

**Railway Paths Limited**  
**(A company limited by guarantee)**

**Annual report and financial statements**  
**for the year ended 31 March 2019**

Registered Company Number: 3535618  
Registered Charity Number: 1070003  
SC039256 (Scotland)



# **Railway Paths Limited**

**Annual report and financial statements for the year ended 31 March  
2019**

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## Legal and administrative information

### Constitution

Railway Paths Limited is a company limited by guarantee and a registered charity governed by its articles of association.

Charity number: 1070003 (England & Wales)  
SC039256 (Scotland)

Company number: 3535618

### Trustees and Directors

The Trustees of the company who were in office during the year and up to the date of signing the financial statements were:

Mike Babbitt  
Xavier Brice  
Jonathan Chesebrough (appointed 20/6/19)  
Stephen Colclough (appointed 20/6/19)  
Michael de Voil  
Lindsay Flood  
Nigel Gibbons (resigned 20/6/19)  
Terry Levinthal  
Richard Marshall  
Paul Turner (resigned 9/9/19)  
Jeff Vinter (Chair from 9/9/19)

### Secretary and registered office

Andy Appleby  
2 Cathedral Square  
College Green  
Bristol BS1 5DD

### Independent auditors

Crowe U.K. LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ UK

### Solicitors

Osborne Clarke  
2 Temple Back East  
Bristol BS1 6EG

McCartney Stewart  
1B Paisley Road  
Renfrew PA4 8JH

### Main banker

Lloyds Bank plc  
Bristol City Centre Branch  
PO Box 1000  
BX1 1LT

### Other bankers

HSBC Bank plc  
3 Temple Quay  
Bristol BS1 6DZ

Triodos Bank,  
Deanery Road,  
Bristol, BS1 5AS

## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

The Trustees, who are also Directors of the Charity for the purposes of the Companies Act, submit their annual report and audited financial statements for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (FRS102) effective from 1<sup>st</sup> January 2015, the Companies Act 2006 and the Charities Act 2011 in preparing the annual report and financial statements of the Charity. The legal and administration information on page 1 forms part of this report.

### **Strategic report, including the Aims and Objectives of the Charity**

The Charity was established to take ownership of disused railway lines from BRB (Residuary) Ltd, formerly Rail Property Ltd. (company number 10096751). The main aims and objectives are:

- To make available for public benefit routes, roads and paths suitable for walking, cycling, horse riding and wheelchair use;
- To support, promote and encourage the charitable activities of Sustrans Ltd (registered charity number 326550);
- The preservation, restoration, maintenance and protection for public benefit of the structures and buildings on the land owned by the Charity; and
- The Charity also has an undertaking with the Secretary of State not to develop the disused railway lines in its ownership in a way which might prejudice future commercial railway use without the Secretary of State's consent, and notes the effect that may have on value.

The Charity's strategy for achieving its main aims and objectives is to maintain, through prudent management, the asset portfolio of the organisation in order to ensure its long-term viability. All of the structures are routinely inspected in line with the "Management of Highway structures" code of practice (publication date September 2005). In addition, the Charity works closely but independently with Sustrans in order to maximise the benefit of its asset holdings to the public.

### **Key performance indicators - bridge condition scoring**

When an inspection is undertaken a condition grade is reviewed and updated for the structure. This is based on five categories ranging from A to E:

A - Very Good - Full strength. In near 'as built' condition, well maintained. Examples include good paint, pointing, surfaces.

B - Good - Full strength. Superficial non-structural defects. Examples include effective paint protection, only minor cracks/spalls, mainly good joints, no movement, minor vegetation.

C - Fair - Within 90% of original strength. BE4 pass (the first standard to cover highway bridge assessment, BE4, was introduced to allow for 32 tonne vehicles). Defects affecting durability or marginally affecting strength. Safety not compromised. Examples include vegetation, open joints, paint failure, corrosion but only slight section loss, settlement.

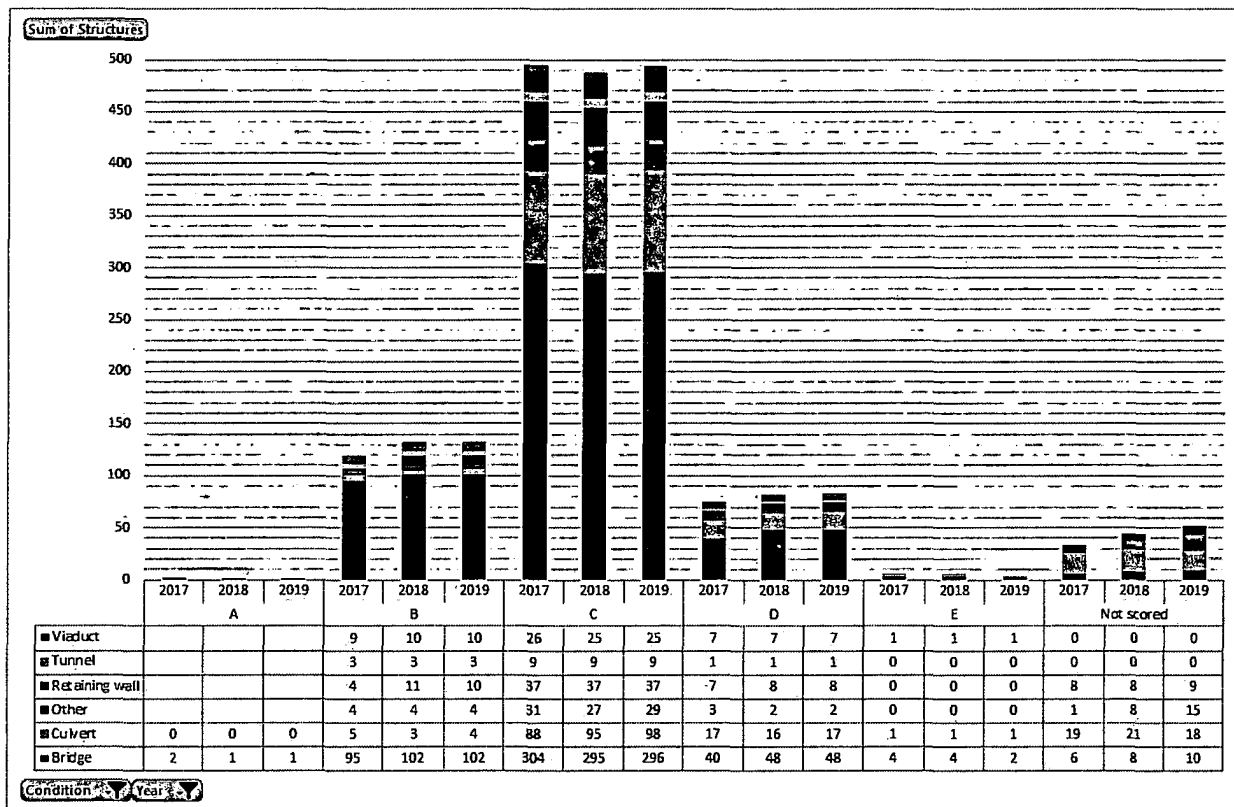
**Report of the Trustees including the strategic report for the year ended 31 March 2019**

**Key performance indicators - bridge condition scoring (continued)**

D – Poor - Significant strength loss from original but still serviceable for current loadings. Marginal BE4 assessment. Defects significantly affecting strength and durability or marginally affecting safety. Examples include deep/extensive spalling, perishing, leakage, structural cracking, deformation, significant corrosion section losses, sub-standard parapets or safety fencing.

E - Bad - Requires a specific mitigation and management plan. Understrength for current loadings. Unstable or failed structure with significant risks. Significant safety risk if not managed appropriately. Examples include assessment failure, critical section loss, arch failure, gross settlement, no parapets.

These grades, also taken into account with Consequence of Failure assessments can be used to help prioritise works.



## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

### **Achievements and Objectives**

The Charity continued its programme of inspection and surveying of the 767 (2018: 755) structures, for which it has responsibility, on the disused railway lines in its ownership.

During the financial year the Charity spent £590,808 (2018: £615,820) on cost effective solutions to maintenance across a large number of structures where expenditure had been prioritised. The Charity has a detailed analysis of all maintenance expenditure required, which it has prioritised for the next 2 years. £600,373 (2018: £265,093) was spent on estate management and maintenance this year.

The Charity has continued to make disused railway lines available to Sustrans and others for the development of routes for walking and cycling. The Charity does not contribute financially to the construction of these routes. In the course of these developments some maintenance work on structures owned by the Charity is undertaken by others in order to make routes safe for public use.

Works to an approximate value of £348,000 were undertaken on the maintenance of Railway Paths Limited structures by third parties during the financial year. The most notable being 32 bridge strength assessments received from Highways England, worth approximately £200,000 in total.

During the year the Charity received proceeds of £14,450 (2018: £500) from easements and £45,500 (2018: £228,358) for sales of phase 1 land and other assets (net book value=Nil). Rental income of £125,400 (2018: £147,347) was received in the year.

## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

### **Employees**

Railway Paths has continued its policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitudes and abilities. Training and career development opportunities are available for all employees and, if necessary, retraining of an employee who becomes disabled is given.

The Charity's policy is to continue to develop its communications with all employees, to inform them on matters of concern to them as employees, to promote awareness of the financial and economic factors affecting the performance of the Charity and, subject to practical and commercial considerations, to consult them in relation to decisions that affect their current jobs or future prospects.

All managers are expected to hold regular meetings with their staff, to provide an opportunity for communication of information and discussion of events as they develop. We maintain an intranet site that provides staff with information, including that about finances.

### **Governance and Management**

Railway Paths is governed by its Board of Trustees operating under the terms of the Articles of Association.

The Trustees have a wide range of skills and experience. They are appointed for a period of four years, which is renewable normally no more than once. The Trustees identify the skills, experience, and geographical representation required of the Trustees to ensure that the board reflects this need. The induction for prospective board members includes documentation, discussions with key people, and attending a two day board meeting where the detailed work programmes of the Charity and discussions concerning Trustees' roles and responsibilities are covered. The Trustees receive periodic updates and guidance on their role as Trustees of the Charity.

The Trustees meet three times a year, usually for two days, to review strategy and performance and to agree operating plans and annual budgets, to meet with managers, and to inspect the work of the Charity throughout the UK. Trustee meetings involve discussions of considerable detail and involve decision making which within a larger charity might be delegated to staff. Accordingly it is the Trustees who are acting as the key management personnel within the definition of FRS 102.

**Report of the Trustees including the strategic report for the year ended 31 March 2019**

**Governance and Management (continued)**

Trustees monitor and have overall responsibility for:

- approving the overall strategy and supporting work plans of the organisation, together with the allocation of the necessary resources to achieve the defined objectives;
- ensuring that the Charity has appropriate systems of controls, financial and otherwise;
- keeping proper accounting records which comply with the Companies Act 2006 and the Charities' SORP;
- safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- providing assurance that the Charity is operating efficiently and effectively, carrying out a risk assessment to identify possible risks to the achievement of the Charity's objectives and establishing procedures, actions and systems to mitigate them.

This monitoring of financial and other areas of performance ensures that the Trustees are continually appraised of progress and the risks the Charity faces.

The following organisations have the right to appoint Trustees as determined by the Articles of the Company:

Secretary of State for Transport  
Railway Heritage Trust  
Sustrans

1 Director (currently Richard Marshall)  
1 Director (currently Michael de Voil)  
2 Directors (currently Mike Babbitt and Xavier Brice)



## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

### **Risk, Reserves and Investment Policy**

As part of its normal planning procedures, the Board of Trustees has made during the year an assessment of the principal risks to which the Charity is exposed. It has reviewed them under the broad categories of 'governance and strategic planning', 'environmental/external factors', 'finance', 'management', 'reputational', 'compliance with law or regulation', and concluded that the following are most significant:

- a) Bridge strength assessments indicate that assets do not have adequate strength which is then viewed by our insurers as voiding our public liability insurance cover.
- b) Failure to backfill Senior Engineer post will impact on the ability to undertake full programme of inspections and maintenance work within the current financial year.
- c) National guidance for bridge inspector competence management is expected to be introduced which may make our model non-compliant. It will probably be more demanding in terms of training and maintenance of competence than we currently adopt. The effect may be to increase costs and make practical arrangements more onerous.

The Board of Trustees has introduced procedures and reporting regimes to manage and reduce the identified risks. Trustees have agreed clear lines of delegation and authority to appropriate managers and have involved staff in the recognition of risk in all their activities.

The following statements summarise the Charity's policy in managing identified forms of financial risk:

- Cost and income risk: The Charity negotiates grants awarded to finance the Charity's activities and incorporates this information into its business plans. Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.
- Credit risk: Credit risk on amounts owed to the Charity by its customers is low, as the majority of significant income transactions relate to land sales.
- Liquidity risk: The Charity has no long term borrowings or short-term overdraft.

The funds of the Charity are all Restricted funds - they can only be used for specific purposes and this is not at the Trustees' discretion. This restriction is governed by an agreement between the Charity and BRB (Residuary) Limited (BRBR) dated 26<sup>th</sup> September 2013. The description and purpose of the Restricted Funds is provided in Note 11.

The implication of the agreement with BRBR is that all of the Charity's income is for a restricted purpose and the Charity is therefore not in a position to build free reserves. The Trustees nonetheless recognise their responsibility to preserve and maintain bridges, tunnels and other structures which will have a useful life of some considerable time – certainly decades, possibly centuries. It follows that the Trustees seek to add to current restricted funds of £1.6M where this does not compromise the short-term maintenance demands of the estate. It is hoped that this can be achieved through the sale of assets which are not required for charitable purposes. The Trustees continually weigh the cost of performing maintenance works now against the cost of delaying those works into the future.

The Trustees regularly review the investment policy to be applied to any cash deposits held by the Charity. Cash balances are largely required for working capital and to meet short-term obligations. Owing to the volatility of equity and other markets, the Trustees have for many years adopted a 'no market risk' investment strategy to safeguard the Charity's cash assets. Over the year the Trustees sought to minimise the exposure of the Charity by holding funds with more than one bank. Given the wider economic climate this policy is under active management.

## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

### **Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Railway Paths Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As permitted by the Articles of Association, the Trustees have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Trustees' and Officers' liability insurance in respect of itself and its Trustees.

According to Charities' best practice, the Trustees have conducted an exercise to ensure that public benefit criteria for charities, set out in the Charities Act 2011, are met. The Trustees have concluded that:

- Railway Paths Limited's purposes remain charitable
- Railway Paths Limited satisfies the public benefit test.

Details on how the funds have been used for public benefit are shown above.

## **Report of the Trustees including the strategic report for the year ended 31 March 2019**

### **Disclosure of information to auditors**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Connected Charities**

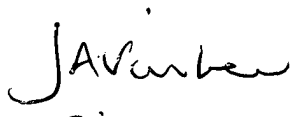
One of the objectives of the Charity is to support the work of Sustrans Limited, a registered Charity (number; 326550 England & Wales, SC039263 Scotland) (registered office; 2 Cathedral Square, College Green, Bristol BS1 5DD). Under the guidelines of the Charities' SORP, Railway Paths Limited is a 'connected charity' as some of its members are common to Sustrans. Xavier Brice, Sustrans' Chief Executive, and Mike Babbitt, Sustrans' Head of Network Development, were also Trustees of Railway Paths Limited during the year.

In the interests of efficiency and cost minimisation, Sustrans is contracted by Railway Paths Limited to provide accounting, company secretarial and HR services and paid £10,000 (2018, £10,000) to Sustrans in the year for these services. That charge was based upon the calculated marginal cost incurred in the provision of these services. Railway Paths Limited is contracted by Sustrans to provide Estate Management services and received £10,000 (2018, £10,000) during the year.

The financial statements of Railway Paths Limited are not consolidated with those of Sustrans Limited because neither organisation can exert control over the other.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption provided by the Companies Act 2006.

**By order of the Board of Trustees who approve the Strategic Report as Directors**



**Jeff Vinter**  
Trustee  
15<sup>th</sup> November 2019

## **Independent auditors' report to the Members and Trustees of Railway Paths Limited**

### **Opinion**

We have audited the financial statements of Railway Paths Limited for the year ended 31 March 2019 which comprise the Statement of Financial Activities, Balance Sheet, and notes to the financial statements, 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 charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 Trustees 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 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report, which includes the Trustees' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Trustees' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' report.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the charitable 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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

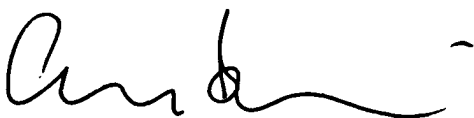
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees 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 charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K LLP

Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

5 December 2019

**Statement of financial activities for the year ended 31 March 2019  
(Including Income and Expenditure account)**

Note ref.	<b>Total Restricted Funds 2019 £</b>	<b>Total Restricted Funds 2018 £</b>
	<b>Income from:</b>	
	Charitable activities	96,837
	Investments	443,751
2	<b>Total income</b>	<b>540,588</b>
	<b>Expenditure on:</b>	
	Charitable activities	880,913
3	<b>Total expenditure</b>	<b>880,913</b>
5	<b>Net expenditure</b>	<b>(340,325)</b>
	<b>Reconciliation of funds:</b>	
	Total funds brought forward	2,678,180
11	<b>Total funds carried forward</b>	<b>2,337,855</b>

All gains and losses recognised in the year are included in the Statement of Financial Activities. All income and expenditure relates to continuing operations.

There is no difference between the net (expenditure) for the years stated above and its historical cost equivalent.

The notes on pages 15 to 22 form part of these financial statements.

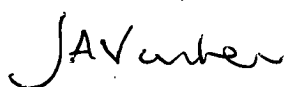
**Balance sheet as at 31 March 2019**

Note ref.		<b>Total Restricted Funds 2019 £</b>	<b>Total Restricted Funds 2018 £</b>
	<b>Fixed Assets:</b>		
7	Tangible assets	<u>2,400</u>	<u>1,280</u>
	<b>Current Assets</b>		
8	Debtors	74,251	110,653
	Investments	812,743	2,035,006
	Cash at bank and in hand	885,964	413,277
	<b>Total current assets</b>	<u>1,772,958</u>	<u>2,558,936</u>
9	<b>Creditors:</b> amounts falling due within one year	<u>(204,828)</u>	<u>(222,361)</u>
	<b>Net current assets</b>	<u>1,568,130</u>	<u>2,336,575</u>
	<b>Total net assets</b>	<u>1,570,530</u>	<u>2,337,855</u>
	<b>The funds of the charity:</b>		
11	Restricted funds	<u>1,570,530</u>	<u>2,337,855</u>

The notes on pages 15 to 22 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime.

The financial statements on pages 13 to 22 were approved by the Board of Directors on 15<sup>th</sup> November 2019 and were signed on its behalf by:



**Jeff Vinter**  
Trustee



**Notes to the financial statements for the year ended 31 March 2019****1 Principal accounting policies****a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention in UK pounds sterling. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for charities, which is based on the Financial Reporting Standard (FRS) 102 effective from 1st January 2015, the Charities Act 2011, the Companies Act 2006, the Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently. The financial statements have been prepared on the basis that Railway Paths Limited is a public benefit entity under FRS102.

**b) Cash flow statement**

The Charitable Company is exempt from preparing a cash flow statements on the basis that it is a small charity in this reporting period, as defined by the Charity Commission.

**c) Fund Accounting**

The funds of the Charity are all Restricted funds - they can only be used for specific purposes and this is not at the Trustees' discretion.

The Charity was established in 1998 to take ownership of disused railway lines from BRB (Residuary) Ltd, formerly Rail Property Ltd. This responsibility was accompanied by a "capital bond" with the intention that the property, which includes many structures, bridges, etc. be maintained to an appropriate standard. This property is referred to above as "Phase 1".

These transfers were all concluded at a nominal value recognising the longer term financial liabilities which became the responsibility of the Charity on acquisition. The Trustees have decided not to re-value land holdings because of the complexity and the resulting on-going costs which would be incurred.

In 2010/11 the Charity took further property from BRB (Residuary) Ltd. (Phase 2) and the Trustees believe it is appropriate to keep the two tranches of transfers separate, such that the cash received to maintain Phase 1 is spent on Phase 1 property.

The Charity has and will continue to make these disused railway lines and structures available to Sustrans Limited and others for the development of walking and cycling routes.

**d) Incoming Resources**

Income is recognised in the statement of financial activities (SoFA) when a transaction or other event results in an increase in the charity's assets or a reduction in its liabilities. Income is only recognised when all of the following criteria are met:

- Entitlement – control over access to the economic benefit has passed to the charity.
- Probable – it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity.
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**Notes to the financial statements for the year ended 31 March 2019**

Grants receivable – Grants from government bodies and other sources are received for specific projects and are recognised in accordance with their individual terms and conditions. Income is recognised when the charity has entitlement to the funds which is when any performance conditions attached are met, it is probable that the income will be received and the amount can be reliably measured. Grant income will be deferred if received in advance of meeting performance conditions or if the funder specifically states that the income must be spent in a future accounting period.

Rental and advertising income is recognised in line with the period to which it relates.

**e) Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Support costs are allocated on the basis of Full Time Equivalent (FTE) staff numbers.

**f) Going Concern**

After making enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements. The Trustees are not aware of any material uncertainties that cast doubt on the going concern assumption.

**g) Financial instruments**

The charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**h) Tangible assets**

Tangible fixed assets costing more than £500 are capitalised and included at cost. Freehold land and buildings were acquired at no cost. Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives on a straight line basis. The rate of depreciation for IT equipment is 33.3% per annum.

**i) Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

**Useful economic lives of tangible assets -**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

**Provision for bad debts –**

Full provision is made where management consider the recoverability of trade debts to be low.

## Notes to the financial statements for the year ended 31 March 2019

### **j) Maintenance**

The Charity has a maintenance obligation over a number of disused railways where it owns the land and structures upon it. A planned maintenance policy is adopted with routine maintenance expenditure being funded from Restricted funds. Significant short-term maintenance liabilities are provided for as and when they are identified.

### **k) Taxation**

The Company is a non-profit making organisation and a registered charity with the Charity Commission. It is generally exempt from Corporation Tax and there is no tax charge for the year.

### **l) Pension costs**

The Charity makes contributions to a defined contribution pension scheme on behalf of certain staff members. The cost of these contributions is charged in the financial statements as incurred. This scheme is available to all staff.

### **m) Investments**

Funds are invested for terms greater than three months and not exceeding 12 months as UK sterling bank deposits.

### **n) Address and country of incorporation**

Legal and administrative information is shown on page 1 of this document.

### **o) Related Party Transactions**

As described in the Report of the Trustees on page 9, Sustrans Ltd has a connected charity called Railway Paths Ltd. During the year, costs were incurred by Sustrans and recharged on behalf of Railway Paths Ltd totalling £115K (2018: £159K). This includes a £10K management charge relating to finance and HR services administered by Sustrans staff. Equally, costs were incurred by Railway Paths Ltd on behalf of Sustrans Ltd and recharged totalling £32K (2018: £12K). This includes a £10K management charge for estate management services in relation to Sustrans' land. At year end, a balance of £82K (2018: £129K) was owed by Railway Paths Limited to Sustrans Limited.

Two Trustees of Railway Paths Ltd were also employees of Sustrans and so remunerated in line with Sustrans' pay policy. These are included in the financial statements of Sustrans as part of their personnel remuneration total.

**Notes to the financial statements for the year ended 31 March 2019**

**2 Income**

During the year a total of £100,000 (2018: £95,000) was received from Railway Heritage Trust.

	<b>Restricted Funds 2019 £</b>	<b>Restricted Funds 2018 £</b>
<b>Income</b>		
<b>Income from charitable activities</b>		
Preservation of structures, buildings, and land	<u>157,456</u>	<u>96,837</u>
<b>Income from investments</b>		
Realised gains on disposal of land and other assets	45,500	228,358
Rental income	125,400	147,347
Advertising income	23,600	25,370
Interest received	15,700	19,461
Income from Easements	14,500	500
Recovery of legal costs	9,600	11,073
Other income	32,100	11,642
	<u>266,400</u>	<u>443,751</u>
<b>Total income</b>	<u><u>423,856</u></u>	<u><u>540,588</u></u>

**3 Analysis of expenditure on charitable activities**

	Activities undertaken directly £	Support costs £	Total 2019 £	Total 2018 £
Bridge maintenance and management (phase 1)	557,118	33,690	590,808	615,820
Estate maintenance and management (phase 1)	553,207	47,166	600,373	265,093
	<u>1,110,325</u>	<u>80,856</u>	<u>1,191,181</u>	<u>880,913</u>

**4 Support costs**

	Bridge maintenance and management £	Estate maintenance and management £	Total 2019 £	Total 2018 £
Legal costs	11,427	15,998	27,425	15,132
Insurance	14,063	19,689	33,752	32,541
Governance	3,304	4,625	7,929	9,060
Audit	729	1,021	1,750	2,000
Finance, HR & IT	4,167	5,833	10,000	10,000
	<u>33,690</u>	<u>47,166</u>	<u>80,856</u>	<u>68,733</u>

**Notes to the financial statements for the year ended 31 March 2019**

**5 Net expenditure**

	2019	2018
	£	£
<b>This is stated after charging:</b>		
Governance costs (the Trustees of the Charity are not paid):		
Travel and associated expenses incurred by 10 (2018: 10) Trustees for attendance at meetings	7,929	9,060
Fees payable for statutory audit	1,750	2,000
Provision of trustee liability insurance	1,000	1,000
Depreciation of tangible fixed assets	1,520	640

Rental and advertising income of £149,000 (2018: £172,717) arises from a small number of properties owned by the Charity (Net book value = nil).

**6 Employee information**

Average full time equivalent (FTE) number of employees	2019	2018
	number	number
Charitable Activities		
Bridge maintenance and management (phase 1)	3.0	2.8
Estate maintenance and management (phase 1)	4.2	3.4
	<u>7.2</u>	<u>6.2</u>

The average head count (number of staff employed) during the year was 9 (2018: 7)

Staff costs (for the above persons):	2019	2018
	£	£
Wages and Salaries	244,820	190,557
Social Security costs	22,236	15,600
Employer's pension contributions	8,708	6,248
	<u>275,764</u>	<u>212,405</u>

All roles are scored according to the Hay Job Evaluation system and graded accordingly. No employee earns more than £60,000 per annum.

Outstanding pension contributions at the year-end were nil (2018:nil)

Under the Articles of Association, members of the Board are not permitted to receive remuneration from the Charity.

As noted in the Trustees' Report on page 5, the Trustees are considered to be the key management personnel of the charitable company.

**Notes to the financial statements for the year ended 31 March 2019**

**7 Tangible Assets**

	IT Equipment £
<b>Cost</b>	
At 1 April 2018	5,900
Additions	2,640
Disposals	-
At 31 March 2019	<u><u>8,540</u></u>
<b>Accumulated depreciation</b>	
At 1 April 2018	4,620
Charge for year	1,520
Disposals	-
At 31 March 2019	<u><u>6,140</u></u>
<b>Net book amount</b>	
At 31 March 2019	<u><u>2,400</u></u>
At 31 March 2018	<u><u>1,280</u></u>

**8 Debtors**

	2019 £	2018 £
Trade Debtors	20,241	30,305
Accrued income	4,491	-
Sundry Debtors and prepayments	49,519	80,348
	<u><u>74,251</u></u>	<u><u>110,653</u></u>

**9 Creditors: amounts falling due within one year**

	2019 £	2018 £
Trade creditors	115,554	77,626
Accruals and other creditors	74,596	140,096
Deferred income	6,924	-
Taxation and social security	7,754	4,639
	<u><u>204,828</u></u>	<u><u>222,361</u></u>

**10 Financial Instruments**

	<b>2019</b>	2018
	<b>£</b>	£
<u>Financial Assets</u>		
Cash	<b>384,486</b>	413,277
Trade debtors (settlement amount after trade discount)	<b>20,241</b>	30,305
Bank deposits	<b>1,314,221</b>	2,035,006
<u>Financial Liabilities</u>		
Trade creditors (settlement amount after trade discount)	<b>(115,554)</b>	(77,626)
Accruals and other creditors	<b>(74,596)</b>	(140,096)

**Notes to the financial statements for the year ended 31 March 2019**

**11 Restricted funds**

	Balance 1 April 2018	Income	Expenditure	Balance 31 March 2019
	£	£	£	£
Phase 1 land and structures excluding Abbey Hey	1,996,910	423,856	(1,191,181)	<b>1,229,585</b>
Phase 1 land and structures: Abbey Hey	75,000	-	-	<b>75,000</b>
Phase 2 land and structures excluding Devonshire Tunnel	165,945	-	-	<b>165,945</b>
Phase 2 land and structures: Devonshire Tunnel	100,000	-	-	<b>100,000</b>
	<u>2,337,855</u>	<u>423,856</u>	<u>(1,191,181)</u>	<u><b>1,570,530</b></u>

	Balance 1 April 2017	Income	Expenditure	Balance 31 March 2018
	£	£	£	£
Phase 1 land and structures excluding Abbey Hey	2,337,235	540,588	(880,913)	<b>1,996,910</b>
Phase 1 land and structures: Abbey Hey	75,000	-	-	<b>75,000</b>
Phase 2 land and structures excluding Devonshire Tunnel	165,945	-	-	<b>165,945</b>
Phase 2 land and structures: Devonshire Tunnel	100,000	-	-	<b>100,000</b>
	<u>2,678,180</u>	<u>540,588</u>	<u>(880,913)</u>	<u><b>2,337,855</b></u>

The Charity was established in 1998 to take ownership of disused railway lines from BRB (Residuary) Ltd, formerly Rail Property Ltd (company number 10096751). This responsibility was accompanied by a "capital bond" with the intention that the property, which includes many structures, bridges, etc. be maintained to an appropriate standard. This property is referred to above as "Phase 1".

These transfers were all concluded at a nominal value recognising the longer term financial liabilities which became the responsibility of the Charity on acquisition. The Trustees have decided not to re-value land holdings because of the complexity and the resulting on-going costs which would be incurred.

In 2010/11 the Charity took further property from BRB (Residuary) Ltd. (Phase 2) and the Trustees believe it is appropriate to keep the two tranches of transfers separate, such that the cash received to maintain Phase 1 is spent on Phase 1 property.

The Charity has and will continue to make these disused railway lines and structures available to Sustrans Limited and others for the development of walking and cycling routes.

**12 Limitation by guarantee**

The Company is limited by guarantee and does not have any share capital. The liability for members in the event of winding up is limited to an amount not exceeding £1 per member.