

Registered number: 01046274

# **SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 2 JANUARY 2018**

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	N C Paul CBE M E Ball A C Barr MBE A G Bending A Davies (appointed 20 October 2017) J A Dunster A D Owen OBE P R P Pearson C G Thomas C W Walton S White (resigned 20 October 2017) D C Williams M R York
<b>COMPANY SECRETARY</b>	S D Hart
<b>REGISTERED NUMBER</b>	01046274
<b>REGISTERED OFFICE</b>	Number One Comberton Place Kidderminster DY10 1QR
<b>STATUTORY AUDITOR</b>	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
<b>BANKERS</b>	HSBC Bank plc 31 Church Street Kidderminster Worcestershire DY10 2AY
<b>SOLICITORS</b>	Higgs & Sons 3 Waterfront Business Park Brierley Hill DY5 1LX
<b>REGISTRAR</b>	Neville Registrars Ltd Neville House 18 Laurel Lane Halesowen B63 3DA

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 2 JANUARY 2018

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The chairman presents his statement for the period.

Dear Shareholders

I am pleased to report a profit of £62,638 and calculated passenger numbers of 240,686. This was delivered despite 2017 proving to be another challenging trading year, which included the loss of a Santa Special day because of heavy snow fall. The snow led to a loss of 4,000 passengers and refunds of £41,000 from this one day alone. Also, I am pleased to report that the year-end cash position excluding share offer funds was £43,000 above the £1 million target improvement set four years ago.

The 2016 Share Offer closed at midnight on the 31st October 2017 with a flurry of activity which resulted in the £2.5 million target being oversubscribed by £47,000. The success of the offer is of course down to our loyal and enthusiastic shareholders and new shareholders who all helped achieve this outstanding total. It should be noted that many of our staff (both volunteers and paid) worked hard to promote the share offer. Also, I must thank the Severn Valley Railway Company Limited, which purchased 50,000 shares, helping maintain their considerable shareholding in the Plc and the Severn Valley Railway Charitable Trust, which raised an additional £67,000. The Directors are greatly encouraged by your continuing outstanding support for the SVR. Please be assured your support is not taken for granted. It is vital if the Railway is to continue to thrive and develop.

Our total turnover increased by £28,184 in 2017 compared to 2016 which was boosted by a net £254,165 from the Pacific Power Event. Growth was seen in a number of areas including an improvement of £37,671 in bars, £144,905 resulting from the benefit of the Northern Belle stabling contract plus cleaning and maintenance work. This was of course Northern Belle's first year on the SVR and post year end we unfortunately received notice to terminate the agreement as of 30th June 2018 following a change of ownership with Belmond selling to new owners. Contract Engineering increased by £76,550 as we focused on the strategic activities of the boiler shop which led to a step change in deliveries of boilers to external customers and a significant increase in castings revenue. Also, we succeeded in winning a contract to build 5 new boilers for the Isle of Man Railway against stiff competition. Footplate experience revenue was encouraging, increasing by £21,773 and schools education increased also by £21,077. When adjusting for the one-off Pacific Power event in 2016 our special events revenues were encouraging, being up by £96,713. Overall catering revenues were down £29,243 impacted by adverse performance at Bridgnorth Buffet because of the deteriorating condition of the buffet itself and the effect of the Bridgnorth Development with the presence of contractor cabins, plant and fencing which is off putting for our clientele. The Engine House Catering performance was not as good as expected which has been addressed for 2018 with a change in the leadership of the Engine House Café.

General donations and legacies received were £398,269 in 2017 a reduction of £27,136 on 2016. Of this total the SVRCT donated £345,654 in the year (2016 £280,723) to fund a great variety of projects with the Heritage Skills Training Academy being a substantial beneficiary. Other supported projects included Bridgnorth Bypass bridge which has been repainted to protect and preserve this structure and further rail replacement at Waterworks straight. Such investment is invaluable and illustrates that the long-term future of the Railway relies on the three main SVR organisations working together to provide volunteers and finance both from the fare box and commercial operations with initiatives such as the the Isle of Man and Northern Belle contracts and from increased charitable donations.

In 2017 we spent £982,061 on capital projects and assets, including £551,000 on the Bridgnorth project, and £431,061 on other projects which was £274,000 more than in 2016. The projects financed in the year were various and included the purchase of a Class 09 shunter, with air brakes to improve our ability to shunt our own SVR stock and other air braked stock arriving from the mainline at Kidderminster. The replacement of the Water Reverse Osmosis (RO) plant at Bridgnorth, providing treated water for our locomotives, this means that the two RO units at the South and North ends of the Railway have been replaced in the last five years.

Our capital project purchases are often assisted by the SVRCT as has been acknowledged above but individuals and groups also contribute to significant capital items. In 2017 we are thankful for support in the purchase of a number of 'modern' wagons, which will assist the Permanent Way Team in their track relay projects, six 'seacow' wagons (ballast hoppers), two YQA (flatbed) wagons and Shark brake van totaling £55,309. This means that

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### CHAIRMAN'S STATEMENT FOR THE PERIOD ENDED 2 JANUARY 2018

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more historic wagons will now be rested from permanent way use as they are replaced by the fleet of modern air braked wagons. The Company purchased four new lifting jacks for the Diesel Depot with a total cost of £122,426, £58,300 of which was funded by the Diesel Groups, a Shareholder and other donations. These jacks can lift all diesels currently based on the Railway and offer the opportunity for further contract work to be undertaken at the depot. A long serving volunteer on the SVR, funded the purchase of a refurbished JCB Telehandler costing £28,955 for Bridgnorth Motive Power Department. Thank you to all the contributors to these important capital purchases.

The main capital project for 2017 and indeed 2018-19 is the Bridgnorth Development funded by the 2012 and 2016 Share Offers. There is no hiding from the truth that the project to construct a new building to an authentic Great Western design of circa the 1900's which encompasses a Refreshment Room and toilet block next to the historic Grade II listed station building has been protracted. Working with Iris the main contractor, we are all looking forward to a summer 2018 completion date. There has also been a recent change within the project team with Jonathan Symonds our Consultant Civil Engineer being appointed by the Board as Contract Administrator for the completion of the new building. Completion of the new build will give the station a 'rest', with the removal of porta cabins and contractors compounds. As a result, passengers will find their trip to the booking office, shop and bar a more pleasant experience.

Phase II of the Bridgnorth project will see our focus move to the West side of the tracks. It is expected that work will commence later this year on the construction of access roads, the development of the field car park and installation of the turntable in the locomotive yard. The field car park will provide a much-enhanced welcome to visitors and increase parking capacity to allow more people to start their journey at Bridgnorth. The installation of the turntable will provide both a visual spectacle for Bridgnorth patrons and the ability to turn tender locomotives during our popular steam galas and, importantly, enable mainline charter locomotives to return to Kidderminster chimney first.

The Railway once again was challenged by a land slip under the formation at the County Boundary between Shropshire and Worcestershire. Two slip planes became active during 2016, when track twist was being detected in the area. The embankment at this area was cracking and starting to move down towards the River Severn. Initially, it was thought that stone filled gabion baskets at the toe of the embankment would help secure the formation. However, further investigation in 2016 and early 2017 confirmed that the whole embankment and slip plane needed pinning to the underlying bed rock. This soil nailing took place during the spring and summer of 2017, with over 500 soil nails being pushed through the hillside. County Boundary now has a restored level of stability and the temporary speed restriction has been removed. The Railway's insurers largely paid for this work but indicated that they would not be able to renew insurance cover for embankment and track damage in 2018. Following extensive negotiations, the General Manager and the Accountant have been able to secure the necessary embankment cover for 2018 from a new insurance company.

Safety on a Heritage Railway is vitally important, and we continue to monitor our performance and look to implement improvements as necessary. The incident and accident reporting procedures have been improved in the year and this has led to an increase in safety reports during the year. 2017 saw 152 incident reports made, an increase of 32 on the previous year. As in the previous year, slips and trips are the most numerous, we had 27 known cases in 2017. The Railway has been improving the quality of its platform surfaces, for example relaying Hampton Loade Platform Two in 2016 to mitigate the risk of a slip or trip. Reduction in Working at Height incidents has been a Company focus and I am pleased to report a reduction in incidents from 9 to 6 in 2017. Whilst there has been an increase in near miss incident reports this is because of greater staff awareness meaning reporting of such activities has improved. Our advisors continue to investigate such reports and do develop actions as necessary. In 2017 we have reviewed our first aid box provision and undertaken 4 first aid or first responder courses so that we have adequate staff trained in first aid provision on the Railway. Operationally there were two Signal Passed at Danger (SPAD) Incidents on the Railway, both of which were minor transgressions with the locomotive stopping foul of the signal or stop board. As reference we experienced one incident in 2016. The SVR as part of its due process, monitors all the Rail Accident Investigation Branch (RAIB) reports and safety guidance produced by the Heritage Railway Association. If there are relevant recommendations, they are adopted by the SVR.

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**CHAIRMAN'S STATEMENT  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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Once again, on behalf of the Board Directors thank you for your support of the Bridgnorth Development 2016 Share Offer and the whole Railway. I look forward to meeting you at the 2018 AGM, which will be followed by an informal presentation on the Railway's management, finances and Bridgnorth Development Project.



Name Nick Paul CBE  
Chairman

Date 17 April 2018

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 2 JANUARY 2018

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The Directors present their report and the financial statements for the period ended 2 January 2018.

#### 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 they are 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 for the Company's financial statements 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;
- 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 to 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 £62,638 (2017 - £201,555).

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.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 2 JANUARY 2018

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#### DIRECTORS

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

	Ordinary shares of £1 each	
	2/1/18	2/1/17
N C Paul CBE	7,451	7,451
M E Ball	3,000	1,700
A C Barr MBE	3,800	3,300
A G Bending	6,100	3,100
A Davies (appointed 20 October 2017)	600	600 *
J A Dunster	750	750
A D Owen OBE	1,100	1,000
P R P Pearson	3,130	3,130
C G Thomas	11,822	1,353
C W Walton	2,560	1,200
S White (resigned 20 October 2017)	1,860	1,260
D C Williams	2,500	2,500
M R York	1,500	1,250

(\* held on date of appointment)

#### 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 the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**AUDITOR**

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 17 April 2018 and signed on its behalf.

  
**N C Paul CBE**  
Director

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### STRATEGIC REPORT FOR THE PERIOD ENDED 2 JANUARY 2018

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#### 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 2 January 2018 (prior period - 2 January 2017) to correspond with the end of the Company's 'festive season' running schedule.

Throughout the financial statements references to the period ended 2 January 2018 are shown as "2017" and to the comparative period as "2016".

#### BUSINESS REVIEW

The Directors are pleased to report that 2017 was again a profitable year, with a profit for the year of £62,638 compared to £201,555 in 2016. A comparison of 2016 to 2017 accounts shows that turnover has increased by £28,184.

It is estimated that 240,686 people visited the railway in 2017, compared to 252,330 in 2016. 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 195,770 (2016: 208,479) purchased tickets to travel.

The Company's Net Current Asset position at 2 January 2018 grew by £1,298,337 in the year. The cash position strengthened by £1,515,810 due to the receipts of Share Offer funds, but also as a result of the planned increase in the free cash position of the Railway.

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
- Availability of cash
- Key management team remaining in post

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

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**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

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 17 April 2018 and signed on its behalf.



**N C Paul CBE**  
Director

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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

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#### OPINION

We have audited the financial statements of Severn Valley Railway (Holdings) plc (the 'Company') for the period ended 2 January 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 January 2018 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.

#### BASIS FOR OPINION

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

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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

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knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which 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.

#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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

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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.



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

17 April 2018

**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 2 JANUARY 2018**

	Note	2017 £	2016 £
Turnover	4	7,207,387	7,179,203
Cost of sales		(6,856,372)	(6,780,135)
<b>GROSS PROFIT</b>		<b>351,015</b>	399,068
Administrative expenses		(822,699)	(704,107)
Other operating income	5	551,961	530,683
<b>OPERATING PROFIT</b>	6	<b>80,277</b>	225,644
Interest receivable and similar income		867	349
Interest payable and expenses	8	(18,506)	(24,438)
<b>PROFIT BEFORE TAX</b>		<b>62,638</b>	201,555
Tax on profit	9	-	-
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>62,638</b>	201,555
Other comprehensive income for the year		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>62,638</b>	201,555

The notes on pages 17 to 33 form part of these financial statements.

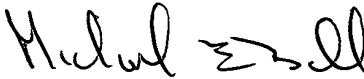
**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**  
**REGISTERED NUMBER: 01046274**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 2 JANUARY 2018**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	10	36,111	23,400
Tangible assets	11	13,100,023	12,719,053
		<u>13,136,134</u>	<u>12,742,453</u>
<b>CURRENT ASSETS</b>			
Stocks	12	462,848	425,927
Debtors: amounts falling due within one year	13	390,855	340,067
Cash at bank and in hand	14	3,177,074	1,661,264
		<u>4,030,777</u>	<u>2,427,258</u>
Creditors: amounts falling due within one year	15	(1,548,004)	(1,222,822)
<b>NET CURRENT ASSETS</b>		<u>2,482,773</u>	<u>1,204,436</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,618,907</u>	<u>13,946,889</u>
Creditors: amounts falling due after more than one year	16	(4,517,838)	(4,845,907)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	19	(182,363)	(160,363)
		<u>(182,363)</u>	<u>(160,363)</u>
<b>NET ASSETS</b>		<u>10,918,706</u>	<u>8,940,619</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	9,860,119	7,944,670
Profit and loss account	20	1,058,587	995,949
		<u>10,918,706</u>	<u>8,940,619</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

  
**N C Paul CBE**  
 Director

  
**M E Ball**  
 Director

Date: 17 April 2018

The notes on pages 17 to 33 form part of these financial statements.



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 3 January 2017	7,944,670	995,949	8,940,619
Profit for the period	-	62,638	62,638
Shares issued during the period	1,915,449	-	1,915,449
<b>AT 2 JANUARY 2018</b>	<b>9,860,119</b>	<b>1,058,587</b>	<b>10,918,706</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 2 JANUARY 2017**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 4 January 2016	7,152,418	794,394	7,946,812
Profit for the year	-	201,555	201,555
Shares issued during the year	792,252	-	792,252
<b>AT 2 JANUARY 2017</b>	<b>7,944,670</b>	<b>995,949</b>	<b>8,940,619</b>

The notes on pages 17 to 33 form part of these financial statements.

**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	62,638	201,555
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	2,874	2,490
Depreciation of tangible assets	597,773	569,327
Loss on disposal of tangible assets	(4,682)	-
Interest paid	18,506	24,438
Interest received	(867)	(349)
(Increase)/decrease in stocks	(36,921)	22,463
(Increase)/decrease in debtors	(188,101)	20,957
Increase/(decrease) in creditors	69,576	(125,847)
Increase in provisions	22,000	14,742
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>542,796</b>	<b>729,776</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(15,585)	-
Purchase of tangible fixed assets	(977,555)	(482,737)
Sale of tangible fixed assets	8,000	-
Interest received	867	349
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(984,273)</b>	<b>(482,388)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	2,052,762	654,939
Repayment of loans	(77,066)	(84,929)
Other new loans	97	28,758
Interest paid	(18,506)	(24,438)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,957,287</b>	<b>574,330</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,515,810</b>	<b>821,718</b>
Cash and cash equivalents at beginning of period	1,661,264	839,546
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3,177,074</b>	<b>1,661,264</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:</b>		
Cash at bank and in hand	3,177,074	1,661,264
	<b>3,177,074</b>	<b>1,661,264</b>

The notes on pages 17 to 33 form part of these financial statements.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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#### 1. GENERAL 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 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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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).

The following principal accounting policies have been applied:

##### 2.2 GOING CONCERN

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 2018. 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.

##### 2.3 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:

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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#### 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. Donations received for specific items of expenditure which are included in cost of sales are recognised within turnover. All other general donations are recognised in other operating income.

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.

##### Interest income

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

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 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 ten years.

Amortisation is provided on the following bases:

Software	-	10 % on cost
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### 2.5 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.

Depreciation is provided on the following basis:

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

### 2.6 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 debtors and creditors, loans from banks and other third parties, loans to related parties and rolling stock provisions.

### 2.7 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.

### 2.8 DEBTORS

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

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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## 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 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 charge in the Income Statement in the period it arises.

### 2.12 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.

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

Preparation of the financial statements may require management to make significant judgements and estimates. There are no items in the financial statements where significant judgements and estimates have been made.

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018

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4. TURNOVER

	2017 £	2016 £
Traffic	3,697,594	3,777,840
Catering	1,171,125	1,200,367
Bars	956,956	919,285
Giftware	442,504	446,804
Contract engineering	329,534	252,984
Other (including specific purpose donations)	366,103	313,353
Release of grants	243,571	268,570
	<u>7,207,387</u>	<u>7,179,203</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2017 £	2016 £
Rents received	16,743	21,603
General donations and legacies	398,269	425,405
Other non trading income	136,949	83,675
	<u>551,961</u>	<u>530,683</u>

**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	597,773	569,327
Amortisation of intangible assets	2,874	2,490
Operating lease rentals	13,057	9,012
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,750	14,750
- Other services	2,500	2,500
- Taxation compliance services	2,750	2,750
	<u>119,722</u>	<u>110,091</u>

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:

	2017 £	2016 £
Wages and salaries	2,368,640	2,171,640
Social security costs	153,636	133,687
Cost of defined contribution pension scheme	119,722	110,091
	<u>2,641,998</u>	<u>2,415,418</u>

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

	2017 No.	2016 No.
Full time	79	70
Part time	48	56
Casual	53	52
	<u>180</u>	<u>178</u>



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £	2016 £
Bank interest payable	18,506	21,696
Finance charge	-	2,742
	<u>18,506</u>	<u>24,438</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 lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.25% (2017 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>62,638</u>	<u>201,555</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2017 - 20%)	12,058	40,311
<b>EFFECTS OF:</b>		
Depreciation of ineligible assets	75,409	76,157
Expenses not deductible for tax purposes	-	59
Capital allowances for period/year in excess of depreciation	(9,473)	(98,192)
Non-taxable income	(76,740)	(89,565)
Adjust deferred tax to 19.25%	(1,254)	71,230
<b>TOTAL TAX CHARGE FOR THE PERIOD/YEAR</b>	<u>-</u>	<u>-</u>

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018

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9. TAXATION (CONTINUED)

**Factors that may affect future tax charges**

The Company has a potential deferred tax asset of £804,435 (2016 - £751,773) relating to tax losses carried forward and a potential deferred tax asset of £442,836 (2016 - £504,97) relating to fixed asset timing differences. These assets assume future tax rates of 17%.

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.

10. INTANGIBLE ASSETS

	Software £
<b>COST</b>	
At 3 January 2017	28,071
Additions	15,585
At 2 January 2018	43,656
<b>AMORTISATION</b>	
At 3 January 2017	4,671
Charge for the year	2,874
At 2 January 2018	7,545
<b>NET BOOK VALUE</b>	
At 2 January 2018	36,111
At 2 January 2017	23,400

SEVERN VALLEY RAILWAY (HOLDINGS) PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018

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 £
<b>COST OR VALUATION</b>						
At 3 January 2017	16,359,190	936,172	250,666	1,599,334	498,843	19,644,205
Additions	8,608	108,809	14,559	211,921	638,164	982,061
Disposals	-	(19,500)	-	(1,435)	-	(20,935)
Transfers between classes	-	-	-	154,130	(154,130)	-
At 2 January 2018	16,367,798	1,025,481	265,225	1,963,950	982,877	20,605,331
<b>DEPRECIATION</b>						
At 3 January 2017	5,224,200	737,523	197,178	766,251	-	6,925,152
Charge for the period on owned assets	480,332	14,904	11,716	90,821	-	597,773
Disposals	-	(16,350)	-	(1,267)	-	(17,617)
At 2 January 2018	5,704,532	736,077	208,894	855,805	-	7,505,308
<b>NET BOOK VALUE</b>						
At 2 January 2018	10,663,266	289,404	56,331	1,108,145	982,877	13,100,023
At 2 January 2017	11,134,990	198,649	53,488	833,083	498,843	12,719,053

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

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**12. STOCKS**

	2017 £	2016 £
Stores	257,803	212,195
Goods for resale	205,045	213,732
	<u>462,848</u>	<u>425,927</u>

Stock recognised in cost of sales during the period as an expense was £1,448,416 (2016 - £1,553,140).

An impairment loss reversal of £139 (2016 - impairment loss of £5,657) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	214,794	102,523
Other debtors	75,394	189,939
Prepayments and accrued income	100,667	47,605
	<u>390,855</u>	<u>340,067</u>

An impairment loss reversal of £1,376 (2016 - reversal of £12,826) was recognised as an expense against debtors during the year.

Other debtors includes £Nil (2016 - £137,313) owed by Neville Registrars in relation to receipts for shares issued pre year end. This debt was settled in January 2017.

**14. CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Balance at bank	3,159,613	1,640,536
Cash balances	17,461	20,728
	<u>3,177,074</u>	<u>1,661,264</u>

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018

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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Bank loans (note 17)	76,920	73,375
Other loans	35,969	35,872
Trade creditors	659,863	456,404
Other taxation and social security	42,457	40,683
Other creditors	294,862	249,457
Accruals and deferred income	437,933	367,031
	<u>1,548,004</u>	<u>1,222,822</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**

	2017 £	2016 £
Bank loans (Note 17)	520,916	601,527
Other creditors	972	8,371
Accruals and deferred income	3,995,950	4,236,009
	<u>4,517,838</u>	<u>4,845,907</u>

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SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018

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17. LOANS

Analysis of the maturity of loans is given below:

	2017 £	2016 £
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	76,920	73,375
Other loans	35,969	35,872
	<u>112,889</u>	<u>109,247</u>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	190,073	221,014
	<u>190,073</u>	<u>221,014</u>
<b>AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS</b>		
Bank loans	330,843	380,513
	<u>330,843</u>	<u>380,513</u>
	<u>633,805</u>	<u>710,774</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 2 January 2018 £45,455 is repayable within one year and £64,213 is repayable in 2 to 5 years.

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

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**17. LOANS (continued)**

**Loan 2 - 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 installments of £1,229 (including interest). At 2 January 2018 £9,583 is repayable within one year, £38,332 is repayable in 2 to 5 years and £103,388 is repayable in over 5 years.

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

**Loan 3 - Diesel Depot**

The full loan amount of £372,000 was drawn down in October 2015 using a temporary, interest only, loan repayable on demand. This was converted to a fixed term loan on 11/03/2016. The loan limit is capped at £372,000 and is repayable over a term of fifteen years. Repayment commenced on 11/04/2016 at a rate of £2,651 (including interest). At 2 January 2018 £21,822 is repayable within one year, £87,528 is repayable in 2 to 5 years and £227,455 is repayable in over 5 years.

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

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.

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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**18. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	3,438,853	1,921,461
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,704,907)</u>	<u>(1,497,749)</u>

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:

	2017 £	2016 £
Impairment losses on financial assets measured at amortised cost	(1,376)	(11,709)
Total interest income for financial assets held at amortised cost	867	349
Total interest expense for financial liabilities held at amortised cost	<u>18,506</u>	<u>24,438</u>

**19. PROVISIONS**

	Locomotive and rolling stock provision £
At 3 January 2017	160,363
Charged to profit or loss	<u>22,000</u>
<b>AT 2 JANUARY 2018</b>	<u><b>182,363</b></u>

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 £201,000 (2016 - £179,000).



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**SEVERN VALLEY RAILWAY (HOLDINGS) PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 2 JANUARY 2018**

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**20. RESERVES**

**Profit & loss account**

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

**21. SHARE CAPITAL**

	2017 £	2016 £
<b>AUTHORISED</b>		
14,000,000 Ordinary shares of £1 each	<u>14,000,000</u>	<u>14,000,000</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
10,071,316 (2016 - 8,111,826) Ordinary shares of £1 each	<u>9,860,119</u>	<u>7,944,670</u>

During the period the Company issued 1,959,490 (2016 - 869,458) Ordinary shares at par. The consideration received was £1,959,490 (2016 - £869,458).

Share capital is shown net of direct share offer costs as follows:

	2017 £	2016 £
2012 share offer costs	89,950	89,950
2016 share offer costs	121,247	77,206
	<u>211,197</u>	<u>167,156</u>

**22. CAPITAL COMMITMENTS**

At 2 January 2018 the Company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>810,571</u>	<u>263,529</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. Contributions totalling £Nil (2016: £10,132) were payable to the fund at the balance sheet date and are included in creditors.

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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#### 24. COMMITMENTS UNDER OPERATING LEASES

At 2 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	54,109	60,223
Later than 1 year and not later than 5 years	20,643	82,603
	<u>74,752</u>	<u>142,826</u>

#### 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 1,787,603(17.75%) of the Company's shares.

	2017 £	2016 £
Recharges to SVR Co Ltd	51,949	49,774
Recharges from SVR Co Ltd	265	823
	<u>51,949</u>	<u>49,774</u>

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## SEVERN VALLEY RAILWAY (HOLDINGS) PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2 JANUARY 2018

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#### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

##### **Severn Valley Railway Charitable Trust Limited**

Severn Valley Railway Charitable Trust is a registered charity with the following objectives:

- (1) to advance education for the benefit of the public by the acquisition, restoration, preservation and operation of heritage railway locomotives, carriages, wagons, station buildings, track and other associated infrastructure;
- (2) establishing buildings to house and preserve the Charity's rolling stock collection;
- (3) the provision of educational and interpretive displays for the travelling public; and
- (4) the provision of education and skills training used in the restoration, repair and operation of historic railways to ensure their long term survival.

Donations were received from Severn Valley Railway Charitable Trust Limited in the period amounting to £345,654 (2016 - £280,723).

##### **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. As disclosed in note 6, no Director, including the Chairman, directly received any fees, salary payments (including benefits in kind), pension contributions or other emoluments. Total remuneration in respect of the other individuals was met by Severn Valley Railway (Holdings) plc and totalled £334,444 (2016 - £282,582).