

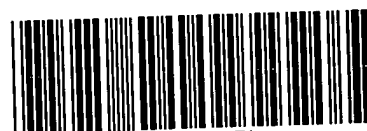
# Severn Valley Railway Company Limited

Company Number 906842

ANNUAL REPORT  
and  
FINANCIAL STATEMENTS

for the year ended  
31st December, 2013

TUESDAY



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COMPANIES HOUSE

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## DIRECTORS AND OFFICERS

### *Directors:*

David C. Williams, *Chairman*

Anthony G. Bending

Duncan J. Chandler

Alan Davies

Roger F. Hobson

Alan W. Longdon

Diane E. Malyon

Robert J. R. Whatton

Stephen C. White

### *Secretary:*

David L. Mellor, FCA

### *General Manager:*

Nick Ralls, MA, BA

### *Auditors:*

Folkes Worton LLP, Stourbridge, West Midlands

### *Bankers:*

HSBC Bank PLC, Bewdley, Worcestershire

### *Registered Office:*

Number One, Comberton Place, Kidderminster, Worcestershire DY10 1QR

# SEVERN VALLEY RAILWAY COMPANY LIMITED

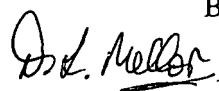
(Limited by Guarantee)

## NOTICE OF MEETING

Notice is hereby given that the Forty-sixth Annual General Meeting of the Company will be held at the Railway Museum, Kidderminster, Worcestershire, at 7.30 p.m., on Saturday, 19th July, 2014, for the following purposes:—

1. To receive apologies for absence.
2. To approve the Minutes of the Forty-fifth Annual General Meeting (circulated herewith).
3. To elect Directors.
4. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2013.
5. To reappoint Folkes Worton LLP as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
6. To approve subscription rates to take effect from 1st January, 2015, as follows:  
Adult £21.00 (*£20.00*), Junior (14 to 16 years) £10.00 (*£10.00*), Student (17 to 18 years and older members in full-time education) £15.00 (*£14.00*), Senior £16.00 (*£15.00*), Joint £31.00 (*£30.00*), Joint Senior £24.00 (*£23.00*), Family £36.00 (*£35.00*), Life membership £420.00 (*£400.00*), Joint Life membership £620.00 (*£600.00*). (*Current rates in italics*)
7. To receive a review of the year.
8. To transact any other business proper to an Annual General Meeting.

Number One, Comberton Place,  
Kidderminster, Worcestershire, DY10 1QR  
13th June, 2014

By order of the Board  
 D. L. MELLOR  
Secretary

- (i) Any member entitled to attend and vote may appoint a proxy who need not be a member of the Company to attend on his behalf and vote for him on a poll. The proxy form, enclosed herewith, must reach the Company Secretary at the address shown thereon not less than 48 hours before the commencement of the meeting.
- (ii) Admission will be by production of a valid membership card.
- (iii) Joint members have one vote each.

## ATTENDANCE AT BOARD MEETINGS

There have been eight Board meetings since the Forty-fifth Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	8	Diane Malyon	8
Duncan Chandler	5	Rob Whatton	7
Alan Davies	1 (out of 2)	Steve White	2 (out of 2)
Roger Hobson	8	David Williams	8
Alan Longdon	8		

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CHAIRMAN'S REPORT

Forty-nine years ago, on 6th July 1965, a small group of people signed up to support the brand-new 'Save the Severn Valley Railway' Fund. These early members could not possibly have known that their mission would eventually see not just 5, but 16 miles of Railway bought (at a cost of £1.16 million then, or £19 million at today's prices!) and the membership of the Society after it became a Company would reach 15,972 in 1995.

Then, of course, the SVR was a pathfinder in big time standard gauge preservation with few serious rivals. But this success breeds success elsewhere, and indeed it now seems, in almost every locality! So it is not surprising that today the membership has reduced to just about 12,650, although I believe we still form the largest railway support organisation in Britain, if not the world. And we are proud of having a near quarter-stake (just over £1.5 million) in the Holdings Plc which owns the Railway.

Membership matters are still handled by our Membership Secretary, Kate Kirk, located now at our new HQ at Number One, Comberton Place, Kidderminster, DY10 1QR, telephone 01562 757930.

As well as providing 'hardcopy' information through the quarterly magazine and reduced fare travel for members, this Company has been able to supply very nearly £900,000 of benefits to the Railway in the last decade, ranging from £675 for LNER coach roof brackets to £60,320 for storage shed bases and buildings. And recently, financial support has been given to Kidderminster storage, the Bewdley staff amenity block, Arley ground investigation, Hampton Loade signalbox and at Bridgnorth, staff sleeping coaches and station shower refurbishment. Spend on rolling stock has included diesel shunter 09 012, GWR Brake Third Open carriage 650 and LNER Pigeon Van 70759, also diesel loco pre-heating equipment.


Amongst the membership are over 1,000 working members, whose dedication to the work of running the Railway is, with all its many jobs, legendary. It is perhaps fleetingly typified in the 'dirty work' pictures on the inside front cover of this Report. As a small 'thank you', we have this year introduced three vouchers for family members and/or friends of working members to be able to share the pleasure of a return trip over the line during the year gratis.

The Volunteer Liaison Office is still located on Platform 1 on Bewdley station, telephone 01299 401776, and Barry Moreton, Richard Havard or Sarah Tookey would be pleased to assist if you are interested in volunteering on the Railway.

Recently two directors of this Company have resigned, but for widely different reasons. Mike Ball took his leave in March of this year, as he now carries greatly increased responsibilities and workload as Deputy Chairman of SVR Holdings Plc. Kevin Cronin resigned in April due to pressure of work on the 'big railway' which made it difficult for him to attend Board meetings. The Directors lost no time in co-opting two seasoned SVR members to the Board to fill the vacancies. Alan Davies and Steve White were duly appointed in May, bringing respectively architectural and safety expertise to the Board, as well as Heritage Railway Association involvement.

Progress has continued with monthly merger talks between representatives of this Company and the SVR Association, aimed at bringing all the functions of the two organisations together. It is confidently predicted that the amalgamation will take place soon, with final formal proposals to be put to AGMs in 2015, our fiftieth year.

This leads me appropriately to thank all our members for their continuing support for the Railway, and further request that you all stay with us for our fiftieth year (and beyond!), during which some interesting events are already being planned by a small but dynamic anniversary committee.

 David C. Williams  
Chairman

13th June 2014

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31st December, 2013.

### Principal activities and business review

The principal activity of the company continues to concern the operation, by its members, of the Severn Valley Railway between Bridgnorth, Shropshire, and Kidderminster, Worcestershire, on a voluntary basis on behalf of Severn Valley Railway (Holdings) PLC ("SVRH"). The policy of the Directors is to maintain a holding of 25 per cent of the share capital of that company. In view of the dilution of the company's holding following the 2012 SVRH share offer, an appeal fund was set up for donations to enable the company to purchase further shares, and £29,196 was received in the year.

Membership of the company decreased during 2013 from 12,929 to 12,673.

The balance of the loan to SVRH was cleared by set-off at the end of the year against expenses incurred by SVRH on behalf of the company. 201,244 SVRH shares were purchased in the year, 102,244 of which were in respect of contributions to five capital projects, and a further 17,073 shares were donated to the company. A loan of £30,000 was made to Severn Valley Railway Charitable Trust Ltd to assist with the costs of conversion from dealing with rolling stock to supporting the Railway as a whole and launching it in its new role.

Donations of up to £8,800 each were made to eight projects in the year. Subvention payments to the Severn Valley Railway Junior Club were resumed. The stock of model locomotives held on behalf of SVRH has now been sold. £3,414 bequests were received in the year.

### Results

The surplus for the year after tax amounted to £55,794. In accordance with the Memorandum of Association, no dividend is payable.

### Post Balance Sheet events

A further 20,000 SVRH shares have been purchased to finance a capital project.

### Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, D. J. Chandler, A. Davies, R. F. Hobson, A. W. Longdon, D. E. Malyon, R. J. R. Whatton and S. C. White. Mr Whatton was appointed on 17th May, 2013 and Messrs Davies and White on 25th April, 2014. Mr. P. V. Edkins resigned for health reasons on 15th March, 2013, Mr. M. E. Ball resigned on 18th March, 2014, and Mr. K. G. Cronin resigned on 25th April, 2014. The remaining Directors held office throughout the year.

Messrs Bending and Williams are the nominees of the company on the Board of Severn Valley Railway (Holdings) PLC.

Mr. Longdon and Mrs. Malyon retire by rotation in accordance with Article 42; Messrs Davies and White retire in accordance with Article 47. All, being eligible, offer themselves for re-election.

As the company is limited by guarantee and has no share capital, the financial interests of the directors in the company are identical to those of the members.

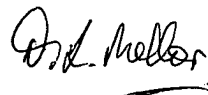
### Auditors

Messrs. Folkes Worton LLP have expressed their willingness to continue in office as auditors of the company, and accordingly a resolution proposing their re-appointment will be put to the Annual General Meeting.

### Disclosure to Auditors

Each Director at the date of this report has confirmed that, so far as he or she is aware, there is no relevant audit information of which the company's auditors are unaware, and he or she has taken all the steps that ought to have been taken as a Director in order to make him or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the Board on 13th June, 2014, and signed on its behalf by

 D.L. MELLOR  
Secretary

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

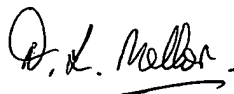
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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires us as directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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



By Order of the Board  
D. L. MELLOR  
*Secretary*  
13th June, 2014

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## **REPORT OF THE INDEPENDENT AUDITORS to the members of Severn Valley Railway Company Limited**

We have audited the financial statements of Severn Valley Railway Company Limited for the year ended 31st December 2013 on pages 8 to 13. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' 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 company's affairs as at 31st December 2013 and of its surplus 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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 requires us to report to you if, in our opinion:

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



Mr. N. C. Smith (Senior Statutory Auditor)  
for and on behalf of Folkes Worton LLP  
Chartered Accountants and Registered Auditors  
15-17 Church Street  
Stourbridge  
West Midlands  
DY8 1LU  
13th June, 2014



# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December, 2013

	Notes	£	2013 £	2012 £
<b>Subscriptions</b>				
Annual	1b, 1c		130,999	121,282
Life	1d, 10		7,846	7,402
			<u>138,845</u>	<u>128,684</u>
<b>Administrative Expenses</b>				
Severn Valley Railway News		79,390		70,710
Membership department expenses	2	12,186		11,499
General administrative expenses		12,927		9,999
Professional charges	3	1,370		1,190
Bank charges		4,734		3,229
Staff uniform scheme		3,462		2,504
			<u>114,069</u>	<u>99,131</u>
			24,776	29,553
<b>Other Operating Income and Interest Receivable</b>				
Donations		60,511		20,081
Bequests	1e	3,414		68,538
Interest		298		778
Miscellaneous income		416		—
			<u>64,639</u>	<u>89,397</u>
<b>Surplus on ordinary activities before taxation</b>			<u>89,415</u>	<u>118,950</u>
<b>Taxation</b>	4		—	—
<b>Surplus on ordinary activities after taxation</b>			<u>89,415</u>	<u>118,950</u>
Donations to other bodies connected with the Severn Valley Railway			<u>33,621</u>	<u>24,833</u>
<b>Surplus for the year</b>	12		<u><u>£55,794</u></u>	<u><u>£94,117</u></u>

### Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

### Total Recognised Gains and Losses

The company has no recognised gains or losses other than the surplus for the above two financial years.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## BALANCE SHEET

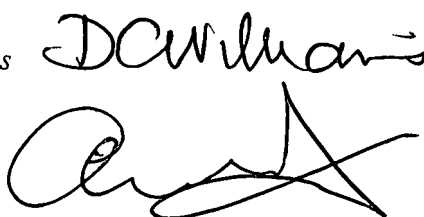
31st December, 2013

	Notes	£	2013 £	2012 £
<b>Fixed Assets—unlisted investment</b>	1f, 5			
Cost—At 1st January, 2013			1,285,657	1,229,900
Additions			218,317	55,757
At 31st December, 2013			<u>1,503,974</u>	<u>1,285,657</u>
<b>Current Assets</b>				
Debtors				
Due within one year	6	8,913		9,778
Due after more than one year				
Loans	7	34,365		17,965
			<u>43,278</u>	<u>27,743</u>
Stock	8	1,573		10,991
Cash at bank and in hand		76,248		202,987
			<u>121,099</u>	<u>241,721</u>
<b>Creditors Due Within One Year</b>	9	95,171		54,677
<b>Net Current Assets</b>			<u>25,928</u>	<u>187,044</u>
<b>Total Assets less Current Liabilities</b>			<u>£1,529,902</u>	<u>£1,472,701</u>
<b>Capital and Reserves</b>				
Capital reserve			8,372	8,372
Life membership reserve	1d, 10		66,091	64,684
Special Reserve	1e, 11		52,185	97,415
Income and expenditure account	12		1,403,254	1,302,230
			<u>£1,529,902</u>	<u>£1,472,701</u>

The financial statements on pages 8 to 13 were approved by the Board of Directors on 13th June, 2014.

D. C. WILLIAMS  
A. W. LONGDON

Directors



# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CASH FLOW STATEMENT

Year ended 31st December, 2013

	Notes	£	2013 £	2012 £
<b>Net cash inflow from operating activities</b>	14		124,228	111,354
<b>Returns on investments and servicing of finance</b>				
Interest received		298		778
Net cash inflow			298	778
<b>Financing</b>				
Shares in Severn Valley Railway (Holdings) PLC		(201,244)		(52,014)
Loan to Severn Valley Railway (Holdings) PLC		13,600		67,640
Other loans		(30,000)		(984)
Donations to other bodies connected with the Severn Valley Railway		(33,621)		(24,833)
Net cash outflow			(251,265)	(10,191)
<b>Increase/(decrease) in cash at bank</b>			<u>£(126,739)</u>	<u>£101,941</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2013

### 1. Accounting policies

- (a) The financial statements have been prepared on an historical cost basis, and in accordance with applicable Accounting Standards in the United Kingdom.
- (b) Credit is taken for the full amount of annual subscriptions received during the year and no apportionment is made over the periods to which subscriptions relate; subscriptions are due on the anniversary of admittance to membership.
- (c) Three year subscriptions are apportioned over the three years to which they relate.
- (d) Life subscription income is credited to Life Membership Reserve and taken to Income and Expenditure Account in equal annual instalments over the number of years represented by the ratio of the life membership subscription to the annual adult subscription, which in 2013 was 20 years (2012-20 years).
- (e) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve. When utilised to purchase shares in Severn Valley Railway (Holdings) PLC to finance capital or major repair projects, the Special Reserve is transferred back to Income and Expenditure Account.
- (f) Donated shares in Severn Valley Railway (Holdings) PLC are valued at par; shares bequeathed are valued at probate value.

### 2. Directors and Employees

The company has no employees, but has exclusive use of 1 employee (2012—1) of Severn Valley Railway (Holdings) PLC, the charge for whose services is included in membership department expenses, together with that for the use of other employees from time to time.

No directors receive any emoluments.

### 3. Professional charges

	2013	2012
	£	£
Auditors' remuneration	1,255	1,080
Other professional services	115	110
	<u>£1,370</u>	<u>£1,190</u>

### 4. Taxation

Income from members is mutual trading income which is not chargeable to UK corporation tax. Other taxable income is exceeded by allowable expenses.

### 5. Fixed Asset Investment

The company holds 1,519,563 (2012 — 1,301,246) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 22.20% (2012 — 22.16%) of the issued share capital of that company at 31st December, 2013. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 31st December, 2013, was £7,261,114 (2012 — £6,225,035 ) and its profit for the year then ended was £61,891 (2012 — £58,158). The investment has not been made with a view to obtaining a financial return and no dividends may be paid by Severn Valley Railway (Holdings) PLC. The shares are not quoted on any recognised stock exchange and are not widely available, and therefore the directors have valued them at cost, the value being supported by the Severn Valley Railway (Holdings) PLC balance sheet. The directors further consider it would be misleading to include the results of this related company in these financial statements.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2013

<b>6. Debtors – due within one year</b>	2013	2012
	£	£
Trade debtors	3,075	3,127
Amount due from undertakings in which the company has a participating interest	—	3,797
Prepayments	513	318
Other debtors	5,325	2,536
	<u>£8,913</u>	<u>£9,778</u>
 <b>7. Debtors – due after more than one year</b>	 2013	 2012
	£	£
Loans – undated		
Severn Valley Railway (Holdings) PLC – interest earning	—	13,600
Severn Valley Railway Charitable Trust Ltd – interest free	30,000	—
Other loans – interest free	4,365	4,365
	<u>£34,365</u>	<u>£17,965</u>
 <b>8. Stock</b>	 2013	 2012
	£	£
Uniforms (at sale price)	1,573	1,199
Models held for recharge (at cost)	—	9,792
	<u>£1,573</u>	<u>£10,991</u>
 <b>9. Creditors due within one year</b>	 2013	 2012
	£	£
Trade creditors	2,730	17,857
Amount due to undertakings in which the company has a participating interest	32,855	—
Other creditors	250	275
Payments on account	56,638	33,701
Accruals	2,698	2,844
	<u>£95,171</u>	<u>£54,677</u>
 <b>10. Life membership reserve</b>	 2013	 2012
	£	£
At 1st January, 2013	64,684	67,274
Life subscriptions received in year	9,253	4,812
Transfer to Income and Expenditure Account	(7,846)	(7,402)
At 31st December, 2013	<u>£66,091</u>	<u>£64,684</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS – Continued

Year ended 31st December, 2013

11. Special Reserve	2013	2012
	£	£
At 1st January, 2013	97,415	68,877
Transfer from Income and Expenditure Account	3,414	68,538
Transfer to Income and Expenditure Account	(48,644)	(40,000)
At 31st December, 2013	<u>£52,185</u>	<u>£97,415</u>

12. Income and expenditure account	2013	2012
	£	£
At 1st January, 2013	1,302,230	1,236,651
Surplus for the year	55,794	94,117
Transfer to Special Reserve	(3,414)	(68,538)
Transfer from Special Reserve	48,644	40,000
At 31st December, 2013	<u>£1,403,254</u>	<u>£1,302,230</u>

## 13. Related party transactions

During the year the following transactions were undertaken with Severn Valley Railway (Holdings) PLC ("SVRH"), in which the company holds 22.20% of the shares:

	2013	2012
Recharges to SVRH	<u>£9,997</u>	<u>£10,111</u>
Recharges from SVRH	<u>£43,139</u>	<u>£22,571</u>
Donations to SVRH	<u>£8,300</u>	<u>£11,400</u>
Balance due to/(from) SVRH (Notes 9 and 6)	<u>£32,855</u>	<u>£(3,797)</u>

No further amounts were added during the year to the loan balance of £13,600 due to Severn Valley Railway Company Limited from Severn Valley Railway (Holdings) PLC. Interest of £148 (2012 - £630) was charged at a flat rate of 2%. The balance of the loan outstanding at the end of the year was set off against amounts due to Severn Valley Railway (Holdings) PLC.

## 14. Reconciliation of operating surplus to net cash inflow from operating activities

	2013	2012
	£	£
Operating surplus before taxation	89,415	118,950
Non-cash donations	(17,073)	(3,743)
Net interest receivable	(298)	(778)
Life membership reserve increase/(decrease) (Note 10)	1,407	(2,590)
Decrease/(Increase) in stocks	9,418	9,901
Decrease/(Increase) in debtors	865	(657)
Increase/(Decrease) in creditors	40,494	(9,729)
Net cash inflow from operating activities	<u>£124,228</u>	<u>£111,354</u>