

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 DW 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 enable 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 an 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.

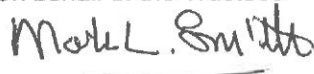
Ffestiniog Holdings Ltd has arranged a £250,000 Business Interruption Loan facility and this has allowed it to continue to prepare its accounts on a going concern basis whilst they focus on the 2021 season.

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

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 require 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.

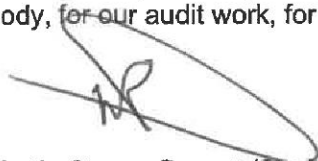
We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries 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 assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

30/7/2021

Date:

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
<i>Income from other trading activities:</i>					
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					
<i>Costs of raising funds:</i>					
Commercial trading operations	6/10	5,176,837	-	5,176,837	8,492,567
<i>Expenditure on charitable activities:</i>					
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**

	<u>Year ended</u> <u>31/12/2020</u>	<u>Year ended</u> <u>31/12/2019</u>
	<u>£</u>	<u>£</u>
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	<u>1,809,640</u>	<u>1,526,135</u>

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	<u>1,152,911</u>	<u>68,293</u>

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	<u>3,496,037</u>	<u>2,343,126</u>

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	<u>2,942,786</u>	<u>1,789,875</u>

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	Unrestricted funds
	2020	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 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

	2020 £	2019 £
This is stated after charging:		
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)	
	<u>10,851,804</u>	<u>41,713,624</u>	<u>52,565,428</u>	<u>126,825</u>
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		-	-	
	<u>(4,367,531)</u>	<u>(9,926,983)</u>	<u>(14,294,514)</u>	<u>(28,182)</u>
Net book value:				
As at 1 January 2020	<u>6,944,292</u>	<u>32,022,883</u>	<u>38,967,175</u>	<u>99,924</u>

17 Investments

	Listed £	Unlisted £	Total £	Charity only		
				Listed £	Unlisted £	Total £
Group and Trust						
Cost or valuation:						
At 1 January 2020	361,885	5	361,890	361,885	31,351	393,236
Purchase of new	-	-	-	-	-	-
Disposals	(151,500)	-	(151,500)	(151,500)	-	(151,500)
Revaluation	127,412	-	127,412	127,412	-	127,412
Impairment	-	-	-	-	-	-
At 31 December 2020	337,797	5	337,802	337,797	31,351	369,148

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	<u>162,000</u>	<u>(100,000)</u>

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	<u>2,338,000</u>	<u>2,056,000</u>

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	<u>2,420,000</u>	<u>2,301,000</u>

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	2020		2019
	Asset	Percentage		Percentage
	Split	Asset		Asset
	£	Split		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	<u>2,420,000</u>	<u>100</u>	<u>2,301,000</u>	<u>100</u>

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 1.0%
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.

	2020 £	2019 £
The pension charges in the group profit and loss account for the period were:		
Closed defined benefit scheme	30,088	31,348
Current money purchase scheme	24,314	45,374
	<u>54,402</u>	<u>76,722</u>

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	<u>(82,000)</u>	<u>(245,000)</u>

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
	<u>7,085,895</u>	<u>5,047,450</u>	<u>(5,635,956)</u>	<u>(3,869)</u>	<u>-</u>	<u>6,493,521</u>

General fund The 'free reserves' after allowing for all designated funds.
Non Charitable Trading funds These are the funds of the subsidiary 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)
Kyrat 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
	<u>747,516</u>	<u>743,073</u>	<u>(801,319)</u>	<u>146,077</u>	<u>-</u>	<u>835,347</u>
Non-controlling interests	<u>2,085,291</u>	<u>356</u>	<u>-</u>	<u>-</u>		<u>2,085,647</u>
	<u>9,918,703</u>	<u>5,790,880</u>	<u>(6,437,275)</u>	<u>142,208</u>	<u>-</u>	<u>9,414,515</u>

Restricted fund descriptions

Ffestiniog Railway Fund

This fund was set up as a general fund focussed entirely on the Ffestiniog 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.

Kyril 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)
Kyril 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