



WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

ANNUAL REPORT AND ACCOUNTS 2015

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Administrative details

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

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Web www.wllr.org.uk

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

Auditors Burgis & Bullock
Registered Auditors
2 Chapel Court
Holly Walk
Leamington Spa CV32 4YS

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

General Manager Charles Spencer
(from 6 April)

Acting General Manager Kevin Heywood
(to 5 April)

Deputy General Manager Kevin Heywood
(from 6 April)

Company number 00646238 (Wales)

Registered charity number 1000378

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NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Leisure Centre, Llanfair Caereinion on Saturday 21 May 2016 at 2.15pm 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 2015.
2. To elect directors. Simon Bowden, Steve Clews, Cllr David Jones and Simon Mayor retire by rotation. 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, David Taylor and Dr Tony Thorndike have indicated their willingness to be re-elected.

Special Resolutions

5. To amend the Articles of Association to simplify the voting system for electing directors.
6. To amend the Articles of Association to allow for independent examination of the accounts.

Ordinary Resolution

7. To appoint Burgis & Bullock as auditors of the Company and to authorise the directors to determine their remuneration. (If resolution 6 is passed, this resolution falls.)

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 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

Martin Evans

Company Secretary

19 March 2016

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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 2015 were:

	<i>Meetings attended</i>	
Steve Clews (Vice Chairman to 30 May) (Chairman from 30 May)	5 of 6	The trustees cover the following skill areas: staff, training, fundraising, mechanical and civil engineering, finance, railway operation, health & safety, public administration, estate surveying, business management, media and marketing.
Iain McLean (Chairman to 30 May) Vice Chairman from 30 May)	6 of 6	
Simon Bowden	5 of 6	
Andrew Charman	6 of 6	
John Forman	6 of 6	
Richard Green	6 of 6	
Councillor David Jones	5 of 6	
Bob Mason	5 of 6	
Simon Mayor	6 of 6	
Robert Robinson (from 30 May)	3 of 3	
Caroline Schubert	5 of 6	
Bruce Webber	6 of 6	

This report sets out the trustees’ account of the company’s work in 2015. 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 and Llanfair Light Railway Preservation Company was incorporated as a company limited by guarantee in 1960 and obtained charitable status in 1990. The company has no share capital and the liability of each member, in the event of winding up, is limited to £1. The governing documents are the Memorandum and Articles of Association of the company. Anyone may become a member by payment of the annual subscription.

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

The charity can have up to twelve trustees. Members of the Board of Trustees are directors of the company for Companies Act purposes. The Articles prescribe that the trustees are elected by the members. As a courtesy to local government, which has been supportive of the company throughout its history, Powys County Council and Welshpool Town Council are each invited to nominate one trustee, whose appointment is subject to election by the 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 audit information of which the group and charity's auditors are unaware; and that they have taken all the steps that they ought to have taken as trustees to make themselves aware of any relevant audit information, and to establish that the group and charity's auditors 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. To facilitate effective operations, the General Manager and his deputy 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 pay 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 (ORR), Rail Accident Investigation Branch and from the Heritage Railway Association.

Objectives

The principal object 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 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:

- preserving one of the first British railways built under the provisions 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, buildings and operations without payment whenever the railway is open
- view how the railway and its operations feature in the landscape at any time.

All members (subject only to health and safety assessment) are eligible to train for any volunteer job on the line, including skilled and safety-critical jobs. 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.

Risk management

The company has a formal risk management process, identifying in detail the risks to which the railway is exposed. These include both short-term and long-term risks relating to the operation of the railway, the security of the business, its finance, staffing and governance. A board member takes the lead responsibility for the process and ensures that a section of the risk assessment register is reviewed at each Board meeting. Over 75% of the register has been reviewed since 2013 with priority given to reviewing those risks evaluated as most significant.

Achievements and performance in 2015

The key features of the company's development in 2015 were:

- broadly stable traffic and fare income levels
- the appointment of a new general manager, but continued vacancies in workshop paid staff
- a major focus on safety processes and procedures
- an upturn in active volunteers
- planning for change and growth in 2016 and beyond.

Safety

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. There was one medical emergency requiring attendance of the emergency services during the year which was dealt with professionally and efficiently by staff.

During 2015 there were no reportable and no significant incidents. The few minor incidents which occurred were recorded, lessons drawn and communicated to all staff concerned. The new General Manager has put a priority on reviewing safety and safety management systems at the railway, including safety advisor briefings, documentation reviews and observations. The aim has been to generate a good safety culture, with constant improvement in mind.

To drive this safety culture there is a programme of analysing accident reports





from domestic and international rail authorities and relevant lessons are applied to our operations. The Safety Management System has been reviewed and updated to include a summary document, safety critical handbooks and COSSH documentation. As part of this process the Safety Management Team has been expanded beyond safety critical roles to represent all areas of the railway where risks might exist. All staff are encouraged to self-report near miss incidents. Particular focus has been on shunting and track work, assessed as the most risky occupations on the railway. A new syllabus and assessment process has been started for shunting together with safety briefings and monitoring for track gangs.

At the annual crew meetings department heads have been encouraged to enhance the safety content and to introduce specific training that reflects this. Operational crews have been introduced to an assessment regime that is aimed to reflect the equipment used and to ensure type-specific competency assessment. As part of this process live rehearsals for new and unfamiliar procedures have been introduced. The October 2015 external safety audit identified no safety-critical deficiencies; its other recommendations are being assessed and acted on.

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

Traffic

There were 40,929 passenger journeys in 2015, representing a 1% reduction on the previous year. This may reflect the fact that the two for one fare offer was ended earlier in the season on the grounds that it was unclear that it was having a positive effect on income. As a result passenger takings in the year increased by 1% to £214,000. The Santa service was particularly successful with a 14% increase in bookings resulting in almost all the trains being fully booked.

Track, infrastructure and buildings

The year began with re-sleepering a 100m section of line west of Sylfaen using concrete sleepers recovered from the Brynelin area. As part of the project the life-expired east end turnout at Sylfaen was removed and replaced by new rail, and the station platform was refurbished. This means that there is no longer a loop at Sylfaen but we are committed to restoring one as part of our future works programme. Pre-season renewal work was also carried out on a short section of line at Rowlands' Crossing, which included the refurbishment of the occupation crossing and improvements to the levels and alignment in the area.

During the spring, embankment repairs were made at the Kink and Castle Bank. In June work started on a programme to improve facilities at Cyfronydd with the removal of the life-expired turnout into the siding and repairs to the loop to enable occasional passenger use. Further work in this area forms part of the business plan.

The start of the 2015/2016 winter programme was delayed by flooding of parts of the line between Tanllan and Heniarth at the end of November. Repairs were





carried out in time for the Santa special trains. New hardwood sleepers have been taken into stock for the 2015/16 winter programme and for future works.

Fencing renewal was carried out near Coppice Lane and the old water tower at Tanllan. The hedgebashers (our lineside clearance group) and the track gang have continued their work along the line. The flail tractor was out of use during the season.

The new automatic barrier crossing at Castle Caereinion had been the major feature of the 2014 works programme and it was brought into use at the start of the 2015 operating season. Work at Castle continued with improvements to the station area, including new fencing, crossing control hut and renewed platform edging. A new passenger shelter has been provided, replicating the original light railway shelter here, along with a similar structure at Heniarth station.

Improvements were made to station appearance and car park facilities at both termini and a major refurbishment to Keyse Cottage (our volunteers' accommodation) was completed. Other work included repairs to Tanllan carriage shed, improved staff walkways and the start of a programme to install energy efficient lighting.

Locomotives and rolling stock

In 2015 the steam locomotive fleet accumulated a total of 8230 miles, of which No. 1 'The Earl' completed 2976 miles (36%), No. 2 'Countess' 4061 miles (49%) and No. 12 'Joan' 1193 (15%). Significant works on the running fleet included fitting a new chimney to No. 1 and a new ashpan to No. 12.

Work continued on the overhaul of No. 10 'Sir Drefaldwyn'. The refurbished boiler was returned to Llanfair and set on the frames in May. Elsewhere work proceeded on the motion and new smokebox. The coupling rods were fitted and the locomotive was successfully towed to Heniarth and back in October to check that all parts assembled to date ran without incident.

Diesel locomotive No. 11 'Ferret' was returned to running order and was in action at the Gala. No. 7 'Chattenden' and No. 17 the Diema continued to be used principally on engineering trains although No. 17 was also used on three occasions to substitute for a failed steam locomotive.

Carriage B14 had the Llanfair end wheelset removed for tyre turning and this was reinstalled in August. MÁV carriage 418 was lifted for attention to the bogie centre pivots and to change out the Llanfair end wheelsets.

Work began to rebuild open wagon No. 10 (GWR No. 71692) as well as to construct a replica of a privately-owned coal wagon which served J Ll Peate & Sons coal merchants at Llanfair.

Education

A wide range of our activities have a direct or indirect educational benefit. Working on the railway develops our volunteers' knowledge and skills. Our expanding Driver Experience programme passes on the skills of driving a steam locomotive on a tricky route. Our regular volunteers are a resource of traditional





skills and knowledge: these are passed on to new volunteers and to a wider group of those who volunteer for our workshop week and other special events.

The quarterly Journal, sent to all members and sold in the shop, includes a range of educational information about the history of the line and its area and the preservation of this and other narrow-gauge railways. Our website is a public resource of information about the railway and our Facebook page highlights the work done to maintain the railway. The independent Yahoo forum gives regular accounts of the track gang's work, showing what is involved in keeping the railway safe to run. Several members give talks to local groups on the railway and related topics, and workshop tours are offered to interested visitors as requested.

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' raised a further £26,000 (including Gift Aid reclaimable). This took the cumulative sum raised for this appeal to £85,000 which should fund most of the ongoing restoration.

A further £350 came in towards the automated level crossing project at Castle Caereinion. The crossing was successfully commissioned, and the whole fund raised for this project was applied in its completion. The £10,000 Keyse Cottage refurbishment was also covered by generous donations as was the £750 for Heniarth shelter.

Of a total of £329,000, unrestricted donations and legacies accounted for £270,000 during the year. The total comprised £57,000 in donations and £272,000 in legacies and bequests. The railway benefitted from the exceptionally generous bequests from David Gledhill, Fergus Johnson, David Lord, Barry Sizer (for Sir Drefaldwyn) and Edward Tilley. The outstanding event was a bequest of over £200,000 from the estate of the late David Lord. These and previous legacies will enable us to start the first phase of work at our site at Llanfair to improve it for visitors, for our operations, and for conservation of our historic equipment.

A consultancy contract begun during the year also contributed £5,000 to W&L Sales income.

Sales

Sales income from the shops and tearoom finished ahead of budget and was given a very welcome additional boost from consultancy income. The W&L Sales directors are therefore very pleased to report that when everything else is taken into account, the total contribution to the Preservation Company is £51,000, which is slightly less than 2014, but can be accounted for by slightly lower margins, with fewer second-hand books but more sales of the newly republished W&L Guide Book. As ever, the unstinting efforts of all staff and volunteers who have been involved are greatly appreciated.





Membership and volunteers

Membership at the end of 2015 was 1,925, compared to 1,981 at December 2014. We attracted 220 new members, better than the 162 in 2014 and in line with 2013 recruitment. We do well at recruiting older members, and aim to improve our performance in the 16-25 and 26-65 age ranges.

Apart from four paid staff posts, all the Preservation Company's staffing is made up of volunteers.

In 2015 we began to build a better system to support and monitor new volunteers, and to ensure that they can find useful and enjoyable work. Since August 2015 when we set up the system, 48 new volunteers have approached the railway and all those were responded to within 48 hours. They cover a mix of interests from the shop and station master to guard, and from workshop and footplate to general duties.

Having established the system we are in a position to be more proactive in 2016. In the next 12 months we plan:

- local volunteer recruitment
- opportunities for existing volunteers to try out other roles and change roles if they feel they would like to
- support and information for all volunteers on our railway.
- a members day
- a younger persons group led by our younger volunteers.

A volunteer liaison committee is in place with representatives from each area of the railway to inform the Volunteer Liaison Officer and General Manager of what is happening on the ground. We always welcome ideas for recruiting and supporting volunteers, and there will be suggestion boxes at Welshpool and Llanfair early in the operating season.

Staff

2014 finished with Kevin Heywood taking the role of Acting General Manager pending the appointment of a permanent General Manager. The trustees are most grateful to Kevin for stepping up to manage the railway in the interim. We also wish to recognise the fact that Kevin managed the railway singlehanded for four months.

In January workshop manager Simon Durant left us having secured a role with a larger steam engineering organisation. The trustees are grateful for all his hard work over the last three years and wish him well for the future in his new role.

The trustees with assistance from the railway's officers conducted interviews of prospective General Managers in January. Charles Spencer was the successful candidate and took up post in April 2015. Charles brings big business experience, having worked for the Bank of Canada, along with experience in the volunteer sector and a commitment to preservation – he is one of our firemen.





The trustees and the new General Manager completed a review of the management structure which resulted in some changes and also the identification of important posts not filled. One result of the review is that Kevin Heywood was appointed as Operations and Infrastructure Manager to clearly describe his primary responsibilities.

Our attempts to appoint a workshop foreman or chargehand have so far not met with success. This is symptomatic of the heritage railway industry and the railway's location and the company will pursue this further during 2016. The railway also needs to employ paid staff for administration and marketing and we look to recruit either one full time or two part time positions during 2016.

Marketing

Marketing is key to the railway's strategy to grow its business and cover both operating costs and future capital needs. At present the railway spends about 13% of its operating budget on marketing. The three key target markets are visitors from the prime catchment areas of mid-Wales and the West Midlands, organized groups, and railway enthusiasts.

Activity includes, in order of cost, distribution of leaflets, newspaper advertising, tourism and other guides, railway enthusiast publications, promotional activities such as attendance at shows, an active programme of media relations and press releases, local signs and banners, and social media. While this last category is relatively low in cost, it is increasingly effective in raising the railway's profile: the railway's Facebook page has 4,000 likes and is refreshed at least daily and the Twitter feed has 2,700 followers. A significant investment was made in upgrading the railway's internet presence in 2015; the new website went live in April 2015 and already provides a valuable platform for communications and on-line ticket sales.

Work began in early 2015 to review and renew the marketing strategy. There are two main thrusts to this work: the improvement of the experience for visitors (including an expanded programme of special events and an emphasis on the railway's heritage appearance) and an understanding of its present and prospective visitors – where they come from and what they expect. While the railway currently has little research on its visitors, in 2015 the railway benefited from a valuable volunteer-led analysis of on-line ticket sales and invested in analysis of the sales and passenger data which we already possess. As part of its leadership of the Great Little Trains of Wales group, the railway is also actively participating in a joint study, partly supported by a grant from Visit Wales, in which an external marketing consultant is reviewing the customer experience and marketing strategy of the 11 member railways.

Financial review

Results and financial position

Income from fares (Note 3) in 2015 was just up on 2014. After a slow start to the season, very popular days at both Gala and Santas did better than 2014. Driver experience income was £1,000 higher, on top of a similar increase in 2014.





Railway operation and preservation income overall was £1,000 up on 2014.

Total incoming resources (Consolidated Statement of Financial Activities) at £720,000 comprise railway operation income, membership subscriptions, W&L Sales' commercial activities and legacies and donations. As well as railway operations being £1,000 higher, W&L Sales were up £7,000 and legacies and donations £202,000 higher. Legacy gifts (Note 2) totalled £272,000.

Note 4 shows the contribution from the commercial trading operations of W&L Sales Ltd. Shop sales at Llanfair were higher, benefitting from new book launches and the updated guidebook. Gross profit at 52% was 2 percentage points lower, partly due to the higher mix of new books but still made a substantial contribution. Fees from business consultancy added a helpful £5,000. 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 £22,000 profits gift-aided to the Preservation Company, W&L Sales also contributed £29,000 in the form of the rent it paid 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 £5,000 lower than in 2014 as the vacancy in workshop paid staff slowed progress. Also the costs in 2014 had included the new axle for No.1 'The Earl'. Civil engineering was £22,000 higher, including many small but significant projects such as reconnecting Cyfronydd loop, painting, building repairs and Llanfair car park resurfacing. This was made possible by the £54,000 lower salary expenditure due to the staff vacancies. Cost of specials was £5,000 higher, including additional gala costs.

Note 6 shows that electricity costs are a credit as we had a retrospective refund from Scottish Power. Electricity costs in 2014 and 2015 were notably lower, partly due to fewer opening days for the workshop and partly because we generated more electricity from our own solar panels. Marketing was £5,000 up from 2014 including the new website and increased promotional activities.

The major project costs in 2015 (Note 3) were civil engineering (which was £8,000 to complete the 2014/2015 track relay and £52,000 on the 2015/2016 work around Dolarddyn Road and Cwm Curve) and depreciation. Depreciation was £8,000 higher than in 2014 due to the new Castle Caereinion level crossing equipment.

Governance Costs (Note 6) at £7,000 were £6,000 lower than 2014, when we had the advertising costs required to find our new General Manager. The less glossy annual report has also saved money in postage.

The COIF investment fund units continued to perform well and delivered £11,000 of dividend income and £9,000 of market value appreciation: a creditable 8% 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 as a result mix together long-term and short-term activities. Consequently net funds generated from all the charity's activities in 2015 at £193,000 include as





long-term costs the major project costs in Note 3 at £60,000 on civil engineering and £106,000 on depreciation. They also include as long-term income the £329,000 from legacies, donations and grants (Note 2).

Note 24 summarises the income and costs for our different activities. This shows both the day-to-day income and costs by activity and also the level of long-term donations and how they are spent, sometimes in a different time period from when they are received. For instance, when donations are used to build new fixed assets, the income arrives in year one, but the depreciation of that asset appears as a cost in each of the next twenty years or longer. The Pickering carriages, for instance, were funded with £400,000 received several years ago, but each year we still need to record £20,000 of depreciation as the cost in the Income Statement.

Capital expenditure in 2015 at £90,000 included £66,000 more to complete the Castle Caereinion level crossing project, £21,000 further for No. 10 'Sir Drefaldwyn', also a plasma cutter and the new shelters at Castle Caereinion and Heniarth. There are no capital commitments at year-end as the main materials for 'Sir Drefaldwyn' were all to hand and other items will not need to be ordered until we are closer to completion.

The classification of fixed assets into Heritage and Other has been subject to its periodic review and several assets were reclassified. These are the entries on the Transfers rows in Notes 11 and 12. Assets transferred to heritage include diesel locomotive No. 11 'Ferret'; also the Welshpool loco and carriage sheds as they replicate historically significant buildings and educate the public on how light railways operated. The other transfer was to include the tamping machine in rolling stock rather than plant.

Other items of note on the balance sheet are stocks, creditors and our bank balances. Stocks included rail and sleepers to cover currently planned work through to spring 2017. As we made a substantial purchase of sleepers in December, this amount was not yet paid at year-end and made up most of the December 2015 trade creditor balance. Total cash available at the end of 2015 was £496,000.

Restricted funds

The charity has accepted donations and legacies for restricted funds only when the trustees believe that expenditure from that fund still fits within the overall objectives of the charity. During 2015 level crossing automation and Heniarth shelter were completed. Funds for restoration of 'Sir Drefaldwyn', maintenance of diesels, and Keyse Cottage refurbishment are planned to be used in the coming year. Cosmetic restoration of stored locomotives, maintenance of Pickering carriages and purchase of welding equipment are funds available when required. Funds for restoration of locomotives No. 14/85 and 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 the period when





major work is undertaken on civil and mechanical engineering repairs, refurbishment and capital items, coal stocks are replenished and purchases are made by W&L Sales to restock the shops and tearoom.

Reserves, in the form of freely available funds, are therefore needed to tide the group over 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, is an appropriate level of seasonal reserve. This is calculated to be £151,000. In addition, the trustees have 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 safety 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 Railway's infrastructure and the level of insurance cover we purchase. The trustees consider £180,000 to be an appropriate additional reserve. Adding these two figures together, reserves of £331,000 were required at 31 December 2015, whilst actual investments, cash and working capital available stood at £727,000. The difference is earmarked to fund the first stages of our major capital projects programme.

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 of the charity 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 2015, a 4% return. The underlying value of these two funds also rose £9,000 over the period, due to the rise in share prices.

At the period end, the Fund Managers anticipate:

- that capital values in the property fund will grow, primarily in office and industrial assets
- that increases in capital values in the investment fund are dependent on higher corporate earnings, and likely to remain volatile given the substantial uncertainties facing investors.

The future

The current Business Plan has served the railway well but is long overdue for review and revision. We will develop the new Business Plan during the first half of 2016 and it will reflect the changing economic and social environment in which the railway must operate.





It is clear that the railway has been stagnating both economically and operationally for a number of years with inflation adjusted income falling and volunteer numbers also decreasing. The trustees with the General Manager are determined to reverse this trend and this will be one of the prime drivers of the next business plan. In the interim before development of the new Business Plan the Trustees and General Manager have put in place a number of strategies.

Following the 2015 AGM a number of trustees formed the Major Developments Group. Its terms of reference were to review the railway as a whole and determine a possible course of development with the overall aim to increase the appeal of the railway and thus increase visitor numbers and income. This has resulted in proposals for development of both ends of the railway and some work at the intermediate stations. The work will have to be phased and the trustees have determined that the long overdue replacement to the Llanfair workshop should have priority. Replacing the workshop will free up space for a visitor centre and museum on the Llanfair site – something that is badly needed if we are to expand the business. The railway has had a number of legacies in the past which have not yet been used and now is the time to make the most of these to improve our facilities both to operate the railway and for our visitors. To progress the whole programme will require additional funding and we will be exploring grants and appeals.

Marketing is another area that will be worked on during 2016 following a strategy paper developed in 2015. In particular, an expansion of special events will take place during 2016 following extremely good Gala and Santa events in 2015. Some will need minimal extra organisation but some will need additional resources and we are fortunate to have volunteers willing to step forward to do this. The 2016 timetable also sees some expansion with more operating days and more trains, some timed in an effort to improve our appeal.

Next steps in 2016 and beyond include the introduction of passenger surveys, initiatives to measure the effectiveness of advertising investments, and action on relevant recommendations of the Great Little Trains of Wales study. Marketing is one of the hardest areas on the railway to find volunteers to take on, and we have allocated budget in 2016 to engage paid staff to progress this important activity. During 2015 there was a concerted effort to preserve the appearance of the railway and make it attractive to visitors, and this will continue in 2016.

The charity remains extremely grateful for the legacies and donations we have received over past years. We respect donors' wishes wherever possible but we do stress 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

19 March 2016





Independent Auditor's Report

to the members of the Welshpool & Llanfair Light Railway
Preservation Co. Limited for the year ended 31 December 2015

We have audited the financial statements of Welshpool & Llanfair Preservation Co. Limited for the year ended 31 December 2015 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and the Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 5), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent





material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Wende Ann Hubbard FCCA (Senior Statutory Auditor)

for and on behalf of Burgis & Bullock

Chartered Accountants and Statutory Auditor
2 Chapel Court
Holly Walk
Leamington Spa
Warwickshire
CV32 4YS

19 March 2016



Consolidated statement of financial activities for the year ended 31 December 2015

	Note	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Income from:					
<i>Voluntary income</i>					
Donations and legacies	2	269,920	59,116	329,036	126,715
<i>Charitable activities</i>					
Railway operation and preservation	3	225,120	-	225,120	224,376
Membership subscriptions		18,815	-	18,815	19,181
<i>Other trading activities</i>					
Commercial trading operations	4	135,030	-	135,030	128,656
Investment income	7	10,209	1,463	11,672	12,265
Total income		659,094	60,579	719,673	511,193
Expenditure on:					
<i>Raising funds</i>					
		-	-	-	-
<i>Charitable activities</i>					
Railway operation and preservation-working	3	221,151	9,900	231,051	252,525
Railway operation and preservation-projects	3	141,984	23,521	165,505	172,467
Membership and governance expenses	5	16,957	-	16,957	24,238
<i>Other trading activities</i>					
Commercial trading operations	4	113,228	-	113,228	105,201
Total expenditure		493,320	33,421	526,741	554,431
Net gain/(loss) on investments	13	9,000	-	9,000	15,000
Net income/(expenditure) for the year		174,774	27,158	201,932	(28,238)
Gross transfers between funds	20	-	-	-	-
Net movement in funds for the year		174,774	27,158	201,932	(28,238)
<i>Reconciliation of funds:</i>					
Total funds brought forward		1,629,547	43,117	1,672,664	1,700,902
Total funds carried forward		1,804,321	70,275	1,874,596	1,672,664

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 £201,932 (2014 - £28,238).

Consolidated and charity balance sheets

31 December 2015

Company Registration No.00646238	Note	Group		Charity	
		2015	2014	2015	2014
Fixed assets		£	£	£	£
Heritage fixed assets	11	681,025	653,515	681,025	653,515
Other tangible fixed assets	12	433,938	477,203	433,938	477,203
Investments	13	271,000	262,000	271,002	262,002
		1,385,963	1,392,718	1,385,965	1,392,720
Current assets					
Stocks	14	63,300	71,100	47,300	56,600
Debtors	15	45,193	45,498	100,521	74,567
COIF deposit account		313,002	121,380	313,002	121,380
Bank accounts and cash balances	16	182,528	103,226	138,981	83,916
		604,023	341,204	599,804	336,463
Creditors: amounts falling due within one year					
Trade creditors		37,198	4,315	36,981	4,021
Other creditors including taxation and social security	17	4,095	3,697	4,095	3,252
Accruals and deferred income	18	58,156	40,210	54,156	36,210
		99,449	48,222	95,232	43,483
Net current assets		504,574	292,982	504,572	292,980
Total assets less current liabilities		1,890,537	1,685,700	1,890,537	1,685,700
Creditors: Amounts falling due after more than one year	18	15,941	13,036	15,941	13,036
Total net assets		1,874,596	1,672,664	1,874,596	1,672,664
The funds of the charity:					
Unrestricted funds		1,526,515	1,369,541	1,526,515	1,369,541
Designated funds		277,806	260,006	277,806	260,006
Total unrestricted funds	19	1,804,321	1,629,547	1,804,321	1,629,547
Restricted income funds	20	70,275	43,117	70,275	43,117
Total funding provided		1,874,596	1,672,664	1,874,596	1,672,664

The financial statements were approved by the Board of Trustees on 19 March 2016.

Steve Clews (Chairman of the Trustees)

Iain McLean (Vice Chairman)

Consolidated cash flow statement: year ended 31 December 2014

	Note	2015		2014	
		£	£	£	£
Net cash provided by/(used in) operating activities	24		349,675		(25,653)
Cashflows from investing activities:					
Dividends from investments	24	11,345		11,443	
Acquisition of heritage and other tangible fixed assets	11 12	(90,096)		(141,594)	
Payments to acquire investment assets		-		-	
Net cash provided by / (used in) investing activities			(78,751)		(130,151)
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		270,924		(155,804)
Cash and cash equivalents at beginning of year	23		223,176		378,980
Cash and cash equivalents at end of year	23		494,100		223,176



NOTES TO THE ACCOUNTS – 31 December 2015

1. Accounting policies

The Welshpool & Llanfair Light Railway Preservation Co. Limited 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.

These financial statements are prepared in accordance with applicable accounting standards. The company's accounting policies were previously chiefly in line with FRS102. As a result, on transition to FRS102, the company's accounting policies have not changed significantly.

There have been no reported changes of equity or profit and loss due to the transition from previous UK GAAP to FRS102.

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

(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) Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, W&L Sales Limited (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.





(c) 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 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 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.

(d) 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.





(e) 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 or assets in course of construction. 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%

(f) 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.

(g) 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.





(h) 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.

(i) 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.

(j) Equity instruments

There were no equity instruments issued in the year.

(k) Fund accounting

Funds held by the charity comprise:

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

	2015	2014
	£	£
Gift aided donations	49,804	63,137
Other donations	7,360	10,578
Legacies	271,872	53,000
	329,036	126,715

Trustees are often donors as well. None of these donations sought to influence the charity's activities or use of resources.





3. Railway operation and preservation

Turnover	Note	2015		2014	
		£	£	£	£
Fares			207,821		207,555
Driving courses			6,238		5,077
Keyse Cottage receipts		3,799		3,942	
Solar panels income		1,623		1,723	
Sale of surplus materials, parking etc		5,639		6,079	
Grants		-		-	
Other operating income			11,061		11,744
Income from railway operation and preservation			225,120		224,376
Working expenses					
Fuel		23,387		23,484	
Repairs and maintenance:					
Mechanical Engineering		19,879		23,399	
Civil Engineering		26,426		3,777	
Costs applicable to special trains		9,096		3,657	
Keyse Cottage running expenses		11,629		2,533	
Administration and management	6	140,634		195,675	
Total working expenses of railway operation and preservation			231,051		252,525
Major project expenditure					
Mechanical Engineering		-		-	
Civil Engineering		59,654		74,484	
Depreciation	11,12	105,851		97,983	
			165,505		172,467
Net cost of railway operation and preservation			171,436		200,616





4. Subsidiary's trading activities

		2015	2014
	Note	£	£
Income – Tearoom takings (net of VAT)		62,086	61,568
Income – Shop takings (net of VAT)		68,289	62,722
Less: Cost of sales		(62,805)	(56,844)
Gross profit		67,570	67,446
		51.8%	54.3%
Less: Administration and management costs	6	(50,423)	(48,357)
Bank interest		-	-
Income - Consultancy fees		4,655	4,366
Net profit for the year donated to parent company by gift aid		21,802	23,455

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

Subsidiary's balance sheet at year-end

Current assets		65,389	38,809
Current (liabilities) - other		(5,860)	(5,010)
Current (liabilities) – inter-company balance with parent company		(59,527)	(33,797)
Net assets		2	2

5. Membership and governance expenses

The Llanfair Railway Journal		9,266	10,651
Membership secretaries' expenses		618	107
Governance costs	6	7,073	13,480
		16,957	24,238





6. Administration and management

	Railway operation and preservation	Commercial trading W&L Sales Ltd	Membership and Governance	Total 2015	Total 2014
	£	£	£	£	£
Establishment					
Rent, rates, water and insurance	29,817	-	-	29,817	30,011
Electricity and heating	(3,001)	-	-	(3,001)	6,532
Repairs and maintenance	1,373	-	-	1,373	2,250
Cleaning and hygiene supplies	3,313	39	-	3,352	2,086
Alarm system	950	-	-	950	2,385
Rent charged to trading	(13,038)	13,038	-	-	-
	19,414	13,077	-	32,491	43,264
Selling					
Advertising and publicity	31,359	-	-	31,359	26,110
Administrative					
Staff costs (Note 9)	78,561	11,762	-	90,323	144,397
Travelling	2,712	-	-	2,712	3,559
Telephone and radio	2,622	-	-	2,622	1,266
Postage and stationery	1,347	785	2,712	4,844	7,689
Auditors' remuneration	-	2,100	4,300	6,400	8,000
Accountancy fees	11,120	4,375	-	15,495	11,745
General expenses	5,832	120	61	6,013	5,793
Recharged to trading	(16,300)	16,300	-	-	-
	85,894	35,442	7,073	128,409	182,449
Financial					
Bank charges and credit card commission	3,967	1,904	-	5,871	5,689
2015 Total	140,634	50,423	7,073	198,130	257,512
2014	195,675	48,357	13,480	257,512	



7. Investment income

	2015	2014
	£	£
COIF Charity Investment Funds:		
- Investment fund shares	8,353	8,198
- Property fund shares	2,992	3,245
COIF Deposit Account - Interest	277	822
Bank Interest	-	-
Interest on Tax	50	-
	11,672	12,265

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 directors and employees

	2015	2014
	£	£
(a) Staff costs during the period were		
Wages and salaries	83,723	130,742
Social security costs	4,949	7,347
Other pension costs	1,651	6,308
	90,323	144,397

No member of staff received emoluments in excess of £60,000 (2014 nil). The General Manager's emoluments were in the range £30,000 to £35,000. In addition to its paid staff, the charity benefits from the substantial efforts of over 200 working volunteers.

(b) Average number of persons employed	Number	Number
Charity	2	4
Subsidiary (full time equivalent)	1	1
	3	5

(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 (2014 £122, to one trustee).

10. Related party transactions

Trustee Andrew Charman's daughter Megan is also an employee. He was not involved in her selection, remuneration and management. Her remuneration was at a rate comparable with similar employees, and was in the band £0 to £5,000. There were no other related party transactions in the year. Of the trustees, Robert Robinson is Welshpool Town Clerk; Cllr David Jones is Powys councillor for most of the area of the railway; Andrew Charman is editor of Narrow Gauge World magazine. General Manager Charles Spencer is chair of The Great Little Trains of Wales marketing alliance. 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 2014	493,819	858,807	12,507	1,365,133
Additions	1,819	20,879	-	22,698
Transfers between categories/to heritage	79,628	361	-	79,989
At 31 December 2015	575,266	880,047	12,507	1,467,820
Depreciation				
At 31 December 2014	286,061	413,050	12,507	711,618
Charge for the period	14,516	41,120	-	55,636
Transfers between categories/to heritage	19,180	361	-	19,541
At 31 December 2015	319,757	454,531	12,507	786,795
Net book amount				
31 December 2015	255,509	425,516	NIL	681,025
31 December 2014	207,758	445,757	NIL	653,515

There was capital expenditure of £Nil contracted for at the period end (2014 - £17,000).

Five year summary of heritage fixed asset transactions:

Year	Purchases £	Major items	Recategorised to/(from) heritage £
2011	7,481	No.12 Joan	(28,566)
2012	990	Carriage C569	-
2013	233		-
2014	57,384	No.10 Sir Drefaldwyn	-
2015	22,698		60,448





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 2014	543,150	323,082	107,028	973,260
Additions	66,039	-	1,360	67,399
Transfers between categories/to heritage	(79,628)	32,604	(32,965)	(79,989)
At 31 December 2015	529,561	355,686	75,423	960,670
Depreciation				
At 31 December 2014	198,320	214,529	83,208	496,057
Charge for the period	29,160	14,375	6,680	50,215
Transfers between categories/to heritage	(19,180)	32,604	(32,964)	(19,540)
At 31 December 2015	208,300	261,508	56,924	526,732
Net book amount				
31 December 2015	321,261	94,178	18,499	433,938
31 December 2014	344,830	108,553	23,820	477,203

There was capital expenditure of £Nil contracted for at the period end (2014 - £49,700).

13. Investments

	Number	Group		Charity	
		2015 £	2014 £	2015 £	2014 £
At 1 January at market value	17,619	213,000	203,000	213,000	203,000
Additions	-	-	-	-	-
(Loss)/ gain on investment from change in value		4,000	10,000	4,000	10,000
At 31 December, at market value	17,619	217,000	213,000	217,000	213,000
COIF Charity Funds Property Fund shares					
At 1 January at market value	46,756	49,000	44,000	49,000	44,000
Additions	-	-	-	-	-
(Loss)/ gain on investment from change in value		5,000	5,000	5,000	5,000
At 31 December at market value	46,756	54,000	49,000	54,000	49,000
Shares in subsidiary: W&L Sales Ltd					
At 31 December at cost	2			2	2
		271,000	262,000	271,002	262,002
Historic cost at 31 December		250,000	250,000	250,002	250,002





14. Stocks

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Stores	47,300	56,600	47,300	56,600
Goods for resale	16,000	14,500	-	-
	63,300	71,100	47,300	56,600

15. Debtors

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Trade debtors	10,273	4,999	4,431	-
Prepayments	21,484	21,140	21,484	21,140
VAT	3,475	-	5,118	271
Gift Aid recoverable	9,961	19,359	9,961	19,359
Amount due from subsidiary company	-	-	59,527	33,797
	45,193	45,498	100,521	74,567

16. Bank overdraft

The group has overdraft facilities of £Nil (2014 - £25,000)

17. Other creditors including taxation and social security

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Members' loans, which are interest free and unsecured				
Repayable on demand	660	660	660	660
Repayable of 3 months' notice from the lender	770	770	770	770
	1,430	1,430	1,430	1,430
PAYE	2,665	1,822	2,665	1,822
VAT	-	445	-	-
	4,095	3,697	4,095	3,252





18. Accruals and deferred income

	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Subscriptions in advance	30,397	25,718	30,397	25,718
Less: falling due after more than one year	(15,941)	(13,036)	(15,941)	(13,036)
	14,456	12,682	14,456	12,682
Accruals	43,700	27,528	39,700	23,528
	58,156	40,210	54,156	36,210

19. Unrestricted funds

	Balances 31 Dec 2014	Income	(Expenditure)	Transfers/ revaluation	Balances 31 Dec 2015
<i>General funds</i>	1,369,541	641,294	(493,320)	9,000	1,526,515
<i>Designated funds – future capital projects</i>					
Museum/ Interpretation Centre	92,534	2,776	-		95,310
Llanfair Workshop Reconstruction	167,472	15,024	-		182,496
	260,006	17,800	-		277,806
Total unrestricted funds	1,629,547	659,094	(493,320)	9,000	1,804,321

Many donations and legacies fund the purchase of fixed assets, which are then depreciated over future years. At 31 December 2015, £948,889 (2014: £941,981) 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 2014 £	Income £	(Expenditure) £	Transfer from/(to) unrestricted funds	Balances 31 Dec 2015 £
Restoration of No.6 'Monarch'	5,412	1,062	(900)	-	5,574
Cosmetic restoration of stored locomotives	3,658	110	-	-	3,768
Restoration of No.14/85	22,864	1,548	-	-	24,412
Restoration of No.10 'Sir Drefaldwyn'	337	46,477	(20,000)	-	26,814
Maintenance of replica Pickering carriages	5,783	173	-	-	5,956
Maintenance of diesels	644	19	-	-	663
Purchase of welding equipment	1,998	60	-	-	2,058
Level crossing automation	2,421	350	(2,771)	-	-
Keyse Cottage refurbishment	-	10,030	(9,000)	-	1,030
Heniarth shelter	-	750	(750)	-	-
	43,117	60,579	(33,421)	-	70,275

21. Analysis of group net assets by fund

	Unrestricted funds £	Restricted funds £	Total 31 Dec 2015 £
Tangible heritage and other fixed assets	1,114,963	-	1,114,963
Investments	271,000	-	271,000
Net current assets	434,299	70,275	504,574
Long term liabilities	(15,941)	-	(15,941)
	1,804,321	70,275	1,874,596





22. Statement of financial activities 2014: Prior year comparatives by fund type

	Unrestricted funds	Restricted funds	Total 2014
	£	£	£
Income from:			
<i>Voluntary income</i>			
Legacies and donations	61,355	65,360	126,715
<i>Charitable activities</i>			
Railway operation and preservation	224,376	-	224,376
Membership subscriptions	19,181	-	19,181
<i>Other trading activities</i>			
Commercial trading operations	128,656	-	128,656
<i>Investment income</i>	11,025	1,240	12,265
Total income	444,593	66,600	511,193
Expenditure on:			
<i>Raising funds</i>	-	-	-
<i>Charitable activities</i>			
Railway operation and preservation-working	252,525	-	252,525
Railway operation and preservation-projects	100,467	72,000	172,467
Membership and governance expenses	24,238	-	24,238
<i>Other trading activities</i>			
Commercial trading operations	105,201	-	105,201
Total expenditure	482,431	72,000	554,431
Net gain/(loss) on investments	15,000	-	15,000
Net income/(expenditure) for the year	(22,838)	(5,400)	(28,238)

23. Analysis of changes in net funds

	At 31 December 2014	Cash flows	At 31 December 2015
	£	£	£
Bank and cash balances	103,226	79,302	182,528
COIF Deposit account	121,380	191,622	313,002
Members' loans	(1,430)	-	(1,430)
	223,176	270,924	494,100





24. Management accounts summary by activity and net cashflow from charity operations

	Railway operation and preservation	W&L Sales	Appeals and investment income	Membership and governance	2015	2014
	£	£	£	£	£	£
Income from operating activities	225,120	135,030	11,672	18,815	390,637	384,478
Daily operating (costs)	(231,051)	(113,228)		(16,957)	(361,236)	(381,964)
Net income: Daily operations	(5,931)	21,802	11,672	1,858	29,401	2,514
Donations and legacies			329,036		329,036	126,715
Net gain on investments			9,000		9,000	15,000
Major project (spend)	(59,654)	-		-	(59,654)	(74,484)
(Depreciation)	(105,851)	-		-	(105,851)	(97,983)
Net income/ (expenditure) per Statement of Financial Activities	(171,436)	21,802	349,708	1,858	201,932	(28,238)
<i>Adjust for non-cash items:</i>						
Depreciation	105,851	-	-	-	105,851	97,983
Net gain on investments			(9,000)		(9,000)	(15,000)
<i>Adjust for working capital changes:</i>						
Decrease / (increase) in stocks	9,300	(1,500)	-	-	7,800	(41,700)
Decrease (increase) in debtors	(224)	529	-	-	305	(17,469)
Change in intercompany account	(25,730)	25,730	-	-	-	-
Increase/ (decrease) in creditors	54,654	(522)	-	-	54,132	(9,786)
Take out dividends (shown separately in Cashflow)			(11,345)		(11,345)	(11,443)
Net cash provided by / (used in) operating activities	(27,585)	46,039	329,363	1,858	349,675	(25,653)





WELSHPOOL & LLANFAIR LIGHT RAILWAY PRESERVATION CO LTD

**Fifty Fifth Annual General Meeting held on Saturday 30 May 2015
at the Leisure Centre, Llanfair Caereinion, Powys**

Present:

John Gearey (Vice President), Alan Higgins (Vice President), Tony Thorndike (Vice President), Prof. Iain McLean (Chairman), Steve Clews (Vice Chairman), Simon Bowden, Andrew Charman, John Forman, Richard Green, Bob Mason, Simon Mayor, Caroline Schubert, Bruce Webber, Martin Evans (Company Secretary) and 54 other members

Apologies for Absence

Apologies were received from The Earl of Powis, Ralph Cartwright, David Taylor, Annette Berry, Kate Billmore, Sam Billmore, Rosemary Charman, David Collins, Steve Davidson, Chris Davies, M J Denholm, Mrs P Denholm, Eric Every, D and M Fisher, Kaye Forman, Mr and Mrs C F Goodman, David Gowan, Andrew Green, Nan Higgins, Dr J Hurdley, Dr R Hurdley, Mr D Hurdley, Cllr David Jones, Triston and Sally Lister, J L Pearsall, Mr and Mrs Picker, Christopher and Ann Pierce, Beryl Thorndike and Mrs Patricia White.

In the absence of the Earl of Powis, Prof Iain McLean took the chair.

1. Minutes of the Annual General Meeting on 31 May 2014

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 2014

The report summarised a year with major challenges for the railway. Against a difficult state of the economy and challenging tourism figures for Mid Wales we had achieved creditable financial results. Through vigorous marketing it had been possible to achieve a 6% increase in passengers and a 4% increase in revenue. The installation of the automated crossing at Castle Caereinion had been a major financial and volunteer commitment. Despite the changing relationship between the road and the railway, legislation still placed the burden of ensuring safety on the railway.

The failure of the Resita had presented a third challenge. A wide-ranging review of options had concluded that the rebuilding of Sir Drefaldwyn was the right as well as the popular solution. Work was under way but much remained to be done.

The retirement of Terry Turner in October left the railway thinly staffed and the chairman thanked Kevin Heywood for carrying a huge load unassisted, and thanked also all the volunteers whose efforts helped to achieve a successful year.





The financial statements reflected the required accounting standards. These did not fit easily with a charity whose purpose was to maintain and conserve assets, rather than to use them up and replace them. Thus the consolidated statement in the centre pages needed to be supplemented by the notes to get a realistic picture of performance. Total income was 7% up on 2013. Table 23 showed that the operating deficit was a modest £28,000, a figure which it was the aim to eliminate.

The Treasurer summarised the main features of the tables and invited questions.

Questions from members were:

Q. Where we have an asset that was paid for with a gift or legacy, why do we depreciate it?

A. Compliance with accounting standards requires it. The standards are logical for a going commercial concern; not so much for a conservation charity.

Q. Why in Note 5 is the cost of the Sir Drefaldwyn rebuild not included in the mechanical engineering major projects?

A. Because it is met from the depreciation, shown in the same table.

Q. Why in Reserves Policy is £180,000 the appropriate reserve level for contingencies when the actual reserve level is £497,000?

A. The balance above £180,000 represents the resources for new capital investment.

The adoption of the Annual Report of the Trustees and the Audited Consolidated Financial Statements was proposed by Alan Higgins seconded by David Billmore and agreed.

3. Appointment of Auditors

Re-appointment of Burgis & Bullock as Auditors of the Company and authorisation of the Directors to determine their remuneration was proposed by Tom White, seconded by Jeremy Roberts and agreed.

4. Election of Trustees

As he was a candidate for re-election, Prof Iain McLean stepped down for this item and Steve Clews took the chair. Since there were eight candidates for six places the Articles required a two-stage ballot. The six candidates with the most votes were

Andrew Charman
Iain McLean
Bob Mason
Bob Robinson
Caroline Schubert
Bruce Webber

Cllr Ann Holloway and Richard Wiltshire were therefore eliminated.





A second ballot was held in which members could vote for or against each candidate. Since none of the candidates in the second ballot received more votes against than for, all six were elected to the board.

5. Election of President

Phillip Crook proposed that the Earl of Powis be elected President, which was seconded by Andrew Charman and agreed.

6. 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 and the meeting closed.





Welshpool and Llanfair Light Railway Preservation Co Ltd

Phone: 01938 810441
www.wllr.org.uk

Registered charity number 1000378
Company number 00646238

