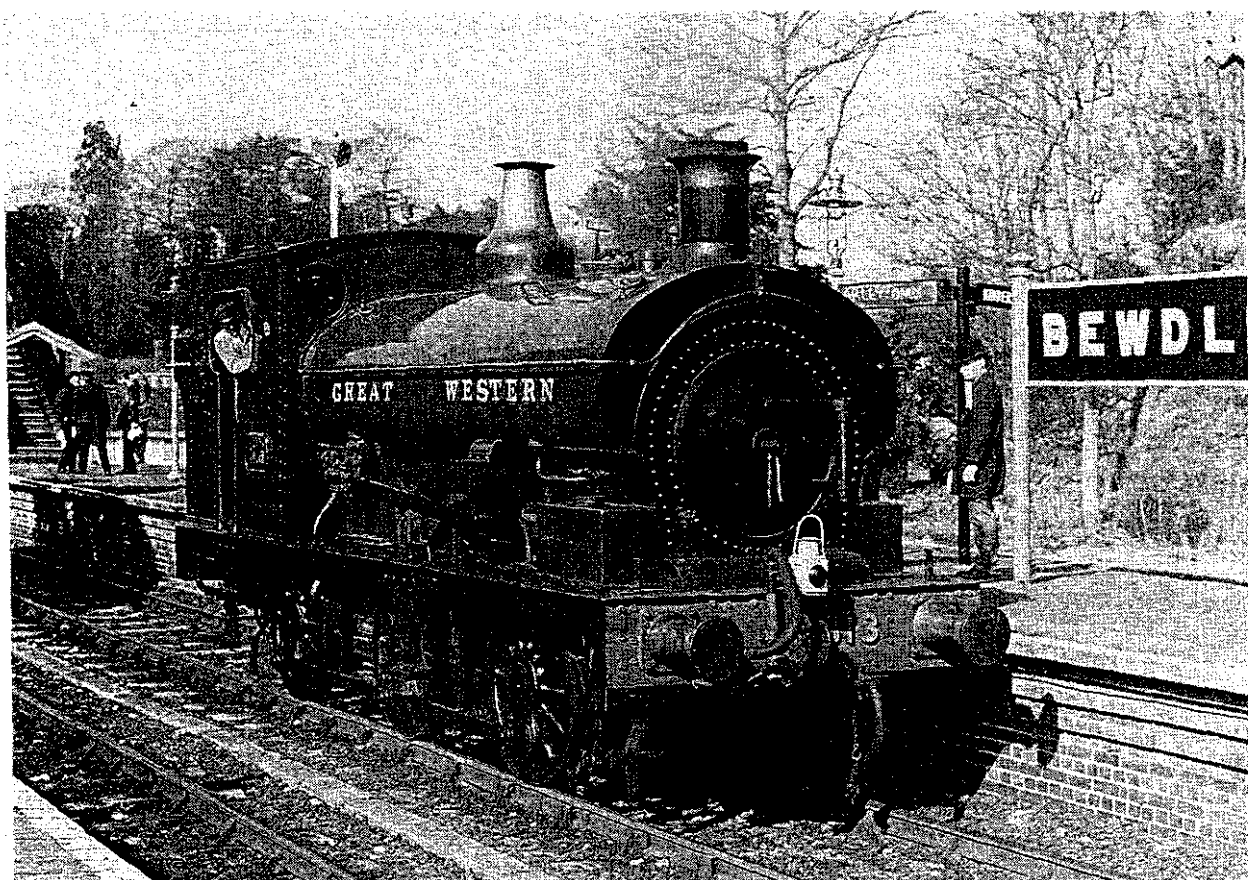


# Severn Valley Railway Company Limited

Company Number 906842



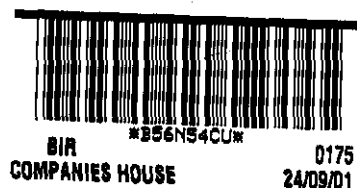
ANNUAL REPORT

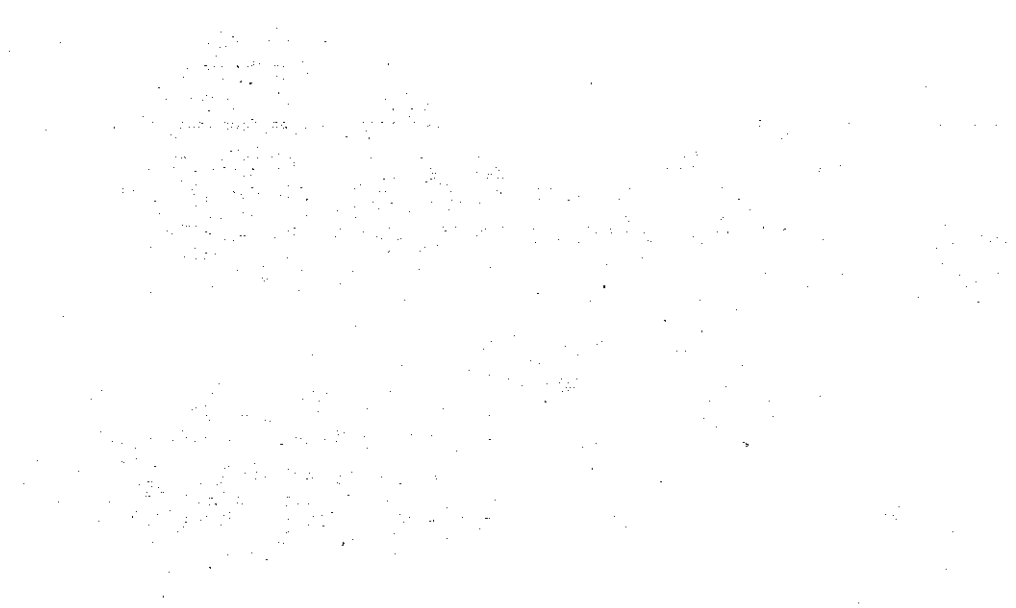
and

FINANCIAL STATEMENTS

for the year ended

31st December, 2000





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## ILLUSTRATIONS

*Front cover:* Ex-Port Talbot Railway 0-6-0ST No 813 runs round its local train at Bewdley, Branch Line Gala 3.3.01.

[Peter Groom

*Back cover:* Visiting "Prairie" tank No 4144 southbound near Northwood, Branch Line Gala 3.3.01; and passing Hampton Loade with a photographers' charter train, 19.3.01

[Peter Groom/Tony Bond

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## CONTENTS

Directors and Officers.....	2
Notice of Meeting.....	3
Chairman's Report.....	4
Directors' Report.....	5
Statement of Directors' Responsibilities.....	6
Report of the Auditors.....	7
Income and Expenditure Account.....	8
Balance Sheet.....	9
Cash Flow Statement.....	10
Notes to the Financial Statements.....	11-13

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## DIRECTORS AND OFFICERS

### *Directors:*

D. C. Williams, *Chairman*

A. G. Bending

M. J. Broadhurst

R. F. Hobson

I. R. Latimer

D. E. Malyon

J. Phillips

R. K. Power

A. F. Williams

### *Secretary:*

D. L. Mellor, F.C.A.

### *General Manager:*

J. A. Rees

### *Auditors:*

Folkes Worton, Stourbridge, West Midlands

### *Bankers:*

HSBC Bank P.L.C., Bewdley, Worcestershire

### *Registered Office:*

The Railway Station, Bewdley, Worcestershire

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTICE OF MEETING

Notice is hereby given that the Thirty-third Annual General Meeting of the Company will be held at the Castle Hall, West Castle Street, Bridgnorth, Shropshire, at 7.30 p.m., on Saturday, 28th July, 2001, for the following purposes:—

1. To receive apologies for absence.
2. To approve the Minutes of the Thirty-second Annual General Meeting (circulated herewith).
3. To elect Directors.
4. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2000.
5. To reappoint Folkes Worton as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
6. To receive the General Manager's Report.
7. To transact any other business proper to an Annual General Meeting.

The Railway Station,  
Bewdley, Worcestershire.  
22nd June, 2001.

*D. L. Mellor.*

By order of the Board,  
D. L. MELLOR,  
Secretary.

- (i) Any member entitled to attend and vote may appoint a proxy who need not be a member of the Company to attend on his behalf and vote for him on a poll. The proxy form, enclosed herewith, must reach the Company Secretary at the address shown thereon not less than 48 hours before the commencement of the meeting.
- (ii) Admission will be by production of a valid membership card.
- (iii) Joint members have one vote each.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CHAIRMAN'S REPORT

In my report last year I referred to the locomotive boiler problems which hit the Railway during 2000. The position deteriorated to the point where diesel substitutions became necessary, and we were forced to cancel our flagship event, the Autumn Steam Gala, rather than find ourselves unable to fulfil the advertised programme. I am pleased to report that, following a concentrated effort by John Robinson and his Locomotive Department colleagues with some invaluable outside help, the immediate problems have been largely overcome. Total recovery is a longer drawn out process, but we are slowly getting back to the position where we will have sufficient serviceable locomotives in reserve. Visiting locomotives have helped us get through, while also providing an additional attraction. In the meantime we have refined the boiler water treatment process and new plant is being installed at Kidderminster and Bridgnorth.

At the time of writing the new carriage shed at Kidderminster is about to go into full operation following completion of the associated trackwork. New train formations have been introduced to facilitate working with short sets which can be easily strengthened at peak times. The next stage is to improve the external presentation of the trains now that they do not have to stand outside permanently.

This Company continues to support Severn Valley Railway (Holdings) Plc, with donations during 2000 towards the cost of toilet improvements, principally at Arley but also some work at Highley. The aim is to bring passenger facilities up to acceptable modern standards while retaining the period appearance of the Railway. SVRH has appointed a new Chief Engineer, John Dora, in 2001, and he is currently preparing a detailed programme of projects for prioritisation in the light of desirability/necessity and cost.

The locomotive problems, the effects of the wet Autumn on our infrastructure and of foot and mouth disease on our passenger figures in 2001, and fears of recession, all highlight the constant problems of operating a living museum. The immediate future is not likely to be at all easy. On the plus side however, organisational changes within SVR should result in improved management control, with Board Committees (on which this Company is represented) to deal with specific areas, allowing the Boards to concentrate on the overall picture and its more important components.

The Guarantee Company Board's main areas of interest are indicated by the standard headings on its meeting agendas, namely operating, health and safety, presentation of the Railway, rolling stock and, of course, membership. The availability of sufficient volunteers has long been a problem, to which I referred briefly last year, and I would once again like to pay tribute to the work which Peter Edkins and his colleagues are doing to find and retain new volunteers. While total membership has continued to fall, one reason among many being the ageing of those who remember the steam railway as an everyday feature of national life, we still have a large membership which must include people who could give us practical help but have not yet got that involved. Why not give it a try if you are one of those? Peter is always ready to give help and advice to new recruits.

I would like to express my gratitude, and that of my fellow Directors, to all those, both volunteer and paid staff, who have carried the SVR through the past year, and particularly those who have retired often after many years of dedication. I would specifically mention Andy Williams, who has decided to stand down after 20 years on the Board; while time constraints have limited the scope of his involvement of late, he will continue to be seen about the Railway. Also John Phillips who has decided after much consideration to make way for new blood after more than 26 years service, during which he has missed remarkably few meetings; he will no doubt continue to fly the SVR signalling flag.

I would close with an apology for the fact that once again only three issues of the Severn Valley Railway News were published in 2000. I believe that the production difficulties have now been overcome and that the publication schedule can be maintained in future. In recognition that members have received less than the expected value of their subscription, the Board has deferred a review of subscription rates, and there will be no change in 2002.



David C. Williams,  
Chairman.  
22nd June, 2001

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## DIRECTORS' REPORT

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

### Principal activities and business review

The principal activity of the company continues to concern the operation, by its members, of the Severn Valley Railway between Bridgnorth, Shropshire, and Kidderminster, Worcestershire, on a voluntary basis on behalf of Severn Valley Railway (Holdings) P.L.C.

Membership of the company fell during 2000 from 13,901 to 13,349.

The £90,000 loan to Severn Valley Railway (Holdings) P.L.C. was converted into shares during the year, and a further 1,296 ordinary shares of £1 each were donated to the company.

Only three issues of Severn Valley Railway News were published in the year.

Donations were made out of the surplus for the year to Severn Valley Railway (Holdings) P.L.C. to fund renovation of Arley and Highley station toilets. A subvention was again made to the Severn Valley Railway Junior Club, and the loan to LNER (SVR) Coach Fund was discharged.

### Results

The surplus for the year after tax amounted to £32,383. In accordance with the Memorandum of Association, no dividend is payable.

### Post Balance Sheet events

There have been no significant post Balance Sheet events.

### Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, M. J. Broadhurst, R. F. Hobson, I. R. Latimer, D. E. Malyon, J. Phillips, R. K. Power, and A. F. Williams. All held office throughout the year.

Messrs. Hobson and D. C. Williams are the nominees of the company on the Board of Severn Valley Railway (Holdings) P.L.C.

Messrs. Hobson, Phillips and A.F. Williams retire by rotation in accordance with Article 42. Mr Hobson, being eligible, offers himself for re-election.

As the company is limited by guarantee and has no share capital, the financial interests of the directors in the company are identical to those of the members.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Folkes Worton as auditors of the company will be put to the Annual General Meeting.

22nd June, 2001.

Registered Office: The Railway Station, Bewdley, Worcestershire.

By Order of the Board,  
D. L. MELLOR,  
Secretary.

*D. L. Mellor*

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires us as directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*D. L. Mellor.*

By Order of the Board,  
D. L. MELLOR,  
Secretary.  
22nd June, 2001.



# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## REPORT OF THE AUDITORS to the members of Severn Valley Railway Company Limited

We have audited the financial statements on pages 8 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

### Respective responsibilities of directors and auditors

As described on page 6, the company's directors are responsible for the preparation of 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.

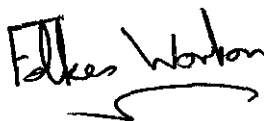
### Basis of opinion

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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

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



Folkes Worton,  
Registered Auditor,  
Chartered Accountants,  
15 & 17 Church Street,  
Stourbridge,  
West Midlands,  
DY8 1LU.  
22nd June, 2001.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December, 2000

	Notes	£	£	1999 £
<b>Subscriptions</b>				
Annual	1b		87,182	81,774
Life	1c, 8		6,989	6,636
			<u>94,171</u>	<u>88,410</u>
<b>Administrative Expenses</b>				
Severn Valley Railway News		42,563		44,553
Membership department expenses	2	9,503		9,403
General administrative expenses		6,179		6,267
Auditors' remuneration		675		600
Bank charges		3,566		2,471
Staff uniform scheme		1,207		407
			<u>63,693</u>	<u>63,701</u>
			30,478	24,709
<b>Other Operating Income and Interest Receivable</b>				
Donations		16,239		16,035
Bequests	1d	—		1,200
Bank interest		3,940		3,194
			<u>20,179</u>	<u>20,429</u>
<b>Surplus on ordinary activities before taxation</b>			50,657	45,138
<b>Taxation</b>	3		—	97
<b>Surplus on ordinary activities after taxation</b>			50,657	45,041
Donations to other bodies connected with the Severn Valley Railway			18,274	38,751
<b>Surplus for the year</b>	10		<u>£32,383</u>	<u>£6,290</u>

### Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

### Total Recognised Gains and Losses

The company has no recognised gains or losses other than the surplus for the above two financial years.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## BALANCE SHEET

31st December, 2000

	Notes	£	£	1999 £
<b>Fixed Assets—unlisted investment</b>	1e, 4			
Cost—At 1st January, 2000			493,486	
Additions			91,296	
At 31st December, 2000			584,782	493,486
<b>Current Assets</b>				
Debtors				
Due within one year	5	2,147		4,167
Due after more than one year				
Loans	6	—		90,000
		2,147		94,167
Cash at bank		115,634		65,669
		117,781		159,836
<b>Creditors Due Within One Year</b>	7	31,499		15,975
<b>Net Current Assets</b>			86,282	143,861
<b>Total Assets less Current Liabilities</b>			£671,064	£637,347
<b>Capital and Reserves</b>				
Capital reserve			8,372	8,372
Life membership reserve	1c, 8		59,825	58,491
Special Reserve	1d, 9		83,820	83,820
Income and expenditure account	10		519,047	486,664
			£671,064	£637,347

The financial statements on pages 8 to 13 were approved by the Board of Directors on 22nd June, 2001.

D. C. WILLIAMS  
J. PHILLIPS *Directors.*

*D C Williams*  
*J Phillips*

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CASH FLOW STATEMENT

Year ended 31st December, 2000

	Notes	£	£	1999 £
Net cash inflow from operating activities	11		61,396	34,378
Returns on investments and servicing of finance				
Interest received		3,940		3,194
Net cash inflow			3,940	3,194
Taxation paid — corporation tax			(97)	(80)
Financing				
Shares in Severn Valley Railway (Holdings) PLC		(90,000)		(1,809)
Loans to Severn Valley Railway (Holdings) PLC		90,000		—
Loan to LNER(SVR) Coach Fund		3,000		—
Donations to other bodies connected with the Severn Valley Railway		(18,274)		(38,751)
Net cash outflow			(15,274)	(40,560)
Increase/(decrease) in cash at bank			£49,965	£(3,068)

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2000

### 1. Accounting policies

- (a) The financial statements have been prepared on an historical cost basis, and in accordance with applicable Accounting Standards in the United Kingdom.
- (b) Credit is taken for the full amount of annual subscriptions received during the year and no apportionment is made over the periods to which subscriptions relate; subscriptions are due on the anniversary of admittance to membership.
- (c) Life subscription income is credited to Life Membership Reserve and taken to Income and Expenditure Account in equal annual instalments over the number of years represented by the ratio of the life membership subscription to the annual adult subscription, which in 2000 was 17 years (1999-18 years).
- (d) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve.
- (e) Donated shares in Severn Valley Railway (Holdings) P.L.C. are valued at par; shares bequeathed are valued at probate value.

### 2. Directors and Employees

The company has no employees, but has exclusive use of 1 employee (1999—1) of Severn Valley Railway (Holdings) P.L.C., the charge for whose services is included in membership department expenses, together with that for the use of other employees from time to time.

No directors receive any emoluments.

### 3. Taxation

The company has mutual trading status and corporation tax is provided only on net income from non-members. No tax charge arose in 2000 (1999 - 20.25%). There are unrelieved bank charges carried forward of £416 (1999 - £790).

### 4. Fixed Asset Investment

The company holds 589,408 (1999 — 498,112) ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C., a company registered in England, representing 20.27% (1999 — 18.24%) of the issued share capital of that company at 31st December, 2000. The aggregate capital and reserves of Severn Valley Railway (Holdings) P.L.C. at 31st December, 2000, was £4,709,382 (1999 — £4,527,339) and its profit for the year then ended was £5,184 (1999 — £55,532). The investment has not been made with a view to obtaining a financial return and, following changes to the Memorandum and Articles of Association of Severn Valley Railway (Holdings) P.L.C., no dividends may be paid. Therefore the directors consider it would be misleading to include the results of this related company in these financial statements.

### 5. Debtors — due within one year

	£	1999 £
Trade debtors	1,830	873
Prepayments	317	294
Loan (interest free)	—	3,000
	<u>£2,147</u>	<u>£4,167</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2000

### 6. Debtors—due after more than one year

		1999
Interest free loan		
Severn Valley Railway (Holdings) P.L.C.	—	£90,000
	<u>          </u>	<u>          </u>

### 7. Creditors due within one year

		1999
	£	£
Trade creditors	474	146
Amount owed to undertakings in which the company has a participating interest	14,357	277
Taxation	—	97
Other creditors	1,329	631
Accruals	15,339	14,824
	<u>£31,499</u>	<u>£15,975</u>

### 8. Life membership reserve

		1999
	£	£
At 1st January, 2000	58,491	59,793
Life subscriptions received in year	8,323	5,334
Transfer to Income and Expenditure Account	(6,989)	(6,636)
	<u>£59,825</u>	<u>£58,491</u>

### 9. Special Reserve

		1999
	£	£
At 1st January, 2000	83,820	82,620
Transfer from Income and Expenditure Account	—	1,200
	<u>£83,820</u>	<u>£83,820</u>

### 10. Income and expenditure account

		1999
	£	£
At 1st January, 2000	486,664	481,574
Surplus for the year	32,383	6,290
Transfer to Special Reserve	—	(1,200)
	<u>£519,047</u>	<u>£486,664</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2000

### 11. Reconciliation of operating surplus to net cash inflow from operating activities

	£	1999 £
Operating surplus before taxation	50,657	45,138
Non-cash donations	(1,296)	(2,392)
Net interest receivable	(3,940)	(3,194)
Life membership reserve increase/(decrease) (Note 8)	1,334	(1,302)
Decrease/(Increase) in debtors	(980)	57
Increase/(Decrease) in creditors	15,621	(3,929)
Net cash inflow from operating activities	<u>£61,396</u>	<u>£34,378</u>

