

Severn Valley Railway Company Limited

Company Number 906842



ANNUAL REPORT
and
FINANCIAL STATEMENTS

for the year ended
31st December, 2019

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CONTENTS

Directors and Officers	2
Notice of Meeting	3
Attendance at Board Meetings	3
Chairman's Report	4
Directors' Report	5
Statement of Directors' Responsibilities	6
Report of the Independent Auditors	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Cash Flow Statement	10
Notes to the Financial Statements	11-13

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

David C. Williams, *Chairman*

Anthony G. Bending

Michelle C. Bevon, FMAAT

Alan Davies

Alan W. Longdon

Diane E. Malyon

Jordan A. Taylor

Robert J. R. Whatton

Secretary:

David L. Mellor, FCA

General Manager:

Helen L. Smith

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 Fifty-second Annual General Meeting of the Company will be held at 7.30 p.m. on Saturday, 10th October, 2020. Members should especially refer to the notes at the end of this Notice on the conduct of the Meeting.

1. To approve the Minutes of the Fifty-first Annual General Meeting (circulated herewith).
2. To elect Directors. M. C. Bevon, A. W. Longdon, and D. E. Malyon retire by rotation in accordance with Article 42 of the Articles of Association of the Company. All, being eligible, are standing for re-election. Additional nominations have been received for J. A. J. Cooper and L. A. Mortimer.
3. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2019.
4. To reappoint Folkes Worton LLP as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
5. Any other business.

Number One, Comberton Place,
Kidderminster, Worcestershire, DY10 1QR.
11th September, 2020

By order of the Board
D. L. MELLOR
Secretary



- (i) Owing to the present Covid-19 uncertainties, in the interests of safety and in accordance with Government guidance on social distancing, the meeting will be held with the quorum of five members required by Article 13 of the Articles of Association satisfied from Directors, and no other members will be able to attend in person.
- (ii) Any member otherwise entitled to attend and vote may do so by proxy, using the enclosed proxy form, which must reach the Company Secretary at the address shown thereon not less than 48 hours before the commencement of the meeting.
- (iii) Joint members have one vote each.

ATTENDANCE AT BOARD MEETINGS

There have been eleven monthly Board meetings since the Fifty-first Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	11	Diane Malyon	10
Michelle Bevon	10	Jordan Taylor	8
Alan Davies	11	Rob Whatton	7
Alan Longdon	11	David Williams	11

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CHAIRMAN'S REPORT

This is the most unusual Report I have compiled in just over forty years doing this job!

In retrospect, 2019 can be regarded as the very last 'ordinary' year of Severn Valley progress. The spread of the horrific worldwide coronavirus pandemic in Britain from late February 2020 has changed the lives of many. It also meant that the SVR would be 'locked down', many of the staff 'furloughed', and thus the line would be unable to operate. In fact, the last train ran on 15th March, and nothing ran again until 27th July. During that time, a 'Fight Back Fund' was started to make sure that the Railway could survive without operating income; to date, SVR supporters have raised the magnificent sum of £900,000.

From early July, groups of working members began to be allowed back on site, but not all groups are back even now due to restrictions that remain in place. During August, an imaginative and completely new timetable came into force, with three trains formed of pre-bookable compartment stock, following a published itinerary, and offering social distancing for the day. These first careful steps have proved successful, and we are further developing this for our September and late season services, always with social distancing in mind. We also want to begin to bring back as many working members as we can as soon as we are able. That's enough about 2020, now back to 2019...

The year started with the opening of the Refreshment Room at Bridgnorth station, built to GWR 1910 design, and forming a hospitable place for SVR visitors to eat and drink. On the other side of the tracks, the new car park was complete with roadways, landscaping, fencing, tree-planting and, not least, junk removal!

On the rolling stock front, BR standard 4-6-0 75069 made a February entry into service after a million pound repair at Bridgnorth. Hot on its heels, work on 4930 'Hagley Hall', 42968, 4150 and 'new build' 82045 was also proceeding there. At Bewdley, major work concerned GWR Kitchen First 9615 and GWR 'new rebuild' wheelchair-accessible buffet car 9581, subject of a well-supported raffle. Kidderminster was busy looking after the usual mix of coach repairs that arrive as 'repaints' and actually need much more - sometimes they become 'rebuilt'. As always, there is a high level of working member input into all these projects, supporting the efforts of the paid staff.

Just two years after the successful Bridgnorth 'Building for the Future' share offer came a further fund-raising exercise for essential repairs to Falling Sands Viaduct, Kidderminster. SVR fund-raising for it reached £397,000, with £853,000 from the Heritage Fund. Many thanks to those members who donated to the Charitable Trust's fund-raising campaign. The Viaduct repair work started at the end of the year.

In October, our Patron, HRH The Duke of Gloucester, officially opened the Bridgnorth Refreshment Room and whilst there presented 50-year long-service awards to seven of our volunteers and certificates to seven successful young apprentices.

Special events during 2019 benefitted once again from the vast input of many working members, in particular the very popular steam and diesel galas, '40s weekends, ghost trains and Santa trains. 2019 saw a new event, Steam in Lights. These trains, with daylight Santa services, saw December running from Bridgnorth for the first time in forty years (with two emergency exceptions).

Sincere thanks are extended to all those who make the Railway tick; we have a very fine volunteer workforce, the envy of many organisations. Neither must we forget our ordinary members, who support us in many ways, often out-of-sight.

I finish by mentioning two people; Victoria Evans, our Membership Secretary, recently out of 'furlough', and Barry Moreton, our indefatigable Volunteer Liaison Officer. They shoulder our most essential tasks with great success.



David C. Williams, *Chairman*

11th September, 2020

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, 2019.

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 ("SVRA") had still not been formally completed at the end of the year due to the outstanding resolution of a point relating to its shareholding in SVRH, which it is hoped will be concluded in 2020. The company assumed the SVRA responsibility for conducting raffles in 2019, and the net proceeds of one raffle conducted in the year have been paid to Severn Valley Railway Charitable Trust ("SVRCT") since the year end.

Membership of the company decreased during 2019 from 12,667 to 12,530. 10,000 new SVRH shares were purchased in the year in support of repairs to Borle Viaduct. A further 6,487 shares were donated to the company, and its percentage holding in SVRH was marginally decreased during the year. Arrangements were in progress at the year end to purchase 6,000 shares from existing shareholders.

A donation of £10,000 was made to SVRCT in respect of the Falling Sands Viaduct renovation project; the company's contribution will also include volunteer input from members. There was one other donation in the year, of £4,000 to SVRH in respect of upgrading of a catering carriage.

Results

The surplus for the year after tax amounted to £45,176. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

There have been no significant financial events to date in 2020. Whether the Covid-19 pandemic has or will have any appreciable effect on membership numbers remains to be determined. The company's major cost, the quarterly Severn Valley Railway News, has continued to be published as normal, although there have been efforts to reduce its cost independent of the pandemic, and the membership secretary spent a period on furlough under the Government scheme. The pandemic has had a major effect on SVRH trading, and the company stands ready to give financial support if needed.

Directors

The members of the Board are D. C. Williams (Chairman), A. G. Bending, M C Bevon, A. Davies, A. W. Longdon, D. E. Malyon, J.A. Taylor and R. J. R. Whatton. All held office throughout the year. Mr D J Chandler resigned on 27th March, 2020.

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

Mrs Bevon, Mr Longdon, and Mrs Malyon retire by rotation in accordance with Article 42 and, being eligible, offer themselves for re-election. There are additional candidates due to the vacancy arising from Mr Chandler's resignation.

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 11th September, 2020 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

11th September, 2020

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 2019 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 2019 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.

Folkes Worton LLP

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
11th September, 2020

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2019

	Notes	£	2019 £	2018 £
Subscriptions				
Annual	1b, 1c		150,054	141,495
Life	1d, 7		5,955	6,135
			<u>156,009</u>	<u>147,630</u>
Administrative Expenses				
Severn Valley Railway News		81,713		86,229
Membership department expenses	2	14,573		14,862
General administrative expenses		10,063		10,177
Auditors' remuneration		1,555		1,510
Bank charges		3,354		3,256
Staff uniform scheme		4,377		5,179
			<u>115,635</u>	<u>121,213</u>
			40,374	26,417
Other Operating Income and Interest Receivable				
Donations		18,433		16,314
Interest		369		184
Miscellaneous income		—		2,000
			<u>18,802</u>	<u>18,498</u>
Surplus on ordinary activities before taxation			<u>59,176</u>	<u>44,915</u>
Taxation	3		—	—
Surplus on ordinary activities after taxation			<u>59,176</u>	<u>44,915</u>
Donations to other bodies connected with the Severn Valley Railway			14,000	29,077
Surplus for the year	9		<u>45,176</u>	<u>15,838</u>
Other comprehensive income			—	—
Total comprehensive income for the year			<u><u>£45,176</u></u>	<u><u>£15,838</u></u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

31st December, 2019

	Notes	£	2019 £	2018 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2019			1,790,450	1,772,014
Additions			18,902	18,436
At 31st December, 2019			1,809,352	1,790,450
Current Assets				
Debtors				
Due within one year	5	11,095		3,703
Due after more than one year				
Undated interest free loans		3,615		3,615
		14,710		7,318
Stock – Uniforms (at sale price)	1g	522		599
Cash at bank and in hand		143,331		86,262
		158,563		94,179
Creditors Due Within One Year	6	108,657		73,392
Net Current Assets			49,906	20,787
Total Assets less Current Liabilities			£1,859,258	£1,811,237
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		59,599	56,754
Special Reserve	1e, 8		12,330	22,330
Income and expenditure account	9		1,778,957	1,723,781
			£1,859,258	£1,811,237

The financial statements on pages 8 to 13 were approved by the Board of Directors on 11th September, 2020.

D. C. WILLIAMS
D. E. MALYON *Directors*

DC Williams
D E Malyon

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2019

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2018	8,372	58,322	22,330	1,707,943
Changes in equity				
Total comprehensive income	—	—	—	15,838
Life subscriptions received in year	—	4,567	—	—
Transfer to statement of comprehensive income	—	(6,135)	—	—
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2018	8,372	56,754	22,330	1,723,781
Changes in equity				
Total comprehensive income	—	—	—	45,176
Life subscriptions received in year	—	8,800	—	—
Transfer to statement of comprehensive income	—	(5,955)	(10,000)	10,000
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2019	<u>£8,372</u>	<u>£59,599</u>	<u>£12,330</u>	<u>£1,778,957</u>

CASH FLOW STATEMENT

Year ended 31st December, 2019

	Notes	£	2019 £	2018 £
Cash inflows from operating activities	11		83,115	44,743
Cash flows from investing activities				
Interest received		369		184
Net cash inflow			369	184
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		(12,415)		(10,360)
Donations to other bodies connected with the Severn Valley Railway		(14,000)		(29,077)
Net cash outflow			(26,415)	(39,437)
Increase in cash at bank			<u>£57,069</u>	<u>£5,490</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2019

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 2019 was 20 years (2018 - 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 (2018 - 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 held 1,824,166 (2018 - 1,807,679) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 17.79% (2018 - 17.83%) of the issued share capital of that company at 31st December, 2019. It was in the process of purchasing a further 6,000 shares at that date. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 5th January, 2020, was £11,689,683 (2018 — £11,289,813) and its profit for the 52 weeks then ended was £287,287 (2018 — £303,083). 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, 2019

5. Debtors – due within one year	2019	2018
	£	£
Trade debtors	1,499	1,168
Amount due from undertakings in which the company has a participating interest	6,066	—
Prepayments	—	274
Other debtors	3,530	2,261
	<u>£11,095</u>	<u>£3,703</u>
6. Creditors due within one year	2019	2018
	£	£
Trade creditors	24,110	2,251
Amount due to undertakings in which the company has a participating interest	—	7,419
Other creditors	15,349	1,754
Payments on account	66,366	47,666
Accruals	2,832	14,302
	<u>£108,657</u>	<u>£73,392</u>
7. Life membership reserve	2019	2018
	£	£
At 1st January, 2019	56,754	58,322
Life subscriptions received in year	8,800	4,567
Transfer to Income and Expenditure Account	(5,955)	(6,135)
At 31st December, 2019	<u>£59,599</u>	<u>£56,754</u>
8. Special Reserve	2019	2018
	£	£
At 1st January, 2019	22,330	22,330
Transfer to Income and Expenditure Account	(10,000)	—
At 31st December, 2019	<u>£12,330</u>	<u>£22,330</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2019

9. Income and expenditure account	2019	2018
	£	£
At 1st January, 2019	1,723,781	1,707,943
Surplus for the year	45,176	15,838
Transfer from Special Reserve	10,000	—
At 31st December, 2019	<u>£1,778,957</u>	<u>£1,723,781</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 17.79% of the shares:

	2019	2018
	£356	£268
Recharges to SVRH	<u>£29,562</u>	<u>£48,413</u>
Recharges from SVRH	<u>£4,000</u>	<u>£21,237</u>
Donations to SVRH	<u>£6,066</u>	<u>£(7,419)</u>
Balance due from/(to) SVRH (Notes 5, 6)		

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

	2019	2018
	£	£
Operating surplus before taxation	59,176	44,915
Non-cash donations	(6,487)	(8,076)
Net interest receivable	(369)	(184)
Life membership reserve increase/(decrease) (Note 7)	2,845	(1,568)
Decrease/(Increase) in stocks	77	117
Decrease/(Increase) in debtors	(7,392)	1,012
Increase/(Decrease) in creditors	35,265	8,527
Cash inflows from operating activities	<u>£83,115</u>	<u>£44,743</u>