

WELSHPOOL & LLANFAIR

LIGHT RAILWAY

PRESERVATION CO LTD

ANNUAL REPORT AND ACCOUNTS

2020

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Administrative details

Principal office (also the registered office)	The Station Llanfair Caereinion Welshpool Powys SY21 0SF
Phone	01938 810441
Web	www.wlir.org.uk
Accountants	Cadwallader & Co LLP Chartered Accountants Eagle House 25 Severn Street Welshpool Powys SY21 7AD
Independent examiners	WR Partners Hafren House 5 St Giles Business Park Newtown Powys SY16 3AJ
Solicitors	Lanyon Bowdler LLP 4 St Martin's Street Hereford HR2 7RE

Officers and managers

Company Secretary	Michael Reilly
General Manager	Charles Spencer
Operations and Infrastructure Manager	Kevin Heywood
Mechanical Engineering Manager	Richard Featherstone

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the station, Llanfair Caereinion on Sunday 16 May 2021 at 1.00 pm for the purpose of transacting the following business:

Ordinary Resolutions

- (1) To receive and adopt the audited consolidated financial statements and the report of the trustees for the year ended 31 December 2020.
- (2) To appoint Whittingham Riddell as independent examiners of the Company and to authorise the directors to determine their remuneration.
- (3) To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. Helen Ashby, Simon Bowden, Andrew Charman and Iain McLean retire by rotation. There are four vacancies. Details of those offering themselves for election are given in the voting pack sent to all members.
- (4) To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
- (5) To elect vice presidents. Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike and Sir Philip Williams have indicated their willingness to be re-elected.

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

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

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

Michael Reilly
Company Secretary
20 March 2021

REPORT OF THE BOARD OF TRUSTEES

Our mission

The company is a registered charity whose formal charitable purpose is: *to advance the education of the public in the history and development of railway locomotion by the preservation of railway locomotives and/or rolling stock and/or historic railway lines.*

The trustees serving during 2020 and the meetings they attended were:

	<i>Actual/ possible</i>		<i>Actual/ possible</i>
Steve Clews <i>Chairman</i>	8/8	Oliver Edwards	8/8
		John Forman	8/8
Iain McLean <i>Vice Chairman</i>	6/8	Peter Green <i>(from 9 August)</i>	3/3
Helen Ashby	8/8	Cllr. David Jones	7/8
William Bickers-Jones <i>(from 9 August)</i>	3/3	Bob Mason	8/8
		Robert Robinson	8/8
Simon Bowden	8/8	Bruce Webber <i>(until 9 August)</i>	5/5
Andrew Charman	8/8		

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

This report sets out the trustees' account of the company's work in 2020. It meets the requirements for charity accounting prescribed in the Charities SORP. It also meets the Directors' Report requirements prescribed in company law

Status of the charity

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

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

The charity can have up to twelve trustees. Members of the board of trustees

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

Governance and management

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

The trustees are of the opinion that in preparing the financial statements on pages 18 to 36 appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The trustees are responsible for ensuring that the group keeps accounting records which disclose, with reasonable accuracy, the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that they are not aware of any relevant audit information of which the group and charity's independent financial examiners are unaware; and that they have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the group and charity's independent examiners are aware of that information.

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

On appointment, trustees are provided with the Charity Commission's current guidance for new trustees. Trustees are allocated specific responsibilities according to their individual skills. Induction to the charity's operations is not considered necessary as trustees are usually drawn from the ranks of working

members. However, they are encouraged to identify their own training needs. Trustees are provided with the updates and relevant information from regulatory bodies, including the Charity Commission, Office of Rail and Road (ORR) Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management

The company has a formal risk management process, identifying in detail the risks to which it is exposed. The board of trustees keeps six registers of risks to the business. These registers hold risks at a company level relating to commercial, external, finance, governance, operations and personnel, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. During 2020, ownership of the commercial risk register was transferred from the general manager to a trustee. Emergent and changed risks are identified, discussed and documented at each board meeting. Covid 19 and generic pandemic risks were considered subsequent to the annual review of the registers in January 2020.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process. During 2020 considerable work was conducted to identify all risks associated with all operations in a Covid safe environment.

Safety

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. There were no incidents requiring reporting to outside bodies in the year. We again suffered a small number of minor injuries to staff on the railway. In all the reports the underlying theme was that those involved had not been paying full attention to the task in hand. The importance of doing so, and not distracting others when they are working, cannot be overstressed.

The safety officer's work was dominated by the Covid pandemic and ensuring that suitable risk assessments, working practices and mitigations were introduced to protect staff and visitors from transmission of the virus. It was pleasing to receive letters and emails from the public complimenting us on our precautions and saying how safe they had felt travelling with us.

The railway responded to a request sent to all heritage railways by their regulator, the ORR, for a risk assessment and mitigations regarding passengers leaning out of droplights, and also applied ORR guidance in the reopening of the railway after the spring 2020 lockdown.

Work has continued to strengthen the safety management system (SMS) including identifying a new document management system which we hope to introduce in 2021.

The trustees would like to thank the general manager and the safety & management team for their work in keeping safety at the forefront of the operation of the railway.

Objectives

The principal objective of the company continues to be to advance the education of the public in the history and development of railway locomotion. This encompasses the following three subsidiary objectives:

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

Public benefit

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

The public benefits of the charity are:

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

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

Any member of the public may:

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

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

Achievements and performance

At the start of the year, the railway was set to continue its objective of gradual growth to increase its sustainability. With two steam locomotives expected to come back into service during the year, fewer constraints on operations were foreseen and the published timetable had 637 trains scheduled to run on 176

days, increases of 12% and 6% respectively over 2019. A growing range of special events was also planned.

A half-term service was operated in February, with passenger numbers and revenue down slightly on 2019 due primarily to poor weather. With the first reported coronavirus case in Wales on 28 February, the railway moved quickly to assess the risks and put precautions in place, but it became clear that it would not be possible to open as planned on 4 April. The full national lockdown was announced on 23 March and thereafter only essential maintenance and security were carried out, by local staff.

The lockdown for the leisure sector and the suspension of most work at the railway lasted until early July, and after strenuous preparations the railway reopened to visitors on 1 August. Capacity on trains was severely limited by the need to provide safe separation between household bubbles. To maximise the number of passengers who could travel under these circumstances, services during August ran between Llanfair Caereinion and Castle Caereinion only. The one-hour round trip was very popular with families, especially those with small children, and many trains were sold out.

After planned renewal work on the line between Castle Caereinion and Welshpool which had been interrupted by the lockdown was completed, from the beginning of September one train a day offered a round trip over the whole line, with the popular Castle service continuing twice daily. Then, in mid-October, Wales imposed a second lockdown and thereafter no further public trains operated in 2020; among the significant losses was the popular and very remunerative Santa Special service in December which, like every other special event planned for the 2020 season, had to be cancelled.

Project work also suffered during the closures, with progress dramatically slowed on repairs (barring safety critical maintenance) and improvements, due primarily to the inability of most volunteers to come to the railway. This included the programme of works funded by the EU through the Welsh Government's Tourism Amenity Investment Support scheme.

The company received extraordinary support during this crisis in donations from members and the public, as well as from emergency government grants and the furlough programme. Nevertheless, over 70% of the railway's costs are fixed, whether trains run or not, and some operating revenue was essential to help cover these. Feedback from visitors about our efforts was universally positive, but even more important was that the railway demonstrated its ability to operate trains and welcome visitors in exceptionally difficult circumstances. Operating trains is what a heritage railway is for, and the W&L proved that it was alive and well and could do so.

Many members of the railway community – trustees, management, paid staff, volunteers and supporters – worked very hard and contributed enormously to this past year's achievements. The railway can also report that, as far as it knows, no cases of coronavirus can be attributed to the railway's conduct during the pandemic. Doubtless 2021 will bring challenges, including the need to catch up on maintenance and projects delayed by the pandemic, but the

railway's strong position financially and reputationally at the end of 2020 is the best indicator of its performance over this extraordinary year.

Track, infrastructure and buildings

We continued the programme of replacing worn rails during 2020, starting with a further section at Mill Curves and then at Pussy Bridge, where new 50lb rails were used. Some new rails were also laid at Welshpool station, with the loop rerailed using cascaded original rails and new hardwood sleepers where necessary. At Cyfronydd, a new turnout has been installed and the siding relaid. Special thanks go to the Great Whipsnade Railway for the generous loan of their tamping machine. Overhaul of the easternmost bridge at the Mill Curves was carried out, along with the bridge at the old water tower alongside the River Banwy. Several storm damaged trees were removed and new fencing installed near Sylfaen.

Annual inspections of Banwy bridge and Brynelin viaduct took place, and minor maintenance works were carried out, with a full professional inspection due during 2021.

Numerous building repairs were undertaken by the midweek gang, including work to counter problems with drainage and water penetration. The latter is destined to be an ongoing problem at the former Colinette building until funding for re-roofing is available, but some interim mitigation works are planned. As an offsite project, members of the Fence2Fence team have been building bird boxes to be erected along the line with a view to attracting wildlife and allowing more detailed promotion of our lineside to passengers.

Steam locomotives

In 2020, the steam locomotive fleet ran a total of 2317 miles, of which No. 2 *Countess* completed 1824 miles (79%) and locomotive ZB2 *Zillertal*, on-hire from the Zillertalbahn, 493 miles (21%). All passenger train mileage in 2020 was handled by the two operational steam locos. Number 2's turn on 18 October proved to be its last run before the expiry of its boiler ticket in February 2021. That was also the last passenger service run prior to imposition of the second lockdown in Wales on 23 October. The overhauls of Nos. 1 *The Earl* and 10 *Sir Drefaldwyn* continued. Like so much else, these were severely limited by the pandemic.

Rolling stock

The carriage fleet accumulated a mileage of 9101 in passenger service during 2020. Work started on a refurbishment and overhaul of carriage B14.

Diesel locomotives and plant

Diesel locomotives Nos. 7 *Chattenden* and 17 both saw service on engineering trains during 2020. No. 17 was withdrawn from service and dispatched to Riley & Son Ltd in Heywood on 22 December for work on the wheelsets, axleboxes and final drives. The tamper was subject to an overhaul of its hydraulic and pneumatic systems plus rewiring the engine and a new exhaust system. This

work was funded entirely by donations and the company is grateful to all those who contributed.

Education and heritage

The railway meets its formal charitable purpose by preserving its heritage features and providing learning opportunities for all visitors. For most of 2020 we were unable to deliver our normal programme of special events and opportunities for learning were limited. *Llanfair Connections* was open during the February half term operations and the activities provided were enjoyed by family visitors.

When volunteering on site was possible, the small working group took the opportunity to make minor improvements to *Connections*, and to set up proper collections management procedures to enable us to care for and make accessible our growing collection of heritage objects to professional museum standards.

We have been fortunate in receiving grant funding from the National Lottery Heritage Fund and the Welsh Cultural Recovery fund to enable us to create a range of new displays and activities. The development series of 'trails', exhibitions and activity books will be launched early in 2021.

Fund raising

Amidst the gloom of the pandemic, 2020 was one of the best years for fundraising in the company's 60 year history. As detailed in the accounts, we received donations of £254,000, legacies of £57,000 and grant support totalling £145,000 attributable to the year. A further £129,000 was received in grant support to be spent in 2021 to relieve the continuing effect of the pandemic and to help rebuild. The biggest components of donations went to restoration of locomotive No. 1 *The Earl*; to *Tracks to Recovery* (support for costs during the first pandemic closure); and to repairs to our tamper in memory of Dave Billmore. The first big grant came from the National Lottery Heritage Fund, for which we were eligible because of our recent grant from them towards the 'Grand Tour' of locomotive No. 14. We also acknowledge support from the EU and Welsh Government (continuing Tourist Amenity Infrastructure Support, and Cultural Recovery Fund), Powys County Council (rate relief and related grants) and the UK Government (furlough support). Without all these efforts it would have been a truly bleak year. The fundraising and appeals teams worked very hard to achieve these results.

W&L Sales

Whilst making a contribution to the Preservation Company for rent and administration costs, together with a very small net profit, comparison with previous years is not meaningful given the circumstances. Only Llanfair shop could be opened, with the tea room replaced by an outside mobile catering unit and socially distanced seating in an adjacent marquee.

Comments received and the level of ancillary spend show this was appreciated by visitors. All things considered, the result was satisfactory and the efforts of all the staff, paid and volunteer, who were involved are greatly appreciated.

The much anticipated structural work and site development to provide enhanced facilities for visitors and for W&L Sales is currently on hold and will be reviewed and revived in the future.

Membership and volunteers

Membership at the end of 2020 was 2,054 compared to 2,120 at December 2019. The pandemic restrictions meant we had fewer visitors to Llanfair to recruit from, but we welcomed many new members recruited via social media. We attracted 137 new members in 2020, 33% from the SY postcodes, which usually account for 40%.

Our ability to retain members remains very good, aided by the 3 for 2 offer. Once members have been with us those first three years, the average length of membership is 22 years. In fact, 100 members have been with us 50 years or more. We also issued 18 new life memberships in 2020.

The volunteer liaison team completed a full audit in 2020 to ensure that the railway can plan for sustainability in having enough people in each section to allow the railway to run a full service when Covid-19 restrictions come to an end.

Training was limited in 2020 but plans are being put in place to re-introduce this as soon as restrictions allow. We now need more volunteers in most areas. We hope to attend more local events in 2021 and return to the Warley Model Railway Exhibition, to raise awareness of the railway among a wider audience. A happy volunteer is one who will stay with us for a long time.

Staff

The company employs four full time, one part time and, in normal years, up to six seasonal catering staff, plus there are about 290 part time volunteer staff.

After operating normally in the first three months of the year, including three seasonal staff working in the tearoom over February half-term, the company made extensive use of the government's furlough scheme over the rest of the year. The three full-time and the part time staff, as well as the three tearoom staff who were eligible, were on full-time furlough for between three and six months each. In addition, the general manager was furloughed full-time for three weeks in June, with the chairman and the safety officer taking responsibility for operations at the railway. After the scheme changed in July, all staff worked as required and were furloughed for the remainder of their time. One staff member voluntarily took a reduced regular salary throughout the period. Arrangements were also made for as much working from home as possible.

The trustees and the general manager are very grateful to all paid staff for their acceptance of these arrangements and the reduced income for them that resulted. They particularly recognize the challenges that staff encountered in spending so much time away from the railway.

Attendance of volunteer staff, some of whom come from considerable distances, was significantly impacted by the pandemic and government restrictions as

well as their personal situations, and volunteers suffered the same separation from their railway as the paid staff. About one sixth of the normal volunteer complement – mostly those living locally – were able to contribute essential maintenance during the closure and to operate trains in the restricted August to mid-October running period.

After the long hiatus, a great deal of training and reassessment of safety-critical staff was required, consistent with ORR and HRA guidance, before the railway could reopen to the public in August. Other training was significantly curtailed by the limitations of the pandemic and social distancing.

After the general manager announced in July his intention to retire as of 31 March 2021, a major recruitment effort was mounted which saw broad interest and strong candidates. The appointment of James Brett, formerly of the Crich Tramway Museum in Derbyshire, was announced in December, for a transition starting in February 2021.

A volunteering policy and volunteers' code of conduct were added to the suite of company personnel policies and extensive staff procedures were developed to manage the new Covid-safety provisions.

Marketing

In the first quarter of the year, a review of marketing spend took place in the light of research with our existing visitors from 2019. This was intended to cut back on spending which had not demonstrated sufficient returns, and more effectively to deploy our resources. Particularly, we reviewed leaflet distribution.

With this achieved, we were plunged into the well-reported challenges posed by coronavirus. Sadly, much of our marketing budget had been spent by the time this hit, leaflets being the clearest example.

A key aim became achieving our education, heritage and promotional objectives through digital provision. This was duly achieved in an intense campaign of imagery and video, both of which formed a key part of encouraging donations to our two appeals of 2020 – *Tracks to Recovery* and returning *The Earl* to steam. These were both a great success.

With the limited return of passenger trains from 1 August, a considerable effort was invested on social media, which offered a flexible, low-cost, low-risk promotion method for this uncertain period. This paid off, with many sold-out trains. Although much of the regular marketing variety, such as vintage trains and gala running, was absent our visitor figures remained respectable throughout the shortened season.

Financial review

Results and financial position

The trustees are of the opinion that in preparing the financial statements and related notes appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and that all applicable accounting standards have been followed. They are also satisfied

that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

The Covid-19 pandemic and its economic impacts have had significant effects on the railway's operation and that will continue into 2021. Trustees have reviewed the forecast income and expenditure for the coming year and continue to have a reasonable expectation that the railway is a going concern based on these estimated figures.

While the railway operated whenever it could safely do so in 2020, income from railway operations was only 24%, and commercial trading income only 19%, of 2019. Welshpool shop and the tearoom were closed all year, though the mobile catering van at Llanfair provided a most welcome all year round contribution to net income. Our total income from operations was £100,000, compared to a normal year of £450,000.

Total incoming resources (consolidated statement of financial activities) were £587,000 due to the exceptional support of members and other donors gifting £254,000, legacies of £57,000 and grant support totalling £145,000. This record of donations reflected tremendous, widespread response to the tamper overhaul appeal (£21,000), *Tracks to Recovery* (£56,000) and *The Earl* (£95,000). In legacies, Mike Abbott's railwayana collection generated an additional £37,000 and we are also grateful for generous bequests from Clifford Barratt, J M Eccles, Roy Edwards, Roy Evans, David Karran, David Page and Ian Wildbore.

In a difficult year, the railway also recognises the valuable support from Powys County Council in the form of rates relief as well as two grants, the Welsh government's Cultural Recovery Fund, the Heritage Lottery Fund and HMRC's furlough scheme. The EU TAIS grant previously awarded also made payments for Welshpool sheds work and Cyfronydd siding. Together these generated £148,000 in 2020 with a further £129,000 as prepayment of expenditure expected early in 2021.

Looking at cashflow, the December 2020 cash balances are £250,000 higher than December 2019 due mainly to the £129,000 advance receipt of grants and the fact that Mike Abbott's railwayana has now been converted into £119,000 of cash, whereas last year it was valued, but not yet sold.

Note 3 shows the railway's operation and preservation costs. In addition to the main capital projects capitalised separately, this part of mechanical engineering includes the oils, greases, brake blocks, fire bars, new parts and couplings needed to keep the operational rolling stock in fine fettle. Locomotive hire covers the 2020 costs for the visit of *ZB2 Zillertal*. The transport and modification costs are being amortised across her full anticipated stay with us. With lower activity, fuel costs are notably lower and sadly we did not need to aid Santa Special operations with the cost of presents this year. However, as the sun shone throughout Lockdown 1, solar panel income was up at just over £2,000.

'Mechanical engineering projects' refers to the tamper overhaul and 'civil engineering' the curtailed winter track relay programmes, notably Cyfronydd siding.

Within administration costs, staff costs (Note 6 for detail) reflect the much appreciated contribution from staff in accepting only 80% of normal salary while on furlough. Rates are lower by £3,000 due to business rates relief during the pandemic. Cleaning and hygiene reflects £7,000 for additional pandemic required materials, with further pandemic required measures causing spend on other cost lines as well.

Contribution from the commercial trading operations of W&L Sales Ltd is shown in Note 4. With much reduced levels of activity, W&L Sales contributed just £276 of profit to the railway and its contribution in the form of rent and general administration costs was much reduced due to its lower activity. The related furlough grant support of £14,000 did cover substantially all staff costs in the year. During the year, the W&L Sales capital was increased to £30,000, still 100% owned by the railway.

The CCLA investments (Notes 7 and 13) continued to perform well, delivering £7,000 of dividend income and a £16,000 valuation increase in the year, giving 9% total return.

Our consolidated statement of financial activities follows the format required of all charities. It shows all income and expenditure on one sheet but does mix together long-term and short-term activities. Note 25 summarises the income and costs for our different activities in a management accounts format. This shows both day-to-day income and costs by activity and also long-term donations and how they are spent, sometimes in a different period from when they were received. For this format, the *Tracks to Recovery* donations and the pandemic support grants are shown within 'daily operations' to show how this support helped keep the loss on day-to-day activities to £27,000. It also shows that the other £293,000 of donations and legacies received will go to support long-term projects, even in a year as difficult as 2020.

Capital expenditure in 2020 at £226,000 was high as work progressed on both No. 10 *Sir Drefaldwyn* and No.1 *The Earl*. In other fixed assets we have expenditure on the Welshpool shed extension.

The remaining members' loans balances at £1,430 from the 1980s/1990s have now been written-off. After extensive effort to contact members who had made these loans, no further repayment requests have been received in the last decade and with only a surname for the 60 members with loan notes still open it is not possible to do more to contact them.

Restricted funds

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

Existing restricted funds for diesels, viaduct protection, Sylfaen loop and *Llanfair Connections* are planned to be used in the coming year. The 2020 Appeal, carriage improvement, Zillertal carriage maintenance and heritage wagon funds are awaiting approval of suitable projects in due course. Funds for the restoration of locomotives No. 14 and No. 6 *Monarch* are for longer term projects.

Designated fund

The trustees have a designated fund earmarked for fitting out and displays as our interpretation centre plans evolve. In addition, grants received in advance of work being completed have a designated fund amount set aside in anticipation of that spend in 2021.

Reserves policy

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

Reserves, in the form of freely available funds, are therefore needed to cover this period and the start of the operating season until an adequate cash flow builds up from takings, usually in June. The trustees consider six months' unrestricted fund expenditure, plus any approved capital expenditure not already received in the form of a restricted fund, as an appropriate level of seasonal reserve. This is calculated to be £530,000. The trustees have also decided to retain long term investments, not only to provide bridging finance for restoration, capital projects or purchases until any relevant appeal generates the required money, but also to provide a margin for contingencies. This figure is calculated in line with Charity Commission guidelines bearing in mind the railway's risk management, the overall condition of the infrastructure and the level of insurance cover we purchase. The trustees consider £250,000 to be an appropriate additional reserve. Adding these two figures, reserves of £780,000 were required at 31 December 2020; whilst actual investments, cash and working capital available stood at £790,000.

Investment policy

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

The future

2020 was one of the most difficult years that the preservation company has experienced. Consequently, the performance cannot be compared with any other year. The planned update of the business plan had to be put on hold whilst the effects of the pandemic were determined, and the lessons evaluated. Development of a new ten-year business plan will be undertaken during the second quarter of 2021.

The uncertainties of 2020 will continue into 2021 and operations will need to remain flexible with a degree of short-range planning. This will need excellent communication and marketing with a focus on regular updates. The slow build-up of different offerings undertaken in 2020 will have to continue into 2021 with acceptance that some will work better than others. The lessons learned from 2020 will be employed in 2021 with the likelihood that more will emerge.

Major projects development was put on hold during 2020 with the exception of completing some existing work. The development of the retail site at Llanfair will now be re-evaluated following a post project review of the Welshpool sheds project, lessons learned from 2020 and the rebasing of the business plan. TAIS grant project progress was badly affected by the lockdowns and some work will be completed during an extension of the project into the first quarter of 2021.

During 2021 it is envisaged that there will be increased networking and lobbying through connections with HRA, GLTW and expansion of our liaison railways and organisations.

The efforts to preserve and improve the appearance of the railway to ensure it remains attractive to visitors will continue to be a priority in 2021 and beyond, with efforts made to further catch up on previously deferred maintenance.

During 2021 the membership service committee and the volunteer liaison team, assisted by a community development officer, a grant funded short term paid position, will review how to retain and re-invigorate the current membership, look at a scheme for young volunteers and look to increase volunteer activity again.

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

On behalf of the board of trustees

Steve Clews

Chairman

20 March 2021

Independent examiner's report to the trustees of the Welshpool & Llanfair Light Railway Preservation Co Ltd

Basis of Independent Examiner's Report

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2020 which are set out on pages 18 to 36.

Responsibilities and basis of report

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

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

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales.

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

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

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

John Fletcher BA(Hons) FCA

WR Partners
Newtown
14 April 2021

Consolidated statement of financial activities
for the year ended 31 December 2020
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income from:					
<i>Voluntary income</i>					
Donations, legacies and grants	2	339,876	116,517	456,393	227,875
<i>Charitable activities</i>					
Railway operation and preservation	3	71,039	-	71,039	290,547
Membership subscriptions		21,097	-	21,097	20,878
<i>Other trading activities</i>					
Commercial trading operations	4	30,664	-	30,664	161,797
<i>Investment income</i>	7	2,898	4,930	7,828	9,750
Total income		465,574	121,447	587,021	710,847
Expenditure on:					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	284,916	-	284,916	340,439
Railway operation and preservation – projects	3	97,411	115,782	213,193	229,400
Membership and governance expenses	5	15,089	-	15,089	17,996
<i>Other trading activities</i>					
Commercial trading operations	4	44,358	-	44,358	145,615
Total expenditure		441,774	115,782	557,556	733,450
Net gain/(loss) on investments	13	16,000	-	16,000	35,000
Net income/(expenditure) for the year		39,800	5,665	45,465	12,397
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		39,800	5,665	45,465	12,397
<i>Reconciliation of funds:</i>					
Total funds brought forward		2,128,952	165,249	2,294,201	2,281,804
Total funds carried forward		2,168,752	170,914	2,339,666	2,294,201

All of the above results are derived from continuing activities. All gains and losses recognised in the period are included above. The surplus/(deficit) for the year for Companies Act purposes comprises the net income for the year including the gain on the revaluation of the investments and amounts to a surplus of £45,465 (2019 £12,397 surplus).

Consolidated and charity balance sheets
as at 31 December 2020

		Group		Charity	
Company Registration No.00646238		2020	2019	2020	2019
Fixed assets	Note	£	£	£	£
Heritage fixed assets	11	785,929	665,303	785,929	665,303
Other tangible fixed assets	12	729,341	790,540	729,341	790,540
Investments	13	254,000	238,000	284,000	238,002
		1,769,270	1,693,843	1,799,270	1,693,845
Current assets					
Stocks	14	74,500	88,700	58,000	70,000
Debtors	15	106,386	206,272	106,823	242,249
COIF deposit account		354,156	268,339	354,156	268,339
Bank accounts and cash balances	16	304,880	142,263	290,284	106,462
		839,922	705,574	809,263	687,050
Creditors: amounts falling due within one year					
Trade creditors		31,147	1,581	31,147	1,241
Other creditors including tax and social security	17	2,107	4,028	3,724	4,028
Accruals and deferred income	18	208,642	75,276	206,642	73,276
		241,896	80,885	241,513	78,545
Net current assets		598,026	624,689	567,750	608,505
Creditors: amounts falling due after more than one year	18	27,630	24,331	27,630	24,331
Total net assets		2,339,666	2,294,201	2,339,390	2,278,019
The funds of the charity:					
Unrestricted funds		1,990,851	2,081,421	1,990,575	2,065,239
Designated funds		177,901	47,531	177,901	47,531
Total unrestricted funds	19	2,168,752	2,128,952	2,168,476	2,112,770
Restricted income funds	20	170,914	165,249	170,914	165,249
Total funding provided		2,339,666	2,294,201	2,339,390	2,278,019

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. Authorised for issue by the Board of Trustees on 20 March 2021 and signed on their behalf, by:

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

**Consolidated cash flow statement:
for the year ended 31 December 2020**

	Note	2020	2019
		£	£
Net cash provided by/ (used in) operating activities	23	468,824	22,205
Cashflows from investing activities:			
Dividends from investments	23	7,321	8,488
Acquisition of heritage and other tangible fixed assets	11 12	(226,281)	(282,441)
Disposal of tangible fixed assets		-	-
(Acquisition)/divestment of investment assets	13	-	-
Net cash provided by/ (used in) investing activities		(218,960)	(273,953)
Cashflow from financing activities:			
Members' loans received/(repaid)	22	-	-
Net cash provided by/ (used in) financing activities		-	-
Change in cash and cash equivalents in the year	22	249,864	(251,748)
Cash and cash equivalents at beginning of year	22	409,172	660,920
Cash and cash equivalents at end of year	22	659,036	409,172

Note: Cash equivalents includes Members' Loans liability

NOTES TO THE ACCOUNTS

31 December 2020

1. Accounting policies

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

(a) Basis of preparation

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

The company's functional currency is GBP sterling.

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

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

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

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

(c) Group financial statements

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

A separate Statement of Financial Activities (SOFA) for the charity itself is not presented because it has taken advantage of the exemptions afforded by section

408 of the Companies Act 2006 and paragraph 14.7 of SORP 2015. The charity has also availed itself of paragraph 4(1) of Schedule 1 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

(d) Income

(i) Charitable activities

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

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

(ii) Other trading activities

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

(iii) Donations, legacies and grants

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

(iv) Intangible income

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

(e) Expenditure

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

(i) Repairs and maintenance

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

(ii) Overhead allocation

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

(iii) Pension costs

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

(f) Tangible fixed assets and depreciation

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

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

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

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

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

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

(g) Investments

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

(h) Stocks

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

(i) Cash and cash equivalents

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

(j) Financial assets and liabilities

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

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

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

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

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

2. Donations, legacies and grants

	Unrestricted	Restricted	2020	2019
	£	£	£	£
Gift aided donations	79,178	109,225	188,403	110,317
Other donations	58,676	7,292	65,968	11,716
Legacies	56,831	-	56,831	89,000
Furlough support	50,134	-	50,134	-
Grants – EU TAIS	12,836	-	12,836	16,842
Grants – Powys Council	30,000	-	30,000	-
Grants – Heritage Lottery Fund	36,000	-	36,000	-
Grants – Cultural Recovery Fund	16,221	-	16,221	-
Total 2020	339,876	116,517	456,393	227,875
Total 2019	148,075	79,800	227,875	

3. Railway operation and preservation

Turnover	Note	2020		2019	
		£	£	£	£
Fares			66,972		279,554
Driving courses			-		2,242
Keyse Cottage receipts		2,005		5,064	
Solar panels income		2,062		1,887	
Sale of surplus materials, parking etc		-		1,800	
Other operating income			4,067		8,751
Income from railway operation and preservation			71,039		290,547

Working expenses

Fuel		10,030		29,208
Repairs and maintenance:				
Mechanical Engineering		30,207		53,926
Civil Engineering		11,147		16,078
Costs applicable to special trains		980		10,589
Loco hire fees		9,461		5,594
Keyse Cottage running expenses		2,081		3,714
Administration and management costs	6	221,010		221,330
Total working expenses of railway operation and preservation			284,916	340,439

Major project expenditure

Mechanical Engineering		18,972		8,340
Civil Engineering		27,367		65,387
Depreciation	11 12	166,854		155,673
(Gain)/loss on disposal		-		-
Total major project spend on railway operation and preservation			213,193	229,400
Net cost of railway operation and preservation			427,070	279,292

4. Subsidiary's trading activities

		2020		2019	
	Note	£	£	£	£
Income - Consultancy		1,257	-		
Income – Tearoom		5,806		81,122	
Income – Shops		23,601		80,675	
Total trading income			30,664		161,797
Less: Tearoom cost of sales		1,903		37,333	
Gross tearoom profit			67.2%		54.0%
Less: Shops cost of sales		16,298		40,398	
Gross shops profit			30.9%		49.9%
Less: Administration and management costs	6	26,157		67,884	
Total trading expenditure			44,358		145,615
Plus: Grant Income – Furlough			13,970		-
Net profit for the year			276		16,182

Subsidiary's balance sheet at year-end

	2020	2019
Current assets	31,096	54,501
Current (liabilities) – other	(2,437)	(3,660)
Current (liabilities) – inter-company balance with parent company	1,617	(34,657)
Net assets	30,276	16,184

The share capital of W&L Sales Limited, which is a 100% owned subsidiary, was increased to £30,000 in the year.

5. Membership and governance expenses

		£	£
	Note	2020	2019
The Llanfair Railway Journal		11,124	11,513
Membership secretarial expenses	6	840	728
Governance costs	6	3,125	5,755
		15,089	17,996

6. Administration and management

	Railway operation and preservation	Commercial trading W&L Sales Ltd	Membership and Governance	Total 2020	Total 2019
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	26,161	-	-	26,161	31,763
Electricity and heating	7,635	-	-	7,635	7,409
Repairs and maintenance	3,902	-	-	3,902	7,697
Cleaning and hygiene supplies	12,272	-	-	12,272	6,266
Rent charged to trading	(2,940)	2,940	-	-	-
	47,030	2,940	-	49,970	53,135
Selling					
Advertising and publicity	19,095	-	-	19,095	28,946
Administrative					
Staff costs (Note 9)	131,170	14,102	-	145,272	173,301
Travelling	887	-	-	887	3,278
External training	1,474	-	-	1,474	3,482
Telephone and radio	2,163	-	-	2,163	3,471
Postage and stationery	1,846	1,147	2,125	5,118	6,868
Independent audit/examination fees	-	-	1,000	1,000	2,000
Accountancy fees	11,120	4,000	-	15,120	16,640
General expenses	4,581	140	840	5,561	3,358
Recharged to trading/capital	(2,250)	2,250	-	-	(7,673)
	150,991	21,639	3,965	176,595	204,725
Financial					
Bank charges and credit card commission	3,894	1,578	-	5,472	8,891
2020 Total	221,010	26,157	3,965	251,132	295,697
2019	221,330	67,884	6,483	295,697	

7. Investment income

	2020	2019
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,321	8,488
CCLA Deposit Account – Interest	496	1,081
Bank interest	-	-
Interest on tax	11	181
	7,828	9,750
Of which: restricted	4,930	4,790
unrestricted	2,898	4,960

8. Taxation

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

9. Information regarding trustees/directors and employees

	2020	2019
	£	£
(a) Staff costs during the period were		
Wages and salaries	133,989	160,291
Social security costs	6,059	6,094
Other pension costs	5,224	6,916
	145,272	173,301

No member of staff received emoluments in excess of £60,000 (2019: Nil). The General Manager's emoluments were in the range £30,000 to £35,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

	2020	2019
(b) Average number of persons employed		
Charity (full time employees)	5	5
Subsidiary (full time equivalent)	1	1
	6	6

The subsidiary employed three different employees in the year, aggregating to one full-time equivalent.

(c) Trustees

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

Trustees received £Nil as reimbursement of travel expenses (2019: £Nil).

10. Related party transactions

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

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings and permanent way	Locomotives and rolling stock	Other plant and equipment	Total
Cost	£	£	£	£
At 31 December 2019	596,266	987,957	12,507	1,596,730
Additions	-	190,183	-	190,183
(Disposals)	-	-	-	-
At 31 December 2020	596,266	1,178,140	12,507	1,786,913
Depreciation				
At 31 December 2019	378,994	539,926	12,507	931,427
Charge for the period	15,117	54,440	-	69,557
(Disposals)	-	-	-	-
At 31 December 2020	394,111	594,366	12,507	1,000,984
Net book amount				
31 December 2020	202,155	583,774	NIL	785,929
31 December 2019	217,272	448,031	NIL	665,303

There was capital expenditure of £98,000 contracted for at the period end (2019: £215,000).

Five year summary of heritage fixed asset transactions:

Year	Purchases	Major items
	£	
2016	5,786	Peate wagon / SG wagon
2017	3,751	No. 10 <i>Sir Drefaldwyn</i> Bowaters wagon
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No.1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No.1 <i>The Earl</i>

12. Other tangible fixed assets: group and charity

Cost	Freehold land, site works, buildings and permanent way	Locomotives and rolling stock	Other plant and equipment	Total
	£	£	£	£
At 31 December 2019	833,965	391,174	294,247	1,519,386
Additions	33,788	-	2,310	36,098
(Disposals)	(485)	-	(5,148)	(5,633)
At 31 December 2020	867,268	391,174	291,409	1,549,851
Depreciation				
At 31 December 2019	364,890	237,309	126,647	728,846
Charge for the period	36,447	25,857	34,993	97,297
(Disposals)	(485)	-	(5,148)	(5,633)
At 31 December 2020	400,852	263,166	156,492	820,510
Net book amount				
31 December 2020	466,416	128,008	134,917	729,341
31 December 2019	469,075	153,865	167,600	790,540

There was capital expenditure of £Nil contracted for at the period end (2019: £Nil).

13. Investments

Investment Fund shares	Number	Group		Charity	
		2020 £	2019 £	2020 £	2019 £
At 1 January at market value	14,119	238,000	203,000	238,000	203,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		16,000	35,000	16,000	35,000
At 31 December, at market value	14,119	254,000	238,000	254,000	238,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	2
		254,000	238,000	284,000	238,002
Historic cost at 31 December		147,000	147,000	177,000	147,002

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £30,276 (2019: £16,184). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Stores	58,000	70,000	58,000	70,000
Goods for resale	16,500	18,700	-	-
	74,500	88,700	58,000	70,000
15. Debtors				
	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	5,961	3,149	5,961	3,149
Prepayments and accrued income	49,770	137,500	49,770	137,500
VAT	12,771	34,349	13,208	35,669
Gift Aid recoverable	37,884	31,274	37,884	31,274
Amount due from subsidiary company	-	-	-	34,657
	106,386	206,272	106,823	242,249

16. Bank overdraft

The group has overdraft facilities of £Nil (2019 - £Nil)

17. Other creditors including tax and social security

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Members' loans, interest free and unsecured				
Repayable on demand	-	660	-	660
Repayable on 3 months' notice from the lender	-	770	-	770
	-	1,430	-	1,430
PAYE	2,107	2,598	2,107	2,598
Amount due to subsidiary company	-	-	1,617	-
	2,107	4,028	3,724	4,028

18. Accruals and deferred income

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Subscriptions in advance	42,972	40,107	42,972	40,107
Less: falling due after more than one year	(27,630)	(24,331)	(27,630)	(24,331)
	15,342	15,776	15,342	15,776
Accruals	193,300	59,500	191,300	57,500
	208,642	75,276	206,642	73,276

19. Unrestricted funds

	Balances 31 Dec 2019 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2020 £
<i>General funds</i>	2,081,421	282,983	(389,553)	16,000	1,990,851
<i>Designated funds – future capital projects</i>					
Museum/ Interpretation Centre	47,531	1,370	-	-	48,901
Grants received in advance	-	181,221	(52,221)	-	129,000
	47,531	182,591	(52,221)	-	177,901
Total unrestricted funds	2,128,952	465,574	(441,774)	16,000	2,168,752

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2020, £1,409,123 (2019: £1,318,769) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2019 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2020 £
Restoration of No.6 'Monarch'	6,320	185	-	-	6,505
Restoration of No.14	39,208	2,004	-	-	41,212
Overhaul of No.1 'The Earl'	-	95,000	(95,000)	-	-
Maintenance of Zillertal carriages	5,655	140	(800)	-	4,995
Carriage improvement fund	10,610	320	-	-	10,930
Heritage wagon fund	3,797	110	-	-	3,907
Maintenance of diesels	4,824	145	-	-	4,969
Tamper overhaul	-	20,483	(18,972)	-	1,511
Viaduct and bridges protection	22,780	930	-	-	23,710
Sylfaen loop	26,520	790	-	-	27,310
2020 Appeal	43,719	1,300	(264)	-	44,755
Llanfair Connections	1,816	40	(746)	-	1,110
	165,249	121,447	(115,782)	-	170,914

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2020 £
Tangible heritage and other fixed assets	1,515,270	-	1,515,270
Investments	212,788	41,212	254,000
Net current assets	468,324	129,702	598,026
Long term liabilities	(27,630)	-	(27,630)
	2,168,752	170,914	2,339,666

22. Analysis of changes in net funds

	At 31 Dec 2019	Cash flows	At 31 Dec 2020
	£	£	£
Bank and cash balances	142,263	162,617	304,880
COIF Deposit account	268,339	85,817	354,156
Members' loans	(1,430)	1,430	-
	409,172	249,864	659,036

23. Net cashflow from operating activities

	2020	2019
	£	£
Net income/(expenditure) per Statement of Financial Activities	45,465	12,397
Adjust for non-cash items:		
Depreciation	166,854	155,673
Net (gain)/loss on investments	(16,000)	(35,000)
Adjust for working capital changes:		
Decrease/(increase) in stocks	14,200	(22,300)
Decrease/(increase) in debtors	99,886	(96,628)
Increase/(decrease) in creditors	165,740	16,551
Take out dividends (shown separately in Cashflow)	(7,321)	(8,488)
	468,824	22,205

24. Statement of financial activities: Prior year comparatives by fund type

	Unrestricted funds	Restricted funds	Total 2019
	£	£	£
Income from:			
<i>Voluntary income</i>			
Legacies and donations	148,075	79,800	227,875
<i>Charitable activities</i>			
Railway operation and preservation	290,547	-	290,547
Membership subscriptions	20,878	-	20,878
<i>Other trading activities</i>			
Commercial trading operations	161,797	-	161,797
<i>Investment income</i>	4,960	4,790	9,750
Total income	626,257	84,590	710,847
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	340,439	-	340,439
Railway operation and preservation – projects	131,680	97,720	229,400
Membership and governance expenses	17,996	-	17,996
<i>Other trading activities</i>			
Commercial trading operations	145,615	-	145,615
Total expenditure	635,730	97,720	733,450
Net gain/(loss) on investments	35,000	-	35,000
Net income/(expenditure) for the year	25,527	(13,130)	12,397

25. Management accounts summary financials by activity

	Railway operation and preservation	W&L Sales	Appeals and investment income	Membership and governance	2020	2019
	£	£	£	£	£	£
Income from operating activities	71,039	30,664	7,828	21,097	130,628	482,972
Donations – <i>Tracks to Recovery</i>	55,500				55,500	
Grants – pandemic support	117,585	13,970			131,555	
Daily operating (costs)	(284,916)	(44,358)	-	(15,089)	(344,363)	(504,050)
Net income: Daily operations	(40,792)	276	7,828	6,008	(26,680)	(21,078)
<i>Long term income</i>						
Donations, legacies and grants to projects			269,338		269,338	227,875
Net gain on investments			16,000		16,000	35,000
<i>Long term project expenditure</i>						
Major project (spend)	(46,339)	-		-	(46,339)	(73,727)
(Depreciation)	(166,854)	-		-	(166,854)	(155,673)
Net income/ (expenditure) by activity	(253,985)	276	293,166	6,008	45,465	12,397

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

Sixty first Annual General Meeting held at 1.00pm on Sunday
9 August 2020 at the Station, Llanfair Caereinion, Powys

Present:

Steve Clews (Chairman)	David Barker
Bob Mason	William Bickers-Jones
Oliver Edwards	Kate Billmore
Charles Spencer (General Manager)	Steve Davidson
Michael Reilly (Company Secretary)	Phil Ellis
	Martin Evans
	John Jacobs

Apologies for Absence

Apologies were received from the Earl of Powis (President), Alan Higgins (Vice-President), Sir Philip Williams (Vice-President), Andrew Charman, Michael & Pamela Denholm, Malcolm Elliot, John Forman, David Gowan, Peter Green, Ralph Hodgson, John Huxley, Dick Johnson, David Jones, Mike Lister, Iain McLean, Mervyn Pritchard, Robert Robinson, Bruce Webber and Tom White.

1. Minutes of the Annual General Meeting on 19 May 2019

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

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2018

Steve Clews highlighted the main points of the annual report.

2019 had been a year of consolidation, motive power shortages requiring a reduction in the timetable, with 11% fewer trains on 7% fewer days than in 2018. Despite this, passenger numbers equalled those of 2018, which had been the highest since 2009. We were also able to launch new events, including Theatre from the Train and Mince Pie specials, while revenue from Santa trains was 25% higher than 2018, so once again total revenue was the highest recorded. We had hired Zillertal from the Zillertalbahn in Austria to help with our motive power needs. This had arrived in time to enter service at gala and had proved very popular in the later part of the season. Our museum Llanfair Connections had also opened in time for the gala.

Bob Mason then summarised the main features of the audited consolidated financial statements.

In answer to questions submitted in advance, he explained that the Charity Commission expected us to keep a sensible level of reserves (and Covid-19 showed we do that) and then to spend all that we receive to further our charitable objectives – to protect, preserve, and educate. The funding that allows this expenditure comes from three main sources – visitor income, grants, donations and legacies. We considered operating income (i.e receipts from visitors) and daily operating expenditure as subsets of total revenue and expenditure for two reasons:

- first, it enabled us to delegate to the general manager the objective to maximise income and to fund salaries and other daily costs from this. The board could

then focus on the major projects that would make step changes in preserving and enhancing the railway

- second, while the daily operating surplus varied from year to year, this approach enabled us to show members that their donations were going to projects that made a difference for the future health of the railway, not to subsidise day-to-day activities.

We ended 2019 with reserves sufficient to meet a 'rainy day'; as well as to see us through the winter period with costs to meet and project commitments but no income. Apart from £1,000 of old, untraceable member loans, we had no loans, overdrafts or other external debt; and while the list of what we wanted to do was endless, we offered an exciting timetable, appealing locos and rolling stock, a line in very good order, the start of a very attractive museum and a committed and energetic volunteer and donor base.

The adoption of the annual report of the trustees and the audited consolidated financial statements was then proposed by William Bickers-Jones, seconded by David Barker and put to a vote. Including proxy votes, the motion was carried with 388 in favour, 3 against and 8 votes withheld.

Steve Clews then gave a brief report on developments in the first half of 2020, which had been dominated by the prolonged closure of the line due to the Covid-19 pandemic. All staff had been placed on furlough, some for a long period and we had relied on a small group of local volunteers to provide security and maintenance cover during closure, as well as to reactivate the railway for opening. We had raised around £180,000 from grants and appeals and this would go some way to replace the lost income. The board expressed its grateful thanks to all concerned.

Points made in answer to questions were:

- The board had been aware for at least two years of the legislation that would prohibit the sale of household coal in the UK. The railway was a member of the Heritage Railway Association and Steve Clews a director. The HRA is a partner in the Heritage Fuels Alliance which was lobbying parliament through the All Parties Parliamentary Group on Heritage Railways on the use of bituminous coal and the closure of UK pits. The government had stated that it had no intention of stopping heritage use of bituminous coal. The alliance was working hard to preserve UK coal supplies.
- The board recognised the importance of adequate expenditure on the maintenance of buildings and structures. The pandemic had forced us to stop all capital projects and the business plan will have to be revisited and rebased in consequence. In doing so we will ensure that we have a balance between maintenance and upgrading of buildings and structures.
- In recommending the phasing out of the separate senior rate subscription from 2022, the management had looked at our fare structure with reference to other railways and the changes in distribution of disposable income. Many seniors now have more disposable income than do young families. The conclusion was that in the interests of simplifying the fare structure and general fairness, concessionary fares for seniors should be ended. This will bring us in to line with many other railways. The membership services committee looked at the subscription structure based on the ending of concessionary fares and recommended that to preserve the ratio of subscription to headline fares they should follow suit and align senior membership rates with ordinary membership ones.

The Tracks to Recovery Appeal had not been closed. We had moved our appeal emphasis to Keep The Earl on Track for two reasons. First, the Tracks to Recovery Appeal was running out of steam and we needed to refresh; steam engine appeals do generate a lot of

response. Second, our asset was at another railway, in bits and the reconstruction stalled. For continued recovery into 2021 and 2022 this engine was needed. Raising additional funding like this freed up money to keep the railway going.

3. Election of Trustees

Richard Green and Simon Mayor had resigned as directors during the year for personal reasons and Bruce Webber had decided not to stand for re-election, after serving as a director for thirty years. Steve Clews thanked them for their contributions and commitment, especially the long and unstinting service by Bruce Webber.

Since there were six candidates for six places the Articles required a single-stage ballot. The ballot was held, and all six candidates received more votes in favour than against. William Bickers-Jones, Oliver Edwards, John Forman, Peter Green, Bob Mason, and Robert Robinson were therefore all elected or re-elected to the board.

4. Election of President

Steve Clews proposed that the Earl of Powis be elected president, which was seconded by Oliver Edwards and agreed.

5. Election of Vice Presidents

The following nominations were made: Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Steve Davidson proposing and David Barker seconding.

6. Change of membership subscriptions

Steve Clews then moved to determine that from 1 January 2021, the membership subscription rates should be as follows:

i	Ordinary annual single	£28.00
ii	Ordinary annual joint	£42.00
iii	Senior annual single	£25.00
iv	Senior annual joint	£37.00
v	Young adult annual	£10.00
vi	Family annual	£55.00
vii	Individual life	£400.00
viii	Joint life	£580.00

and that from 1 January 2022, membership subscriptions for the ordinary and ordinary joint categories should be increased by a further £1.00 and for the family category by £2.00. From the same date, the distinction between ordinary and senior categories, both single and joint, should also be removed.

The resolution was proposed by David Barker, seconded by William Bickers-Jones and put to a vote. Including proxy votes, the motion was carried, 370 in favour and 12 against, with 17 votes withheld.

There being no further business, the meeting closed at 1.45pm.



Welshpool and Llanfair Light Railway Preservation Co Ltd

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Registered charity number 1000378
Company number 00646238