

Severn Valley Railway Company Limited

Company Number 906842



ANNUAL REPORT

and

FINANCIAL STATEMENTS

for the year ended

31st December, 2016

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

David C. Williams, *Chairman*
Anthony G. Bending
Duncan J. Chandler, MCIPD, BSocSC
Alan Davies
Roger F. Hobson
Alan W. Longdon
Diane E. Malyon, BEd
Robert J. R. Whatton
Stephen C. White

Secretary:

David L. Mellor, FCA

General Manager:

Nick Ralls, MA, BA

Auditors:

Folkes Worton LLP, Stourbridge, West Midlands

Bankers:

HSBC Bank PLC, Kidderminster, Worcestershire

Registered Office:

Number One, Comberton Place, Kidderminster, Worcestershire DY10 1QR

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTICE OF MEETING

Notice is hereby given that the Forty-ninth 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, 8th July, 2017, for the following purposes:-

1. To approve the Minutes of the Forty-eighth Annual General Meeting (circulated herewith).
2. To elect Directors. A. Davies, A. W. Longdon and D. E. Malyon retire by rotation in accordance with Article 42 of the Articles of Association of the Company and stand for re-election. A nomination has been received under Article 45 in respect of G. K. Ward.
3. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2016.
4. To reappoint Folkes Worton LLP as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
5. To receive a review of the year.
6. To transact any other business proper to an Annual General Meeting.

Number One, Comberton Place,
Kidderminster, Worcestershire, DY10 1QR.
12th May, 2017

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 eight monthly Board meetings since the Forty-eighth Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	7	Diane Malyon	7
Duncan Chandler	7	Rob Whatton	8
Alan Davies	7	Steve White	7
Roger Hobson	8	David Williams	8
Alan Longdon	7		

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CHAIRMAN'S REPORT

2016 was the year after our fiftieth one, and could reasonably have been expected to offer some relief after such a busy year of celebratory events. But no! There was yet again plenty going on between the boundary fences of the SVR (and not forgetting Comberton Place offices of course).

Autumn was busier than ever before, due to circumstances beyond our control. In the early year, it was obvious that the newly-restored 'Flying Scotsman' was bringing people in their droves to see it, whether on the main line (too close to the rails sometimes) or on the East Lancs, North York Moors or Waverley lines. It had become very apparent that 60103 was soon to be offered to us, but within only a one-week envelope which coincided with our planned September Gala, already featuring 'Tornado'. A big decision had to be made; so the outcome became two galas, the other in November, both well supported and imbued with a great atmosphere. It has to be said that volunteer support was stretched to the limit, and everyone agreed that this event intensity should not happen again. And without the sterling work performed by SVR staff of all disciplines, the Railway would not operate at all, let alone special events. We operate trains for over 250 days per year with unpaid volunteers, a fact generally little known by the media.

This Company, still bearing its original name from 1970, has remained fairly steady with 12,500 members over the last few years, although we gradually lose old friends who have been members from the earliest days, but hopefully balanced with some new names. On the volunteer front, the Volunteer Liaison Office at Bewdley continues to do a superb job recruiting newcomers and taking them through induction to place them with one of the Railway's departments. The contact name and phone number is down below if you feel you might be able to help.

Although steam is of major interest to most of our members, increasingly enthusiasm for early diesel traction has come to the fore. The diesel shunting locos in the Railway's collection are essential to the Railway's operation and are maintained exclusively by volunteers who worked in the open air for many years. In 2016, this Company supplied £50,000 towards the Kidderminster Diesel Depot project, and upon completion in May, diesel shunter repairs moved indoors, with tools and equipment now closely at hand. Once again, this Company is now able to consider financial support for the smaller volunteer projects that have made up much of our portfolio, and raised over £800,000 in the preceding decade

Now to slip into 2017; work on improving the facilities at Bridgnorth site, long overdue, commenced in the Spring, and were attended (mostly) by reasonable weather. The project – 'Bridgnorth Station, Building for the Future', is well documented in recent editions of SVR News, issues 195 to 198. If you are interested, and would like further information, please contact the Railway on 01562 757900 or visit svr.co.uk/shareoffer

Now for a reminder that SVR membership matters are handled by our Membership Department, located in the main office at Number One, Comberton Place, Kidderminster, DY10 1QR, telephone 01562 757930. If you would like to help on the Railway, information can be found at svr-vlo.org.uk, or email vlo@svrlive.com; the Volunteer Liaison Office is located at the south end of Platform 1 on Bewdley station, telephone 01299 401776. Barry Moreton would be pleased to hear from you.

Please continue to support the Railway during 2017 if you are able. And into the future beyond then, of course! Thank you in anticipation; be in no doubt that we all appreciate it.

12th May, 2017



David C. Williams, *Chairman*

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, 2016.

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 endeavour to maintain a holding of 25 per cent of the share capital of that company.

Winding up of Severn Valley Railway Association was not completed during the year, and the Trustees of the Association are now expected to transfer its assets to the company during 2017. Connected changes to the management structure of the company, involving the devolution of certain responsibilities of the Board to four committees, has however proceeded, and the committees are in varying stages of taking up their duties.

Membership of the company increased during 2016 from 12,449 to 12,464.

50,000 SVRH shares were purchased in the year in respect of contributions to the construction cost of the Kidderminster diesel locomotive depot, and a further 18,016 shares were donated to the company. The total holding has nevertheless been reduced to 20.65% of the SVRH issued share capital due to the effect of the Bridgnorth Station development share offer.

No donations were made to projects during the year, and no subvention payments to the Severn Valley Railway Junior Club were needed.

Results

The surplus for the year after tax amounted to £84,147. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

A further 10,000 SVRH shares have been purchased in 2017. Electronic payment has been added to the options for payment of subscriptions.

Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, D. J. Chandler, A. Davies, R. F. Hobson, A. W. Longdon, D. E. Malyon, R. J. R. Whatton and S. C. White, all of whom held office throughout the year.

Messrs Bending, White and Williams are the company's nominees to the Board of Severn Valley Railway (Holdings) PLC.

Messrs Davies and Longdon and Mrs. Malyon retire by rotation in accordance with Article 42. 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 12th May, 2017, and signed on its behalf by



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 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
12th May, 2017

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 2016 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 at 31st December 2016 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 BSc FCA (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
12th May, 2017

Folkes Worton LLP

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2016

	Notes	£	2016 £	2015 £
Subscriptions				
Annual	1b, 1c		136,882	131,439
Life	1d, 7		7,315	7,842
			<u>144,197</u>	<u>139,281</u>
Administrative Expenses				
Severn Valley Railway News		73,912		85,387
Membership department expenses	2	12,987		11,705
General administrative expenses		8,778		12,409
Auditors' remuneration		1,420		1,350
Bank charges		3,542		4,891
Staff uniform scheme		4,401		4,319
			<u>105,040</u>	<u>120,061</u>
			39,157	19,220
Other Operating Income and Interest Receivable				
Donations		29,400		14,615
Bequests	1e	15,556		10,000
Interest		34		35
			<u>44,990</u>	<u>24,650</u>
Surplus on ordinary activities before taxation			<u>84,147</u>	<u>43,870</u>
Taxation	3		<u>—</u>	<u>—</u>
Surplus on ordinary activities after taxation			<u>84,147</u>	<u>43,870</u>
Donations to other bodies connected with the Severn Valley Railway			<u>—</u>	<u>6,003</u>
Surplus for the year	9		<u>84,147</u>	<u>37,867</u>
Other comprehensive income			<u>—</u>	<u>—</u>
Total comprehensive income for the year			<u><u>£84,147</u></u>	<u><u>£37,867</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

31st December, 2016

	Notes	£	2016 £	2015 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2016			1,591,784	1,560,810
Additions			68,016	30,974
At 31st December, 2016			<u>1,659,800</u>	<u>1,591,784</u>
Current Assets				
Debtors				
Due within one year	5	2,877		1,890
Due after more than one year				
Undated interest free loans		<u>3,615</u>		<u>3,615</u>
		6,492		5,505
Stock – Uniforms (at sale price)	1g	786		727
Cash at bank and in hand		<u>71,150</u>		<u>44,345</u>
		78,428		50,577
Creditors Due Within One Year	6	<u>84,640</u>		<u>69,672</u>
Net Current Assets/(Liabilities)			<u>(6,212)</u>	<u>(19,095)</u>
Total Assets less Current Liabilities			<u>£1,653,588</u>	<u>£1,572,689</u>
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		58,573	61,821
Special Reserve	1e, 8		27,741	62,185
Income and expenditure account	9		<u>1,558,902</u>	<u>1,440,311</u>
			<u>£1,653,588</u>	<u>£1,572,689</u>

The financial statements on pages 8 to 13 were approved by the Board of Directors on 12th May, 2017.

D. C. WILLIAMS
A. W. LONGDON *Directors*



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2016

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2015	8,372	63,463	52,185	1,412,444
Changes in equity				
Total comprehensive income	—	—	—	37,867
Life subscriptions received in year	—	6,200	—	—
Transfer to statement of comprehensive income	—	(7,842)	—	—
Transfer from statement of comprehensive income	—	—	10,000	(10,000)
Balance at 31st December 2015	<u>8,372</u>	<u>61,821</u>	<u>62,185</u>	<u>1,440,311</u>
Changes in equity				
Total comprehensive income	—	—	—	84,147
Life subscriptions received in year	—	4,067	—	—
Transfer to statement of comprehensive income	—	(7,315)	(50,000)	50,000
Transfer from statement of comprehensive income	—	—	15,556	(15,556)
Balance at 31st December 2016	<u>£8,372</u>	<u>£58,573</u>	<u>£27,741</u>	<u>£1,558,902</u>

CASH FLOW STATEMENT

Year ended 31st December, 2016

	Notes	£	2016 £	2015 £
Cash inflows from operating activities	11		76,771	35,458
Cash flows from investing activities				
Interest received		34		35
Net cash inflow			34	35
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(50,000)		(24,895)
Loans		—		750
Donations to other bodies connected with the Severn Valley Railway		—		(6,003)
Net cash outflow			(50,000)	(30,148)
Increase/(decrease) in cash at bank			<u>£26,805</u>	<u>£5,345</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2016

1. Accounting policies

- (a) The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.
- (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 2016 was 20 years (2015 - 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.
- (g) Uniforms are resold to volunteer staff at a discount, and stocks are therefore valued at expected sale price.

2. Directors and Employees

The company has no employees, but has exclusive use of 1 employee (2015 - 1) of Severn Valley Railway (Holdings) PLC, the charge for whose services is included in membership department expenses.

No directors receive any emoluments.

3. Taxation

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

4. Fixed Asset Investment

The company holds 1,675,389 (2015 - 1,607,373) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 20.65% (2015 - 22.19%) of the issued share capital of that company at 31st December, 2016. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 2nd January, 2017, was £8,940,619 (2015 — £7,946,812) and its profit for the 52 weeks then ended was £201,555 (2015 — £100,834). 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 Statement of Financial Position. 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, 2016

5. Debtors – due within one year	2016	2015
	£	£
Trade debtors	981	867
Prepayments	1,239	642
Other debtors	657	381
	<u>£2,877</u>	<u>£1,890</u>
6. Creditors due within one year	2016	2015
	£	£
Trade creditors	12,825	15,513
Amount due to undertakings in which the company has a participating interest	10,068	11,243
Other creditors	271	250
Payments on account	59,483	39,777
Accruals	1,993	2,889
	<u>£84,640</u>	<u>£69,672</u>
7. Life membership reserve	2016	2015
	£	£
At 1st January, 2016	61,821	63,463
Life subscriptions received in year	4,067	6,200
Transfer to Income and Expenditure Account	(7,315)	(7,842)
	<u>£58,573</u>	<u>£61,821</u>
8. Special Reserve	2016	2015
	£	£
At 1st January, 2016	62,185	52,185
Transfer from Income and Expenditure Account	15,556	10,000
Transfer to Income and Expenditure Account	(50,000)	—
	<u>£27,741</u>	<u>£62,185</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS -- Continued

Year ended 31st December, 2016

9. Income and expenditure account	2016	2015
	£	£
At 1st January, 2016	1,440,311	1,412,444
Surplus for the year	84,147	37,867
Transfer to Special Reserve	(15,556)	(10,000)
Transfer from Special Reserve	50,000	—
At 31st December, 2016	<u>£1,558,902</u>	<u>£1,440,311</u>

10. Related party transactions

During the year the following transactions were undertaken with Severn Valley Railway (Holdings) PLC ("SVRH"), in which the company holds 20.65% of the shares:

	2016	2015
	£	£
Recharges to SVRH	<u>£823</u>	<u>£600</u>
Recharges from SVRH	<u>£50,069</u>	<u>£48,616</u>
Donations to SVRH	<u>—</u>	<u>£2,400</u>
Balance due to SVRH (Note 6)	<u>£10,068</u>	<u>£11,243</u>

11. Reconciliation of operating surplus to cash inflows from operating activities

	2016	2015
	£	£
Operating surplus before taxation	84,147	43,870
Non-cash donations	(18,016)	(6,079)
Net interest receivable	(34)	(35)
Life membership reserve increase/(decrease) (Note 7)	(3,248)	(1,642)
Decrease/(Increase) in stocks	(59)	577
Decrease/(Increase) in debtors	(987)	5,331
Increase/(Decrease) in creditors	14,968	(6,564)
Cash inflows from operating activities	<u>£76,771</u>	<u>£35,458</u>