

# **Welshpool & Llanfair Light Railway Preservation Co. Ltd.**

## **Annual Report and Accounts 2021**

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## **Administrative details**

Principal office      The Station  
(also the registered office)      Llanfair Caereinion Welshpool  
Powys SY21 0SF

Phone      01938 810441

Web      [www.wllr.org.uk](http://www.wllr.org.uk)

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

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

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

### **Officers and managers**

Company Secretary      Michael Reilly

General Manager      James Brett

Operations and  
Infrastructure Manager      Kevin Heywood

Mechanical Engineering Manager      Richard Featherstone  
(until 14<sup>th</sup> November 2021)

Company number 00646238 (Wales)

Registered charity number 1000378

## **NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion on Sunday 15 May 2022 at 1.00 p.m. for the purpose of transacting the following business:-

### **Ordinary Resolutions**

1. To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2021.
2. To appoint WR Partners as auditors of the Company and to authorise the directors to determine their remuneration.
3. To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Steve Clews, Peter Green, David Jones, and Bob Mason retire by rotation. There are four vacancies. Details of those offering themselves for election are given in a separate leaflet sent to members.
4. To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
5. To elect vice presidents. Alan Higgins, Tony Thorndike and Sir Philip Williams have indicated their willingness to be re-elected.

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

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

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

By order of the Board

Michael Reilly,  
Company Secretary

## REPORT OF THE BOARD OF TRUSTEES

### Our mission

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

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

The trustees who served during 2021 were:

	<i>Number of trustees' meetings attended</i>	
	<i>Actual/ Possible</i>	
Steve Clews <i>Chairman</i>	7	7
Iain McLean <i>Vice Chairman</i>	7	7
Helen Ashby	7	7
William Bickers-Jones	7	7
Simon Bowden	6	7
Andrew Charman	7	7
Oliver Edwards	7	7
John Forman	7	7
Peter Green	7	7
David Jones	5	7
Bob Mason	7	7
Robert Robinson	5	7

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

*This report sets out the trustees' account of the company's work in 2021. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law.*

## **Status of the charity**

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

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

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

## **Governance and management**

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

The trustees are of the opinion that in preparing the financial statements on pages 22 to 40 appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

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

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

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

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

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

In so far as the trustees are aware:

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

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

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

## **Risk management**

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

The board of trustees keeps six registers of risks to the business. These registers hold risks at a company level relating to commercial, external, finance, governance, operations, and personnel, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed, and documented at each board meeting. The annual review of all six registers was held in January 2021.

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

## **Health and safety**

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. The railway did not have any reportable incidents. Minor operational incidents, near misses, and injuries were recorded and investigated via our internal processes with reporting to the board at each meeting, and relevant safety improvements, notices and briefings issued to staff.

The restrictions imposed in response to the Covid-19 pandemic had a substantial impact on the way we operated over the year. Pre-booking, social distancing, face-coverings, enhanced cleaning, and regular testing all played their part in helping keep both our visitors and staff safe.

The annual external safety audit in September, conducted by a new assessor, highlighted the need for improvement in several areas. These include incident reporting, risk assessment, document control, and competence management and an action plan has been drawn up to address them over the coming year.

Staff attended a variety of safety related training courses throughout the year, including assessment best practice, delivered via the Heritage Railway Association.

## **Objectives**

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

This encompasses the following three subsidiary objectives:

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

### **Public benefit**

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

The public benefits of the charity are:

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

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

Any member of the public may:

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

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

### **Achievements and performance**

The railway built upon the successful Covid-secure service developed during 2020 to build back passenger numbers and revenue. Restrictions meant we were not able to start operations until 1<sup>st</sup> May, with social distancing restrictions limiting the numbers we could accommodate.



Despite this, trains operated on 142 days with a mixture of one- and two-hour trips from Llanfair proving popular with visitors. Revenue from railway operations and sales activities both exceeded budget for the year, and traffic revenue for August grew compared to the same period in 2019. Combined with grant aid provided mainly via the Welsh Government Cultural Recovery Fund, the company ended the year in a stable financial position.

Covid restrictions notwithstanding, we successfully introduced several new offerings, including a combined breakfast ticket which helped attract passengers to the first departure of the day, and the regular use of the first-class ex-Sierra Leone Railway carriage on most operating days. These innovations combined with the return of the successful Fish & Chip evening specials, alongside a limited enthusiast special event on the traditional gala weekend, and seven days of sold-out Santa specials.

The restrictions meant it was not financially viable to open our tearoom during the season, but the outside catering unit operated by Nerys Astley provided an alternative, bringing in much needed revenue and offering a service to the wider community.

All departments contributed to these successes, often having to be flexible and adapting to operational changes at short notice. The engineering team worked hard to keep *ZB2 Zillertal* in service as our primary steam locomotive for the first part of the season, while our civil engineering and buildings departments worked year-round to maintain the railway estate, ensuring its safety and operational reliability.

Our 'Llanfair Connections' museum welcomed a regular flow of visitors on the days it was open. An extension to the Tourism Amenities Improvement Scheme (TAIS) deadline allowed several important projects to be completed over the year, including reinstatement of Sylfaen loop on a new alignment with an island platform, installation of Cyfronydd siding alongside a replica livestock ramp, and completion of the fitting out of the display sheds at Welshpool, providing both an expanded display area and much needed covered storage for rolling stock.

Behind the scenes our staff worked to ensure that safety procedures were maintained, marketing and administration efficiently conducted, and rosters managed such that no services had to be curtailed or cancelled for want of staff during the year. Recruitment and training of sufficient volunteers to support activities across all areas of the railway remains a constant priority, however.

### **Track, infrastructure, and buildings**

All bridge structures were professionally inspected by ECSL consultancy, in co-operation with staff, and some follow-up action was identified. This

varies from traditional track work, to cleaning and painting, and some general cleaning and building type work. These surveys will help us to plan the safe future of all our under-line structures.

The major track renewal project of the year was the reinstatement of Sylfaen loop, and creation of an island platform. This project, which was largely funded by the EU via the Welsh government's TAIS scheme, will improve operational flexibility.

Notable repairs undertaken by the 'midweek gang' and others included refurbishing a set of lever frames, for use in new projects or to replace other worn lever frames when they have to be taken out of service. The tearoom kitchen was also completely refurbished, including major repairs to the floor structure and a new non-slip, hygienic cleanable floor finish. Frustratingly it is not possible to correct the slope to the floor without a total rebuild of the tearoom and shop.

A project which will improve the safety and efficiency of our services was the installation of a new, much larger radio mast at Castle Caereinion. This three-section extending mast was donated to the railway and refurbished by the midweek gang. New foundations were poured with final erection due in February 2022.

A top quality paint system in the former British Railways Western Region colours is being used to prolong the life of our buildings but a combination of bad weather and shortage of labour hampered progress.

The essential task of gutter clearance is now easier thanks to drone surveys, which avoids unnecessary use of access equipment, but considerable effort remains needed for other regular essential work including grass cutting, strimming, and keeping bushes, shrubs, and trees under control. More volunteers are badly needed. Most of the building tasks require some experience, and specialist knowledge is welcome, but some training can be given for painting work, while many other tasks only require a reasonable level of fitness.

### **Steam locomotives**

The overhaul of No. 1 *The Earl* at the Vale of Rheidol's Aberystwyth workshops was completed and the locomotive returned to W&L metals on 26<sup>th</sup> July, following which it was recommissioned and entered service in early August. Upon delivery, our ex-SLGR Hunslet tank No. 14 was sent to Aberystwyth where it has been assessed for a potential overhaul. This would include significant work to the boiler. Work continued at Llanfair on the overhaul of No. 10 *Sir Drefaldwyn*.

In 2021 the steam locomotive fleet accumulated a total of 5,540 miles in service, of which No. 1 *The Earl* completed 2,372 miles (43%) and locomotive ZB2 *Zillertal*, on-hire from the Zillertalbahn, 3,168 miles (57%). The boiler ticket for locomotive No. 2 *The Countess* expired in February 2021.

### **Rolling stock**

The carriage fleet accumulated a mileage of 22,812 in passenger service during 2021.

Refurbishment and overhaul of carriage B14 was completed. MÁV carriage 430 was taken out of service pending work on the bogies and brake gear. Carriage B20 was withdrawn as being unfit to run and has been stabled at Llanfair to serve as the station master's office.

Two of the ex-RNAD ammunition vans acquired in 2019 (to be W&L numbers 86 and 87) were fully stripped-down in preparation for rebuilding as a pair of new tool vans. They will be run as a matched pair and have had Grondana couplings fitted at one end of each for compatibility with our existing stock.

### **Diesel locomotives and plant**

Diesel locomotive No. 17 was returned to Llanfair at the end of March following work on the wheelsets, axle boxes and final drives by Riley & Son Ltd. It had been sent initially only for wheel turning but examination during dismantling had revealed an appreciable amount of additional work required. Diesel locomotives No. 7 *Chattenden* and No. 17 both saw service on engineering trains during 2021. In addition, No. 17 accumulated 826 miles on passenger trains and Santa support services.

A prolonged overhaul of the tamper was completed, and the machine successfully returned to active service.

### **Education and heritage**

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

Llanfair Connections was able to open to the public again from May 2021 and welcomed 2,343 visitors during the year. The 16mm gauge railway proved very popular, as did the limited children's activities that we were able to offer. We were also able to provide all the interpretation and signage in Welsh, thanks to a new volunteer.

A 15 Minute Heritage grant from the National Lottery Heritage Fund enabled us to create a series of interpretive boards at different points along the railway, a children's Discovery Book, which was given to every child

visiting the railway during 2021, and a series of videos, covering stories relating to the W&LLR, displayed on new equipment. These have proved very popular with visitors.

Pupils from Llanfair Primary School visited in April, as part of their studies of the 2<sup>nd</sup> World War. It is to be hoped that this was only the first of many school visits.

At Welshpool, vehicles were moved into the enlarged display shed, and the *Monarch* working group was able to carry out some cleaning and cosmetic restoration of the locomotive. New pop-up banners, funded by the TAIS grant, have been produced for the vehicles on display.

A small selection of free online education resources for children have been created for the Twinkl educational website as part of their 'The Great Family Staycation' and can be viewed at [Welshpool & Llanfair Light Railway Activity Pack | Twinkl](#). This includes a downloadable fact file, drawing and colouring activities and a word search.

The inventory of objects accepted into the museum collection was completed, with a photographic record of every item created and a WLLR Collections Development Policy was drafted and approved by the Board.

## **Fundraising**

For the first time in the history of the company, income from donations, bequests, and grants exceeded £1 million (Note 2 to the accounts). This is the largest amount in cash terms, and probably the largest amount in real terms that the Company has raised in a single year in its 60-year history. In 2020 and 2021, a substantial amount of grant income came from national and local government in response to the pandemic. This will not continue indefinitely, and the Appeals team (now renamed Fundraising team) therefore continues to look at all sources of donations and grants, while encouraging supporters to think of us in their wills.

## **W&L Sales**

Although W&L Sales was again constrained in its activities during the year, the rules and restrictions in 2021 were much less detrimental than those of 2020. The result was an overall contribution to the preservation company of some £33,000. Although Llanfair shop was open whenever trains were running, unfortunately Welshpool shop was only open for some of the trains which ran through to there. Enforced closure of the tearoom throughout the year because of the restrictions provided the ideal opportunity to carry out a very necessary refurbishment of the kitchen, and thanks are due to the midweek gang and all those who participated in this work. The outside mobile catering unit, with socially distanced seating in the adjacent marquee, remained and in addition to its usual service it also supplied the refreshments included in some ticket packages.

## **Membership and volunteers**

The railway is fortunate in having the consistent support of its members, many of them of 25 years plus standing. Total membership at the end of 2021 was 2,012, a dip of 40 over the preceding twelve months. Lower recruitment is attributable to visitors who, having already booked online, are less inclined to join as members at Llanfair on the day. On the other hand, our excellent social media presence encourages a steady flow of new members throughout the year.

During the past year we have seen a good influx of new volunteers and many others returning after the relaxing of Covid restrictions. The Volunteer Liaison Committee has been joined by a recruitment officer who will target areas where we are particularly short.

The training programme is running well, and with a more flexible approach being adopted, it should be easier for volunteers to progress in their chosen area of interest. New members are all invited to join us for New Members Day, usually held annually at Llanfair, with the aim of encouraging active involvement in the running of the railway.

## **Staff**

In 2021 the company employed five full time and one part time staff; plus there are around 290 part time volunteer staff.

During the first months of 2021 some paid staff were partially furloughed. Due to Covid 19 the number of volunteer staff attending was reduced during the year. Covid safe operations strategy and rules continued to be followed and continually reviewed and adjusted as necessary by the general manager and the safety officer, to whom the board is indebted.

In February, general manager Charles Spencer commenced a two-month handover to James Brett, James assuming full responsibilities from 1<sup>st</sup> April. The two-month handover was most beneficial in creating a smooth transition at a time of great upheaval and uncertainty due to the Covid pandemic. The trustees are grateful to Charles and James for their diligence in completing this.

Also in February, Matthew Dawe joined us for a grant-funded six-month appointment as community development officer, predominantly working on our human resources capability. We thank him for his efforts and wish him well for the future.

Engineering manager Richard Featherstone left the company on 14<sup>th</sup> November. The trustees thank him for his six years of service and wish him well for the future. At year-end, recruitment of his replacement was ongoing. As part of the implementation of the management structure, and to increase capability within the engineering department two volunteers,

Aaron Jones and John Travis, were appointed as mechanical engineering foremen.

The trustees are most grateful to James, Charles, Kevin, Richard, Sarah, Joe, Matthew and all the volunteer staff for their forbearance, patience, and hard work during another particularly difficult year.

## **Marketing**

2021 was a positive year in our development of improved marketing methods, including the setting up of a dedicated product and marketing department.

Experimentation with the experiences offered was central to our approach in the year. Breakfast trains, combining morning food and a train trip, attracted substantial visitor numbers for a previously unpopular departure time. On some days, this trip was the most popular. The introduction of first-class travel, using a previously under-utilised carriage, generated £51,297 in ticket sales between May and September with 2,996 people carried and an approximate net return of £43,000 to the railway. Many tickets were sold out a week or more in advance, suggesting there may be further untapped demand.

Promotional methods were also improved. A new website and booking system were implemented, making the railway a leader in the heritage railway field for online presence. This project was delivered both on-time and under budget. The railway's Facebook audience grew by 49% in the year. This delivered results in the 2021 season and is expected to be positive news long-term. A leaflet presence was retained in local distribution sites.

Research, strategy, planning, and data are all key to our approach, with much work done in 2021. A new commercial strategy, with greater focus on marketing the resources required to deliver, was approved by the board in September. It takes full account of experience in the year and covers areas such as events, anniversary celebrations and targets for the short, medium and long term.

Funding from the National Lottery Heritage Fund enabled us to undertake research among audiences and markets who do not currently use the railway, as well as those who do, to identify barriers to increased visiting. The findings are now being used to guide our product and marketing decision-making.

Further insight into our existing markets has come from the distribution of automated surveys to visitors after their journey. In 2021, this generated 2,225 responses, a significant percentage of total visitors. 99% rated their overall satisfaction as 'very satisfied' or 'satisfied'.

## **Financial review**

### **Results and financial position**

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

The Covid-19 pandemic and its economic impact continued to affect the railway's operation in the first half of the year. The £142,000 grant awarded from the second round of the Cultural Recovery Fund and £15,000 from Powys County Council were vital to allow us to cope with the loss of income and to enable staff to be brought back as early as possible to catch up with maintenance arrears and to ensure that equipment was in good, safe working order for re-opening.

Despite some ongoing restrictions, daily traffic receipts were very promising. Receipts in both August and from our Santa days were very good despite restricted capacity. Llanfair shop ended the year strongly, although with being open on only a few days, only £2,000 was received from Welshpool. Although we missed our own tearoom, the range of on-train catering options delivered £16,000 in sales, while the mobile catering unit at Llanfair provided a most welcome all year-round contribution of £13,000. Our total sales income from operations was £326,000, some two thirds of a normal year and notably better than the £100,000 of 2020.

Total incoming resources (consolidated statement of financial activities) were £1,512,000 due to:

- stronger sales than expected, after support grants had covered the shortfall earlier in the season;
- NLHF support on both the visitor trail and audience research;
- European Union TAIS grant support for Sylfaen loop;
- £107,000 in donations from our many supporters;
- £580,000 in legacies from Roger Pattie, Roy Laverick, Patricia Crimmin, John Rogers and Anthony Swift;
- £100,000 (in Note 3 under Other Operating Income) from our insurers following a Supreme Court ruling that our business interruption insurance policy provided cover appropriate to the pandemic,

as well as daily traffic, shop and catering income mentioned above.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, mechanical engineering here includes work on MÁV carriage bogies, the remaining work on the tamper, assessment of No.14 (ex-SLR 85), as well as the oils, grease, brake

blocks, firebars, parts and couplings needed to keep the operational rolling stock in good order. Locomotive hire covers the 2020 costs for the visit of ZB2 *Zillertal*. Civil engineering includes building repairs, improvements to our different alarm systems, signs covered by the NLHF grant and bridge walkways, as well as new kitchen units for Llanfair tearoom. Trackwork within major project civil engineering was the new Sylfaen loop as well as the main winter track projects.

Administrative costs (Note 6) include the one-off costs for the new website and online booking in marketing and the Solidworks software in computing costs. Staff costs were higher than 2020 as staff were on furlough for much of that year and therefore receiving only 80% of their normal salary.

The CCLA investments (Notes 7 and 13) continued to perform well, delivering £7,000 of dividend income and a £35,000 valuation increase in the year, giving 17% total return.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity and long-term donations and how they are spent, sometimes in a different period from when they were received. For this format, the grants received are split to show they have supported both daily cost needs and project spend that will deliver benefit over many years. The generosity of members and other supporters meant that donations and legacies received in 2021 contributed some £750,000 that can be applied to the many priorities within the most recent business plan update.

Capital expenditure in 2021 was £170,000, mainly work on No.1 *The Earl* and on No. 10 *Sir Drefaldwyn*, but also completion of Welshpool shed extension and the new water treatment installations.

### **Contingent income**

The charity has been notified of two further legacies from Charles Fisher and David Thomas who passed away in 2021. The amounts are not certain and cannot be estimated with reasonable certainty at the date of this report but could total £450,000.

### **Restricted funds**

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

Existing restricted funds for No.7 *Chattenden* and other diesels, carriage improvements, and viaduct protection are planned to be used in the coming years. The 2020 Appeal and heritage wagon funds are awaiting



approval of suitable projects. Funds for the restoration of locomotives No. 14, No. 8 *Dougal* and No. 6 *Monarch* are for longer term projects.

### **Designated fund**

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

### **Reserves policy**

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

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £490,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £250,000 to be an appropriate additional reserve. Adding these two figures, reserves of £740,000 were required at 31st December 2021; whilst actual investments, cash and working capital available stood at £1,400,000.

### **Investment policy**

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

### **THE FUTURE**

2021 carried on from 2020 in presenting the preservation company with many challenges. The company has been fortunate to have returned a very good performance, comparable to 2019 but with very different operations.

Due to the ongoing effects of the pandemic, the planned update of the business plan was delayed until the final quarter of 2021. Thus far, the major strategies have been signed off and the development of the next ten-year business plan will be completed during the first half of 2022.

The external safety audit completed in 2021 resulted in several recommendations against the ORR RM3 criteria. In the coming year there will be a focus on addressing these recommendations prior to a follow up audit later in the year.

The uncertainties of 2021 are likely to continue into 2022. It is hoped that planning will not be compromised although operations may need to have some flexibility, with a degree of short-range planning. As in 2021, this will need excellent operational communication and marketing with a focus on regular updates. The accent for 2022 will be on many more special events and improving the variety of offerings available in 2020 and 2021. This will include increasing the range of catering options.

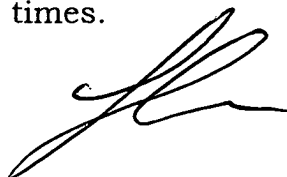
Major projects development work was put on hold during 2020 except for completing some work in progress. The rationale for this group was re-evaluated in 2021 and there will be a complete re-consideration of the major projects from 2022. It is likely that most of the year will be taken up with evaluation of options and planning.

During 2022, we anticipate increased networking and lobbying through connections with HRA and GLTW and the expansion of our liaisons with other railways and organisations.

The efforts to preserve, and even improve, the appearance of the railway to ensure it remains attractive to visitors will be priorities in 2022 and beyond with efforts made further to catch up on deferred maintenance.

There will be an increased focus on volunteer recruitment using the recently approved volunteer recruitment strategy. This will involve a more focused initiative to campaign to fill volunteer posts.

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



**Steve Clews**

Chairman

19 March 2022

# Independent Auditor's report

to the Trustees of Welshpool & Llanfair Light Railway Preservation Co. Ltd.

## Opinion

We have audited the financial statements of Welshpool & Llanfair Light Railway Preservation Co. Ltd. (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the parent charitable company balance sheet, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## Basis for opinion

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

## Other matters

The comparative information is unaudited as an audit was not required for 2020.

## Conclusions relating to going concern

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

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

## Other information

The other information comprises the information included in the Report of the Board of Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of

assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.  
We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement included in the Report of the Board of Trustees, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor responsibilities for the audit of the financial statements**

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

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

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

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are those that relate to the reporting framework (Charities SORP (FRS102), the Companies Act 2006 and the Charities Act 2011, the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

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

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

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

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

### **Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



WR Partners  
Chartered Accountants  
Statutory Auditors  
Belmont House  
Shrewsbury Business Park  
Shrewsbury  
SY2 6LG

8 April 2022

**Consolidated statement of financial activities**  
for the year ended 31 December 2021  
(incorporating the income and expenditure account)

		Unrestricted funds	Restricted funds	Total 2021	Total 2020
Income from:	Note	£	£	£	£
<i>Voluntary income</i>					
Donations, legacies, and grants	2	987,804	62,752	1,050,556	456,393
<i>Charitable activities</i>					
Railway operation and preservation	3	348,660	-	348,660	71,039
Membership subscriptions		20,861	-	20,861	21,097
<i>Other trading activities</i>					
Commercial trading operations	4	84,239	-	84,239	30,664
<i>Investment income</i>	7	1,928	5,648	7,576	7,828
<b>Total income</b>		<b>1,443,492</b>	<b>68,400</b>	<b>1,511,892</b>	<b>587,021</b>
 Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	518,676	3,590	522,266	284,916
Railway operation and preservation – projects	3	275,094	41,794	316,888	213,193
Membership and governance expenses	5	20,223	-	20,223	15,089
<i>Other trading activities</i>					
Commercial trading operations	4	66,208	-	66,208	44,358
<b>Total expenditure</b>		<b>880,201</b>	<b>45,384</b>	<b>925,585</b>	<b>557,556</b>
 Net gain/(loss) on investments	13	35,000	-	35,000	16,000
<b>Net income/(expenditure) for the year</b>		<b>598,291</b>	<b>23,016</b>	<b>621,307</b>	<b>45,465</b>
Gross transfers between funds	20	-	-	-	-
<b>Net movement in funds for the year</b>		<b>598,291</b>	<b>23,016</b>	<b>621,307</b>	<b>45,465</b>
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,168,752	170,914	2,339,666	2,294,201
<b>Total funds carried forward</b>		<b>2,767,043</b>	<b>193,930</b>	<b>2,960,973</b>	<b>2,339,666</b>

The above results are all derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a surplus of £621,307 (2020 £45,465 surplus).

## Consolidated and charity balance sheets

as at 31 December 2021

Company Registration No.00646238		Group		Charity	
		2021	2020	2021	2020
<b>Fixed assets</b>	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Heritage fixed assets	11	855,350	785,929	855,350	785,929
Other tangible fixed assets	12	655,474	729,341	655,474	729,341
Investments	13	289,000	254,000	319,000	284,000
		<b>1,799,824</b>	<b>1,769,270</b>	<b>1,829,824</b>	<b>1,799,270</b>
<b>Current assets</b>					
Stocks	14	95,200	74,500	73,000	58,000
Debtors	15	158,245	106,386	159,878	106,823
COIF deposit account		800,679	354,156	800,679	354,156
Bank accounts and cash balances	16	234,984	304,880	216,014	290,284
		<b>1,289,108</b>	<b>839,922</b>	<b>1,249,571</b>	<b>809,263</b>
<b>Creditors: amounts falling due within one year</b>					
Trade creditors		37,703	31,147	37,697	31,147
Other creditors including tax and social security	17	2,608	2,107	16,608	3,724
Accruals and deferred income	18	56,559	208,642	51,059	206,642
		<b>96,870</b>	<b>241,896</b>	<b>105,364</b>	<b>241,513</b>
<b>Net current assets</b>		<b>1,192,238</b>	<b>598,026</b>	<b>1,144,207</b>	<b>567,750</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>31,089</b>	<b>27,630</b>	<b>31,089</b>	<b>27,630</b>
<b>Total net assets</b>		<b>2,960,973</b>	<b>2,339,666</b>	<b>2,942,942</b>	<b>2,339,390</b>
<b>The funds of the charity:</b>					
Unrestricted funds		2,716,675	1,990,851	2,698,644	1,990,575
Designated funds		50,368	177,901	50,368	177,901
Total unrestricted funds	19	2,767,043	2,168,752	2,749,012	2,168,476
Restricted income funds	20	193,930	170,914	193,930	170,914
<b>Total funding provided</b>		<b>2,960,973</b>	<b>2,339,666</b>	<b>2,942,942</b>	<b>2,339,390</b>

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

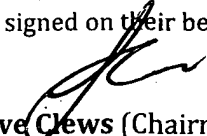
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.


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

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

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

The financial statements were approved and authorised for issue by the Trustees on 19 March 2022 and signed on their behalf by:

  
Steve Clews (Chairman of the Trustees)

  
Iain McLean (Vice Chairman)

**Consolidated cash flow statement**  
for the year ended 31 December 2021

		2021		2020	
	Note	£	£	£	£
<b>Net cash provided by/(used in) operating activities</b>	23		538,988		468,824
<b>Cash flows from investing activities:</b>					
Dividends from investments	23	7,466		7,321	
Acquisition of heritage and other tangible fixed assets	11 12	(169,827)		(226,281)	
Disposal of tangible fixed assets		-		-	
(Acquisition) / divestment of investment assets	13	-		-	
<b>Net cash provided by / (used in) investing activities</b>			(162,361)		(218,960)
<b>Cash flow from financing activities:</b>					
Financing activities in year			-		-
<b>Net cash provided by/(used in) financing activities</b>			-		-
<b>Change in cash and cash equivalents in the year</b>	22		376,627		249,864
Cash and cash equivalents at beginning of year	22		659,036		409,172
<b>Cash and cash equivalents at end of year</b>	22		1,035,663		659,036



## **Notes to the accounts**

31 December 2021

### **1. Accounting policies**

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

#### **(a) Basis of preparation**

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

The company's functional currency is GBP sterling.

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

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

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

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

#### **(c) Group financial statements**

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

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

#### **(d) Income**

##### *(i) Charitable activities*

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

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

##### *(ii) Other trading activities*

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

*(iii) Donations, legacies, and grants*

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

*(iv) Intangible income*

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

**(e) Expenditure**

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

*(i) Repairs and maintenance*

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

*(ii) Overhead allocation*

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

*(iii) Pension costs*

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

**(f) Tangible fixed assets and depreciation**

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

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

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

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

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

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

**(g) Investments**

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

**(h) Stocks**

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

**(i) Cash and cash equivalents**

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

**(j) Financial assets and liabilities**

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

**(k) Equity instruments**

There were no equity instruments issued in the year.

**(l) Fund accounting**

Funds held by the charity are either:

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

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

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

**(m) Contingent income**

The charity has been notified of two legacies from members who passed away in 2021. The amounts are not certain but could total £450,000.

## 2. Donations, legacies, and grants

	Unrestricted	Restricted	2021	2020
	£	£	£	£
Gift aided donations	36,524	47,362	<b>83,886</b>	188,403
Other donations	7,924	15,390	<b>23,314</b>	65,968
Legacies	580,302	-	<b>580,302</b>	56,831
Furlough support	2,083	-	<b>2,083</b>	50,134
Grants – EU TAIS	58,705	-	<b>58,705</b>	12,836
Grants – Powys Council	15,000	-	<b>15,000</b>	30,000
Grants – Heritage Lottery Fund	22,900	-	<b>22,900</b>	36,000
Grants – Cultural Recovery Fund	264,366	-	<b>264,366</b>	16,221
<hr/>				
Total 2021	987,804	62,752	<b>1,050,556</b>	456,393
Total 2020	339,876	116,517	<b>456,393</b>	

### 3. Railway operation and preservation

Turnover	Note	2021		2020	
		£	£	£	£
Fares			241,532		66,972
Driving courses			-		-
Keyse Cottage receipts		2,664		2,005	
Solar panels income		1,681		2,062	
Insurance receipt, sale of surplus materials and parking		102,783		-	
Other operating income			107,128		4,067
Income from railway operation and preservation			348,660		71,039
<b>Working expenses</b>					
Fuel		21,220		10,030	
Repairs and maintenance:					
Mechanical engineering		89,227		30,207	
Civil engineering		70,255		11,147	
Costs applicable to special trains		7,260		980	
Loco hire fees		18,498		9,461	
Keyse Cottage running expenses		1,299		2,081	
Administration and management costs	6	314,507		221,010	
Total working expenses of railway operation and preservation			522,266		284,916
<b>Major project expenditure</b>					
Mechanical engineering		15,629		18,972	
Civil engineering		126,986		27,367	
Depreciation	11 12	174,273		166,854	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			316,888		213,193
<b>Net cost of railway operation and preservation</b>			<b>490,494</b>		<b>427,070</b>

#### 4. Subsidiary's trading activities

	Note	2021 £	2020 £
Income – Consultancy		-	1,257
Income – Catering		28,755	5,806
Income – Shops		55,484	23,601
Total trading income		84,239	30,664
Less: Catering cost of sales		17,488	1,903
Gross tearoom profit		39.2%	67.2%
Less: Shops cost of sales		26,237	16,298
Gross shops profit		52.7%	30.9%
Less: Administration and management costs	6	22,483	26,157
Total trading expenditure		66,208	44,358
Plus: Grant Income – Furlough		-	13,970
<b>Net profit for the year - to be donated to parent company by gift aid</b>		<b>18,031</b>	<b>276</b>

Subsidiary's balance sheet at year-end	2021	2020
Current assets -other	41,170	31,096
Current (liabilities) – other	(7,139)	(2,437)
Current assets / (liabilities) – inter-company balance with parent company	14,000	1,617
<b>Net assets</b>	<b>48,031</b>	<b>30,276</b>

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

#### 5. Membership and governance expenses

	Note	£ 2021	£ 2020
The Llanfair Railway Journal		11,921	11,124
Membership secretarial expenses	6	1,230	840
Governance costs	6	7,072	3,125
		20,223	15,089

## 6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2021	Total 2020
	£	£	£	£	£
<b>Establishment</b>					
Rent, rates, water and insurance	32,896	-	-	32,896	26,161
Electricity and heating	10,957	-	-	10,957	7,635
Equipment rental and maintenance	5,267	-	-	5,267	3,902
Cleaning and hygiene supplies	16,820	-	-	16,820	12,272
Rent charged to trading	(6,016)	6,016	-	-	-
	59,924	6,016	-	65,940	49,970
<b>Selling</b>					
Advertising and publicity	52,794	-	-	52,794	19,095
<b>Administrative</b>					
Staff costs ( <i>Note 9</i> )	162,785	-	-	162,785	145,272
Travelling	670	-	-	670	887
External training	3,236	-	-	3,236	1,474
Telephone and radio	3,447	-	-	3,447	2,163
Postage, stationery, and IT costs	13,843	519	-	14,362	5,118
Independent audit/examination fees	-	-	7,072	7,072	1,000
Accountancy fees	11,895	4,590	-	16,485	15,120
General expenses	6,406	177	1,230	7,813	5,561
Recharged to trading/capital	(9,000)	9,000	-	-	-
	193,282	14,286	8,302	215,870	176,595
<b>Financial</b>					
Bank charges and booking processing costs	8,507	2,181	-	10,688	5,472
<b>2021 Total</b>	<b>314,507</b>	<b>22,483</b>	<b>8,302</b>	<b>345,292</b>	<b>251,132</b>
<b>2020</b>	<b>221,010</b>	<b>26,157</b>	<b>3,965</b>	<b>251,132</b>	

## 7. Investment income

	2021	2020
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,466	7,321
CCLA Deposit Account – Interest	57	496
Bank interest	-	-
Interest on tax	53	11
	<b>7,576</b>	<b>7,828</b>
Of which: restricted	5,648	4,930
unrestricted	1,928	2,898

## 8. Taxation

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

## 9. Information regarding trustees/directors and employees

	2021	2020
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	146,811	133,989
Social security costs	9,242	6,059
Other pension costs	6,732	5,224
	<b>162,785</b>	<b>145,272</b>

No member of staff received emoluments in excess of £60,000 (2020: Nil). The General Manager's emoluments were in the range £35,001 to £40,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2021	Number 2020
Charity (full time equivalent)	5	5
Subsidiary (full time equivalent)	-	1
	<b>5</b>	<b>6</b>

The subsidiary employed no employees in the year.

### *(c) Trustees*

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

Trustees received £Nil as reimbursement of travel expenses (2020: £Nil).



## 10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director of Oswestry and Borderlands Tourism Ltd, the Heritage Railway Association and the Heritage Rail Charitable Trust. David Jones is county councillor for most of the railway's area and Robert Robinson has been appointed as town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum and William Bickers Jones is also a trustee of that organisation. Andrew Charman is editor of Narrow Gauge World and Oliver Edwards is a heritage consultant to several railways. If any of these perceived a conflict of interest, they would have withdrawn from discussions and decisions on that topic.

## 11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
<b>Cost</b>				
At 31 December 2020	596,266	1,178,140	12,507	1,786,913
Additions	-	144,619	-	144,619
(Disposals)	-	-	-	-
At 31 December 2021	596,266	1,322,759	12,507	1,931,532
<b>Depreciation</b>				
At 31 December 2020	394,111	594,366	12,507	1,000,984
Charges for the period	15,117	60,081	-	75,198
(Disposals)	-	-	-	-
At 31 December 2021	409,228	654,447	12,507	1,076,182
<b>Net book amount</b>				
<b>31 December 2021</b>	<b>187,038</b>	<b>668,312</b>	<b>NIL</b>	<b>855,350</b>
31 December 2020	202,155	583,774	NIL	785,929

There was no capital expenditure contracted for at the period end (2020: £98,000).

## Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2017	3,751	No. 10 <i>Sir Drefaldwyn</i> Bowaters wagon
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>

## 12. Other tangible fixed assets: group and charity

	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
Cost	£	£	£	£
At 31 December 2020	867,268	391,174	291,409	1,549,851
Additions	15,677	-	9,531	25,208
(Disposals)	-	-	-	-
At 31 December 2021	<b>882,945</b>	<b>391,174</b>	<b>300,940</b>	<b>1,575,059</b>
<b>Depreciation</b>				
At 31 December 2020	400,852	263,166	156,492	820,510
Charge for the period	36,917	25,857	36,301	99,075
(Disposals)	-	-	-	-
At 31 December 2021	<b>437,769</b>	<b>289,023</b>	<b>192,793</b>	<b>919,585</b>
<b>Net book amount</b>				
<b>31 December 2021</b>	<b>445,176</b>	<b>102,151</b>	<b>108,147</b>	<b>655,474</b>
31 December 2020	466,416	128,008	134,917	729,341

There was £30,000 of capital expenditure contracted for at the period end (2020: £Nil).

## 13. Investments

COIF charity funds		Group		Charity	
	Number	2021 £	2020 £	2021 £	2020 £
<b>Investment Fund shares</b>					
At 1 January at market value	14,119	254,000	238,000	254,000	238,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		35,000	16,000	35,000	16,000
At 31 December at market value	14,119	<b>289,000</b>	254,000	<b>289,000</b>	254,000
<b>Shares in subsidiary</b>					
At 31 December at cost	30,000			<b>30,000</b>	30,000
		<b>289,000</b>	254,000	<b>319,000</b>	284,000
Historic cost at 31 December		<b>147,000</b>	147,000	<b>177,000</b>	177,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £48,031 (2020: £30,276). Further details on W&L Sales Ltd are shown in Note 4.

#### 14. Stocks

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Stores	73,000	58,000	73,000	58,000
Goods for resale	22,200	16,500	-	-
	95,200	74,500	73,000	58,000

#### 15. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	163	5,961	163	5,961
Prepayments and accrued income	90,395	49,770	90,395	49,770
VAT	50,659	12,771	52,292	13,208
Gift Aid recoverable	17,028	37,884	17,028	37,884
Amount due from subsidiary company	-	-	-	-
	158,245	106,386	159,878	106,823

#### 16. Bank overdraft

The group has overdraft facilities of £Nil (2020 - £Nil).

#### 17. Other creditors including tax and social security

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
PAYE	2,608	2,107	2,608	2,107
Amount due to subsidiary company	-	-	14,000	1,617
	2,608	2,107	16,608	3,724

## 18. Accruals and deferred income

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Subscriptions in advance	46,148	42,972	46,148	42,972
Less: falling due after more than one year	(31,089)	(27,630)	(31,089)	(27,630)
	15,059	15,342	15,059	15,342
Accruals	41,500	193,300	36,000	191,300
	56,559	208,642	51,059	206,642

## 19. Unrestricted funds

	Balances 31 Dec 2020 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2021 £
<i>General funds</i>	1,990,851	1,442,025	(751,201)	35,000	2,716,675
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	48,901	1,467	-	-	50,368
Grants received in advance	129,000	-	(129,000)	-	-
	177,901	1,467	(129,000)	-	50,368
Total unrestricted funds	2,168,752	1,443,492	(880,201)	35,000	2,767,043

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2021, £1,340,154 (2020: £1,409,123) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

## 20. Restricted funds

	Balances 31 Dec 2020	Income	(Expenditure)	Transfer from/(to) unrestricted funds	Balances 31 Dec 2021
	£	£	£	£	£
Restoration of No.6 <i>Monarch</i>	6,505	195	-	-	6,700
Restoration of No.14	41,212	1,041	(12,973)	-	29,280
Restoration of No. 8 <i>Dougal</i>	-	824	-	-	824
Zillertal carriages maintenance	4,995	106	(1,470)	-	3,631
Carriage improvement fund	10,930	38,959	-	-	49,889
Heritage wagon fund	3,907	117	-	-	4,024
Overhaul of No. 7 <i>Chattenden</i>	-	21,370	-	-	21,370
Diesel maintenance	4,969	2,724	-	-	7,693
Tamper overhaul	1,511	-	(1,511)	-	-
Tool vans overhaul	-	1,010	(1,010)	-	-
Viaduct and bridges protection	23,710	711	-	-	24,421
Sylfaen loop	27,310	-	(27,310)	-	-
2020 appeal	44,755	1,343	-	-	46,098
Llanfair connections	1,110	-	(1,110)	-	-
	170,914	68,400	(45,384)	-	193,930

## 21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2021 £
Tangible heritage and other fixed assets	1,510,824	-	1,510,824
Investments	252,196	36,804	289,000
Net current assets	1,035,112	157,126	1,192,238
Long term liabilities	(31,089)	-	(31,089)
	2,767,043	193,930	2,960,973

## 22. Analysis of changes in net funds

	At 31 Dec 2020 £	Cash flows £	At 31 Dec 2021 £
Bank and cash balances	304,880	(69,896)	234,984
COIF Deposit account	354,156	446,523	800,679
	659,036	376,627	1,035,663

## 23. Net cashflow from operating activities

	2021 £	2020 £
Net income/(expenditure) per Statement of Financial Activities	621,307	45,465
Adjust for non-cash items:		
Depreciation	174,273	166,854
Net (gain)/loss on investments	(35,000)	(16,000)
Adjust for working capital changes:		
Decrease/(increase) in stocks	(20,700)	14,200
Decrease/(increase) in debtors	(51,859)	99,886
Increase/(decrease) in creditors	(141,567)	165,740
Adjust for dividends received: (shown separately in Cashflow)	(7,466)	(7,321)
	538,988	468,824

## 24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income from:</b>			
<i>Voluntary income</i>			
Legacies and donations	339,876	116,517	456,393
<i>Charitable activities</i>			
Railway operation and preservation	71,039	-	71,039
Membership subscriptions	21,097	-	21,097
<i>Other trading activities</i>			
Commercial trading operations	30,664	-	30,664
<i>Investment income</i>	2,898	4,930	7,828
<b>Total income</b>	<b>465,574</b>	<b>121,447</b>	<b>587,021</b>
<b>Expenditure on:</b>			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	284,916	-	284,916
Railway operation and preservation – projects	97,411	115,782	213,193
Membership and governance expenses	15,089	-	15,089
<i>Other trading activities</i>			
Commercial trading operations	44,358	-	44,358
<b>Total expenditure</b>	<b>441,774</b>	<b>115,782</b>	<b>557,556</b>
Net gain/(loss) on investments	16,000	-	16,000
<b>Net income/(expenditure) for the year</b>	<b>39,800</b>	<b>5,665</b>	<b>45,465</b>

## 25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales £	Appeals & investment income £	Membership and governance £	2021 £	2020 £
Income from operating activities	348,660	84,239	7,576	20,861	461,336	130,628
Donations – Tracks to recovery						55,500
Grants – pandemic support	149,266				149,266	131,555
Daily operating (costs)	(522,266)	(66,208)	-	(20,223)	(608,697)	(344,363)
<b>Net income: Daily operations</b>	<b>(24,340)</b>	<b>18,031</b>	<b>7,576</b>	<b>638</b>	<b>1,905</b>	<b>(26,680)</b>
<b>Long term income</b>						
Donations, Legacies, Grants			901,290		901,290	269,338
Gains on investments			35,000		35,000	16,000
<b>Long term project expenditure</b>						
Major project (spend)	(142,615)	-		-	(142,615)	(46,339)
(Depreciation)	(174,273)	-		-	(174,273)	(166,854)
<b>Net income/ (expenditure) by activity</b>	<b>(341,228)</b>	<b>18,031</b>	<b>943,866</b>	<b>638</b>	<b>621,307</b>	<b>45,465</b>



## **Minutes of 2021 Annual General Meeting**

### **WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD**

**Sixty second Annual General Meeting held at 1.00pm  
on Sunday 16 May 2021 at the Station, Llanfair Caereinion, Powys**

#### **Present:**

Steve Clews (Chairman), James Brett (General Manager), Adrian Ashby, Helen Ashby, William Bickers-Jones, Simon Bowden, Andrew Charman, Steve Davidson, Oliver Edwards, Martin Evans, John Forman, Peter Green, Bob Mason, Michael Reilly (Company Secretary), and thirty members by video link.

#### **Apologies for Absence**

Apologies were received from the Earl of Powis (President), Alan Higgins (Vice-President), Michael & Pamela Denholm, Dick Johnson, Mervyn Pritchard, Robert Robinson, Richard Thomas, and Roy Wilkinson.

#### **1. Minutes of the Annual General Meeting on 9 August 2020**

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

#### **2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2020**

Steve Clews highlighted the main points of the annual report.

The prolonged closure of the railway from March to August due to the Covid19 pandemic had been the biggest threat to the survival of the railway in living memory, possibly ever. Far fewer passengers were carried than in normal years, operations were from Llanfair only, no events were held, and government restrictions meant the season finished early and the tea-room did not open.

Overhaul and repair work was also affected by the lockdowns.

The management, trustees, company secretary and fundraising team worked extremely hard on grants and appeals, which raised enough to replace our lost income and ensure the company finished the year in a good place, while a small gang of local volunteers provided security, safety and maintenance cover during closure and helped maintain operations in the summer.

The company thanked them all for their support, as well as the paid staff, most of whom were furloughed over long periods.

Steve Clews then replied to questions about the annual report from Kate Billmore and Steve Davidson. He said that the board had been aware of the planning application for land opposite the station at Llanfair since December 2016 and had submitted its views to the planning authorities at the time. In the light of the pandemic, most developments were being reviewed and the business plan re-written. Expenditure on 2020 projects was on hold until this was completed. We had been very pleased with the results from having a mobile catering unit on site, but could not give more details for reasons of commercial confidentiality. To the best of his knowledge, any staff member who had stood down, both volunteer and paid, had received due thanks from the company. This was an initiative which the previous GM had instigated.

Bob Mason then summarised the main features of the Consolidated Financial Statements. Railway income in 2020 had been just 24% of what we had originally forecast and W&L Sales income just 19%. But thanks to superb all- round support, including the policy of maintaining a prudent level of reserves, the magnificent response of members and others

to the *Tracks to Recovery* appeal, the furlough scheme, generous grant support, and the agreement of the Zillertalbahn to defer receipt of payments for the hire of ZB2, we had ended the year with project work continuing and a slightly higher level of reserves. Funding was also in place to reinstate Sylfaen loop in 2021, but the railway could not run without income from W&L Sales, so a return to normality was important.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was then proposed by Helen Ashby, seconded by Steve Davidson, and approved unanimously. The appointment of Whittingham Riddell as independent examiners of the Company was then proposed by Steve Davidson, seconded by Oliver Edwards, and also passed unanimously.

Steve Clews then gave a brief report on developments in the first half of 2021. James Brett had succeeded Charles Spencer as General Manager after a transition and Matthew Dawe had joined as Community Development Officer on a six-month contract. Train services had re-started from 1<sup>st</sup> May following the easing of lockdown restrictions, but social distancing precautions restricted the number of passengers we could carry. Several track relay and repair works had been completed over the winter, while overhauls of No.1, No. 10 and the tamper continued. No.2 was retired from service being out of boiler ticket, while ZB2 needed renewal of boiler tubes and some front tube plate rivets which meant the season began with the Diema as the main locomotive with ZB2 taking over in mid-May.

### **3. Election of Trustees**

Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held, and all four candidates received more votes in favour than against. Helen Ashby, Simon Bowden, Andrew Charman, and Iain McLean were therefore all re-elected to the board.

### **4. Election of President**

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

### **5. Election of Vice Presidents**

The following nominations were made: Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike, and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Andrew Charman proposing and Martin Evans seconding.

There being no further business, Steve Clews thanked everyone working for the railway in these difficult times and urged those who had not done so recently to visit it. The meeting closed at 1.35pm.