

# Severn Valley Railway Company Limited

Company Number 906842

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COMPANIES HOUSE

ANNUAL REPORT

and

FINANCIAL STATEMENTS

for the year ended

31st December, 2012

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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## DIRECTORS AND OFFICERS

### *Directors:*

David C Williams, *Chairman*

Michael E Ball

Anthony G. Bending

Duncan J. Chandler

Kevin G. Cronin

Roger F. Hobson

Alan W. Longdon

Diane E Malyon

Robert J. R Whatton

### *Secretary:*

David L. Mellor, FCA

### *General Manager:*

Nick Ralls, MA, BA

### *Auditors:*

Folkes Worton LLP, Stourbridge, West Midlands

### *Bankers:*

HSBC Bank PLC, Bewdley, Worcestershire

### *Registered Office:*

The Railway Station, Bewdley, Worcestershire

# SEVERN VALLEY RAILWAY COMPANY LIMITED

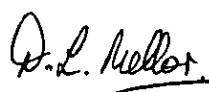
(Limited by Guarantee)

## NOTICE OF MEETING

Notice is hereby given that the Forty-fifth Annual General Meeting of the Company will be held at the Railway Museum, Kidderminster, Worcestershire, at 7 30 p m , on Saturday, 27th July, 2013, for the following purposes —

- 1 To receive apologies for absence
- 2 To approve the Minutes of the Forty-fourth Annual General Meeting (circulated herewith)
- 3 To elect Directors
- 4 To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2012
- 5 To reappoint Folkes Worton LLP as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors
- 6 To receive a review of the year
- 7 To transact any other business proper to an Annual General Meeting

The Railway Station,  
Bewdley, Worcestershire  
14th June, 2013



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

## ATTENDANCE AT BOARD MEETINGS

There have been seven Board meetings since the Forty-fourth Annual General Meeting Directors' attendances have been as follows

Mike Ball	5	Alan Longdon	7
Tony Bending	7	Diane Malyon	7
Duncan Chandler	5	Rob Whatton	1 (out of 1)
Kevin Cronin	2	David Williams	7
Roger Hobson	7		

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CHAIRMAN'S REPORT

This Company continues to play a vital part in the life of the Seven Valley Railway. Its key objectives are to keep almost 13,000 members fully informed of present activities and new developments on the Railway, whilst reflecting on its history from time-to-time. This is all achieved through the medium of the 'SVR News' magazine, aided increasingly both now and in the future by the immediacy of internet communications.

SVR members have the incentive of reduced fare travel on the Railway, but I believe that for the majority, it is as important to support such a worthwhile cause. Despite heritage railway proliferation in recent years, I believe that the SVR is one of the most accurate portrayals of a secondary line railway in the steam era, offering believable station scenes and the evocative composition of trains. True, the frequency of service is far in excess of that of the original Severn Valley line, but no self-respecting locomotive and rolling stock enthusiast is likely to baulk at that!

All members – and shareholders – have cause to thank those with vision nearly fifty years ago who started the 'Save the Severn Valley Railway' Fund, but equally important are those who decided over the many years since that they would make a commitment to actually help to run the Railway and its trains. And this through all weathers, including the inconvenient freezing and snowy conditions of a few months ago. Thanks to staff dedication, the trains kept running, even if passenger support was, understandably, much less than normal. We owe a huge debt to the 'men on the line', as the old railway expression had it (And of course women too!)

So, how do our 'vital statistics' stack up? Membership has reduced slightly, some of it unfortunately by the loss of some old friends. Nearly fifty years on, 'anno domini' is kicking in. We are, of course, planning to arrest this decline, as we jealously guard our position as the best-supported heritage railway in the country, if not the world. Membership will soon be available on line, and marketed once again within our general information/timetable booklet, as well as the traditional membership leaflet. And we are devising eye-catching posters for our stations and elsewhere, to take full advantage of free publicity sites.

The SVR Holdings Company has recently highlighted that the Railway's finances are very finely balanced, and that renewed effort is needed to attract more volunteer help if we are to succeed in the future. Certain key jobs obviously require full-time commitment, but today a complex operation like the SVR can only function, and portray the past credibly and safely, if there is a continuing wide involvement of volunteer staff.

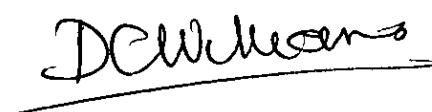
Earlier this year, an in-depth survey of volunteer views was carried out, and it was extremely well supported. The results will be published shortly after analysis by the Staffing Committee, but it does show that a difficulty can be the induction, training and retention of newcomers. Running a railway is of course a very serious business, and training must be thorough. In this area, both the Staffing Committee and the Volunteer Liaison Office work very hard to encourage new recruits, although their work is not always understood. But the real reward is seeing a busy train service maintained by a dedicated group of people, many of whom enjoy the 'life change' to the status of professional railwaymen and women that can sometimes overshadow their full-time jobs!

The future? We really do need more volunteers to share the load in the future. Staffing levels in certain areas diminish, particularly during mid-week running, but generally more folk are needed across the Railway. If you can help, please contact Barry Moreton or Sarah Tookey on 01299 401776.

There are four companies in the SVR 'family' (Holdings, Guarantee, Trust and Association). The work of two of them – the Guarantee Company (this one) and the Association – is quite similar, dealing with members/working members. Recently, talks have been held with a view to amalgamating them. These are progressing well, and hopefully proposals will emerge later this year.

New faces are always needed, and not just members and volunteers. Earlier this year, ill health caused Peter Edkins to step down as a Director of this Company after many years of exemplary service, and tragically I have just been made aware of his untimely passing. Robert Whatton was selected as a Director from applicants for the vacant post. Rob's background includes footplate work and Staffing Committee/VLO involvement. We welcome him to the Board.

It just remains for me to thank all members for their continuing support for the Railway. Our commitment to run steam trains in the Valley is as strong as ever, but only possible with your help in a variety of ways. We fully appreciate it.



David C Williams  
Chairman  
14th June 2013

# 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, 2012

### 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) PLC ("SVRH") The policy of the Directors is to maintain a holding of 25 per cent of the share capital of that company

Membership of the company decreased during 2012 from 13,176 to 12,929

The £40,000 interest free loan made to SVRH in 2011 was converted to ordinary shares of £1 each during the year, 12,014 shares were purchased to provide funds for capital projects, and a further 3,743 shares were donated to the company It is expected that such donations will in future be made to Severn Valley Railway Charitable Trust Ltd The interest bearing loan was adjusted in respect of inter-company transaction charges

Donations of £10,000 or less were made to nine projects in the year Subvention payments to the Severn Valley Railway Junior Club remained suspended due to the Club having a sufficiency of funds The company continues to hold the stock of model locomotives purchased on behalf of SVRH Three bequests were received in the year

### Results

The surplus for the year after tax amounted to £94,117 In accordance with the Memorandum of Association, no dividend is payable

### Post Balance Sheet events

A further £102,244 has been applied to assist projects on the Railway by way of SVRH share purchase In order to maintain the proportion of the company's holding in SVRH following that company's share offer made in 2012, an appeal for donations to enable further shares to be purchased has been launched in 2013 An independent survey of the Railway's volunteers has been funded to enable their needs to be better addressed in the future

### Directors

The members of the Board are D C Williams (Chairman), M E Ball, A G Bending, D J Chandler, K G Cronin, R F Hobson, A W Longdon, D E Malyon and R J R Whatton Mr Whatton was appointed on 17th May, 2013, and Mr P V Edkins resigned for health reasons on 15th March, 2013 The remaining Directors held office throughout the year

Messrs Bending and Williams are the nominees of the company on the Board of Severn Valley Railway (Holdings) PLC

Messrs Chandler, Hobson and Williams retire by rotation in accordance with Article 42, Mr Whatton retires in accordance with Article 47 All, 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

Messrs Folkes Worton LLP have expressed their willingness to continue in office as auditors of the company, and accordingly a resolution proposing their re-appointment will be put to the Annual General Meeting

### Disclosure to Auditors

Each Director at the date of this report has confirmed that, so far as he or she is aware, there is no relevant audit information of which the company's auditors are unaware, and he or she has taken all the steps that ought to have been taken as a Director in order to make him or herself aware of any relevant audit information and to establish that the auditors are aware of that information

This report was approved by the Board on 14th June, 2013, and signed on its behalf by

 D L MELLOR  
Secretary

# 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 surplus or deficit 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 2006. 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  
14th June, 2013

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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

We have audited the financial statements of Severn Valley Railway Company Limited for the year ended 31st December 2012 on pages 8 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2012 and of its surplus for the year 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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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



Mr N C Smith (Senior Statutory Auditor)  
for and on behalf of Folkes Worton LLP  
Chartered Accountants and Registered Auditors  
15-17 Church Street  
Stourbridge  
West Midlands  
DY8 1LU  
14th June, 2013



# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December, 2012

	Notes	£	2012 £	2011 £
<b>Subscriptions</b>				
Annual	1b, 1c		121,282	123,400
Life	1d, 10		7,402	7,618
			<u>128,684</u>	<u>131,018</u>
<b>Administrative Expenses</b>				
Severn Valley Railway News		70,710		85,745
Membership department expenses	2	11,499		9,449
General administrative expenses		9,999		9,932
Professional charges	3	1,190		1,135
Bank charges		3,229		2,764
Staff uniform scheme		2,504		2,709
			<u>99,131</u>	<u>111,734</u>
			29,553	19,284
<b>Other Operating Income and Interest Receivable</b>				
Donations		20,081		16,160
Bequests	1e	68,538		—
Interest		778		958
			<u>89,397</u>	<u>17,118</u>
<b>Surplus on ordinary activities before taxation</b>			<u>118,950</u>	<u>36,402</u>
<b>Taxation</b>	4		—	—
<b>Surplus on ordinary activities after taxation</b>			<u>118,950</u>	<u>36,402</u>
Donations to other bodies connected with the Severn Valley Railway			<u>24,833</u>	<u>3,879</u>
<b>Surplus for the year</b>	12		<u><u>£94,117</u></u>	<u><u>£32,523</u></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, 2012

	Notes	£	2012 £	2011 £
<b>Fixed Assets—unlisted investment</b>	1f, 5			
Cost—At 1st January, 2012			1,229,900	1,161,813
Additions			55,757	68,087
At 31st December, 2012			1,285,657	1,229,900
<b>Current Assets</b>				
Debtors				
Due within one year	6	9,778		9,121
Due after more than one year				
Loans	7	17,965		84,621
		27,743		93,742
Stock	8	10,991		20,892
Cash at bank and in hand		202,987		101,046
		241,721		215,680
<b>Creditors Due Within One Year</b>	9	54,677		64,406
<b>Net Current Assets</b>			187,044	151,274
<b>Total Assets less Current Liabilities</b>			£1,472,701	£1,381,174
<b>Capital and Reserves</b>				
Capital reserve			8,372	8,372
Life membership reserve	1d, 10		64,684	67,274
Special Reserve	1e, 11		97,415	68,877
Income and expenditure account	12		1,302,230	1,236,651
			£1,472,701	£1,381,174

The financial statements on pages 8 to 13 were approved by the Board of Directors on 14th June, 2013

D C WILLIAMS  
A W LONGDON

Directors

*D C Williams*

*A W Longdon*

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## CASH FLOW STATEMENT

Year ended 31st December, 2012

	Notes	£	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	14		111,354	30,222
<b>Returns on investments and servicing of finance</b>				
Interest received		778		958
Net cash inflow			778	958
<b>Financing</b>				
Shares in Severn Valley Railway (Holdings) PLC		(52,014)		(65,000)
Loan to Severn Valley Railway (Holdings) PLC		67,640		9,356
Other loans		(984)		1,000
Donations to other bodies connected with the Severn Valley Railway		(24,833)		(3,879)
Net cash outflow			(10,191)	(58,523)
<b>Increase/(decrease) in cash at bank</b>			<u>£101,941</u>	<u>£(27,343)</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2012

### 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) Three year subscriptions are apportioned over the three years to which they relate
- (d) 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 2012 was 20 years (2011-20 years)
- (e) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve. When utilised to purchase shares in Severn Valley Railway (Holdings) PLC to finance capital or major repair projects, the Special Reserve is transferred back to Income and Expenditure Account
- (f) 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 (2011—1) of Severn Valley Railway (Holdings) PLC, 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. Professional charges

	2012	2011
	£	£
Auditors' remuneration	1,080	1,025
Other professional services	110	110
	<u>£1,190</u>	<u>£1,135</u>

### 4. Taxation

Income from members is mutual trading income which is not chargeable to UK corporation tax  
Other taxable income is exceeded by allowable expenses

### 5. Fixed Asset Investment

The company holds 1,301,246 (2011 — 1,245,489) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 22.16% (2011 — 26.36%) of the issued share capital of that company at 31st December, 2012. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 31st December, 2012, was £6,225,035 (2011 — £5,110,401) and its profit for the year then ended was £58,158 (2011 — £58,605). The investment has not been made with a view to obtaining a financial return and no dividends may be paid by Severn Valley Railway (Holdings) PLC. The shares are not quoted on any recognised stock exchange and are not widely available, and therefore the directors have valued them at cost, the value being supported by the Severn Valley Railway (Holdings) PLC balance sheet. The directors further consider it would be misleading to include the results of this related company in these financial statements.

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2012

<b>6. Debtors – due within one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Trade debtors	3,127	6,281
Amount due from undertakings in which the company has a participating interest	3,797	1,956
Prepayments	318	63
Other debtors	<u>2,536</u>	<u>821</u>
	<u>£9,778</u>	<u>£9,121</u>
 <b>7. Debtors – due after more than one year</b>	 <b>2012</b>	 <b>2011</b>
	£	£
Loans – undated		
Severn Valley Railway (Holdings) PLC – interest earning	13,600	41,240
Severn Valley Railway (Holdings) PLC – interest free	—	40,000
Other loans – interest free	<u>4,365</u>	<u>3,381</u>
	<u>£17,965</u>	<u>£84,621</u>
 <b>8. Stock</b>	 <b>2012</b>	 <b>2011</b>
	£	£
Uniforms (at sale price)	1,199	988
Models held for recharge (at cost)	<u>9,792</u>	<u>19,904</u>
	<u>£10,991</u>	<u>£20,892</u>
 <b>9. Creditors due within one year</b>	 <b>2012</b>	 <b>2011</b>
	£	£
Trade creditors	17,857	19,669
Other creditors	275	250
Payments on account	33,701	42,822
Accruals	<u>2,844</u>	<u>1,665</u>
	<u>£54,677</u>	<u>£64,406</u>
 <b>10. Life membership reserve</b>	 <b>2012</b>	 <b>2011</b>
	£	£
At 1st January, 2012	67,274	70,222
Life subscriptions received in year	4,812	4,670
Transfer to Income and Expenditure Account	<u>(7,402)</u>	<u>(7,618)</u>
At 31st December, 2012	<u>£64,684</u>	<u>£67,274</u>

# SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2012

11. Special Reserve	2012	2011
	£	£
At 1st January, 2012	68,877	68,877
Transfer from Income and Expenditure Account	68,538	—
Transfer to Income and Expenditure Account	(40,000)	—
At 31st December, 2012	<u>£97,415</u>	<u>£68,877</u>

12. Income and expenditure account	2012	2011
	£	£
At 1st January, 2012	1,236,651	1,204,128
Surplus for the year	94,117	32,523
Transfer to Special Reserve	(68,538)	—
Transfer from Special Reserve	40,000	—
At 31st December, 2012	<u>£1,302,230</u>	<u>£1,236,651</u>

### 13. Related party transactions

During the year the following transactions were undertaken with Severn Valley Railway (Holdings) PLC ("SVRH"), in which the company holds 22.16% of the shares

	2012	2011
Recharges to SVRH	£10,111	£11,676
Recharges from SVRH	<u>£22,571</u>	<u>£9,944</u>
Donations to SVRH	£11,400	—
Balance due from SVRH (Note 6)	<u>£3,797</u>	<u>£1,956</u>

No further amounts were added during the year to the loan balance of £81,240 due to Severn Valley Railway Company Limited from Severn Valley Railway (Holdings) PLC. The interest free portion of £40,000 was converted to ordinary shares of £1 each. Interest of £630 (2011 - £799) was charged on the balance at a flat rate of 2%. The balance of the loan outstanding at the end of the year was £13,600, which is included in Loans in Debtors (Note 7)

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

	2012	2011
	£	£
Operating surplus before taxation	118,950	36,402
Non-cash donations	(3,743)	(3,087)
Net interest receivable	(778)	(958)
Life membership reserve increase/(decrease) (Note 10)	(2,590)	(2,948)
Decrease/(Increase) in stocks	9,901	8,072
Decrease/(Increase) in debtors	(657)	11,977
Increase/(Decrease) in creditors	(9,729)	(19,236)
Net cash inflow from operating activities	<u>£111,354</u>	<u>£30,222</u>