



REPORT AND FINANCIAL STATEMENTS

Severn Valley Railway (Holdings)

Public Limited Company

(Registered No. 1046274)

FOR THE YEAR ENDED 31 DECEMBER 2000

NOTICE OF MEETING

Notice is hereby given that the Twenty-Ninth Annual General Meeting of the above-named Company will be held at The Castle Hall, West Castle Street, Bridgnorth, Shropshire on Saturday, 14 July 2001 at 8.00pm to transact the following business:

1. To approve the Minutes of the 2000 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 2000.
4. To reappoint Horwath Clark Whitehill as auditors to the Company for the ensuing year and to authorise the Directors to fix their remuneration.
5. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board
A S Harding
Secretary

8 May 2001

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 2000

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DIRECTORS, OFFICERS AND ADVISERS

Directors

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

Secretary and Registered Office

A S Harding
The Railway Station
Bewdley
Worcestershire DY12 1BG

Stockbrokers

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

Registrar

A S Harding
The Railway Station
Bewdley
Worcestershire DY12 1BG

Registered Auditors

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

Bankers

HSBC Bank plc
31 Church Street
Kidderminster
Worcestershire DY10 2AY

Solicitors

Harrison Clark
5 Deansway
Worcester WR1 2JG

NOTE

For the purposes of this Report and Accounts:

“SVR Assoc” is the Severn Valley Railway Association

“SVR Co Ltd” is the Severn Valley Railway Company Limited

CHAIRMAN'S STATEMENT

2000 proved to be a challenging but progressive year for the Severn Valley Railway. The year was an eventful one in which we celebrated both the 30th anniversary of our running trains, and the commissioning of our new carriage shed, the largest in railway preservation. Unfortunately, we were also beset with locomotive boiler problems, leading to a severe shortage of motive power for much of the year, which subsequently caused the cancellation of the Autumn Steam Gala. The year ended with a petrol shortage and terrible weather, leading to fewer passengers. The heavy rain also caused the closure of the Railway between Bridgnorth and Hampton Loade for several days, when a complete embankment was washed away at Knowlesands.

Despite our problems we carried 227,225 passengers, just 785 fewer than in 1999, our record year. This provided a creditable average of 985 passengers per operating day, up 3% on the previous year due to our running on slightly fewer days. By comparison, many tourist attractions reported a significant reduction in visitor numbers during the year. There is a gradual trend towards a greater proportion of our passengers attending special events, such as Thomas the Tank Engine ©, Santa, 40's and the gala weekends. The year 2000 saw the introduction of a Branch Line Gala to replace our traditional Spring Gala event, which proved to be both popular and successful and displayed the SVR at its very best.

Turnover was in excess of £3,231,000, which was £109,000 down on 1999. This was due to several factors. The shortage of serviceable locomotives forced our withdrawal from main-line running and reduced locomotive hire to other railways. We also scaled down our contract engineering business in order to concentrate resources on our own locomotives. The Alstom 175 'Coradia' commissioning contract also came to an end.

2000 saw the elimination of all bank interest charges; however, the bank interest we received fell to £11,583, down from £14,262 earned in the previous year. This resulted from our significant capital spending programme whilst lower interest rates prevailed. After tax profits were substantially reduced in 2000 to a modest £5,184, which bears testimony to the significant problems we faced over the year.

The cash balances at the end of the year remained in the black, as they had in fact done throughout the year. This was after spending considerable sums of money on capital expenditure for the carriage shed, Oldbury Viaduct, Knowlesands embankment, strengthening the Bewdley retaining wall and carrying out repairs caused by dry rot to the carriage workshop at Kidderminster.

The Company continued with its policy of investing more of its income on maintaining and improving the assets, with increased spending on materials, repairs, maintenance, tools and consumables during the year, when compared with 1999, in the following areas

Carriage maintenance	up £20,473
Civil engineering	up £11,426
Signals and Telecommunications	up £2,037

Spending on the permanent way was slightly down on 1999 because most of its resources were directed to the carriage shed trackwork. Construction of the shed was completed ahead of schedule in April, and it was in use by October, following the laying of track. Total expenditure on the shed has been £2,474,700, of which the Heritage Lottery Fund contributed £1,757,000, with the balance of over £700,000 coming generously from the purchase of shares, donations and bequests, by you, our shareholders, members and friends. With completion of the carriage shed hopefully we shall see a gradual improvement in the external condition of the carriages.

CHAIRMAN'S STATEMENT (Continued...)

During the year, nine carriages received attention to bodywork and were repainted, and three carriages received major mechanical overhauls.

We were also able to refurbish both Ladies and Gents lavatories at Arley thanks to financial support from our sister company, SVR Co Ltd.

Additional revenue was produced from a filming contract "Unconditional Love" and from the demonstration of a 'moving sign system' in the Bewdley tunnel, for potential customers from around the world.

Our official website passed the 1,000,000 'registered hits' mark towards the end of the year and advertising coverage was increased, together with direct mailing from our expanding Thomas the Tank Engine © and Santa events database.

During the year, we engaged a consultant to review the management and structure of both the company and our locomotive engineering department. Consequently, we have established an engineering committee and have appointed a chief engineer, John Dora, to help in reducing the workload of our general manager Alun Rees, to allow Alun to concentrate on his general manager's duties.

In May 2001 Brian Thomas resigned from the Board. We wish him well for the future and thank him for his contribution to the railway over many years. To fill this vacancy, the directors have appointed Roger Smith, who will offer himself for election at the forthcoming AGM.

2000 was certainly a year of contrasting fortunes for the SVR. Completion of the largest carriage shed in railway preservation, a major landslip which was repaired in two weeks and significant problems with our locomotive fleet. 2001 presents us with the opportunity of building on our success, confident in the knowledge that problems will be overcome and that our passengers will remain loyal to us. We shall be installing water treatment plants to help overcome our boiler problems and we look forward to the official opening of the carriage shed later in the year. The dreadful outbreak of foot and mouth disease will undoubtedly affect the Railway, as it will many businesses. We have taken appropriate steps to minimise the financial burden that a reduction in passengers will impose on the business.

Please do try to visit your Railway this year and bring your friends. Remember that the SVR is dependent upon volunteers to support it, be it operating the Railway, working in one of the engineering departments, or helping Santa! There are a host of jobs and opportunities if you are able to spare some time. I guarantee that you will be welcomed and find that you are soon part of a large and wonderful team.

The support of shareholders is fundamental to the success of the SVR, and completion of the carriage shed has proved the effectiveness of that support. On behalf of the Board, I would like to thank you as shareholders and also to thank all members of staff for your contributions and dedication, upon which the success of the SVR depends.

Paul Fathers
Chairman May 2001

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 2000

The Directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal Activity

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

Results and Dividends

The result for the year is stated in the Profit and Loss Account on page 10.

In accordance with the special resolutions passed at the Extraordinary General Meeting of the Company on 19 December 1997, the Memorandum and Articles of Association of the Company no longer permit either the payment of dividends or the participation of members in the distribution of any residual property or assets upon the winding up or dissolution of the Company. The profit of £5,184 for the financial year has been added to reserves.

Directors

The Directors of the Company are listed on page 3.

Directors' Interests

The interests of the current Directors in the shares of the Company at 31 December 2000, together with their beneficial interests at 1 January 2000, or date of their appointment, were:

	1 January 2000	31 December 2000
A Barker	3,650	3,650
P C Fathers	450	501
P A Hobson	205	205
P A Hobson - Trustee holding for SVR Assoc	43,978	43,978
R F Hobson	350	350
C F Homer	1,510	1,510
A Osborne	1,701	1,701
A D Owen	500	500
B D Thomas	3,900	3,900
C G Thomas	302	302
C W Walton	600	600
D C Williams	2,005	2,005
M R York	375	375

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

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 2000 (Continued...)

Suppliers Payment Policy

It is the Company's policy that payments to suppliers are made in accordance with mutually agreed terms as far as possible, provided that the supplier is also complying with all relevant terms and conditions. The Company's average number of days outstanding in respect of trade creditors at 31 December 2000 was 32.

Substantial Shareholdings

The following had holdings in excess of 3% of the issued share capital of the Company at 31 December 2000.

	No. of Shares	% of Total
SVR Co. Ltd	589,408	20.3
Rubery Owen Holdings Ltd	150,000	5.1

Fixed Assets

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

Auditors

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

By order of the Board



A S Harding
Company Secretary

8 May 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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123 Stourport Road
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AUDITORS' REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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

Respective responsibilities of Directors and Auditors

As described on page 8 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HORWATH CLARK WHITEHILL
Chartered Accountants and
Registered Auditors

8 May 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	3,231,938	3,341,103
Cost of sales		<u>(2,843,559)</u>	<u>(2,979,569)</u>
Gross profit		388,379	361,534
Administrative expenses		<u>(442,381)</u>	<u>(403,561)</u>
		(54,002)	(42,027)
Other operating income	3	<u>47,603</u>	<u>83,615</u>
Operating (loss)/profit		(6,399)	41,588
Interest received		11,583	14,262
Interest payable and similar charges	4	<u>-</u>	<u>(318)</u>
Profit on ordinary activities before taxation	5	5,184	55,532
Tax on ordinary activities	14	<u>-</u>	<u>-</u>
Retained profit for the financial year	17/18	<u>5,184</u>	<u>55,532</u>

Note of historical cost profits and losses

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

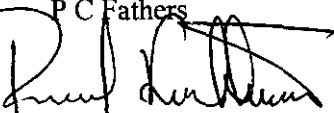

The notes on pages 13 to 21 form part of these financial statements.

BALANCE SHEET

31 DECEMBER 2000

	Notes	2000 £	1999 £
Fixed Assets			
Tangible Assets	8	<u>6,500,416</u>	<u>5,285,851</u>
Current Assets			
Stocks	9	255,634	220,526
Debtors	10	274,793	936,386
Cash at bank and in hand	11	<u>167,618</u>	<u>375,366</u>
		698,045	1,532,278
Creditors: Amounts falling due within one year	12	<u>(564,413)</u>	<u>(1,072,324)</u>
Net Current Assets		<u>133,632</u>	<u>459,954</u>
Total Assets Less Current Liabilities		6,634,048	5,745,805
Creditors: Amounts falling due after more than one year	13	<u>(1,924,666)</u>	<u>(1,218,466)</u>
Net Assets		<u>4,709,382</u>	<u>4,527,339</u>
Capital and Reserves			
Called up share capital	16	2,907,068	2,730,209
Revaluation reserve	17	918,430	922,358
Profit and loss account	17	<u>883,884</u>	<u>874,772</u>
Shareholders' Funds	18	<u>4,709,382</u>	<u>4,527,339</u>

The Financial Statements on pages 10 to 21 were approved by the Board of Directors on 8 May 2001 and signed on its behalf by:

P C Fathers

 M R York

 Directors

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

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Net cashflow from operating activities		<u>1,005,172</u>	<u>155,789</u>
Returns on investment and servicing of finance			
Interest received		11,583	14,262
Interest paid		-	(318)
Net cash inflow from investment and servicing of finance		<u>11,583</u>	<u>13,944</u>
Taxation			
Tax paid		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,311,362)	(587,349)
Sale of tangible fixed assets		-	-
Net cash outflow from investment and servicing of finance		<u>(1,311,362)</u>	<u>(587,349)</u>
Net cash outflow before financing		(294,607)	(417,616)
Financing			
Issue of ordinary share capital		<u>86,859</u>	<u>286,520</u>
Net cash inflow from financing		<u>86,859</u>	<u>286,520</u>
Decrease in cash in the year	23	<u>(207,748)</u>	<u>(131,096)</u>

Note to the cash flow statement

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating (loss)/profit	(6,399)	41,588
Depreciation charge	96,797	99,737
Movement in working capital:		
(Increase) in stocks	(35,108)	(28,202)
Decrease/(increase) in debtors	661,593	(698,478)
Increase in creditors	<u>288,289</u>	<u>741,144</u>
Net cash inflow from operating activities	<u>1,005,172</u>	<u>155,789</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. Principal accounting policies

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

Basis of accounting

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

Tangible fixed assets

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

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

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

A full valuation of the land and buildings was made on 25 December 1998 by independent professionally qualified valuers and the directors are implementing the provisions of Financial Reporting Standard 15 in this year's accounts. The basis of valuation is explained in note 8.

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

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

Freehold land is not depreciated.

Operating leases

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

Stocks

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

1. Principal accounting policies - continued

Deferred taxation

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

Pension costs

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

Grants

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

2. Turnover

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

3. Other operating income

	2000 £	1999 £
Rents received	25,652	26,789
Donations	12,066	56,826
Release of deferred grants/donations	<u>9,885</u>	<u>-</u>
	<u>47,603</u>	<u>83,615</u>

4. Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts and other loans: Repayable within 5 years, not by instalments	<u>Nil</u>	<u>318</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

5. Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on tangible owned fixed assets	96,797	99,737
Hire of other assets - operating leases	5,743	9,179
Auditors' remuneration for:		
Audit	7,000	6,750
Tax	1,000	1,000
Other services provided	<u>400</u>	<u>-</u>

6. Directors' emoluments

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

7. Employee information

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

	2000 Number	1999 Number
Full time	68	68
Part time	<u>33</u>	<u>32</u>
	<u>101</u>	<u>100</u>
	£	£
Staff costs for the above		
Wages and salaries	1,005,896	962,874
Social security costs	72,375	70,477
Other pension costs	<u>43,962</u>	<u>34,766</u>
	<u>1,122,233</u>	<u>1,068,117</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

8. Tangible fixed assets

	Total £	Freehold land and buildings £	Locos and rolling stock £	Commercial fixtures, fittings & equipment £	Office equipment & motor vehicles £	Capital work in progress £
Cost or valuation						
At 1 January 2000	5,968,905	3,697,131	673,881	149,759	74,913	1,373,221
Additions	1,311,362	99,381	-	-	-	1,211,981
Reclassification	-	<u>2,552,215</u>	-	-	-	<u>(2,552,215)</u>
At 31 December 2000	<u>7,280,267</u>	<u>6,348,727</u>	<u>673,881</u>	<u>149,759</u>	<u>74,913</u>	<u>32,987</u>
Depreciation						
At 1 January 2000	683,054	37,191	442,633	149,759	53,471	-
Charge for the year	96,797	53,642	37,795	-	5,360	-
Reclassification	-	-	-	-	-	-
At 31 December 2000	<u>779,851</u>	<u>90,833</u>	<u>480,428</u>	<u>149,759</u>	<u>58,831</u>	<u>-</u>
Net book value						
At 31 December 2000	<u>6,500,416</u>	<u>6,257,894</u>	<u>193,453</u>	<u>-</u>	<u>16,082</u>	<u>32,987</u>
At 31 December 1999	<u>5,285,851</u>	<u>3,659,940</u>	<u>231,248</u>	<u>-</u>	<u>21,442</u>	<u>1,373,221</u>

The freehold land and buildings were revalued on 25 December 1998 at open market value by Wilkins, a firm of independent chartered surveyors. The directors have assessed the current market value of these assets and do not believe their value to be materially different to that stated above.

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

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

	2000 £	1999 £
Land and Buildings		
Cost	5,918,376	3,266,780
Aggregate depreciation	<u>(578,912)</u>	<u>(529,198)</u>
Net book value	<u>5,339,464</u>	<u>2,737,582</u>

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2000** (Continued...)

9. Stocks

	2000 £	1999 £
Goods for resale	151,269	125,616
Stores	<u>104,365</u>	<u>94,910</u>
	<u>255,634</u>	<u>220,526</u>

10. Debtors

	2000 £	1999 £
Trade debtors	134,251	231,512
Other debtors	68,810	265,623
Prepayments and accrued income	<u>71,732</u>	<u>439,251</u>
	<u>274,793</u>	<u>936,386</u>

11. Cash at bank and in hand

	2000 £	1999 £
Balance at bank	163,086	371,186
Petty cash and cash floats	<u>4,532</u>	<u>4,180</u>
	<u>167,618</u>	<u>375,366</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

12. Creditors - Amounts falling due within one year

	2000 £	1999 £
Trade creditors	260,359	787,010
Other taxation and social security	21,201	21,200
Other creditors	111,062	111,467
Accruals and deferred income	<u>171,791</u>	<u>152,647</u>
	<u>564,413</u>	<u>1,072,324</u>

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

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

	2000 £	1999 £
Loan - SVR Co Ltd	-	90,000
Deferred income	<u>1,924,666</u>	<u>1,128,466</u>
	<u>1,924,666</u>	<u>1,218,466</u>

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

The loan was interest free and unsecured. This loan was converted into shares during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

14. Taxation

14.1 Corporation Tax

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

14.2 Deferred Taxation

	2000 £	1999 £
Accelerated capital allowances	598,475	565,234
Short term timing differences	<u>(5,102)</u>	<u>(4,427)</u>
	593,373	560,807
Losses carried forward	<u>(210,871)</u>	<u>(178,561)</u>
	<u>382,502</u>	<u>382,246</u>

The Directors consider the Company's depreciation policy and planned future capital expenditure will ensure that these timing differences will continue in the foreseeable future and consequently no provision is necessary for deferred taxation. No liability is expected to arise in the event of sale of revalued assets at the balance sheet value.

15. Pension Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company and in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £43,962 (1999: £34,766).

16. Called up Share Capital

	2000 £	1999 £
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>2,907,068</u>	<u>2,730,209</u>

The Company allotted 176,859 ordinary shares of £1 each at par during the year ended 31 December 2000 including 90,000 ordinary shares of £1 each representing the capitalisation of the loan from Severn Valley Railway Company Limited.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

17. Reserves

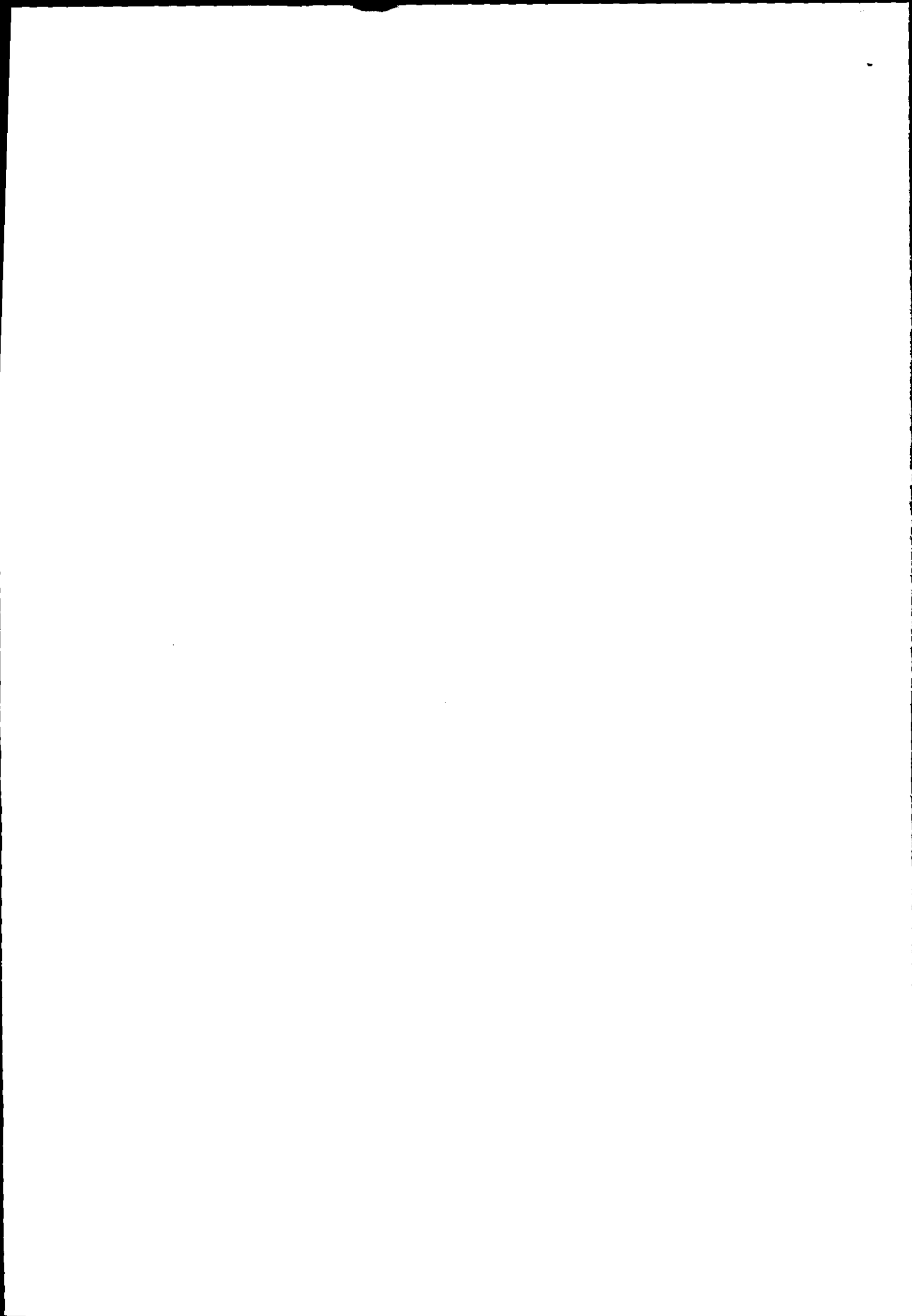
	Revaluation reserve £	Profit and loss account £
At 1 January 2000	922,358	874,772
Historical cost depreciation adjustment	(3,928)	3,928
Profit for the financial year	-	<u>5,184</u>
At 31 December 2000	<u>918,430</u>	<u>883,884</u>

18. Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	5,184	55,532
Issue of share capital	<u>176,859</u>	<u>286,520</u>
Net addition to shareholders' funds	182,043	342,052
Opening shareholders' funds	<u>4,527,339</u>	<u>4,185,287</u>
Closing shareholders' funds	<u>4,709,382</u>	<u>4,527,339</u>

19. Capital commitments

	2000 £	1999 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>206,740</u>	<u>411,868</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (Continued...)

20. Other financial commitments

The following annual commitments existed at 31 December 2000 in respect of non-cancellable operating leases:

	2000 £	1999 £
Plant and Equipment: falling due in less than 1 year	<u>769</u>	<u>1,369</u>
Between 2 to 5 years	<u>1,992</u>	<u>3,392</u>

21. Related Party Transactions

During the year the following transactions were undertaken with Severn Valley Railway Company Limited who own 20.3% of the company's shares

	£	Balance at 31.12.00 £
Recharges to SVR Co Ltd	11,186	1,461
Contribution to purchase of fixed asset from SVR Co Ltd	<u>12,895</u>	<u>12,895</u>

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

	2000 £	1999 £
(Decrease)/increase in cash in the year	(207,748)	(131,096)
Capitalisation of long term loan	90,000	-
Net funds at beginning of the year	<u>285,366</u>	<u>416,462</u>
Net funds at end of the year	<u>167,618</u>	<u>285,366</u>

23. Analysis of changes in net funds

	01.01.00 £	Cash flows £	Non-cash movement £	31.12.00 £
Cash in hand, at bank	375,366	(207,748)	-	167,618
Debt due within 1 year	-	-	-	-
Debt due after 1 year	<u>(90,000)</u>	-	90,000	-
Total net funds	<u>285,366</u>	<u>(207,748)</u>	<u>90,000</u>	<u>167,618</u>

