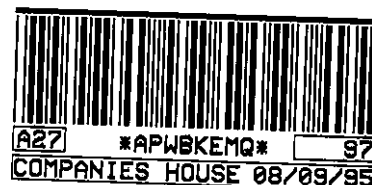


Severn Valley Railway Company Limited

Company Number 906842



ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 1994



Front cover: G.W.R. 2-8-0 No. 2857 with a Santa Special at Folly Point, Northwood, on 3rd December 1994, conveying the atmosphere of our Valley railway to the full. *[Photo by Phil Waterfield]*

Back cover top: L.M.S.R. 2-8-0 No. 48773 graces the newly-installed Kidderminster turntable on 15th October 1994, one of the first locos to be turned on it. *[Photo by Peter Groom]*

Back cover bottom: G.W.R. small Prairie tank No. 4566 at Highley on 3rd April 1995, with a 4566 Fund Special train. *[Photo by Peter Treloar]*

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors

D. C. Williams, *Chairman*
A. G. Bending
M. J. Broadhurst
R. F. Hobson
I. R. Latimer
D. E. Malyon
J. Phillips
C. G. Thomas
A. F. Williams

Secretary

D. L. Mellor, F.C.A.

General Manager

J. A. Rees

Auditors

Stanley C. Johnson & Son, Stourbridge

Bankers

Midland Bank P.L.C., Bewdley, Worcestershire

Registered Office

The Railway Station, Bewdley, Worcestershire

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTICE OF MEETING

Notice is hereby given that the Twenty-seventh Annual General Meeting of the Company will be held at the Castle Hall, West Castle Street, Bridgnorth, Shropshire, at 7.30 p.m., on Saturday, 22nd July, 1995, for the following purposes:—

1. To receive apologies for absence.
2. To approve the Minutes of the Twenty-sixth Annual General Meeting (circulated herewith).
3. To elect Directors.
4. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 1994.
5. To reappoint Stanley C. Johnson & Son as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
6. To receive the General Manager's Report.
7. To transact any other business proper to an Annual General Meeting.

The Railway Station
Bewdley, Worcestershire
16th June, 1995



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.
- (iv) Nominations for Directors in writing, signed by the nominating member and accompanied by the written consent of the nominee, should be deposited at the Registered Office of the Company at Bewdley Station not less than four days and not more than forty-two days before the meeting.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CHAIRMAN'S REPORT

The most important event in the year under review was the successful purchase of the land upon which Kidderminster Town station stands, and some of the surrounding area. Although this is properly a matter relating to our sister Holdings Company (policy and finance), it has an important bearing on our rôle as the operating organisation, for the Railway is truly complete, and no longer subject to any attempt at land gazumping.

Not only that, but our own support for the Holdings Company, in every possible way, was essential for the success of the share issue. Many of our (then) nearly 16,000 members took up shares as individuals, and this Company, in its corporate capacity, provided £21,000 in exchange for shares. For the first time in our history, this Company used its considerable voting rights to ensure that Holdings directors that the Board considered to be essential to the well-being of the Railway were re-elected.

It is pleasing to be able to report that, just recently, membership topped 16,000 for the first time ever; proof positive that, even if photographs of our Railway are nowadays comparatively rare in sections of the national railway press, our visitors still enjoy the Railway as much as ever; they are probably impressed by the unique blend of magnificent scenery, beautifully restored stations, fully operational signalling, intensity of train service, superb range of locomotives, pedigree collection of coaching stock, and a nearly-fully restored wagon fleet, TOGETHER WITH A WELCOMING AND FRIENDLY STAFF!

The aforementioned staff, both full time and volunteer, have had a difficult time in some instances, stretched to the limit to support the intensive and wide-ranging operational demands. Winter train running on Sundays in January and February has increased workloads, but all concerned are, I think, convinced of the success of this development; in particular, the ancillary sales activities are starting to flourish on winter operating days.

The foremost volunteer project in the past year has undoubtedly been the turntable at Kidderminster, now revolving successfully for locomotives and rolling stock large and small. Thanks are due to members of the Turntable Fund who reached for their wallets and purses to finance the activity, and to Geoff Longmore and his small yet dedicated team. Many aspects of the Railway continue to please, but I must mention the letters of commendation that we continue to receive for our catering services on the 'Limited' and 'Venturer' trains, the latter with a largely volunteer crew who work very hard for the satisfaction of a job well done.

Special events have assumed a special importance of late; the Railway hosted a very successful War Weekend in 1994, and the Thomas the Tank Engine events have been similarly successful more recently. Many people have helped to organise these occasions, but a special word of thanks is due to Malcolm Broadhurst for 'pulling everything together'.

I have not previously recorded our Members Day events; make a note in your diary for Saturday, 30th March 1996, when Peter Edkins, Volunteer Liaison Officer, and Pauline Stribblehill, Membership Secretary, are organising a day when, for a nominal sum, members will be able to travel on the line, and have access to 'off limits' attractions such as signal boxes and repair workshops. And you will be most welcome to join us in a working capacity if you are 'caught by the bug'

Space precludes me from mentioning in detail more of our activities, but the pages of 'S.V.R. News' make a brave attempt at chronicling our affairs on a quarterly basis.

Suffice it to thank everyone who has worked, or continues to work hard for the Railway in so many ways; some of us have been involved for approaching thirty years. It has been a most interesting experience, and even now can provide surprises from time to time!

Here's to the next thirty years, and let us hope that the *true spirit* of the S.V.R. continues to flourish.

DAVID WILLIAMS,
16th June, 1995.

D.C. Williams

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, 1994.

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) P.L.C.

Membership of the company rose during 1994 from 15,427 to 15,766. 21,000 ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C. were purchased during the year and 225 donated to the company. The interest free loan of £160,000 to Severn Valley Railway (Holdings) P.L.C. remained unchanged.

Results

The surplus for the year after tax amounted to £29,853. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

A further 10,000 ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C. have been purchased. On 16th June 1995, the Board resolved to seek the permission of Midland Bank P.L.C. to utilise part of the loan to Severn Valley Railway (Holdings) P.L.C., subordinated to that company's bank borrowings, to purchase a further £30,000 such shares.

Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, M. J. Broadhurst, R. F. Hobson, I. R. Latimer, D. E. Malyon, J. Phillips, C. G. Thomas and A. F. Williams. All held office throughout the year except Mrs. Malyon, who was appointed on 23rd July, 1994. Mr. H. J. McQuade retired on 23rd July, 1994.

Messrs. Latimer and D. C. Williams are the nominees of the company on the Board of Severn Valley Railway (Holdings) P.L.C. Mr. Thomas has been nominated in place of Mr. Latimer with effect from 30th June, 1995.

Messrs. Broadhurst, Hobson and A. F. 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

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Stanley C. Johnson & Son as auditors of the company will be put to the Annual General Meeting.

16th June, 1995

Registered Office: The Railway Station, Bewdley, Worcestershire

By Order of the Board
 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 profit or loss 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 1985. 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.

D. L. Mellor.

By Order of the Board
D. L. MELLOR
Secretary
16th June, 1995.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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

We have audited the financial statements on pages 8 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

As described on page 6, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stanley C. Johnson & Son
Registered Auditor
Chartered Accountants
22 Worcester Street
Stourbridge
West Midlands
DY8 1AN

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December 1994

	Notes	£	£	1993 £
Subscriptions				
Annual	1b		85,643	76,105
Life	1c, 8		5,513	5,336
			<u>91,156</u>	<u>81,441</u>
Administrative Expenses				
Severn Valley Railway News		49,188		45,308
Membership department expenses	2	15,131		14,234
General administrative expenses		6,635		6,237
Auditors' remuneration		550		500
Bank charges and interest		1,382		904
Staff uniform scheme		848		331
			<u>73,734</u>	<u>67,514</u>
			17,422	13,927
Other Operating Income and Interest Receivable				
Donations		13,289		13,965
Bequests	1d	—		2,245
Commission and sundries		41		48
Bank interest		149		1,656
			<u>13,479</u>	<u>17,914</u>
Surplus on ordinary activities before taxation			30,901	31,841
Taxation	3		48	426
Surplus on ordinary activities after taxation			<u>30,853</u>	<u>31,415</u>
Donations to other bodies connected with the Severn Valley Railway			1,000	—
Surplus for the year	10		<u>£29,853</u>	<u>£31,415</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 profit or loss for the above two financial years.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

BALANCE SHEET

31st December, 1994

	Notes	£	£	1993 £
Fixed Assets—unlisted investment	1e, 4			
Cost—At 1st January, 1994			360,097	
Additions			21,225	
At 31st December, 1994			381,322	360,097
Current Assets				
Debtors				
Due within one year	5	1,294		4,225
Due after more than one year				
Loans	6	160,000		160,000
		161,294		164,225
Cash at bank		26,907		19,804
		188,201		184,029
Creditors Due Within One Year	7	27,016		32,038
Net Current Assets			161,185	151,991
Total Assets less Current Liabilities			£542,507	£512,088
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1c, 8		58,243	57,677
Special Reserve	1d, 9		81,465	81,465
Income and expenditure account	10		394,427	364,574
			£542,507	£512,088

The financial statements on pages 8 to 12 were approved by the Board of Directors on 16th June, 1995.

D. C. WILLIAMS
J. PHILLIPS *Directors*

D.C. Williams
J. Phillips

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CASH FLOW STATEMENT

Year ended 31st December, 1994

	Notes	£	£	1993 £
Net cash inflow from operating activities	11		29,380	46,439
Returns on investments and servicing of finance				
Interest received		149		1,656
Interest paid		—		(80)
		<u>149</u>		<u>1,576</u>
Net cash inflow			149	
			<u>(426)</u>	<u>(1,212)</u>
Taxation paid—corporation tax				
Investing activities				
Shares in Severn Valley Railway (Holdings) PLC		(21,000)		(30,000)
Loans to Severn Valley Railway (Holdings) PLC		—		(30,000)
Donations to other bodies connected with the Severn Valley Railway		<u>(1,000)</u>		<u>—</u>
Net cash outflow			<u>(22,000)</u>	<u>(60,000)</u>
Increase/(decrease) in cash at bank			<u>£7,103</u>	<u>£(13,197)</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 1994

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) 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 1994 was 20 years (1993—19 years).
- (d) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve.
- (e) 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 2 employees (1993—2) of Severn Valley Railway (Holdings) P.L.C., the charge for whose services is included in membership department expenses.

No directors receive any emoluments.

3. Taxation

Corporation tax has been provided on commission and bank interest received at the rate of 25% (1993—25%).

4. Fixed Asset Investment

The company holds 381,392 (1993—360,167) ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C., a company registered in England, representing 17.70% (1993—20.96%) of the issued share capital of that company at 31st December, 1994. The aggregate capital and reserves of Severn Valley Railway (Holdings) P.L.C. at 31st December, 1994, was £2,943,803 (1993—£2,606,837) and its loss for the year then ended was £98,771 (1993—£106,364). The investment has not been made with a view to obtaining a financial return, and the directors consider that it is unlikely that dividends will be paid within the foreseeable future. Therefore they consider it would be misleading to include the results of this related company in these financial statements.

5. Debtors—due within one year

	£	1993 £
Trade debtors	487	2,975
Other debtors	807	1,250
	<u>£1,294</u>	<u>£4,225</u>

6. Debtors—due after more than one year

Interest free loans to Severn Valley Railway (Holdings) PLC, subordinated to that company's bank borrowings.

SEVERN VALLEY RAILWAY COMPANY' LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS—Continued

Year ended 31st December 1994

7. Creditors due within one year

	1993
	£
Trade creditors	11,738
Amount owed to undertakings in which the company has a participating interest	611
Taxation	48
Other creditors	715
Accruals	13,904
	<u>£27,016</u>
	<u>£32,038</u>

8. Life membership reserve

	1993
	£
At 1st January, 1994	57,677
Life subscriptions received in year	6,079
Transfer to Income and Expenditure Account	(5,513)
	<u>£58,243</u>
At 31st December, 1994	<u>£57,677</u>

9. Special Reserve

	1993
	£
At 1st January, 1994	81,465
Transfer from Income and Expenditure Account	—
	<u>£81,465</u>
At 31st December, 1994	<u>£81,465</u>

10. Income and expenditure account

	1993
	£
At 1st January, 1994	364,574
Surplus for the year	29,853
Transfer to Special Reserve	—
	<u>£394,427</u>
At 31st December, 1994	<u>£364,574</u>

11. Reconciliation of operating surplus to net cash inflow from operating activities

	1993
	£
Operating surplus before taxation	30,901
Non-cash donations	(225)
Net interest receivable	(149)
Life membership reserve increase (Note 8)	566
(Increase)/Decrease in debtors	2,931
Increase/(Decrease) in creditors	(4,644)
	<u>£29,380</u>
	<u>£46,439</u>



W. J. Ray & Co. Ltd., Wedge Street/Warewell Street, Walsall, WS1 2HQ. Tel: 01922 24378.