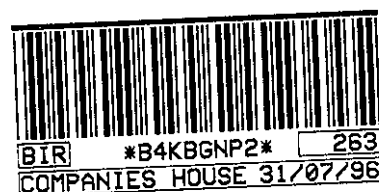




**REPORT
AND
FINANCIAL STATEMENTS**



Severn Valley Railway (Holdings)

Public Limited Company

(Registered No. 1046274)

FOR THE YEAR ENDED 31 DECEMBER 1995



Severn Valley Railway (Holdings) PLC

NOTICE OF MEETING

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the above-named Company will be held at the Castle Hall, Bridgnorth, Shropshire on Friday, 26th July 1996, at 8.00 pm to transact the following business:

1. To approve the Minutes of the 1995 Annual General Meeting and to consider any matters arising therefrom.
2. To elect Directors.
3. To consider the Company's Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December 1995.
4. To appoint Coopers & Lybrand as Auditors to the Company for the ensuing year and to authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass the following as a Special Resolution:
"THAT
 - (a) the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in the said Section 80) up to the aggregate nominal amount by which the authorised but unissued share capital of the Company exceeds the issued share capital of the Company as at the date of this Meeting provided however that this power shall expire on the fifth anniversary of the date of this Meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power hereby conferred had not expired;
 - (b) the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority referred to in paragraph (a) of this Resolution as if Section 89 (1) of the said Act did not apply to any such allotment".
6. To consider and, if thought fit, pass the following as a Special Resolution:
"TO
amend article 107 of the Company's articles of association so that the prescribed time limits for prospective Directors to declare their intention to stand be increased from not less than four days to thirty-five days and not more than forty-two days to fifty-six days".
7. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board
D G H Myers
Secretary
21st May 1996

The Railway Station, Bewdley, Worcestershire DY12 1BG

Note: Any member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company.



Severn Valley Railway (Holdings) PLC

Annual Report for the year ended 31 December 1995

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Severn Valley Railway (Holdings) PLC

DIRECTORS, OFFICERS AND ADVISERS

Directors

M R York - Chairman
J J Higgs - Deputy Chairman
A Barker
J M S Clark
(SVR Assoc. Representative)
A Davies
J S Garth
A Osborne
A D Owen
B D Thomas
C G Thomas
(SVR Co.Ltd. Representative)
C W Walton
D C Williams
(SVR Co.Ltd. Representative)

Secretary and Registered Office

D G H Myers
The Railway Station
Bewdley
Worcestershire DY12 1BG

Stock Brokers

Rowan Dartington & Co.
The Colston Centre
Colston Street
Bristol BS1 4XE.

Registrar

D G H Myers
The Railway Station
Bewdley
Worcestershire DY12 1BG

Registered Auditors

Coopers & Lybrand
Temple Court
35 Bull Street
Birmingham B4 6JT

Bankers

Midland Bank plc
31 Church Street
Kidderminster
Worcestershire DY10 2AY

Solicitors

Harrison Clark
5 Deansway
Worcester WR1 2JG

Anthony Collins
Pearl Assurance House
4 Temple Row
Birmingham B2 5HG

NOTE

For the purposes of this Report and Accounts:

"SVR Assoc." is the Severn Valley Railway Association

"SVR Co.Ltd." is the Severn Valley Railway Company Limited.



Severn Valley Railway (Holdings) PLC

CHAIRMAN'S STATEMENT

In my Chairman's statement last year I predicted that 1995 would not be an easy year and so it proved to be. In a leisure industry that has become increasingly competitive with each passing year, and with the continued economic stagnation, we have had to work hard to make progress. But make progress we have and I am pleased to report a profit for the year of £171,073, which includes a one-off profit of £135,280 on the sale of locomotives "Leander" and "Galatea", leaving a profit of £35,793 on our normal trading activities.

The result is all the more encouraging given the 3% decline in passenger numbers since 1994, and the substantial increase in the depreciation provision following a review of our depreciation policy. Cash flow improved considerably during the year, aided by the sale of the two locomotives and receipts from the share issue which, in total, have now exceeded £600,000, leading to a significant reduction in bank borrowings. This improvement was not achieved at the expense of the creditors either, where our liability is also considerably reduced, thus underlining the importance of strong financial control and improved housekeeping.

1995 was a hard year for most sectors of the business. On-Train Catering had a successful year responding well to management initiatives; however, the station buffets struggled to meet the demands of their customers on a profitable basis; this matter continues to receive the close attention of management. Our recognised expertise in the field of Contract Engineering continued to attract additional business and resulted in a healthy increase in output. Helped by a buoyant Santa season traffic revenues held up well despite the decline in passenger numbers, in part the result of the long, dry summer and the consequent steam ban for three weeks during the peak holiday period.

Over the past two years a tremendous amount has been done structurally, financially and administratively. However, we need to be earning far greater profits in future years if we are to keep up with our rolling stock and infrastructure maintenance liabilities, let alone proceed with the many capital projects we would all dearly love to see. We must continue to contain costs and maximise profitability whenever and wherever possible.

The management team was strengthened during 1995 by the appointment of Julian Garforth as the new Accountant & Commercial Manager, who had the benefit of prior knowledge of the Company from his six-month secondment from Coopers & Lybrand some eighteen months earlier. Under Julian's guidance full implementation of the new computerised accounting system has now been completed and indeed expanded.

During the year a considerable amount of Health & Safety legislation had to be dealt with, much of it brought about by the privatisation of British Rail. Of prime importance was the need to present a comprehensive, written submission to the Health & Safety Executive applying for a Certificate of Exemption under the Railways (Safety Case) Regulations 1994, without which we could not have continued to run a train service. That our application was submitted on time and approved without conditions is due testimony to the hard work put in by all concerned under the guidance of our Health & Safety Adviser, Phil Jones. It has also been necessary to comply with the Railways (Safety Critical Work) Regulations 1994 whereby we must ensure that detailed records



Severn Valley Railway (Holdings) PLC

of training, qualifications and medical fitness for certain grades of operating and maintenance staff meet the specified requirements. I am conscious that the new legislation has not met favour with everyone, but we do need to comply with the law which is intended to produce safer railway systems.

You will see included in the Notice of Meeting a Special Resolution to be put to the Annual General Meeting to amend Article 107 of the Company's Articles of Association. This refers to the number of days by which prospective directors have to inform the Company of their intention to stand for election to the Board. This is to give candidates the opportunity to have their names included on the proxy cards sent to all shareholders and also to enable distribution of their Curricula Vitae. I hope that this proposal will meet with your approval and, for future reference, can I point out that it is the Board's intention always to hold the AGM in June or July each year. The precise date will be set no later than the end of March of the relevant year.

What then are the prospects for 1996? The reduction in the "Freedom of the Line" fares, coupled with the opening of the new Country Park Halt at Alveley, has given us the chance to build up our passenger numbers, and we have witnessed an encouraging start to the year.

The key to continued success will be to offer a product that is perceived by the customer to be good value for money and a great day out for all the family. We are seeing a healthy upturn in bookings for charter trains, and a more professional approach to the corporate hospitality market is already reaping rewards.

The Company is presently preparing a detailed application to the National Heritage Lottery Fund, which should be submitted within the next nine months, for grant aid towards the provision of covered accommodation at Kidderminster for our unique collection of passenger vehicles, the cost of which could run into several millions of pounds.

In closing, may I express the Directors' thanks and appreciation for the continued loyalty and hard work of volunteer and paid staff, and for the magnificent support of those shareholders who have made the 1994 Share Issue such a success. I am sure all our many supporters will wish to endorse the Board's Strategic Objective, namely:

"To ensure the long-term future of the SVR as one of the most successful heritage railways in the world".

Thank you all.

Michael York
Chairman

21 May 1996



Severn Valley Railway (Holdings) PLC

DIRECTORS' REPORT

Directors' Report for the year ended 31 December 1995

The Directors present their report and the audited financial statements for the year ended 31 December 1995.

Principal Activity

The principal activity of the Company is to operate the Severn Valley Railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire. A review of the year is included in the Chairman's Statement on pages 4 and 5 which is deemed to form part of this Report.

Results and Dividends

The result for the year is stated in the Profit and Loss Account on page 10.

The Directors do not recommend the payment of a dividend. The profit of £171,073 for the financial year has been added to reserves.

Directors

The Directors of the Company are listed on page 3.

Directors' Interests

The interests of the current Directors in the shares of the Company at 31 December 1995, together with their beneficial interests at 1 January 1995, or date of their appointment, were:

	1 January	31 December
A Barker	3,000	3,000
J M S Clark (appointed 30 June 1995)	1,525	1,525
A Davies	500	500
J S Garth	1,555	1,555
J S Garth - Trustee holding for SVR Assoc.	41,205	41,805
J J Higgs	1,601	1,601
A Osborne	1,501	1,501
A D Owen	500	500
B D Thomas (appointed 30 June 1995)	1,127	1,628
C G Thomas (appointed 30 June 1995)	27	27
C W Walton	400	400
D C Williams	2,005	2,005
M R York	350	350

Mr I R Latimer was a Director of the Company until 30 June 1995. Both he and Mr B D Thomas have been suppliers of goods to the Company on an occasional basis, and on normal commercial terms.

Mr B D Thomas is the part owner of locomotive "Raveningham Hall" which has been used by the railway under the terms of a rolling stock agreement. On 22 November 1995 Mr B D Thomas, on behalf of the owners, gave 12 months notice, in writing, of their intention to remove the engine, this being in accordance with the provisions of the agreement.



Severn Valley Railway (Holdings) PLC

Directors' Report for the year ended 31 December 1995 (Continued...)

Certain other Directors have interests in the rolling stock maintained and utilised by the railway under the terms of rolling stock agreements. These interests were recognised but were deemed to be minimal.

Since his appointment on 30 June 1995 Mr C G Thomas has not held the required 50 shares to qualify as a nominee Director on behalf of SVR Co.Ltd. On 30 January 1996 Mr C G Thomas applied for, and was allotted, a further 100 shares at par value, paid in full, to remedy the position.

Substantial Shareholdings

The following had holdings in excess of 3% of the issued share capital of the Company at 31 December 1995:

	No. of Shares	% of Total
SVR Co. Ltd.	472,367	20.5
Rubery Owen Holdings Ltd	150,000	6.5

Fixed Assets

The movements in fixed assets during the year are set out in note 8 to the financial statements.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, and to authorise the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By order of the Board

D G H Myers
Company Secretary

A handwritten signature in dark ink, appearing to read "D G H Myers", written over the printed name and title.

21 May 1996



Severn Valley Railway (Holdings) PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the detection and prevention of fraud.

By order of the Board

D G H Myers
Company Secretary

A handwritten signature in dark ink, appearing to read "D G H Myers", written over the printed name and title.

21 May 1996



Severn Valley Railway (Holdings) PLC

REPORT OF THE AUDITORS

to the members of Severn Valley Railway (Holdings) PLC

We have audited the financial statements on pages 10 to 21.

Respective responsibilities of Directors and Auditors

As described on page 8 the Company's Directors are responsible for the preparation of the 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.

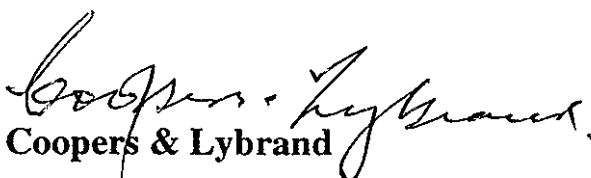
Basis of opinion

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 mis-statement, 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 31 December 1995 and of its result, total recognised gains and losses, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand

Chartered Accountants and Registered Auditors

Birmingham

21 May 1996



Severn Valley Railway (Holdings) PLC

Profit and Loss Account for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	2	2,629,069	2,736,438
Cost of sales		(2,222,747)	(2,287,829)
Gross profit		406,322	448,609
Administrative expenses		(388,833)	(441,930)
		17,489	6,679
Other operating income	3	35,206	38,490
Profit on disposal of fixed assets	3	135,280	0
Other operating costs:			
Expenses of 1994 Share Issue		0	(100,087)
Operating profit/(loss)		187,975	(54,918)
Interest payable and similar charges	4	(16,902)	(43,853)
Profit/(loss) on ordinary activities before taxation	5	171,073	(98,771)
Tax on ordinary activities	13	0	0
Retained profit/(loss) for the financial year	16	171,073	(98,771)

The results in the profit and loss account above relate wholly to continuing operations.

Statement of Total Recognised Gains and Losses

	1995 £	1994 £
Profit/(loss) for the financial year	171,073	(98,771)
Unrealised surplus on revaluation of properties	0	0
Total recognised gains and losses relating to the year	171,073	(98,771)

Note of historical cost profits and losses

There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above, and their historical cost equivalents.



Severn Valley Railway (Holdings) PLC

Balance Sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible Assets	8	<u>3,395,873</u>	<u>3,429,022</u>
Current Assets			
Stocks	9	231,781	229,278
Debtors	10	175,547	152,868
Cash at bank and in hand		<u>34,550</u>	<u>13,721</u>
		441,878	395,867
Creditors: Amounts falling due within one year	11	<u>(467,625)</u>	<u>(721,086)</u>
Net Current Liabilities		<u>(25,747)</u>	<u>(325,219)</u>
Total Assets Less Current Liabilities		3,370,126	3,103,803
Creditors: Amounts falling due after more than one year	12	<u>(100,000)</u>	<u>(160,000)</u>
Net Assets		<u>3,270,126</u>	<u>2,943,803</u>
Capital and Reserves			
Called up share capital	15	2,309,663	2,154,413
Revaluation reserve	16	494,897	494,897
Profit and loss account	16	<u>465,566</u>	<u>294,493</u>
Equity Shareholders' Funds		<u>3,270,126</u>	<u>2,943,803</u>

The financial statements on pages 10 to 21 were approved by the Board of Directors on 21 May 1996 and were signed on its behalf by:

M R York)
J J Higgs) Directors



Severn Valley Railway (Holdings) PLC

Cash Flow Statement for the year ended 31 December 1995

	Notes	1995 £	1994 £
Net cash inflow/(outflow) from continuing operating activities		(8,204)	77,413
Return on investment and servicing of finance			
Interest paid		(16,902)	(43,853)
Investing activities			
Purchase of tangible fixed assets		(89,191)	(497,547)
Sale of tangible fixed assets		160,000	80,000
Net cash inflow/(outflow) from investing activities		70,809	(417,547)
Net cash inflow/(outflow) before financing		45,703	(383,987)
Financing			
Issue of ordinary shares	17	155,250	435,737
Repayment of loan	17	(60,000)	(350,000)
Loan receipts	17	0	350,000
Net cash inflow from financing		95,250	435,737
Increase in cash and cash equivalents	18	140,953	51,750

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from continuing operating activities

	1995 £	1994 £
Operating profit/(loss)	187,975	(54,918)
Depreciation	97,620	69,295
(Profit)/loss on sale of tangible fixed assets	(135,280)	0
Decrease/(increase) in stocks	(2,503)	34,364
Decrease/(increase) in debtors	(22,679)	52,777
(Decrease)/increase in creditors	(133,337)	(24,105)
Net cash inflow/(outflow) from continuing operating activities	(8,204)	77,413



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Tangible fixed assets

The cost of acquired fixed assets is their purchase cost, together with any incidental costs of acquisition.

Capital work in progress comprises the cost of capital projects under development, which includes, where appropriate, elements of specifically identifiable and attributable internal labour costs. Capital projects comprise major repair or refurbishment works which give rise to a significant and continuing economic benefit to the railway. Depreciation is provided against the cost of such projects in the period in which they are completed.

Interests in land and buildings are included at a valuation. Subsequent additions are stated at cost.

A full valuation of the land and buildings was made in 1993 by independent professionally qualified valuers. The basis of valuation is explained in note 8.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings and permanent way	1% on cost or valuation
Locomotives and rolling stock	5% on cost
Office and computer equipment	25% on cost
Motor vehicles	33% on cost
Giftshops, bar and catering equipment	20% on cost
Major repair/refurbishment works	4% - 33% on cost

Freehold land is not depreciated.

The depreciation basis on Office and Computer Equipment has been changed to 25% on cost for new acquisitions. The present assets have been written down to nil value in 1995 to reflect the permanent diminution in value.

The depreciation basis on Motor Vehicles has been changed to 33% on cost for new acquisitions. The present assets have been written down in 1995 to reflect the Directors' estimates of their present realisable value.

The depreciation basis on Giftshops, Bar and Catering equipment has been changed to 20% on cost to enable these assets to be written off over the next 5 years.

These changes in bases have resulted in additional depreciation charge for 1995 of £20,932.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The Company operates a defined contribution pension scheme. Amounts falling due are charged to the profit and loss account as incurred.

2. Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. In the opinion of the Directors the Company's business is a single entity, that of operating a heritage railway. No further segmental analysis is considered necessary.

3. Other operating income

	1995 £	1994 £
Rents received	23,063	32,474
Miscellaneous	12,143	6,016
	<hr/> 35,206	<hr/> 38,490
Net profit on sale of tangible fixed assets	135,280	0
	<hr/> 170,486	<hr/> 38,490

The profit on sale of tangible fixed assets relates to the sale of locomotives "Leander" and "Galatea" during 1995.

4. Interest payable and similar charges

	1995 £	1994 £
On bank loans and overdrafts and other loans:		
Repayable within 5 years, not by instalments	16,902	43,853
Repayable within 5 years, by instalments	0	0
Repayable wholly or partly in more than 5 years	0	0
	<hr/> 16,902	<hr/> 43,853



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

5. Profit/(loss) on ordinary activities before taxation

	1995	1994
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on tangible owned fixed assets	97,620	69,295
Net profit on sale of tangible fixed assets	(135,280)	0
Hire of other assets - operating leases	6,904	5,234
Exceptional litigation and related items (charged against administrative expenses)	0	29,829
Auditors' remuneration for:		
Audit	9,500	10,000
1994 Share Issue costs	0	24,382
Other services	13,509	14,480
	<hr/>	<hr/>

6. Directors' emoluments

No Director, including the Chairman, received any fees, salary payments (including benefits in kind), pension contributions, or other emoluments. (In 1994 the Chairman was paid £315 in respect of telephone calls made from home for Company business.)

7. Employee information

The average weekly number of persons employed by the Company during the year was:

	1995	1994
	Number	Number
Full Time	57	57
Part Time	14	17
	<hr/>	<hr/>
	71	74
	<hr/>	<hr/>
	1995	1994
	£	£
Staff costs for the above		
Wages and salaries	781,500	782,756
Social security costs	56,177	57,235
Other pension costs	20,001	22,425
	<hr/>	<hr/>
	857,678	862,416
	<hr/>	<hr/>



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

8. Tangible fixed assets

	Total £	Freehold land and buildings £	Locos and rolling stock £	Giftshops bar and catering equipment £	Office equipment & motor vehicles £	Capital work in progress £
Cost or valuation						
At 1 January 1995	3,885,513	3,057,267	602,705	149,760	65,482	10,299
Additions	89,191	89,191	0	0	0	0
Transfers	0	10,299	0	0	0	(10,299)
Disposals	(61,800)	0	(61,800)	0	0	0
At 31 December 1995	3,912,904	3,156,757	540,905	149,760	65,482	0
Depreciation						
At 1 January 1995	456,491	24,013	318,896	65,435	48,147	0
Charge for the year	97,620	37,287	26,635	16,864	16,834	0
Disposals	(37,080)	0	(37,080)	0	0	0
At 31 December 1995	517,031	61,300	308,451	82,299	64,981	0
Net book value						
At 31 December 1995	3,395,873	3,095,457	232,454	67,461	501	0
At 31 December 1994	3,429,022	3,033,254	283,809	84,325	17,335	10,299

The freehold land and buildings were revalued on 21 December 1993 at open market value by Keith Cardale Groves, a firm of independent chartered surveyors.

In addition to the locomotives and rolling stock owned by the Company, the Company has entered into agreements with various third parties to operate and maintain a range of other locomotives and rolling stock for use on the line. In the opinion of the Directors these arrangements are in the nature of operating leases and the costs of maintenance are charged to the profit and loss account as incurred.



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

8. Tangible fixed assets (Continued...)

If land and buildings had not been revalued they would have been included at the following amounts:

	1995 £	1994 £
Land and Buildings		
Cost	2,963,734	2,894,543
Aggregate depreciation	(380,874)	(351,237)
Net book value	<u>2,582,860</u>	<u>2,543,306</u>

9. Stocks

	1995 £	1994 £
Goods for resale	116,020	127,393
Stores	106,207	101,885
Work in Progress	9,554	0
	<u>231,781</u>	<u>229,278</u>

10. Debtors

	1995 £	1994 £
Trade debtors	130,663	112,816
Other debtors	21,218	32,554
Prepayments and accrued income	23,666	7,498
	<u>175,547</u>	<u>152,868</u>



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

11. Creditors: Amounts falling due within one year

	1995	1994
	£	£
Bank overdraft	161,782	281,906
Other loan	10,205	11,174
Trade creditors	152,215	242,498
Other taxation and social security	30,427	20,425
Other creditors	18,116	59,449
Accruals	94,880	105,634
	<u>467,625</u>	<u>721,086</u>

The bank overdraft is secured by means of a fixed charge over all book debts and freehold properties and a floating charge over all assets, goodwill, undertaking and uncalled capital both present and future.

The other loan, which is from Bass Mitchells & Butler, is repayable by annual instalments over ten years from 30 September 1993 at an interest rate of 2% over base rate. These repayment terms are conditional upon achieving specified barrelage targets.

12. Creditors: Amounts falling due after more than one year

	1995	1994
	£	£
Loan - SVR Co. Ltd.	<u>100,000</u>	<u>160,000</u>

This loan is interest free and unsecured. It is envisaged that this loan will be converted into shares at a later date.

On 22nd March 1994 the Company received notification from the SVR Co.Ltd. that the loan will not fall due for repayment whilst present banking arrangements with Midland Bank plc remain in force.

During 1995 £60,000 of the loan was converted into shares with the prior approval of Midland Bank plc.



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

13. Taxation

No Corporation Tax is payable for the year due to the utilisation of tax losses brought forward.

At 31 December 1995 there is a contingent liability to taxation deferred because of timing differences arising on depreciation. Although the potential liability is £334,907 (1994: £296,503) the Directors consider the Company's depreciation policy and planned future capital expenditure will ensure that these timing differences will continue in the foreseeable future and consequently no provision is necessary for deferred taxation. No liability is expected to arise in the event of sale of revalued assets at the balance sheet value.

14. Pension Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company and in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £20,001 (1994: £22,425).

15. Called up Share Capital

	1995 £	1994 £
Authorised ordinary shares of £1 each	3,000,000	3,000,000
Allotted, called up and fully paid ordinary shares of £1 each	2,309,663	2,154,413

The Company allotted 155,250 ordinary shares of £1 each at par during the year ended 31 December 1995.

16. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1995	494,897	294,493
Profit for the financial year	0	171,073
At 31 December 1995	494,897	465,566



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

17. Analysis of changes in financing during the year

	1995		1994	
	Share Capital £	Loans £	Share Capital £	Loans £
Changes during the year				
At 1 January	2,154,413	171,174	1,718,676	173,500
Shares issued for cash consideration	155,250	0	435,737	0
Repayment of loan	0	(60,000)	0	(350,000)
Discharge of Brewery loan	0	(969)	0	(2,326)
New loans advanced	0	0	0	350,000
At 31 December	2,309,663	110,205	2,154,413	171,174

18. Cash and cash equivalents

	1995 £	1994 £
At 1 January	(268,185)	(319,935)
Net cash inflow	140,953	51,750
At 31 December	(127,232)	(268,185)

	1995 £	1995 Change in year £	1994 £	1994 Change in year £	1993 £
Analysis of balances:					
Cash at bank and in hand	34,550	20,829	13,721	10,229	3,492
Bank overdraft	(161,782)	120,124	(281,906)	41,521	(323,427)
At 31 December	(127,232)	140,953	(268,185)	51,750	(319,935)



Severn Valley Railway (Holdings) PLC

Notes to the Financial Statements for the year ended 31 December 1995 (Continued...)

19. Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit/(loss) for the financial year	171,073	(98,771)
Issue of share capital	155,250	435,737
Surplus arising on revaluation of land and buildings	0	0
Net addition to shareholders' funds	326,323	336,966
Opening shareholders' funds	2,943,803	2,606,837
Closing shareholders' funds	3,270,126	2,943,803

20. Contingent Liabilities

The Company was jointly named in an action brought by a shareholder in respect of alleged slander. After taking legal advice the action was vigorously contested. Since the year end the action has been withdrawn and the company's legal costs will be met in full by the plaintiff.

21. Capital commitments

	1995 £	1994 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	16,000	18,000
Capital expenditure that has been authorised by the Directors but has not yet been contracted for	79,000	46,500



Severn Valley Railway (Holdings) PLC

The analysis below is provided purely as additional information for the shareholders and does not form part of the audited Financial Statements.

Turnover

	1995 £	1994 £
Traffic	1,166,669	1,234,108
Giftshops	341,507	343,046
Wholesale	142,015	145,742
Bars	458,056	469,736
Catering	248,343	253,314
Contract engineering	195,661	171,212
Locomotive hire	76,818	119,280
	<u>2,629,069</u>	<u>2,736,438</u>

Cost of sales relating to traffic includes working expenses of:

	1995 £	1994 £
Operating wages	416,675	376,336
Locomotive maintenance	75,470	111,139
Carriage maintenance and cleaning	38,504	49,220
Coal, oil and water	105,220	159,415
Civil engineering	6,942	22,531
Permanent way maintenance	24,383	28,089
Signals and telecommunications	6,741	5,673
Plant, machinery and electrical repairs	3,366	1,570
Visiting locomotives costs	18,654	24,008
Sundry traffic expenses	29,309	10,947
Depreciation of buildings and equipment	63,922	53,407
Events including Galas, Santa, Filming and Thomas the Tank	68,429	42,254
Publicity	91,091	78,839
Ticket office expenses	0	2,538
Station expenses	76,996	87,115
	<u>1,025,702</u>	<u>1,053,081</u>



Severn Valley Railway (Holdings) PLC

Administrative expenses:

	1995 £	1994 £
Wages, salaries, pension and PHI	153,484	148,732
Bank charges	22,499	26,199
Rent, rates and insurance	77,969	70,184
Postage and telephone	24,752	17,335
Printing and stationery	15,496	7,714
Professional fees	36,079	78,539
Registrar's costs	8,356	13,836
Auditors' remuneration	9,500	10,000
General expenses	7,503	29,547
Office repairs	1,316	8,335
Motor travel and entertaining	5,692	5,000
Depreciation of equipment - office & motor vehicles	16,834	6,276
Office machinery leasing	6,904	5,235
Bad debt provision	2,449	14,998
	<hr/> 388,833 <hr/>	<hr/> 441,930 <hr/>