

Welshpool & Llanfair Light Railway Preservation Co. Ltd.

Annual Report and Accounts 2022

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Administrative details

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25 Severn Street
Welshpool
Powys SY21 7AD

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

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

Officers and managers

Company Secretary Michael Reilly

General Manager James Brett

Operations and
Infrastructure Manager Kevin Heywood

Engineering Manager James Mander

Company number 00646238 (Wales)

Registered charity number 1000378

NOTICE OF ANNUAL GENERAL MEETING

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

Ordinary Resolutions

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

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

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

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

By order of the Board

Michael Reilly,
Company Secretary

REPORT OF THE BOARD OF TRUSTEES

Our mission

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

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

The trustees who served during 2022 were:

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

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

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

Status of the charity

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

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

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

Governance and management

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

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

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

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

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

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

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

In so far as the trustees are aware:

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

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

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

Risk management

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

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

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

Health and safety

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

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

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

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

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

Objectives

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

This encompasses the following three subsidiary objectives:

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

Public benefit

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

The public benefits of the charity are:

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

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

Any member of the public may:

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

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

Achievements and performance

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

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

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

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

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

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

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

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

Track, infrastructure and buildings

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

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

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

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

Steam locomotives

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

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

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

Rolling stock

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

Diesel locomotives

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

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

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

Education and heritage

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

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

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

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

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

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

Environment

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

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

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

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

Fundraising

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

W&L Sales

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

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

Membership and volunteers

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

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

Staff

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

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

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

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

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

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

Marketing

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

Financial review

Results and financial position

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent income

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

Restricted funds

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

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

Designated fund

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

Reserves policy

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

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

Investment policy

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

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

THE FUTURE

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

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

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

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

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

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

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

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

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

Steve Clews

Chairman 18 March 2023



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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor responsibilities for the audit of the financial statements

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

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

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

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

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

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

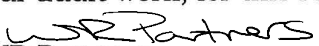
We assessed the susceptibility of the charitable company and group's financial statements to material misstatement, including how fraud might occur by meeting with key management and those charged with governance to understand where they considered there was susceptibility to fraud. Based on our understanding,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

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

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

Use of our report

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


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

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

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

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

Consolidated and charity balance sheets

as at 31 December 2022

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

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

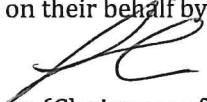
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

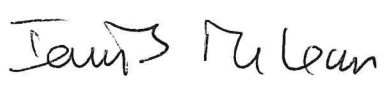
However, an audit is required in accordance with section 144 of the Charities Act 2011.

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

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

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


Steve Clews (Chairman of the Trustees)


Iain McLean (Vice Chairman)

Consolidated cash flow statement
for the year ended 31 December 2022

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

Notes to the accounts

31 December 2022

1. Accounting policies

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

(a) Basis of preparation

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

The company's functional currency is GBP sterling.

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

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

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

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

(c) Group financial statements

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

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

(d) Income

(i) Charitable activities

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

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

(ii) Other trading activities

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

(iii) Donations, legacies, and grants

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

(iv) Intangible income

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

(e) Expenditure

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

(i) Repairs and maintenance

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

(ii) Overhead allocation

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

(iii) Pension costs

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

(f) Tangible fixed assets and depreciation

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

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

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

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

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

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

(g) Investments

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

(h) Stocks

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

(i) Cash and cash equivalents

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

(j) Financial assets and liabilities

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

(k) Equity instruments

There were no equity instruments issued in the year.

(l) Fund accounting

Funds held by the charity are either:

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

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

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

(m) Contingent income

The charity will benefit from further final payments from two legacies already received in large part. The amounts are not certain but could total £40,000.

2. Donations, legacies, and grants

	Unrestricted	Restricted	2022	2021
	£	£	£	£
Gift aided donations	39,445	10,093	49,538	83,886
Other donations	4,215	1,966	6,181	23,314
Legacies	535,271	-	535,271	580,302
Gift Aid on fares	26,896	-	26,896	-
Furlough support	-	-	-	2,083
Grants – EU TAIS	673	-	673	58,705
Grants – Powys Council	-	-	-	15,000
Grants – Heritage Lottery Fund	15,900	-	15,900	22,900
Grants – Cultural Recovery Fund	-	-	-	264,366
<hr/>				
Total 2022	622,400	12,059	634,459	1,050,556
Total 2021	987,804	62,752	1,050,556	

3. Railway operation and preservation

Turnover	Note	2022		2021	
		£	£	£	£
Fares			378,845		241,532
Keyse Cottage receipts		923		2,664	
Solar panels income		4,472		1,681	
Sale of surplus materials and parking, Insurance receipt		3,465		102,783	
Other operating income			8,860		107,128
Income from railway operation and preservation			387,705		348,660
Working expenses					
Fuel		70,650		21,220	
Repairs and maintenance:					
Mechanical engineering		45,736		89,227	
Civil engineering		25,632		70,255	
Costs for special trains & events		67,953		7,260	
Loco hire fees		13,401		18,498	
Keyse Cottage running expenses		1,667		1,299	
Administration and management costs	6	288,626		314,507	
Total working expenses of railway operation and preservation			513,665		522,266
Major project expenditure					
Mechanical engineering		2,000		15,629	
Civil engineering		96,523		126,986	
Depreciation	11 12	171,380		174,273	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation			269,903		316,888
Net cost of railway operation and preservation			395,863		490,494

4. Subsidiary's trading activities

	Note	2022		2021	
		£	£	£	£
Income – Consultancy		1,550		-	
Income – Catering		77,850		28,755	
Income – Shops		74,400		55,484	
Total trading income			153,800		84,239
Less: Catering cost of sales		40,112		17,488	
Gross tearoom profit			48.5%		39.2%
Less: Shops cost of sales		39,760		26,237	
Gross shops profit			46.6%		52.7%
Less: Administration and management costs	6	61,614		22,483	
Total trading expenditure			141,486		66,208
Net profit for the year - to be donated to parent company by gift aid			12,314		18,031

Subsidiary's balance sheet at year-end	2022	2021
Current assets -other	38,935	41,170
Current (liabilities) – other	-	(7,139)
Current assets / (liabilities) – inter-company balance with parent company	3,379	14,000
Net assets	42,314	48,031

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

5. Membership and governance expenses

	Note	£ 2022	£ 2021
The Llanfair Railway Journal		11,954	11,921
Membership expenses	6	5,753	1,230
Governance costs	6	10,562	7,072
		28,269	20,223

6. Administration and management costs

	Railway operation & preservation	Commercial trading W&L Sales Ltd	Membership and governance	Total 2022	Total 2021
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	38,386	-	-	38,386	32,896
Electricity and heating	8,966	-	-	8,966	10,957
Equipment rental and maintenance	4,419	-	-	4,419	5,267
Cleaning and hygiene supplies	12,928	-	-	12,928	16,820
Rent charged to trading	(12,528)	12,528	-	-	-
	52,171	12,528	-	64,699	65,940
Selling					
Advertising and publicity	31,120	-	-	31,120	52,794
Administrative					
Staff costs <i>(Note 9)</i>	151,637	35,549	-	187,186	162,785
Travelling	1,017	-	-	1,017	670
External training	6,873	-	-	6,873	3,236
Telephone and radio	4,084	-	-	4,084	3,447
Postage, stationery, and IT costs	4,381	-	-	4,381	14,362
Independent audit/examination fees	-	-	8,500	8,500	7,072
Accountancy fees	17,690	-	-	17,690	16,485
General expenses	5,918	1,537	7,815	15,270	7,813
Admin recharge to trading	(12,000)	12,000	-	-	-
	179,600	49,086	16,315	245,001	215,870
Financial					
Bank charges and booking processing costs	25,735	-	-	25,735	10,688
2022 Total	288,626	61,614	16,315	366,555	345,292
2021	314,507	22,483	8,302	345,292	

7. Investment income

	2022	2021
	£	£
CCLA Charity Investment Funds:		
– Investment fund shares	7,663	7,466
CCLA Deposit Account – Interest	9,693	57
Bank interest	-	-
Interest on tax	34	53
	17,390	7,576
Of which: restricted	4,520	5,648
unrestricted	12,870	1,928

8. Taxation

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

9. Information regarding trustees/directors and employees

	2022	2021
	£	£
<i>(a) Staff costs during the period were:</i>		
Wages and salaries	170,067	146,811
Social security costs	9,659	9,242
Other pension costs	7,460	6,732
	187,186	162,785

No member of staff received emoluments in excess of £60,000 (2021: Nil). The General Manager's emoluments were in the range £40,001 to £45,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers.

<i>(b) Average number of persons employed</i>	Number 2022	Number 2021
Charity (full time equivalent)	6	5
Subsidiary (full time equivalent)	2	-
	8	5

The group employed 18 different employees during the year.

(c) Trustees

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

Trustees received £Nil as reimbursement of travel expenses (2021: £Nil).

10. Related party transactions

There were no related party transactions in the year. Of the trustees, Steve Clews is a director/trustee of Oswestry and Borderlands Tourism Ltd, the Heritage Railway Association, the Heritage Rail Charitable Trust and the Shropshire Union Canal Society. Robert Robinson is town clerk to Llanfair Town Council. Helen Ashby is chair of the Friends of Sierra Leone National Railway Museum and William Bickers Jones is also a trustee of that organisation. Andrew Charman is a trustee of Cloverlands model car museum and editor of Narrow Gauge World and Helen Ashby and Oliver Edwards are heritage consultants to several railways. If any of these perceived a conflict of interest, they would have withdrawn from discussions and decisions on that topic.

11. Heritage fixed assets: group and charity

	Freehold land, site works, buildings, and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
Cost				
At 31 December 2021	596,266	1,322,759	12,507	1,931,532
Additions	-	77,342	-	77,342
(Disposals)	-	-	-	-
At 31 December 2022	596,266	1,400,101	12,507	2,008,874
Depreciation				
At 31 December 2021	409,228	654,447	12,507	1,076,182
Charges for the period	15,117	63,290	-	78,407
(Disposals)	-	-	-	-
At 31 December 2022	424,345	717,737	12,507	1,154,589
Net book amount				
31 December 2022	171,921	682,364	NIL	854,285
31 December 2021	187,038	668,312	NIL	855,350

There was £85,000 capital expenditure contracted for at the period end (2021: Nil).

Five-year summary of heritage fixed asset transactions:

Year Year	Purchases £	Major items
2018	53,783	No. 10 <i>Sir Drefaldwyn</i> Welshpool shed
2019	147,662	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2020	190,183	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2021	144,619	No. 10 <i>Sir Drefaldwyn</i> No. 1 <i>The Earl</i>
2022	77,342	No. 10 <i>Sir Drefaldwyn</i> Sierra Leone carriage 1066

12. Other tangible fixed assets: group and charity

	Freehold land, site works, buildings & permanent way	Locomotives & rolling stock	Other plant & equipment	Total
Cost	£	£	£	£
At 31 December 2021	882,945	391,174	300,940	1,575,059
Additions	3,999	84,543	58,906	147,448
(Disposals)	(8,320)	-	(2,301)	(10,621)
At 31 December 2022	878,624	475,717	357,545	1,711,886
Depreciation				
At 31 December 2021	437,769	289,023	192,793	919,585
Charge for the period	35,546	29,762	27,665	92,973
(Disposals)	(8,320)	-	(2,301)	(10,621)
At 31 December 2022	464,995	318,785	218,157	1,001,937
Net book amount				
31 December 2022	413,629	156,932	139,388	709,949
31 December 2021	445,176	102,151	108,147	655,474

There was £20,000 of capital expenditure contracted for at the period end (2021: £30,000).

13. Investments

COIF charity funds	Number	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Investment Fund shares					
At 1 January at market value	14,119	289,000	254,000	289,000	254,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		(33,000)	35,000	(33,000)	35,000
At 31 December at market value	14,119	256,000	289,000	256,000	289,000
Shares in subsidiary					
At 31 December at cost	30,000			30,000	30,000
		256,000	289,000	286,000	319,000
Historic cost at 31 December		147,000	147,000	177,000	177,000

The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd (company number 03037235). W&L Sales Ltd carries on the commercial trading activities of the group through shops and refreshment facilities at stations and away from the line and donates its entire net profit to the parent company by Gift Aid. The total of its capital and reserves is £42,314 (2021: £48,031). Further details on W&L Sales Ltd are shown in Note 4.

14. Stocks

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Stores	79,000	73,000	79,000	73,000
Goods for resale	25,100	22,200	-	-
	104,100	95,200	79,000	73,000

15. Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	11,860	163	11,860	163
Prepayments and accrued income	110,427	90,395	110,427	90,395
VAT	28,829	50,659	28,829	52,292
Gift Aid recoverable	28,357	17,028	28,357	17,028
	179,473	158,245	179,473	159,878

16. Bank overdraft

The group has overdraft facilities of £Nil (2021 - £Nil).

17. Other creditors including tax and social security

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
PAYE	3,289	2,608	3,289	2,608
Amount due to subsidiary company	-	-	3,379	14,000
	3,289	2,608	6,668	16,608

18. Accruals and deferred income

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Subscriptions in advance	46,495	46,148	46,495	46,148
Less: falling due after more than one year	(31,270)	(31,089)	(31,270)	(31,089)
	15,225	15,059	15,225	15,059
Accruals and deferred income	39,060	41,500	39,060	36,000
	54,285	56,559	54,285	51,059

19. Unrestricted funds

	Balances 31 Dec 2021 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2022 £
<i>General funds</i>	2,716,675	1,196,893	(887,494)	(81,533)	2,944,541
<i>Designated funds – future capital projects</i>					
Museum/Interpretation Centre	50,368	1,511	-	-	51,879
	50,368	1,511	-	-	51,879
Total unrestricted funds	2,767,043	1,198,404	(887,494)	(81,533)	2,996,420

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2022, £1,345,684 (2021: £1,340,154) of General funds represents reserves that will match future depreciation of the assets bought with those donations and legacies.

20. Restricted funds

	Balances 31 Dec 2021 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds £	Balances 31 Dec 2022 £
Restoration of No.6 <i>Monarch</i>	6,700	252	-	-	6,952
Restoration of No.14	29,280	1,012	(2,000)	-	28,292
Restoration of No. 8 <i>Dougal</i>	824	797	-	-	1,621
Zillertal carriages maintenance	3,631	109	-	-	3,740
Carriage improvement fund	49,889	8,702	(59,225)	48,533	47,899
Heritage wagon fund	4,024	121	-	-	4,145
Overhaul of No. 7 <i>Chattenden</i>	21,370	3,293	-	-	24,663
Diesel maintenance	7,693	247	(2,272)	-	5,668
Viaduct and bridges protection	24,421	663	(2,332)	-	22,752
2020 appeal	46,098	1,383	-	-	47,481
	193,930	16,579	(65,829)	48,533	193,213

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2022 £
Tangible heritage and other fixed assets	1,564,234	-	1,564,234
Investments	219,135	36,865	256,000
Net current assets	1,244,321	156,348	1,400,669
Long term liabilities	(31,270)	-	(31,270)
	2,996,420	193,213	3,189,633

22. Analysis of changes in net funds

	At 31 Dec 2021 £	Cash flows £	At 31 Dec 2022 £
Bank and cash balances	234,984	(33,119)	201,865
COIF Deposit account	800,679	183,356	984,035
	1,035,663	150,237	1,185,900

23. Net cashflow from operating activities

	2022 £	2021 £
Net income/(expenditure) per Statement of Financial Activities	228,660	621,307
Adjust for non-cash items:		
Depreciation	171,380	174,273
Net (gain)/loss on investments	33,000	(35,000)
Adjust for working capital changes:		
(Increase)/decrease in stocks	(8,900)	(20,700)
(Increase)/decrease in debtors	(21,228)	(51,859)
(Decrease)/increase in creditors	(27,885)	(141,567)
Adjust for dividends received: (shown separately in Cashflow)	(7,663)	(7,466)
	367,364	538,988

24. Statement of financial activities:

Prior year comparisons by fund type

	Unrestricted funds £	Restricted funds £	Total 2021 £
Income from:			
<i>Voluntary income</i>			
Legacies and donations	987,804	62,752	1,050,556
<i>Charitable activities</i>			
Railway operation and preservation	348,660	-	348,660
Membership subscriptions	20,861	-	20,861
<i>Other trading activities</i>			
Commercial trading operations	84,239	-	84,239
<i>Investment income</i>	1,928	5,648	7,576
Total income	1,443,492	68,400	1,511,892
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	518,676	3,590	522,266
Railway operation and preservation – projects	275,094	41,794	316,888
Membership and governance expenses	20,223	-	20,223
<i>Other trading activities</i>			
Commercial trading operations	66,208	-	66,208
Total expenditure	880,201	45,384	925,585
Net gain/(loss) on investments	35,000	-	35,000
Net income/(expenditure) for the year	598,291	23,016	621,307

25. Management accounts summary financials by activity

	Railway operation and preservation £	W&L Sales £	Appeals & investment income £	Membership and governance £	2022 £	2021 £
Income from daily operating activities	387,705	153,800	17,390	21,629	580,524	461,336
Gift Aid on fares	26,896	-	-	-	26,896	-
Donations – earmarked to running cost items	6,250	-	-	4,550	10,800	-
Grants - for running costs: audience research / pandemic	15,900	-	-	-	15,900	149,266
Daily operating (costs)	(513,665)	(141,486)	-	(20,769)	(675,920)	(602,697)
Net income: Daily operations	(76,914)	12,314	17,390	5,410	(41,800)	7,905
 <i>Long term income</i>						
Donations, Legacies, Grants			580,863		580,863	901,290
(Loss)/Gains on investments			(33,000)		(33,000)	35,000
(Audit fee) – increased cost due to higher income				(7,500)	(7,500)	(6,000)
 <i>Long term project expenditure</i>						
Major project (spend)	(98,523)	-		-	(98,523)	(142,615)
(Depreciation)	(171,380)	-		-	(171,380)	(174,273)
Net income/ (expenditure) by activity	(346,817)	12,314	565,253	(2,090)	228,660	621,307

Minutes of 2022 Annual General Meeting

WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

**Sixty third Annual General Meeting held at 1.00pm
on Sunday 15 May 2022 at the Station, Llanfair Caereinion, Powys**

Present:

Sir Philip Williams (Vice President)	David Jones
Steve Clews (Chairman)	Bob Mason
Oliver Edwards	James Brett (General Manager)
John Forman	Michael Reilly (Company Secretary)

and 27 other members, including 18 by video-link

Steve Clews chaired the meeting

Apologies for Absence

Apologies were received from the Earl of Powis (President), Tony Thorndike (Vice-President), William Bickers-Jones, John Davies, Wendy Elliott, Kaye Forman, Peter Green, Rowan Joachim, Iain McLean, Melanie-Jane Martin, John Nunn, Elizabeth and Ruth Parkinson, Richard Pearson, Robert Robinson, Richard Thomas, and Chris and Ros Tigwell.

1. Minutes of the Annual General Meeting on 16 May 2021

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

2. Audited Consolidated Financial Statements and Report of the Trustees for the year ended 31 December 2021

Steve Clews highlighted the main points of the annual report.

Trains began operating from 1st May but continued social distancing restrictions meant that we carried fewer passengers than in 2019 and with most trains only running to Castle Caereinion and return. Although the tea-room remained closed, the mobile catering unit at Llanfair was a continued success and improved efficiency meant operating income showed an improvement over 2019.

Locomotive No.1 returned from overhaul at the Vale of Rheidol Railway and work continued on the overhaul of No.10. The extension to the Welshpool shed was largely completed, while the Fence2Fence, Buildings and Midweek teams plus the track gang had continued their vital maintenance work. The company thanked all volunteers and paid staff for their support, most of the latter having been furloughed for a period at the start of the year. Staff changes had seen Charles Spencer replaced as General Manager by James Brett and the departure of Engineering Manager Richard Featherstone, while Matthew Dawe had spent six months with us as Community Development Officer. They were all thanked for their contributions to the railway.

In response to a question from Steve Everett, Steve Clews explained that all departments had been asked to identify arrears of maintenance for inclusion in the next business plan. These would be ranked by priority for attention as the plan was implemented. Steve Davidson then expressed concern about the voting procedures for annual meetings, claiming that encouraging members to vote by proxy meant the ballot was no longer secret. The secretary explained that under the Companies Act we had a legal obligation to offer proxy voting. This was also more democratic as it allowed all members a vote. We had encouraged its use during the pandemic when attendance at the meetings was restricted but precautions were taken to maintain confidentiality and

voting at the meeting itself continued to be possible. Following further discussion about proxy voting, the secretary undertook to produce a report providing a breakdown of voting patterns.

Bob Mason then summarised the main features of the Consolidated Financial Statements. Although we had expected 2021 to be a tough year, traffic income from regular operations was higher than in 2019, thanks to several innovations, especially the introduction of a First-Class option. This had enabled us to make a small operating surplus which, combined with more pandemic-related grant income plus some generous legacies and donations, placed us in a very strong position.

In response to Tom Brady, he said that our overall performance placed us in the upper quartile of heritage railways in terms of financial sustainability and management. The railway was well run, and the future looked rosy. In reply to Malcolm Elliot, he said that the new business plan should be ready by September. Malcolm Elliot also observed that the company was the only organisation of which he was a member that did not issue a printed annual report. In reply, the secretary pointed out that the move to place the report on the website had been approved by members at the 2019 AGM and printed copies continued to be available on request.

Bruce Lawson asked why we used two sets of accountants, to which Bob Mason explained that Cadwalladers acted as our book-keepers and WR Partners were our auditors. John Forman, speaking on behalf of Dick Johnson, asked whether the AGM could be held on a Saturday rather than a Sunday in alternate years. The chairman agreed to consider this.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was then proposed by Stephen Everett and seconded by Bruce Lawson. On a vote, adoption was approved by 372 in favour and 2 against, with six votes withheld.

Steve Clews then gave a brief report on developments in the first half of 2022. James Mander, Ruth Davies and Stephen Garner had all joined the paid staff as Engineering Manager, Events Apprentice and Catering Supervisor respectively. A new Extended Leadership Team had been set up and held an 'awayday' to improve collaboration and collectively look for ways of improvement; we had operated successfully at the February half-term despite bad weather including local flooding and progress had been made with essential maintenance and overhauls. With the availability of Welsh coal increasingly uncertain, trials had taken place with alternative fuel, so far with reasonable results although it was considerably more expensive.

3. Election of Trustees

As he was a candidate for re-election, Steve Clews stepped down for this item and John Forman took the chair. Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held, and all four candidates received more votes in favour than against. Steve Clews, Peter Green, David Jones, and Bob Mason were therefore all re-elected to the board.

4. Election of President

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

5. Election of Vice Presidents

The following nominations were made: Alan Higgins, Tony Thorndike, and Sir Philip Williams. With the consent of the meeting, the nominations were put collectively and agreed, Malcolm Elliot proposing and Steve Davidson seconding.

There being no further business, the meeting closed at 2.10pm.