

# WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

## ANNUAL REPORT AND ACCOUNTS 2019

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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.wllr.org.uk
Accountants	Cadwallader & Co LLP Chartered Accountants Eagle House 25 Severn Street Welshpool Powys SY21 7AD
Independent examiners	Whittingham Riddell LLP Hafren House 5 St Giles Business Park Newtown Powys SY16 3AJ
Bankers	HSBC Bank plc 23 Broad St Welshpool Powys SY21 7RN
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 (Deputy General 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 9 August 2020 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 2019.
- (2) To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. John Forman, Bob Mason and Robert Robinson retire by rotation. Bruce Webber is also retiring. Oliver Edwards' term as a co-opted member ends and he is standing for election. There are six vacancies. Details of those offering themselves for election are given in a separate leaflet.
- (3) To elect a president. The Earl of Powis has indicated his willingness to be re-elected.
- (4) To elect vice presidents. Ralph Cartwright, John Gearey, Alan Higgins, Tony Thorndike and Sir Philip Williams have indicated their willingness to be re-elected.

### (5) To determine that:

a) as from 1 January 2021, the following membership subscriptions shall be payable:

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

b) And that from 1 January 2022, membership subscriptions for the ordinary and ordinary joint categories be increased by a further £1.00, for the family category by £2.00 and that the distinction between ordinary and senior categories, both single and joint, be removed.

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 their stead and that proxy need not be a member of the company. A voting pack, including proxy form and details of those standing for election, will be sent separately to all paid-up members. 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.

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

By order of the Board

**Michael Reilly**  
Company Secretary  
23 May 2020

## REPORT OF THE BOARD OF TRUSTEES

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements of the company for the year ended 31 December 2019. In doing so they have complied fully with the trustee responsibilities set out below.

### 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.'*

### 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. 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, Powys County Council and Welshpool Town Council are each invited to nominate one trustee, whose appointment is subject to approval by members in the usual way.

**The trustees** serving during 2019, and the meetings they attended were:

	<i>Actual/ possible</i>		<i>Actual/ possible</i>
Steve Clews <i>Chairman</i>	6/6	Richard Green <i>Resigned August</i>	3/3
Iain McLean <i>Vice Chairman</i>	5/6	David Jones	5/6
Helen Ashby	3/6	Bob Mason	6/6
Simon Bowden	5/6	Simon Mayor <i>Resigned November</i>	5/6
Andrew Charman	6/6	Robert Robinson	6/6
John Forman	6/6	Bruce Webber	6/6

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

### Trustee responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). Since the charity qualifies as small under the Companies Act 2006 it is not required to prepare a strategic report. Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (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 information of which the charitable company's independent examiner is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the independent examiner is aware of that information.

### Governance and management

The board met six times in 2019 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 and his staff have 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. According to their individual skills, trustees are allocated particular responsibilities. 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 and advisory bodies, including the Charity Commission, Office of Rail and Road (ORR), Rail Accident Investigation Branch and the Heritage Railway Association.

### **Risk management**

The company has a formal risk management process, identifying in detail the risks to which it is exposed. The board of trustees keeps six registers of risks to the business. These registers hold risks at a company level relating to commercial, external, finance, governance, operations and personnel, both short- and long-term. A trustee takes the lead responsibility for the process and a representative from the board or management takes ownership of each register. Emergent and changed risks are identified, discussed and documented at each board meeting. The board reviews the register annually through the register owners with final sign off by the trustees.

The railway management reviews and manages operational risk through a documented risk assessment and mitigation process.

### **Safety**

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities. The trustees have to report two incidents of signals passed at danger which required reporting to the Office of Rail and Road; there were no consequences from either incident but appropriate disciplinary and remedial training action was taken. Other minor safety incidents were investigated, reviewed by the Safety & Management Team, reported to the board at each meeting, and generated safety improvements, notices or briefings to staff.

The Safety Management System (SMS) continues to be a focus to ensure it can meet the evolving operational demands of the railway. The annual external safety audit noted progress on the implementation of previous recommendations including the progress on fire and other risk assessments and reviewed the processes for competence management. Paul Wixey was appointed as the railway's Safety Officer at the beginning of the year; this position reports to the General Manager and briefs trustees at least annually. Representatives of board and management have attended safety related meetings organised by the Heritage Railway Association and in 2019 the chairman of the railway became a member of the HRA's Operations and Safety Committee.

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 role on the line, including skilled and safety-critical roles, 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 saw continued growth in both revenue and passenger numbers in 2019, despite a somewhat curtailed timetable due to a shortage of locomotives in the first half of the season and an uncertain economic outlook.

While trains ran on only 166 days, 11 fewer than in 2018, and with 70 fewer trains operated passenger numbers showed a fourth consecutive year of growth, albeit with a small increase of 0.2% to 26,540. Revenue from railway operation and preservation activities was up almost 3.5% over 2018. On the other hand, retail revenue was down 1.5%, likely due largely to a sharp decline in consumer confidence in 2019 as measured by the OECD. All of these results compare favourably with other heritage railways and attractions in the tourism sector.

While the rest of the timetable contracted somewhat, a new offering saw Mince Pie Special trains running on three days between Christmas and New Year, bringing over 500 additional passengers and welcome incremental revenue in both fares and retail income. These days were preceded by another record Santa season, in which all trains again sold out despite the addition of two trains to the published timetable and two further trains added later to cater to school traffic.

Special events were key to maintaining the interest of visitors and encouraging repeat visits. In addition to the 14 successful events carried over from the previous year, volunteers and nearly 20 local groups staged a one-day Theatre from the Train performance, with visual activities and tableaux along the eight-mile length of the railway. Rock 'n Rails was another new and locally based performance event, with an afternoon and evening of acts at Llanfair Station.

Catering offerings were also expanded – in addition to popular Fish & Chip trains and the sold-out Welsh Tea trains, a Hog Roast train was piloted and was promising enough to be expanded in the 2020 timetable.

However, the most welcome special event was the presentation by the Lord Lieutenant of Powys, Tia C Jones, of the Queen's Award for Voluntary Service to the railway. The presence of all levels of government and many other local representatives at the 14th September ceremony at Llanfair Station testified to the important role the railway plays in the community. In her remarks, Mrs Jones paid tribute to the volunteers who preserve and demonstrate our railway heritage.

All departments at the railway contributed to these successes. As described elsewhere in this report, the Mechanical Engineering team was challenged to maintain the operational fleet of steam and diesel locomotives, some of which are due for major overhauls. In a departure from normal practice, the 10-year overhaul of No. 1 'The Earl' was contracted out, while in-house work continued on the No. 10 'Sir Drefaldwyn' rebuild and other maintenance. Another new approach was the hiring from Austria of the Zillertalbahn's No. 2; Mechanical Engineering's most visible achievement was the receipt of the 1902 locomotive, the lifting of its boiler for inspection and its entry into service just 17 days after it arrived, just in time for a very successful annual Steam Gala.

The Civil Engineering Department works year-round to maintain the railway estate, ensuring its safety and operational reliability. Highlights in 2019 included repairs to three of the four bridges at Mill Curves, the painting of the water tower at Welshpool and the opening of a modern display area as the first phase of the 'Llanfair Connections' museum initiative. Projects under the 2018-20

Tourism Amenities Improvement Scheme (TAIS) grant from the European Union and Welsh Government started with the installation of electric vehicle charging points at Llanfair in the spring; groundworks began for the reinstatement of the siding at Cyfronydd. In preparation for a further TAIS project to extend the public display area at Welshpool, steelwork was erected to double the length of the carriage sheds, when completed in early 2020 this will more than double undercover storage for our railway stock at Welshpool.

Behind the scenes, paid and volunteer staff worked to ensure that safety regimes were maintained, marketing and administration efficiently conducted, and rosters managed such that no services had to be curtailed or cancelled for want of staff during the year. Recruiting sufficient volunteers to support the railway's operations remains a constant priority, however.

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

The railway maintains eight miles of line plus loops and sidings, 16 miles of lineside, six stations and halts, 25 public and accommodation level crossings, two major bridges and many smaller under-line structures as well as 47 buildings, from the stations, workshops and former Colinette industrial buildings to the smallest shelters and permanent way huts. Some of this infrastructure dates from 1902.

Approximately two thirds of the running line has been re-railed in preservation times but still needs regular maintenance and renewal, in particular involving drainage and trackbed stability. In 2019 the track gang focussed on improvements to several areas, including bridges and abutments at Pussy Bridge and Mill Curves. Less regular running line maintenance was achieved than planned as the tamper, a critical piece of permanent way plant, failed in the spring; however, an overhaul project has been developed. During the year the company has improved the availability and reliability of track related power tools, along with the launch of a project to provide new tool vans, funded largely through generous donations. Towards the end of the year the railway purchased new 50lb rail for use during 2020 and 2021.

Trees, lineside fences and vegetation, including station gardens, require significant ongoing work; managing the risk of lineside fires as well as protecting passengers from lineside vegetation has been a particular focus in the last two years.

Major buildings and structure projects included the refurbishment of the water tower at Welshpool, and the preparation for public use of the Llanfair Connections display area. Here, too, there is continual ongoing work involving volunteers with electrical, plumbing and telephony skills to keep building systems functioning. 2019 work also included a number of visitor and staff safety improvements and the TAIS projects referred to above.

### **Steam locomotives**

In 2019 the steam locomotive fleet accumulated a total of 8641 miles of which No. 2 'Countess' completed 5915 miles (68%), No. 12 'Joan' 1878 (22%) and locomotive ZB2 'Zillertal', on-hire from the Zillertalbahn, 848 miles (10%).

The mileage for No. 2 is a record for a locomotive operating on the W&L in preservation.

Significant works on the running fleet included removing and repairing No. 12's pony truck following a derailment, plus testing and commissioning ZB2 for operation on the W&L. On 24 June, No. 1 was shipped to the Vale of Rheidol workshops for a full overhaul, the first occasion we have contracted-out such a major piece of work on a locomotive. The overhaul of No. 10 'Sir Drefaldwyn' continued as permitted by the demands of maintaining the running fleet.

### **Rolling stock**

The carriage fleet accumulated a mileage of 33,534 including all public, driver experience and charter trains during 2019. Carriage B17 was given a refurbishment and repaint, MÁV carriage 418 was lifted and fitted with a set of reprofiled wheelsets and Pickering 4154 was given an exterior deep clean, the roof repainted and bodysides re-varnished.

The mess coach had the life-expired gas heating and cooking equipment removed and an electrical system fitted to provide the necessary facilities. W&L wagon No. 10 had a new headstock fitted to the Llanfair end plus worn coupling parts replaced.

### **Diesel locomotives and plant**

Diesel locomotives Nos. 7 'Chattenden' and 17 together completed 605 miles operating passenger trains in 2019.

No. 17 suffered a failure of the main converter to gearbox driveshaft following which all shafts were removed for assessment. The main driveshaft has been replaced with a new item and the others refurbished and refitted.

The workshop was rearranged by shortening the north road so as to provide a more generous fabrication area and benefitted from the acquisition of a 5 tonne portable lifting gantry. Both the Llanfair and Tanllan workshops were fitted with new fume and dust extraction systems fully compliant with current regulations.

### **Education and heritage**

The railway meets its formal charitable purpose, as stated earlier in this report, by providing what should be an educational experience for every visitor. Enhancing this are the various special events, which include the Vintage Weekends, the annual Steam Gala and the Welshpool Transport Festival, but the real highlight for education in 2019 was the opening of Llanfair Connections museum in the ex-Colinette building.

The museum was opened in time for the 2019 Steam Gala and thanks are given to all who worked on ensuring this was achieved. Activities and interest are provided for visitors of all ages and this facility will now continue to be improved and developed. It is hoped that the museum can be open as often as possible in the future but this does depend on volunteers being available to act as stewards.

Good links with schools in the area are maintained and school visits are promoted

as various aspects of the railway can be used in several parts and stages of the National Curriculum. Also, the five-day work experience programme for year 10 high school students continues to attract participants.

The quarterly Journal, sent to all members and sold in our shops, includes educational information about the railway and local area past, present and future, as does the regular online newsletter, The Earl, for those on its circulation list. The visitor's guide to the railway, of which a new edition will be available in 2020, along with the range of books available in the shops all serve to educate.

The vehicles in the display shed at Welshpool, as well as the standard gauge wagon outside, also form part of the educational experience and opportunities to add interest for visitors in all aspects of the railway and along its whole length continue to be taken and considered.

### **Fund raising**

During the year the railway received £122,033 in donations, including Gift Aid claimed or claimable. Highlights included a further instalment of match funding for the 2020 Appeal, and donations for special projects including vans for the track gang and funds for viaduct inspections. The 2020 Appeal, which will close in 2020, has raised £224,617 since launch, and the current EU/Welsh Government TAIS grant will also go towards 2020 Appeal objects.

Legacies during the year, from Michael Wright, Tom Newby and Mike Abbott, are valued at £89,000; the realised amount may vary a little from this.

The fund raising team actively monitors grant-givers' websites, including the Welsh Government and National Heritage Lottery Fund, to look for schemes appropriate to us, and prepare queries, expressions of interest, and grant applications.

### **W&L Sales**

The total contribution made by W&L Sales to the Preservation Company for rent, administration costs, and donated net profit during the year was just over £50,000, which is a £2,000 increase on 2018. Although the gross income was slightly down on 2018, careful management of stock, profit margins and expenses has produced this satisfactory result for the services provided by the shops and tea-room, which are a key part of meeting the expectations of visitors. The efforts of all the staff and volunteers who have been involved in W&L Sales are greatly appreciated, as the ancillary spend per visitor forms an important income stream.

Although structural work and site development, which will provide enhanced facilities for visitors and for W&L Sales, is unlikely to be started until after 2020, progress towards this goal continues.

### **Membership and volunteers**

Membership at the end of 2019 was 2,120 compared to 1,984 at December 2018. The new membership database makes it easier for members to keep their own

records up to date and allows for smoother production of Journal labels each quarter.

We attracted 251 new members in 2019, 38% from the SY postcodes. Our ability to retain members remains very good, aided by the 3 for 2 offer and by New Members' Day. This helps ensure we properly welcome new members and gives them the opportunity to meet active volunteers and consider how they might like to volunteer themselves. The new membership leaflet, talks to local organisations and our presence again at the Warley model railway show all helped recruitment in 2019. We would like to attend more local events in 2020, with the help of our volunteers.

The Volunteer Liaison Committee helps find new volunteers and completes inductions. It also ensures that volunteers are happy in their roles and can aid them in changing roles. The Committee comprises a board member as Chair, a Vice Chair and a representative from each section or department of the railway. It works closely with the Membership Committee.

There are roles available for all ages and abilities and training is always available. This year, we would like to see Llanfair Connections open on operating days (particularly Saturdays to start with). This will need volunteers to staff it from around 11.30am to around 3.30pm.

There is to be a spring volunteer recruitment campaign where we will be looking for new volunteers in all departments, including Llanfair Connections.

We would like to hear from anyone interested in volunteering in any department, or who is a current volunteer but wishes to consider moving department. Please contact Robert Robinson on 01938 811378 or 07767 267830 or email [volunteers@wllr.org.uk](mailto:volunteers@wllr.org.uk)

## **Staff**

The company employs four full time, one part time and, during 2019, six seasonal staff; plus there are around 290 part time volunteer staff.

There were several changes to leadership roles in 2019 including in the Footplate Department and Fence2Fence team. Trustees consider this to be a positive sign of succession capability.

A new Safety Officer was appointed in March following attendance at a NEBOSH (National Examination Board in Occupational Safety and Health) training course; a Signals & Telegraph Officer was appointed in October. The company had previously struggled to find suitable candidates for both positions. There has been an increased focus on training. In particular sessions were held for staff on first aid and for trustees on governance best practice.

Following guidance from the Heritage Railway Association an updated Young Volunteers Policy was added to the suite of Company personnel policies.

The Trustees are most grateful to Charles, Kevin, Richard, Sarah, Joe and all the part time and volunteer staff for successfully managing the railway during 2019.

## **Marketing**

Marketing is a significant part of the railway's expenditure and a critical ingredient in its success. Reflecting the slightly contracted 2019 timetable, and the end of a period of building up awareness, the marketing budget was reduced to £27,000 or about 9.3% of passenger takings, not including marketing directed at special events. A programme of market research and visitor surveys culminated with a summer of work by a volunteer with considerable experience in the heritage railway market. His work confirmed the importance of our key target audiences: family, group travel, heritage-conscious and railway enthusiasts, with the contribution of the last two categories greater than had been generally thought. This research has allowed us to ensure that the marketing budget is spent as efficiently as possible.

The final phase of the 'Disability First' project, supported by a grant from the Department for Transport through the Rail Safety and Standards Board (RSSB), helped to fund advertising in leading publications targeting the disabled community. Earlier phases of this project had seen the purchase of wheelchair lifts to improve access to carriages and modifications to two carriages to accommodate more and larger motorised wheelchairs. Bookings by passengers with mobility limitations continued to grow along with awareness of our increased capacity to accommodate them.

Marketing to groups was reinforced by international activity, as the railway led the representation of the Great Little Trains of Wales consortium at the world's largest group travel show in Berlin in March, supported by a Welsh Government grant to the consortium. Cruise ships, chiefly those docking at Liverpool, comprise another growth opportunity for group travel, although they need a product offering of very high standard. Group bookings are the result of marketing several years ahead, but 2019 saw continued growth in the number of passengers travelling in groups compared to the previous two years.

The timetable leaflet continues to be the single largest component of the marketing programme, although quantities have been reduced and distribution networks refined. Leaflets and other information material are also taken by volunteers to a growing number of tourism and modelling shows locally and around the country. Refinements have also been made to the placement of print advertising in quality print magazines and local newspapers; marketing to enthusiasts focusses on special events such as the annual Steam Gala in the railway press.

The cheapest, although still labour-intensive, channel is social media. Special events in particular benefit from targeted messages; the campaign mounted during the Gala, for example, reached 87,000 Facebook users, a nearly three-fold increase over 2018. The Gala was also an example of the importance of novelty and variety in the railway's product offering; the presence of ZB No.2 'Zillertal' had a noticeable effect on passenger numbers at Gala, as well as during its September running on regular passenger trains. The sold-out Santa services and the new Mince Pie Specials were almost entirely promoted on social media.

## 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.

Income from fares in 2019 was up 4% on 2018, a very good performance in view of the fewer trains run. Railway operation and preservation income overall was 3.5% higher as there was less capacity for driver experience days due to locomotive shortages. W&L Sales income was 1.5% lower as the economic uncertainty discouraged visitors from spending so freely in our shops.

Total incoming resources (Consolidated Statement of Financial Activities) were £711,000. After the record £1.1 million last year, the railway still had a very good year on donations at £122,000 (Note 2), much aided by the generous match-funding to the 2020 Appeal. Mike Abbott bequeathed his railwayana collection, valued at £82,000, to the railway. We are also grateful for generous bequests from Tom Newby and Michael Wright.

2019 has the first £17,000 of the TAIS grant support covering the EV charging points and materials for Cyfronydd siding, with more to come supporting Welshpool sheds and Sylfaen loop in due course.

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 initial months of the visit of ZB2 'Zillertal'. The transport and modification costs are being amortised across her full anticipated stay with us. Within administration costs, staff costs (Note 6 for detail) increased by £16,000 as we had a full year of two paid workshop staff, plus an additional summer employee working solely on No. 10 'Sir Drefaldwyn'. This latter £6,000 was recharged to capital expenditure, something we don't usually do, as this short-term contract was exclusively for No. 10 'Sir Drefaldwyn's' return to service. Project spend from mechanical engineering is the acquisition of rolling stock drawings and re-varnishing of Pickering carriage 4154. Civil engineering projects are the completion of spring 2019 and winter 2019 major trackwork.

Contribution from the commercial trading operations of W&L Sales Ltd is shown in Note 4. Thanks to slightly better gross margins in the shops, W&L Sales contributed £16,000 of profit to the railway. In addition, it pays £16,000 rent towards rates, electricity, repairs and £18,000 towards general administration costs.

The net cost of railway operations in 2019 is £279,000. Of this £229,000 is depreciation and major projects which are funded by donations from members

to support long-term preservation and development projects. The contribution from W&L Sales is key to supporting the balance, as is the money earned from our investments.

The CCLA investments (Notes 7 and 13) again delivered a helpful £9,000 of dividend income and interest. The underlying value of the investments rose £35,000 in the year, giving 21% 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.

Capital expenditure in 2019 at £282,000 was particularly high as we spent the generous legacies and donations of the last couple of years. Work on No. 10 'Sir Drefaldwyn' was £80,000 and work on No.1 'The Earl' so far is £67,000. In other fixed assets we have expenditure on the Welshpool shed extension, the new (to us) tool vans, the dust and fume extraction systems, mobile lifting gantry, EV charging points and Llanfair Connections fit out.

Cash balances at the end of 2019 are £411,000. Some of this is needed to cover the seasonality of the railway's cashflow and completion of the offsite overhaul of No. 1, with £215,000 further spend committed.

### 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, the 2020 Appeal and Llanfair Connections are planned to be used in the coming year. The 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

Part of the designated fund has been released back to general reserves as the industrial units purchased in 2016 are starting to be used for Llanfair Connections. With this building now available, the designated fund can be 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 £570,000. 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 £180,000 to be an appropriate additional reserve. Adding these two figures, reserves of £750,000 were required at 31 December 2019; 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. This is an ethical fund. While Covid-19 poses major challenges short-term, the investment managers remain positive on the medium- and long-term prospects, preferring equities to fixed income assets.

### **The future**

2019 was a year of consolidation with performance slightly ahead of 2018 but based on less activity. Trustees can report that the past four years' performance has been in line with the Commercial Strategy. As 2019 was the last year of the near-term part of the Business Plan it will be reviewed, and a new ten-year plan developed during 2020. Planned activity in 2020 aimed for continued careful growth, increasing to a level similar to 2018, though the current Covid-19 challenges will impact this.

The Major Projects Development has continued to progress during 2019 and there will be a focus on development of the retail site at Llanfair from 2021 onwards. A TAIS grant was received at the beginning of 2019 for funding four projects with completion by end 2020. Further projects will be developed in line with grant funding opportunities. The pace of development will depend upon financing.

During 2020, it is envisaged that there will be increased networking and lobbying through connections with HRA, GLTW relevant levels of government, along with the expansion of our liaisons with other 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 2020 and beyond with efforts made to further catch up on previously deferred maintenance.

Where possible during 2020, the Membership Services Committee and the Volunteer Liaison Team will continue their presence at local events to raise awareness of the railway and support increased recruitment of members and volunteers.

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.

### **Post balance sheet event**

The emerging Covid-19 pandemic and its economic impacts will have significant effects on the railway in 2020 and beyond. Trustees have reviewed the forecast income and expenditure for the coming year and continue to have a reasonable expectation that the railway is still a going concern based on these estimated figures.

On behalf of the Board of Trustees

**Steve Clews**

Chairman

23 May 2020

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

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2019 which are set out on pages 19 to 37.

### Responsibilities and basis of report

As the charity trustees of the company (and also 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 connection with 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

Whittingham Riddell LLP  
Newtown  
23 May 2020

## Consolidated statement of financial activities for the year ended 31 December 2019 (incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Income from:</b>					
<i>Voluntary income</i>					
Donations and legacies	2	148,075	79,800	<b>227,875</b>	640,646
<i>Charitable activities</i>					
Railway operation and preservation	3	290,547	-	<b>290,547</b>	280,792
Membership subscriptions		20,878	-	<b>20,878</b>	19,506
<i>Other trading activities</i>					
Commercial trading operations	4	161,797	-	<b>161,797</b>	164,192
<i>Investment income</i>	7	4,960	4,790	<b>9,750</b>	8,596
<b>Total income</b>		626,257	84,590	<b>710,847</b>	1,113,732
<b>Expenditure on:</b>					
<i>Charitable activities</i>					
Railway operation and preservation – working	3	340,439	-	<b>340,439</b>	310,887
Railway operation and preservation – projects	3	131,680	97,720	<b>229,400</b>	136,583
Membership and governance expenses	5	17,996	-	<b>17,996</b>	20,602
<i>Other trading activities</i>					
Commercial trading operations	4	145,615	-	<b>145,615</b>	150,153
<b>Total expenditure</b>		635,730	97,720	<b>733,450</b>	618,225
Net gain/(loss) on investments	13	35,000	-	<b>35,000</b>	(5,000)
<b>Net income/(expenditure) for the year</b>		25,527	(13,130)	<b>12,397</b>	490,507
<i>Reconciliation of funds:</i>					
Gross transfers between funds	20	-	-	-	-
<b>Net movement in funds for the year</b>		25,527	(13,130)	<b>12,397</b>	490,507
Total funds brought forward		2,103,425	178,379	<b>2,281,804</b>	1,791,297
<b>Total funds carried forward</b>		2,128,952	165,249	<b>2,294,201</b>	2,281,804

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 £12,397 (2018 £490,507 surplus).

## Consolidated and charity balance sheets

as at 31 December 2019

	Note	Group		Charity	
		2019	2018	2019	2018
		£	£	£	£
Company Registration No.00646238					
<b>Fixed assets</b>					
Heritage fixed assets	11	665,303	578,087	665,303	578,087
Other tangible fixed assets	12	790,540	750,988	790,540	750,988
Investments	13	238,000	203,000	238,002	203,002
		<b>1,693,843</b>	1,532,075	<b>1,693,845</b>	1,532,077
<b>Current assets</b>					
Stocks	14	88,700	66,400	70,000	48,100
Debtors	15	206,272	109,644	242,249	150,575
COIF deposit account		268,339	458,771	268,339	458,771
Bank accounts and cash balances	16	142,263	203,579	106,462	164,515
		<b>705,574</b>	838,394	<b>687,050</b>	821,961
<b>Creditors: amounts falling due within one year</b>					
Trade creditors		1,581	17,106	1,241	16,994
Other creditors including tax and social security	17	4,028	5,656	4,028	5,656
Accruals and deferred income	18	75,276	41,097	73,276	38,817
		<b>80,885</b>	63,859	<b>78,545</b>	61,467
<b>Net current assets</b>		<b>624,689</b>	774,535	<b>608,505</b>	760,494
<b>Total assets less current liabilities</b>		<b>2,318,532</b>	2,306,610	<b>2,302,350</b>	2,292,571
Creditors: amounts falling due after more than one year	18	24,331	24,806	24,331	24,806
<b>Total net assets</b>		<b>2,294,201</b>	2,281,804	<b>2,278,019</b>	2,267,765
<b>The funds of the charity:</b>					
Unrestricted funds		2,081,421	1,999,278	2,065,239	1,985,239
Designated funds		47,531	104,147	47,531	104,147
Total unrestricted funds	19	2,128,952	2,103,425	2,112,770	2,089,386
Restricted income funds	20	165,249	178,379	165,249	178,379
<b>Total funding provided</b>		<b>2,294,201</b>	2,281,804	<b>2,278,019</b>	2,267,765

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements are exempt from audit and were approved and authorised for issue by the Board of Trustees on 23 May 2020 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 2019

	Note	2019	2018
		£	£
<b>Net cash provided by/ (used in) operating activities</b>	23	<b>22,205</b>	523,278
<b>Cashflows from investing activities:</b>			
Dividends from investments	23	8,488	7,036
Acquisition of heritage and other tangible fixed assets	11 12	(282,441)	(144,480)
Disposal of tangible fixed assets		-	-
(Acquisition)/divestment of investment assets	13	-	-
Net cash provided by/ (used in) investing activities		<b>(273,953)</b>	(137,444)
<b>Cashflow from financing activities:</b>			
Members' loans received/(repaid)	22	-	-
Net cash provided by/ (used in) financing activities		-	-
<b>Change in cash and cash equivalents in the year</b>	22	<b>(251,748)</b>	385,834
Cash and cash equivalents at beginning of year	22	660,920	275,086
<b>Cash and cash equivalents at end of year</b>	22	<b>409,172</b>	660,920

Note: Cash equivalents includes Members' Loans liability

# NOTES TO THE ACCOUNTS

31 December 2019

## 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.

No material uncertainties exist and these accounts are prepared on a going concern basis.

### (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 insurance companies. 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 and legacies

	Unrestricted	Restricted	2019	2018
	£	£	£	£
Gift aided donations	38,444	71,873	<b>110,317</b>	123,827
Other donations	9,789	1,927	<b>11,716</b>	12,911
Legacies	83,000	6,000	<b>89,000</b>	476,514
Grants	16,842	-	<b>16,842</b>	27,394
<b>Total 2019</b>	148,075	79,800	<b>227,875</b>	640,646
Total 2018	545,279	95,367	640,646	

### 3. Railway operation and preservation

Turnover	Note	2019		2018	
		£	£	£	£
Fares		<b>279,554</b>		268,125	
Driving courses		<b>2,242</b>		4,808	
Keyse Cottage receipts		<b>5,064</b>		4,069	
Solar panels income		<b>1,887</b>		1,831	
Sale of surplus materials, parking etc		<b>1,800</b>		1,959	
Other operating income		<b>8,751</b>		7,859	
Income from railway operation and preservation		<b>290,547</b>		280,792	
<b>Working expenses</b>					
Fuel		<b>29,208</b>		31,899	
Repairs and maintenance:					
Mechanical Engineering		<b>53,926</b>		32,172	
Civil Engineering		<b>16,078</b>		22,259	
Costs applicable to special trains		<b>10,589</b>		14,482	
Loco hire fees		<b>5,594</b>			
Keyse Cottage running expenses		<b>3,714</b>		3,410	
Administration and management	6	<b>221,330</b>		206,665	
Total working expenses of railway operation and preservation		<b>340,439</b>		310,887	
<b>Major project expenditure</b>					
Mechanical Engineering		<b>8,340</b>		-	
Civil Engineering		<b>65,387</b>		2,514	
Depreciation	11 12	<b>155,673</b>		134,069	
(Gain)/loss on disposal		-		-	
Total major project spend on railway operation and preservation		<b>229,400</b>		136,583	
<b>Net cost of railway operation and preservation</b>		<b>279,292</b>		166,678	

### 4. Subsidiary's trading activities

	Note	2019		2018	
		£	£	£	£
Income – Tearoom takings (net of VAT)		<b>81,122</b>		81,612	
Less: Tearoom cost of sales		<b>(37,333)</b>		(36,870)	
Gross tearoom profit			<b>43,789</b>		44,742
			54.0%		54.8%
Income – Shops takings (net of VAT)		<b>80,675</b>		82,580	
Less: Shops cost of sales		<b>(40,398)</b>		(43,870)	
Gross shops profit			<b>40,277</b>		38,710
			49.9%		46.9%
Less: Administration and management costs	6	<b>(67,884)</b>		(69,413)	
Bank interest			-		-
<b>Net profit for the year donated to parent company by gift aid</b>			<b>16,182</b>		14,039
<b>Subsidiary's balance sheet at year-end</b>					
		<b>2019</b>		2018	
Current assets		<b>54,501</b>		57,425	
Current (liabilities) – other		<b>(3,660)</b>		(3,170)	
Current (liabilities) – inter-company balance with parent company		<b>(34,657)</b>		(40,214)	
<b>Net assets</b>		<b>16,184</b>		14,041	

### 5. Membership and governance expenses

	Note	£	£
		2019	2018
The Llanfair Railway Journal		<b>11,513</b>	10,906
Membership secretarial expenses	6	<b>728</b>	1,529
Additional audit costs due to higher legacies	6	-	4,000
Governance costs	6	<b>5,755</b>	4,167
		<b>17,996</b>	20,602

## 6. Administration and management

	Railway operation and preservation	Commercial trading W&L Sales Ltd	Membership and Governance	Total 2019	Total 2018
	£	£	£	£	£
<b>Establishment</b>					
Rent, rates, water and insurance	31,763	-	-	<b>31,763</b>	32,126
Electricity and heating	7,409	-	-	<b>7,409</b>	6,357
Repairs and maintenance	7,697	-	-	<b>7,697</b>	9,831
Cleaning and hygiene supplies	6,266	-	-	<b>6,266</b>	6,237
Rent charged to trading	(16,180)	16,180	-	-	-
	36,955	16,180	-	<b>53,135</b>	54,551
<b>Selling</b>					
Advertising and publicity	28,946	-	-	<b>28,946</b>	29,743
<b>Administrative</b>					
Staff costs <i>(Note 9)</i>	147,963	25,338	-	<b>173,301</b>	157,324
Travelling	3,278	-	-	<b>3,278</b>	1,189
External training	3,482	-	-	<b>3,482</b>	-
Telephone and radio	3,471	-	-	<b>3,471</b>	3,246
Postage and stationery	2,518	589	3,761	<b>6,868</b>	8,844
Independent audit/examination fees	-	-	2,000	<b>2,000</b>	5,000
Accountancy fees	11,990	4,650	-	<b>16,640</b>	16,020
General expenses	2,571	65	722	<b>3,358</b>	2,122
Recharged to trading/capital	(25,673)	18,000	-	<b>(7,673)</b>	-
	149,600	48,642	6,483	<b>204,725</b>	193,745
<b>Financial</b>					
Bank charges and credit card commission	5,829	3,062	-	<b>8,891</b>	7,735
<b>2019 Total</b>	<b>221,330</b>	<b>67,884</b>	<b>6,483</b>	<b>295,697</b>	285,774
2018	206,665	69,413	9,696	285,774	

## 7. Investment income

	2019	2018
	£	£
CCLA Charity Investment Funds: - Investment fund shares	<b>8,488</b>	7,036
CCLA Deposit Account – Interest	<b>1,081</b>	1,519
Bank interest	-	-
Interest on tax	<b>181</b>	41
	<b>9,750</b>	8,596
		Of which: restricted
	<b>4,790</b>	5,428
	<b>4,960</b>	3,168
		unrestricted

## 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

	2019	2018
	£	£
(a) Staff costs during the period were		
Wages and salaries	<b>160,291</b>	143,544
Social security costs	<b>6,094</b>	9,439
Other pension costs	<b>6,916</b>	4,341
	<b>173,301</b>	157,324
(b) Average number of persons employed		Number
Charity (full time employees)	<b>5</b>	5
Subsidiary (full time equivalent)	<b>1</b>	1
	<b>6</b>	6

No member of staff received emoluments in excess of £60,000 (2018: Nil). The General Manager's emoluments were in the range £40,000 to £45,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 250 working volunteers. Salaries include £6,000 which was capitalised as that employment contract related exclusively to work on No. 10 'Sir Drefaldwyn'.

The subsidiary employed six 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 (2018: £Nil).

## 10. Related party transactions

In 2019 Stewart Charman, son of trustee Andrew Charman, was also an employee. The trustee was not involved in either his selection or his remuneration and management. His remuneration was in the band £0 to £5,000 (comparable with other similar employees). There were no other related party transactions in the year. Of the trustees, Steve Clews was a director of Oswestry and Borderlands Tourism Ltd., Robert Robinson was Welshpool Town Clerk, David Jones was county councillor for most of the railway's area, Helen Ashby was Chair of the Friends of Sierra Leone National Railway Museum, Andrew Charman was editor of Narrow Gauge World. 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

Cost	Freehold land, site works, buildings and permanent way £	Locomotives and rolling stock £	Other plant and equipment £	Total £
At 31 December 2018	596,266	922,367	12,507	1,531,140
Additions	-	147,662	-	147,662
At 31 December 2019	-	<b>(82,072)</b>	-	<b>(82,072)</b>
Depreciation	596,266	987,957	12,507	1,596,730
At 31 December 2018	363,877	576,669	12,507	953,053
Charge for the period	15,117	45,329	-	60,446
(Disposals)	-	(82,072)	-	(82,072)
At 31 December 2019	<b>378,994</b>	<b>539,926</b>	<b>12,507</b>	<b>931,427</b>
Net book amount				
31 December 2019	<b>217,272</b>	<b>448,031</b>	<b>NIL</b>	<b>665,303</b>
31 December 2018	232,389	345,698	NIL	578,087

There was capital expenditure of £215,000 contracted for at the period end (2018: £Nil). Disposals in the year are the adjustments to eliminate previous major overhauls of The Earl, which had been fully depreciated. The net book impact is zero.

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

Year	Purchases £	Major items	Recategorised to/(from) heritage £
2015	22,698	No. 10 Sir Drefaldwyn	60,448
2016	5,786	Peate wagon / SG wagon	-
2017	3,751	No. 10 Sir Drefaldwyn Bowaters wagon	-
2018	53,783	No. 10 Sir Drefaldwyn Welshpool shed	-
2019	147,662	No. 10 Sir Drefaldwyn No.1 The Earl	-

## 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 2018	825,116	332,332	239,049	1,396,497
Additions	8,849	58,842	67,088	134,779
(Disposals)	-	-	(11,890)	(11,890)
At 31 December 2019	<b>833,965</b>	<b>391,174</b>	<b>294,247</b>	<b>1,519,386</b>
Depreciation				
At 31 December 2018	329,692	211,452	104,365	645,509
Charge for the period	35,198	25,857	34,172	95,227
(Disposals)	-	-	(11,890)	(11,890)
At 31 December 2019	<b>364,890</b>	<b>237,309</b>	<b>126,647</b>	<b>728,846</b>
Net book amount				
31 December 2019	<b>469,075</b>	<b>153,865</b>	<b>167,600</b>	<b>790,540</b>
31 December 2018	495,424	120,880	134,684	750,988

There was capital expenditure of £Nil contracted for at the period end (2018: £Nil).

## 13. Investments

COIF Charity Funds	Group	Charity			
Investment Fund shares	Number	2019 £	2018 £	2019 £	2018 £
At 1 January at market value	14,119	<b>203,000</b>	208,000	<b>203,000</b>	208,000
Disposals	-	-	-	-	-
Gain/(loss) on investment from change in value		<b>35,000</b>	(5,000)	<b>35,000</b>	(5,000)
At 31 December, at market value	14,119	<b>238,000</b>	203,000	<b>238,000</b>	203,000
Shares in subsidiary					
At 31 December at cost	2			<b>2</b>	2
		<b>238,000</b>	203,000	<b>238,002</b>	203,002
Historic cost at 31 December		<b>147,000</b>	147,000	<b>147,002</b>	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 £16,184 (2018: £14,041). Further details on W&L Sales Ltd are shown in Note 4.

## 14. Stocks

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Stores	<b>70,000</b>	48,100	<b>70,000</b>	48,100
Goods for resale	<b>18,700</b>	18,300	-	-
	<b>88,700</b>	66,400	<b>70,000</b>	48,100

## 15. Debtors

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	<b>3,149</b>	719	<b>3,149</b>	658
Prepayments and accrued income	<b>137,500</b>	79,660	<b>137,500</b>	79,660
VAT	<b>34,349</b>	13,664	<b>35,669</b>	14,442
Gift Aid recoverable	<b>31,274</b>	15,601	<b>31,274</b>	15,601
Amount due from subsidiary company	-	-	<b>34,657</b>	40,214
	<b>206,272</b>	109,644	<b>242,249</b>	150,575

## 16. Bank overdraft

The group has overdraft facilities of £Nil (2018 - £Nil)

## 17. Other creditors including tax and social security

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
<b>Members' loans, which are interest free and unsecured</b>				
Repayable on demand	<b>660</b>	660	<b>660</b>	660
Repayable on 3 months' notice from the lender	<b>770</b>	770	<b>770</b>	770
	<b>1,430</b>	1,430	<b>1,430</b>	1,430
PAYE	<b>2,598</b>	4,226	<b>2,598</b>	4,226
	<b>4,028</b>	5,656	<b>4,028</b>	5,656

## 18. Accruals and deferred income

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Subscriptions in advance	<b>40,107</b>	39,023	<b>40,107</b>	39,023
Less: falling due after more than one year	<b>(24,331)</b>	(24,806)	<b>(24,331)</b>	(24,806)
	<b>15,776</b>	14,217	<b>15,776</b>	14,217
Accruals	<b>59,500</b>	26,880	<b>57,500</b>	24,600
	<b>75,276</b>	41,097	<b>73,276</b>	38,817

## 19. Unrestricted funds

	Balances 31 Dec 2018 £	Income £	(Expenditure) £	Transfers/ revaluation £	Balances 31 Dec 2019 £
<i>General funds</i>	1,999,278	<b>624,857</b>	<b>(577,714)</b>	<b>35,000</b>	<b>2,081,421</b>
<i>Designated funds – future capital projects</i>					
Museum/ Interpretation Centre	104,147	<b>1,400</b>	<b>(58,016)</b>	-	<b>47,531</b>
	104,147	<b>1,400</b>	<b>(58,016)</b>	-	<b>47,531</b>
Total unrestricted funds	2,103,425	<b>626,257</b>	<b>(635,730)</b>	<b>35,000</b>	<b>2,128,952</b>

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2019, £1,318,769 (2018: £1,194,974) 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 2018	Income	(Expenditure)	Transfer from/(to) unrestricted funds	Balances 31 Dec 2019
	£	£	£	£	£
Restoration of No.6 'Monarch'	6,140	180	-	-	<b>6,320</b>
Restoration of No.14	35,776	3,432	-	-	<b>39,208</b>
Overhaul of No.1 'The Earl'	-	6,000	(6,000)	-	-
Maintenance of replica Pickering carriages	6,509	-	(6,509)	-	-
Maintenance of Zillertal carriages	16,391	160	(10,896)	-	<b>5,655</b>
Carriage improvement fund	10,300	310	-	-	<b>10,610</b>
Heritage wagon fund	3,687	110	-	-	<b>3,797</b>
Maintenance of diesels	4,684	140	-	-	<b>4,824</b>
New tool vans	-	13,215	(13,215)	-	-
Storage of Zillertal carriages	5,689	-	(5,689)	-	-
Viaduct and bridges protection	4,120	18,660	-	-	<b>22,780</b>
Sylfaen loop	25,750	770	-	-	<b>26,520</b>
2020 Appeal	59,333	36,463	(52,077)	-	<b>43,719</b>
Llanfair Connections	-	5,150	(3,334)	-	<b>1,816</b>
	178,379	84,590	(97,720)	-	<b>165,249</b>

## 21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2019 £
Tangible heritage and other fixed assets	1,455,843	-	<b>1,455,843</b>
Investments	198,792	39,208	<b>238,000</b>
Net current assets	498,648	126,041	<b>624,689</b>
Long term liabilities	(24,331)	-	<b>(24,331)</b>
	2,128,952	165,249	<b>2,294,201</b>

## 22. Analysis of changes in net funds

	At 31 Dec 2018 £	Cash flows £	At 31 Dec 2019 £
Bank and cash balances	203,579	(61,316)	<b>142,263</b>
COIF Deposit account	458,771	(190,432)	<b>268,339</b>
Members' loans	(1,430)	-	<b>(1,430)</b>
	<b>660,920</b>	<b>(251,748)</b>	<b>409,172</b>

## 23. Net cashflow from operating activities

	2019 £	2018 £
Net income/(expenditure) per Statement of Financial Activities	<b>12,397</b>	490,507
Adjust for non-cash items:		
Depreciation	<b>155,673</b>	134,069
Net loss/(gain) on investments	<b>(35,000)</b>	5,000
Adjust for working capital changes:		
Decrease/(increase) in stocks	<b>(22,300)</b>	(9,400)
Decrease/(increase) in debtors	<b>(96,628)</b>	(48,612)
Increase/(decrease) in creditors	<b>16,551</b>	(41,250)
Take out dividends (shown separately in Cashflow)	<b>(8,488)</b>	(7,036)
	<b>22,205</b>	523,278

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

	Unrestricted funds	Restricted funds	Total 2018
	£	£	£
<b>Income from:</b>			
<i>Voluntary income</i>			
Legacies and donations	545,279	95,367	640,646
<i>Charitable activities</i>			
Railway operation and preservation	280,792	-	280,792
Membership subscriptions	19,506	-	19,506
<i>Other trading activities</i>			
Commercial trading operations	164,192	-	164,192
<i>Investment income</i>	3,168	5,428	8,596
<b>Total income</b>	1,012,937	100,795	1,113,732
<b>Expenditure on:</b>			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	310,887	-	310,887
Railway operation and preservation – projects	81,821	54,762	136,583
Membership and governance expenses	20,602	-	20,602
<i>Other trading activities</i>			
Commercial trading operations	150,153	-	150,153
<b>Total expenditure</b>	563,463	54,762	618,225
Net gain/(loss) on investments	(5,000)	-	(5,000)
<b>Net income/(expenditure) for the year</b>	444,474	46,033	490,507

**25. Management accounts summary financials by activity**

	Railway operation and preservation	W&L Sales	Appeals and investment income	Membership and governance	2019	2018
	£	£	£	£	£	£
Income from operating activities	290,547	161,797	9,750	20,878	<b>482,972</b>	473,086
Daily operating (costs)	(340,439)	(145,615)	-	(17,996)	<b>(504,050)</b>	(477,642)
Net income: Daily operations	(49,892)	16,182	9,750	2,882	<b>(21,078)</b>	(4,556)
<i>Long term income</i>						
Donations and legacies			227,875		<b>227,875</b>	640,646
Net gain on investments			35,000		<b>35,000</b>	(5,000)
Audit costs due to higher donations						(4,000)
<i>Long term project expenditure</i>						
Major project (spend)	(73,727)	-		-	<b>(73,727)</b>	(2,514)
(Depreciation)	(155,673)	-		-	<b>(155,673)</b>	(134,069)
Net income/(expenditure) per Statement of Financial Activities	(279,292)	16,182	272,625	2,882	<b>12,397</b>	490,507

# WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

Sixtieth Annual General Meeting held at 1.00pm on Sunday  
19 May 2019 at the Station, Llanfair Caereinion, Powys

## Present:

Ralph Cartwright (Vice President)	Bob Mason
Tony Thorndike (Vice President)	Simon Mayor
Sir Philip Williams (Vice President),	Robert Robinson
Steve Clews (Chairman)	Bruce Webber
Simon Bowden	Charles Spencer (General Manager)
Andrew Charman	Michael Reilly (Company Secretary)
John Forman	and 47 other members
Richard Green	

## Apologies for Absence

Apologies were received from the Earl of Powis (President), John Gearey (Vice-President) Alan Higgins (Vice-President), Hugh Appleton, John Bancroft, Alan Barnes, Dave Billmore, Kate Billmore, Sam Billmore, Rosemary Charman, Reg Davies, Michael & Pamela Denholm, Malcolm Elliot, Eric Every, Eric Fairbrother, Kaye Forman, Clifford & Daphne Goodman, Harry Gow, David Gowan, Elizabeth Hall, Don Higham, John Hurdley, Rowan Joachim, Mike Lister, Triston & Sally Lister, Bob McCunn, Roger Pattie, Robert Pickford, C B Pierce, Frank Podmore, Mervyn Pritchard, Jeremy Roberts, Frances Robinson, Barry Dove Smith, Colin Tickle, Tom & Patricia White, Roy Wilkinson.

## 1. Minutes of the Annual General Meeting on 19 May 2018

Mervyn Pritchard asked that the spelling of his name in the list of apologies for absence be corrected. The minutes of the previous AGM were then 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.

2018 had seen a similar increase in passenger numbers and income to that in 2017. The timetable had been expanded further with the same number of total trains but on 4% more days. We had run trains over the February half-term for the first time and closed the season with special trains to Castle Caereinion to commemorate the 100th anniversary of Armistice Day. Passenger numbers were the highest since 2009 and traffic income and total revenue were the highest recorded. Tea room and shop income were also up on 2017. 'Santa' services had been expanded but still ran full, this was now our highest single generator of income. Joe Gunby had been appointed to a staff vacancy in the engineering and operations departments while volunteer numbers continued to increase. A new business plan had been published and the RSSB project to complete the modification of the MAV carriages and provide platform lifts for less able visitors had been completed.

Bob Mason then summarised the main features of the Audited Consolidated Financial Statements.

Points made in answer to questions were:

- A copy of Bob Mason's presentation will also be circulated in The Earl.
- The financial statements were the consolidated accounts, not just those of the preservation company, so it was appropriate to include W&L Sales' figures in them.
- This was the second year in which the company had made a deficit on operations and 2019 would probably be the third, due to the lack of locomotive availability.
- The aim was to average the deficit to zero over a rolling 4-5 year timeframe, it was important not to tie ourselves too tightly to the income figure.
- Gift Aid had been included in the figures for donations where appropriate.
- The net contribution to revenue from 'Santa' operations was approximately £25,000 and from Gala roughly £18,000. Completion of the overhaul of loco No. 10 would probably cost another £60,000.

The adoption of the Annual Report of the Trustees and Audited Consolidated Financial Statements was proposed by Steve Davidson, seconded by Harry Billmore and agreed.

## 3. Election of Trustees

Since there were four candidates for four places the Articles required a single-stage ballot. The ballot was held and all four candidates received more votes in favour than against. Simon Bowden, Steve Clews, David Jones and Simon Mayor were therefore all re-elected to the board.

## 4. Election of President

Steve Clews proposed that the Earl of Powis be elected President, which was seconded by Philip Crook 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.

## 6. Special resolution to amend the Articles of Association to permit the annual report to be made available by electronic means

Steve Clews explained the motion, which would allow the company to reduce printing and postage costs and environmental impact by making the annual report and financial statement available on the company website, rather than posting printed copies to all members. A limited number of copies would still be printed and available on request. The motion was to amend the wording of Article 67 by inserting the words in bold and deleting the words struck through:

*67. A copy of every Balance Sheet, including every document required by law to be annexed thereto, which is to be laid before the Company in General Meeting, together with a copy of the **Independent Examiner's or Auditor's report shall, not less than twenty-one days before the date of the Meeting, be sent be posted on the Company's website and available to be sent on request** to every Member of, and every holder of Debentures of, the Company; provided that the provisions of this Clause shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any Debentures.*

The resolution was proposed by Terry Turner, seconded by Steve Davidson and carried on a show of hands.

There being no further business, the meeting closed at 2.20pm.



## Welshpool and Llanfair Light Railway Preservation Co Ltd

Phone: 01938 810441  
[www.wllr.org.uk](http://www.wllr.org.uk)

Registered charity number 1000378  
Company number 00646238