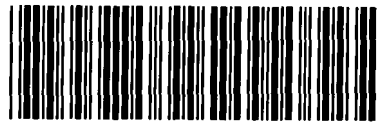


Severn Valley Railway Company Limited

Company Number 906842

THURSDAY



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ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 2017

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
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 Fiftieth Annual General Meeting of the Company will be held at the Railway Museum, Kidderminster, Worcestershire, at 7.30 p.m. on Saturday, 14th July, 2018, for the following purposes:-

1. To approve the Minutes of the Forty-ninth Annual General Meeting (circulated herewith).
2. To elect Directors. A. G. Bending and R. J. R. Whatton retire by rotation in accordance with Article 42 of the Articles of Association of the Company. M. C. Bevon and J. A. Taylor were appointed since the Forty-ninth Annual General Meeting and retire in accordance with Article 47. All, being eligible, are standing for re-election.
3. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2017.
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 approve subscription rates to take effect from 1st January, 2019, as follows:
Adult £22.00 (*£22.00*), Student (from 14 years in full-time education) £12.00 (*Student £16.00, Junior £10.00*), Senior £20.00 (*£17.00*), Joint £32.00 (*£32.00*), Joint Senior £28.00 (*£25.00*), Family £38.00 (*£38.00*), Life membership £440.00 (*£440.00*), Joint Life membership £640.00 (*£640.00*). (*Current rates in italics*).
6. To receive a review of the year.
7. To transact any other business proper to an Annual General Meeting.

Number One, Comberton Place,
Kidderminster, Worcestershire, DY10 1QR.
11th May, 2018

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 monthly Board meetings since the Forty-ninth Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	7	Diane Malyon	8
Duncan Chandler	6	Rob Whatton	8
Alan Davies	8	David Williams	7
Alan Longdon	8		

Jordan Taylor has attended 2 meetings since appointment and Michelle Bevon has attended 1.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CHAIRMAN'S REPORT

In an age when 'volunteering' has become the new 'buzz word', it still seems to be little appreciated by the media, and hence the public at large, that without the half-century of sterling work that has been performed by unpaid members, this Railway could not operate at all! In fact, nowadays our 1,800 volunteers run our trains during more than 250 days in each year, which understandably stretches this resource to the limit at times. This could only happen on this scale in Britain.

This Company, still bearing its original name from 1970, has remained fairly steady with a membership total of 12,500 over the last few years, although we gradually lose old friends who have been members from the earliest days, but mercifully balanced with some very keen newcomers. On the volunteer front, the VLO at Bewdley continues to do a superb job recruiting new people and taking them through induction to place them with one of the Railway's departments. See below if you might like to help.

Regarding funding projects; the diesel shunting locomotives in the Railway's collection are essential to our operations and are maintained exclusively by a very keen and focussed volunteer team. They worked in the open air for many years, and it was a pleasure for this Company in 2016/7 to supply a total of £50,000 towards the Kidderminster Diesel Depot project, which, upon Depot completion in May 2017, allowed diesel shunter repairs to be moved indoors, with tools and equipment now closely at hand. Since then, this Company has been able to lend support to several smaller volunteer projects, including the cost-effective volunteer scheme to rebuild the south end of Eardington station platform, thus removing a horrible historic eyesore, and creating a possible location for special events at less busy times. £6,500 was supplied.

In Spring 2017, long overdue work on improving the refreshment and other facilities at Bridgnorth site commenced, under the project title 'Bridgnorth Station, Building for the Future'. Financially, the funding appeal was a fantastic success, with great membership support. But it is true to say that achieving the desired truly authentic result in practice is taking longer than was anticipated. But we are getting there, and we are sure that it will have been worth waiting for.

Next is 'Helping Hands for Falling Sands', a joint SVRCT/SVRH/SVRG project to renovate our impressive viaduct at Kidderminster. Literature will fill the Hall at this AGM. Please support this project, for Foley Park is NOT a suitable terminus for Bridgnorth trains!

Now for the usual reminder that SVR membership matters are handled by our Membership Secretary, Victoria Evans, who is located in the office at Number One, Comberton Place, Kidderminster, DY10 1QR. Her hours are 9.00am until 2.00pm on Mondays, Tuesdays and Wednesdays, and telephone number is 01562 757930.

If you would like to help on the Railway, the Volunteer Liaison Office is located at the south end of Platform 1 on Bewdley station. The office is open on Tuesdays and Thursdays, and telephone number is 01299 401776 with answerphone. Barry Moreton would be pleased to hear from you!

Please continue to support the Railway during 2018, and into the future if you are able. The Directors of this Company join me in sincerely thanking you for your support in the past that has made this Railway the success that it is today.

11th May, 2018

David C. Williams

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, 2017.

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 continued during the year, and the Trustees of the Association now expect completion and transfer of its assets to the company during 2018. The company's four committees are now all in operation.

Membership of the company increased during 2017 from 12,464 to 12,482. In view of changes in the membership profile over the years, the Directors propose to make changes to the subscription categories; they will be achieved in two stages, and the rates to be proposed for 2019 represent the first stage.

100,000 SVRH shares were purchased in the year in support of the Bridgnorth Station development project and a further 5,000 as a contribution to the cost of a second air brake fitted diesel shunter. 7,214 shares were donated to the company. As the Bridgnorth development appeal reached its target of issuing 2,500,000 shares however, the company's holding was further reduced to 17.75%.

Two small donations were made to projects during the year. Once again no subvention payments to the Severn Valley Railway Junior Club were needed.

Results

The surplus for the year after tax amounted to £143,630. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

There have been no significant events since 31st December, 2017.

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. S. C. White resigned on 20th October, 2017, and 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 Bending and Whatton retire by rotation in accordance with Article 42. Mrs. Bevon and Mr. Taylor, having been appointed since the last Annual General Meeting, 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 11th May, 2018 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
11th May, 2018

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 2017 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 2017 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
15-17 Church Street
Stourbridge
West Midlands
DY8 1LU
11th May, 2018

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2017

	Notes	£	2017 £	2016 £
Subscriptions				
Annual	1b, 1c		141,180	136,882
Life	1d, 7		6,537	7,315
			<u>147,717</u>	<u>144,197</u>
Administrative Expenses				
Severn Valley Railway News		81,991		73,912
Membership department expenses	2	12,795		12,987
General administrative expenses		10,766		8,778
Auditors' remuneration		1,465		1,420
Bank charges		2,977		3,542
Staff uniform scheme		4,297		4,401
			<u>114,291</u>	<u>105,040</u>
			33,426	39,157
Other Operating Income and Interest Receivable				
Donations		16,051		29,400
Bequests	1e	94,589		15,556
Interest		14		34
			<u>110,654</u>	<u>44,990</u>
Surplus on ordinary activities before taxation			<u>144,080</u>	<u>84,147</u>
Taxation	3		<u>—</u>	<u>—</u>
Surplus on ordinary activities after taxation			<u>144,080</u>	<u>84,147</u>
Donations to other bodies connected with the Severn Valley Railway			450	—
Surplus for the year	9		<u>143,630</u>	<u>84,147</u>
Other comprehensive income			<u>—</u>	<u>—</u>
Total comprehensive income for the year			<u><u>£143,630</u></u>	<u><u>£84,147</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

31st December, 2017

	Notes	£	2017 £	2016 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2017			1,659,800	1,591,784
Additions			112,214	68,016
At 31st December, 2017			1,772,014	1,659,800
Current Assets				
Debtors				
Due within one year	5	4,715		2,877
Due after more than one year				
Undated interest free loans		3,615		3,615
		8,330		6,492
Stock – Uniforms (at sale price)	1g	716		786
Cash at bank and in hand		80,772		71,150
		89,818		78,428
Creditors Due Within One Year	6	64,865		84,640
Net Current Assets/(Liabilities)			24,953	(6,212)
Total Assets less Current Liabilities			£1,796,967	£1,653,588
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		58,322	58,573
Special Reserve	1e, 8		22,330	27,741
Income and expenditure account	9		1,707,943	1,558,902
			£1,796,967	£1,653,588

The financial statements on pages 8 to 13 were approved by the Board of Directors on 11th May, 2018.

D. C. WILLIAMS
D. E. MALYON

Directors

D.C. Williams
D. E. Malyon

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2017

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2016	8,372	61,821	62,185	1,440,311
Changes in equity				
Total comprehensive income	—	—	—	84,147
Life subscriptions received in year	—	4,067	—	—
Transfer to statement of comprehensive income	—	(7,315)	(50,000)	50,000
Transfer from statement of comprehensive income	—	—	15,556	(15,556)
Balance at 31st December 2016	<u>8,372</u>	<u>58,573</u>	<u>27,741</u>	<u>1,558,902</u>
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	<u><u>£8,372</u></u>	<u><u>£58,322</u></u>	<u><u>£22,330</u></u>	<u><u>£1,707,943</u></u>

CASH FLOW STATEMENT

Year ended 31st December, 2017

	Notes	£	2017 £	2016 £
Cash inflows from operating activities	11		115,058	76,771
Cash flows from investing activities				
Interest received		14		34
Net cash inflow			14	34
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(105,000)		(50,000)
Donations to other bodies connected with the Severn Valley Railway		(450)		—
Net cash outflow			(105,450)	(50,000)
Increase/(decrease) in cash at bank			<u><u>£9,622</u></u>	<u><u>£26,805</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2017

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 2017 was 20 years (2016 - 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 (2016 - 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 1,787,603 (2016 - 1,675,389) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 17.75% (2016 - 20.65%) of the issued share capital of that company at 31st December, 2017. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 2nd January, 2018, was £10,918,706 (2016 - £8,940,619) and its profit for the 52 weeks then ended was £62,638 (2016 - £201,555). 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, 2017

5. Debtors – due within one year	2017	2016
	£	£
Trade debtors	1,240	981
Prepayments	—	1,239
Other debtors	3,475	657
	<u>£4,715</u>	<u>£2,877</u>
	<u><u>£4,715</u></u>	<u><u>£2,877</u></u>
 6. Creditors due within one year	 2017	 2016
	£	£
Trade creditors	1,667	12,825
Amount due to undertakings in which the company has a participating interest	385	10,068
Other creditors	559	271
Payments on account	51,087	59,483
Accruals	11,167	1,993
	<u>£64,865</u>	<u>£84,640</u>
	<u><u>£64,865</u></u>	<u><u>£84,640</u></u>
 7. Life membership reserve	 2017	 2016
	£	£
At 1st January, 2017	58,573	61,821
Life subscriptions received in year	6,286	4,067
Transfer to Income and Expenditure Account	(6,537)	(7,315)
	<u>£58,322</u>	<u>£58,573</u>
At 31st December, 2017	<u><u>£58,322</u></u>	<u><u>£58,573</u></u>
 8. Special Reserve	 2017	 2016
	£	£
At 1st January, 2017	27,741	62,185
Transfer from Income and Expenditure Account	94,589	15,556
Transfer to Income and Expenditure Account	(100,000)	(50,000)
	<u>£22,330</u>	<u>£27,741</u>
At 31st December, 2017	<u><u>£22,330</u></u>	<u><u>£27,741</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2017

9. Income and expenditure account

	2017	2016
	£	£
At 1st January, 2017	1,558,902	1,440,311
Surplus for the year	143,630	84,147
Transfer to Special Reserve	(94,589)	(15,556)
Transfer from Special Reserve	100,000	50,000
	<u>£1,707,943</u>	<u>£1,558,902</u>
At 31st December, 2017	<u>£1,707,943</u>	<u>£1,558,902</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 17.75% of the shares:

	2017	2016
	£265	£823
Recharges to SVRH	<u>£265</u>	<u>£823</u>
Recharges from SVRH	<u>£51,570</u>	<u>£50,069</u>
Donations to SVRH	<u>£250</u>	<u>—</u>
Balance due to SVRH (Note 6)	<u>£385</u>	<u>£10,068</u>

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

	2017	2016
	£	£
Operating surplus before taxation	144,080	84,147
Non-cash donations	(7,214)	(18,016)
Net interest receivable	(14)	(34)
Life membership reserve increase/(decrease) (Note 7)	(251)	(3,248)
Decrease/(Increase) in stocks	70	(59)
Decrease/(Increase) in debtors	(1,838)	(987)
Increase/(Decrease) in creditors	(19,775)	14,968
	<u>£115,058</u>	<u>£76,771</u>
Cash inflows from operating activities	<u>£115,058</u>	<u>£76,771</u>