

Severn Valley Railway Company Limited

Company Number 906842

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COMPANIES HOUSE

ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 2021

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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FRONT COVER: The impressive, recently refurbished bracket signal at Bewdley South balances the scene as Didcot-based new-build GWR 4-6-0 2999 'Lady of Legend' approaches Kidderminster-bound on Saturday, 7th May 2022. [Photo by Alan Corfield]

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

Diane E. Malyon, *Chairman*

Anthony G. Bending

Michelle C. Bevon, FMAAT

James A. J. Cooper

Alan Davies

Lawrence A. Mortimer

Jordan A. Taylor

Robert J. R. Whatton

David C. Williams

Secretary:

David L. Mellor, FCA

General Manager:

Helen L. Smith

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-fourth Annual General Meeting of the Company will be held at the Castle Hall, West Castle Street, Bridgnorth at 2.30 p.m. on Saturday, 16th July, 2022, for the following purposes:-

1. To approve the Minutes of the Fifty-third Annual General Meeting (enclosed herewith).
2. To elect Directors. J.A.J. Cooper, 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, 2021.
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, 2023, as follows:
Adult £28.00 (£25.00), Student (from 14 years in full-time education) £20.00 (£16.00),
Joint £42.00 (£35.00), Family £48.00 (£43.00), Life membership £560.00 (£500.00),
Joint Life membership £840.00 (£700.00). (*Current rates in italics.*)
(Senior (£24.00) and Joint Senior (£33.00) rates will be discontinued. The discount on three-year subscriptions will continue.)
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.
7th June, 2022

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 seven Board meetings since the Fifty-third Annual General Meeting.
Directors' attendances have been as follows:

Tony Bending	7	Lawrence Mortimer	6
Michelle Bevon	5	Jordan Taylor	5
James Cooper	6	Rob Whatton	3
Alan Davies	7	David Williams	6
Diane Malyon	7		

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CHAIRMAN'S REPORT

It is fair to say that 2021 ended in a better way than 2020 did and, as I write, SVR has just come to the end of a far better April than the previous two, from a trains, staff, visitors and feel good perspective.

Although we did not run timetabled trains for the first three months of this year we were busy doing other things, with some contract work, the Permanent Way gang being hard at work carrying out essential line maintenance, and Bridgnorth locomotive shed being gradually emptied of virtually everything in time for work on the Roof and Crane to start at the end of April. The 2022 running season launched with Open House Weekend; a fortnight later saw Easter weekend with two weeks of running during the school holidays. The following weekend saw Spring Steam Gala (and what a weekend that was with well over 7,000 passengers over the four days!), then early May Bank Holiday weekend. By the time you are reading this we will also have had Spring Diesel Gala and the Queen's Jubilee weekend, including purple locomotive No. 70 Elizabeth II, in steam pulling trains. So, hopefully, we started the season with something for everyone.

The Fifty-third AGM was held in October 2021 due to being postponed from its usual July slot so therefore, with this year's AGM reverting to its normal calendar date, I am not reporting on a full twelve months of Guarantee Company business.

Developing an electronic version of SVR News, alongside printed copies, is still being considered, with requests for expressions of interest from you, the members, being made via the email address "electronicnews@svrlive.com". Royal Mail postage rates for overseas postage are now at an all-time high and, although this company has previously absorbed the cost of postage to world zones 3 and 4, we are finding that this isn't really a viable option long term as we now have an appreciable number of overseas members. An E version will enable all members wherever they may be to access the content of the magazine in a timely way.

Work is progressing on the development of the whole SVR Customer Relationship Management (CRM) database and cleansing of the membership data has been going on for some time. It is very easy for members to forget to inform the Membership Department when moving house or when circumstances change, particularly if one of the other SVR companies has already been informed (Charitable Trust or Holdings PLC). The CRM database, once fully set up, will remove the need to inform each company separately – once will be enough.

The final winding up of the Severn Valley Railway Association (SVRA) is almost complete, having merged with this company some time ago. There are some unspent raffle monies, which are being ring-fenced within our accounts, and remaining assets are being transferred. The SVRA was one of the very earliest organisations of the SVR, set up in October 1971, merging with SVR Company Ltd. in 2015 when the SVR organisation as a whole was becoming too unwieldy. It has taken so long to wind up due to time constraints of everyone being volunteers and busy in other areas of the Railway.

We still offer assisted project funding to a wide range of projects from up and down the Railway. The funding opportunities are designed to impact positively on the work of volunteers, and there is usually a similar impact on employees and visitors once the projects are completed. Often project funding is shared with the Holdings Company and Charitable Trust which increases spending power. During 2021/early 2022 we funded new Sound Whistle boards across the whole Railway. Volunteer Neill Parker from Bridgnorth Pattern Shop made the wooden pattern, and then it was sent away to be cast. The signs are back now, waiting to be painted and attached to lengths of rail prior to being planted in the appropriate places along the Railway. We contributed £3,500 towards new period lampposts at Bridgnorth Station, which were immediately put to good use during December's Steam in Lights trains. Funding for a fall arrest system for Bewdley Wagon Department has been approved which will help greatly to ensure that working at height can be done much more safely.

The SVR News cover price has increased to £5.00, having not been put up for eleven years, and there was a small increase in membership subscription rates from January 2022, as approved at last year's AGM. The proposed subscription rate increase for January 2023 is an attempt to simplify membership categories and charges, and to keep pace with rising costs.

During 2020/21, the Holdings Company, Charitable Trust and this Company created a joint Memorandum of Understanding, entering into a tripartite agreement in order to work together more closely, particularly when funding and planning the delivery of larger projects such as the Roof and Crane works in Bridgnorth Locomotive Shed. This forms part of the overall strategy work for the future of the Railway as a whole.

All working members were invited to take part in strategy roll out meetings led by Helen Smith and facilitator Arnie Skelton, supported by numerous Directors and senior managers. This was an ideal opportunity for volunteers to play their part in the development of the SVR for the next five years and beyond. Everyone who attended had the chance to have a say and the wealth of comments made are currently being collated.

The majority of volunteers have returned to the Railway following the worst of the pandemic. On Train Buffets have restarted, although this is an area which is very short of volunteers currently so not all trains are able to have a staffed buffet just yet. On Train Dining, including the volunteer run Severn Valley Venturer, is in the planning pipeline but not yet ready for a restart. Another area still to get started again is the Junior Club. It has proved incredibly difficult to get some areas of the Railway back up and running after so long, mainly because it is far easier to stop doing something completely than it is to get going again – especially if the opportunity is being taken to review what that area does and how it does it.

Since October 2021 there have been approximately 80 applications to become a working member and, out of these, the Volunteer Liaison Department has been able to place roughly 75% in the department of choice. Face to face inductions have restarted and the first in person induction day for over two years took place on 7th May, with more planned. I wish those new volunteers well and hope they have many years of enjoyable, challenging and fun experiences to come.

So, I conclude with tentatively saying how wonderful it is to be back in business as usual, and long may it continue to be so!

9th May, 2022

Diane E. Malyon, *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, 2021.

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.

Completion of the winding up of Severn Valley Railway Association is expected during 2022.

Membership of the company decreased during 2021 from 11,097 to 10,829. This fall was much reduced from 2020, but probably reflected the continuing effects of the Covid-19 epidemic; subscription income remained steady and there are signs of a reversal in 2022.

Activity on the Railway increased gradually in 2021, with "hop-on/hop-off" services resuming in September, and increasing volunteer re-engagement resulted in this company's expenditure returning to levels comparable with 2019. SVRH however incurred a further loss. 8,650 SVRH shares were purchased in the year and a further 12,021 shares were donated to the company, but its percentage holding in SVRH nevertheless again decreased slightly during the year. Cash donations were close to the 2020 level and there was a first contribution from the SVR 200 Club. Raffle activity resumed with a raffle in aid of the Severn Valley Railway Charitable Trust's Home & Dry appeal being handled by the Trust on our behalf. Donations made during the year amounted to only £1,234 and it is to be hoped that there will be more applications for funding with the Railway returning to something nearer full operation.

Results

The surplus for the year after tax and donations paid amounted to £49,891. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

A further 24,915 SVRH shares have been purchased in respect of a number of assisted projects.

Directors

The members of the Board are D. E. Malyon (Chairman), A. G. Bending, M. C. Bevon, J. A. J. Cooper, A. Davies, L. A. Mortimer, J. A. Taylor, R. J. R. Whatton and D. C. Williams; all held office throughout the year.

Mrs Malyon, Mr Bending and Mrs Bevon are the company's nominees to the Board of Severn Valley Railway (Holdings) PLC.

Messrs Cooper, 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

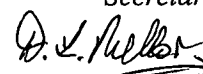
Messrs. Folkes Worton LLP have expressed their willingness to continue in office as auditors of the company, and accordingly a resolution proposing their re-appointment will be put to the Annual General Meeting.

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 7th June, 2022 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
7th June, 2022



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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

Opinion

We have audited the financial statements of Severn Valley Railway Company Limited (the 'company') for the year ended 31st December 2021 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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; or

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

REPORT OF THE INDEPENDENT AUDITORS - *Continued*

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and their industry, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgements. In response to the above identified risks audit procedures were designed to appropriately drawn conclusions. Audit procedures such as:

- Reviewing and challenging journal entries, in particular unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.

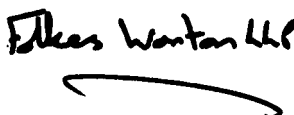
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a risk of not detecting irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

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
7th June, 2022



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2021

	Notes	£	2021 £	2020 £
Subscriptions				
Annual	1b, 1c		138,143	137,280
Life	1d, 7		6,415	6,456
			<u>144,558</u>	<u>143,736</u>
Administrative Expenses				
Severn Valley Railway News		84,214		83,914
Membership department expenses	2	17,410		8,909
General administrative expenses		8,989		4,514
Auditors' remuneration		1,680		1,600
Bank charges		2,717		3,150
Staff uniform scheme		4,209		896
			<u>119,219</u>	<u>102,983</u>
			25,339	40,753
Other Operating Income and Interest Receivable				
Donations		20,469		17,911
SVR 200 Club		5,000		—
Interest		317		140
			<u>25,786</u>	<u>18,051</u>
Surplus on ordinary activities before taxation			51,125	58,804
Taxation	3		—	—
Surplus on ordinary activities after taxation			51,125	58,804
Donations to other bodies connected with the Severn Valley Railway			1,234	14,064
			<u>1,234</u>	<u>14,064</u>
Surplus for the year	9		49,891	44,740
Other comprehensive income			—	—
Total comprehensive income for the year			<u>£49,891</u>	<u>£44,740</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)



STATEMENT OF FINANCIAL POSITION

31st December, 2021

	Notes	£	2021 £	2020 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2021			1,817,458	1,809,352
Additions			19,995	8,106
At 31st December, 2021			1,837,453	1,817,458
Current Assets				
Debtors				
Due within one year	5	11,003		5,299
Due after more than one year				
Undated interest free loans		3,615		3,615
		14,618		8,914
Stock – Uniforms (at sale price)	1g	338		417
Cash at bank and in hand		228,323		153,978
		243,279		163,309
Creditors Due Within One Year	6	123,334		73,205
Net Current Assets			119,945	90,104
Total Assets less Current Liabilities			£1,957,398	£1,907,562
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		63,108	63,163
Special Reserve	1e, 8		12,330	12,330
Income and expenditure account	9		1,873,588	1,823,697
			£1,957,398	£1,907,562

The financial statements on pages 8 to 13 were approved by the Board of Directors, on 7th June, 2022.

D. E. MALYON
D. C. WILLIAMS *Directors*

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2021

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2020	8,372	59,599	12,330	1,778,957
Changes in equity				
Total comprehensive income	—	—	—	44,740
Life subscriptions received in year	—	10,020	—	—
Transfer to statement of comprehensive income	—	(6,456)	—	—
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2020	<u>8,372</u>	<u>63,163</u>	<u>12,330</u>	<u>1,823,697</u>
Changes in equity				
Total comprehensive income	—	—	—	49,891
Life subscriptions received in year	—	6,360	—	—
Transfer to statement of comprehensive income	—	(6,415)	—	—
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2021	<u><u>£8,372</u></u>	<u><u>£63,108</u></u>	<u><u>£12,330</u></u>	<u><u>£1,873,588</u></u>

CASH FLOW STATEMENT

Year ended 31st December, 2021

	Notes	£	2021 £	2020 £
Cash inflows from operating activities	11		83,912	24,571
Cash flows from investing activities				
Interest received		317		140
Net cash inflow			317	140
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(8,650)		—
Donations to other bodies connected with the Severn Valley Railway		(1,234)		(14,064)
Net cash outflow			(9,884)	(14,064)
Increase in cash at bank			<u><u>£74,345</u></u>	<u><u>£10,647</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2021

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 2021 was 20 years (2020 - 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 use of 1 employee (2020 - 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 held 1,858,267 (2020 - 1,838,272) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC ("SVRH"), a company registered in England, representing 17.01% (2020 - 17.25%) of the issued share capital of that company at 31st December, 2021. The aggregate capital and reserves of SVRH at 3rd January, 2022, was £11,518,397 (2021 — £11,636,546) and its loss for the 52 weeks then ended was £407,453 (2021 — £460,559). The investment has not been made with a view to obtaining a financial return and no dividends may be paid by SVRH. 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 SVRH 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, 2021

5. Debtors – due within one year	2021	2020
	£	£
Trade debtors	24	1,763
Prepayments and accrued income	9	—
Other debtors	10,970	3,536
	<u>£11,003</u>	<u>£5,299</u>
6. Creditors due within one year	2021	2020
	£	£
Trade creditors	12,464	1,899
Amount due to undertakings in which the company has a participating interest	58,894	14,907
Other creditors	878	852
Payments on account	49,166	53,709
Accruals	1,932	1,838
	<u>£123,334</u>	<u>£73,205</u>
7. Life membership reserve	2021	2020
	£	£
At 1st January, 2021	63,163	59,599
Life subscriptions received in year	6,360	10,020
Transfer to Income and Expenditure Account	(6,415)	(6,456)
	<u>£63,108</u>	<u>£63,163</u>
At 31st December, 2021		
8. Special Reserve	2021	2020
	£	£
At 1st January, 2021	12,330	12,330
Transfer to Income and Expenditure Account	—	—
	<u>£12,330</u>	<u>£12,330</u>
At 31st December, 2021		

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2021

9. Income and expenditure account	2021	2020
	£	£
At 1st January, 2021	1,823,697	1,778,957
Surplus for the year	49,891	44,740
Transfer from Special Reserve	—	—
At 31st December, 2021	<u>£1,873,588</u>	<u>£1,823,697</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 17.01% of the shares:

	2021	2020
	£108	£194
Recharges to SVRH	<u>£85,483</u>	<u>£7,153</u>
Recharges from SVRH	<u>—</u>	<u>£3,720</u>
Donations to SVRH	<u>£58,894</u>	<u>£14,907</u>
Balance due to SVRH (Note 6)		

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

	2021	2020
	£	£
Operating surplus before taxation	51,125	58,804
Non-cash donations	(11,345)	(8,106)
Net interest receivable	(317)	(140)
Life membership reserve increase/(decrease) (Note 7)	(55)	3,564
Decrease/(Increase) in stocks	79	105
Decrease/(Increase) in debtors	(5,704)	5,796
Increase/(Decrease) in creditors	50,129	(35,452)
Cash inflows from operating activities	<u>£83,912</u>	<u>£24,571</u>