250,000 Business Interruption Loan facility and this has allowed it to continue to prepare its accounts on a going concern basis whilst they focus on the 2021 season.

Reserves

The Trustees have reviewed the reserves of the Trust and consider that unrestricted funds are sufficient to meet the Trust's commitments and other foreseeable calls on its funds. The reserve levels of the charity are monitored to ensure they are sufficient.

At 31 December 2020, total consolidated reserves were £7,328,869 (2019: £7,833,411) of which £835,347 (2019 £594,334) were restricted.

On behalf of the Trustees

Mark L. Smith

MARK L SMITH

Trustee (Sign and Print Name) Date : 30th July 2021

REPORT OF THE INDEPENDENT AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FFESTINIOG AND WELSH HIGHLAND RAILWAYS TRUST

Opinion
We have audited the financial statements of The Ffestiniog and Welsh Highland Railways Trust (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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 to 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 company's affairs as at 31 December 2020 and of its loss 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinions 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 quire for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 a Report of the Auditors 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

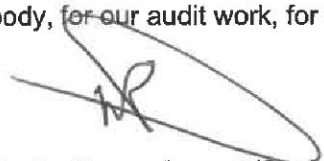
We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Report of the Auditors.

Use of our report
This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assumes responsibility to anyone other than he company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Steven Barratt (Senior Statutory Auditor)
for and on behalf of Williams Denton Cyf
Chartered Certified Accountants
Statutory Auditors
13 Trinity Square
Llandudno
United Kingdom
Conwy
LL30 2RB

Date: 30/7/2021

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 December 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2020 £	Total funds 2019 £
Income:					
Donations and legacies	4	114,485	743,073	857,558	950,712
Income from other trading activities:					
Commercial trading operations	6	2,265,118	-	2,265,118	8,308,720
Investment income	7	6,362	-	6,362	3,659
Other Income	6	2,661,487	-	2,661,487	465,554
Total income		**5,047,451**	**743,073**	**5,790,524**	**9,728,645**
Expenditure					
Costs of raising funds:					
Commercial trading operations	6/10	5,176,837	-	5,176,837	8,492,567
Expenditure on charitable activities:					
Grants committed	8	297,118	802,600	1,099,718	1,338,551
Total expenditure		**5,473,955**	**802,600**	**6,276,556**	**9,831,118**
Net income/*(expenditure)* and net movement in funds for the year		*(426,505)*	*(59,527)*	*(486,032)*	*(102,473)*
Transfers between funds		-	-	-	-
Other recognised gains/(losses)					
Gains/(losses) on investment assets		*(3,869)*	*147,358*	*143,489*	*349,149*
Actuarial gains/(losses) on defined benefit pension schemes		162,000	-	*162,000*	100,000
Net movement in funds		*(592,374)*	*87,831*	*(504,543)*	*346,676*
Reconciliation of funds					
Total funds brought forward		7,085,895	747,516	7,833,411	7,486,735
Total funds carried forward		**6,493,521**	**835,347**	**7,328,869**	**7,833,411**

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Ffestiniog and Welsh Highland Railways Trust
Consolidated Balance Sheet
for year ending 31 December 2020

	Note	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fixed assets					
Tangible Assets	16	38,270,914	38,967,174	98,643	99,924
Investments	17	337,802	361,790	369,148	393,136
Total fixed assets		**38,608,716**	**39,328,964**	**467,791**	**493,060**
Current assets					
Stock and WIP	18	1,251,565	1,010,630	-	-
Debtors	19	593,964	657,438	246,004	54,103
Cash at bank and in hand		3,497,364	2,349,536	853,187	1,213,909
Total current assets		**5,342,893**	**4,017,604**	**1,099,191**	**1,268,012**
Liabilities					
Creditors falling due within 1 year	20	*2,426,988*	*1,834,196*	*42,150*	*138,570*
Net Current assets		**2,915,905**	**2,183,408**	**1,057,041**	**1,129,442**
Total assets less current liabilities		**41,524,621**	**41,512,372**	**1,524,832**	**1,622,502**
Creditors: falling due after more than 1 year	22	*32,193,107*	*31,838,670*	-	-
Defined benefit pension scheme liability	25	83,000	245,000	-	-
Net assets		**9,414,514**	**9,918,702**	**1,524,832**	**1,622,502**
The funds of the charity:	26				
Unrestricted income funds		6,493,521	7,085,895	689,383	874,986
Restricted income funds		835,347	747,516	835,347	747,516
Non-controlling interest		2,085,646	2,085,291	-	-
Total charity funds		**9,414,514**	**9,918,702**	**1,524,730**	**1,622,502**

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at page 15 to 29 form part of these accounts.

Signed..... Mark L Smith .....

Print Name..... MARK L SMITH .....

Date:..... 30th July 2021 .....

Statement of Cash Flows and Consolidated Statement of Cash Flows for year ending 31 December 2020

	Year ended 31/12/2020 £	Year ended 31/12/2019 £
Net incoming resources before revaluations	(375,976)	(102,473)
Investment income less interest payable	(6,362)	(3,659)
Minority interest in subsidiary company result	-	45,485
Depreciation	1,422,684	1,431,063
Pension fund non-cash movement	(5,000)	(3,000)
(Profit) / Loss on disposal of assets	-	2,482
(Increase) / decrease in debtors	63,474	244,367
(Increase) / decrease in stock	(240,935)	87,914
Increase / (decrease) in creditors	597,318	(379,934)
Increase / (decrease) in deferred income	354,437	203,891
Cash from operations	1,809,640	1,526,135
CASH FLOW STATEMENT		
Net cash inflow from operating activities	1,809,640	1,526,136
Returns on investments and servicing of finance	-	-
Cash Flows from investing activities		
(Gain)/Loss on investments	143,489	349,149
Purchase of investments	-	(157,500)
Disposal of investments	151,500	303,997
Revaluation on Investments	(127,412)	(173,280)
Capital expenditure and financial investment	(6,968,806)	(1,782,525)
Proceeds on disposal of assets	6,144,499	-
Taxation		
Tax paid	-	2,316
Cash flows from financing activities		
Repayment of interest free loan	-	-
Repayment of bank loan	-	-
Cancellation of Debenture Stock	-	-
Increase/(decrease) in cash and cash equivalents in the year	1,152,911	68,293
Reconciliation of net cash flow to movement in net cash and liquid resources		
Increase/(Decrease) in cash in the year	1,152,911	68,293
Cash and liquid resources at 1 January	2,343,126	2,274,833
Cash and liquid resources as at 31 December	3,496,037	2,343,126
Reconciliation of net cash flow to movement in net debt		
Change in cash in year	1,152,911	68,293
Net movement on loans	-	-
Net debt at 1 January	1,789,875	1,721,582
Net debt at 31 December	2,942,786	1,789,875

Analysis of net cash and liquid resources

	At 01/01/20 £	Movement in year £	At 31/12/20 in year £
Cash at bank and in hand	2,349,536	1,147,828	3,497,364
Bank overdraft	(6,410)	5,083	(1,327)

Notes on the accounts
1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Ffestiniog and Welsh Highland Railways Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Group financial statements
The results of the trust's subsidiary undertakings, all of which are incorporated in the United Kingdom and have year ends of 31 December, are consolidated on a line by line basis in the Statement of Financial Activities (SOFA). Detailed information on their trading is incorporated in note 6 to these accounts. Capital grants made by the Trust to subsidiary companies are expenses in the SOFA and disclosed within deferred capital contributions in the balance sheet as the Trustees do not regard such sums as being properly funds of the charity.

c) Incoming Resources
Income is recognised when the charity has the entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.
Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

d) Donated services and facilities
The charity received help and support in the form of voluntary assistance. Voluntary assistance is not included in the accounts. It is not possible to quantify the amount of such assistance.

e) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

f) Fund accounting
Unrestricted funds are available to spend on activities that further any of the purposes of charity.
Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are established in respect of specific activities of the Trust, these are set out in note 22 to these accounts.

g) Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds comprise the costs of commercial trading including the rail transport costs, retail costs, catering costs and holiday costs.

Expenditure on charitable activities includes the costs of grants
Other expenditure represents those items not falling into any other heading.

h) Apportionment of costs
The costs of the Trust fall directly into the headings of the SOFA. The costs of the two main trading subsidiaries are allocated to the most appropriate SOFA heading. The costs of the Welsh Highland Railway Construction Company Limited are also included as relating to charitable activities as they relate directly to the development of the railways. The costs of Ffestiniog Railway Holdings Limited are included as fundraising trading as that company exploits commercial opportunities available to it. Therefore no separate breakdown of the allocation of support costs is required.

i) Operating leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

j) Tangible fixed assets
Tangible fixed assets are capitalised and included at cost. The capitalisation policy is to include all items in excess of £100.

Depreciation is provided to write-off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives.

Depreciation is provided at the following rates:
- Permanent way - 2% per annum straight line
- Locomotives and rolling stock - 3.33% per annum straight line
- Buildings and plant - 2.5% to 33% per annum straight line
- Motor Vehicles - 25% per annum reducing balance
- Long leasehold property - over the period of the lease

In future all additions to tangible assets will be stated at cost. Where existing unimpaired fixed assets are stated at valuation, (carried out by a director of a subsidiary entity in 1978, based upon estimated open market values prevailing at that time), the group has taken advantage of the transitional arrangements in FRS 15 to retain the book values.

k) Stock
Stocks and work in progress are valued at lower of cost, including appropriate overhead expenses and net realisable value.

l) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions
On 1st May 2014 the group established two new auto enrolment group personal pension schemes (AE). Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation and are charged in the year in which they arise. The FRS 17 liability in respect of the defined benefit scheme has been included in the financial statements.

2 Legal Status of the Trust
The Trust is an unincorporated charity and operated under a trust deed.

3 The summary financial performance of the charity alone

	2020	2019
	£	£
Donations and Legacies	857,555	1,100,712
Investment Income	900	1,115
	858,455	**1,101,827**
Expenditure on charitable activities	*1,099,718*	*1,352,416*
Net Income/(Expense)	**(241,264)**	**(250,589)**
Other recognised gains/(losses) on investment assets	143,489	349,149
Total funds brought forward	1,622,505	1,523,945
Total funds carried forward	**1,524,730**	**1,622,505**
Represented by:		
Restricted Income funds	689,383	747,516
Unrestricted Income funds	835,347	874,989
	1,524,730	**1,622,505**

4 Income from donations and legacies

	2020	2019
Donations	£	£
Gifts	112,228	79,022
Donations	696,345	764,561
Legacies	48,985	107,130
	857,558	**950,713**

5. Income from charitable activities

	Unrestricted funds 2020	Unrestricted funds 2019
	£	£
Incoming Resources		
Donations and gifts	114,485	114,440
Legacies	-	-
Subtotal: Incoming resources from generated funds	**114,485**	**114,440**
Investment Income	900	1,115
Subtotal: Incoming resources for generating funds	**900**	**1,115**
Total income from charitable events	**115,385**	**115,555**

6. Income earned from other activities

The Trust has two principal trading subsidiaries which are incorporated in the UK. The Festiniog Railway Company (in which the Trust has a controlling interest in each category of share) owns and operates the Ffestiniog and Welsh Highland Light Railway in North Wales. Ffestiniog Railway Holdings Ltd is a wholly owned subsidiary and trades as a travel and ticket agency and tour operator. A summary of their trading results (net of inter-company trading) is shown below. Accounts for both companies have been audited. Those for Ffestiniog Railway Holdings Ltd have been filed at Companies House and those for The Festiniog Railway Company are available on request from Harbour Station, Porthmadog, Gwynedd, LL49 9NF. In addition, The Festiniog Railway Company has three wholly owned subsidiaries, Welsh Highland Light Railway Ltd and Welsh Highland Railway Construction Ltd (both incorporated in the UK), which are involved in the revival of the Welsh Highland Railway and Ffestiniog Railway Heritage Limited which has had no trading activity during the period. Ffestiniog Futures Limited holds £250 of Festiniog Railway Company ordinary stock, of which some is jointly owned with others: in all cases, ownership will eventually revert to the company.

	Ffestiniog Railway Holdings Ltd £	The Festiniog Railway Company £	Ffestiniog Railway Heritage Ltd and Ffestiniog Futures Limited £	Welsh Highland Light Railway Limited £	Welsh Highland Railway Construction Ltd £	2020 Total £	2019 Total £
Turnover	569,114	1,774,455	(100)	(1)	(1)	2,265,118	8,308,720
Cost of sales	(521,326)	(2,123,589)	-	-	-	(2,644,915)	(6,383,793)
Gross Profit	**47,788**	**(349,134)**	**(100)**	**(1)**	**(1)**	**(301,448)**	**1,924,927**
Administration expenses	(397,643)	(2,295,099)	-	-	(825)	(2,693,567)	(2,050,258)
Other operating income	77,803	2,583,683	-	-	-	2,661,487	465,554
Net interest receivable/(payable)	5,429	33	-	-	-	5,462	2,544
Net Profit/(Loss)	**(266,623)**	**(60,517)**	**(100)**	**(1)**	**(826)**	**(328,067)**	**342,767**
FRS 17 actuarial gain/(loss)						-	-
Tax on profit on ordinary activities	-	-	-	-	-	-	836
Minority interest in profits of subsidiary	-	356	-	-	-	356	(45,485)
Profits/(losses) attributable to the Trust	(266,623)	(60,161)	(100)	(1)	(826)	(327,711)	298,119
Amounts included in consolidation	**(266,623)**	**(60,161)**	**(100)**	**(1)**	**(826)**	**(327,711)**	**298,119**

Cost of raising funds

	Note	2020 £	2019 £
Cost of sales		2,644,915	6,383,793
Administration expenses		2,693,567	2,050,258

7 Investment Income

Some of the group's investment income of £5,462 ,(2019: £2,544) arises from money held in the trading subsidiaries.

8 Analysis of expenditure on charitable events

	General Fund £	Kyral Fund £	LYD £	Michael Seymour Fund £	P5 £	Workshop £	Emergency Appeal £	Total £
Grants	292,314	108,229	14,329	15,539	187,492	1,281	461,000	1,080,184
Sundries	610	-	-	-	-	-	-	610
Total	**292,924**	**108,229**	**14,329**	**15,539**	**187,492**	**1,281**	**461,000**	**1,080,794**

Expenditure on charitable activities was £1,084,988 (2019:£1,338,551) of which £297,118 was unrestricted (2019:£180,694).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the main charitable activities and the sources of income directly to support those activities.

	General Fund £	Kyral Fund £	LYD £	Michael Seymour Fund £	P5 £	Workshop £	Emergency Appeal £	Total £
Direct grant support	297,118	108,229	14,329	15,539	202,223	1,281	461,000	1,099,719
Net cost funded from donations and legacies								-
	297,118	***108,229***	***14,329***	***15,539***	***202,223***	***1,281***	***461,000***	***1,099,719***

Welsh Highland Railway Fund
Grants committed and paid in the year relate to construction and track works. The amount committed at the year end relates to construction works.

General Fund
The grants committed and paid during the year were mainly funding the continuing programme to restore more of the Ffestiniog Railway's historical carriages.

The grants remaining committed at the year end were for the restoration of some of the Ffestiniog Railway's carriages and improvements to historical buildings on the Ffestiniog Railway.

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

10 Analysis of support and governance costs

	General support £	Governance function £	Total £	Basis of apportionment
Sundry Expenses	-	610	610	Invoiced
Auditors Remuneration	-	4,194	4,194	57.50%
Fund raising costs	14,731	-	14,731	Invoiced
Total	**14,731**	**4,804**	**19,534**	

Support and governance costs are £19,534 (2019:£20,207).

11 Net Income/*(expenditure)* for the year

This is stated after charging:	2020 £	2019 £
Depreciation	1,421,402	1,432,344
Release of grants against depreciation	(288,604)	(300,204)
Audit fees	5,923	10,548
Leasehold Amortisation	1,281	1,281
	1,140,002	**1,143,969**

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2020 £	2019 £
Wages and salaries	2,537,831	3,033,461
Social security costs	193,236	171,051
Pension costs	54,402	76,722
	2,785,469	**3,281,234**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2019:£NIL)

13 Staff numbers

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2020 Number	2019 Number
Full Time	89	90
Part Time	8	6
Seasonal	19	49
	116	**145**

14 Related party transactions

The Ffestiniog and Welsh Highland Railways Trust has a controlling interest in the Festiniog Railway Company, and also owns all of the issued share capital of Ffestiniog Railway Holdings Ltd. During the year the trust made a number of grants for charitable purposes, all of which were in connection with the above mentioned companies. Further details of grants committed and paid during the year can be found in Note 8 to these accounts.

Further information concerning subsidiaries is provided in note 6.

15 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

16 Tangible fixed assets - charity (also comprising that of the group)

	Long leasehold land and buildings £	Plant machinery and motor vehicles £	Total £	Charity only Trust Long Leasehold Property £
Cost:				
As at 1 January 2020	10,967,899	45,176,401	56,144,300	126,825
Additions	262,228	6,608,693	6,870,921	
(Disposals)	(378,323)	(10,071,470)	(10,449,793)	
	10,851,804	41,713,624	52,565,428	126,825
Depreciation/Amortisation:				
As at 1 January 2020	(4,023,607)	(13,153,518)	(17,177,125)	(26,901)
Charge for the year	(419,150)	(1,003,534)	(1,422,684)	(1,281)
Depreciation on disposal	75,226	4,230,069	4,305,295	
Eliminated on disposal		-	-	
	(4,367,531)	(9,926,983)	(14,294,514)	(28,182)
Net book value:				
As at 1 January 2020	6,944,292	32,022,883	38,967,175	99,924

17 Investments

	Group and Trust			Charity only		
	Listed	Unlisted	Total	Listed	Unlisted	Total
	£	£	£	£	£	£
Cost or valuation:						
At 1 January 2020	361,885	5	361,890	361,885	31,351	393,23
Purchase of new	-	-	-	-	-	-
Disposals	(151,500)	-	(151,500)	(151,500)	-	(151,5(
Revaluation	127,412	-	127,412	127,412	-	127,41
Impairment		-	-	-	-	-
At 31 December 2020	337,797	5	337,802	337,797	31,351	369,14

The aggregate market value of the listed investments (all of which are listed on a recognised stock exchange) was as follows:

	2020	2019
	£	£
General Fund (cost £9,869)	18,434	22,303
Restricted Funds:		
Kyral Fund (cost £90,607)	319,363	339,582
	337,797	361,885

The unlisted investments of the Trust are disclosed fully in the balance sheet of the Trust on page 8. The listed investment are held to provide an investment return.

18 Stock and WIP

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Stock	267,678	304,563	-	-
WIP	983,887	706,067	-	-
	1,251,565	**1,010,630**	**-**	**-**

19 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	123,930	226,266	-	-
Other debtors	272,729	66,949	215,000	54,104
Taxation and social security	31,037	45,615	31,004	-
Prepayments and			-	-
Accrued income	119,431	318,608	-	-
	547,127	**657,438**	**246,004**	**54,104**

20 Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loan	1,327	6,410	-	-
Trade creditors	248,420	292,772	-	-
Other creditors	1,889,002	877,271	42,150	138,570
Accruals and deferred income	248,234	605,001	-	-
Taxation and social	-	-	-	-
Security costs	40,005	52,742	-	-
Corporation tax	-	-	-	-
	2,426,988	**1,834,196**	**42,150**	**138,570**

Deferred capital contributions are gifts and grants received by the Trust's subsidiary companies in respect of capital expenditure incurred by them.

21 Deferred income

	Group	Charity
	£	£
Balance as at 1 January 2020	605,001	-
Movement in year	(356,767)	-
Balance as at 31 December 2020	**248,234**	**-**

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2020	2019	2020	2018
	£	£	£	£
Deferred capital contributions	31,427,347	31,822,910	-	-
Bank Loan	750,000	-		
Ffestiniog Railway 4% debenture stock	15,760	15,760	-	-
	32,193,107	**31,838,670**	**-**	**-**

23 Contingent Liabilities

The assets of one of the subsidiary companies of Trust, Welsh Highland Light Railway Ltd, are secured by way of a debenture being a fixed and floating charge in favour of The Millennium Commission as one of the conditions for that body providing funding for the rebuilding of the Welsh Highland Railway from Caernarfon to Rhyd Ddu. The legal agreement between the company and The Millennium Commission gives the Commission the power to take over the assets of the company in the event the company fails to reinstate the railway and commence passenger operations on terms agreed with The Millennium Commission.

Residual claims amounting to £164,000, relating to the construction of Phase 4 of the Welsh Highland Railway, have been received from contractors. The company disputes these claims and is of the view that nothing further is payable in respect of those contracts. At the present time it is not possible to quantify the eventual outcome of these claims.

24 Capital Commitment

The subsidiary entities had at 31 December 2020 nil (2019: nil) capital commitments contracted for but not provided for.

25 Pensions

One of the subsidiary companies of the Trust has put in place pension provisions for its staff.

Until 31 October 2001, the subsidiary company operated a funded defined benefit pension scheme providing benefits based on the final remuneration. The assets of that scheme are held separately from those of the company in an independently administered fund. The funding of the scheme is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations. This scheme was closed as a fully paid scheme on 31 October 2001. There are 34 deferred members of the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as members approach retirement.

A full actuarial valuation was carried out as at 1 December 2017 and updated to 31 December 2020. All valuations were by a qualified independent actuary.

Employee Benefit Obligations

	2020 £	2019 £
Present value of funded obligations	(2,338,000)	(2,056,000)
Fair value of scheme assets	2,420,000	2,301,000
Present value of unfunded obligations	82,000	245,000
Unrecognised past service cost	-	-
Deficit	82,000	245,000
Related deferred tax asset	-	-
Net liability	82,000	245,000

Amounts in the balance sheet

Liabilities	-	-
Assets	82,000	245,000
Net liability	82,000	245,000

No account has been taken of any related deferred tax asset. The pension scheme assets did not include any shares issued by the subsidiary company or property occupied by the subsidiary company.

25 Pensions (Continued)

Amounts recognised in the Consolidated Statement of Financial Activities

	2020 £	2019 £
Current service cost	-	-
Interest on obligation	(5,000)	(3,000)
Expected return on scheme assets	291,000	133,000
Past service cost	(11,000)	(21,000)
Losses / (gains) on curtailments and settlements	(113,000)	(209,000)
Total	162,000	(100,000)
Actual return on scheme assets	159,000	266,000

Changes in the present value of the Defined Benefit Obligation

Opening defined benefit obligation	2,056,000	1,962,000
Service Cost	-	-
Interest Cost	42,000	54,000
Actuarial losses / (gains)	280,000	112,000
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(40,000)	(72,000)
Closed defined benefit obligation	2,338,000	2,056,000

Changes in the fair value of Plan Assets

Opening fair value of scheme assets	2,301,000	2,107,000
Expected return	46,000	57,000
Actuarial gains / (losses)	113,000	209,000
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in business combinations	-	-
Exchange difference on foreign schemes	-	-
Benefits paid	(40,000)	(72,000)
Closing fair value of scheme assets	2,420,000	2,301,000

25 Pensions (Continued)

Major Categories of Scheme Assets as a Percentage of Total Plan Assets

The assets of the scheme consist mainly of Managed Funds. The asset figures exclude assets relating to members' AVCs.

The major percentage split of the scheme assets as a percentage of total plan assets and the expected return were as follows:-

	2020 Asset Split £	2020 Percentage Asset Split %	2019 Asset Split £	2019 Percentage Asset Split %
Equities	977,000	40	990,000	43
Property	283,000	12	273,000	12
Fixed Interest	1,119,000	46	420,000	18
Index Linked	-	0	591,000	26
Cash	41,000	2	27,000	1
Total	2,420,000	100	2,301,000	100

The subsidiary company expects to make no contributions to its defined benefit pension scheme in 2020.

Principal Actuarial Assumptions as the Balance Sheet Date (expressed as weighted averages)

The assumptions used by the actuary are the best estimates chosen from a range of possible assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

	2020	2019
Discount rate at 31 December	1.2%	2.0%
Expected return on plan assets at 31 December*	2.0%	2.7%
Future revaluation in deferment	2.2%	2.2%
Future pension increases	2.2%	2.2%
Post retirement mortality	S2PXA, CMI 2019 with min improvement of 1.25% p.a.	S2PXA, CMI 2018 min improvement of 1.:
Life expectancy for 65 year old male	21.6	21.5
Life expectancy for 65 year old female	23.5	23.4

* The overall expected rate of return is calculated by weighing the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

25 Pensions (Continued)

On 1 May 2014 the subsidiary company established two new auto enrolment group personal pension schemes (AE Schemes), one for monthly paid employees and one for weekly paid employees. Employer and employee contributions to these schemes are made in accordance with the rates laid down by government legislation.

The subsidiary company retains a stakeholder pension scheme for any staff who wish to join a company pension scheme but are not eligible to join the AE schemes. There are no company contributions to that scheme.

The pension charges in the group profit and loss account for the period were:	2020 £	2019 £
Closed defined benefit scheme	30,088	31,348
Current money purchase scheme	24,314	45,374
	54,402	76,722

The above amounts including administration costs in relation to the defined benefit scheme.

Amounts recognised in the statement of total recognised gains and losses:	2020 £	2019 £
The present value of unfunded obligations	(82,000)	(245,000)

26 Analysis of charitable funds

Analysis of movements in unrestricted funds	Balance 1 January 2020 £	Incoming resources £	Resources expended £	Other recognised gains / (losses) £	Other recognised gains / (losses) £	Funds 31 December 2020 £
General Fund	874,989	115,385	(297,118)	(3,869)	-	689,386
Non Charitable Trading funds	6,210,906	4,932,066	(5,338,838)	-	-	5,804,134
	7,085,895	**5,047,450**	**(5,635,956)**	**(3,869)**	**-**	**6,493,521**

General fund — The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds — These are the funds of the subsidary companies/

Analysis of movements in restricted funds	Balance 1 January 2020 £	Incoming resources £	Resources expended £	Other recognised gains / (losses) £	Other recognised gains / (losses) £	Funds 31 December 2020 £
Endowment	5					5
Ffestiniog Railway Fund	62,677					62,677
Michael Seymour Fund	14,697		(15,539)			(842)
Kyral Fund	375,522		(108,229)	147,358		414,651
Workshop	99,924			(1,281)		98,643
Welsh Highland Rly	14,234					14,234
Lyd Fund	16,509	1,327	(14,329)			3,507
P5	138,948	256,904	(202,222)			193,630
C2 Fund	25,000	-				25,000
Emergency Fund	-	484,842	(461,000)	-	-	23,842
	747,516	**743,073**	**(801,319)**	**146,077**	**-**	**835,347**
Non-controling interests	**2,085,291**	**356**	**-**	**-**		**2,085,647**
	9,918,703	**5,790,880**	**(6,437,275)**	**142,208**	**-**	**9,414,515**

Restricted fund descriptions

Ffestiniog Railway Fund
This fund was set up as a general fund focussed entirely on the Ffestiniong Railway to attract monies from donors who wished their donation to be used exclusively for the benefit of the Ffestiniog Railway.

Michael Seymour Fund
The charity acts as custodian trustee to the estate of the late Michael Seymour, and the fund is under the control of the executors of that estate.

Kyral Fund
This fund was created to accommodate donations from a Trustee who wished to maintain control over which projects his donations would support. Effectively, therefore, the Trust is custodian trustee of the monies in that fund.

Workshop Fund
During 1999 the Trust received grants and donations amounting to £126,825 in order to construct a carriage and wagon workshop for the restoration of historical vehicles at Boston Lodge. The workshop has been constructed on land held on a 99 year lease from The Ffestiniog Railway Company and the expenditure is being amortised over the period of the lease.

Welsh Highland Fund
This fund was created to receive donations intended solely to contribute to the costs of re-opening the Welsh Highland Railway from Caernarfon to Porthmadog. Monies are used primarily to support reconstruction of the infrastructure i.e. track bed, the track itself, bridges, stations, etc., although some specific donations have been or will be used to support construction of the new first class carriages for the railway. This fund also includes the Pullman Fund which is now included within this Fund.

Locomotive Funds
These restricted funds relate to the funds held for the construction and restoration of the locomotives noted above.

27 Analysis of group net assets between funds

	Fixed Assets £	Investments £	Other net current assets/ (liabilities) £	Creditors of more than one year £	Total £
General	-	49,780	1,168,987	-	**1,218,767**
Endowment	-	5	-	-	**5**
Ffestiniog Railway Fund	-	-	-	-	**-**
Michael Seymour Fund	-	-	(841)	-	**(841)**
Kyral Fund	-	319,363	95,287	-	**414,650**
Workshop	98,643	-	-	-	**98,643**
Welsh Highland Rly	-	-	-	-	**-**
P5 Sus Rail	-	-	(258,742)	-	**(258,742)**
Lyd Fund	-	-	3,507	-	**3,507**
C2 Fund	-	-	25,000	-	**25,000**
Emergency Appeal	-	-	23,842	-	**23,842**
Total	**98,643**	**369,148**	**1,057,040**	**-**	**1,524,831**