

Severn Valley Railway Company Limited

Company Number 00906842



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COMPANIES HOUSE

ANNUAL REPORT

and

FINANCIAL STATEMENTS

for the year ended

31st December, 2022

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

Diane E. Malyon, *Chairman*

Michelle C. Bevon, FMAAT

Howard A. Bowling

Alan Davies

Lawrence A. Mortimer

Robert J. R. Whatton

David C. Williams

Charles S. Wright, FCA

Secretary:

David L. Mellor, FCA

Interim General Manager:

Jonathan A. Dunster

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-fifth Annual General Meeting of the Company will be held at the Kidderminster Railway Museum at 2.00 p.m. on Saturday, 15th July, 2023, for the following purposes:-

1. To approve the Minutes of the Fifty-fourth Annual General Meeting (enclosed herewith).
2. To elect Directors. D.E. Malyon and L.A. Mortimer retire by rotation in accordance with Article 42 of the Articles of Association of the Company. H.A. Bowling and C.S. Wright were co-opted since the previous 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, 2022.
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, 2024, as follows:
Adult £31.00 (£28.00), Student (from 14 years in full-time education) £22.00 (£20.00),
Joint £46.50 (£42.00), Family £53.00 (£48.00), Life membership £620.00 (£560.00),
Joint Life membership £930.00 (£840.00). *(Current rates in italics.)*
(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.
14th June, 2023

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/her behalf and vote for him/her 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 Board meetings since the Fifty-fourth Annual General Meeting. Directors' attendances have been as follows:

Michelle Bevon	7	Rob Whatton	8
Alan Davies	9	David Williams	9
Diane Malyon	9	Howard Bowling (out of 3)	3
Lawrence Mortimer	9	Charlie Wright (out of 3)	3

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CHAIRMAN'S REPORT

SVR Company Ltd is the membership arm of the Severn Valley Railway. All Directors are volunteers, elected by you, the members. Your subscriptions fund the quarterly production and distribution of the SVR News, costs attributable to the membership administrator's role and financing many smaller projects along the Railway which SVR (Holdings) PLC may otherwise not be able to fund. Your membership benefits are listed at svr.co.uk/membership.

2022 was a varied year in terms of finally making it out of the worst of the Covid pandemic, the start of the huge hike in utility costs, the cost of living crisis and the multiplicity of strike days across a range of sectors, all of which seriously affected the SVR business in a wide variety of ways.

SVR did its best to put on a good show to encourage passengers to travel and, in doing so, needed volunteers to come back and resume their volunteering roles. Face to face Board meetings were able to resume in June and SVR Strategy working groups were set up. The Board meeting agenda was redefined to better reflect the Strategy focus areas of Safety, People and Heritage.

Safety

An SVR - wide Safety plan was rolled out to department heads and circulated to all volunteers, due to the importance of getting safety messages more widely observed. A few trips, falls and other safety incidents during the 12 months showed the need for all staff, volunteers included, to demonstrate good safety practice at all times. SVR Co Ltd makes funding available for IOSH training relevant to safety adherence and risk management.

Finance

A number of funding requests were approved during the year - a fall arrest system for Bewdley's Wagon Department, staff thank-you evening (the annual hog roast), Sound Whistle board renewals along the whole Railway, a new membership leaflet, £25k towards a replacement road-railer in partnership with SVRH and SVRCT, £10k to be used for additional works to complete Bridgnorth's Roof and Crane project, paint for Bewdley Wagon Department, electrical works for a Western Locomotive Association container at Kidderminster, payments to station locations for post-Christmas events to thank staff, funding for excavator refresher training for volunteers and a contribution of £40k to SVRH to assist with utility costs. In some instances the payments fall within the 2023 accounts.

The cover price of SVR News was increased to £5 and a full review of postal rates was carried out. Magazine printing and delivery costs remain the largest expenditure for this company and an electronic version is currently being trialled with a small sample of members.

People

Individual memberships during the year peaked at 11,100. Face to face inductions of prospective working volunteers restarted after a break of 18 months. Approximately 152 new volunteers were placed across a range of departments. The SVR Junior club got off to a successful restart during the latter part of the year, after a break of almost two years, and already has a packed and varied schedule. Workshops were held to define SVR Strategy and Values, and the majority of volunteers simply wanted to return to the Railway that they are passionate about. The membership database is in the process of being transferred to a whole Railway database platform. Implementation has proved a bit more problematic than at first thought so is still a work in progress.

Heritage

A guide to staff uniforms has been created to show the type of uniforms to wear that are representative of the historic era that SVR portrays. Mk 3 volunteer sleeping coach *Leviathan* was scrapped due to being surplus to requirements and a very expensive vehicle to maintain. *Taw Valley*, in its purple livery, was a big draw for visitors, albeit being a bit of a "marmite" colour.

During April 2023 the SVR launched a £1.5 million Survival Fund Appeal as part of its strategy to deal with the financial difficulties it is facing, by writing to 25,000 shareholders, members and donors, asking for their support. The response so far has been phenomenal, with over £250k raised in only a few weeks. Thank you!

There's more information about why the SVR has launched this appeal, including a film in which Managing Director Jonathan (Gus) Dunster explains more, and links to make a donation, at svr.co.uk.

Looking further ahead, the three companies that make up Severn Valley Railway are looking to restructure in order to make a simpler, more fit for purpose, organisation to take us into a better future. Consultation, careful thought and communication will be at the heart of this process.

11th May, 2023



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, 2022.

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.

The winding up of Severn Valley Railway Association ("SVRA") was close to completion at the end of the year. Its shareholding in SVRH and the bulk of its cash funds were transferred to the company, with the balance of cash early in 2023. Part of the cash represented raffle proceeds not yet utilised, and its use is restricted.

Membership of the company increased marginally during 2022 from 10,829 to 10,865. The total fluctuated slightly through the year but now appears to be remaining fairly steady.

24,915 SVRH shares were purchased in the year and 52,048 transferred from SVRA. A further 37,237 shares were donated or bequeathed to the company, and its percentage holding in SVRH recovered slightly to 17.83%. Cash donations were a little lower than in 2021, but SVRH made donations in respect of footplate experience courses, which recommenced during the year. The Severn Valley Railway Charitable Trust again handled a raffle on our behalf, in support of its Bridgnorth Yard Appeal. Only one cash donation of £2,250 was made during the year, but the purchase of SVRH shares supported nine assisted projects.

Results

The surplus for the year after tax was £80,666, which was increased by the SVRA share and cash transfers, less the donation paid, to £146,064. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

SVRH trading has not recovered to pre-pandemic levels, and has been hit by greatly increased costs, particularly of locomotive fuel and electricity, while the cost of living increase is not encouraging a revival of passenger numbers. This company has injected over £140,000 by way of share purchase, partly in support of assisted projects, in order to assist it through a difficult period. Note 4 to the financial statements refers to its going concern status.

Directors

The members of the Board are: D. E. Malyon (Chairman), M. C. Bevon, H. A. Bowling, A. Davies, L. A. Mortimer, R. J. R. Whotton, D. C. Williams and C. S. Wright. Messrs Bowling and Wright were appointed on 26th March, 2023. Mr J. A. J. Cooper resigned on 24th November, 2022, and Mr J. A. Taylor on 1st December, 2022; Mr A. G. Bending passed away suddenly on 19th February, 2023.

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

Mrs Malyon and Mr Mortimer retire by rotation in accordance with Article 42 and Messrs Bowling and Wright 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 14th June, 2023, 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
14th June, 2023

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 2022 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 2022 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

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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
14th June, 2023



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2022

	Notes	£	2022 £	2021 £
Subscriptions				
Annual	1b, 1c		152,390	138,143
Life	1d, 7		6,187	6,415
			<u>158,577</u>	<u>144,558</u>
Administrative Expenses				
Severn Valley Railway News		91,748		84,214
Membership department expenses	2	21,736		17,410
General administrative expenses		6,245		8,989
Auditors' remuneration		1,850		1,680
Bank charges		4,130		2,717
Staff uniform scheme		2,079		4,209
			<u>127,788</u>	<u>119,219</u>
			30,789	25,339
Other Operating Income and Interest Receivable				
Donations		33,888		20,469
Bequest		15,000		—
SVR 200 Club		—		5,000
Interest		989		317
			<u>49,877</u>	<u>25,786</u>
Surplus on ordinary activities before taxation			<u>80,666</u>	<u>51,125</u>
Taxation	3		—	—
Surplus on ordinary activities after taxation			<u>80,666</u>	<u>51,125</u>
Transfers on winding up of Severn Valley Railway Association				
Severn Valley Railway (Holdings) plc shares		52,048		
Unrestricted cash funds		15,600		
			<u>67,648</u>	<u>—</u>
			<u>148,314</u>	<u>51,125</u>
Donations to other bodies connected with the Severn Valley Railway			2,250	1,234
Surplus for the year	9		<u>146,064</u>	<u>49,891</u>
Other comprehensive income			—	—
Total comprehensive income for the year			<u><u>£146,064</u></u>	<u><u>£49,891</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

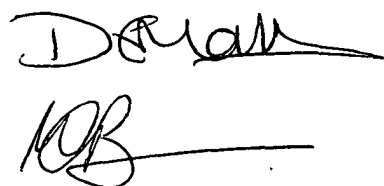
31st December, 2022

	Notes	£	2022 £	2021 £
Fixed Assets - unlisted investment	1f, 4			
Cost - At 1st January, 2022			1,837,453	1,817,458
Additions			114,200	19,995
At 31st December, 2022			1,951,653	1,837,453
Current Assets				
Debtors				
Due within one year	5	6,451		11,003
Due after more than one year				
Undated interest free loans		3,615		3,615
		10,066		14,618
Stock - Uniforms (at sale price)	1g	517		338
Cash at bank and in hand - restricted		25,397		—
unrestricted		234,126		228,323
		270,106		243,279
Creditors Due Within One Year	6	95,754		123,334
Net Current Assets			174,352	119,945
Total Assets less Current Liabilities			£2,126,005	£1,957,398
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		60,254	63,108
Special Reserve	1e, 8		27,330	12,330
Restricted funds			25,397	—
Income and expenditure account	9		2,004,652	1,873,588
			£2,126,005	£1,957,398

The financial statements on pages 8 to 13 were approved by the Board of Directors on 14th June, 2023.

D. E. MALYON
M. C. BEVON

Directors



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2022

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January, 2021	8,372	63,163	12,330	1,823,697
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>8,372</u>	<u>63,108</u>	<u>12,330</u>	<u>1,873,588</u>
Changes in equity				
Total comprehensive income	—	—	—	146,064
Life subscriptions received in year	—	3,333	—	—
Transfer to statement of comprehensive income	—	(6,187)	—	—
Transfer from statement of comprehensive income	—	—	15,000	(15,000)
Balance at 31st December, 2022	<u><u>£8,372</u></u>	<u><u>£60,254</u></u>	<u><u>£27,330</u></u>	<u><u>£2,004,652</u></u>

CASH FLOW STATEMENT

Year ended 31st December, 2022

	Notes	£	2022 £	2021 £
Cash inflows from operating activities	11		16,379	83,912
Cash flows from investing activities				
Interest received		989		317
Net cash inflow			989	317
Unrestricted cash funds transferred				
from Severn Valley Railway Association winding up			15,600	—
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(24,915)		(8,650)
Donations to other bodies connected with the Severn Valley Railway		(2,250)		(1,234)
Net cash outflow			(27,165)	(9,884)
Increase in cash at bank			<u><u>£5,803</u></u>	<u><u>£74,345</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2022

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 2022 was 20 years (2021 - 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.
- (h) The directors have considered the uncertainties detailed in Note 4 of the financial statements regarding the ability of Severn Valley Railway (Holdings) PLC to continue as a going concern and believe that the going concern basis of accounting remains appropriate for Severn Valley Railway Company Limited.

2. Directors and Employees

The company has no employees, but has use of 1 employee (2021 - 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 1,972,467 (2021 - 1,858,267) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC ("SVRH"), a company registered in England, representing 17.93% (2021 - 17.01%) of the issued share capital of that company at 31st December, 2022. The aggregate capital and reserves of SVRH at 2nd January, 2023, was £11,118,170 (31.12.2022 - £11,518,397) and its loss for the 52 weeks then ended was £452,362 (31.12.2022 - £407,453). The independent auditor's report to the members of SVRH accompanying its financial statements for the period ended 2nd January 2023 draws attention to a material uncertainty related to going concern but concludes that its directors' use of the going concern basis of accounting is appropriate. Its directors have assessed the potential impact of various uncertainties and the current economic climate, have taken steps to mitigate them, and are looking to take further initiatives to maximise revenue and secure additional cash resources. They are also reviewing the future structure of the Railway. 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, 2022

5. Debtors – due within one year	2022	2021
	£	£
Trade debtors	—	24
Prepayments and accrued income	200	9
Other debtors	6,251	10,970
	<u>£6,451</u>	<u>£11,003</u>
6. Creditors due within one year	2022	2021
	£	£
Trade creditors	11,575	12,464
Amount due to undertakings in which the company has a participating interest	16,969	58,894
Other creditors	346	878
Payments on account and deferred income	64,820	49,166
Accruals	2,044	1,932
	<u>£95,754</u>	<u>£123,334</u>
7. Life membership reserve	2022	2021
	£	£
At 1st January, 2022	63,108	63,163
Life subscriptions received in year	3,333	6,360
Transfer to Income and Expenditure Account	(6,187)	(6,415)
At 31st December, 2022	<u>£60,254</u>	<u>£63,108</u>
8. Special Reserve	2022	2021
	£	£
At 1st January, 2022	12,330	12,330
Transfer from Income and Expenditure Account	15,000	—
At 31st December, 2022	<u>£27,330</u>	<u>£12,330</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2022

9. Income and expenditure account

	2022	2021
	£	£
At 1st January, 2022	1,873,588	1,823,697
Surplus for the year	146,064	49,891
Transfer to Special Reserve	(15,000)	—
At 31st December, 2022	<u>£2,004,652</u>	<u>£1,873,588</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 17.93% (2021 - 17.01%) of the shares:

	2022	2021
	£327	£108
Recharges to SVRH	<u>£327</u>	<u>£108</u>
Recharges from SVRH	<u>£53,376</u>	<u>£85,483</u>
Donations from SVRH	<u>£2,690</u>	<u>—</u>
Balance due to SVRH (Note 6)	<u>£16,969</u>	<u>£58,894</u>

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

	2022	2021
	£	£
Operating surplus before taxation	80,666	51,125
Non-cash donations	(37,237)	(11,345)
Net interest receivable	(989)	(317)
Life membership reserve increase/(decrease) (Note 7)	(2,854)	(55)
Decrease/(Increase) in stocks	(179)	79
Decrease/(Increase) in debtors	4,552	(5,704)
Increase/(Decrease) in creditors	(27,580)	50,129
Cash inflows from operating activities	<u>£16,379</u>	<u>£83,912</u>