

Severn Valley Railway Company Limited

Company Number 906842

ANNUAL REPORT
and
FINANCIAL STATEMENTS
for the year ended
31st December, 2004



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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:

D. C. Williams, *Chairman*

M. E. Ball

A. G. Bending

P. V. Edkins

R. F. Hobson

J. L. Houlders

I. R. Latimer

D. E. Malyon

Secretary:

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

General Manager:

J. A. Rees

Auditors:

Folkes Worton, Stourbridge, West Midlands

Bankers:

HSBC Bank P.L.C., Bewdley, Worcestershire

Registered Office:

The Railway Station, Bewdley, Worcestershire

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTICE OF MEETING

Notice is hereby given that the Thirty-seventh 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, 30th July, 2005, for the following purposes:—

1. To receive apologies for absence.
2. To approve the Minutes of the Thirty-sixth Annual General Meeting (circulated herewith).
3. To elect Directors.
4. To adopt the Directors' Report and Financial Statements for the year ended 31st December, 2004.
5. To reappoint Folkes Worton as Auditors of the Company, and to authorise the Directors to fix the remuneration of the Auditors.
6. To receive the General Manager's Report.
7. To transact any other business proper to an Annual General Meeting.

The Railway Station,
Bewdley, Worcestershire.
17th June, 2005.



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.

SEVERN VALLEY RAILWAY COMPANY LIMITED

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CHAIRMAN'S REPORT

Against the background of a changing world of railways elsewhere, the Severn Valley Railway continues to provide a traditional and intensive steam train service over its 16 miles of line. This is emphasised by the many complimentary letters from customers that are sent to us, extolling the virtues of some 'great days out', and usually mentioning the welcome that is received from our staff.

Such bald statements give little clue to the effort involved in running our operation. True, there are almost one hundred staff employed by Severn Valley Railway (Holdings) Plc on administration and maintenance tasks, but the actual operation of the Railway is, under normal circumstances, in the capable hands of quite a large team of unpaid volunteers. When considering that, in 2004, we operated formally on 235 days, which included 8 busy summer Sundays and bank holidays, 28 days of special events and 16 Santa days, this constitutes a remarkable achievement. Volunteers also helped, as usual, with many other tasks, including administration, planning, engineering, marketing and fund-raising. In many cases, this work is carried out in so-called 'spare time', at weekends, in evenings and during working 'holidays'. Others devote huge amounts of early retirement time to the Railway. The combined effort makes the Railway tick so successfully, and is due in no small degree to the way that our roster clerks work miracles to ensure that all turns are covered. Our sincere thanks are due to all those who make it happen.

All along the line, there are signs of change, some simply because the scenic views have been opened up thanks to a massive volunteer 'blitz' on vegetation. The cycle-way south of Hampton Loade is currently an obvious new development, but hopefully it will soon begin to blend with the scenery. Its promotion has created the opportunity to tidy up certain aspects of Hampton Loade station site at no cost to the S.V.R., and hopefully in the longer term will cause younger people to visit the 'pleasant old railway' that they first saw from the cycle route. The cycle-way is certainly not what most of us desired, but – think of 'swings and roundabouts' – we are likely to obtain a great deal of outside funding to develop and build the Locomotive Display Building at Highley, which will fulfil several of our requirements in one go.

Meanwhile, members and shareholders have been digging deep into their pockets, and have raised over £160,000. This will enable us to make a good start on building the fabric of the missing part of Kidderminster Town station, namely the station buffet. We hope that a further dig will raise a similar amount for completion and fitting out, perhaps aided by this Company's corporate support. The ultimate goal will be a railway-style glass canopy over the station concourse, and our experts are in the early stages of planning this, to ensure that the interface of building and canopy is correctly anticipated.

As already stated, volunteers are the lifeblood of railways like ours, and some people travel considerable distances to attend. Most of our overnight accommodation requires improving and augmenting, and the S.V.R. Association is currently investigating the subject on behalf of working members.

S.V.R. membership has, of course, dropped from its all-time high in 1995 but the drop has been very small in the last year. Presently, at just under 13,000, we are still the largest group of railway operators and supporters in the world by quite a large margin. Such support enables us to 'move mountains' from time-to-time.

How to spend the money that we raise is always a slightly contentious issue, but we have mostly decided to focus on station roofs, toilets and volunteer facilities, all of which seem to meet with universal approval in the long term. We have been very successful with the first of these, fairly successful with the second, but there is a long way to go with the third.

For the future, a working party is investigating the subject of charitable funding. Nothing definite has been concluded yet, but our knowledge increases month-by-month, and we will certainly need even more help in the future to guard this priceless asset for future generations.

It only remains for me to thank all members for supporting the Railway through another busy year. Please continue to do so, and encourage like-minded friends to join us.

Thank you in anticipation.



David C. Williams
Chairman

17th June 2005

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, 2004.

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.

Membership of the company decreased during 2004 from 12,998 to 12,761. Only three issues of the magazine were produced in the year.

73,000 ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC were purchased during the year and a further 2,298 shares were donated to the company.

A subvention of £1,500 was made to the Severn Valley Railway Junior Club out of the surplus for the year.

Results

The surplus for the year after tax amounted to £57,552. In accordance with the Memorandum of Association, no dividend is payable.

Post Balance Sheet events

£85,000 has been loaned to Severn Valley Railway (Holdings) PLC and subsequently repaid.

Directors

The members of the Board are D. C. Williams (Chairman), M. E. Ball, A. G. Bending, P. V. Edkins, R. F. Hobson, J. L. Houlders, I. R. Latimer, and D. E. Malyon. All held office throughout the year except for Mr Houlders, who was appointed on 5th January, 2005. Mr M. J. Broadhurst resigned on 16th September, 2004, and Mr N. J. Farress on 19th December 2004.

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

Messrs. Latimer and Williams retire by rotation in accordance with Article 42 and Mr Houlders retires in accordance with Article 47; Messrs. Williams and Houlders, being eligible, offer themselves for re-election.

As the company is limited by guarantee and has no share capital, the financial interests of the directors in the company are identical to those of the members.

Auditors

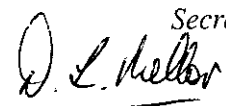
In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Messrs. Folkes Worton as auditors of the company will be put to the Annual General Meeting.

17th June, 2005

Registered Office: The Railway Station, Bewdley, Worcestershire

By Order of the Board
D. L. MELLOR

Secretary



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires us as directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



By Order of the Board
D. L. MELLOR
Secretary
17th June, 2005

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

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

We have audited the financial statements on pages 8 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

As described on page 6, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 2004 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Folkes Worton
Registered Auditor
Chartered Accountants
15 & 17 Church Street
Stourbridge
West Midlands
DY8 1LU
17th June, 2005

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT

Year ended 31st December, 2004

	Notes	£	2004 £	2003 £
Subscriptions				
Annual	1b		89,168	90,472
Life	1c, 7		7,453	7,388
			<u>96,621</u>	<u>97,860</u>
Administrative Expenses				
Severn Valley Railway News		44,031		64,174
Membership department expenses	2	9,503		8,689
General administrative expenses		7,456		8,191
Auditors' remuneration		825		795
Bank charges		2,177		2,594
Staff uniform scheme		2,092		981
			<u>66,084</u>	<u>85,424</u>
			30,537	12,436
Other Operating Income and Interest Receivable				
Donations		21,176		16,530
Bequests	1d	3,400		—
Interest		3,939		3,302
			<u>28,515</u>	<u>19,832</u>
Surplus on ordinary activities before taxation			59,052	32,268
Taxation	3		—	—
Surplus on ordinary activities after taxation			59,052	32,268
Donations to other bodies connected with the Severn Valley Railway			1,500	3,530
Surplus for the year	9		<u>£57,552</u>	<u>£28,738</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

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BALANCE SHEET

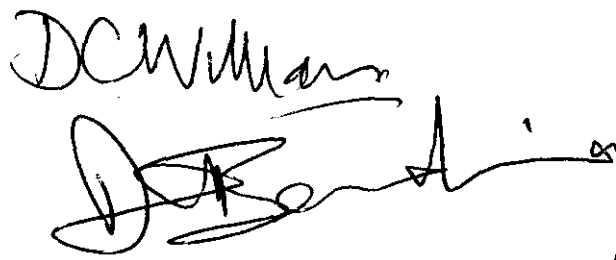
31st December, 2004

	Notes	£	2004 £	2003 £
Fixed Assets—unlisted investment	1e, 4			
Cost—At 1st January, 2004			662,257	645,818
Additions			75,298	16,439
At 31st December, 2004			737,555	662,257
Current Assets				
Debtors due within one year	5	5,643		2,643
Cash at bank		122,097		154,851
		127,740		157,494
Creditors Due Within One Year	6	25,915		37,803
Net Current Assets			101,825	119,691
Total Assets less Current Liabilities			£839,380	£781,948
Capital and Reserves				
Capital reserve			8,372	8,372
Life membership reserve	1c, 7		65,295	65,415
Special Reserve	1d, 8		87,220	83,820
Income and expenditure account	9		678,493	624,341
			£839,380	£781,948

The financial statements on pages 8 to 13 were approved by the Board of Directors on 17th June, 2005.

D. C. WILLIAMS
A. G. BENDING

Directors



SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

CASH FLOW STATEMENT

Year ended 31st December, 2004

	Notes	£	2004 £	2003 £
Net cash inflow from operating activities	10		37,657	30,509
Returns on investments and servicing of finance				
Interest received		3,939		3,302
Net cash inflow			3,939	3,302
Taxation received/(paid) — corporation tax			150	(19)
Financing				
Shares in Severn Valley Railway (Holdings) PLC		(73,000)		(15,000)
Donations to other bodies connected with the Severn Valley Railway		(1,500)		(3,530)
Net cash outflow			(74,500)	(18,530)
Increase/(decrease) in cash at bank			£(32,754)	£15,262

SEVERN VALLEY RAILWAY COMPANY LIMITED

(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December, 2004

1. Accounting policies

- (a) The financial statements have been prepared on an historical cost basis, and in accordance with applicable Accounting Standards in the United Kingdom.
- (b) Credit is taken for the full amount of annual subscriptions received during the year and no apportionment is made over the periods to which subscriptions relate; subscriptions are due on the anniversary of admittance to membership.
- (c) Life subscription income is credited to Life Membership Reserve and taken to Income and Expenditure Account in equal annual instalments over the number of years represented by the ratio of the life membership subscription to the annual adult subscription, which in 2004 was 18 years (2003-18 years).
- (d) Bequests are credited to Income and Expenditure Account and then transferred to Special Reserve.
- (e) Donated shares in Severn Valley Railway (Holdings) PLC are valued at par; shares bequeathed are valued at probate value.

2. Directors and Employees

The company has no employees, but has exclusive use of 1 employee (2003—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. Taxation

Income from members is mutual trading income which is not chargeable to UK corporation tax. The zero rate of corporation tax applied to other taxable income in 2004 and 2003.

4. Fixed Asset Investment

The company holds 742,181 (2003 — 666,883) ordinary shares of £1 each in Severn Valley Railway (Holdings) PLC, a company registered in England, representing 22.71% (2003 — 21.12%) of the issued share capital of that company at 31st December, 2004. The aggregate capital and reserves of Severn Valley Railway (Holdings) PLC at 31st December, 2004, was £5,727,976 (2003 — £5,908,678) and its profit for the year then ended was £69,313 (2003 — £142,332). 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. Therefore the directors 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, 2004

5. Debtors due within one year	2004	2003
	£	£
Trade debtors	4,366	388
Prepayments	637	521
Taxation	—	150
Other debtors	640	1,584
	<u>£5,643</u>	<u>£2,643</u>
 6. Creditors due within one year	 2004	 2003
	£	£
Trade creditors	6,895	15,913
Amount owed to undertakings in which the company has a participating interest	2,801	5,016
Other creditors	480	557
Accruals	15,739	16,317
	<u>£25,915</u>	<u>£37,803</u>
 7. Life membership reserve	 2004	 2003
	£	£
At 1st January, 2004	65,415	66,343
Life subscriptions received in year	7,333	6,460
Transfer to Income and Expenditure Account	(7,453)	(7,388)
At 31st December, 2004	<u>£65,295</u>	<u>£65,415</u>
 8. Special Reserve	 2004	 2003
	£	£
At 1st January, 2004	83,820	83,820
Transfer from Income and Expenditure Account	3,400	—
At 31st December, 2004	<u>£87,220</u>	<u>£83,820</u>
 9. Income and expenditure account	 2004	 2003
	£	£
At 1st January, 2004	624,341	595,603
Surplus for the year	57,552	28,738
Transfer to Special Reserve	(3,400)	—
At 31st December, 2004	<u>£678,493</u>	<u>£624,341</u>

