

Severn Valley Railway Company Limited

Company Number 906842

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ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 2018

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

David C. Williams, *Chairman*
Anthony G. Bending
Michelle C. Bevon, FMAAT
Duncan J. Chandler, MCIPD, BSocSC
Alan Davies
Alan W. Longdon
Diane E. Malyon, BEd, NPQH
Jordan A. Taylor
Robert J. R. Whatton

Secretary:

David L. Mellor, FCA

General Manager:

Nick Ralls, MA, BA

Auditors:

Folkes Worton LLP, Stourbridge, West Midlands

Bankers:

HSBC Bank PLC, Kidderminster, 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 Fifty-first Annual General Meeting of the Company will be held at Castle Hall, West Castle Street, Bridgnorth, Shropshire at 7.30 p.m. on Saturday, 13th July, 2019, for the following purposes:-

1. To approve the Minutes of the Fiftieth Annual General Meeting (circulated herewith).
2. To elect Directors. D. J. Chandler, A. Davies and D. C. Williams retire by rotation in accordance with Article 42 of the Articles of Association of the Company. All, being eligible, are standing for re-election.
3. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2018.
4. To reappoint Folkes Worton LLP as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
5. To receive a review of the year.
6. To transact any other business proper to an Annual General Meeting.

Number One, Comberton Place,
Kidderminster, Worcestershire, DY10 1QR.
31st May, 2019



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 nine monthly Board meetings since the Fiftieth Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	8	Diane Malyon	8
Michelle Bevon	7	Jordan Taylor	4
Duncan Chandler	8	Rob Whatton	6
Alan Davies	9	David Williams	9
Alan Longdon	8		

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CHAIRMAN'S REPORT

The year under review, 2018, saw the completion of major works needed to improve drainage at the 'County Boundary' (Worcestershire-Shropshire) at Kinlet, north of Arley. This particular project did not need this Company's financial support, but in the past 20 years, we have raised over £1 million to fund a wide variety of the Railway's projects, indeed from the largest to the smallest.

Kidderminster Traction Maintenance Depot (TMD) was in the first full year of use in 2018, repairing and servicing our diesel locos and railcars, and undertaking outside contract work. Two funding pledges, totalling £50,000, from this Company enabled the volunteer groups concerned with diesel shunting locos and DMU cars to work 'under a roof' for the first time.

The long-proposed improvements to Bridgnorth Station started to take shape in 2018. The creation of a new Refreshment Room, to a GWR 1910 design, was not as straightforward as first envisaged, but the facility opened in early 2019 for all to enjoy. By comparison, the second phase, to create a surfaced west car park with entrance and exit roads and an easily graded footpath link, was completed ahead of schedule. This Company was fully engaged in the funding activity for this project and provided volunteer help as appropriate. Ahead at Bridgnorth lies the provision of a locomotive turntable, and refurbishment of the original stone station building of 1862.

Borle Viaduct, spanning the brook of that name south of Highley, has suffered drainage problems in recent years, and remedial work was undertaken in 2018-9. As a member of the SVR 'family', this Company was asked to help financially, and £10,000 was released to further the essential work necessary here.

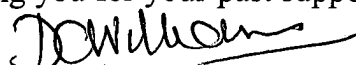
Now comes the 'big one'! 'Helping Hands for Falling Sands' is a joint SVRCT/SVRH/SVRG project to renovate the impressive viaduct over the river and canal at Kidderminster. Nearly £400,000 has been raised by the SVR Charitable Trust from Railway supporters, and the National Lottery Heritage Fund has granted us their maximum contribution of over £850,000. This Company's initial donation of £10,000 prefaces our volunteer support, in terms of time and manpower, for the public educational aspects of the scheme, a major factor in securing the grant.

All of the projects mentioned above have been 'innovative' in different ways. Whilst these have been progressing, the routine work of the Railway has continued to be performed by staff, both full-time and volunteer, who administer, engineer and operate this sizeable and complex organisation. Over 1,500 people are involved in keeping the wheels turning, on 250 days each year, and our grateful thanks are due to them all for their dedication to the various tasks. Accordingly, we have supported some of the worthwhile smaller projects, such as a higher and more suitable Kidderminster water column, p.way vegetation control equipment, Bridgnorth station maintenance tools, Bewdley carriage machine tool relocation, the Arley chestnut barbecue, a 'Working at Height' safety video, and many more.

I will finish by mentioning that our Membership Secretary, Victoria Evans, handles administrative matters for our 12,600 members, at the Railway's head office at Kidderminster (telephone 01562 757930). Her hours are 9 to 2, Monday to Wednesday. If you would like to help on the Railway, the Volunteer Liaison Office on Platform 1 at Bewdley is open on Tuesdays and Thursdays (telephone 01299 401776 with an answerphone facility). Barry Moreton would be pleased to hear from you!

Please continue your support for the Railway during 2019, and onwards into the future. The Directors of this Company join me in sincerely thanking you for your past support that has made the SVR the success that it is today.

31st May, 2019


David C. Williams, *Chairman*

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, 2018.

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 endeavour to maintain a holding of 25 per cent of the share capital of that company.

Winding up of Severn Valley Railway Association ("SVRA") continued but had not been completed at the end of the year. The company has assumed the SVRA responsibility for conducting raffles in 2019, and transfer of the SVRA shareholding in SVRH to the company is expected to be completed in the near future.

Membership of the company increased during 2018 from 12,482 to 12,667. 9,000 new SVRH shares were purchased in the year in support of improved mess facilities at Bewdley motive power depot, and 3,000 shares were purchased from an existing shareholder. A further 8,076 shares were donated to the company, and its percentage holding in SVRH was marginally increased in the year.

In common with SVRH, a policy has been adopted of routing bequests through Severn Valley Railway Charitable Trust Ltd ("SVRCT") wherever possible to achieve the maximum benefit for the Railway and to streamline administration. Donations were made to eight projects during the year, five being to SVRH. Amounts varied from £465 to £11,482, the latter in respect of equipment for a new volunteer catering facility at Bridgnorth, and included a contribution of £6,500 to platform rebuilding at Eardington. One subvention payment was made to the Severn Valley Railway Junior Club.

Results

The surplus for the year after tax amounted to £15,838. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

A partnership agreement has been entered into with SVRH and SVRCT to delineate the roles of the three companies in a major repair project for Falling Sands Viaduct. The company has donated £10,000 to the project. It has also purchased 10,000 SVRH shares in support of repairs to Borle Viaduct.

Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, M. C. Bevon, D. J. Chandler, A. Davies, A. W. Longdon, D. E. Malyon, J. A. Taylor and R. J. R. Whatton. Mr. R. F. Hobson resigned on 12th February, 2018. Mr. Taylor was appointed on 24th January, 2018 and Mrs. Bevon on 4th March, 2018; the remaining Directors held office throughout the year.

Messrs Bending, Davies and Williams are the company's nominees to the Board of Severn Valley Railway (Holdings) PLC.

Messrs Chandler, Davies and Williams retire by rotation in accordance with Article 42 and, 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.

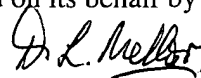
Auditors

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 31st May, 2019 and signed on its behalf by



D. L. MELLOR
Secretary

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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
31st May, 2019

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 2018 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 at 31st December 2018 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 BSc FCA (Senior Statutory Auditor)
for and on behalf of Folkes Worton LLP
Chartered Accountants and Registered Auditors

Folkes Worton LLP

15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

31st May, 2019

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2018

	Notes	£	2018 £	2017 £
Subscriptions				
Annual	1b, 1c		141,495	141,180
Life	1d, 7		6,135	6,537
			<u>147,630</u>	<u>147,717</u>
Administrative Expenses				
Severn Valley Railway News		86,229		81,991
Membership department expenses	2	14,862		12,795
General administrative expenses		10,177		10,766
Auditors' remuneration		1,510		1,465
Bank charges		3,256		2,977
Staff uniform scheme		5,179		4,297
			<u>121,213</u>	<u>114,291</u>
			26,417	33,426
Other Operating Income and Interest Receivable				
Donations		16,314		16,051
Bequests	1e	—		94,589
Interest		184		14
Miscellaneous income		2,000		—
			<u>18,498</u>	<u>110,654</u>
Surplus on ordinary activities before taxation			<u>44,915</u>	<u>144,080</u>
Taxation	3		—	—
Surplus on ordinary activities after taxation			<u>44,915</u>	<u>144,080</u>
Donations to other bodies connected with the Severn Valley Railway			<u>29,077</u>	<u>450</u>
Surplus for the year	9		<u>15,838</u>	<u>143,630</u>
Other comprehensive income			—	—
Total comprehensive income for the year			<u><u>£15,838</u></u>	<u><u>£143,630</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

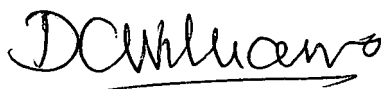
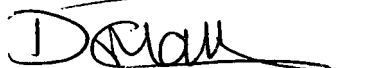
31st December, 2018

	Notes	£	2018 £	2017 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2018			1,772,014	1,659,800
Additions			18,436	112,214
At 31st December, 2018			<u>1,790,450</u>	<u>1,772,014</u>
Current Assets				
Debtors				
Due within one year	5	3,703		4,715
Due after more than one year				
Undated interest free loans		3,615		3,615
			<u>7,318</u>	<u>8,330</u>
Stock – Uniforms (at sale price)	1g	599		716
Cash at bank and in hand		86,262		80,772
			<u>94,179</u>	<u>89,818</u>
Creditors Due Within One Year	6	73,392		64,865
Net Current Assets			<u>20,787</u>	<u>24,953</u>
Total Assets less Current Liabilities			<u>£1,811,237</u>	<u>£1,796,967</u>
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		56,754	58,322
Special Reserve	1e, 8		22,330	22,330
Income and expenditure account	9		1,723,781	1,707,943
			<u>£1,811,237</u>	<u>£1,796,967</u>

The financial statements on pages 8 to 13 were approved by the Board of Directors on 31st May, 2019.

D. C. WILLIAMS
D. E. MALYON

Directors

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2018

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2017	8,372	58,573	27,741	1,558,902
Changes in equity				
Total comprehensive income	—	—	—	143,630
Life subscriptions received in year	—	6,286	—	—
Transfer to statement of comprehensive income	—	(6,537)	(100,000)	100,000
Transfer from statement of comprehensive income	—	—	94,589	(94,589)
Balance at 31st December 2017	8,372	58,322	22,330	1,707,943
Changes in equity				
Total comprehensive income	—	—	—	15,838
Life subscriptions received in year	—	4,567	—	—
Transfer to statement of comprehensive income	—	(6,135)	—	—
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2018	<u>£8,372</u>	<u>£56,754</u>	<u>£22,330</u>	<u>£1,723,781</u>

CASH FLOW STATEMENT

Year ended 31st December, 2018

	Notes	£	2018 £	2017 £
Cash inflows from operating activities	11		44,743	115,058
Cash flows from investing activities				
Interest received		184		14
Net cash inflow			184	14
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(10,360)		(105,000)
Donations to other bodies connected with the Severn Valley Railway		(29,077)		(450)
Net cash outflow			(39,437)	(105,450)
Increase in cash at bank			<u>£5,490</u>	<u>£9,622</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2018

1. Accounting policies

- (a) The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.
- (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 2018 was 20 years (2017 - 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.
- (g) Uniforms are resold to volunteer staff at a discount, and stocks are therefore valued at expected sale price.

2. Directors and Employees

The company has no employees, but has exclusive use of 1 employee (2017 - 1) of Severn Valley Railway (Holdings) PLC, the charge for whose services is included in membership department expenses.

No directors receive any emoluments.

3. Taxation

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

4. Fixed Asset Investment

The company holds 1,807,679 (2017 - 1,787,603) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 17.83% (2017 - 17.75%) of the issued share capital of that company at 31st December, 2018. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 6th January, 2019, was £11,289,813 (2017 - £10,918,706) and its profit for the period then ended was £303,083 (2017 - £62,638). 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 Statement of Financial Position. 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, 2018

5. Debtors – due within one year	2018	2017
	£	£
Trade debtors	1,168	1,240
Prepayments	274	—
Other debtors	2,261	3,475
	<u>£3,703</u>	<u>£4,715</u>
6. Creditors due within one year	2018	2017
	£	£
Trade creditors	2,251	1,667
Amount due to undertakings in which the company has a participating interest	7,419	385
Other creditors	1,754	559
Payments on account	47,666	51,087
Accruals	14,302	11,167
	<u>£73,392</u>	<u>£64,865</u>
7. Life membership reserve	2018	2017
	£	£
At 1st January, 2018	58,322	58,573
Life subscriptions received in year	4,567	6,286
Transfer to Income and Expenditure Account	(6,135)	(6,537)
At 31st December, 2018	<u>£56,754</u>	<u>£58,322</u>
8. Special Reserve	2018	2017
	£	£
At 1st January, 2018	22,330	27,741
Transfer from Income and Expenditure Account	—	94,589
Transfer to Income and Expenditure Account	—	(100,000)
At 31st December, 2018	<u>£22,330</u>	<u>£22,330</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2018

9. Income and expenditure account

	2018	2017
	£	£
At 1st January, 2018	1,707,943	1,558,902
Surplus for the year	15,838	143,630
Transfer to Special Reserve	—	(94,589)
Transfer from Special Reserve	—	100,000
At 31st December, 2018	<u>£1,723,781</u>	<u>£1,707,943</u>

10. Related party transactions

During the year the following transactions were undertaken with Severn Valley Railway (Holdings) PLC ("SVRH"), in which the company holds 17.83% of the shares:

	2018	2017
	£268	£265
Recharges to SVRH	<u>£268</u>	<u>£265</u>
Recharges from SVRH	<u>£48,413</u>	<u>£51,570</u>
Donations to SVRH	<u>£21,237</u>	<u>£250</u>
Balance due to SVRH (Note 6)	<u>£7,419</u>	<u>£385</u>

11. Reconciliation of operating surplus to cash inflows from operating activities

	2018	2017
	£	£
Operating surplus before taxation	44,915	144,080
Non-cash donations	(8,076)	(7,214)
Net interest receivable	(184)	(14)
Life membership reserve increase/(decrease) (Note 7)	(1,568)	(251)
Decrease/(Increase) in stocks	117	70
Decrease/(Increase) in debtors	1,012	(1,838)
Increase/(Decrease) in creditors	<u>8,527</u>	<u>(19,775)</u>
Cash inflows from operating activities	<u>£44,743</u>	<u>£115,058</u>