

Severn Valley Railway Company Limited

Company Number 906842



ANNUAL REPORT
and
FINANCIAL STATEMENTS

for the year ended
31st December, 1995



Living history in the Severn Valley

Front cover: Branch line passenger — 47383, Bewdley South, 23.9.95.

[Photo by Peter Marsh]

Back cover

Top: Branch line freight — 7714, Arley, 26.2.96.

[Photos by Phil Waterfield]

Bottom: Express passenger — 7325, Bewdley North, 4.4.94.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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.....	11-12

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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
C. G. Thomas
A. F. Williams

Secretary

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

General Manager

J. A. Rees

Auditors

Stanley C. Johnson & Son, Stourbridge

Bankers

Midland 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 Twenty-eighth Annual General Meeting of the Company will be held at St. George's Hall, off Load Street, Bewdley, Worcestershire, at 7.30 p.m., on Saturday, 29th June, 1996, for the following purposes:—

1. To receive apologies for absence.
2. To approve the Minutes of the Twenty-seventh Annual General Meeting (circulated herewith).
3. To elect Directors.
4. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 1995.
5. To reappoint Stanley C. Johnson & Son as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
6. To vote on the following Special Resolutions to amend the Articles of Association:
 - (a) To delete Article 2A.
(This removes the registered number of members, which is no longer required under company law).
 - (b) To add the following new Article 2F: "The name of any Member who, in the opinion of the Council, is guilty of conduct detrimental to the interests of the Company may be removed from the list of members. In the case of a Life Member a partial refund of subscription may be made at the discretion of the Council".
(This gives Directors the power to cancel membership in the event of misconduct: a written warning would first be given except in extreme circumstances).
 - (c) To amend Article 45 by substitution of the words "thirty-five" and "fifty-six" for "four" and "forty-two" respectively.
(This changes the notice period for nominations for the election of Directors so that nominations are received before notice of an Annual General Meeting is given to members).
 - (d) To amend Article 71 to read: "If the Company is wound up and any surplus assets remain after the satisfaction of all its debts and liabilities, the same shall not be paid to or distributed among the Members of the Company but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Company, such institution or institutions to be determined by the Members of the Company at or before the time of dissolution and, if and so far as effect cannot be given to such provision, then to some charitable object".
(This enables the Company to qualify for certain grants by removing the provision for distribution to members of any surplus on winding up).
7. To receive the General Manager's Report.
8. To transact any other business proper to an Annual General Meeting.

The Railway Station
Bewdley, Worcestershire
17th May, 1996

By order of the Board

D. L. Mellor

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.
- (iv) Nominations for Directors in writing, signed by the nominating member and accompanied by the written consent of the nominee, should be deposited at the Registered Office of the Company at Bewdley Station not less than four days and not more than forty-two days before the meeting.

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CHAIRMAN'S REPORT

The year under review has witnessed some steady progress in the life of the Severn Valley Railway. Those of you who are also SVRH shareholders (and if you aren't, why not contact Bewdley office for details?) will know that the most important problem facing a mature railway is the control of expenditure. Similarly, this, the Operating Company, has been busy identifying the shortcomings in its operating procedures, and putting improvements in place.

The Board of this Company has a wide range of responsibilities involving both operating and membership matters; to deal with specific operating problems that affect the deliberations of both Holdings and Operating Companies, a sub-committee has been formed, chaired by John Phillips, and composed of several 'hands-on' operating staff, with the power to call on specific expertise where necessary.

The need for this committee should be placed in context; as with any other railway, the SVR runs sweetly most of the time, but when a seemingly minor event occurs, such as the non-attendance of a key volunteer, then the effect over the whole railway can be devastating. These few occasions have resulted in an unacceptable level of service to the public, and we have been busy trying to reduce such problem days to zero.

On the SVR, our sophisticated operation — with 7 signalboxes, 6 stations, 2 halts, 2 loco depots, and 3 self-sufficient repair shops to support a 4 or 5 train service on busy days — is very demanding on staff. Many other railways typically support a one or two train service with little, if any, fixed signalling and a hired-in locomotive or two! This is not a 'knock' at other railways — just a highlighting of the level of commitment that is necessary to support a busy train service.

Talking of train service, this has recently been increased to embrace weekends in January, February and early March. The signs are very hopeful, with successful operation of catering and sales facilities, as well as some reasonable loadings when the weather is kind. Most importantly, visitors are beginning to appreciate that they can visit us on every weekend of the year, and find steam in operation.

Party special trains in both evenings and mid-week daytime, with various levels of catering service, are becoming increasingly requested, and I repeat my appeal for present volunteers, and indeed new recruits, to help us staff these operations. Local people are particularly required, bearing in mind the limited hours and mid-week occasions, these being generally difficult for long-distance volunteers. The growth of traffic on the evening d.m.u. 'land cruise' operations is particularly noteworthy.

Overall membership figures are still very satisfactory, at between 15,500 and 16,000 souls, virtually three times that of most of our rivals. There is no doubt that the SVR is a very much-loved railway, and we are proud of the support that is provided for our share issues and all manner of appeals relating to railway projects. As an example, this Company has assisted the Holdings Company towards the £600,000 mark for the Kidderminster Share Issue.

Although this Company is primarily concerned with volunteer involvement, I must mention the significant progress that is being made in repair work at our various repair shops, not to mention our unrivalled knowledge of structures, track and signalling. We continue to repair vehicles well past their 'sell-by' date. What starts out as a 10% repair can easily become a 90% one as the job progresses, but we always continue with it.

Lastly, I must mention Health and Safety, a subject that has become increasingly important through legislation, some of it irksome, but most of it plain good sense. We have been steered through it all by our new H&S officer, Phil Jones, and a dedicated committee who have put in a great deal of work. We simply cannot afford to 'look the other way' when considering job risk assessments, staff age limits, safety critical work definitions, etc. We *must* remain a safe railway.

This is a necessarily brief resumé of the main topics during the year. There is much more that could be mentioned, but I am sure you will find much of it within the pages of our quarterly 'SVR News', which has been 'with me' now as Editor for thirty years.

Some of our volunteers have been with us during all of that period; some, like my parents, have regrettably passed on. But I am pleased to say that there are some equally keen newcomers.

On your behalf, I salute them for all their tireless efforts. Indeed, I thank all members for their keen support; please continue to 'fly the SVR flag'! Without you, Severn Valley Steam would be 'but a memory'.

DAVID WILLIAMS, Chairman
17th May, 1996.



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, 1995.

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 1995 from 15,766 to 15,758. The interest free loan of £160,000 to Severn Valley Railway (Holdings) P.L.C. was reduced to £100,000 by the application of £60,000 to the purchase of 60,000 ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C, part of a total of 90,900 such shares purchased during the year. A further 75 shares were donated to the company.

Results

The surplus for the year after tax amounted to £28,748. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

There have been no significant events since 31st December, 1995.

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, C. G. Thomas and A. F. Williams. All held office throughout the year.

Messrs. Thomas and D. C. Williams are the nominees of the company on the Board of Severn Valley Railway (Holdings) P.L.C. Mr. Thomas replaced Mr. Latimer with effect from 30th June, 1995.

Messrs. Latimer, Phillips and D. C. Williams retire by rotation in accordance with Article 42 and, being eligible, offer themselves 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. Stanley C. Johnson & Son as auditors of the company will be put to the Annual General Meeting.

17th May, 1996

Registered Office: The Railway Station, Bewdley, Worcestershire

By Order of the Board

D. L. MELLOR

D. L. Mellor

Secretary

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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.



By Order of the Board
D. L. MELLOR
Secretary
17th May, 1996.

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 12 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.

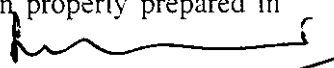
Basis of opinion

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 1995 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stanley C. Johnson & Son
Registered Auditor
Chartered Accountants
22 Worcester Street
Stourbridge
West Midlands
DY8 1AN
17th May, 1996.

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December 1995

	Notes	£	£	1994 £
Subscriptions				
Annual	1b		85,248	85,643
Life	1c, 8		5,611	5,513
			<u>90,859</u>	<u>91,156</u>
Administrative Expenses				
Severn Valley Railway News		53,569		49,188
Membership department expenses	2	12,948		15,131
General administrative expenses		5,878		6,635
Auditors' remuneration		550		550
Bank charges and interest		740		1,382
Staff uniform scheme		1,063		848
			<u>74,748</u>	<u>73,734</u>
			16,111	17,422
Other Operating Income and Interest Receivable				
Donations		14,029		13,289
Bequests	1d	—		—
Commission and sundries		—		41
Bank interest		239		149
			<u>14,268</u>	<u>13,479</u>
Surplus on ordinary activities before taxation			30,379	30,901
Taxation	3		81	48
Surplus on ordinary activities after taxation			<u>30,298</u>	<u>30,853</u>
Donations to other bodies connected with the Severn Valley Railway			1,550	1,000
Surplus for the year	9		<u>£28,748</u>	<u>£29,853</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 profit or loss for the above two financial years.

SEVERN VALLEY RAILWAY COMPANY LIMITED

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BALANCE SHEET

31st December, 1995

	Notes	£	£	1994 £
Fixed Assets—unlisted investment	1e, 4			
Cost—At 1st January, 1995			381,322	
Additions			90,885	
At 31st December, 1995			472,207	381,322
Current Assets				
Debtors				
Due within one year	5	5,069		1,294
Due after more than one year				
Loans	6	100,000		160,000
		105,069		161,294
Cash at bank		13,253		26,907
		118,322		188,201
Creditors Due Within One Year	7	19,368		27,016
Net Current Assets			98,954	161,185
Total Assets less Current Liabilities			£571,161	£542,507
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1c, 8		58,149	58,243
Special Reserve	1d		81,465	81,465
Income and expenditure account	9		423,175	394,427
			£571,161	£542,507

The financial statements on pages 8 to 12 were approved by the Board of Directors on 17th May, 1996.

D. C. WILLIAMS
J. PHILLIPS *Directors*

D. C. Williams
J. Phillips

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CASH FLOW STATEMENT

Year ended 31st December, 1995

	Notes	£	£	1994 £
Net cash inflow from operating activities	10		18,515	29,380
Returns on investments and servicing of finance				
Interest received		239		149
Net cash inflow			239	149
Taxation paid—corporation tax			(48)	(426)
Investing activities				
Shares in Severn Valley Railway (Holdings) PLC		(90,810)		(21,000)
Loans to Severn Valley Railway (Holdings) PLC		60,000		—
Donations to other bodies connected with the Severn Valley Railway		(1,550)		(1,000)
Net cash outflow			(32,360)	(22,000)
Increase/(decrease) in cash at bank			£(13,654)	£7,103

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 1995

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 1994 and 1995 was 20 years.
- (d) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve.
- (e) Donated shares in Severn Valley Railway (Holdings) PLC 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 (1994—2) of Severn Valley Railway (Holdings) P.L.C., the charge for whose services is included in membership department expenses.

No directors receive any emoluments.

3. Taxation

Corporation tax has been provided on commission and bank interest received at the rate of 25% (1994—25%).

4. Fixed Asset Investment

The company holds 472,367 (1994—381,392) ordinary shares of £1 each in Severn Valley Railway (Holdings) P.L.C., a company registered in England, representing 20.45% (1994—17.70%) of the issued share capital of that company at 31st December, 1995. The aggregate capital and reserves of Severn Valley Railway (Holdings) P.L.C. at 31st December, 1995, was £3,270,126 (1994—£2,943,803) and its profit for the year then ended was £171,073 (1994—£98,771 loss). The investment has not been made with a view to obtaining a financial return, and the directors consider that it is unlikely that dividends will be paid within the foreseeable future. Therefore they consider it would be misleading to include the results of this related company in these financial statements.

5. Debtors—due within one year

	£	1994 £
Trade debtors	4,073	487
Amount due from undertakings in which the company has a participating interest	126	—
Other debtors	870	807
	<u>£5,069</u>	<u>£1,294</u>

6. Debtors—due after more than one year

Interest free loans to Severn Valley Railway (Holdings) PLC, subordinated to that company's bank borrowings.

SEVERN VALLEY RAILWAY COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS—Continued

Year ended 31st December 1995

7. Creditors due within one year

	£	1994 £
Trade creditors	3,037	11,738
Amount owed to undertakings in which the company has a participating interest	—	611
Taxation	81	48
Other creditors	2,336	715
Accruals	13,914	13,904
	<u>£19,368</u>	<u>£27,016</u>

8. Life membership reserve

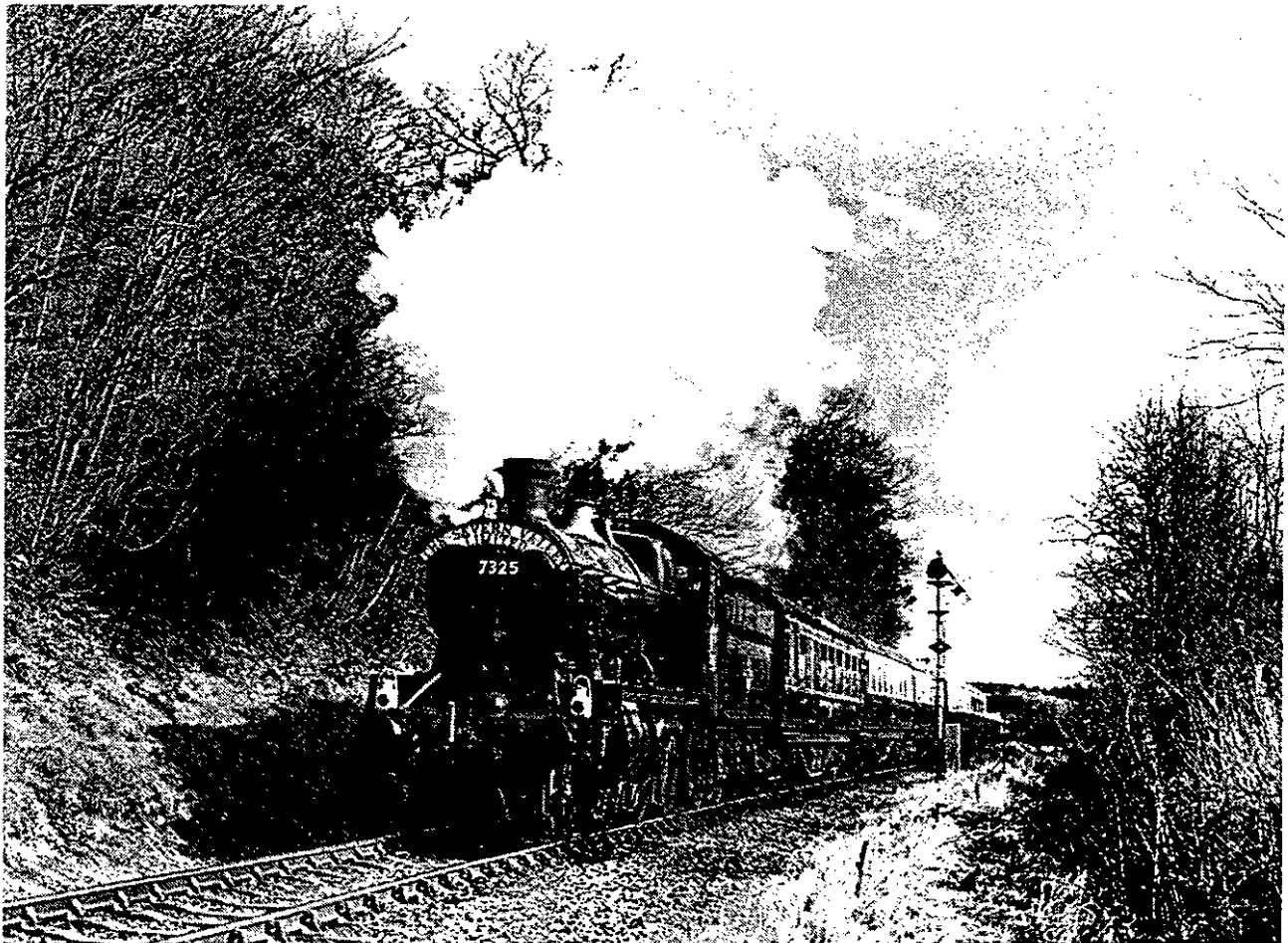
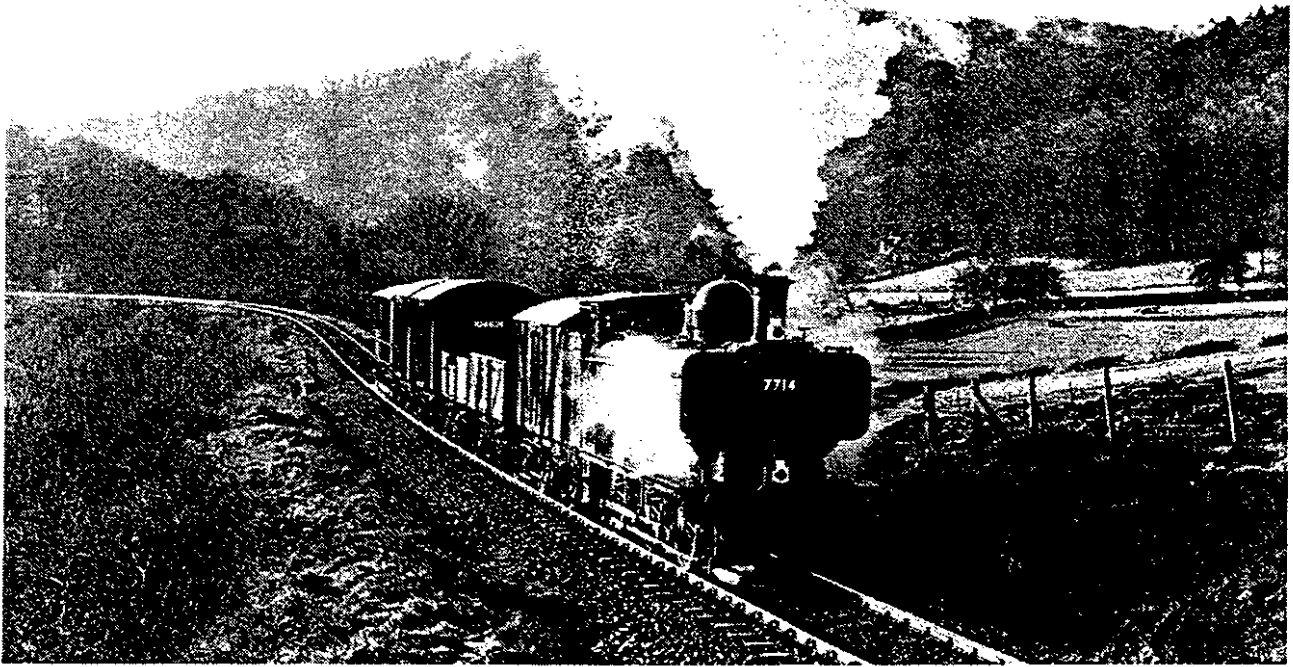
	£	1994 £
At 1st January, 1995	58,243	57,677
Life subscriptions received in year	5,517	6,079
Transfer to Income and Expenditure Account	(5,611)	(5,513)
At 31st December, 1995	<u>£58,149</u>	<u>£58,243</u>

9. Income and expenditure account

	£	1994 £
At 1st January, 1995	394,427	364,574
Surplus for the year	28,748	29,853
At 31st December, 1995	<u>£423,175</u>	<u>£394,427</u>

10. Reconciliation of operating surplus to net cash inflow from operating activities

	£	1994 £
Operating surplus before taxation	30,379	30,901
Non-cash donations	(75)	(225)
Net interest receivable	(239)	(149)
Life membership reserve increase/decrease (Note 8)	(94)	566
(Increase)/Decrease in debtors	(3,775)	2,931
Decrease in creditors	(7,681)	(4,644)
	<u>£18,515</u>	<u>£29,380</u>



W. J. Ray & Co. Ltd., Wedge Street/Warewell Street, Walsall, WS1 2HQ. Tel: 01922 24378.