



# **REPORT AND FINANCIAL STATEMENTS**

**Severn Valley Railway (Holdings)**

**Public Limited Company**

**(Registered No. 1046274)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

## NOTICE OF MEETING

Notice is hereby given that the Thirty Sixth Annual General Meeting of the above-named Company will be held at the Kidderminster Railway Museum on Saturday 12 July 2008 at 8pm to transact the following business:

1. To approve the Minutes of the 2007 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 2007.
4. To re-appoint Horwath Clark Whitehill LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, approve as a Special Resolution, an increase in the Authorised Share Capital from £5,000,000 to £8,000,000 by the creation of a further 3,000,000 Ordinary shares of £1 each to rank pari passu with the existing Ordinary Share Capital of the Company
6. To consider and, if thought fit, pass the following as a Special Resolution:

"THAT

- a) The Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in the said Section 80) up to the aggregate nominal amount by which the authorised but unissued share capital of the Company exceeds the issued share capital of the Company as at the date of this Meeting provided however that this power shall expire on the fifth anniversary of the date of this Meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power hereby conferred had not expired;
  - b) The Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority referred to in paragraph (a) of this Resolution as if Section 89 (1) of the said Act did not apply to any such allotment".
7. To transact any other business which may be properly transacted at an Annual General Meeting.

By order of the Board  
A S Harding  
Secretary



14 May 2008

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 2007**

	<b>Pages</b>
Notice of Meeting . . . . .	1
Directors, Officers and Advisers. . . . .	3
Chairman's Statement. . . . .	4 – 6
Directors' Report . . . . .	7 – 9
Statement of Directors' Responsibilities .. . . .	10
Independent Report of the Auditors.... ..	11
Profit and Loss Account .... .	12
Statement of Total Recognised Gains and Losses . . . . .	13
Balance Sheet . . . . .	14
Cash Flow Statement.. . . .	15
Notes to the Financial Statements..... .	16 – 27
Additional Information . . . . .	28 – 29

## **DIRECTORS, OFFICERS AND ADVISERS**

### **Directors**

M R York - Chairman  
R S Smith - Deputy Chairman  
M E Ball - appointed 14 7.07  
A Barker  
A Davies (SVR Assoc Representative)  
R F Hobson (SVR Co Ltd Representative) – resigned 18.01 08  
C F Homer  
J L Houlders (SVR Co Ltd Representative) – appointed 18 01 08  
A D Owen  
N C Paul  
R K Power - resigned 14.7.07  
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

### **Stockbrokers**

Rowan Dartington & Co Ltd  
Green Park Offices  
James Street West  
Bath BA1 2BA

### **Registrar**

A S Harding  
The Railway Station  
Bewdley  
Worcestershire DY12 1BG

### **Registered Auditors**

Horwath Clark Whitehill LLP  
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

After the year we have just had there is really only one way to begin my report and that is simply to say THANK YOU. Thank you to all our many friends and supporters everywhere for the magnificent support we have received following the devastating flood damage suffered by the Railway in 2007. Without that support and encouragement, and the commitment and dedication of our staff, the SVR would not have had a future.

When we look back at the stark reality of the situation that confronted us last Summer, almost 80% of our Railway was inoperable, there were 48 separate incidents of damage to the track, of which 11 were serious, and overnight our main revenue streams were cut off. But, like the Windmill Theatre, we never closed; we still managed to maintain a train service on the remaining 3 ½ miles of railway between Kidderminster and Bewdley which mercifully had avoided the ravages of the storm, together with the operation of steam hauled rides within Bridgnorth station limits.

As plans for the repair programme were being drawn up and offers of help with plant and equipment were being received from our friends throughout the railway fraternity, we launched our Flood Damage Appeal whilst at the same time making contact with funding bodies who might be able to offer assistance. It is testimony to the standing of the Railway and its importance to the local economy that we received such prompt and sympathetic consideration of our requests for grant aid. The European Regional Development Fund, Heritage Lottery Fund, Advantage West Midlands, Bridgnorth and Wyre Forest District Councils, have all provided tremendous support, advice and encouragement for which we are extremely grateful. With revenues so badly affected the strain on our cashflow has been considerable and we are indebted to our bankers, HSBC, for all their support and co-operation at such a difficult time. It has been very much appreciated.

Clearly, 2007 was an exceptional trading year and the audited accounts should be received in that light. The year had begun reasonably well and at the time the floods hit us, both passenger numbers and revenue were slightly ahead of budget. By the year end we had carried just 138,714 passengers, down 107,058 (or 43%) on the previous year. Trading turnover was down £1,184,532 to £3,033,731. A claim against the Company's Business Interruption insurance policy was made in the year for £1,100,000, which covered the loss of gross profits. This is shown in Other Operating Income together with grants towards railway stabilisation works, appeal donations and Material Damage insurance claims, which totalled £2,074,199. The importance of our insurance cover cannot be overstated for without it I dread to think where we might be now. The balance of Other Operating Income rose to £301,215, mainly due to increases in donations and grants received. I am relieved to report that the net trading loss for the year, before the exceptional costs of the flood damage repair work, was just £4,171. With expenditure on railway stabilisation works at £2,558,648 by the year end, the actual recorded net cost of the flood damage repair work after income, was £484,449. This is included in the Profit and Loss Account which, when added to the trading loss of £4,171, gave a total net loss before tax of £488,620.

The line closure and consequent lack of passengers had a serious effect on our commercial activities, and yet there were still some commendable performances. Most notable was the Bars Department where turnover at both The King and Castle and The Railwayman's Arms actually exceeded budget, the latter despite any railway passengers at all for more than half the year. It is most encouraging to see growth in this sector being achieved through increased patronage by local clientele and not being dependant on visitor numbers. Falls against budget in the Retail and Catering departments were much less than the equivalent fall in passenger numbers, indicating that visitors were actually spending more. Kidderminster giftshop was not too far away from achieving budget, whilst the performance of on-train catering was also very creditable given the restricted train service, with the Charter Dining business remaining buoyant for longer than we might have expected. Contract Engineering produced an improvement on both budget and the previous year. The activities most affected by the lack of trains were inevitably Traffic related – Footplate Experience courses, Charters, Special Events, the Schools Education Service and the Bar Cars all suffered accordingly. Expenditure on maintenance in the year was down to £982,000. Operational consumables were inevitably reduced owing to the curtailment of services. The on-going benefits of the carriage storage shed and the new

## CHAIRMAN'S STATEMENT (continued...)

washing plant at Kidderminster helped reduce spending on carriage maintenance, and permanent way expenditure was considerably reduced as resources were redirected to flood damage repair work.

There was further substantial capital investment in the year, with £2,645,000 being spent on fixed assets. The bulk of this figure, £2,313,000, went on the Highley Engine House and was matched by grant and appeal funding. A further £167,000 was spent on the strategic purchase of Hanbury Cottage next to Bridgnorth Station, £42,000 was spent on the new Administration Department computer system and £57,000 was spent on our stations, bridges and cuttings. An additional Class 08 diesel shunter was purchased for £19,000 with support from Severn Valley Railway Company Limited plus private donations, and £11,000 bought us a second-hand Road Railer vehicle for use by the permanent way gang. What a fortuitous purchase that turned out to be! The bonus of more than £40,000 received from the West Bromwich Building Society, Severn Valley Branch Account, has provided cash assistance for the re-instatement of the line and will part fund a childrens playground at The Engine House. We are most grateful to the West Brom for their continuing support

There were no new additions to the locomotive fleet during 2007. 4566 had entered service towards the end of 2006 and experienced its first full season back in traffic; fortunately, it was at Bewdley when the storm struck. With nowhere to go until the line was re-instated, work continued on the overhaul of 7812 at Bridgnorth, where it was completed and ready to go on the re-commencement of services. Indeed, the locomotive had the honour of hauling a special train for invited guests the day before scheduled services began. Major repair work on the boilers of 43106 and 2857 was progressing well as the year drew to a close, and we can expect to see the former back in traffic in 2008. In the Carriage Department more than 15 vehicles underwent repairs or repainting/re-varnishing. In addition, 3 wagons were renovated and painted to a high standard for display in The Engine House. In the latter half of the year the scheduled repair programme was interrupted to fit in a number of contract jobs to help raise much needed extra revenue

So what else happened in 2007? Well, almost unnoticed, we appointed a new General Manager, Nick Ralls, aged 36 and married with a new baby. Nick came to us with a background of managing stately homes, taking up his post just 6 days after the storm hit us. Not so much a baptism of fire, more a baptism of flood! There was no settling in period for Nick, it was straight in at the deep end, working alongside the Management team and being assisted by the Executive Committee. It's been a tough induction but he has settled into the role very well and gained much valuable experience along the way. Importantly, he still has a smile on his face – most days! Once Nick had got his feet firmly under the table, it was decided there was no longer the need for the Executive Committee and I would like to pay tribute to Roger Smith, Mike Ball and Tony Bending for their sterling work in holding the fort pending Nick's arrival

Every year has its good news stories and its bad, and 2007 was no exception. On the positive side, we were privileged to receive a visit in October from our Patron, HRH The Duke of Gloucester, to see and hear how we were coping in the aftermath of the flood damage. The SVR also won two National Railway Heritage Awards, for Northwood Halt Pagoda and for Bewdley Bracket Signal, in recognition of the high standard of restoration work carried out by the SVR teams concerned. On the negative side the Railway was the victim of two bridge strikes (with yet another occurring early in 2008). The first was particularly worrying, moving the bridge on its bearings, and we continue to press Shropshire County Council for greater protection for our structures.

After all the trials and tribulations of 2007, there was considerably more to look forward to in 2008 especially after the Herculean efforts of the engineers had finally achieved the re-instatement of the line just in time for Easter. Great credit must go to Consulting Civil Engineer Jonathan Symonds, Chief Engineer Phil Sowden and S and T Engineer John Phillips and their teams, for the magnificent job they have done. Thus Good Friday 21st March was the great day when we were at last able to recommence a regular train service between Kidderminster and Bridgnorth. Visitor numbers have so far been very encouraging, charters and party bookings are starting to build up and there appears to be a pent-up demand for our on-train dining services

## CHAIRMAN'S STATEMENT (continued...)

However, there is no room for complacency bearing in mind the present economic climate


We also now have the added attraction of the new Visitor Centre at Highley. The Engine House opened its doors to the public for the first time on 21st March and is proving to be very popular with our visitors. It really is a most exciting facility and is already generating much favourable comment. We really are indebted to our funding partners Heritage Lottery Fund, European Regional Development Fund, Advantage West Midlands and Bridgnorth District Council for their support and patience. As we gear ourselves up for what we hope will be a busy year ahead, comes news that the SVR has been awarded the prestigious Transport Trust's Preservationist of the Year Award 2007, in recognition of our achievements in rebuilding the Railway. David Williams, Chairman of the Guarantee Company, and I, will be honoured to accept the award on behalf of the SVR workforce

With the railway stabilisation works completed we can now more accurately determine the cost of it all. The anticipated final cost will be £3,552,000 after further expenditure has been incurred in 2008 of £993,352. Since the year end, a further £1,271,895 has been received in donations, grants and insurance claims. At the present time we have secured total funding to date of £3,346,000 but this will still leave a shortfall of more than £205,000. However, we are working hard to reduce this figure still further and it is anticipated that we will receive further payments under the Company's Material Damage insurance policy. The net surplus realised on railway stabilisation works this year will be recorded in the 2008 Accounts. This is explained further in Note 5 in the Notes to the Financial Statements. The treatment of income and expenditure relating to the railway stabilisation works over the year end is in accordance with current United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our Flood Damage Appeal remains open and has so far raised the magnificent sum of £575,000 whilst the Share Appeal since the year end has now reached £80,000. The cashflow remains an ongoing challenge and our Company Accountant Andrew Harding and his team are to be congratulated on the way they have dealt with the Company's finances through such a difficult period. Our projections indicate we will need to make continuing use of our overdraft facilities for some time to come.

A Strategy Group has been looking at the ongoing ways to control costs and plan for the future, considerations being tempered by the effects of the flood damage and its impact on the Company. In conjunction with this, Nick Ralls is working with a small team to produce detailed recommendations on the way forward, which will be considered by the Strategy Group before being presented to the Joint Board. We have to reassess where we are now, where we want to be in the future and what has to be done to get us there. We have just come through an exceedingly difficult period in the Company's history, but make no mistake, there remain considerable challenges ahead which have to be faced and overcome if we are to progress and prosper. Working together I am confident we can succeed.

As I close this report, I would like to pay tribute to each and every member of the great army of people who make up the SVR team. Whether they be paid staff, volunteer staff, management or directors, each has played their part in helping the Railway to overcome adversity. Congratulations to them all.

Finally, I would like to place on record my grateful thanks to Roger Hobson for the significant contribution he has made to the Board over the last twelve years. Jason Houlders is the new SVR Company Limited Representative with effect from 18th January 2008, but happily, Roger continues as a director of that Company and also as a member of the Audit Committee.

  
M R York  
Chairman

14 May 2008

## DIRECTORS' REPORT

### Directors' Report for the year ended 31 December 2007

The Directors present their Report and the audited Financial Statements for the year ended 31 December 2007

### 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 to 6 and 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 12

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. During 2007, the Company made a loss before tax of £488,620 compared to a loss of £142,297 in 2006. There is no adjustment for deferred taxation this year whereas, in 2006, a deferred taxation credit of £90,566 resulted in a loss of £51,731 being absorbed into reserves in that year.

### Key Performance Indicators

The Board monitors the Company's performance against strategic objectives and the financial performance on a regular basis. Performance is assessed against the budgets using financial and non-financial measures.

The following are some of the most significant key performance indicators:

- Passenger numbers
- Turnover
- Gross profit and cashflow

The Directors consider the following issues to be the Company's main risks and uncertainties:

- Weather and its impact on the number of passengers
- Availability of coal, oil and other necessary resources
- Age of working volunteers and their continuing support of the Railway
- Risk of not finding funding for future or ongoing projects
- Availability and recruitment of skilled staff
- Ongoing changes to legislation
- Environmental issues

In order to mitigate these risks and uncertainties, the Directors produce detailed business plans and monitor progress against these.

A detailed review of the results for the year, the key issues and the expectations for 2008 are described in the Chairman's Statement on page 4 to 6.

### Directors

The Directors of the Company are listed on page 3



## DIRECTORS' REPORT

### Directors' Report for the year ended 31 December 2007 (continued...)

#### Provision of Information to Auditors

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

#### Directors' Interests

The interests of the current Directors in the shares of the Company at 31 December 2007, together with their beneficial interests at 1 January 2007, or date of their appointment, were:

	1 January 2007	31 December 2007
A Barker	4,370	5,090
A Barker - Trustee holding for SVR Association	44,898	50,048
M E Ball – appointed in the year	-	500
A Davies	500	500
R F Hobson	400	450
C F Homer	1,510	3,010
A D Owen	500	500
N C Paul	251	1,451
R K Power – resigned in the year	1,601	-
R S Smith	7,500	7,500
C G Thomas	302	302
C W Walton	600	700
D C Williams	2,005	2,005
M R York	425	500

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.

#### 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 2007 was 60 (2006: 56). The Company had arrangements with some suppliers whereby extended payment terms were granted in 2007. Had these suppliers been paid on normal terms then the average number of days outstanding would have been 41.

#### Charitable Donations

During the year the Company made charitable donations of £NIL (2006: £350).

#### Substantial Shareholdings

The following had holdings in excess of 3% of the issued share capital of the Company at 31 December 2007.

	No. of Shares	% of Total
SVR Co Ltd	888,258	22.6
Rubery Owen Holdings Ltd	150,000	3.8
Philip Walter Swallow	136,753	3.5

## **DIRECTORS' REPORT**

### **Directors' Report for the year ended 31 December 2007 (continued...)**

#### **Fixed Assets**

The movements in fixed assets during the year are set out in note 10 to the financial statements

#### **Auditors**

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as Auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

**Approved by the board of Directors and signed on its behalf by:**



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

14 May 2008

## 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. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, 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

In determining how amounts are presented within items in the profit and loss account and balance sheet, the Directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

We have audited the financial statements of Severn Valley Railway (Holdings) PLC for the year ended 31 December 2007 set out on pages 12 to 27. These financial statements have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and the accounting policies set out on pages 16 and 17.

This Report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditors' Report 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 shareholders as a body, for our audit work, for this Report or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards of Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement Report that is cross referred from the Business Review section of the Directors' Report.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### BASIS OF AUDIT OPINION

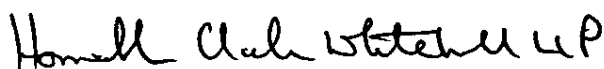
We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

### UNQUALIFIED OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.



Horwath Clark Whitehill LLP.

14 May 2008

Chartered Accountants & Registered Auditors  
Foley House, 123 Stourport Road  
Kidderminster, Worcs DY11 7BW

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
<b>Turnover</b>	2	<b>3,033,731</b>	4,218,263
<b>Cost of sales</b>	5	<b><u>(6,370,555)</u></b>	<b><u>(3,962,529)</u></b>
<b>Gross (loss)/profit</b>		<b>(3,336,824)</b>	255,734
Administrative expenses		<b>(590,640)</b>	(626,713)
Other operating income	3,5	<b><u>3,475,414</u></b>	<u>244,492</u>
<b>Operating Loss</b>	4	<b>(452,050)</b>	(126,487)
Interest received		<b>10,610</b>	2,760
Interest payable and similar charges	6	<b><u>(47,180)</u></b>	<u>(18,570)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(488,620)</b>	(142,297)
Tax on ordinary activities	16	<b>-</b>	<u>90,566</u>
<b>Retained Loss for the financial year</b>	19	<b><u>(488,620)</u></b>	<u>(51,731)</u>

All amounts in the current and preceding year relate to continuing operations.

### 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 16 to 27 form part of these financial statements

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
Loss for the financial year	(488,620)	(51,731)
Unrealised deficit on revaluation of properties	-	(130,130)
Total recognised gains and losses relating to the year	<u>(488,620)</u>	<u>(181,861)</u>

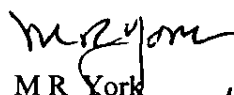
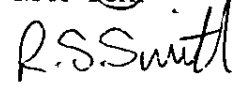
The notes on pages 16 to 27 form part of these financial statements.

## BALANCE SHEET

### 31 DECEMBER 2007

	Notes	2007 £	2006 £
<b>Fixed Assets</b>			
Tangible Assets	10	<u>13,007,859</u>	<u>10,577,215</u>
<b>Current Assets</b>			
Stocks	11	278,775	255,400
Debtors	12	1,214,940	777,705
Cash at bank and in hand	13	<u>37,151</u>	<u>174,196</u>
		<u>1,530,866</u>	<u>1,207,301</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(2,355,481)</u>	<u>(1,647,533)</u>
<b>Net Current Liabilities</b>		<u>(824,615)</u>	<u>(440,232)</u>
<b>Total Assets Less Current Liabilities</b>		<b>12,183,244</b>	<b>10,136,983</b>
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(6,399,970)</u>	<u>(4,309,667)</u>
<b>Net Assets</b>		<u><b>5,783,274</b></u>	<u><b>5,827,316</b></u>
<b>Capital and Reserves</b>			
Called up share capital	18	3,921,748	3,477,170
Revaluation reserve	19	1,463,247	1,426,436
Profit and loss account	19	<u>398,279</u>	<u>923,710</u>
<b>Shareholders' Funds – all equity</b>	20	<u><b>5,783,274</b></u>	<u><b>5,827,316</b></u>

The Financial Statements on pages 12 to 27 were approved and authorised for issue by the Board of Directors on 14 May 2008 and signed on its behalf by:

  
 M R York                      }  
  
 R S Smith                     }  
 R S Smith                     }  
                                       } Directors

The notes on pages 16 to 27 form part of these financial statements.

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
<b>Net cash inflow from operating activities</b>		<b><u>1,406,335</u></b>	<b><u>2,467,301</u></b>
<b>Returns on investment and servicing of finance</b>			
Interest received		10,610	2,760
Interest paid		<u>(47,180)</u>	<u>(19,473)</u>
Net cash inflow from investment and servicing of finance		<u>(36,570)</u>	<u>(16,713)</u>
<b>Taxation</b>			
Tax paid		<u>-</u>	<u>-</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,645,108)	(3,036,223)
Sale of tangible fixed assets		<u>9,252</u>	<u>-</u>
Net cash outflow from investment and servicing of finance		<u>(2,635,856)</u>	<u>(3,036,223)</u>
<b>Net cash outflow before financing</b>		<b>(1,266,091)</b>	<b>(585,635)</b>
<b>Financing</b>			
Issue of loans		711,426	367,401
Loan repayments		<u>(213,385)</u>	<u>-</u>
Issue of ordinary share capital		<u>444,578</u>	<u>168,034</u>
Net cash inflow from financing		<u>942,619</u>	<u>535,435</u>
<b>Decrease in cash in the year</b>	24	<b><u>(323,472)</u></b>	<b><u>(50,200)</u></b>

### RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
<b>Operating (loss)/profit</b>	<b>(452,050)</b>	<b>(126,487)</b>
Depreciation charge	207,758	186,394
(Profit)/loss on sale of tangible fixed assets	(2,546)	-
Movement in working capital:		
(Increase)/Decrease in stocks	(23,375)	14,253
(Increase) in debtors	(437,235)	(376,615)
Increase in creditors	<u>2,113,783</u>	<u>2,769,756</u>
<b>Net cash inflow from operating activities</b>	<b><u>1,406,335</u></b>	<b><u>2,467,301</u></b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

### 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, are 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.

#### 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 freehold land and buildings was made on 25 December 2003 by professionally qualified valuers. The basis of valuation is in accordance with Financial Reporting Standard Number 15 as follows

- Freehold land, bridges and tunnels at market value
- Non-specialised property, including the stations and engineering works, at existing use value
- Specialised property, the carriage shed, at depreciated replacement cost

Full valuations have been undertaken every 5 years with interim valuations every 3<sup>rd</sup> year. The Directors review the assets in the intervening years to ensure that there are no material changes requiring disclosure.

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	2% - 20%	on cost or valuation
Locomotives and rolling stock	5% - 10%	on cost
Office and computer equipment	20% - 25%	on cost
Motor vehicles	20% - 25%	on cost
Commercial fixtures, fittings and equipment	10% - 20%	on cost

Freehold land is not depreciated.

Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the asset.

#### Operating leases

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)**

### **1. Principal accounting policies - continued**

#### **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.

Stocks include goods for resale and stores of goods for use in operation of the Railway

#### **Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

#### **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 once confirmation of the grant amount to be received is certain. 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. Where the grant is for a revenue project, it is recognised in the same period as the expenditure.

#### **Rental Income**

Rental income is on an accruals basis.

#### **Locomotives and Rolling Stock**

These arrangements are in the nature of operating leases. Repairs and maintenance are provided for in accordance with the locomotive and rolling stock agreements. Costs of repairs and maintenance, over and above those in the terms of the agreement, are charged to the Profit and Loss Account as incurred.

#### **Railway Stabilisation Works (Flood Damage)**

The income and expenditure associated with stabilising and making good damage suffered by the railway during the flooding in 2007 is accounted for on the following bases:

- All costs incurred during the year associated with repairing damages caused by the flooding are charged to the Profit and Loss Account;
- Income from donations is credited to the Profit and Loss Account as received;
- Income from grant providers is credited to the Profit and Loss Account when confirmation of the grant amount to be received is certain;
- Income from material damage insurance and business interruption insurance is recognised in the same period as the flood damage expenditure to which it relates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 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 in the United Kingdom. No further segmental analysis is considered necessary.

### 3. Other operating income

	2007	2006
	£	£
Rents received	18,235	19,403
Insurance claim for stock theft	13,700	-
Grant income relating to railway stabilisation works	920,296	-
Flood appeal donations	523,903	-
Insurance claim for material damage	630,000	-
Insurance claim for loss of profits	1,100,000	-
Other donations and legacies	103,638	57,764
Other non trading income	55,745	34,043
Release of deferred grants/donations	<u>109,897</u>	<u>133,282</u>
	<u>3,475,414</u>	<u>244,492</u>

Other non trading income includes amounts receivable from West Bromwich Building Society on the monies held in Severn Valley Affinity Accounts run by the Society

### 4. Operating loss

	2007	2006
	£	£
The operating loss is stated after charging		
Depreciation on tangible owned fixed assets	207,758	186,394
Hire of other assets – operating leases	2,572	3,528
Net costs attributable to railway stabilisation works (see note 5)	<u>484,449</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 5. Railway Stabilisation Works following Flood Damage

	2007 Actual Income & Expenditure £	2008 Estimated Income & Expenditure £	Total £
<b>Income Included Within Other Operating Income:</b>			
Donations	523,903	51,692	575,595
Grants	920,296	956,703	1,876,999
Insurance claim	630,000	245,000	875,000
Other	-	18,500	18,500
	<u>2,074,199</u>	<u>1,271,895</u>	<u>3,346,094</u>
<b>Less Railway Stabilisation Works Expenditure</b>			
Included Within Cost of Sales:	<u>(2,558,648)</u>	<u>(993,352)</u>	<u>(3,552,000)</u>
<b>(Shortfall)/Surplus before unconfirmed income</b>	<u>(484,449)</u>	<u>278,543</u>	<u>(205,906)</u>
<b>Anticipated additional income not yet confirmed</b>	<u>-</u>	<u>80,000</u>	<u>80,000</u>
<b>(Shortfall)/Surplus after unconfirmed income</b>	<u>(484,449)</u>	<u>358,543</u>	<u>(125,906)</u>

#### Reconciliation with Cost of Sales in the Profit & Loss Account

	£
Railway Stabilisation Works expenditure	2,558,648
Cost of sales relating to normal trading activity	<u>3,811,907</u>
Cost of sales as per the Profit and Loss Account	<u>6,370,555</u>

The 2008 income and expenditure represents the Directors' best estimate of the costs to make good the damage suffered by the Railway during the flooding in 2007 and the income to be received in relation to those costs

In addition to the above, £75,753 in additional new shares were issued in 2007 as a direct result of the Flood Appeal

### 6. Interest payable and similar charges

	2007 £	2006 £
On other loans	4,426	3,968
On bank loans and overdrafts	<u>42,754</u>	<u>14,602</u>
	<u>47,180</u>	<u>18,570</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 7. Auditors Remuneration

	2007	2006
	£	£
Fees payable to the company's auditor for the audit of the annual accounts	11,000	10,495
Fees payable to the company's auditor in respect of		
Other services relating to taxation	1,500	1,500
Other services	<u>1,825</u>	<u>1,100</u>

### 8. Directors' emoluments

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

A company in which one of our directors has an interest received fees for services supplied during the year. This amounted to £13,494 (2006 : £519) and was paid in the year.

### 9. Employee information

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

	2007 Number	2006 Number
Full time	83	72
Part time	<u>24</u>	<u>39</u>
	<u>107</u>	<u>111</u>
	£	£
<b>Staff costs for the above</b>		
Wages and salaries	1,532,278	1,446,203
Social security costs	116,325	109,588
Other pension costs	<u>53,156</u>	<u>66,704</u>
	<u>1,701,759</u>	<u>1,622,495</u>

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)**

## **10. Tangible fixed assets**

	<b>Total £</b>	<b>Freehold land and buildings £</b>	<b>Locos and rolling stock £</b>	<b>Commercial fixtures, fittings and equipment £</b>	<b>Office equipment and motor vehicles £</b>	<b>Capital work in progress £</b>
<b>Cost or valuation</b>						
At 1 January 2007	11,577,692	7,910,253	713,490	506,683	108,149	2,339,117
Additions	2,645,108	232,139	18,860	18,047	52,817	2,323,245
Reallocation	-	(36,557)	-	36,557	-	-
Disposals	<u>(10,002)</u>	<u>(1,752)</u>	<u>(8,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2007</b>	<b><u>14,212,798</u></b>	<b><u>8,104,083</u></b>	<b><u>724,100</u></b>	<b><u>561,287</u></b>	<b><u>160,966</u></b>	<b><u>4,662,362</u></b>
<b>Depreciation</b>						
At 1 January 2007	1,000,477	-	645,658	257,651	97,168	-
Charge for the year	207,758	158,555	13,971	28,370	6,862	-
Disposals	<u>(3,296)</u>	<u>-</u>	<u>(3,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2007</b>	<b><u>1,204,939</u></b>	<b><u>158,555</u></b>	<b><u>656,333</u></b>	<b><u>286,021</u></b>	<b><u>104,030</u></b>	<b><u>-</u></b>
<b>Net book value</b>						
At 31 December 2007	<b><u>13,007,859</u></b>	<b><u>7,945,528</u></b>	<b><u>67,767</u></b>	<b><u>275,266</u></b>	<b><u>56,936</u></b>	<b><u>4,662,362</u></b>
At 31 December 2006	<b><u>10,577,215</u></b>	<b><u>7,910,253</u></b>	<b><u>67,832</u></b>	<b><u>249,032</u></b>	<b><u>10,981</u></b>	<b><u>2,339,117</u></b>

The freehold land and buildings were revalued on 25 December 2003 in accordance with accounting policy by R J Wilkins, FRICS, of Wilkins Surveyors Limited, a firm of chartered surveyors. R J Wilkins is a minority shareholder of Severn Valley Railway (Holdings) Plc. In accordance with accounting standards, R J Wilkins has undertaken an interim valuation on 31 December 2006.

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 in line with the accounting policy.

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

	<b>2007 £</b>	<b>2006 £</b>
<b>Land and Buildings</b>		
Cost	<b>7,913,250</b>	<b>7,719,420</b>
Aggregate depreciation	<b><u>(1,430,969)</u></b>	<b><u>(1,235,603)</u></b>
Net book value	<b><u>6,482,281</u></b>	<b><u>6,483,817</u></b>

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)**

## **11. Stocks**

	2007 £	2006 £
Goods for resale	144,020	119,209
Stores	<u>134,755</u>	<u>136,191</u>
	<u>278,775</u>	<u>255,400</u>

## **12. Debtors**

	2007 £	2006 £
Trade debtors	129,189	181,238
Other debtors	639,575	485,377
Prepayments and accrued income	<u>446,176</u>	<u>111,090</u>
	<u>1,214,940</u>	<u>777,705</u>

## **13. Cash at bank and in hand**

	2007 £	2006 £
Balance at bank	31,671	168,323
Petty cash and cash floats	<u>5,480</u>	<u>5,873</u>
	<u>37,151</u>	<u>174,196</u>

## **14. Creditors - Amounts falling due within one year**

	2007 £	2006 £
Bank and other loans and overdrafts	555,281	209,132
Trade creditors	1,143,984	967,487
Other taxation and social security	35,690	32,411
Other creditors	272,122	266,187
Accruals and deferred income	<u>348,404</u>	<u>172,316</u>
	<u>2,355,481</u>	<u>1,647,533</u>

The bank borrowings are 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

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

	2007 £	2006 £
Bank loan	496,588	158,269
Deferred income	5,716,382	3,985,247
Accruals	<u>187,000</u>	<u>166,151</u>
	<u>6,399,970</u>	<u>4,309,667</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 15. Creditors - Amounts falling due after more than one year (continued)

The loan limit is capped at £550,000 and was initially repayable in monthly instalments of £3,863 repayable within twenty years. From 1 January 2008, monthly instalments have been increased to £4,000 in order to accelerate repayment of the capital amount, with £49,449 repayable in 2 to 5 years and the balance over 5 years.

Interest is charged at 1.25% over the bank's base rate but capped at 4.95%.

The bank borrowings are 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.

Deferred income includes grants and public donations received towards Kidderminster carriage shed, Kidderminster station building improvements, Highley Engine House and Bridgnorth locomotive shed roof refurbishment. The grants and donations are being released to the Profit and Loss Account over the economic useful life of the respective asset and in line with depreciation for freehold buildings.

### 16. Taxation

#### 16.1 Corporation Tax

	2007 £	2006 £
<b>Analysis of tax charge in year</b>		
<b>Current tax (see note 16.2)</b>		
UK corporation tax on profits of the year	—	—
<b>Deferred tax</b>		
Accelerated capital allowances	-	(212,082)
Short term timing differences	-	4,372
Taxable losses carried forward	—	117,144
<b>Total deferred tax (see note 16.3)</b>	—	(90,566)
<b>Tax on profit on ordinary activities</b>	—	(90,566)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 16. Taxation (continued)

#### 16.2 Factors affecting tax charge for the year

The tax assessed is lower than the standard rate of corporation tax in the UK (21%). The differences are explained below

	2007 £	2006 £
(Loss) on ordinary activities before tax	<u>(488,620)</u>	<u>(142,297)</u>
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2006-20%)	(102,610)	(28,459)
<b>Effects of:</b>		
Donations received	(131,784)	(18,361)
Movement on accelerated capital allowances	3,676	(1,188)
Expenses not deductible for tax purposes.	49	113
Unrelieved tax losses	256,672	76,567
Release of deferred income	(22,968)	(23,916)
Other differences	<u>(3,035)</u>	<u>(4,756)</u>
<b>Current tax charge for the year (see note above)</b>	<u><u>=</u></u>	<u><u>=</u></u>

There were no factors that may affect future tax charges.

The tax rate of 21% has been used, as the Directors consider that this is the rate applicable to the Company taking into account its expected level of future profits

#### 16.3 Deferred Taxation

	2007 £	2006 £
At 1 January 2007	-	90,566
Credit for the year	-	<u>(90,566)</u>
At 31 December 2007	<u><u>-</u></u>	<u><u>-</u></u>

The provision for deferred tax is made up as follows:

Accelerated capital allowances	-	233,877
Short term timing differences	<u>-</u>	<u>(2,892)</u>
	-	230,985
Taxable losses carried forward	<u><u>-</u></u>	<u><u>(230,985)</u></u>

The company has a potential deferred tax asset of £716,098 relating to taxable losses carried forward and a potential deferred tax asset of £997,273 relating to fixed asset timing differences. These assets have not been provided for, as the Directors do not believe there will be taxable profits against which these losses can reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

### 17. Pension Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company and are in an independently administered fund. The pension cost charge against profits in the year represents contributions payable to the fund and amounted to £53,156 (2006: £66,704).

### 18. Called up Share Capital

	2007 £	2006 £
Authorised ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>3,921,748</u>	<u>3,477,170</u>

The Company allotted 444,578 ordinary shares of £1 each at par during the year ended 31 December 2007.

### 19. Reserves

	Revaluation Reserve £	Profit and loss account £
At 1 January 2007	1,426,436	923,710
Historical cost depreciation adjustment	36,811	(36,811)
Loss for the financial year	-	(488,620)
Revaluation in the year	-	-
At 31 December 2007	<u>1,463,247</u>	<u>398,279</u>

### 20. Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(488,620)	(51,731)
Revaluation in the year	-	(130,130)
Issue of share capital	<u>444,578</u>	<u>168,034</u>
Net addition to/(reduction of) shareholders' funds	(44,042)	(13,827)
Opening shareholders' funds	<u>5,827,316</u>	<u>5,841,143</u>
Closing shareholders' funds	<u>5,783,274</u>	<u>5,827,316</u>

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007** (Continued...)

## **21. Capital commitments**

	2007 £	2006 £
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	<u>164,000</u>	<u>1,837,167</u>

Since the Balance Sheet date, the Directors have not committed the Company to further capital expenditure

## **22. Other financial commitments**

The following annual commitments existed at 31 December 2007 in respect of non-cancellable operating leases

	2007 £	2006 £
Plant and Equipment	£	£
Falling due in less than 1 year	<u>—</u>	<u>—</u>
Between 2 to 5 years	<u>1,808</u>	<u>1,808</u>
After 5 years	<u>—</u>	<u>—</u>

## **23. Related Party Transactions**

During the year, the following transactions were undertaken with Severn Valley Railway Company Limited who own 22.6 % of the Company's shares

	During 2007 £	Balance at 31.12.07 £	During 2006 £	Balance at 31.12.06 £
Recharges to SVR Co Ltd	<u>23,631</u>	<u>23,631</u>	<u>11,839</u>	<u>13,751</u>
Recharges from SVR Co Ltd	<u>2,607</u>	<u>—</u>	<u>(3,968)</u>	<u>(4,871)</u>

Loans totalling £84,297 were made during the year from Severn Valley Railway Company Limited to Severn Valley Railway (Holdings) Plc, bringing the total value of loans issued since 2006 to £259,297 of which £65,000 was interest free. Interest of £4,426 was charged on part of the loan during the year at 0.5% above the ruling money market rate for investments. £134,183 of the loan was converted to Ordinary Shares during the year and the balance of the loan outstanding at the year-end was £108,338 and this figure is included in 'other loans' in Creditors

## **24. Reconciliation of net cash flow to movements in net funds**

	2007 £	2006 £
Decrease in cash in the year	(323,472)	(50,200)
Cash outflow from increase in debt financing	(498,041)	(367,401)
Change in net debt	(821,513)	(417,601)
Net funds at 1 January 2007	<u>(193,205)</u>	<u>224,396</u>
<b>Net debt at 31 December 2007</b>	<u><b>(1,014,718)</b></u>	<u><b>(193,205)</b></u>

# **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2007** (Continued...)

## **25. Analysis of changes in net funds**

	01.01.07	Cash flows	Non-cash movement	31.12.07
	£	£	£	£
Cash in hand and at bank	174,196	(137,045)	-	37,151
Bank overdraft	-	(186,427)	-	(186,427)
Loans due within 1 year	(209,132)	(166,041)	6,319	(368,854)
Loans due after more than 1 year	(158,269)	(332,000)	(6,319)	(496,588)
	<u>(193,205)</u>	<u>(821,513)</u>	<u>-</u>	<u>(1,014,718)</u>

## ADDITIONAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007

The analysis below is provided purely as additional information for the shareholders and does not form part of the audited Financial Statements

<b>Turnover</b>	<b>2007 £</b>	<b>2006 £</b>
Traffic	1,285,501	2,301,007
Giftware	294,847	401,658
Bars	789,904	775,523
Catering	334,156	430,071
Contract engineering	281,747	179,564
Locomotive hire	42,765	66,042
Other	4,811	64,398
	<u>3,033,731</u>	<u>4,218,263</u>

### Cost of Sales Relating to Traffic includes Working Expenses of:

	<b>2007 £</b>	<b>2006 £</b>
Operating wages and salaries	894,155	843,911
Locomotive maintenance	212,769	184,040
Carriage maintenance and cleaning	90,296	110,827
Coal, oil and water	164,759	226,414
Civil engineering	59,671	46,707
Permanent way maintenance	20,908	82,490
Railway stabilisation works	2,558,648	-
Signals and telecommunications	8,415	3,316
Plant, machinery and electrical repairs	36,228	47,180
Visiting locomotive costs	6,880	-
Sundry traffic expenses	94,148	188,627
Depreciation of buildings and equipment	135,920	130,653
Events including Galas, Santa, Filming, School Education and Thomas the Tank Engine © Gullane (Thomas) Ltd (2007)	161,671	200,609
Publicity	175,970	167,458
Station expenses	174,996	160,292
	<u>4,795,434</u>	<u>2,392,524</u>

## ADDITIONAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007 (Continued...)

<b>Administrative Expenses:</b>	<b>2007 £</b>	<b>2006 £</b>
Wages, salaries, pension and PHI	271,195	295,868
Bank charges	23,344	25,115
Rent, rates and insurance	118,593	154,822
Postage and telephone	44,810	40,023
Printing and stationery	24,827	18,435
Professional fees (including Civil Engineering fees)	10,329	9,930
Registrar's costs	8,139	10,658
Auditors' remuneration	11,000	10,495
General expenses	73,757	54,095
Office repairs	2,768	1,136
Motor travel	718	2,111
Entertainment	235	565
Depreciation of computer equipment and software	1,663	1,652
Profit on the sale of an asset	(2,546)	-
Office machinery leasing and hire of equipment	<u>1,808</u>	<u>1,808</u>
	<b><u>590,640</u></b>	<b><u>626,713</u></b>



## Special Events in 2008

**June 28/29 & July 5/6 – 1940's Weekends.** Another opportunity to take a nostalgic look at Britain during the Second World War, with period cars and commercial vehicles, period dress, Big Band Shows, re-enactments and frequent trains linking all the activities. (Special timetable applies)

**July 26/27 – Severn Valley in Bloom.** A day in the countryside at the height of summer. Always a popular event in our calendar, 'Severn Valley in Bloom' is further enhanced this year by a range of countryside events and activities that show the Severn Valley in summertime at its very colourful best. (Timetable B in operation)

**August 30/31 & September 6/7 – 'Day out with Thomas' events ©.** Further visits from that cheeky little engine and his many friends, with the Fat Controller keeping everyone in order. Advance booking advised on 01299 403816. © Gullane (Thomas) Ltd 2007. A HIT Entertainment Company. (Special timetable applies)

**September 11 to 13 – Beer Festival at Bridgnorth Station.** Featuring a wide range of Real Ales from across the country

**September 19 to 21 – Autumn Steam Gala.** Still the UK's premier steam railway event, including all-night train services on Friday and Saturday, visiting locomotives and frequent services on all three days. Something for all the family to enjoy. (Special timetable applies)

**October 12 – Classic Car & Bike Day.** A comprehensive gathering of classic cars and motorcycles at stations all along the line. Now a firm annual favourite! (Timetable D in operation)

**November 9 – Remembrance Day Service.** Held at Kidderminster Town Station under the magnificent canopy. An additional service is also held at Bridgnorth Station

**December 6/7, 13/14, 20/21 & 24 – Santa Steam Specials.** An intensive service of trains from Kidderminster to Arley with presents for all children (aged 1 to 15). Further details will be available from late August 2008. Advance booking is essential on 01299 403816 from September 22 onwards. (Special timetable applies).

**December 26 to 31 and January 1 – 4, 2009 - Festive Season Specials.** After Christmas, why not relax with a leisurely ride along the beautiful Severn Valley? No advance booking required. (Special timetable applies).

Finally, a reminder that the SVR has developed a comprehensive range of events for schools covering a wide variety of topics. Our Education Office will be delighted to hear from any teacher or PTA wishing to arrange a visit.

Severn Valley Railway (Holdings) Plc  
The Railway Station, Bewdley, Worcestershire, DY12 1BG  
Telephone 01299 403816 Fax. 01299 400839  
[www.svr.co.uk](http://www.svr.co.uk)