# REPORT
# AND
# FINANCIAL STATEMENTS

## Severn Valley Railway (Holdings)

### Public Limited Company

(Registered No. 1046274)

FOR THE YEAR ENDED 31 DECEMBER 1999

# NOTICE OF MEETING

Notice is hereby given that the Twenty-Eighth Annual General Meeting of the above-named Company will be held at The Castle Hall, West Castle Street, Bridgnorth, Shropshire on Saturday, 8 July 2000 at 8.00pm to transact the following business:

1. To approve the Minutes of the 1999 Annual General Meeting and to consider any matters arising therefrom.

2. To elect Directors.

3. To consider the Company's Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 1999.

4. To reappoint Horwath Clark Whitehill as auditors to the company for the ensuing year and to authorise the Directors to fix their remuneration.

5. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board
A S Harding
Secretary

9 May 2000

The Railway Station, Bewdley, Worcestershire DY12 1BG

Note: Any member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company.

# ANNUAL REPORT
# FOR THE YEAR ENDED 31 DECEMBER 1999


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# DIRECTORS, OFFICERS AND ADVISERS

**Directors**

P C Fathers - Chairman
M R York - Deputy Chairman
A Barker
P A Hobson (SVR Assoc Representative)
R F Hobson (SVR Co Ltd Representative)
C F Homer
A Osborne
A D Owen
B D Thomas
C G Thomas
C W Walton
D C Williams (SVR Co Ltd Representative)

**Secretary and Registered Office**

A S Harding
The Railway Station
Bewdley
Worcestershire DY12 1BG

**Stock Brokers**

Rowan Dartington & Co
The Colston Centre
Colston Street
Bristol BS1 4XE

**Registrar**

A S Harding
The Railway Station
Bewdley
Worcestershire DY12 1BG

**Registered Auditors**

Horwath Clark Whitehill
Foley House
123 Stourport Road
Kidderminster
Worcestershire DY11 7BW

**Bankers**

HSBC Bank plc
31 Church Street
Kidderminster
Worcestershire DY10 2AY

**Solicitors**

Harrison Clark
5 Deansway
Worcester WR1 2JG

**NOTE**

For the purposes of this Report and Accounts:

"SVR Assoc" is the Severn Valley Railway Association

"SVR Co Ltd" is the Severn Valley Railway Company Limited

# CHAIRMAN'S STATEMENT

I am pleased to report that 1999 proved to be a very successful year for the Company, a year in which both passenger and turnover records were broken. Our passenger numbers increased by 7% over the previous year to a new record of 228,010 whilst turnover also increased by 4.6% to £3.34 million. I am also pleased to report a profit of £55,532 which whilst comparatively modest, reflects the spend made on improvements during the period. Buoyant trading throughout 1999 meant that we were able to continue with our policy of investment in improving both the infrastructure of the Railway and the locomotives and carriages that we operate, but more of that later...

In August I was privileged to become Chairman of the Holdings Company, taking over from Michael York who has been Chairman since 1993. Whilst Michael was in the Chair he steered the Company through a very difficult period and led the SVR to regain its place amongst the very best of the heritage railways in the Country. He was instrumental in the purchase and securing of the Kidderminster station site and the reorganisation of the Company which helped reverse the trend of falling passenger numbers. The changes introduced improved the financial situation of the Company. Also during the period that Michael was Chairman we altered our Articles of Association to become eligible for Heritage Lottery Funding for us to build our new Carriage Shed at Kidderminster. Michael then felt the time was right to stand down as Chairman but I am pleased to say that he is now our Deputy Chairman and will continue to help guide the Company in the right direction. I would like to pay tribute to Michael for all his hard work and dedication to the SVR.

*1999* was indeed a busy and successful year. As well as breaking previous records, we also received accreditation from the Heart of England Tourist Board as a Quality Assured Visitor Attraction and came top in the Britt Allcroft review of Thomas the Tank Engine © events that were held throughout the Country. These awards testify to the ability and skills of all the SVR staff and I thank them for their time and commitment to the Railway.

The demands of running a service throughout the year and the age of our railway and rolling stock increases the maintenance burden year-upon-year. During 1999 we increased the amount of spending on locomotive maintenance by £86,000 to £194,000 and we maintained our commitment to carriage refurbishment. Two further carriages were accepted into the fleet bringing the total number of operational carriages to sixty four. Eight carriages were refurbished and repainted and a further six were given complete mechanical overhauls.

Over 2,000 tons of ballast was laid on the track and 95% of the line was tamped to allow the line speed to be increased from 25 to 50 mph. This was necessary to allow the testing and commissioning trials for a new generation of First North Western trains manufactured by Alstom. This contract has produced a useful income and has involved the construction of an inspection pit at Kidderminster which the Railway will benefit from in future. I should mention that our own passenger trains will continue to operate at 25 mph and not 50 mph!

The first phase of a major refurbishment of Oldbury Viaduct was commenced, involving the replacement of damaged brickwork and re-pointing two arches at a cost of £62,000. Typical of much civil engineering work this expenditure is unseen by passengers from the trains, but is vital for us to provide a safe railway.

# CHAIRMAN'S STATEMENT (Continued...)

The quality and appearance of the Bewdley office accommodation was much improved with the replacement of the notorious portakabin with a purpose built extension, together with the installation of gas central heating throughout the offices to improve heating and reduce running costs. Also at Bewdley the station buildings were re-roofed and we are most grateful to the Guarantee Company for their funding of this important work. Other work at Bewdley saw the refurbishment of the restaurant rebuilding and rebuilding of the wash rooms following a near disastrous fire that damaged the building at the beginning of the year.

At Bridgnorth a new coal loader was acquired to improve the reliability of locomotive servicing.

In September, work commenced on one of the largest projects in railway preservation, the Kidderminster Carriage Shed. The building is now finished having been handed over ahead of schedule on the 19th April last. The success of this project is all due to the support of the Heritage Lottery Fund and through the generosity of you our shareholders, members and donors that jointly contribute the £586,000 of partnership funding required. Completion of the building marks a significant achievement for all those associated with the SVR and will allow us to properly protect and conserve the carriage collection. Over time it will also reduce the cost of maintaining the carriages by reducing the rate of deterioration. If you have contributed towards the project then please accept my thanks. If not, then it is **not** too late!

Many other projects are lined up for attention. We are hopeful that we may raise sufficient funds to extend the footbridge at Kidderminster and plans are being drawn up to refurbish and improve Bridgnorth Station to bring our passenger facilities up to date. We are also mindful of the need to improve the locomotive pits at Bridgnorth and Bewdley and install the second turntable once a site has been agreed.

Remember the SVR is dependent upon dedicated staff. We are always in need of volunteers to run and maintain the Railway. If you feel that you may be able to help in some way then please contact the Bewdley office for details. The SVR offers both friendship and sense of achievement for those involved.

1999 was again a year of significant improvement in the fortunes of the SVR and everyone should be justifiably proud of what was achieved. Throughout the year the finances of the Company remained robust and I am pleased to report that the bank account remained 'in the black'. The year 2000 is off to a very promising start. In keeping with many of the erstwhile railway companies that we seek to emulate, the SVR will continue to provide certainty in an uncertain world. If you have not already done so then why not visit the SVR this year to see the carriage shed and some of the many other improvements mentioned?

May I thank you all for your continuing and loyal support of the Severn Valley Railway.

**PAUL FATHERS**
**Chairman**

# DIRECTORS' REPORT

**Directors' Report for the year ended 31 December 1999**
The Directors present their report and the audited financial statements for the year ended 31 December 1999.

**Principal Activity**
The principal activity of the Company is to operate the Severn Valley Railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire. A review of the year is included in the Chairman's Statement on pages 4 and 5 which is deemed to form part of this Report.

**Results and Dividends**
The result for the year is stated in the Profit and Loss Account on page 10.
In accordance with the special resolutions passed at the Extraordinary General Meeting of the Company on 19 December 1997, the Memorandum and Articles of Association of the Company no longer permit either the payment of dividends or the participation of members in the distribution of any residual property or assets upon the winding up or dissolution of the Company. The profit of £55,532 for the financial year has been added to reserves.

**Directors**
The Directors of the Company are listed on page 3.

**Directors' Interests**
The interests of the current Directors in the shares of the Company at 31 December 1999, together with their beneficial interests at 1 January 1999, or date of their appointment, were:

| | **1 January 1999** | **31 December 1999** |
|---|---|---|
| A Barker | 3,100 | **3,650** |
| A Davies (resigned 23/07/99) | 500 | - |
| P C Fathers | 450 | **450** |
| P A Hobson | 205 | **205** |
| P A Hobson - Trustee holding for SVR Assoc | 43,665 | **43,978** |
| R F Hobson | 300 | **350** |
| C F Homer | 251 | **1,510** |
| A Osborne | 1,501 | **1,701** |
| A D Owen | 500 | **500** |
| B D Thomas | 3,900 | **3,900** |
| C G Thomas (appointed 23/07/99) | 122 | **246** |
| C W Walton | 400 | **600** |
| D C Williams | 2,005 | **2,005** |
| M R York | 350 | **375** |

Certain Directors have interests in the rolling stock maintained and utilised by the railway under the terms of rolling stock agreements. These interests were recognised but were deemed to be minimal.

# DIRECTORS' REPORT

***Directors' Report for the year ended 31 December 1999 (Continued...)***

**Suppliers Payment Policy**
It is the Company's policy that payments to suppliers are made in accordance with mutually agreed terms as far as possible, provided that the supplier is also complying with all relevant terms and conditions. The Company's average number of days outstanding in respect of trade creditors at 31 December 1999 was 32.

**Year 2000**
The directors have assessed the risk that the company's business and operations may be adversely affected by what is known as the Year 2000 problem (or millennium bug).

Systems and equipment have been updated and replaced as necessary. To date, no problems have been encountered and there has been no disruption to the company's operations.

The directors are being vigilant, however, to ensure that any potential problems arising in the future can be identified and addressed with minimal effect.

**Substantial Shareholdings**
The following had holdings in excess of 3% of the issued share capital of the Company at 31 December 1999.

| | No. of Shares | % of Total |
|---|---|---|
| SVR Co. Ltd | 498,112 | 18.2 |
| Rubery Owen Holdings Ltd | 150,000 | 5.5 |

**Fixed Assets**
The movements in fixed assets during the year are set out in note 8 to the financial statements.

**Auditors**

A resolution to re-appoint the auditors, Horwath Clark Whitehill and to authorise the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

**By order of the Board**

**A S Harding**
**Company Secretary**

9 May 2000

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors, as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit and loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

**HORWATH CLARK WHITEHILL**
*Chartered Accountants*
A member of Horwath International

Foley House
123 Stourport Road
Kidderminster
Worcs
DY11 7BW

Telephone: 01562 60101
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# AUDITORS' REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

We have audited the financial statements on pages 10 to 21 which have been prepared under the accounting policies set out on pages 13 and 14.

**Respective responsibilities of Directors and Auditors**
As described on page 8 the Company's Directors are responsible for the preparation of the 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 mis-statement, 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 as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

**HORWATH CLARK WHITEHILL**
**Chartered Accountants and**
**Registered Auditors**

9 May 2000



Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.
Horwath Clark Whitehill is an independent member of Horwath Clark Whitehill Associates and Horwath International, with offices and associated firms throughout the UK and Worldwide. A list of partners' names is available at the above address.

# PROFIT AND LOSS ACCOUNT
# FOR THE YEAR ENDED 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|---|---|---|---|
| **Turnover** | 2 | **3,341,103** | 3,193,850 |
| Cost of sales | | **(2,979,569)** | (2,821,821) |
| **Gross profit** | | **361,534** | 372,029 |
| Administrative expenses | | **(403,561)** | (362,004) |
| | | **(42,027)** | 10,025 |
| Other operating income | 3 | **83,615** | 65,547 |
| Profit on disposal of fixed assets | 3 | **-** | 12,177 |
| **Operating profit** | | **41,588** | 87,749 |
| Interest received | | **14,262** | 9,845 |
| Interest payable and similar charges | 4 | **(318)** | (3,186) |
| **Profit on ordinary activities before taxation** | 5 | **55,532** | 94,408 |
| Tax on ordinary activities | 14 | **-** | 742 |
| **Retained profit for the financial year** | 17 | **55,532** | 95,150 |

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 1999 £ | 1998 £ |
|---|---|---|
| Profit for the financial year | **55,532** | 95,150 |
| Unrealised surplus on revaluation of properties | **-** | 431,984 |
| Total recognised gains and losses relating to the year | **55,532** | 527,134 |

**Note of historical cost profits and losses**

There is no material difference between the profit on ordinary activities before tax and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 13 to 21 form part of these financial statements.

# BALANCE SHEET
# 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible Assets | 8 | **5,285,851** | 3,896,692 |
| **Current Assets** | | | |
| Stocks | 9 | **220,526** | 192,324 |
| Debtors | 10 | **936,386** | 237,908 |
| Cash at bank and in hand | 11 | **375,366** | 506,462 |
| | | **1,532,278** | 936,694 |
| **Creditors: Amounts falling due within one year** | 12 | **(1,072,324)** | (442,300) |
| **Net Current Assets** | | **459,954** | 494,394 |
| **Total Assets Less Current Liabilities** | | **5,745,805** | 4,391,086 |
| **Creditors: Amounts falling due after more than one year** | 13 | **(1,218,466)** | (205,799) |
| **Net Assets** | | **4,527,339** | 4,185,287 |
| **Capital and Reserves** | | | |
| Called up share capital | 16 | **2,730,209** | 2,443,689 |
| Revaluation reserve | 17 | **922,358** | 926,881 |
| Profit and loss account | 17 | **874,772** | 814,717 |
| **Shareholders' Funds** | 18 | **4,527,339** | 4,185,287 |

The Financial Statements on pages 10 to 21 were approved by the Board of Directors on 9 May 2000 and signed on its behalf by:

P C Fathers }Directors

M R York

The notes on pages 13 to 21 form part of these financial statements.

# CASHFLOW STATEMENT
# FOR THE YEAR ENDED 31 DECEMBER 1999

| | Notes | 1999 £ | 1998 £ |
|---|---|---|---|
| **Net cashflow from operating activities** | | 155,789 | 380,590 |
| **Returns on investment and servicing of finance** | | | |
| Interest received | | 14,262 | 9,845 |
| Interest paid | | (318) | (3,186) |
| Net cash inflow from investment and servicing of finance | | 13,944 | 6,659 |
| **Taxation** | | | |
| Tax paid | | - | - |
| **Capital expenditure and financial investment** | | | |
| Purchase of tangible fixed assets | | (587,349) | (141,608) |
| Sale of tangible fixed assets | | - | 12,177 |
| Net cash outflow from investment and servicing of finance | | (587,349) | (129,431) |
| **Financing** | | | |
| Issue of ordinary share capital | | 286,520 | 41,518 |
| Net cash inflow from financing | | 286,520 | 41,518 |
| **(Decrease)/increase in cash in the year** | 23 | (131,096) | 299,336 |

**Note to the cash flow statement**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

| | 1999 £ | 1998 £ |
|---|---|---|
| Operating profit | 41,588 | 87,749 |
| Depreciation charge | 99,737 | 96,763 |
| Profit on the sale of fixed assets | - | (12,177) |
| Movement in working capital: | | |
| (Increase)/decrease in stocks | (28,202) | 23,324 |
| Increase in debtors | (698,478) | (35,474) |
| Increase in creditors | 741,144 | 220,405 |
| Net cash inflow from operating activities | 155,789 | 380,590 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

## 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

All differences between the comparative figures and last year's accounts have been made to ensure that they are true comparatives to the 1999 accounts.

**Tangible fixed assets**

The cost of acquired fixed assets is their purchase cost, together with any incidental costs of acquisition.

Capital work in progress comprises the cost of capital projects under development, which includes, where appropriate, elements of specifically identifiable and attributable internal labour costs. Capital projects comprise major repair or refurbishment works which give rise to a significant and continuing economic benefit to the railway. Depreciation is provided against the cost of such projects in the period in which they are completed.

Interests in land and buildings are included at a valuation. Subsequent additions are stated at cost.

A full valuation of the land and buildings was made on 25 December 1998 by independent professionally qualified valuers. The basis of valuation is explained in note 8.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|---|---|
| Freehold buildings and permanent way | 1% - 20% on cost or valuation |
| Locomotives and rolling stock | 5% - 10% on cost |
| Office and computer equipment | 25% on cost |
| Motor vehicles | 25% on cost |
| Commercial fixtures, fittings and equipment | 20% on cost |

Freehold land is not depreciated.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 1. Principal accounting policies - continued

**Deferred taxation**
Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**Pension costs**
The Company operates a defined contribution pension scheme. Amounts falling due are charged to the profit and loss account as incurred.

**Grants**
Grants are released to the profit and loss account over the same period to which the related costs are charged. Where the grant is for a capital project it is released to the profit and loss account over the same period as the asset is depreciated.

## 2. Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. In the opinion of the Directors the Company's business is a single entity, that of operating a heritage railway. No further segmental analysis is considered necessary.

## 3. Other operating income

| | 1999 £ | 1998 £ |
|---|---|---|
| Rents received | **26,789** | 27,787 |
| Miscellaneous | **56,826** | 37,760 |
| | **83,615** | 65,547 |
| Net profit on sale of tangible fixed assets | **-** | 12,177 |
| | **83,615** | 77,724 |

## 4. Interest payable and similar charges

| | 1999 £ | 1998 £ |
|---|---|---|
| On bank loans and overdrafts and other loans: | | |
| Repayable within 5 years, not by instalments | **318** | 3,186 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 5. Profit on ordinary activities before taxation

| | 1999 £ | 1998 £ |
|---|---|---|
| Profit on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation on tangible owned fixed assets | **99,737** | 96,763 |
| Net profit on sale of tangible fixed assets | **-** | (12,177) |
| Hire of other assets - operating leases | **9,179** | 13,378 |
| Auditors' remuneration for: | | |
| Audit | **6,750** | 6,500 |
| Tax | **1,000** | 1,000 |
| Other services provided by previous auditors | **-** | 4,100 |

## 6. Directors' emoluments

No director, including the Chairman, received any fees, salary payments (including benefits in kind), pension contributions or other emoluments.

## 7. Employee information

The average number of persons employed by the Company during the year was:

| | 1999 Number | 1998 Number |
|---|---|---|
| Full time | **68** | 64 |
| Part time | **32** | 26 |
| | **100** | 90 |

| | £ | £ |
|---|---|---|
| **Staff costs for the above** | | |
| Wages and salaries | **962,874** | 905,683 |
| Social security costs | **70,477** | 72,000 |
| Other pension costs | **34,766** | 33,123 |
| | **1,068,117** | 1,010,806 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 8. Tangible fixed assets

| | Total £ | Freehold land and buildings £ | Locos and rolling stock £ | Commercial fixtures, fittings & equipment £ | Office equipment & motor vehicles £ | Capital work in progress £ |
|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | |
| At 1 January 1999 | 4,480,009 | 3,600,000 | 665,631 | 149,759 | 48,113 | 16,506 |
| Additions | 1,488,896 | 87,131 | 8,250 | - | 26,800 | 1,366,715 |
| Reclassification | - | 10,000 | - | - | - | (10,000) |
| **At 31 December 1999** | 5,968,905 | 3,697,131 | 673,881 | 149,759 | 74,913 | 1,373,221 |
| **Depreciation** | | | | | | |
| At 1 January 1999 | 583,317 | - | 404,841 | 131,002 | 47,474 | - |
| Charge for the year | 99,737 | 37,021 | 39,854 | 16,865 | 5,997 | - |
| Reclassification | - | 170 | (2,062) | 1,892 | - | - |
| **At 31 December 1999** | 683,054 | 37,191 | 442,633 | 149,759 | 53,471 | - |
| **Net book value** | | | | | | |
| **At 31 December 1999** | **5,285,851** | **3,659,940** | **231,248** | - | **21,442** | **1,373,221** |
| At 31 December 1998 | 3,896,692 | 3,600,000 | 260,790 | 18,757 | 639 | 16,506 |

The freehold land and buildings were revalued on 25 December 1998 at open market value by Wilkins, a firm of independent chartered surveyors.

In addition to the locomotives and rolling stock owned by the Company, the Company has entered into agreements with various third parties to operate and maintain a range of other locomotives and rolling stock for use on the line. In the opinion of the Directors these arrangements are in the nature of operating leases and the costs of maintenance are charged to the profit and loss account as incurred.

If land and buildings had not been revalued they would have been included at the following amounts:

| | **1999** £ | 1998 £ |
|---|---|---|
| Land and Buildings | | |
| Cost | **3,266,780** | 3,169,649 |
| Aggregate depreciation | **(529,198)** | (496,530) |
| Net book value | **2,737,582** | 2,673,119 |

The 1998 figures have been amended to reflect the verifiable historical cost and depreciation of land and buildings.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 9. Stocks

| | 1999 £ | 1998 £ |
|---|---|---|
| Goods for resale | **125,616** | 110,327 |
| Stores | **94,910** | 81,997 |
| | **220,526** | 192,324 |

## 10. Debtors

| | 1999 £ | 1998 £ |
|---|---|---|
| Trade debtors | **231,512** | 183,803 |
| Other debtors | **265,623** | 845 |
| Prepayments and accrued income | **439,251** | 53,260 |
| | **936,386** | 237,908 |

## 11. Cash at bank and in hand

| | 1999 £ | 1998 £ |
|---|---|---|
| Balance at bank | **371,186** | 502,235 |
| Petty cash and cash floats | **4,180** | 4,227 |
| | **375,366** | 506,462 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 12. Creditors: Amounts falling due within one year

| | 1999 £ | 1998 £ |
|---|---|---|
| Trade creditors | **787,010** | 198,676 |
| Other taxation and social security | **21,200** | 34,482 |
| Other creditors | **111,467** | 76,943 |
| Accruals | **152,647** | 132,199 |
| | **1,072,324** | 442,300 |

The bank overdraft facility available during the year is secured by means of a fixed charge over all book debts and freehold properties and a floating charge over all assets, goodwill, undertakings and uncalled capital both present and future.

## 13. Creditors - Amounts falling due after more than one year

| | 1999 £ | 1998 £ |
|---|---|---|
| Loan - SVR Co Ltd | **90,000** | 90,000 |
| Deferred income | **1,128,466** | 115,799 |
| | **1,218,466** | 205,799 |

The deferred income represents a Heritage Lottery Fund grant and public donations towards the Kidderminster carriage shed and is to be released to the profit and loss account over the economic useful life of the asset in line with depreciation.

The loan is interest free and unsecured. It is envisaged that this loan will be converted into shares at a later date.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 14. Taxation

| | 1999 £ | 1998 £ |
|---|---|---|
| United Kingdom Corporation Tax at 21% (1998: 21%) | - | - |
| Over provision in prior year | - | (742) |
| | - | (742) |

No Corporation Tax is payable on the operating profit for the year due to the utilisation of tax losses brought forward.

At 31 December 1999 there is a contingent liability to taxation deferred because of timing differences arising on depreciation. Although the potential liability is £382,246 (1998: £364,988) the Directors consider the Company's depreciation policy and planned future capital expenditure will ensure that these timing differences will continue in the foreseeable future and consequently no provision is necessary for deferred taxation. No liability is expected to arise in the event of sale of revalued assets at the balance sheet value.

## 15. Pension Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company and in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £34,766 (1998: £33,123).

## 16. Called up Share Capital

| | 1999 £ | 1998 £ |
|---|---|---|
| Authorised ordinary shares of £1 each | 5,000,000 | 3,000,000 |
| Allotted, called up and fully paid ordinary shares of £1 each | 2,730,209 | 2,443,689 |

The Company allotted 286,520 ordinary shares of £1 each at par during the year ended 31 December 1999.

Note: See also Results and Dividends in the Directors' Report on page 6.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 17. Reserves

| | Revaluation reserve £ | Profit and loss account £ |
|---|---|---|
| At 1 January 1999 | 926,881 | 814,717 |
| Historical cost depreciation adjustment | (4,523) | 4,523 |
| Profit for the financial year | - | 55,532 |
| **At 31 December 1999** | **922,358** | **874,772** |

Included in the £874,772 in the Profit and loss account at 31 December 1999 is an amount of £50,000 which has been set aside by the Board for the Carriage Shed Appeal.

## 18. Reconciliation of movements in shareholders' funds

| | 1999 £ | 1998 £ |
|---|---|---|
| Profit for the financial year | **55,532** | 95,150 |
| Issue of share capital | **286,520** | 41,518 |
| Surplus arising on revaluation of land and buildings | - | 431,984 |
| Net addition to shareholders' funds | **342,052** | 568,652 |
| Opening shareholders' funds | **4,185,287** | 3,616,635 |
| **Closing shareholders' funds** | **4,527,339** | 4,185,287 |

## 19. Capital commitments

| | 1999 £ | 1998 £ |
|---|---|---|
| Capital expenditure that has been contracted for but has not been provided for in the financial statements | **411,868** | 5,475 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued...)

## 20. Other financial commitments

The following annual commitments existed at 31 December 1999 in respect of non-cancellable operating leases:

| | 1999 £ | 1998 £ |
|---|---|---|
| Plant and Equipment: | | |
| falling due in less than 1 year | 1,369 | 6,494 |
| Between 2 to 5 years | 3,392 | 6,190 |

## 21. Related Party Transactions

During the year the following transactions were undertaken with Severn Valley Railway Co Limited who own 18.2% of the company's shares

| | £ | Balance at 31.12.99 £ |
|---|---|---|
| Recharges to SVR Co Ltd | 10,578 | - |
| Donations from SVR Co Ltd | 21,901 | - |

## 22. Reconciliation of net cash flow to movements in net funds

| | 1999 £ | 1998 £ |
|---|---|---|
| (Decrease)/increase in cash in the year | (131,096) | 299,336 |
| Net funds at beginning of the year | 416,462 | 117,126 |
| **Net funds at end of the year** | 285,366 | 416,462 |

## 23. Analysis of changes in net funds

| | 01.01.99 £ | Cash flows £ | 31.12.99 £ |
|---|---|---|---|
| Cash in hand, at bank | 506,462 | (131,096) | 375,366 |
| Debt due within 1 year | - | - | - |
| Debt due after 1 year | (90,000) | - | (90,000) |
| Total net funds | 416,462 | (131,096) | 285,366 |