

Registered number: 01046274

# **SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 5 JANUARY 2020**



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	N C Paul CBE M E Ball A C Barr MBE A G Bending G Bunker-James A Davies J A Dunster P R P Pearson C G Thomas C W Walton D C Williams M R York
<b>COMPANY SECRETARY</b>	C W Walton
<b>REGISTERED NUMBER</b>	01046274
<b>REGISTERED OFFICE</b>	Number One Comberton Place Kidderminster DY10 1QR
<b>STATUTORY AUDITOR</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
<b>BANKERS</b>	HSBC Bank plc 31 Church Street Kidderminster Worcestershire DY10 2AY
<b>SOLICITORS</b>	Higgs & Sons 3 Waterfront Business Park Brierley Hill DY5 1LX
<b>REGISTRAR</b>	Neville Registrars Ltd Steelpark Road Halesowen B62 8HD

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 5 JANUARY 2020

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The chairman presents his statement for the period.

Dear Shareholders

It seems very strange to be writing this statement so late in the year and in the midst of the most unprecedented time for all businesses throughout the UK and indeed the world.

The reported profit in 2019 was £287,287 compared with £303,083 in the previous year. Once again, we were obliged to capitalise Hagley Hall overhaul costs of £189,594 incurred in 2019 compared with £216,754 in 2018. These costs will be written off over life of the locomotive boiler ticket. Departmental profitability in 2019 was mixed with improvements in traffic and bars offset by an expected fall in contract engineering. In traffic passenger services and special events revenue were both higher in 2019.

The year-end operating cash position excluding share monies was £833,128 down £93,526 from the previous year. The bulk of the reduction was due to the payment of £126,000 to the contractor working on Falling Sands Viaduct which was not forecast to be paid in 2019 as monies to cover the payment were not available from the National Lottery Heritage Fund until the New Year.

Capital expenditure in 2019 totalled £1,347,257 compared with £2,284,340 in 2018, of which £870,594 came from share offer monies compared with £1,188,477 in 2018 and £476,663 from operating cashflow compared with £362,217 in 2018. Of the share offer funds £625,408 was spent on final payments and retention monies for the Bridgnorth Refreshment Room, Toilet Block, new main car park and access roads and £245,186 on the overhaul of Hagley Hall. The opening of our wonderful, historically accurate Refreshment Room and the provision of 220 parking spaces at the north end of the Railway is a watershed moment for the Railway. The SVR has a great opportunity to expand its audience reach providing Bridgnorth for the first time with an excellent place to start an SVR journey as well as being an improved destination for passengers travelling from Kidderminster. This was clearly demonstrated in December 2019 when for the first time in over 20 years a totally new Christmas experience offering, "Steam in Lights", started from Bridgnorth with sales of £169,498. Furthermore, sales in the new Refreshment Room were over 70% higher in 2019 compared with 2018.

The £476,663 capital expenditure funded by operating cashflow consists of a large number of projects, the most significant of which were; £111,619 on stone and brick work repair on Borle Viaduct, £91,659 on Falling Sands Viaduct, £48,261 on track materials for the annual winter relay work, £23,606 on Wheelchair/Buffer Carriage 5043 and £16,615 on a track recording trolley for the Permanent Way Department. Phase 1 of the work on Falling Sands Viaduct drainage was completed in March 2020. Bats have temporarily halted work on phase 2 which involves repairs to the external brickwork but this will not impact on our re-opening plans.

The total donations received by the Company in 2019 were £831,667 compared with £578,568 in 2018. Of this total the SVRCT supported Railway projects to the value of £658,372 in 2019, compared with £417,263 the previous year. In addition, other donations received by the plc totalled £106,000 with donations received from Friends of Hagley Hall, Stanier Mogul Fund and SVRG on a number of specific projects. In 2019 SVRCT contributed £350,000 towards the overhaul of Hagley Hall. It also fully funded, once again, the costs of running the Heritage Skills Training Academy (HSTA) £100,000 and a contribution of £70,000 to Borle Viaduct. The ongoing restoration of the first wheelchair access buffet carriage 9581 (previously 5043) benefited from £24,000. Carriage GWR 9615 received £24,000, wheelchair access carriage BR 4399 received £9,700 and the Diesel Depot £15,000. The Falling Sands Viaduct Restoration & Education project received £55,271 towards the costs of the Falling Sands Viaduct project and finally £9,400 was donated for a new Anderson Shelter and 1940's interpretation at our Engine House Visitor Centre at Highley. The Board wishes to thank all shareholders, the SVRCT Trustees, SVRG Directors and Rolling Stock Owners and Supporters for their continued excellent support in 2019 which is essential to the Railway's future protection and growth.

It is calculated that 239,723 people visited the Railway in 2019, a decrease of 5,308 from 2018 which was largely due to a reduction in numbers visiting our special events yet the fare revenue from special events was £20,421 higher. Two events more than accounted for the reduction in visitor numbers. First the Family Fun Weekend was cancelled due to a lack of pre-sales with a loss in numbers of 3,900 and the second was a planned reduction in Santa Services numbers of 4,178. Santa Services were completely revamped this year. The objective was to

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 5 JANUARY 2020

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provide customers with a new experience and reduce the workload for volunteers. The result was a great success with revenue increased by £121,324. In addition to the Santa Services the following events also generated higher fare income in 2019 compared with 2018; Spring Diesel Festival, Wizards and Ghost Trains. Total non-event passenger numbers and revenue were both marginally over 2018 numbers with disappointing numbers in the first half of the year offset in July/August by the "Very British Summer" concept that brought in many families and the arrival of Tornado in the Autumn. The Directors wish to express their grateful thanks once again to all our event organisers and teams who through their experience and skills provide such important and enjoyable events for our passengers.

A resume of our safety performance shows that the Railway reported 182 accidents/incidents in 2019 against 160 in 2018. Safety is the priority of running a heritage railway and the Safety Committee meet and discuss this matter on a monthly basis reporting their findings and recommendations to the Board. Safety is also the first item on the monthly Board Meeting agenda. Over recent years the railway has followed a policy of encouraging staff to report all incidents fully and this policy, whilst showing an increase in the number of reported incidents has provided much more information for the Safety Committee to develop recommendations and remedial actions. 7 incidents were reportable to the Office of Rail and Road (ORR) under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), four of which were slips, trips and falls.

In September, Stephen Turner, ORR HM Principal Inspector of Railways spent two days at the SVR conducting a scheduled routine inspection. Although several matters were identified that required attention, Stephen Turner wrote that "the railway in general appears to be well managed and operated". Updates on those matters requiring attention were subsequently provided to ORR with some actions still ongoing.

As Shareholders will be well aware the SVR consists of three independent organisations SVRCT, SVRG and SVRH, plus many Rolling Stock Owning Groups. It is vital for the future success of the SVR that they exchange ideas and information to enable effective decision-making for the benefit of the whole Railway. This has led to the creation of a Tri-Partite Working Group of the three organisations that will prepare a new strategy for the SVR in 2020 and to agree capital expenditure plans and draft a memorandum of understanding to clarify and focus the roles and responsibilities of the three partners before ratification by the Boards of SVRH, SVRG and SVRCT.

A long-term objective of the Company has been to reduce the need for an overdraft to zero. With this in mind the year end operating cash position since the end of 2015 has improved by well over £1million and enabled a reduction in the overdraft from £500,000 to £300,000. Progress towards this objective came to an abrupt halt in March 2020 with the COVID-19 lockdown. The Directors reacted quickly and appropriately to safeguard both staff welfare and the financial security of the company. As a first step and with the support of our Bank HSBC the overdraft facility was increased immediately to £1,500,000 and the Boards of the three SVR organisations jointly launched a fund-raising appeal. At the time of writing this Statement the SVR Fight Back Fund has raised over £740,000 to help save the Railway. In addition, SVRCT provided funds of £596,000 primarily for engineering work overhauling and maintaining locomotives and carriages plus infrastructure expenditure in the first quarter of 2020. The combination of all these monies removed the short-term threat to the viability of the SVR. The three organisations are continuing to work closely together under a Gold Command Structure on many issues including;

- Securing £250,000 Heritage Emergency Grant from the National Heritage Lottery Fund
- Continuing with restoration of Falling Sands Viaduct funded by SVRCT and the National Lottery Fund. Phase 1 dealing with drainage was completed in March 2020
- Furloughing the bulk of staff employed by SVRCT and SVRH
- Obtaining a business rates holiday
- Requesting and securing voluntary pay cuts
- Deferring PAYE and National Insurance payments
- Enhancing communications to staff, volunteers, shareholders
- Developing new safety and operating procedures and timetable to comply with social distancing rules

The most significant achievement that has dramatically improved the Railway's viability has been to secure a £1,500,000 loan from the government backed Coronavirus Business Interruption Loan Scheme. As a result the overdraft facility was decreased from £1,500,000 to £1,000,000. It is important to understand that the loan does

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 5 JANUARY 2020

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not mean that immediately we can go back to how things were. To survive the next 18 months, we will need to carefully restrict all expenditure. Previously planned capital projects such as the new roof, lighting and crane for the locomotive shed at Bridgnorth, and preventative maintenance for both Wribbenhall and Borle Viaducts will remain on hold. The loan will be interest-free for the first year, and in the event that we haven't needed to use all of it, we will repay the remaining balance straightaway to avoid incurring charges. For the subsequent five years, we will need to make monthly payments of around £27,000 to clear the full debt, including interest. This is a significant commitment for the Railway and will have long-lasting implications.

Although many uncertainties remain, plans for the SVR's partial reopening are progressing well. The Railway reopened its pubs, the King & Castle at Kidderminster and the Railwayman's Arms at Bridgnorth, on 4th July, and is working towards a target date of 1st August for the reopening of the line itself to the public.

Despite the current circumstances, and having assessed the potential impact of various uncertainties, the Directors believe that the company's financial resources and contingency planning is sufficient to ensure the ability of the company to continue as a going concern for the foreseeable future and a summary of their assessment is in note 2.2 of the Financial Statements.

Included with these Accounts is a copy of the front page of the latest monthly magazine for Shareholders called "Branch Lines". If you wish to be added to the circulation list, please visit [www.svrlive.com](http://www.svrlive.com) and follow the shareholder registration link to submit your email address and permission to send you a link to the magazine.

After over 12 years of service as General Manager Nick Ralls left us at the end of November 2019 to take up a new position at the Ironbridge Gorge Museum. We wish Nick every success in his new job. He plans to continue volunteering on the SVR as a guard as time allows. We are pleased to announce the appointment of Helen Smith as General Manager with effect from the 1st December. Helen was Deputy Director of the Tank Museum at Bovington, Dorset where she reported to their board on strategic development and on all aspects of managing the Museum, including operations, collections, exhibitions, learning programme, marketing, retail, catering, and events. The Tank Museum is a £30 million National Heritage Fund project with over 300 vehicles. It operates a £34.6 million tank rebuild and restoration workshop with 600 volunteers and an active apprenticeship scheme. The decision to appoint Helen was unanimous and involved the boards of both Holdings and Guarantee companies. We are confident that she will build on the strong foundations laid by Nick and lead SVR forward on its successful journey.

Finally, for the record Simon Hart, Accountant and Company Secretary, resigned at the end of May 2020 and we wish him well for the future.

Given the social distancing rules the Annual General Meeting will take place by proxy only on Saturday 12th September. The business to be conducted consists of the usual four ordinary resolutions and one special business resolution. In addition, the Board has noted the recommendation of the independent Office of Rail Regulation that the person responsible for safety on the Severn Valley Railway should be a director of the company. Accordingly, it is the intention of the board to appoint the general manager as a director by increasing the upper limit of the number of directors in Article 83 of the Company's Articles of Association from 12 to 13 by resolution. If the resolution is approved and the general manager is appointed, such director will hold office until the next annual general meeting but shall be eligible for election as a director at that meeting pursuant to article 85.

Full details will be posted to all shareholders in due course and will be available on [www.svrlive.co.uk/agm](http://www.svrlive.co.uk/agm) 2020.

Name Nick Paul CBE  
Chairman



Date 21 July 2020

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 5 JANUARY 2020

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The Directors present their report and the financial statements for the period ended 5 January 2020.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £287,287 (2018 - £303,083).

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 does not 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.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 5 JANUARY 2020

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#### DIRECTORS

The Directors who served during the period and their interests in the Company's issued share capital were:

	Ordinary shares of £1 each	
	5/1/20	7/1/19
N C Paul CBE	7,451	7,451
M E Ball	3,000	3,000
A C Barr MBE	3,800	3,800
A G Bending	6,100	6,100
G Bunker-James	250	250
A Davies	500	500
J A Dunster	750	750
P R P Pearson	3,130	3,130
C G Thomas	11,822	11,822
C W Walton	2,748	2,560
D C Williams	2,500	2,500
M R York	1,500	1,500

#### FUTURE DEVELOPMENTS

After the year end Covid-19 was declared a global pandemic and has impacted business and economies across the world to varying degrees; Severn Valley Railway (Holdings) plc has inevitably been affected by this. The Directors reacted quickly and appropriately to safeguard both staff welfare and the financial security of the company. The Directors have considered that despite this impact the Company is still a Going Concern and a summary of their assessment is in note 2.2.

For details of future developments please refer to the Chairman's Statement.

#### QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year, an indemnity from the Company was available to the directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### POST BALANCE SHEET EVENTS

At the time of approval, the impact of the COVID19 virus continues to develop after it was designated a global pandemic by the World Health Organisation. This is a non-adjusting post balance sheet event and although both the short- and long-term effects of the situation are currently unknown the Directors continue to closely monitor the developing situation. Please refer to page 8 of our Strategic Report where we have reflected on the current situation and have outlined the impact for the company.



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**AUDITOR**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 21 July 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'N C Paul', is written above the printed name.

**N C Paul CBE**  
Director

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### STRATEGIC REPORT FOR THE PERIOD ENDED 5 JANUARY 2020

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#### INTRODUCTION

The principal activity of the Company is to operate the Severn Valley Railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire and the financial statements are drawn up to the accounting reference period 5 January 2020 (prior period - 6 January 2019) to correspond with the end of the Company's 'festive season' running schedule.

#### BUSINESS REVIEW

The Directors are pleased to report that 2019 was again a profitable year, with a profit for the year of £287,287 compared to £303,083 in 2018. A comparison of 2018 to 2019 accounts shows that turnover has increased by £149,783.

It is estimated that 239,723 people visited the railway in 2019, compared to 245,031 in 2018. This estimate is based on the recorded number of passengers purchasing tickets to travel, increased by a percentage to take into account shareholder and working member journeys. In the current year 187,686 (2018: 198,432) purchased tickets to travel.

The Company's Net Current Asset position at 5 January 2020 decreased by £742,257 in the year. The cash position decreased by £679,773 largely as a result of share offer funds being expended on capital projects.

A long-term SVR objective has been to reduce the need for an overdraft to zero. With this in mind the year end operating cash position since 2015 has improved by well over £1million and enabled a reduction in the overdraft from £500,000 to £300,000. Progress towards this objective came to an abrupt halt in March 2020 with the COVID-19 lockdown. The SVR's last public trains ran on 16th March 2020. The Engine House Visitor Centre, all six stations, booking offices, refreshment rooms, the Railway's two pubs and the gift shops were closed at the same time. The Directors reacted quickly and appropriately to safeguard both staff welfare and the financial security of the company. Action to cut costs and raise funds started immediately:

- Furloughing staff commenced in March 2020
- Obtaining a business rates holiday
- Requesting and securing voluntary pay cuts
- Deferring PAYE and National Insurance payments
- Enhancing communications to staff, volunteers, shareholders
- Developing new safety and operating procedures and timetable to comply with social distancing rules

With the support of our Bank HSBC the overdraft was increased immediately to £1,500,000 (subsequently reduced to £1,000,000 on securing the CBILS Loan) and the Boards of the three SVR organisations jointly launched a fund-raising appeal. At the time of writing this Statement the SVR Fight Back Fund has raised over £740,000 to help save the Railway. In addition, SVRCT provided funds of £596,000 primarily for engineering work overhauling and maintaining locomotives and carriages plus infrastructure expenditure in the first quarter of 2020. The combination of all these monies removed the short-term threat to the viability of the SVR. In addition we successfully applied to the National Heritage Lottery Fund for an emergency funding grant of £250,000.

The most significant achievement that has dramatically improved the Railway's viability has been to secure a £1,500,000 loan from the government backed Coronavirus Business Interruption Loan Scheme. It is important to understand that the loan does not mean that immediately we can go back to how things were. To survive the next 18 months, we will need to carefully restrict all expenditure. Previously planned capital projects such as the new roof, lighting and crane for the locomotive shed at Bridgnorth, and preventative maintenance for both Wribbenhall and Borle Viaducts will remain on hold. The loan will be interest-free for the first year, and in the event that we haven't needed to use all of it, we will repay the remaining balance straightaway to avoid incurring charges. For the subsequent five years, we will need to make monthly payments of around £27,000 to clear the full debt, including interest. This is a significant commitment for the Railway and will have long-lasting implications.

Despite the current circumstances, and having assessed the potential impact of various uncertainties, the

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 5 JANUARY 2020

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Directors believe that the company's financial resources and contingency planning is sufficient to ensure the ability of the company to continue as a going concern for the foreseeable future and a summary of their assessment is in note 2.2. of the notes to the Financial Statements.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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

- The impact of COVID-19 and other pandemics. The key risk is the massive uncertainty going forward. In essence what will be the government's future response be to the pandemic, how long it will last and what will be the impact on the has on all operations from pubs, catering and train operations.
- Continue to operate within the company's safety management system
- The current economic situation and its impact on disposable income and spending patterns
- Weather and its impact on the number of passengers and on the infrastructure
- Availability and cost of coal, oil and other necessary resources
- Age of working volunteers and their continuing support of the Railway
- Risk of not finding funding for ongoing repairs, improvements and future projects
- Availability and recruitment of skilled staff (both volunteer and paid)
- Ongoing changes to legislation
- Environmental issues
- Compliance with Health & Safety
- Third party relationships
- Availability of cash
- Key management team remaining in post

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

#### FINANCIAL KEY PERFORMANCE INDICATORS

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

- Cashflow
- Turnover
- Expenditure
- Passenger numbers and yield per passenger
- Operating profit
- Performance compared to the Strategic Plan

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 performance against these key performance indicators are described in detail in the Chairman's statement along with other non-financial key performance indicators.

This report was approved by the board on 21 July 2020 and signed on its behalf.

N C Paul CBE  
Director



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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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#### OPINION

We have audited the financial statements of Severn Valley Railway (Holdings) plc (the 'Company') for the period ended 5 January 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 5 January 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

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

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC (CONTINUED)

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knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### RESPONSIBILITIES OF DIRECTORS

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

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

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC (CONTINUED)

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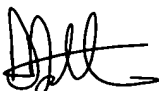
#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### USE OF OUR REPORT

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's 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 members for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior Statutory Auditor)  
for and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

21 July 2020

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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	Note	2019 £	2018 £
Turnover	4	8,264,116	8,114,333
Cost of sales		(7,297,587)	(7,334,817)
<b>GROSS PROFIT</b>		<b>966,529</b>	<b>779,516</b>
Administrative expenses		(875,219)	(844,644)
Other operating income	5	229,464	384,357
<b>OPERATING PROFIT</b>	6	<b>320,774</b>	<b>319,229</b>
Interest receivable and similar income		1,770	2,424
Interest payable and expenses	8	(35,257)	(18,570)
<b>PROFIT BEFORE TAX</b>		<b>287,287</b>	<b>303,083</b>
Tax on profit	9	-	-
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>287,287</b>	<b>303,083</b>
Other comprehensive income for the year		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>287,287</b>	<b>303,083</b>

The notes on pages 18 to 34 form part of these financial statements.

**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**  
**REGISTERED NUMBER: 01046274**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 5 JANUARY 2020**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	10	43,978	45,635
Tangible assets	11	15,550,372	14,762,764
		<u>15,594,350</u>	<u>14,808,399</u>
<b>CURRENT ASSETS</b>			
Stocks	12	633,670	595,646
Debtors: amounts falling due within one year	13	290,399	471,977
Cash at bank and in hand	14	1,096,658	1,776,431
		<u>2,020,727</u>	<u>2,844,054</u>
Creditors: amounts falling due within one year	15	(1,814,290)	(1,895,360)
<b>NET CURRENT ASSETS</b>		<u>206,437</u>	<u>948,694</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,800,787</u>	<u>15,757,093</u>
Creditors: amounts falling due after more than one year	16	(3,914,547)	(4,268,755)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	19	(196,557)	(198,525)
		<u>(196,557)</u>	<u>(198,525)</u>
<b>NET ASSETS</b>		<u>11,689,683</u>	<u>11,289,813</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	10,040,726	9,928,143
Profit and loss account	20	1,648,957	1,361,670
		<u>11,689,683</u>	<u>11,289,813</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

**N C Paul CBE**  
Director



**M E Ball**  
Director



Date: 21 July 2020

The notes on pages 18 to 34 form part of these financial statements.



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 3 January 2018</b>	<b>9,860,119</b>	<b>1,058,587</b>	<b>10,918,706</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Profit for the period	-	303,083	303,083
Shares issued during the period	68,024	-	68,024
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>68,024</b>	<b>-</b>	<b>68,024</b>
<b>At 7 January 2019</b>	<b>9,928,143</b>	<b>1,361,670</b>	<b>11,289,813</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Profit for the period	-	287,287	287,287
Shares issued during the period	112,583	-	112,583
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>112,583</b>	<b>-</b>	<b>112,583</b>
<b>AT 5 JANUARY 2020</b>	<b>10,040,726</b>	<b>1,648,957</b>	<b>11,689,683</b>

The notes on pages 18 to 34 form part of these financial statements.

**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>287,287</b>	<b>303,083</b>
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	6,689	4,462
Depreciation of tangible assets	670,428	607,613
Interest paid	17,289	17,408
Interest received	(1,770)	(2,424)
Increase in stocks	(38,024)	(132,798)
Decrease/(increase) in debtors	181,578	(81,122)
(Decrease)/increase in creditors	(353,183)	141,732
(Decrease)/increase in provisions	(1,968)	16,162
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>768,326</b>	<b>874,116</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(5,032)	(13,986)
Purchase of tangible fixed assets	(1,458,036)	(2,226,938)
Interest received	1,770	2,424
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,461,298)</b>	<b>(2,238,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	112,583	68,024
Repayment of loans	(77,660)	(76,147)
Repayment of other loans	(4,435)	(10,728)
Interest paid	(17,289)	(17,408)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>13,199</b>	<b>(36,259)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(679,773)</b>	<b>(1,400,643)</b>
Cash and cash equivalents at beginning of period	1,776,431	3,177,074
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1,096,658</b>	<b>1,776,431</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:</b>		
Cash at bank and in hand	1,096,658	1,776,431
	<b>1,096,658</b>	<b>1,776,431</b>

The notes on pages 18 to 34 form part of these financial statements.

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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	At 6 January 2019 £	Cash flows £	At 5 January 2020 £
Cash at bank and in hand	1,776,431	(679,773)	1,096,658
Debt due after 1 year	(445,542)	49,493	(396,049)
Debt due within 1 year	(101,388)	32,602	(68,786)
	<u>1,229,501</u>	<u>(597,678)</u>	<u>631,823</u>

The notes on pages 18 to 34 form part of these financial statements.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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#### 1. GENERAL INFORMATION

Severn Valley Railway (Holdings) plc (the Company) operates a heritage railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire.

The Company is an unlisted public limited company (registered number 01046274), which is incorporated in England and Wales. The address of the registered office and principal place of business is Number One, Comberton Place, Kidderminster, DY10 1QR.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 GOING CONCERN

At the time of approval, the impact of the COVID19 virus continues to develop after it was designated a global pandemic by the World Health Organisation. Following total lockdown and closure in March 2020 the situation in England has improved to the point that the SVR pubs re-opened on 4th July 2020 and the railway is expected to re-open on 1st August 2020. Both short term and long term effects of the situation are unknown but the Directors continue to closely monitor and to react quickly to the developing situation.

The Directors took rapid action to respond to the lockdown including;

- Securing a CBILS loan of £1,500,000
- Increasing overdraft from £300,000 to £1,500,000 (subsequently reduced to £1,000,000 on securing the CBILS Loan)
- Applying to the National Heritage Lottery Fund for £250,000 emergency funding
- Furloughing the bulk of staff employed by SVRCT and SVRH
- Obtaining a business rates holiday
- Requesting and securing voluntary pay cuts
- Deferring PAYE and National Insurance payments
- Enhancing communications to staff, volunteers, shareholders
- Developing new safety and operating procedures and timetable to comply with social distancing rules

Despite the current circumstances, and having assessed the potential impact of various uncertainties, the Directors believe that the company's financial resources and contingency planning is sufficient to ensure the ability of the company to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

##### 2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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#### 2. ACCOUNTING POLICIES (CONTINUED)

consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria is used to determine when revenue is recognised:

##### Giftware, Bars, Catering and Other

Revenue is recognised when the significant risks and rewards of ownership have transferred to the customer. This is usually at the point when the goods or service are received by the customer.

##### Traffic

Revenue is recognised when the significant risks and rewards of ownership have transferred to the customer. This is usually at the time when travel takes place. Where travel tickets are purchased in advance of the date that travel takes place, the income is recognised at the date of the transaction as tickets are sold on a non-refundable basis.

##### Contract Engineering

Revenue is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the Company will receive the consideration due under the contract; the stage of completion of the contract at the end of the reporting period can be measured reliably, and; the costs incurred and the costs to complete the contract can be measured reliably.

##### Rental income

Rental income is recognised on an accruals basis.

##### Donations and legacies

Donations are recognised when receivable. Donations received for specific items of expenditure which are included in cost of sales are recognised within turnover. All other general donations are recognised in other operating income.

Legacies are recognised when the company is entitled to the income and the amount can be quantified with reasonable accuracy. Entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

##### Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

##### Interest income

Interest income is recognised in the Income Statement using the effective interest method.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	-	10 % on cost
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### 2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Freehold buildings and permanent way	-	2% - 20% on cost
Locomotives and rolling stock	-	5% - 10% on cost
Office and computer equipment	-	10% - 25% on cost
Motor vehicles	-	20% - 25% on cost
Commercial fixtures, fittings and equipment	-	4% - 20% on cost

### 2.6 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and rolling stock provisions.

### 2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.8 DEBTORS

Short term debtors are measured at cost, less any impairment.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.9 CASH

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of Cash Flows, cash is shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.11 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Where the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using an appropriate pre tax discount rate. The unwinding of the discount is recognised as a finance charge in the Income Statement in the period it arises.

### 2.12 LOCOMOTIVES AND ROLLING STOCK

In addition to 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 repairs and maintenance over and above those in the terms of the agreement are charged to the Income Statement as incurred.

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements may require management to make significant judgements and estimates. There are no items in the financial statements where significant judgements and estimates have been made.

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020

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**4. TURNOVER**

	2019 £	2018 £
Traffic	4,082,371	3,945,070
Catering	1,251,934	1,243,167
Bars	1,120,349	1,034,658
Giftware	426,303	443,378
Contract engineering	355,514	591,339
Other (including specific purpose donations)	787,534	614,650
Release of grants	240,111	242,071
	<u>8,264,116</u>	<u>8,114,333</u>

All turnover arose within the United Kingdom.

**5. OTHER OPERATING INCOME**

	2019 £	2018 £
Rents received	25,502	16,949
General donations and legacies	154,143	287,055
Other non trading income	49,819	80,353
	<u>229,464</u>	<u>384,357</u>



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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020

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**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £	2018 £
Operating lease rentals	11,251	9,967
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	16,950	14,750
	<u>16,950</u>	<u>14,750</u>

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

**7. EMPLOYEES**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	2,535,709	2,466,090
Social security costs	168,897	164,334
Cost of defined contribution pension scheme	169,013	126,054
	<u>2,873,619</u>	<u>2,756,478</u>

The average monthly number of employees during the period was as follows:

	2019 No.	2018 No.
Full time	86	88
Part time	26	25
Casual	85	75
	<u>197</u>	<u>188</u>

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020

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8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	17,289	17,408
Finance charge	17,968	1,162

9. TAXATION

2019 £	2018 £
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FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	287,287	303,083
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	54,585	57,586

EFFECTS OF:

Depreciation of Ineligible Assets	82,494	74,447
Capital allowances for period in excess of depreciation	(27,055)	(54,626)
Non-taxable income	(98,443)	(69,259)
Deferred tax adjustment	(11,581)	(8,148)

TOTAL TAX CHARGE FOR THE PERIOD

-	-
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FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has a potential deferred tax asset of £744,589 (2018 - £791,533) relating to tax losses carried forward and a potential deferred tax asset of £334,951 (2018 - £386,449) relating to fixed asset timing differences. These assets assume future tax rates of 17%.

The potential deferred tax assets have not been provided for, as the Directors cannot be sure that there will be sufficient taxable profits against which these assets can reverse in the foreseeable future.

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020

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10. INTANGIBLE ASSETS

	Software £
<b>COST</b>	
At 7 January 2019	57,642
Additions	5,032
At 5 January 2020	<u>62,674</u>
<b>AMORTISATION</b>	
At 7 January 2019	12,007
Charge for the year	6,689
At 5 January 2020	<u>18,696</u>
<b>NET BOOK VALUE</b>	
At 5 January 2020	<u><u>43,978</u></u>
At 6 January 2019	<u><u>45,635</u></u>

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**11. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Locos and rolling stock £	Office equipment and motor vehicles £	Commercial fixtures, fittings & equipment £	Capital work in progress £
<b>COST OR VALUATION</b>					
At 7 January 2019	16,526,999	1,047,811	266,988	2,056,890	2,976,997
Additions	528,044	28,860	6,818	313,764	580,550
Transfers between classes	2,514,671	-	-	35,362	(2,550,033)
At 5 January 2020	19,569,714	1,076,671	273,806	2,406,016	1,007,514
<b>DEPRECIATION</b>					
At 7 January 2019	6,193,611	753,289	220,518	945,503	-
Charge for the period on owned assets	518,493	17,223	13,737	120,975	-
At 5 January 2020	6,712,104	770,512	234,255	1,066,478	-
<b>NET BOOK VALUE</b>					
At 5 January 2020	12,857,610	306,159	39,551	1,339,538	1,007,514
At 6 January 2019	10,333,388	294,522	46,470	1,111,387	2,976,997

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**11. TANGIBLE FIXED ASSETS (CONTINUED)**

	Total £
<b>COST OR VALUATION</b>	
At 7 January 2019	22,875,685
Additions	1,458,036
Transfers between classes	-
At 5 January 2020	<u>24,333,721</u>
<b>DEPRECIATION</b>	
At 7 January 2019	8,112,921
Charge for the period on owned assets	670,428
At 5 January 2020	<u>8,783,349</u>
<b>NET BOOK VALUE</b>	
At 5 January 2020	<u><u>15,550,372</u></u>
At 6 January 2019	<u><u>14,762,764</u></u>

All tangible fixed assets are held as security for the bank loans detailed in Note 17.

**12. STOCKS**

	2019 £	2018 £
Stores	398,188	385,762
Goods for resale	235,482	209,884
	<u><u>633,670</u></u>	<u><u>595,646</u></u>

The carrying value of stocks are stated net of impairment losses totalling £106,340 (2018 - £100,790). Impairment losses totalling £5,550 (2018 - £5,318) were recognised in profit and loss.

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**13. DEBTORS**

	2019 £	2018 £
Trade debtors	126,331	190,412
Other debtors	61,342	213,629
Prepayments and accrued income	102,726	67,936
	<u>290,399</u>	<u>471,977</u>

An impairment loss of £1,334 (2018 - £164) was recognised as an expense against debtors during the year.

**14. CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Balance at bank	1,087,174	1,766,653
Cash balances	9,484	9,778
	<u>1,096,658</u>	<u>1,776,431</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Bank loans (Note 17)	47,980	76,147
Other loans	20,806	25,241
Trade creditors	845,158	911,088
Other taxation and social security	55,318	45,537
Other creditors	265,124	294,526
Accruals and deferred income	579,904	542,821
	<u>1,814,290</u>	<u>1,895,360</u>

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.

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020

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16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Bank loans (Note 17)	396,049	445,542
Accruals and deferred income	3,518,498	3,823,213
	<u>3,914,547</u>	<u>4,268,755</u>

17. LOANS

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	47,980	76,147
Other loans	20,806	25,241
	<u>68,786</u>	<u>101,388</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	139,722	135,937
	<u>139,722</u>	<u>135,937</u>
<b>AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS</b>		
Bank loans	256,327	309,605
	<u>256,327</u>	<u>309,605</u>
	<u>464,835</u>	<u>546,930</u>

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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#### 17. LOANS (CONTINUED)

##### **Loan 1 - Kidderminster**

The loan limit is capped at £550,000 and was initially repayable in monthly instalments of £3,863 repayable within twenty years from draw down in April 2006. From 1 April 2008, monthly instalments were increased to £4,000 (including interest) in order to accelerate repayment of the capital amount. At 5 January 2020 £16,117 is repayable within one year.

Interest is charged at 1.25% over the HSBC Bank plc base rate.

##### **Loan 2 - Land Adjacent to Bridgnorth Station**

The loan limit is capped at £172,500 and is repayable over a term of fifteen years. The total amount drawn down was £172,500 and repayment commenced on 26 October 2015 in monthly installments of £1,229 (including interest). At 5 January 2020 £10,215 is repayable within one year, £44,791 is repayable in 2 to 5 years and £76,997 is repayable in over 5 years.

Interest is charged at 2.95% over the Bank of England base rate.

##### **Loan 3 - Diesel Depot**

The full loan amount of £372,000 was drawn down in October 2015 using a temporary, interest only, loan repayable on demand. This was converted to a fixed term loan on 11 March 2016. The loan limit is capped at £372,000 and is repayable over a term of fifteen years. Repayment commenced on 11 April 2016 at a rate of £2,651 (including interest). At 5 January 2020 £21,648 is repayable within one year, £94,931 is repayable in 2 to 5 years and £179,330 is repayable in over 5 years.

Interest is charged at 2.95% per annum over the Bank of England base rate.

All bank borrowings are secured by means of a fixed charge over all book debts and freehold properties and a floating charge over certain assets, goodwill, undertakings and uncalled capital, both present and future.



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**18. FINANCIAL INSTRUMENTS**

	5 January 2020 £	6 January 2019 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at amortised cost	<u>1,083,533</u>	<u>1,979,674</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<u>(1,646,459)</u>	<u>(1,848,612)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise bank loans, other loans, trade creditors and other creditors.

**19. PROVISIONS**

	<b>Locomotive and rolling stock provision £</b>
At 7 January 2019	198,525
Charged to profit or loss	16,000
Unwinding of discounts	(17,968)
<b>AT 5 JANUARY 2020</b>	<u><b>196,557</b></u>

Provisions relate to contractual repairs and maintenance costs and are calculated in accordance with the locomotive and rolling stock agreements. The timing of the outflow is dependent on the repairs and maintenance needs of the individual locomotive to which it relates. The gross provision before discounting is £232,000 (2018 - £216,000).

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 5 JANUARY 2020**

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**20. RESERVES**

**Profit & loss account**

Profit and loss account - includes all current and prior period retained profits and losses.

**21. SHARE CAPITAL**

	2019 £	2018 £
<b>AUTHORISED</b>		
14,000,000 (2019 - 14,000,000) Ordinary shares of £1.00 each	<u>14,000,000</u>	<u>14,000,000</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
10,251,923 (2018 - 10,139,340) Ordinary shares of £1.00 each	<u>10,040,726</u>	<u>9,928,143</u>

During the period the Company issued 112,583 (2018 - 68,024) Ordinary shares at par. The consideration received was £112,583 (2018 - £68,024).

Share capital is shown net of direct share offer costs as follows:

	2019 £	2018 £
2012 share offer costs	89,950	89,950
2016 share offer costs	<u>121,247</u>	<u>121,247</u>
	<u>211,197</u>	<u>211,197</u>

**22. CAPITAL COMMITMENTS**

At 5 January 2020 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>463,593</u>	<u>307,753</u>
	<u>463,593</u>	<u>307,753</u>

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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#### 23. PENSION COMMITMENTS

The Company operates a defined benefit contribution scheme. The assets of the scheme are held in the name of employees in an independently administered fund. Contributions totalling £Nil (2018: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

#### 24. COMMITMENTS UNDER OPERATING LEASES

At 5 January 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	5 January 2020 £	6 January 2019 £
Not later than 1 year	35,934	33,998
Later than 1 year and not later than 5 years	53,650	20,643
	<u>89,584</u>	<u>54,641</u>

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 5 JANUARY 2020

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#### 25. RELATED PARTY TRANSACTIONS

##### Severn Valley Railway Company Limited

Severn Valley Railway Company Limited is a company limited by guarantee, supported by its membership, which provides the volunteer workforce without which the operation of the Railway would not be possible. During the period, the following transactions were undertaken with Severn Valley Railway Company Limited who own 1,807,679 (17.8%) of the Company's shares.

	2019 £	2018 £
Recharges to SVR Co Ltd	<u>29,515</u>	<u>42,936</u>

##### Severn Valley Railway Charitable Trust Limited

Severn Valley Railway Charitable Trust is a registered charity with the following objectives:

- (1) to advance education for the benefit of the public by the acquisition, restoration, preservation and operation of heritage railway locomotives, carriages, wagons, station buildings, track and other associated infrastructure;
- (2) establishing buildings to house and preserve the Charity's rolling stock collection;
- (3) the provision of educational and interpretive displays for the travelling public; and
- (4) the provision of education and skills training used in the restoration, repair and operation of historic railways to ensure their long term survival.

Donations were received from Severn Valley Railway Charitable Trust Limited in the period amounting to £667,028 (2018 - £417,263). £55,271 (2018 - £65,984) is held in deferred income in relation to future projects.

##### Key Management Personnel Compensation

All directors and certain employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. As disclosed in note 6, no Director, including the Chairman, directly received any fees, salary payments (including benefits in kind), pension contributions or other emoluments. Total remuneration in respect of the other individuals was met by Severn Valley Railway (Holdings) plc and totalled £363,928 (2018 - £345,163).

#### 26. POST BALANCE SHEET EVENTS

At the time of approval, the impact of the COVID19 virus continues to develop after it was designated a global pandemic by the World Health Organisation. This is a non-adjusting post balance sheet event and although both the short- and long-term effects of the situation are currently unknown the Directors continue to closely monitor the developing situation. Please refer to page 8 of our Strategic Report where we have reflected on the current situation and have outlined the impact for the company.