



# **REPORT AND FINANCIAL STATEMENTS**



**Severn Valley Railway (Holdings)**

**Public Limited Company**

(Registered No. 1046274)

**FOR THE YEAR ENDED 31 DECEMBER 1998**



Severn Valley Railway (Holdings) PLC

## NOTICE OF MEETING

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the above-named Company will be held at the Railway Museum, Kidderminster Station, Kidderminster, Worcestershire on Friday, 23rd July 1999 at 8.00pm to transact the following business:

1. To approve the Minutes of the 1998 Annual General Meeting and to consider any matters arising therefrom.
2. To elect Directors.
3. To consider the Company's Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December 1998.
4. To consider and, if thought fit, approve an increase in the Authorised Share Capital from £3,000,000 to £5,000,000 by the creation of a further 2,000,000 Ordinary Shares of £1 each to rank pari passu with the existing Ordinary Share Capital of the Company (Special Resolution).
5. To consider and, if thought fit, pass the following as a Special Resolution:  
"THAT
  - (a) the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in the said Section 80) up to the aggregate nominal amount by which the authorised but unissued share capital of the Company exceeds the issued share capital of the Company as at the date of this Meeting provided however that this power shall expire on the fifth anniversary of the date of this Meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power hereby conferred had not expired;
  - (b) the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) pursuant to the authority referred to in paragraph (a) of this Resolution as if Section 89 (1) of the said Act did not apply to any such allotment".
6. Horwath Clark Whitehill were appointed as Auditors to the Company by the Directors in December 1998 to fill a casual vacancy left by the resignation of PricewaterhouseCoopers. They retire and offer themselves for re-appointment. Special notice of the intention to move a resolution to appoint Horwath Clark Whitehill as Auditors to the Company for the ensuing year and to authorise the Directors to fix their remuneration has been received.
7. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

D G H Myers  
Secretary

28th May 1999

The Railway Station, Bewdley, Worcestershire DY12 1BG

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



Severn Valley Railway (Holdings) PLC

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

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Severn Valley Railway (Holdings) PLC

## DIRECTORS, OFFICERS AND ADVISERS

### Directors

M R York - Chairman  
J S Garth - Deputy Chairman (to 24th July 1998)  
P C Fathers - Deputy Chairman (from 4th August 1998)  
A Barker  
J M S Clark (SVR Assoc Representative)  
(to 25th July 1998)  
A Davies  
P A Hobson (SVR Assoc Representative)  
(from 25th July 1998)  
R F Hobson (SVR Co Ltd Representative)  
C F Homer  
(from 24th July 1998)  
A Osborne  
A D Owen  
B D Thomas  
C W Walton  
D C Williams (SVR Co Ltd Representative)

### Secretary and Registered Office

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

### Stock Brokers

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

### Registrar

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

### Registered Auditors

Horwath Clark Whitehill  
Foley House  
123 Stourport Road  
Kidderminster  
Worcestershire DY11 7BW

### Bankers

Midland Bank plc  
31 Church Street  
Kidderminster  
Worcestershire DY10 2AY

### Solicitors

Harrison Clark  
5 Deansway  
Worcester WR1 2JG

Anthony Collins  
St Philips Gate  
5 Waterloo Street  
Birmingham B2 5PG

### NOTE

For the purposes of this Report and Accounts:

"SVR Assoc" is the Severn Valley Railway Association

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



Severn Valley Railway (Holdings) PLC

## CHAIRMAN'S STATEMENT

1998 proved to be a year from which we can all take much satisfaction and a great deal of encouragement for the future. It began well, tailed off in the middle and finished with such a flourish that we came within a hair's breadth of achieving our highest-ever number of passengers carried. The final total was 212,582, a rise of 4.7% over 1997, and was instrumental in increasing turnover by 5.5% to a new high of £3.2 million. As a result of improved performances in all areas of our activities, particularly in our bars and catering, I am pleased to report a profit for the year of £95,150.

Whilst this figure is slightly down on the previous year, I should point out that it has been achieved after substantially increased expenditure in the whole railway infrastructure, continuing the Company's policy of investing more of its income on looking after and improving its assets. Indeed, we increased our spending in the Locomotive, Carriage and Wagon and Permanent Way Departments, over and above normal expenditure levels on maintenance, by almost £80,000 and this figure excludes any labour costs incurred, just materials. We also increased our spend on publicity by over £20,000 and we increased depreciation of buildings and equipment by an extra £12,000.

Once again, our ability to organise imaginative and attractive special events contributed significantly to the figures, with *Thomas* weekends and the Santa operation proving particularly successful. Additional *Thomas* days were put into the timetable to help cope with the demand and such is the popularity of the event that these will be further increased in 1999.

In addition to the increased spend on maintenance, the Company expended well into six figures on a number of capital projects, most notably the completion of locomotive 45110. After what has proved to be the most extensive locomotive overhaul ever undertaken on the SVR, the ex-LMS 'Black Five' was returned to steam on August 11th - 30 years to the day when it worked the last steam-hauled train on British Rail - and has already established a good reputation for itself both on SVR services and when working private charters on the main line. It is gratifying to at last see a return on our investment in this fine machine.

During 1998, we also rebuilt Platform 2 at Bewdley, reclad the locomotive shed at Bridgnorth after the winter gales had rendered it unsafe, completed the security fencing of our whole site at Kidderminster, re-roofed the main station building at Bridgnorth and re-roofed and greatly enhanced the appearance of the two towers on Kidderminster station building by installing the crestings for which the towers were designed. We are grateful to the Severn Valley Railway Company Ltd and Friends of Kidderminster Town Station for the major financial contributions to the latter two projects respectively.

Our cash flow was greatly assisted during the year by the many donations received for the Carriage Shed Appeal, and the continuing improvement in the Company's finances not only enabled us to further reduce bank interest charges but also, for the first time, to receive interest on current account monies that we were able to place on deposit for a period.

We were privileged to receive a visit during the year from our Patron, HRH The Duke of Gloucester. His Royal Highness was given a detailed presentation at Kidderminster about the proposed carriage shed before travelling down the line for a brief visit to Arley station.



Severn Valley Railway (Holdings) PLC

## CHAIRMAN'S STATEMENT (Continued...)

I hope that by the time this report is received every shareholder will have received a separate letter from our General Manager, Alun Rees, announcing that we have been awarded a grant of £1,757,000 by the Heritage Lottery Fund towards the cost of the Kidderminster carriage shed. This is tremendous news and reflects great credit on the small team under Paul Fathers' leadership who have put so much time and effort into preparing our application. We are extremely grateful to the HLF for providing the opportunity at long last to put our priceless collection of heritage carriages under cover; however, to enable us to see the scheme through to a successful conclusion, we really do need the support of each and every shareholder. The project will be the largest ever undertaken on the SVR, and under the 'partnership funding' requirements, the Company has to find £500,000 itself before building work can commence. This represents an enormous challenge, but I am confident we can achieve our target.

I am delighted to say that the buoyant trading we experienced in the latter half of 1998 has continued into 1999, and following a very successful Winter running period and a healthy start to the new season, the signs are encouraging for another good year. Provided we can generate the funds, 1999 will provide further tangible evidence of our commitment to re-invest in the infrastructure of the railway. Bewdley station is to be re-roofed and the portakabin offices replaced by a new building; work will commence on major repairs to Oldbury Viaduct, just south of Bridgnorth, at a cost of approximately £500,000 over a three year period and, of course, there will be a carriage shed to build at Kidderminster. And if that isn't enough, we are also currently considering proposals for the development of Bridgnorth station with the emphasis on improving customer facilities - but that may have to wait until next year!

1998 was a year of significant improvement in the fortunes of the SVR and, on behalf of the Board, I would like to acknowledge the tremendous support that shareholders continue to give us and to thank all members of staff, both paid and volunteer, for their enthusiasm, hard work and dedication which contributes so much to our progress.

A handwritten signature in black ink, appearing to read "m. york".

**MICHAEL YORK**  
Chairman

17th May 1999



Severn Valley Railway (Holdings) PLC

## DIRECTORS' REPORT

### Directors' Report for the year ended 31 December 1998

The Directors present their report and the audited financial statements for the year ended 31 December 1998.

### Principal Activity

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

### Results and Dividends

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

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. The profit of £95,150 for the financial year has been added to reserves.

### Directors

The Directors of the Company are listed on page 3.

### Directors' Interests

The interests of the current Directors in the shares of the Company at 31 December 1998, together with their beneficial interests at 1 January 1998, or date of their appointment, were:

	1 January 1998	31 December 1998
A Barker	3,000	3,100
J M S Clark (resigned 25/7/98)	1,525	N/A
A Davies	500	500
P C Fathers	450	450
J S Garth (retired 24/7/98)	1,555	N/A
J S Garth - Trustee holding for SVR Assoc (retired 24/7/98)	43,665	N/A
P A Hobson (appointed 25/7/98)	205	205
P A Hobson - Trustee holding for SVR Assoc	N/A	43,665
R F Hobson	270	300
C F Homer (appointed 24/7/98)	251	251
A Osborne	1,501	1,501
A D Owen	500	500
B D Thomas	3,900	3,900
C W Walton	400	400
D C Williams	2,005	2,005
M R York	350	350

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 were deemed to be minimal.



Severn Valley Railway (Holdings) PLC

## DIRECTORS' REPORT

Directors' Report for the year ended 31 December 1998 (Continued...)

### Suppliers Payment Policy

It is the Company's policy that payments to suppliers are made in accordance with mutually agreed terms as far as possible, provided that the supplier is also complying with all relevant terms and conditions. The Company's average number of days outstanding in respect of trade creditors at 31 December 1998 was 32.

### Year 2000

The directors have assessed the risk that the company's business and operations may be adversely affected by what is known as the Year 2000 problem (or millennium bug).

The directors have identified the following primary areas of risk and have assessed their effect in each area of the business:

- the company's own computer systems and equipment that are controlled by embedded chip;
- the company's products that are dependent on either software or embedded chip; and
- problems encountered by the company's customers, suppliers or service providers.

They have replaced, as appropriate, the company's systems and equipment; and, where necessary, will identify alternative suppliers and service providers to ensure that there is no significant disruption to the company's operations.

### Substantial Shareholdings

The following had holdings in excess of 3% of the issued share capital of the Company at 31 December 1998.

	No. of Shares	% of Total
SVR Co. Ltd	492,720	20.1
Rubery Owen Holdings Ltd	150,000	6.1

### Fixed Assets

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

### Auditors

A resolution to re-appoint the auditors, Horwath Clark Whitehill and to authorise the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By order of the Board

D G H Myers  
Company Secretary

17th May 1999



Severn Valley Railway (Holdings) PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors, as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the Company's state of affairs at the end of the year and of its profit and loss for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.



Severn Valley Railway (Holdings) PLC

## AUDITORS' REPORT TO THE SHAREHOLDERS OF SEVERN VALLEY RAILWAY (HOLDINGS) PLC

We have audited the financial statements on pages 10 to 21 which have been prepared under the accounting policies set out on pages 13 and 14.

### **Respective responsibilities of Directors and Auditors**

As described on page 8 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

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

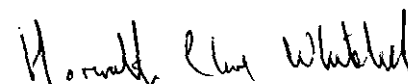
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Foley House  
123 Stourport Road  
Kidderminster  
Worcestershire  
DY11 7BW

17th May 1999

  
**HORWATH CLARK WHITEHILL**  
Chartered Accountants and  
Registered Auditors



Severn Valley Railway (Holdings) PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	3,193,850	3,026,184
Cost of sales		<u>(2,821,821)</u>	<u>(2,600,917)</u>
<b>Gross profit</b>		<b>372,029</b>	<b>425,267</b>
Administrative expenses		<u>(362,004)</u>	<u>(380,313)</u>
		10,025	44,954
Other operating income	3	65,547	48,373
Profit on disposal of fixed assets	3	<u>12,177</u>	<u>17,000</u>
<b>Operating profit</b>		<b>87,749</b>	<b>110,327</b>
Interest received		9,845	2,966
Interest payable and similar charges	4	<u>(3,186)</u>	<u>(4,828)</u>
<b>Profit on ordinary activities before taxation</b>	5	<b>94,408</b>	<b>108,465</b>
Tax on ordinary activities	14	<u>742</u>	<u>(742)</u>
<b>Retained profit for the financial year</b>	17	<b><u>95,150</u></b>	<b><u>107,723</u></b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998 £	1997 £
Profit for the financial year	95,150	107,723
Unrealised surplus on revaluation of properties	<u>431,984</u>	<u>-</u>
<b>Total recognised gains and losses relating to the year</b>	<b><u>527,134</u></b>	<b><u>107,723</u></b>

### Note of historical cost profits and losses

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

The notes on pages 13 to 21 form part of these financial statements.



Severn Valley Railway (Holdings) PLC

## BALANCE SHEET

### 31 DECEMBER 1998

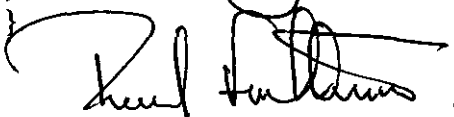
	Notes	1998 £	1997 £
<b>Fixed Assets</b>			
Tangible Assets	8	<u>3,896,692</u>	<u>3,419,863</u>
<b>Current Assets</b>			
Stocks	9	192,324	215,648
Debtors	10	237,908	202,434
Cash at bank and in hand	11	<u>506,462</u>	<u>207,126</u>
		936,694	625,208
<b>Creditors: Amounts falling due within one year</b>	12	<u>(558,099)</u>	<u>(338,436)</u>
<b>Net Current Assets</b>		<u>378,595</u>	<u>286,772</u>
<b>Total Assets Less Current Liabilities</b>		4,275,287	3,706,635
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(90,000)</u>	<u>(90,000)</u>
<b>Net Assets</b>		<u>4,185,287</u>	<u>3,616,635</u>
<b>Capital and Reserves</b>			
Called up share capital	16	2,443,689	2,402,171
Revaluation reserve	17	926,881	494,897
Profit and loss account	17	<u>814,717</u>	<u>719,567</u>
<b>Shareholders' Fund</b>	18	<u>4,185,287</u>	<u>3,616,635</u>

The Financial Statements on pages 10 to 21 were approved by the Board of Directors on 17th May 1999 and signed on its behalf by:

M R York

} Directors 

P C Fathers

} 

The notes on pages 13 to 21 form part of these financial statements.



Severn Valley Railway (Holdings) PLC

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
<b>Net cashflow from operating activities</b>		<u>380,590</u>	<u>194,710</u>
<b>Returns on investment and servicing of finance</b>			
Interest received		9,845	2,966
Interest paid		<u>(3,186)</u>	<u>(4,828)</u>
		<u>6,659</u>	<u>(1,862)</u>
<b>Taxation</b>			
Tax paid		<u>-</u>	<u>(274)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(141,608)	(144,058)
Sale of tangible fixed assets		<u>12,177</u>	<u>17,000</u>
Net cash outflow from investing activities		<u>(129,431)</u>	<u>(127,058)</u>
<b>Management of liquid resources</b>			
Net movement in short term deposits under 3 months, not repayable on demand		(436,527)	(52,466)
<b>Financing</b>			
Issue of ordinary share capital		41,518	48,449
Discharge of Brewery loan		<u>-</u>	<u>(9,382)</u>
Net cash inflow from financing		<u>41,518</u>	<u>39,067</u>
<b>(Decrease)/Increase in cash in the year</b>	23	<u>(137,191)</u>	<u>52,117</u>

### Note to the cash flow statement

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	87,749	110,327
Depreciation charge	96,763	82,377
Profit on the sale of fixed assets	(12,177)	(17,000)
Movement in working capital:		
Decrease/(increase) in stocks	23,324	(6,111)
Increase in debtors	(35,474)	(41,284)
Increase in creditors	<u>220,405</u>	<u>66,401</u>
Net cash inflow from operating activities	<u>380,590</u>	<u>194,710</u>



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 1. Principal accounting policies

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

#### **Basis of accounting**

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

#### **Tangible fixed assets**

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

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

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

A full valuation of the land and buildings was made on 25 December 1998 by independent professionally qualified valuers. The basis of valuation is explained in note 8.

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

Freehold buildings and permanent way	1% - 20% on cost or valuation
Locomotives and rolling stock	5% - 10% on cost
Office and computer equipment	25% on cost
Motor vehicles	25% on cost
Commercial fixtures, fittings and equipment	20% on cost

Freehold land is not depreciated.

#### **Operating leases**

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

#### **Stocks**

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



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 1. Principal accounting policies - continued

#### Deferred taxation

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

#### Pension costs

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

### 2. Turnover

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

### 3. Other operating income

	1998 £	1997 £
Rents received	27,787	15,067
Miscellaneous	<u>37,760</u>	<u>33,306</u>
	65,547	48,373
Net profit on sale of tangible fixed assets	<u>12,177</u>	<u>17,000</u>
	<u><u>77,724</u></u>	<u><u>65,373</u></u>

### 4. Interest payable and similar charges

	1998 £	1997 £
On bank loans and overdrafts and other loans: Repayable within 5 years, not by instalments	<u>3,186</u>	<u>4,828</u>



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 5. Profit on ordinary activities before taxation

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on tangible owned fixed assets	96,763	82,377
Net profit on sale of tangible fixed assets	(12,177)	(17,000)
Hire of other assets - operating leases	13,378	6,823
Auditors' remuneration for:		
Audit	6,500	9,750
Tax	1,000	-
Other services provided by previous auditors	<u>4,100</u>	<u>3,050</u>

### 6. Directors' emoluments

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

### 7. Employee information

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

	1998 Number	1997 Number
Full time	64	61
Part time	<u>26</u>	<u>20</u>
	<u>90</u>	<u>81</u>
	£	£
Staff costs for the above		
Wages and salaries	905,683	831,758
Social security costs	72,000	69,457
Other pension costs	<u>33,123</u>	<u>30,001</u>
	<u>1,010,806</u>	<u>931,216</u>

During 1998 £21,289 (1997: £33,302) of wages and salaries was directly attributable to the restoration of locomotive 45110 and was transferred to Locomotives and rolling stock.



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 8. Tangible fixed assets

	Total £	Freehold land and buildings £	Locos and rolling stock £	Commercial fixtures, fittings & equipment £	Office equipment & motor vehicles £	Capital work in progress £
<b>Cost or valuation</b>						
At 1 January 1998	4,070,774	3,230,109	540,905	179,922	48,113	71,725
Additions	141,608	78,643	46,459	-	-	16,506
Revaluation	267,627	267,627	-	-	-	-
Reclassification	-	23,621	78,267	(30,163)	-	(71,725)
<b>At 31 December 1998</b>	<b><u>4,480,009</u></b>	<b><u>3,600,000</u></b>	<b><u>665,631</u></b>	<b><u>149,759</u></b>	<b><u>48,113</u></b>	<b><u>16,506</u></b>
<b>Depreciation</b>						
At 1 January 1998	650,911	124,003	362,543	119,888	44,477	-
Charge for the year	96,763	38,701	34,058	21,007	2,997	-
Revaluation	(164,357)	(164,357)	-	-	-	-
Reclassification	-	1,653	8,240	(9,893)	-	-
<b>At 31 December 1998</b>	<b><u>583,317</u></b>	<b><u>-</u></b>	<b><u>404,841</u></b>	<b><u>131,002</u></b>	<b><u>47,474</u></b>	<b><u>-</u></b>
<b>Net book value</b>						
At 31 December 1998	<b><u>3,896,692</u></b>	<b><u>3,600,000</u></b>	<b><u>260,790</u></b>	<b><u>18,757</u></b>	<b><u>639</u></b>	<b><u>16,506</u></b>
At 31 December 1997	<b><u>3,419,863</u></b>	<b><u>3,106,106</u></b>	<b><u>178,362</u></b>	<b><u>60,034</u></b>	<b><u>3,636</u></b>	<b><u>71,725</u></b>

The freehold land and buildings were revalued on 25 December 1998 at open market value by Wilkins, a firm of independent chartered surveyors.

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

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

	1998 £	1997 £
Land and Buildings		
Cost	3,019,607	3,034,085
Aggregate depreciation	<u>(473,393)</u>	<u>(442,107)</u>
<b>Net book value</b>	<b><u>2,546,214</u></b>	<b><u>2,591,978</u></b>



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 9. Stocks

	1998 £	1997 £
Goods for resale	110,327	105,152
Stores	<u>81,997</u>	<u>110,496</u>
	<u>192,324</u>	<u>215,648</u>

### 10. Debtors

	1998 £	1997 £
Trade debtors	183,803	148,707
Other debtors	16,223	15,761
Prepayments and accrued income	<u>37,882</u>	<u>37,966</u>
	<u>237,908</u>	<u>202,434</u>

### 11. Cash at bank and in hand

	1998 £	1997 £
Balance at bank	502,235	203,091
Petty cash and cash floats	<u>4,227</u>	<u>4,035</u>
	<u>506,462</u>	<u>207,126</u>

Included in the balance at bank at 31 December 1998 is an amount on short term deposit of £488,993 (1997: £52,466).



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 12. Creditors: Amounts falling due within one year

	1998 £	1997 £
Trade creditors	198,676	135,227
Corporation Tax	-	742
Other taxation and social security	34,482	28,423
Other creditors	192,742	81,942
Accruals	<u>132,199</u>	<u>92,102</u>
	<u>558,099</u>	<u>338,436</u>

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

Other creditors includes £115,799 (1997: £37,051) in respect of donations received towards the proposed carriage shed at Kidderminster for which the Company has been granted an award by the Heritage Lottery Fund.

### 13. Creditors - Amounts falling due after more than one year

	1998 £	1997 £
Loan - SVR Co Ltd	<u>90,000</u>	<u>90,000</u>

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

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



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 14. Taxation

	1998 £	1997 £
United Kingdom Corporation Tax at 21.0% (1997: 24.25%)	-	742
Over provision in prior year	(742)	-
	<u>(742)</u>	<u>742</u>

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

At 31 December 1998 there is a contingent liability to taxation deferred because of timing differences arising on depreciation. Although the potential liability is £364,988 (1997: £369,479) the Directors consider the Company's depreciation policy and planned future capital expenditure will ensure that these timing differences will continue in the foreseeable future and consequently no provision is necessary for deferred taxation. No liability is expected to arise in the event of sale of revalued assets at the balance sheet value.

### 15. Pension Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company and in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £33,123 (1997: £30,001).

### 16. Called up Share Capital

	1998 £	1997 £
Authorised ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>2,443,689</u>	<u>2,402,171</u>

The Company allotted 41,518 ordinary shares of £1 each at par during the year ended 31 December 1998.

Note: See also Results and Dividends in the Directors' Report on page 6.



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 17. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1998	494,897	719,567
Revaluation in year	431,984	-
Profit for the financial year	<u>-</u>	<u>95,150</u>
<b>At 31 December 1998</b>	<b><u>926,881</u></b>	<b><u>814,717</u></b>

Included in the £814,717 in the Profit and loss account at 31 December 1998 is an amount of £50,000 which has been set aside by the Board for the Carriage Shed Appeal.

### 18. Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	95,150	107,723
Issue of share capital	41,518	48,449
Surplus arising on revaluation of land and buildings	<u>431,984</u>	<u>-</u>
Net addition to shareholders' funds	568,652	156,172
Opening shareholders' funds	<u>3,616,635</u>	<u>3,460,463</u>
Closing shareholders' funds	<u>4,185,287</u>	<u>3,616,635</u>

### 19. Capital commitments

	1998 £	1997 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>5,475</u>	<u>17,000</u>



Severn Valley Railway (Holdings) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued...)

### 20. Other financial commitments

The following annual commitments existed at 31 December 1998 in respect of non-cancellable operating leases:

	1998 £	1997 £
Plant and Equipment: falling due in less than 1 year	<u>6,494</u>	<u>3,113</u>
Between 2 to 5 years	<u>6,190</u>	<u>10,265</u>

### 21. Related Party Transactions

During the year the following transactions were undertaken with Severn Valley Railway Co Limited who own 20.1% of the company's shares

	£	Balance at 31/12/98 £
Recharges to SVR Co Ltd	12,381	2,900
Donations from SVR Co Ltd	34,359	11,478
Sundry purchases from SVR Co Ltd	<u>(194)</u>	<u>-</u>

### 22. Reconciliation of net cash flow to movements in net funds

	1998 £	1997 £
(Decrease)/Increase in cash in the year	(137,191)	52,117
Cash used to discharge Brewery loan	-	9,382
Cash used to increase liquid resources	<u>436,527</u>	<u>52,466</u>
<b>Movement in net funds in the year</b>	<b>299,336</b>	<b>113,965</b>
Net funds at beginning of the year	<u>117,126</u>	<u>3,161</u>
<b>Net funds at end of the year</b>	<b><u>416,462</u></b>	<b><u>117,126</u></b>

### 23. Analysis of changes in net funds

	At 1.1.98 £	Cash flows £	At 31.12.98 £
Cash in hand, at bank	154,660	(137,191)	17,469
Current asset investments	52,466	436,527	488,993
Debt due within 1 year	-	-	-
Debt due after 1 year	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
<b>Total net funds/(debt)</b>	<b><u>117,126</u></b>	<b><u>299,336</u></b>	<b><u>416,462</u></b>



**Severn Valley Railway (Holdings) PLC**

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

<b>Turnover</b>	<b>1998 £</b>	<b>1997 £</b>
Traffic	1,391,917	1,390,393
Giftshops	344,771	315,754
Wholesale	168,272	218,230
Bars	584,262	536,386
Catering	353,941	333,487
Contract engineering	184,629	165,771
Locomotive hire	146,226	66,163
Other	19,832	-
	<u>3,193,850</u>	<u>3,026,184</u>

**Cost of Sales Relating to Traffic includes Working Expenses of:**

	<b>1998 £</b>	<b>1997 £</b>
Operating wages and salaries	499,649	443,517
Locomotive maintenance	107,605	92,867
Carriage maintenance and cleaning	87,169	46,860
Coal, oil and water	149,502	147,982
Civil engineering	25,676	25,513
Permanent way maintenance	59,561	35,066
Signals and telecommunications	5,414	1,966
Plant, machinery and electrical repairs	2,328	4,160
Visiting locomotive costs	5,440	6,080
Sundry traffic expenses	83,135	69,281
Depreciation of buildings and equipment	72,532	60,321
Events including Galas, Santa, Filming and Thomas the Tank Engine © Britt Allcroft (Thomas) Ltd (1999)	110,078	103,708
Publicity	135,968	115,060
Station expenses	<u>146,430</u>	<u>91,102</u>
	<u>1,490,487</u>	<u>1,243,483</u>



Severn Valley Railway (Holdings) PLC

	1998	1997
	£	£
<b>Administrative Expenses:</b>		
Wages, salaries, pension and PHI	162,387	145,067
Bank charges	24,787	25,823
Rent, rates and insurance	75,883	71,610
Postage and telephone	20,821	26,681
Printing and stationery	12,068	15,420
Professional fees (including Civil Engineering fees)	26,473	29,723
Registrar's costs	8,224	9,142
Auditors' remuneration	6,500	9,750
General expenses	34,709	30,946
Office repairs	1,147	335
Motor travel and entertaining	2,000	3,319
Office machinery leasing and hire of equipment	10,302	8,196
Bad debt provision	<u>(23,297)</u>	<u>4,301</u>
	<u>362,004</u>	<u>380,313</u>



Severn Valley Railway (Holdings) PLC

## NOTES



## Special Events in 1999

**July 3rd/4th - 1940's Weekend.** A nostalgic look at Britain during World War II, with period cars and commercial vehicles, period costumes, battle re-enactments, Big Band Shows and frequent trains linking all activities.

**September 4th/5th, 11th/12th - "Friends of Thomas the Tank Engine"© Weekend.** Another visit from that cheeky engine and his friends, doubtless causing more trouble and entertainment up and down the line for the youngsters. (Advance booking facility available - 01299 403816). © Britt Allcroft (Thomas) Ltd (1999).

**September 24th-26th - Autumn Steam Gala.** The UK's premier steam railway event with lots of engines in steam and all night running Saturday night/Sunday morning. An event not to be missed!

**October 10th - Classic Vehicle Day.** One of Britain's best gatherings of classic cars, commercial vehicles, buses, coaches and motorcycles at stations all along the railway.

**October 15th-17th - Diesel Gala.** A chance to ride the SVR behind historic diesel locomotives (the service is all-diesel on October 15th, and mixed steam and diesel on October 16th and 17th).

**November 28th, December 4th/5th, 11th/12th, 18th-24th - Santa Specials.** The ever popular service of steam trains, with a present from Santa for each child. **Advance Booking is ESSENTIAL** - booking forms available from August.

**December 26th - January 3rd 2000 - Mince Pie Specials.** Relax after Christmas with a leisurely journey along the Severn Valley.