

Severn Valley Railway Company Limited

Company Number 906842

ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 2020

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

DIRECTORS AND OFFICERS

Directors:

Diane E. Malyon, Chairman

Anthony G. Bending

Michelle C Bevon, FMAAT

James A. J. Cooper

Alan Davies

Lawrence A. Mortimer

Jordan A Taylor

Robert J. R. Whatton

David C. Williams

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-third Annual General Meeting of the Company will be held at the Kidderminster Railway Museum at **5.00 p.m.** on Saturday, 23rd October, 2021, for the following purposes:-

1. To approve the Minutes of the Fifty-second Annual General Meeting (already circulated).
2. To elect Directors. A G Bending, J A Taylor and R J R Whatton retire by rotation in accordance with Article 42 of the Articles of Association of the Company. All, being eligible, are standing for re-election.
3. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2020.
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 approve subscription rates to take effect from 1st January, 2022, as follows:
Adult £25.00 (*£22.00*), Student (from 14 years in full-time education) £16.00 (*£12.00*), Senior £24.00 (*£20.00*), Joint £35.00 (*£32.00*), Joint Senior £33.00 (*£28.00*), Family £43.00 (*£38.00*), Life membership £500.00 (*£440.00*), Joint Life membership £700.00 (*£640.00*).
(*Current rates in italics.*)
6. To receive a review of the year.
7. To transact any other business proper to an Annual General Meeting.

Number One, Comberton Place,
Kidderminster, Worcestershire, DY10 1QR.
10th September, 2021



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 nine monthly Board meetings and two special meetings since the Fifty-second Annual General Meeting. Directors' attendances have been as follows:

Tony Bending	11	Lawrence Mortimer	10
Michelle Bevon	11	Jordan Taylor	10
James Cooper	10	Rob Whatton	10
Alan Davies	10	David Williams	11
Diane Malyon	11		

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CHAIRMAN'S REPORT

2020 was a year of great changes. What an understatement! The COVID 19 pandemic caused SVR to rethink the whole of its way of working, from how the train service should operate; how retail, cafes and bars could work with the variety of restrictions that were variously in force during the year; and how volunteers could return and keep safe. This situation continued through a huge part of 2021 too, accompanied by various stops and starts as the variety of lockdowns took hold. As I write, we are still in the arena of not quite knowing if we are out of the woods and able to move forwards in the way we want to so, consequently, SVR has adopted a cautious approach designed to keep visitors and staff as safe and healthy as possible during the time they are at the Railway.

Another change which, admittedly, is not in the same league as a pandemic but was a landmark event was the stepping down of David Williams as Chairman of SVR Company Ltd. after a mammoth stint of 41 years in the chair. During David's stewardship there have been many challenges and obstacles to overcome which has meant that he has a wealth of experience to call on and plenty of advice to give when needed. I was elected Chairman by my fellow Directors at the October 2020 meeting of the Board, and can claim the honour of being the first female chairman of any of the boards of Directors in the whole of SVR's 50+ years.

As I write, there are still some departments on SVR that haven't been able to welcome their working members back yet, and there are a significant number of volunteers who either live too far away to get to the Valley or are being cautious/shielding still. The last 18 months has certainly made a big impact on how we live our lives and made many people look carefully at their attitude to putting their health at risk.

Monthly Board meetings continued throughout, initially by telephone during 2020 and, since January 2021, by video. We also held two development sessions with wide ranging discussions based on what we do, how we do it, what we offer members and volunteers currently and what we could offer in the future. We conducted a detailed analysis of costs attributable to the printing and delivery of quarterly SVR News and geographical locations, in particular when applied to Life Memberships and other expenses which are beyond our control. This meant we needed to review Members' Subscription rates with a view to making a small increase for 2022, subject to approval at the AGM. As a result of this work we are now looking into being able to offer an online version of SVR News, whilst still distributing printed copies for those who wish to continue with them.

We still offer assisted project funding to a wide range of projects from up and down the Railway. The funding opportunities are designed to positively impact on the work of volunteers, and there is usually a similar impact on employees and visitors once the projects are completed. Often project funding is shared with the Holdings Company and Charitable Trust which increases spending power. During 2020/21 we have assisted with the funding for a new Membership Office printer, various tools and machinery for Kidderminster Carriage & Wagon Dept. and Bewdley Station, contributed 50% of cost towards the purchase of a Permanent Way staff minibus and for a mobile rail mounted cherry picker (MEWP) and some funding for resources to enable signal posts to be painted. Next time you are on the train, your challenge is to find all the locations of the newly painted posts.

SVR has been targeting reducing the carbon footprint of the Railway for some time now, and this Company wanted to make its contribution towards that too. So in March 2020 we trialled the distribution of SVR News using compostable potato starch wrapping. Unfortunately postage week collided with the first lockdown, where everything immediately ceased to function including reliable postal services. Due to an appreciable number of members not receiving their magazines, it was decided to revert to the equally compostable paper envelope wrapping that we had been using for a year or so prior to the experiment. Postal services soon got back to normal following the initial glitch.

During 2020/21 there were approximately 150 applications to become a working member and, out of these, Barry Moreton (Volunteer Liaison Officer) has been able to place roughly 80% in the department of choice. The usual induction process has been somewhat hampered by lockdowns and social distancing requirements, but Barry has been resourceful in finding ways around this without breaking any rules.

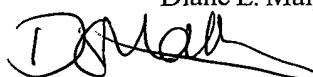
Succession planning has been high on the agenda, so at the 2020 AGM there were two new Directors appointed, both of whom are younger than 35 years of age, so we now have five (out of nine) Directors significantly below retirement age. The composition of the Volunteer Liaison Department is undergoing a detailed review to help spread the variety of tasks the Volunteer Liaison Officer has to undertake in person. The background work on this has taken many months, but is almost concluded. A succession plan for the role of Company Secretary/Accountant has also been created, to allow David Mellor to consider a phased retirement after more than fifty years sterling service in this volunteer role.

Tori Wakeman joined the SVR as Membership Administrator from January 2021 and has settled into her busy role well, leaving Membership Manager Victoria Evans to concentrate on her current role as P.A. to the General Manager.

I sincerely hope that 2022 brings a greater return to normality and that I will be writing my Chairman's comments for our usual July AGM rather than one postponed to October!

10th September, 2021

Diane E. Malyon, *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, 2020.

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") was further delayed by the Covid-19 pandemic, but is now being actively pursued.

Membership of the company decreased during 2020 from 12,530 to 11,097. This marked change was due to the Covid-19 epidemic, partly arising from the suspension of Footplate Experience (FE) courses and the non-renewal of memberships from previous FE participants. These memberships were a complementary aspect of FE. There was also a higher than usual level of non-renewal of memberships due to the Railway either not operating at all during the national lockdowns or operating under severe restrictions at other times.

The reduced activity on the Railway severely affected SVRH trading, resulting in a loss for the year. This company's full complement of four magazines was issued, but other areas of expenditure were generally lower. No SVRH shares were purchased in the year, but 8,106 shares were donated to the company, and its percentage holding in SVRH was marginally decreased during the year. There was no raffle activity in the year. Donations made during the year totalled £14,064. Two were to SVRH, the larger being in support of an engine and other spares for the Railway's diesel shunter fleet; two others in support of volunteer facilities included £9,959 for work at Hampton Loade station.

Results

The surplus for the year after tax amounted to £44,740. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

The Railway remained closed until April 2021 due to the third national lockdown, and restrictions on operations continued into the summer, so that SVRH trading remains under limitations. This company has continued its normal activities as far as possible. A further 8,650 SVRH shares have been purchased to help finance a rail mounted mobile elevating work platform which will enable work to be carried out in accordance with current safety requirements.

Directors

The members of the Board are D. E. Malyon (Chairman), A. G. Bending, M. C. Bevon, J. A. J. Cooper, A. Davies, L. A. Mortimer, J. A. Taylor, R. J. R. Whatton and D. C. Williams. Messrs Cooper and Mortimer were appointed on 10th October, 2020; the others held office throughout the year. Mr D. J. Chandler resigned on 27th March, 2020 and Mr A. W. Longdon ceased to be a Director on 10th October, 2020.

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

Messrs Bending, Taylor and Whatton 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

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 10th September, 2021, and signed on its behalf by

 D. L. MELLOR
Secretary

SEVERN VALLEY RAILWAY COMPANY LIMITED

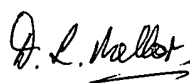
(Limited by Guarantee)

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
10th September, 2021

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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

Opinion

We have audited the financial statements of Severn Valley Railway Company Limited (the 'company') for the year ended 31st December 2020 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

REPORT OF THE INDEPENDENT AUDITORS (Continued)

- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and their industry, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgements. In response to the above identified risks audit procedures were designed to appropriately drawn conclusions. Audit procedures such as:

- Reviewing and challenging journal entries, in particular unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a risk of not detecting irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr N C Smith (Senior Statutory Auditor)
for and on behalf of Folkes Worton LLP
Chartered Accountants and Registered Auditors

Folkes Worton LLP

15-17 Church Street
Stourbridge
West Midlands
DY8 1LU

10th September, 2021

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2020

	Notes	£	2020 £	2019 £
Subscriptions				
Annual	1b, 1c		137,280	150,054
Life	1d, 7		6,456	5,955
			<u>143,736</u>	<u>156,009</u>
Administrative Expenses				
Severn Valley Railway News		83,914		81,713
Membership department expenses	2	8,909		14,573
General administrative expenses		4,514		10,063
Auditors' remuneration		1,600		1,555
Bank charges		3,150		3,354
Staff uniform scheme		896		4,377
			<u>102,983</u>	<u>115,635</u>
			40,753	40,374
Other Operating Income and Interest Receivable				
Donations		17,911		18,433
Interest		140		369
			<u>18,051</u>	<u>18,802</u>
Surplus on ordinary activities before taxation			58,804	59,176
Taxation	3		—	—
Surplus on ordinary activities after taxation			58,804	59,176
Donations to other bodies connected with the Severn Valley Railway			14,064	14,000
Surplus for the year	9		44,740	45,176
Other comprehensive income			—	—
Total comprehensive income for the year			<u>£44,740</u>	<u>£45,176</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION

31st December, 2020

	Notes	£	2020 £	2019 £
Fixed Assets—unlisted investment	1f, 4			
Cost—At 1st January, 2020			1,809,352	1,790,450
Additions			8,106	18,902
At 31st December, 2020			<u>1,817,458</u>	<u>1,809,352</u>
Current Assets				
Debtors				
Due within one year	5	5,299		11,095
Due after more than one year				
Undated interest free loans		3,615		3,615
			<u>8,914</u>	<u>14,710</u>
Stock – Uniforms (at sale price)	1g	417		522
Cash at bank and in hand		153,978		143,331
			<u>163,309</u>	<u>158,563</u>
Creditors Due Within One Year	6	73,205		108,657
Net Current Assets			<u>90,104</u>	<u>49,906</u>
Total Assets less Current Liabilities			<u>£1,907,562</u>	<u>£1,859,258</u>
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1d, 7		63,163	59,599
Special Reserve	1e, 8		12,330	12,330
Income and expenditure account	9		1,823,697	1,778,957
			<u>£1,907,562</u>	<u>£1,859,258</u>

The financial statements on pages 8 to 13 were approved by the Board of Directors on 10th September, 2021.

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

DC Williams

D E Malyon

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY

31st December, 2020

	Capital reserve £	Life membership reserve £	Special reserve £	Income and expenditure account £
Balance at 1st January 2019	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	8,372	59,599	12,330	1,778,957
Changes in equity				
Total comprehensive income	—	—	—	44,740
Life subscriptions received in year	—	10,020	—	—
Transfer to statement of comprehensive income	—	(6,456)	—	—
Transfer from statement of comprehensive income	—	—	—	—
Balance at 31st December 2020	<u>£8,372</u>	<u>£63,163</u>	<u>£12,330</u>	<u>£1,823,697</u>

CASH FLOW STATEMENT

Year ended 31st December, 2020

	Notes	£	2020 £	2019 £
Cash inflows from operating activities	11		24,571	83,115
Cash flows from investing activities				
Interest received		140		369
Net cash inflow			140	369
Cash flows from financing activities				
Shares in Severn Valley Railway (Holdings) PLC		-		(12,415)
Donations to other bodies connected with the Severn Valley Railway		(14,064)		(14,000)
Net cash outflow			(14,064)	(26,415)
Increase in cash at bank			<u>£10,647</u>	<u>£57,069</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2020

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 2020 was 20 years (2019 - 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 use of 1 employee (2019 - 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 1,838,272 (2019 - 1,824,166) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC ("SVRH"), a company registered in England, representing 17.25% (2019 17.79%) of the issued share capital of that company at 31st December, 2020. The aggregate capital and reserves of SVRH at 3rd January, 2021, was £11,636,546 (2019 — £11,689,683) and its loss for the 52 weeks then ended was £460,559 (2019 — £287,287 profit). The investment has not been made with a view to obtaining a financial return and no dividends may be paid by SVRH. 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 SVRH 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, 2020

5. Debtors – due within one year	2020	2019
	£	£
Trade debtors	1,763	1,499
Amount due from undertakings in which the company has a participating interest	—	6,066
Other debtors	3,536	3,530
	<u>£5,299</u>	<u>£11,095</u>
6. Creditors due within one year	2020	2019
	£	£
Trade creditors	1,899	24,110
Amount due to undertakings in which the company has a participating interest	14,907	—
Other creditors	852	15,349
Payments on account	53,709	66,366
Accruals	1,838	2,832
	<u>£73,205</u>	<u>£108,657</u>
7. Life membership reserve	2020	2019
	£	£
At 1st January, 2020	59,599	56,754
Life subscriptions received in year	10,020	8,800
Transfer to Income and Expenditure Account	(6,456)	(5,955)
At 31st December, 2020	<u>£63,163</u>	<u>£59,599</u>
8. Special Reserve	2020	2019
	£	£
At 1st January, 2020	12,330	22,330
Transfer to Income and Expenditure Account	—	(10,000)
At 31st December, 2020	<u>£12,330</u>	<u>£12,330</u>

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS — Continued

Year ended 31st December, 2020

9. Income and expenditure account	2020	2019
	£	£
At 1st January, 2020	1,778,957	1,723,781
Surplus for the year	44,740	45,176
Transfer from Special Reserve	—	10,000
At 31st December, 2020	<u>£1,823,697</u>	<u>£1,778,957</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 17.25% of the shares:

	2020	2019
	£194	£356
Recharges to SVRH	<u>£7,153</u>	<u>£29,562</u>
Recharges from SVRH	<u>£3,720</u>	<u>£4,000</u>
Donations to SVRH	<u>£(14,907)</u>	<u>£6,066</u>
Balance due from/(to) SVRH (Notes 5, 6)		

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

	2020	2019
	£	£
Operating surplus before taxation	58,804	59,176
Non-cash donations	(8,106)	(6,487)
Net interest receivable	(140)	(369)
Life membership reserve increase/(decrease) (Note 7)	3,564	2,845
Decrease/(Increase) in stocks	105	77
Decrease/(Increase) in debtors	5,796	(7,392)
Increase/(Decrease) in creditors	(35,452)	35,265
Cash inflows from operating activities	<u>£24,571</u>	<u>£83,115</u>