

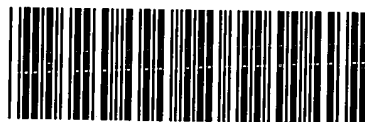
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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 3 JANUARY 2016

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

COMPANY INFORMATION

DIRECTORS	N C Paul CBE M E Ball A C Barr MBE A G Bending J A Dunster A D Owen OBE P R P Pearson C G Thomas C W Walton S White D C Williams M R York
COMPANY SECRETARY	M P Harris
REGISTERED NUMBER	01046274
REGISTERED OFFICE	Number One Comberton Place Kidderminster DY10 1QR
STATUTORY AUDITOR	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
BANKERS	HSBC Bank plc 31 Church Street Kidderminster Worcestershire DY10 2AY
SOLICITORS	Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG
REGISTRAR	Neville Registrars Ltd Neville House 18 Laurel Lane Halesowen B63 3DA

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 3 JANUARY 2016

Dear Shareholders

I am pleased to be able to report a profit of £100,834 in 2015. The profit has been achieved during a year in which we have continued to increase expenditure and investment on carriages, locomotives, infrastructure, track and formation of the Railway.

2015 has been another incredible year and one of considerable celebration as we looked back over a fifty-year history of preservation to the creation of the SVR in 1965. A series of events throughout 2015 involved founding fathers, pioneers and all those volunteers who have and continue to support the growth and development of the Railway today. As already mentioned in my Shareholder's Newsletter report the visit of Her Royal Highness The Princess Royal on April 13th 2015 to open the year's celebrations was enjoyed by all attendees, and the support of our Patron HRH The Duke of Gloucester on September 17th was most welcome on the day before the Autumn Gala.

You will notice that the familiar format of the accounts has altered. Accounting rule changes, namely Financial Reporting Standard 102 has meant that presentation, explanation and terminology of the SVR Annual Report and Financial Statements have changed to bring them in line with the new rules. Some of this will be unfamiliar to our Shareholders but attendees at the AGM will have Dave Darlaston, audit partner of Crowe Clark Whitehill on hand to explain the accounting alterations and to answer relevant questions.

Looking in some detail at the accounts it is encouraging that the Railway saw an increase in turnover of £404,324 compared with 2014 primarily from a growth in traffic revenue. Traffic revenue, incorporating fares from passenger visits, annual passes, group bookings and special events, is as you would expect a significant part of our revenue streams. Revenue increases of this magnitude are necessary to allow the subsequent growth in expenditure on maintenance and improvement work. As 85% of our tickets sales are for 'Freedom of the Line', usually revenue increases can only be achieved through increasing the main headline fare as we did at the start of 2015. It is pleasing to note that turnover also increased in catering and giftware. Contract engineering sales declined, as greater priority was given to maintaining and overhauling the home fleet of locomotives.

In 2015 the Railway received donations and legacies of £301,737 compared with £484,120 in 2014, a reduction of £182,383 but the annual profit reduced by only £60,579. There has been an increase of 13 in part time employees in 2015 compared with 2014 with a reduction in casual employees of only 5. The change between part time and casual is due to casual staff working a small number of additional hours, thus changing their classification. In addition, the recruitment of further apprentices for the Heritage Training Academy has increased the number of part time employees by 6.

There are some other large variances when comparing 2015 and 2014 figures. Our capital commitments in 2015 were zero compared with £711,625 in 2014. At the end of 2014 we had signed contracts for the Diesel Depot and Bewdley Viaducts although construction did not commence until 2015. At the end of 2015 there were no signed contracts for work to commence in 2016.

Also in 2015 there was a significant increase in borrowing, primarily in support of two large and very important long term SVR projects.

The purchase of 10 acres of land to the West of Bridgnorth Station has been supported by a loan of £172,500 from our bank HSBC. This purchase which includes the scheduled ancient monument of Pan Pudding Hill, gives the Bridgnorth Development Project Team much needed space to incorporate in to their Masterplan. The space will be used for much improved car parking; a new exit road that in turn will allow the installation of a turntable and for a volunteer accommodation block. The Railway is grateful to the Apley Estate trustees who agreed to the land sale.

The Bridgnorth Development Team made significant progress in 2015 on the Masterplan for the site. Having submitted a preliminary application to Shropshire Council Planning Department feedback was received in January 2015, which led, a large number of surveys being undertaken ranging from traffic, to bats and newt

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 3 JANUARY 2016

habitat. The Team completed all surveys and submitted the full extensive planning application to Shropshire Council on the 13th January 2016. We are now awaiting the result with fingers crossed. I am sure Shareholders will wish to endorse and support the Development Team's hard work and good progress.

The second loan of £372,000 again from HSBC has been drawn down to complete the funding of the Diesel Depot at Kidderminster. This considerable undertaking now provides the Railway with a maintenance facility for our historic fleet of mainline diesel locomotives and diesel shunter engines, which are such an integral and important part of the SVR. The depot has already helped our diesel fitter volunteers as they can now work in dry conditions with a crane and pits assisting them in the maintenance of the diesel fleet. The depot also offers commercial opportunities as other diesel groups, both main line and heritage railway based, may wish to take advantage of these great facilities on a commercial basis.

The two new loans will not be an additional financial burden as in February 2016 the Railway finished repaying the £500k loan it took to undertake the drainage works and platform repairs at Arley and Bewdley South Viaduct.

Shareholders will also notice that there has been a reduction in the cash position at the end of year detailed in the Statement of Cash Flows. In 2015 £1,342,320 (2014 £710,245) was spent purchasing fixed assets, an increase of £632,075. The increase has been funded largely by the two new loans amounting to £544,500. A further £100,000, which had been pledged for the Diesel Depot but as yet not received in the year will improve the cash position. The Statement also shows that we have been successful in reducing overall debtors but not trade debtors, as various customer queries had not been finalised by the year end. All of these debts totalling £65,000 have been collected in 2016.

During 2015, the Infrastructure Manager and the Volunteer Permanent Way Supervisor undertook a comprehensive study of track, formation and point conditions along the whole length of the line in order to establish a five-year plan of investment for track and formation. This plan was submitted to the Board and has resulted in the approval to spend £120,000 on Eardington Bank track relay and drainage improvement in the winter of 2015/2016 and further formation renewal and track work near Waterworks crossing which is planned for early 2017. Total capital expenditure across the Railway continues at a high level which is why the support of shareholders, the Severn Valley Railway Charitable Trust and Severn Valley Railway Company Limited are so important. I would like to thank all shareholders together with the Chairmen of SVR Charitable Trust and the SVR Company Limited for their continuing support.

It is estimated that 245,800 people visited the Railway in 2015, compared to 244,800 in 2014. This estimate is based on the recorded number of passengers purchasing tickets to travel, increased by a percentage to take into account shareholder and working member journeys. One of our volunteers has undertaken extensive on train survey work which has revealed that 20% of our train loadings are currently unrecorded. The majority of these passengers are people travelling on shareholder or working members passes.

Shareholders will I am sure be very interested in how 2012 Share Offer Funds have been allocated in 2015. As a reminder, the 2012 Share Offer document included a number of projects that reflected our funding requirements on the Railway at the time. This included visitor amenities, rolling stock & locomotives and infrastructure. In the financial year 2015, share offer funds were expended on a portfolio of projects. Essential remedial work was undertaken on a further two viaduct arches either side of Bewdley station at Sandbourne and Wribbenhall to improve their integrity and resilience. Rail replacement material costs for the Eardington Bank relay project and track components in Bewdley yard were allocated to the share offer. At Bridgnorth a power upgrade was undertaken as a preliminary to the main Bridgnorth Development project and professional fees for survey work and architect's fees in support of Bridgnorth Development were expended. Further details of these projects will be given at the AGM in June 2016.

Looking forward to the 2016 season it certainly promises to be well supported and patronised. Shareholders will be aware that the decision to cancel the Autumn Gala was taken earlier in 2016 because of the amount of interest in the Flying Scotsman and Tornado operational days. An End of Season Finale Gala has been introduced in 2016 to provide a fitting event to be enjoyed by the enthusiast. Importantly it has relieved the Flying Scotsman and Tornado event of a potential problem of overcrowding. Flying Scotsman will be resident on the Railway for six days. The SVR Charitable Trust will have a special fundraising event with the locomotive

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 3 JANUARY 2016**

on the 21st September followed by five days of Pacific Power with Flying Scotsman sharing duties with Tornado. I can inform shareholders that all public tickets for the event have been sold, most of the tickets being sold in just one day. The End of Season Finale Gala will itself include an interesting roster of locomotives to ensure that it is a fitting replacement for the Autumn Gala in 2016. These arrangements are for this year only, and the Autumn Gala with overnight running will be restored to its rightful place in the 2017 calendar.

Finally, I will return to the Bridgnorth Development Project. Whilst phase one of the project, the construction of the GWR style building at the south end of the current station housing a new buffet and toilet facilities will be supported by the 2012 share offer proceeds, the total Bridgnorth Development Masterplan project is expected to cost in the region of £5 million. In support of this transformational project the Board will seek approval at the 2016 AGM to launch a 2016 Share Offer in support of this one objective, with the sole aim to fund as much of the Masterplan as possible. Further details of the new share offer and the Bridgnorth Project will be available at the AGM.

Please, if you haven't already shared your email details with Neville Registrars (the Company that hold the SVR share register) then please do so. Email shareholders@svrlive.com or alternatively, at the AGM inform the staff undertaking registration. This is in order that we can add your details to our shareholder electronic mailing list. On a number of occasions during the year we have been able to inform shareholders of exciting developments taking place on the Railway that we think are relevant and keep you up to date with news on your Railway through an email newsletter. I look forward to welcoming you to the AGM and answering your questions in the subsequent Question and Answer session.

Name Nick Paul CBE
Chairman



Date 19 April 2016

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 3 JANUARY 2016

The Directors present their report and the financial statements for the period ended 3 January 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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'. Under Company law the Directors must not approve the financial statements unless satisfied that they 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £100,834 (2014 - £161,413). Please see note 26 for details of adjustment to 2014 profit as a result of transition to FRS 102.

In accordance with the special resolutions passed at the Extraordinary General Meeting of the Company on 19 December 1997, the Memorandum and Articles of Association of the Company no longer permit either the payment of dividends or the participation of members in the distribution of any residual property or assets upon the winding up or dissolution of the Company.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 3 JANUARY 2016

DIRECTORS

The Directors who served during the period and their interests in the Company's issued share capital were:

	Ordinary shares of £1 each	
	3 January 2016	4 January 2015
N C Paul CBE	6,451	6,451
M E Ball	1,700	1,700
A C Barr MBE	3,300	3,050
A G Bending	3,100	3,100
J A Dunster	250	250
A D Owen OBE	1,000	1,000
P R P Pearson	3,130	3,130
C G Thomas	1,353	1,353
C W Walton	1,200	1,200
S White	1,260	1,260
D C Williams	2,505	2,505
M R York	1,000	1,000

Certain 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 deemed to be minimal.

FUTURE DEVELOPMENTS

For details of future developments please refer to the Chairman's Statement.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year, an indemnity from the Company was available to the directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 3 JANUARY 2016**

AUDITORS

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 19 April 2016 and signed on its behalf.



N C Paul CBE
Director

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

STRATEGIC REPORT FOR THE PERIOD ENDED 3 JANUARY 2016

INTRODUCTION

The principal activity of the Company is to operate the Severn Valley Railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire and the financial statements are drawn up to the accounting reference period 3 January 2016 (prior period - 4 January 2015) to correspond with the end of the Company's 'festive season' running schedule.

Throughout the financial statements references to the period ended 3 January 2016 are shown as "2015" and to the comparative period as "2014".

BUSINESS REVIEW

The Directors are pleased to report that 2015 was again a profitable year, with a profit for the year of £100,834 compared to £161,413 in 2014. A comparison of 2014 to 2015 accounts shows that sales have increased £404,324.

It is estimated that 245,800 people visited the railway in 2015, compared to 244,800 in 2014. This estimate is based on the recorded number of passengers purchasing tickets to travel, increased by a percentage to take into account shareholder and working member journeys. In the current year 204,842 (2014: 204,045) purchased tickets to travel.

The Company's Net Asset position at 3 January 2016 grew by £241,264 with respect to the 4 January 2015 position. Fixed assets increased by £787,452 with the Diesel Depot and 10 acres of land purchased in Bridgnorth being the major additions.

A detailed financial business review is contained in the Chairman's Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the following issues to be the Company's main risks and uncertainties:

- Continue to operate within the company's safety management system
- The current economic situation and its impact on disposable income and spending patterns
- Weather and its impact on the number of passengers and on the infrastructure
- Availability and cost of coal, oil and other necessary resources
- Age of working volunteers and their continuing support of the Railway
- Risk of not finding funding for ongoing repairs, improvements and future projects
- Availability and recruitment of skilled staff (both volunteer and paid)
- Ongoing changes to legislation
- Environmental issues
- Compliance with Health & Safety
- Third party relationships

In order to mitigate these risks and uncertainties, the Directors approve detailed business plans and monitor progress against these.

FINANCIAL KEY PERFORMANCE INDICATORS

The following are some of the most significant key performance indicators identified by the Directors:

- Cashflow
- Turnover
- Expenditure
- Passenger numbers and yield per passenger
- Operating profit
- Performance compared to the Strategic Plan

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

STRATEGIC REPORT (continued)

The Board monitors the Company's performance against strategic objectives and the financial performance on a regular basis. Performance is assessed against the budgets using financial and non-financial measures.

The performance against these key performance indicators are described in detail in the Chairman's statement along with other non-financial key performance indicators.

This report was approved by the board on 19 April 2016 and signed on its behalf.



N C Paul CBE
Director

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

We have audited the financial statements of Severn Valley Railway (Holdings) plc for the period ended 3 January 2016, set out on pages 12 to 34. 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'.

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 an Auditor's Report 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 as at 3 January 2016 and of its profit for the period 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.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY
(HOLDINGS) PLC**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period 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.



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

19 April 2016

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 3 JANUARY 2016**

		2015	2014
	Note	£	£
Turnover	2,4	6,522,972	6,118,648
Cost of sales		(6,383,684)	(6,054,830)
Gross profit		139,288	63,818
Administrative expenses		(722,681)	(706,246)
Other operating income	5	696,297	814,925
Operating profit		112,904	172,497
Interest receivable and similar income		480	688
Interest payable and expenses	8	(12,550)	(11,772)
Profit before tax		100,834	161,413
Tax on profit	9	-	-
Profit for the period		100,834	161,413

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

The notes on pages 16 to 34 form part of these financial statements.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC
REGISTERED NUMBER:01046274

STATEMENT OF FINANCIAL POSITION
AS AT 3 JANUARY 2016

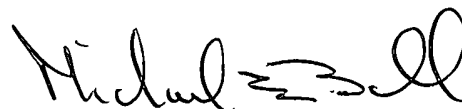
	Note	3 January 2016 £	4 January 2015 £
Fixed assets			
Intangible assets	10	25,890	11,330
Tangible assets	11	12,758,793	11,985,901
Current assets			
Stocks	12	448,390	449,405
Debtors: amounts falling due within one year	13	223,711	311,254
Cash at bank and in hand	14	839,546	1,250,859
		<u>1,511,647</u>	<u>2,011,518</u>
Creditors: amounts falling due within one year	15	<u>(1,382,351)</u>	<u>(1,205,803)</u>
Net current assets		<u>129,296</u>	<u>805,715</u>
Total assets less current liabilities		<u>12,913,979</u>	<u>12,802,946</u>
Creditors: amounts falling due after more than one year	16	(4,821,546)	(4,954,640)
Provisions for liabilities			
Locomotive and rolling stock provision	19	<u>(145,621)</u>	<u>(142,748)</u>
		<u>(145,621)</u>	<u>(142,748)</u>
Net assets		<u><u>7,946,812</u></u>	<u><u>7,705,558</u></u>
Capital and reserves			
Called up share capital	21	7,152,418	7,011,998
Profit and loss account	20	794,394	693,560
		<u><u>7,946,812</u></u>	<u><u>7,705,558</u></u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 19 April 2016.

N C Paul CBE
Director



M E Ball
Director



The notes on pages 16 to 34 form part of these financial statements.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**STATEMENT OF CHANGES IN EQUITY
AS AT 3 JANUARY 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 5 January 2015	7,011,998	693,560	7,705,558
Profit for the period	-	100,834	100,834
Shares issued during the period	140,420	-	140,420
At 3 January 2016	7,152,418	794,394	7,946,812

**STATEMENT OF CHANGES IN EQUITY
AS AT 4 JANUARY 2015**

	Share capital	Retained earnings	Total equity
	£	£	£
At 6 January 2014	6,755,651	532,147	7,287,798
Profit for the period	-	161,413	161,413
Shares issued during the period	256,347	-	256,347
At 4 January 2015	7,011,998	693,560	7,705,558

The notes on pages 16 to 34 form part of these financial statements.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 3 JANUARY 2016**

	3 January 2016 £	4 January 2015 £
Cash flows from operating activities		
Profit for the financial period	100,834	161,413
Adjustments for:		
Depreciation of tangible assets and other tangible assets written off	561,069	526,159
Decrease in stocks	1,015	36,290
Interest paid	12,550	11,772
Interest received	(480)	(688)
Decrease in debtors	87,543	168,814
Decrease in creditors	(329,640)	(182,557)
Increase/(decrease) in provisions	2,875	(18,570)
Net cash generated from operating activities	435,766	702,633
Cash flows from investing activities		
Purchase of intangible fixed assets	(15,500)	-
Purchase of tangible fixed assets	(1,342,320)	(710,245)
Sale of tangible fixed assets	9,299	-
Interest received	480	688
Net cash from investing activities	(1,348,041)	(709,557)
Cash flows from financing activities		
Issue of ordinary shares	140,420	256,347
New secured loans	544,500	-
Repayment of loans	(142,842)	(145,632)
Repayment of other loans	(28,566)	(11,446)
Interest paid	(12,550)	(11,772)
Net cash used in financing activities	500,962	87,497
Net increase / (decrease) in cash and cash equivalents	(411,313)	80,573
Cash and cash equivalents at beginning of period	1,250,859	1,170,286
Cash and cash equivalents at the end of period	839,546	1,250,859
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	839,546	1,250,859
	839,546	1,250,859

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

1. COMPANY INFORMATION

Severn Valley Railway (Holdings) plc (the Company) operates a heritage railway between Bridgnorth in Shropshire and Kidderminster in Worcestershire.

The Company is an unlisted public limited company (registered number 01046274), which is incorporated and domiciled in the UK. The address of the registered office and principle place of business is Number One, Comberton Place, Kidderminster, DY10 1QR.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

When preparing these Financial Statements, the Directors have assessed the Company's ability to continue as a going concern. As a result of this assessment, no material uncertainties have been identified by the Directors that may cast significant doubt about the ability of the Company to continue as a going concern.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Company meets its day-to-day working capital requirements through cash reserves. An overdraft facility is retained which is due for renewal on 30 April 2016. The Company's forecasts and projections show that the Company should be able to operate within the level of its current facility. The Company will hold renewal negotiations with the Bank in due course and has, at this stage, not sought any written commitment that the facility will be renewed. However, since the year end, the Company has held discussions with the Bank about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

The following principal accounting policies have been applied:

2.2 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria is used to determine when revenue is recognised:

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

2. ACCOUNTING POLICIES (continued)

Giftware, Bars, Catering and Other

Revenue is recognised when the significant risks and rewards of ownership have transferred to the customer. This is usually at the point when the goods or service are received by the customer.

Traffic

Revenue is recognised when the significant risks and rewards of ownership have transferred to the customer. This is usually at the time when travel takes place. Where travel tickets are purchased in advance of the date that travel takes place, the income is recognised at the date of the transaction as tickets are sold on a non-refundable basis.

Contract Engineering

Revenue is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the Company will receive the consideration due under the contract; the stage of completion of the contract at the end of the reporting period can be measured reliably, and; the costs incurred and the costs to complete the contract can be measured reliably.

Rental income

Rental income is recognised on an accruals basis.

Donations and legacies

Donations are recognised when receivable. Legacies are recognised when the company is entitled to the income and the amount can be quantified with reasonable accuracy. Entitlement is the earlier of the company being notified of an impending distribution or the legacy being received.

Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income Statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

2. ACCOUNTING POLICIES (continued)

2.3 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Software	-	10 % on cost
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2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Freehold buildings and permanent-way		2% - 20% on cost
Locomotives and rolling stock	-	5% - 10% on cost
Office and computer equipment	-	10% - 25% on cost
Motor vehicles	-	20% - 25% on cost
Commercial fixtures, fittings and equipment	-	4% - 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

2. ACCOUNTING POLICIES (continued)

2.5 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expense equal to amounts due to the lessor in the year.

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 DEBTORS

Short term debtors are measured at cost, less any impairment.

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

2. ACCOUNTING POLICIES (continued)

2.9 CASH

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of Cash Flows, cash is shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 FINANCE COSTS

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 INTEREST INCOME

Interest income is recognised in the Income Statement using the effective interest method.

2.14 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

2. ACCOUNTING POLICIES (continued)

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Where the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using an appropriate pre tax discount rate. The unwinding of the discount is recognised as a finance cost in the Income Statement in the period it arises.

2.16 TAXATION

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.17 LOCOMOTIVES AND ROLLING STOCK

In addition to 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 repairs and maintenance over and above those in the terms of the agreement are charged to the Income Statement as incurred.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made included:

Impairment of stocks:

Impairment of stock is recognised and reviewed annually for slow-moving stocks of which high volumes are held. Strategic stocks of spare parts held for carriages are retained at an impaired cost due to the uncertainty of when they will be used.

4. ANALYSIS OF TURNOVER

	2015 £	2014 £
Traffic	3,520,845	3,199,082
Catering	1,194,922	1,122,042
Bars	894,763	906,533
Giftware	426,653	398,745
Contract Engineering	318,497	331,876
Other	167,292	160,370
	<u>6,522,972</u>	<u>6,118,648</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2015 £	2014 £
Rents received	19,799	24,220
Donations and legacies	301,737	484,120
Other non trading income	133,273	65,097
Release of deferred grants/donations	241,488	241,488
	<u>696,297</u>	<u>814,925</u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

6. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	549,916	524,918
Operating lease rentals	10,189	2,480
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	14,750	14,750
Fees payable to the Company's auditors and its associates for other services:		
- Other services	2,500	2,500
- Taxation compliance services	2,750	2,750
Defined contribution pension cost	114,957	96,390

No Director, including the Chairman, directly received any fees, salary payments (including benefits in kind), pension contributions or other emoluments.

7. EMPLOYEES

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,123,883	2,028,920
Social security costs	128,468	132,928
Cost of defined contribution scheme	114,957	96,390
	<u>2,367,308</u>	<u>2,258,238</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2015 No.	2014 No.
Full time	70	70
Part time	58	45
Casual	58	63
	<u>186</u>	<u>178</u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank interest payable	9,677	9,340
Finance charge	2,873	2,432
	<u>12,550</u>	<u>11,772</u>

9. TAXATION

No corporation tax or deferred tax is chargeable to either the current or the prior period.

Factors affecting tax charge for the period

The tax assessed for the period is the same as (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	100,834	161,413
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	20,167	32,283
Effects of:		
Depreciation of ineligible assets	75,698	74,589
Expenses not deductible for tax purposes	1,511	511
Non-taxable income	(60,431)	(96,908)
Unrelieved tax losses	39,479	84,635
Capital allowances in excess of depreciation	(76,424)	(95,110)
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The tax rate of 20% (2014 - 20%) has been used, as the Directors consider that this is the rate applicable to the Company taking into account its expected level of future profits.

The Company has a potential deferred tax asset of £758,259 (2014 - £803,606) relating to tax losses carried forward and a potential deferred tax asset of £598,764 (2014 - £738,617) relating to fixed asset timing differences.

The potential deferred tax assets have not been provided for, as the Directors cannot be sure that there will be sufficient taxable profits against which these assets can reverse in the foreseeable future.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016

10. INTANGIBLE ASSETS

	Software £
Cost	
At 5 January 2015	12,571
Additions	15,500
At 3 January 2016	<u>28,071</u>
Amortisation	
At 5 January 2015	1,241
Charge for the year	940
At 3 January 2016	<u>2,181</u>
Net book value	
At 3 January 2016	<u>25,890</u>
At 4 January 2015	<u>11,330</u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Locos and rolling stock £	Office equipment and motor vehicles £	Commercial fixtures, fittings & equipment £	Capital work in progress £	Total £
Cost or valuation						
At 5 January 2015	15,021,745	912,146	248,254	1,465,948	150,246	17,798,339
Additions	432,187	15,000	8,607	82,303	804,223	1,342,320
Disposals	-	(7,444)	(6,195)	(1,530)	(10,872)	(26,041)
Transfers between classes	5,305	-	-	1,530	(6,835)	-
At 3 January 2016	15,459,237	919,702	250,666	1,548,251	936,762	19,114,618
Depreciation						
At 5 January 2015	4,328,638	693,811	186,516	603,473	-	5,812,438
Charge owned for the period	457,669	11,893	8,549	71,805	-	549,916
Disposals	-	-	(6,195)	(334)	-	(6,529)
At 3 January 2016	4,786,307	705,704	188,870	674,944	-	6,355,825
At 3 January 2016	10,672,930	213,998	61,796	873,307	936,762	12,758,793
At 4 January 2015	10,693,107	218,335	61,738	862,475	150,246	11,985,901

Borrowing costs totalling £8,168 were capitalised during the period.

All tangible fixed assets are held as security for the bank loans detailed in Note 17.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016

12. STOCKS

	3 January 2016 £	4 January 2015 £
Stores	223,682	229,680
Goods for resale	224,708	219,725
	<u>448,390</u>	<u>449,405</u>

Stock recognised in cost of sales during the period as an expense was £1,540,328 (2014: £1,610,364).

An impairment loss reversal of £4,440 (2014: impairment loss reversal of £4,111) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

13. DEBTORS

	3 January 2016 £	4 January 2015 £
Trade debtors	125,379	87,191
Other debtors	45,040	180,272
Prepayments and accrued income	53,292	43,791
	<u>223,711</u>	<u>311,254</u>

An impairment loss reversal of £4,004 (2014 - reversal of £10,653) was recognised as an expense against debtors during the year.

14. CASH AND CASH EQUIVALENTS

	3 January 2016 £	4 January 2015 £
Balance at bank	828,392	1,238,858
Cash balances	11,154	12,001
	<u>839,546</u>	<u>1,250,859</u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	3 January 2016 £	4 January 2015 £
Bank loans (Note 17)	442,212	147,588
Other loans	7,114	35,680
Trade creditors	339,386	485,710
Taxation and social security	36,105	40,401
Other creditors	274,409	183,340
Accruals and deferred income	283,125	313,084
	<u>1,382,351</u>	<u>1,205,803</u>

Deferred income includes grants and public donations received towards Kidderminster carriage shed, Kidderminster station building improvements, Highley Engine House and Bridgnorth locomotive shed roof refurbishment.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	3 January 2016 £	4 January 2015 £
Bank loans (Note 17)	317,619	210,585
Accruals and deferred income	4,503,927	4,744,055
	<u>4,821,546</u>	<u>4,954,640</u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

17. LOANS

Analysis of the maturity of loans is given below:

	3 January 2016 £	4 January 2015 £
Amounts falling due within one year		
Bank loans	442,212	147,588
Other loans	7,114	35,680
	<u>449,326</u>	<u>183,268</u>
 Amounts falling due 2-5 years		
Bank loans	191,379	184,472
	<u>191,379</u>	<u>184,472</u>
 Amounts falling due after more than 5 years		
Bank loans	126,240	26,113
	<u>126,240</u>	<u>26,113</u>

Loan 1 - Kidderminster

The loan limit is capped at £550,000 and was initially repayable in monthly instalments of £3,863 repayable within twenty years from draw down in April 2006. From 1 April 2008, monthly instalments were increased to £4,000 (including interest) in order to accelerate repayment of the capital amount. At 3 January 2016 £44,472 is repayable within one year and £156,130 is repayable in 2 to 5 years.

Interest is charged at 1.25% over the HSBC Bank plc base rate.

Loan 2 - Arley and Bewdley South Viaduct

The loan limit is capped at £500,000 and is repayable over a term of five years. The total amount drawn down was £492,918 and repayment commenced on 4 April 2011 at a rate of £8,928 (including interest). At 3 January 2016 £16,932 is repayable within one year.

Interest is charged at 2.24% over the HSBC Bank plc base rate.

Loan 3 - Land Adjacent to Bridgnorth Station

The loan limit is capped at £172,500 and is repayable over a term of fifteen years. The total amount drawn down was £172,500 and repayment commenced on 26 October 2015 in monthly instalments of £1,229 (including interest). At 3 January 2016 £8,808 is repayable within one year, £35,232 is repayable in 2 to 5 years and £126,257 is repayable in over 5 years.

Interest is charged at 2.95% over the Bank of England base rate.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016

17. LOANS (continued)

Loan 4 - Diesel Depot

The full loan amount of £372,000 was drawn down in October 2015. It is a temporary, interest only, loan repayable on demand and therefore disclosed as due within one year. Interest has been charged at 2.95% above Bank of England base rate. At year end the loan was in the process of being converted to a fixed term loan repayable over 15 years at the same rate of interest, this was approved by the board on 16 February 2016.

All bank borrowings are secured by means of a fixed charge over all book debts and freehold properties and a floating charge over certain assets, goodwill, undertakings and uncalled capital, both present and future.

18. FINANCIAL INSTRUMENTS

	3 January 2016 £	4 January 2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	984,102	1,502,421
Financial liabilities		
Financial liabilities measured at amortised cost	1,048,859	1,244,155

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise bank loans, other loans, trade creditors and other creditors.

The entity's income, expense, gains and losses in respect of financial instruments are summarised below:

	3 January 2016 £	4 January 2015 £
Impairment losses on financial assets measured at amortised cost	13,977	19,173
Total interest income for financial assets held at amortised cost	480	688
Total interest expense for financial liabilities held at amortised cost	12,550	11,772

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016

19. PROVISIONS

	Locomotive and rolling stock provision £
At 5 January 2015	142,746
Charged to the profit or loss	11,000
Unwinding of discount	2,875
Utilised in period	(11,000)
At 3 January 2016	145,621

Provisions relate to contractual repairs and maintenance costs and are calculated in accordance with the locomotive and rolling stock agreements. The timing of the outflow is dependent on the repairs and maintenance needs of the individual locomotive to which it relates. The gross provision before discounting is £167,000 (2014: £167,000).

20. RESERVES

Other reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit & loss account

Profit and loss account - includes all current and prior period retained profits and losses

21. SHARE CAPITAL

	3 January 2016 £	4 January 2015 £
AUTHORISED		
14,000,000 Ordinary shares of £1 each	14,000,000	14,000,000
ALLOTTED, CALLED UP AND FULLY PAID		
7,242,368 (2014 - 7,101,948) Ordinary shares of £1 each	7,152,418	7,011,998

During the period the Company issued 140,420 Ordinary shares at par. The consideration received was £140,420.

Share capital is shown net of direct share offer costs of £89,950.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016**

22. CAPITAL COMMITMENTS

At 3 January 2016 the Company had capital commitments as follows:

	3 January 2016 £	4 January 2015 £
Contracted for but not provided in these financial statements	-	711,625
	<u>-</u>	<u>711,625</u>
	<u><u>-</u></u>	<u><u>711,625</u></u>

23. PENSION COMMITMENTS

The Company operates a defined benefit contribution scheme. The assets of the scheme are held in the name of employees in an independently administered fund. The pension cost charge against profits in the period represents contributions payable to the fund and amounted to £114,957 (2014 - £96,390).

24. COMMITMENTS UNDER OPERATING LEASES

At 3 January 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	3 January 2016 £	4 January 2015 £
Land and buildings		
Not later than 1 year	27,400	12,125
Later than 1 year and not later than 5 years	88,350	13,750
Later than 5 years	-	-
Total	<u>115,750</u>	<u>25,875</u>
	<u><u>115,750</u></u>	<u><u>25,875</u></u>
Other		
Not later than 1 year	3,615	2,142
Later than 1 year and not later than 5 years	8,347	922
Total	<u>11,962</u>	<u>3,064</u>
	<u><u>11,962</u></u>	<u><u>3,064</u></u>

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 3 JANUARY 2016

25. RELATED PARTY TRANSACTIONS

Severn Valley Railway Company Limited

Severn Valley Railway Company Limited is a company limited by guarantee, supported by its membership, which provides the volunteer workforce without which the operation of the Railway would not be possible. During the period, the following transactions were undertaken with Severn Valley Railway Company Limited who own 1,607,373 (22.2%) of the Company's shares.

	2015	2014
	£	£
Recharges to SVR Co Ltd	48,616	48,698
Recharges from SVR Co Ltd	600	901

Severn Valley Railway Association

Severn Valley Railway Association is a body created to fundraise, support and communicate from the working members of the Severn Valley Railway to the Severn Valley Railway (Holdings) plc Board of Directors.

During the year Severn Valley Railway Association merged with Severn Valley Railway Company Limited. Severn Valley Railway Association ceased to exist as an independent entity from 4 October 2015.

Donations totaling £15,405 were received from Severn Valley Railway Association in the period (2014 - £NIL).

Severn Valley Railway Charitable Trust Limited

Severn Valley Railway Charitable Trust Limited is a registered charity, set up by the SVR family in 2002 to help ensure the long term future of rolling stock based on the Severn Valley Railway.

The loan amount between Severn Valley Railway (Holdings) plc and Severn Valley Railway Charitable Trust at the end of the prior period of £47,000 was repaid in full during the period.

Donations were received from Severn Valley Railway Charitable Trust Limited in the period amounting to £62,359 (2014 - £75,380).

Key Management Personnel Compensation

All directors and certain employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals was met by Severn Valley Railway (Holdings) plc and totalled £257,005 (2014 - £268,833). As disclosed in Note 6 no Director received any remuneration during the current or prior period.

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 JANUARY 2016

26. FIRST TIME ADOPTION OF FRS 102

The date of transition was 6 January 2014.

Under FRS 102, Severn Valley Railway (Holdings) plc are required to discount locomotive and rolling stock provisions to net present value using the effective interest method. The effect has been an increase to opening reserves at the date of transition of £26,684 to £532,147, and a decrease to profit during the comparative period of £2,432. Opening reserves at the 5 January 2015 have therefore increased by £24,252 to £693,560.

Under FRS 102, Severn Valley Railway (Holdings) plc have reclassified software assets to intangible fixed assets.

There were no other transition adjustments.

	4 January 2015 £
Original profit reported	163,845
Transition adjustment	(2,432)
Revised profit reported	161,413