



WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

ANNUAL REPORT AND ACCOUNTS 2016

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Administrative details

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Newtown,
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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 Martin Evans
(to 6 December)

Company Secretary Michael Reilly
(from 6 December)

General Manager Charles Spencer

Deputy General Manager Kevin Heywood

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 Leisure Centre, Llanfair Caereinion on Saturday 20 May 2017 at 2.15 pm for the purpose of transacting the following business:

Ordinary Resolutions

- (1) To receive and adopt the consolidated financial statements and the report of the trustees for the year ended 31 December 2016.
- (2) To elect directors. The Articles of Association stipulate that one-third of directors shall retire annually. John Forman, Richard Green, Bob Mason and Caro Schubert retire by rotation. There are four vacancies. Details of those offering themselves for election are given in the accompanying 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 and Dr Tony Thorndike have indicated their willingness to be re-elected. Sir Philip Williams has also indicated his willingness to be 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 is enclosed with this mailing and should be deposited at the Registered Office at least forty-eight hours before the meeting.

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

By order of the Board

Michael Reilly

Company Secretary

18 March 2017





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 2016 were:

	<i>Meetings attended</i>
Steve Clews (Chairman)	6 of 6
Iain McLean (Vice Chairman)	5 of 6
Simon Bowden	6 of 6
Andrew Charman	5 of 6
John Forman	6 of 6
Richard Green	6 of 6
Councillor David Jones	4 of 6
Bob Mason	6 of 6
Simon Mayor	6 of 6
Robert Robinson	6 of 6
Caroline Schubert	5 of 6
Bruce Webber	6 of 6

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

This report sets out the trustees’ account of the company’s work in 2016. 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, 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.

Governance and management

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

The trustees are of the opinion that in preparing the financial statements on pages 19 to 36 appropriate accounting policies have been consistently applied, supported by reasonable and prudent estimates and judgments, and all applicable accounting standards have been followed. They are also satisfied that the group has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

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

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

The Board meets six times a 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. 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 bodies, including the Charity Commission, Office of Rail and Road, Rail Accident Investigation Branch and the Heritage Railway Association.

Risk management and safety

The company has a formal risk management process, identifying in detail the risks to which the railway is exposed. The Board of Trustees keeps a register of risks to the business; these include short- and long-term risks relating to operations, the security of the business, its finance, staffing and governance. A board member takes lead responsibility for the process and a representative from the Board or management takes ownership of each category. Emergent and changed risks are identified, discussed and documented at each board meeting. The Board reviews the register annually through the category owners.

The safety and welfare of visitors, staff and volunteers takes precedence over all other activities, and trustees are pleased to report a year without any significant incidents. Minor incidents were reported to the Board, reviewed by relevant staff, and changes in procedures made or reminder notices issued as appropriate. Systematic reviews during the year included a survey of all the railway's level crossings and safety assessments of the areas which the public use when they visit the railway. The railway continues to invest in equipment and training which allow staff to operate safely.

New emphasis was placed on enhancing the overall safety culture and representation of the Safety & Management Committee was broadened beyond purely safety critical grades.

The Safety Management System (SMS) remains under focus to ensure it can meet the evolving demands of the railway. A major revision to the summary document was published after review with the railway's safety advisor. An external safety audit in October revealed no major deficiencies. Representatives of board and management have attended safety related meetings organised by the Heritage Railway Association.

The trustees would like to thank the General Manager, the Safety & Management Team and all staff and volunteers for their work in keeping safety at the forefront of the operation of the railway.





Objectives

The principal objective of the company remains 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 skills and manpower.

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 charge whenever the railway is open
- view the railway and its operations 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. 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

2016 was a year of significant achievement. An expanded timetable saw 595 trains, an increase of 18%, running on 167 days, 8% more than last year, carrying the highest number of passengers for six years. Net passenger income in real terms was the second highest on record. Special events were increased and new ones added. The Santa specials, Welsh Tea trains and Fish & Chips specials all





sold out. Added to the largest contribution ever recorded on the sales side, this helped deliver a 12% increase in total revenue over 2015. Importantly, visitor feedback on survey sites continues to show high satisfaction ratings. We have increased our focus on meeting our education mandate through historically centred events and a school outreach programme.

Recruitment of a key paid member of staff for the mechanical engineering department will facilitate the deployment and training of further volunteers. Generous support from members and other donors has enabled continued investment in the railway's infrastructure and appearance, while a major grant from the Department for Transport is enabling important improvements to facilities for disabled customers. Most importantly, our operations were carried out safely and efficiently.

Continued investment in our historic infrastructure and rolling stock is essential to maintain this success. The growing traffic and revenue has given us the basis on which to launch the largest appeal in our history. This will help provide the necessary facilities for a secure future, both to protect and maintain our heritage assets and to offer the modern facilities that our customers expect. We have purchased the site for a new mechanical engineering workshop and planning for a major long-term development programme is well under way.

Track, infrastructure and buildings

Over 80% of the line has had significant work done over the last 15 years. This year commenced with a 250m relay between Rowlands crossing and Dolarddyn Crossing using new S30 rail and hardwood sleepers. Larger seasonal projects for the track gang have included re-railing part of Mill Curves, relaying Welshpool bay platform and a start to re-sleepering 200m at Cwm Curves.

Structures along the line are being assessed both for risks and maintenance renewal programmes. A review of all level crossings was completed in 2016. Further flood repairs were carried out near Mill Curves, including pointing the retaining wall and replacing a short section that had been undermined by a tree. In addition to annual clearance, substantial repairs were made to drains at Cyfrondd station. A retaining wall has been constructed at Raven Square where water erosion had caused serious undermining.

Fencing renewal was undertaken near Sylfaen and Heniarth stations and two occupation crossings were renewed near Hydan Fawr. The 'hedgebashers' cleared further stretches to improve the views for passengers and avoid 'leaves on the line.' Improvements at Llanfair station included a new paved area alongside the platform, a concreted area allowing wheelchair access to picnic benches under the tearoom canopy and a new diesel fuel tank. At Welshpool the carriage shed floor has been concreted and lights installed and the bay platform edging renewed. Some building repairs, especially roof faults, have been undertaken by contractors, while volunteers concentrated on ground works, walkway and railing improvements. Reliance on contractors has been reduced by the recruitment in 2016 of volunteers with important external qualifications. Painting and other improvements to overall appearance have continued. Volunteers have also been





making the former Colinette industrial buildings safe and preparing them as the site for the new workshop project.

Steam locomotives

In 2016 the steam locomotive fleet accumulated a total of 9450 miles of which No. 1 'The Earl' completed 4277 miles (45%), No. 2 'The Countess' 3408 miles (36%) and No. 12 'Joan' 1765 (19%). Significant work on the running fleet included re-caulking at the foundation ring and a new injector to the fireman's side on No. 1 and re-riveting the expansion link on No. 2. Locomotive No. 12 also required caulking at the foundation ring plus replacement of the valve spindles to have the locomotive available for the gala.

The overhaul of No. 10 'Sir Drefaldwyn' continued as other work permitted. A new smokebox door was made, the new smokebox fitted to the boiler and a start made on a new chimney. The superheater header was repaired and trial-fitted. Work proceeded on the valve gear and the new ashpan.

Rolling stock

Including all public, driver experience and charter trains, the carriage fleet covered a total of 34,112 miles during 2016. A workshop week which concentrated on carriage and wagon work was introduced in November.

Carriage B25 had new panels fitted to the balcony ends and gates, was then repainted and turned out as SKGLB No. C572. MÁV carriage 418 was lifted at the Welshpool end to change a wheelset. Our two ex-Sierra Leone Railway carriages were serviced and returned to traffic for the first time since 2010. Carriage 1066 was lifted at one end to correct the bogie side bearer clearances.

The rebuilding of open wagon No. 10 (GWR 71692) was completed in time for its debut at the Country Railway Weekend, and construction of a replica J Ll Peate & Sons private owner wagon continued with the underframe set on its wheels by year-end. Both brake vans had their wheels turned.

Diesel locomotives and plant

Locomotive No. 7 'Chattenden' received attention early in the year in order to have it in good order for the high season diesel-hauled passenger service plus the diesel weekend. This included replacing the coupling rod bushes, the brake block mounting pins and spring hanger pins. Pride of place went to replacing the drive coupling between the four-speed and final drive boxes; this involved removal of the freewheel coupling to allow sufficient movement of the gearbox to permit access to the drive coupling.

The tamper was found to need attention to both jacking actuators plus those for slewing and rail clamping. These were removed for overhaul by a specialist contractor and subsequently refitted.

Our ageing Bridgeport turret mill was replaced with a similar machine in much better condition. We were also very fortunate to receive a donated Bridgeport CNC mill, a gift from Colin Balls: this is our first foray into this technology.





Education and heritage

The railway's special events programme centres around demonstrating how the original railway served the community. Mixed trains were reintroduced into Vintage Weekends and a Country Railway Weekend featured demonstrations of cargo activities, road vehicles and other displays from the first half of the 20th century. The railway also solicited the donation from the National Railway Museum at Shildon of a 1925 Great Western Railway standard gauge wagon surplus to its collection. This will be placed on a track panel at Raven Square and used to demonstrate the transshipment activities which used to occur between the W&L and the main line in Welshpool.

We maintain good links with neighbouring schools and encourage school visits to our line, where we can advise teachers on appropriate briefing materials for different National Curriculum stages. In 2016 we introduced a five-day work experience programme for year 10 high school students, which attracted several participants from a 40-mile radius.

The quarterly Journal, sent to all members and sold in our shops, includes a range of educational information about the history of the line, its area and the preservation of this and other narrow-gauge railways. The shops also sell a wide range of relevant books, both current and second hand, including a visitor's guide to the railway and many other current publications featuring the W&L. We contributed articles on the railway specifically, and the Great Little Trains of Wales in general, to the railway press and general interest publications.

Fund raising

The charity continues to be well supported by the funds generated by its wholly-owned trading subsidiary (W&L Sales Ltd) but also relies heavily on donations and legacies from the public and members to meet development expenditure.

During the year, the appeal for the restoration of locomotive No.10 'Sir Drefaldwyn' was closed, having raised a total of £90,714. In May, we announced the launch of the biggest campaign in the Company's history, to fund 'Our 2020 Vision'. This encompasses a new workshop at Llanfair, freeing the space occupied by the present one for a visitor centre, and includes improvements at Welshpool and along the line. The whole cost is expected to exceed £1.5 million and the appeal was launched with the very ambitious target of raising £600,000 by the end of 2020. By the end of 2016 it had already attracted £64,227 in donations and a further £25,000 in legacy receipts was assigned to it. A leaflet explaining how to make a legacy to the railway was prepared and issued soon after the year-end.

Grants

We successfully applied through the Rail Safety Standards Board (RSSB) for a grant from the Department for Transport to improve disabled access to our trains. The Great Little Trains of Wales (GLTW), of which we are the current chair, won a grant for a guidebook and website encouraging visitors to come to Wales by main-line train which will benefit us and the other member railways.





W&L Sales

Income from the shops and tea room showed strong growth in 2016 and was further boosted by some consultancy work, giving a total contribution to the Preservation Company of around £62,700. The unstinting efforts of all staff and volunteers involved in achieving this are greatly appreciated.

Whilst the visitor centre project at Llanfair is still some years ahead, W&L Sales has been involved in its planning and design to ensure that the new facilities are efficient and attractive and will encourage a good ancillary spend from visitors.

Membership and volunteers

At the end of 2016 there were 1,942 members, compared to 1,925 at December 2015. We attracted 206 new members, (220 in 2015), in line with our annual average over the last five years of 203. Apart from three current paid staff posts, the Preservation Company's staffing is entirely by volunteers.

We have a very strong, supportive base of life members (33% of our members). We also do well in attracting new senior members but compared to other heritage railways we are under-represented in the 18-59 (15% of our membership) and under 18 (9%) groups. To help redress this a Young Members' Group was established in 2016. The group held an initial open day called 'Summerfest' and continues to grow through group and individual contributions.

We again ran a New Members' Day, to give new members the opportunity to meet active volunteers and consider how they might like to volunteer themselves. The Volunteer Liaison Team also held a Volunteers Day, tailored more to individuals. The two events resulted in 11 new volunteers being found roles. A volunteer liaison committee of representatives from each area of activity on the railway meets four times a year and aims to be in touch with new volunteers within 48 hours of their first contacting the railway. In 2016 there were over 60 new contacts with some 20 new volunteers taking up roles.

Staff

2016 was the first full year with Charles Spencer as General Manager, which has allowed us to progress towards implementing an updated management structure.

The search for a replacement workshop employee bore fruit with the appointment of Richard Featherstone as Fitter/Trainer in July. To date there has been no progress with recruiting a person into either an administration or marketing role as identified in the management structure. The railway will look to fill at least one position during 2017. The trustees are most grateful to Charles, Kevin and Richard for managing the railway shorthanded during 2016.

Marketing

Strong marketing is essential to provide the growth in passengers and revenue called for in the long-term strategy. Our core product was made more available, with an 8% increase in operating days, covering all local school holidays





except Christmas and February half-term. A wide range of special events was introduced, targeting families and children as well as those interested in history. Enthusiasts were not neglected: the annual Gala was expanded, a new Diesel Day drew visitors from afar and mixed trains and shunting were reintroduced into the regular Vintage Weekends. Improvements to the stations and lineside also improve the product for visitors. Expenditure on advertising increased to over 14% of the operating budget, and new special promotions were introduced. The targeted markets were expanded in two key areas: further north towards Cheshire and the Wirral, and at families by using general interest and school-distributed publications.

The first steps were taken into paid digital advertising. This can provide greater flexibility of content thanks to the ability to update frequently and offers a wide reach at small unit cost. In April, locomotive No. 8 'Dougal' was taken to Peterborough with the support of external sponsors to be the centrepiece of the annual garden railway show of the Association of 16 mm Narrow Gauge Modellers. In August, newly restored open wagon GWR 71692 was displayed at the Shrewsbury Steam Rally, the second largest show of its kind in the country. Volunteers made presentations about the railway to groups in the UK and overseas and staff wrote articles for various media.

The railway's membership in and leadership of the Great Little Trains of Wales marketing group also paid dividends. The group won a major grant from the Department for Transport to produce a physical and on-line guide promoting visits to the Welsh railways using mainline trains. The 'Big Train Little Train' guide was launched at Kings Cross Station in August; most of the 10,000 copy print run has been distributed and a second edition is planned for 2017. The group also developed a customer service training programme for its members for delivery in 2017; this fits well with the W&L's own strategy.

Passenger surveys were introduced during two weeks of the season and for every special event except Gala, to understand why visitors came and to gauge their reaction. The Santa specials demonstrated clearly the importance of good marketing – they again sold out, despite a 31% increase in the seats available.

Financial review

Results and financial position

Income from fares (Note 3) in 2016 was up a significant 13% on 2015. The broader range of events and an extra Santa day helped, as did the earlier Easter. Driver experience income was £1,000 lower, after two years of growth, partly because fewer days were available. Railway operation and preservation income overall was 10% higher. Keyse Cottage receipts were notably higher reflecting higher occupancy, but we had £4,000 less sales of surplus material after a major tidy in 2015.

Total incoming resources (Consolidated Statement of Financial Activities) at £588,000 comprise railway operation income, membership subscriptions, W&L Sales' commercial activities and legacies and donations. As well as railway operations being £23,000 higher, W&L Sales were up £18,000. Donations





(Note 2) were £27,000 higher while legacy gifts topped £62,000, compared to £272,000 in 2015 which included David Lord's gift.

Note 4 shows the contribution from the commercial trading operations of W&L Sales Ltd. Tearoom and shop sales at both termini were much increased, benefitting from extended opening hours and generous second-hand book donations. Gross profit at 59% in the tearoom (38% after staff salary costs) and 49% in the shops reflect smart purchasing, stock management and pricing. Fees from business consultancy added a helpful £6,000, though this is unlikely to repeat in 2017. The volunteer days contributed in the tearoom and shops enable W&L Sales to operate without high levels of paid staff (Note 6). Consequently, in addition to the record £30,000 profits gift-aided to the Preservation Company, W&L Sales also contributed £33,000 in rent and its share of overall administration and management costs (see Note 6).

Note 3 shows the railway's operation and preservation costs. Mechanical engineering spend was £15,000 higher reflecting a busy year. Civil engineering was £5,000 higher, including fencing and maintenance contract visits for Castle crossing. Salary costs increased by £20,000, mainly due to filling the workshop vacancy. This has been a great boost to keeping our operating assets in good order. Fuel and costs of specials are together £4,000 higher due to additional trains. Keyse Cottage expenses in 2016 include general running costs, while 2015 included refurbishment costs.

Note 6 shows establishment and management costs for all activities. Electricity costs are back to normal after the catch-up credit in 2015. Cleaning costs are also higher, mainly due to refuse disposal charges. On the other hand, the switch to an Independent Financial Examination has saved us £5,000.

The major project costs in 2016 are shown in Note 3. The civil engineering spend of £38,000 compares to £60,000 for 2015. Civil engineering projects include the work on creating the retaining wall for the brook running alongside Welshpool station. Depreciation was £29,000 higher than in 2015 due to the acquisition of additional space and buildings in the industrial units. A notional gain of £23,000 when the Resita locomotive was sold for £31,000 offsets this in part.

The COIF investment fund units continued to perform well and delivered £11,000 of dividend income and £19,000 of market value appreciation: a most creditable 11% 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. Consequently, net funds generated from all the charity's activities in 2016 at £25,000 (before investment appreciation) include as long-term costs the major project costs in Note 3 at £38,000 on civil engineering, £134,000 on depreciation and £23,000 notional gain on locomotive disposal. They also include as long-term income the £154,000 from legacies, donations and grants (Note 2).

Note 24 summarises the income and costs for our different activities. 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 received. When donations are used on new fixed assets the income arrives in year one, but depreciation of the asset appears as a cost in each of the next twenty years or more. The Pickering carriages, for instance, were funded with £400,000 received several years ago, but we still need to record £20,000 of depreciation each year.

Capital expenditure in 2016 at £302,000 includes £282,000 for purchase of the industrial units at Llanfair, further costs for the rebuild of locomotive No. 10 'Sir Drefaldwyn', materials for new heritage wagons and workshop equipment. The capital commitment at year-end is part of the payment for two new wheelchair hoists, funded by an RSSB grant.

Other items of note on the balance sheet are stocks, debtors and our bank balances. Stocks included rail and sleepers to cover planned work to early 2018. Debtors are higher at £96,000 as the RSSB grant was agreed in 2016 but not received until January 2017. Our Gift Aid claim for 2016, submitted early in 2017, is also higher after the increase in donations in 2016. Creditors are lower as 2015 had a recent sleeper delivery, not yet paid. Total cash available at end 2016 was £304,000.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the aims of the fund fit within its overall objectives. The purchase of the industrial site at Llanfair was made possible by applying previous legacies held for this purpose, including those from David Lord and Pascoe Rowe. During 2016 a new fund was opened for the 2020 Appeal. This has already reached £66,000 and we have £162,000 of legacies in general funds that can be allocated to site development projects in due course. The legacy from Derek Mayman was earmarked to maintain the original Zillertal carriages in pristine condition and two funds have been created as a result. Donations have also been received to support the heritage wagon programme.

Existing restricted funds for restoration of No. 10 'Sir Drefaldwyn', maintenance of diesels, and Keyse Cottage refurbishment are planned to be used in the coming year. The funds for cosmetic restoration of stored locomotives, maintenance of the Pickering carriages and purchase of welding equipment are available when required. Funds for restoration of locomotive No. 14 and of No.6 'Monarch' are for longer term projects.

Reserves policy

At the year end, the charity faces four months with little income but with expenditure running at higher than its normal rate. This is when major work is undertaken on civil and mechanical engineering repairs, refurbishment and capital items, coal stocks are replenished and W&L Sales restock 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 £199,000. 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 £379,000 were required at 31 December 2016, whilst actual investments, cash and working capital available stood at £615,000. The difference is earmarked to fund future stages of our Major Projects Development.

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 and property fund units. These are ethical funds.

The longer-term funds generated income of £11,000 in 2016, a 4% return. The underlying value of these two funds also rose £19,000 over the period, due to the rise in share prices.

At the period end, the fund managers anticipate that:

- in the property sector, uncertainties over demand for office space, particularly in the South-East, are likely to cap valuation growth
- equities are the asset class best placed to benefit in the new environment but the recent rally has taken prices towards being over-valued. No material near-term setbacks are expected, but to sustain this uptrend in prices there needs to be further evidence of rising earnings.

The future

The development of the new Business Plan has occupied trustees throughout 2016. This is being completed in stages. The Commercial Strategy was approved in May 2016 and presented to the membership at the 2016 AGM. It promotes expansion of services to generate more visitors and increased income. Changes made during 2016 to commercial operations have been in line with this and have produced increases consistent with the short-term targets. This strategy will continue in 2017.

Supporting the Commercial Strategy and part of the future business plan are Engineering, Operations & Infrastructure, Financial and People Strategies. The first of these has also been approved by the trustees and a draft Financial Strategy completed. The remaining strategies will be completed such that the new Business Plan can be issued during 2017.





The Major Projects Development continued to progress in 2016. In January, the railway purchased property and a building adjoining the Llanfair station site for the new workshop. A project team is developing detailed plans for development of the site and this work continues during 2017. The new building will free up space occupied by the present workshop for use as a visitor and interpretation centre. A project team will also be put in place for this in 2017 to ensure both projects are complementary. Once the teams have developed detail plans and gained board approval, building will commence with the workshop, possibly in 2017. These projects are a huge commitment and we will continue to explore funding during 2017 over and above the launch of our largest appeal ever.

Marketing was a focus area in 2016. An expansion of special events took place following the extremely good Gala and Santa events in 2015. These proved very successful as did the expanded timetable, especially in August with early departures and late arrivals at Welshpool. The 2017 timetable sees some further expansion of events consolidating the successes of 2015 and 2016. Efforts to preserve and improve the appearance of the railway to ensure it remains attractive to visitors will continue, together with efforts to catch up on deferred maintenance.

It became evident in 2016 through the increased services and development of the commercial strategy that the railway must put more effort into recruitment of members and volunteers. The Membership Services Committee and the Volunteer Liaison Team will run recruitment drives at local towns during 2017, assisted by an emergent Young Members Group.

The charity remains extremely grateful for legacies and donations received over past years. Where a preference for the use of these has been expressed, consideration will be given to accede to them. But it must be stressed that unrestricted legacies and donations give the railway considerably more flexibility of purpose in these difficult financial times.

On behalf of the Board of Trustees

Steve Clews

Chairman

18 March 2017





Independent Examiner's Report to the trustees of the Welshpool & Llanfair Light Railway Preservation Co Ltd

I report on the financial statements of the charity for the year ended 31 December 2016 which are set out on pages 19 to 36.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work or for this report.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements, and they consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's report

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.





Independent Examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the Act; and
 - to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the Act have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

John Fletcher BA (Hons) FCA

Whittingham Riddell LLP
Chartered Accountants
Newtown

22 March 2017



Consolidated statement of financial activities for the year ended 31 December 2016

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income from:					
<i>Voluntary income</i>					
Donations and legacies	2	37,498	116,329	153,827	329,036
<i>Charitable activities</i>					
Railway operation and preservation	3	248,604	-	248,604	225,120
Membership subscriptions		20,941	-	20,941	18,815
<i>Other trading activities</i>					
Commercial trading operations	4	153,069	-	153,069	135,030
<i>Investment income</i>	7	6,883	4,824	11,707	11,672
Total income		466,995	121,153	588,148	719,673
Expenditure on:					
<i>Raising funds</i>					
		-	-	-	-
<i>Charitable activities</i>					
Railway operation and preservation-working	3	274,671	-	274,671	231,051
Railway operation and preservation-projects	3	123,487	25,813	149,300	165,505
Membership and governance expenses	5	15,693	-	15,693	16,957
<i>Other trading activities</i>					
Commercial trading operations	4	123,084	-	123,084	113,228
Total expenditure		536,935	25,813	562,748	526,741
Net gain/(loss) on investments	13	19,000	-	19,000	9,000
Net income/(expenditure) for the year		(50,940)	95,340	44,400	201,932
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		(50,940)	95,340	44,400	201,932
<i>Reconciliation of funds:</i>					
Total funds brought forward		1,804,321	70,275	1,874,596	1,672,664
Total funds carried forward		1,753,381	165,615	1,918,996	1,874,596

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 £44,400 (2015 £201,932).

Consolidated and charity balance sheets

as at 31 December 2016

	Note	Group		Charity	
		2016	2015	2016	2015
Company Registration No.00646238		£	£	£	£
Fixed assets					
Heritage fixed assets	11	630,886	681,025	630,886	681,025
Other tangible fixed assets	12	643,545	433,938	643,545	433,938
Investments	13	290,000	271,000	290,002	271,002
		1,564,431	1,385,963	1,564,433	1,385,965
Current assets					
Stocks	14	59,200	63,300	42,200	47,300
Debtors	15	95,656	45,193	184,239	100,521
COIF deposit account		171,709	313,002	171,709	313,002
Bank accounts and cash balances	16	132,220	182,528	58,429	138,981
		458,785	604,023	456,577	599,804
Creditors: amounts falling due within one year					
Trade creditors		20,258	37,198	20,052	36,981
Other creditors including tax and social security	17	4,417	4,095	4,417	4,095
Accruals and deferred income	18	65,549	58,156	63,549	54,156
		90,224	99,449	88,018	95,232
Net current assets		368,561	504,574	368,559	504,572
Total assets less current liabilities		1,932,992	1,890,537	1,932,992	1,890,537
Creditors: Amounts falling due after more than one year	18	13,996	15,941	13,996	15,941
Total net assets		1,918,996	1,874,596	1,918,996	1,874,596
The funds of the charity:					
Unrestricted funds		1,655,212	1,526,515	1,655,212	1,526,515
Designated funds		98,169	277,806	98,169	277,806
Total unrestricted funds	19	1,753,381	1,804,321	1,753,381	1,804,321
Restricted income funds	20	165,615	70,275	165,615	70,275
Total funding provided		1,918,996	1,874,596	1,918,996	1,874,596

The financial statements were approved by the Board of Trustees on 18 March 2017.

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

Consolidated cash flow statement: year ended 31 December 2016

	Note	2016		2015	
		£	£	£	£
Net cash provided by/(used in) operating activities	24		68,355		349,675
Cashflows from investing activities:					
Dividends from investments	24	10,958		11,345	
Acquisition of heritage and other tangible fixed assets	11 12	(301,955)		(90,096)	
Disposal of other tangible fixed assets		31,041		-	
Payments to acquire investment assets		-		-	
Net cash provided by / (used in) investing activities			(259,956)		(78,751)
Cashflow from financing activities:					
Members' loans received/(repaid)	23	-		-	
Net cash provided by/(used in) financing activities			-		-
Change in cash and cash equivalents in the year	23		(191,601)		270,924
Cash and cash equivalents at beginning of year	23		494,100		223,176
Cash and cash equivalents at end of year	23		302,499		494,100

Note: Cash equivalents includes Members' Loans liability



NOTES TO THE ACCOUNTS – 31 December 2016

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 pounds 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 a minimum of ten years.

(ii) Other trading activities

Income from the commercial trading operations of W&L Sales Ltd 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 Limited. 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 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.

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	2016	2015
	£	£	£	£
Gift aided donations	5,769	72,050	77,819	49,804
Other donations	2,490	4,279	6,769	7,360
Legacies	22,043	40,000	62,043	271,872
Grants	7,196	-	7,196	-
	37,498	116,329	153,827	329,036





3. Railway operation and preservation

Turnover	Note	2016		2015	
		£	£	£	£
Fares			234,851		207,821
Driving courses			4,846		6,238
Keyse Cottage receipts		5,278		3,799	
Solar panels income		2,043		1,623	
Sale of surplus materials, parking etc		1,586		5,639	
Other operating income			8,907		11,061
Income from railway operation and preservation			248,604		225,120
Working expenses					
Fuel		26,398		23,387	
Repairs and maintenance:					
Mechanical Engineering		34,891		19,879	
Civil Engineering		31,028		26,426	
Costs applicable to special trains		10,508		9,096	
Keyse Cottage running expenses		2,771		11,629	
Administration and management	6	169,075		140,634	
Total working expenses of railway operation and preservation			274,671		231,051
Major project expenditure					
Mechanical Engineering		-		-	
Civil Engineering		37,854		59,654	
Depreciation	<i>11,12</i>	134,487		105,851	
(Gain)/loss on disposal		(23,041)		-	
Total major project spend on railway operation and preservation			149,300		165,505
Net cost of railway operation and preservation			175,367		171,436



4. Subsidiary's trading activities

		2016		2015	
	Note	£	£	£	£
Income - Consultancy fees			5,890		4,655
Income – Tearoom takings (net of VAT)	73,636			62,086	
Less: Tearoom cost of sales	(30,000)			(22,871)	
Gross tearoom profit			43,636		39,215
			59.3%		63.2%
Income – Shops takings (net of VAT)	73,543			68,289	
Less: Shops cost of sales	(37,286)			(39,934)	
Gross shops profit			36,257		28,355
			49.3%		41.5%
Less: Administration and management costs	6		(55,798)		(50,423)
Bank interest			-		-
Net profit for the year donated to parent company by gift aid			29,985		21,802

The charity has one, wholly owned subsidiary, W&L Sales Ltd. Registered in England and Wales: 03037235.

Subsidiary's balance sheet at year-end

Current assets		90,791	65,389
Current (liabilities) - other		(3,215)	(5,860)
Current (liabilities) – inter-company balance with parent company		(87,574)	(59,527)
Net assets		2	2

5. Membership and governance expenses

		2016	2015
		£	£
The Llanfair Railway Journal		11,143	9,266
Membership secretaries' expenses		815	618
Governance costs	6	3,735	7,073
		15,693	16,957



6. Administration and management

	Railway operation and preservation	Commercial trading W&L Sales Ltd	Membership and Governance	Total 2016	Total 2015
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	30,378	-	-	30,378	29,817
Electricity and heating	6,882	-	-	6,882	(3,001)
Repairs and maintenance	2,830	-	-	2,830	2,323
Cleaning and hygiene supplies	6,413	-	-	6,413	3,352
Rent charged to trading	(14,718)	14,718	-	-	-
	31,785	14,718	-	46,503	32,491
Selling					
Advertising and publicity	29,376	-	-	29,376	31,359
Administrative					
Staff costs (Note 9)	95,191	15,624	-	110,815	90,323
Travelling	3,227	-	-	3,227	2,712
Telephone and radio	2,312	-	-	2,312	2,622
Postage and stationery	3,224	536	2,485	6,245	4,844
Independent examination/audit fees	-	-	1,250	1,250	6,400
Accountancy fees	11,445	4,455	-	15,900	15,495
General expenses	6,262	213	-	6,475	6,013
Recharged to trading	(18,000)	18,000	-	-	-
	103,661	38,828	3,735	146,224	128,409
Financial					
Bank charges and credit card commission	4,253	2,252	-	6,505	5,871
2016 Total	169,075	55,798	3,735	228,608	198,130
2015	140,634	50,423	7,073	198,130	





7. Investment income

	2016	2015
	£	£
COIF Charity Investment Funds:		
- Investment fund shares	7,966	8,353
- Property fund shares	2,992	2,992
COIF Deposit Account - Interest	749	277
Bank Interest	-	-
Interest on Tax	-	50
	11,707	11,672

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 entire net profit by the subsidiary. There is no deferred taxation to be recognised.

9. Information regarding trustees/directors and employees

	2016	2015
	£	£
(a) Staff costs during the period were		
Wages and salaries	102,377	83,723
Social security costs	6,508	4,949
Other pension costs	1,930	1,651
	110,815	90,323

No member of staff received emoluments in excess of £60,000 (2015 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 200 working volunteers.

(b) Average number of persons employed	Number	Number
Charity (full time employees)	3	2
Subsidiary (full time equivalent)	1	1
	4	3

The subsidiary employed five 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 £175 as reimbursement of travel expenses to one trustee (2015 nil).





10. Related party transactions

Megan Charman, daughter of trustee Andrew Charman, is also an employee. He was not involved in either her selection or her remuneration and management. Her remuneration was at a rate comparable with other similar employees, and was in the band £0 to £5,000. There were no other related party transactions in the year. The railway's General Manager, Charles Spencer, is also Chair of The Great Little Trains of Wales marketing alliance; trustee Robert Robinson is Welshpool Town Clerk; trustee Cllr David Jones is the councillor for most of the area the railway runs through; trustee Andrew Charman is editor of Narrow Gauge World. If any of these or the Company Secretary were to perceive a conflict of interest, they would withdraw 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 2015	575,266	880,047	12,507	1,467,820
Additions	-	5,786	-	5,786
At 31 December 2016	575,266	885,833	12,507	1,473,606
Depreciation				
At 31 December 2015	319,757	454,531	12,507	786,795
Charge for the period	14,516	41,409	-	55,925
At 31 December 2016	334,273	495,940	12,507	842,720
Net book amount				
31 December 2016	240,993	389,893	NIL	630,886
31 December 2015	255,509	425,516	NIL	681,025

There was capital expenditure of £Nil contracted for at the period end (2015 - £Nil).

Five year summary of heritage fixed asset transactions:

Year	Purchases £	Major items	Recategorised to/(from) heritage £
2012	990	Carriage C569	-
2013	233	-	-
2014	57,384	No. 10 Sir Drefaldwyn	-
2015	22,698	No. 10 Sir Drefaldwyn	60,448
2016	5,786	Peate wagon & standard gauge wagon	-





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 2015	529,561	355,686	75,423	960,670
Additions	282,023	-	14,146	296,169
(Disposals)	-	(99,117)	-	(99,117)
At 31 December 2016	811,584	256,569	89,569	1,157,722

Depreciation

At 31 December 2015	208,300	261,508	56,924	526,732
Charge for the period	57,015	12,375	9,172	78,562
(Disposals)	-	(91,117)	-	(91,117)
At 31 December 2016	265,315	182,766	66,096	514,177

Net book amount

31 December 2016	546,269	73,803	23,473	643,545
31 December 2015	321,261	94,178	18,499	433,938

There was capital expenditure of £7,196 contracted for at the period end (2015 - £Nil). The disposal of the Resita locomotive for £31,041 resulted in a book gain on disposal of £23,041.

13. Investments

COIF Charity Funds

Investment Fund shares	Number	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
At 1 January at market value	17,619	217,000	213,000	217,000	213,000
Additions	-	-	-	-	-
(Loss)/ gain on investment from change in value		21,000	4,000	21,000	4,000
At 31 December, at market value	17,619	238,000	217,000	238,000	217,000

Property Fund shares

At 1 January at market value	46,756	54,000	49,000	54,000	49,000
Additions	-	-	-	-	-
(Loss)/ gain on investment from change in value		(2,000)	5,000	(2,000)	5,000
At 31 December at market value	46,756	52,000	54,000	52,000	54,000

Shares in subsidiary

At 31 December at cost	2			2	2
		290,000	271,000	290,002	271,002
Historic cost at 31 December		250,000	250,000	250,002	250,002





The investment in the subsidiary represents the whole of the issued share capital, comprising ordinary shares, of W&L Sales Ltd. W&L Sales 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 £2. Further details on W&L Sales are shown in Note 4.

Note: In January 2017, all the Property Fund shares and 3,500 Investment Fund shares were sold to provide £99,579 of cash in anticipation of expenditure in 2017 on the new workshop.

14. Stocks

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Stores	42,200	47,300	42,200	47,300
Goods for resale	17,000	16,000	-	-
	59,200	63,300	42,200	47,300

15. Debtors

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	45,579	10,273	45,579	4,431
Prepayments	30,588	21,484	30,588	21,484
VAT	3,916	3,475	4,925	5,118
Gift Aid recoverable	15,573	9,961	15,573	9,961
Amount due from subsidiary company	-	-	87,574	59,527
	95,656	45,193	184,239	100,521

16. Bank overdraft

The group has overdraft facilities of £Nil (2015 - £Nil)

17. Other creditors including tax and social security

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Members' loans, which are interest free and unsecured				
Repayable on demand	660	660	660	660
Repayable on 3 months' notice from the lender	770	770	770	770
	1,430	1,430	1,430	1,430
PAYE	2,987	2,665	2,987	2,665
VAT	-	-	-	-
	4,417	4,095	4,417	4,095

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18. Accruals and deferred income

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Subscriptions in advance	29,991	30,397	29,991	30,397
Less: falling due after more than one year	(13,996)	(15,941)	(13,996)	(15,941)
	15,995	14,456	15,995	14,456
Accruals	49,554	43,700	47,554	39,700
	65,549	58,156	63,549	54,156

19. Unrestricted funds

	Balances 31 Dec 2015	Income	(Expenditure)	Transfers/ revaluation	Balances 31 Dec 2016
<i>General funds</i>	1,526,515	464,136	(354,439)	19,000	1,655,212
<i>Designated funds – future capital projects</i>					
Museum/ Interpretation Centre	95,310	2,859	-	-	98,169
Llanfair Workshop Reconstruction	182,496	-	(182,496)	-	-
	277,806	2,859	(182,496)	-	98,169
Total unrestricted funds	1,804,321	466,995	(536,935)	19,000	1,753,381

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2016, £1,132,897 (2015: £948,889) 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 2015	Income	(Expenditure)	Transfer from/(to) unrestricted funds	Balances 31 Dec 2016
	£	£	£	£	£
Restoration of No.6 'Monarch'	5,574	167	-	-	5,741
Cosmetic restoration of stored locomotives	3,768	113	-	-	3,881
Restoration of No.14	24,412	5,158	-	-	29,570
Restoration of No.10 'Sir Drefaldwyn'	26,814	6,106	(24,671)	-	8,249
Maintenance of replica Pickering carriages	5,956	179	-	-	6,135
Maintenance of diesels	663	664	-	-	1,327
Purchase of welding equipment	2,058	62	-	-	2,120
Keyse Cottage refurbishment	1,030	31	-	-	1,061
Heritage wagon fund	-	1,318	(1,142)	-	176
Maintenance of Zillertal carriages	-	40,450	-	(25,000)	15,450
Storage of Zillertal carriages	-	750	-	25,000	25,750
2020 Appeal	-	66,155	-	-	66,155
	70,275	121,153	(25,813)	-	165,615

21. Analysis of group net assets by fund

	Unrestricted funds	Restricted funds	Total 31 Dec 2016
	£	£	£
Tangible heritage and other fixed assets	1,274,431	-	1,274,431
Investments	290,000	-	290,000
Net current assets	202,946	165,615	368,561
Long term liabilities	(13,996)	-	(13,996)
	1,753,381	165,615	1,918,996





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

	Unrestricted funds	Restricted funds	Total 2015
	£	£	£
Income from:			
<i>Voluntary income</i>			
Legacies and donations	269,920	59,116	329,036
<i>Charitable activities</i>			
Railway operation and preservation	225,120	-	225,120
Membership subscriptions	18,815	-	18,815
<i>Other trading activities</i>			
Commercial trading operations	135,030	-	135,030
<i>Investment income</i>	10,209	1,463	11,672
Total income	659,094	60,579	719,673
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation – working	221,151	9,900	231,051
Railway operation and preservation – projects	141,984	23,521	165,505
Membership and governance expenses	16,957	-	16,957
<i>Other trading activities</i>			
Commercial trading operations	113,228	-	113,228
Total expenditure	493,320	33,421	526,741
Net gain/(loss) on investments	9,000	-	9,000
Net income/(expenditure) for the year	174,774	27,158	201,932

23. Analysis of changes in net funds

	At 31 December 2015	Cash flows	At 31 December 2016
	£	£	£
Bank and cash balances	182,528	(50,308)	132,220
COIF Deposit account	313,002	(141,293)	171,709
Members' loans	(1,430)	-	(1,430)
	494,100	(191,601)	302,499





24. Management accounts summary financials by activity and net cashflow from operating activities

	Railway operation and preservation	W&L Sales	Appeals and investment income	Membership and governance	2016	2015
	£	£	£	£	£	£
Income from operating activities	248,604	153,069	11,707	20,941	434,321	390,637
Daily operating (costs)	(274,671)	(123,084)		(15,693)	(413,448)	(361,236)
Net income: Daily operations	(26,067)	29,985	11,707	5,248	20,873	29,401
Donations and legacies			153,827		153,827	329,036
Net gain on investments			19,000		19,000	9,000
Major project (spend)	(37,854)	-		-	(37,854)	(59,654)
(Depreciation) /gain on disposal	(111,446)	-		-	(111,446)	(105,851)
Net income/ (expenditure) per Statement of Financial Activities	(175,367)	29,985	184,534	5,248	44,400	201,932
<i>Adjust for non-cash items:</i>						
Depreciation	111,446	-	-	-	111,446	105,851
Net gain on investments			(19,000)		(19,000)	(9,000)
<i>Adjust for working capital changes:</i>						
Decrease / (increase) in stocks	5,100	(1,000)	-	-	4,100	7,800
Decrease (increase) in debtors	(55,671)	5,208	-	-	(50,463)	305
Change in intercompany account	(28,047)	28,047	-	-	-	-
Increase/ (decrease) in creditors	(9,159)	(2,011)	-	-	(11,170)	54,132
Take out dividends (shown separately in Cashflow)			(10,958)		(10,958)	(11,345)
Net cash provided by / (used in) operating activities	(151,698)	60,229	154,576	5,248	68,355	349,675





Minutes of the Fifty Sixth Annual General Meeting held at 2.15pm on Saturday 21 May 2016 at the Leisure Centre, Llanfair Caereinion, Powys

Present:

The Earl of Powis (President), John Gearey (Vice President), David Taylor (Vice President), Tony Thorndike (Vice President), Steve Clews (Chairman), Iain McLean (Vice Chairman), Simon Bowden, Andrew Charman, John Forman, Richard Green, Bob Mason, Simon Mayor, Robert Robinson, Caroline Schubert, Bruce Webber, Charles Spencer (General Manager), Reg Davies (Acting Secretary) and 43 other members

Apologies for Absence

Apologies were received from Ralph Cartwright (Vice-President), Alan Higgins (Vice-President), Cllr David Jones, Kevin Heywood, Martin Evans, Graham Hall, Elizabeth Hall, Jo Truby, David and Margaret Fisher, John and Jane Jacobs, Annette Berry, Mr JB and Mrs PM Evans, David Morgan, David Gowan, Sir Philip Williams, Mr MJ and Mrs P Denholm, John Hurdley, Rachel Hurdley, Daniel Hurdley, Peter Colley, Rev SB Thomas and Mrs C Thomas, Valerie and Richard Wiltshire, James Patwin, Keith Bide, Kaye Forman, Kate Billmore, Sam Billmore, Harry Billmore, Mr and Mrs CF Goodman, Mrs A Jones, James Charman, Frances Robinson, Dr Mervyn Pritchard, Rev Preb SB Thomas and Mrs C Thomas, Paul Wixey and K Duerden, Nicholas Dew, and Brian Hunt.

With the agreement of the Earl of Powis, Steve Clews took the chair.

1. Minutes of the Annual General Meeting on 30 May 2015

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 2016

Prof Iain McLean summarised the main features of the annual report.

2015 was a transition year with a new chairman and a new general manager. Thanks were due to Kevin Heywood who held the fort very successfully as acting general manager in the first part of the year. The management review had been largely implemented but difficulty in filling other posts delayed some activities including the completion of locomotive 699 Sir Drefaldwyn.

Reduced passenger numbers had been offset by greater income per passenger: revenue had been stable, with tearoom and shop income holding up well. 2015 had been a very good year for donations and bequests.

There had been a major focus on safety and procedures, including the commissioning of Castle Caereinion automated crossing, and a drive to improve the appearance of stations and lineside; Keyse Cottage had been refurbished. Volunteer numbers were up in most areas, and the expanded Gala had been welcomed by members, the public and the rail media.

The Major Developments Group had produced a report which set a road map for future development of the whole railway, creating a springboard for future growth and preservation in 2016 and beyond.

Points made in answer to questions were:

- More details on the list of fixed assets could be made available.





- Of the 48 new volunteers recruited, 30 had already made an appearance in an active role. The total of new volunteers had since risen to 67.

Bob Mason summarised the main features of the accounts. Asked what level of paid staff could currently be afforded, he said that the current level of income would support four staff. To support a fifth would require traffic takings to rise to £260,000 to £270,000.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was proposed by Tony Thorndike, seconded by Malcolm Elliott and agreed.

3. Election of trustees

As he was a candidate for re-election, Steve Clews stepped down for this item and Prof Iain McLean 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. Simon Bowden, Steve Clews, Cllr David Jones and Simon Mayor were therefore 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 Phillip Crook and agreed.

5. Election of Vice Presidents

The following nominations were made: Ralph Cartwright, John Gearey, Alan Higgins, David Taylor, Dr Tony Thorndike. With the consent of the meeting, the nominations were put collectively and agreed.

6. To amend the Articles of Association to simplify the voting system for electing directors (special resolution)

The Board had consulted the members' forum and received a favourable response. Reg Davies summarised the background to the proposal which had been explained in full in the Journal and was set out in the voting document:

To simplify the procedure for electing directors by amending the Articles as shown:

Delete existing Articles 44 and 45 and substitute:

44. Subject to complying with Article 45(A), a retiring director shall be eligible for re-election.

45. (A) No person shall be eligible for election to the office of Director at any General Meeting unless, not less than forty-two nor more than sixty days before the date appointed for the Meeting, there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the Meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be nominated.

(B) The election of directors shall be determined by ballot. Ballot papers shall contain the names of the candidates in alphabetical order. Each member present in person or by proxy shall be entitled to vote for or against each candidate or to withhold their vote, provided that a member may not vote for more candidates than the number of vacancies.

(C) Subject to Article 45(D), those candidates receiving the greatest number of votes for shall be elected to fill the vacancies, provided that no candidate shall be elected who receives more votes against than for.

(D) If any candidate would have been elected but for receiving more votes against than for, then the vacancy which that candidate would otherwise have filled shall remain unfilled.





(E) If two or more candidates obtain an equal number of votes another Ballot shall, if necessary, be taken in respect of such candidates. If two or more candidates again obtain an equal number of votes, the Directors shall elect by lot from such candidates the candidate or candidates who is or are to be eliminated.

The motion was proposed by Andrew Charman and seconded by Dave Billmore. In view of the importance of the proposed changes to the Articles, the Chairman called for a ballot on this resolution and resolution 7. As both were special resolutions, they also required 75% of votes cast to be in favour in order to be approved. The result of the ballot on resolution 6 was that the motion was passed by 273 votes in favour to 0 against, with 2 votes withheld.

7. To amend the Articles of Association to allow for independent examination of the accounts (special resolution)

Bob Mason explained the motion, which would allow the company to take advantage of the opportunity now available to charities of medium size to have accounts examined independently rather than audited in full, saving considerable expense. The motion was:

To allow for independent examination of the accounts by amending the Articles as shown, inserting the words in bold and deleting the words struck through:

*10. All business shall be deemed special that is transacted at an Annual General Meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the Directors and **Independent Examiner or** Auditors, and the election of Directors in the place of those retiring, ~~and the appointment of, and the fixing of the remuneration of, the Auditors;~~ and all business shall also be deemed special that is transacted at an Extraordinary General Meeting.*

*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 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.*

EXAMINATION OF THE ACCOUNTS

*68. ~~Auditors shall be appointed and their duties regulated in accordance with Sections 159 to 162, inclusive, of the Act.~~ **The Directors shall ensure that an independent examination or audit of the Company's annual Financial Statements is carried out in accordance with the applicable statutory requirements placed upon the Company.***

70. Notice of every General Meeting shall be given in any manner hereinbefore authorised to every Member of the Company, except those Members who (having no registered address within the United Kingdom) have not supplied to the Company an address within the United Kingdom for the giving of notices to them; ~~and such notice shall also be so given to the Auditor for the time being of the Company;~~ but no other person shall be entitled to receive notices of General Meetings.

The motion was decided by ballot, the result of which was that it was passed by 269 votes in favour and 3 against, with 3 votes withheld. This resolution having been passed, resolution 8, to appoint auditors, was not taken.

The meeting closed at 3.45pm.





Welshpool and Llanfair Light Railway Preservation Co Ltd

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Registered charity number 1000378
Company number 00646238

