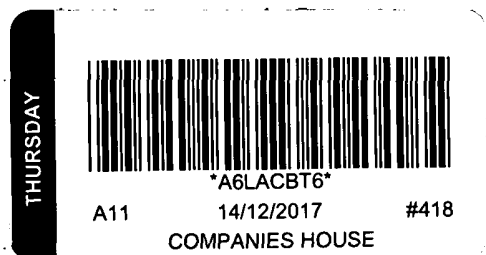


Railway Paths Limited
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 March 2017

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



Railway Paths Limited

**Annual report and financial statements for the year ended 31 March
2017**

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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 memorandum and 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
Greg Beecroft (resigned 31/07/16)
Xavier Brice (appointed 01/08/16)
Lindsay Flood (appointed 01/08/16)
Nigel Gibbons
Terry Levinthal (appointed 01/08/16)
Richard Marshall (appointed 01/10/16)
John Palmer (resigned 31/07/16)
Paul Turner (appointed 01/08/16)
Jeff Vinter
Ian White (Chair)

Secretary and registered office

Andy Appleby
2 Cathedral Square
College Green
Bristol BS1 5DD

Independent auditors

PricewaterhouseCoopers LLP
Independent Auditors and Chartered
Accountants
2 Glass Wharf
Bristol BS2 0FR

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

The Co-operative Bank plc
9 Prescott Street
London, E1 8BE

Santander UK plc
12 Baldwin Street,
Bristol, BS1 1SD

Triodos Bank,
Deanery Road,
Bristol, BS1 5AS

Report of the trustees including the strategic report for the year ended 31 March 2017

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 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (FRS102) effective from 1st 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. 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
- The Charity also has an undertaking with the Secretary of State to safeguard for potential future public transport use the disused railway lines in its ownership.

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.

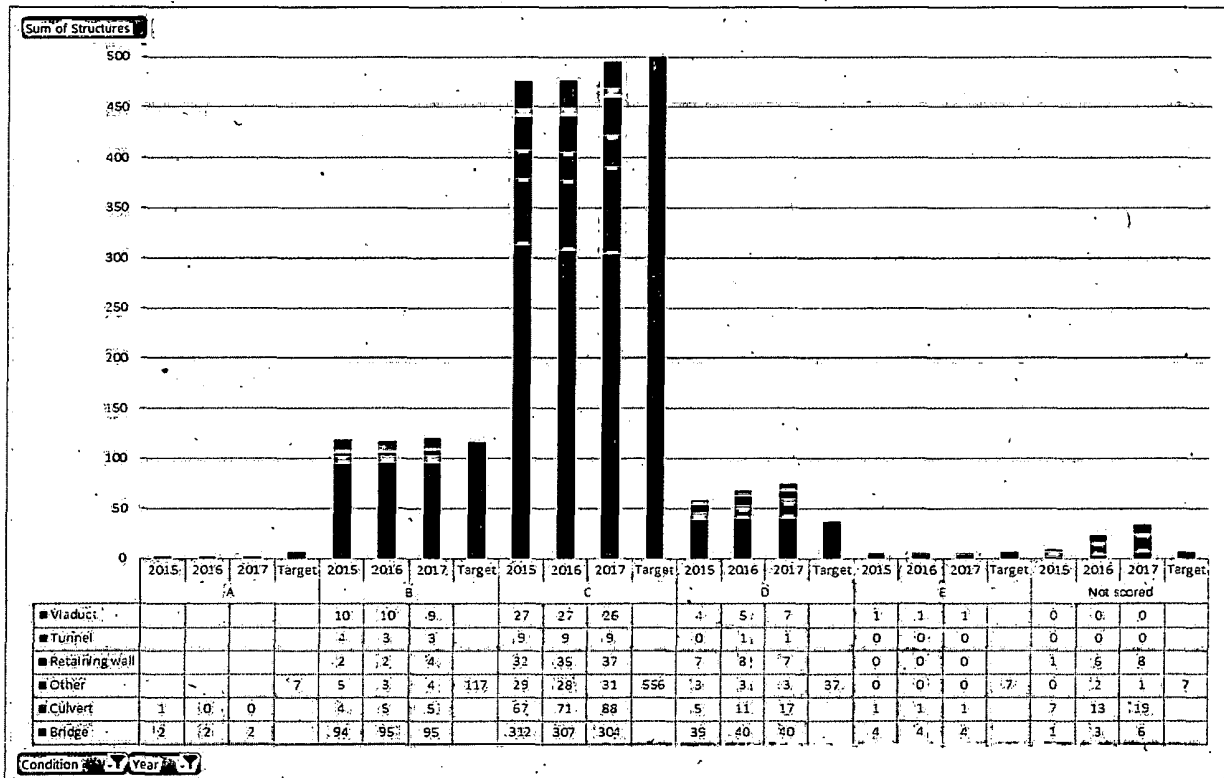
Report of the trustees including the strategic report for the year ended 31 March 2017

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 2017

Achievements and Objectives

The Charity continued its programme of inspection and surveying of the 732 (2016: 695) structures, for which it has responsibility, on the disused railway lines in its ownership.

During the financial year the Charity spent £565,432 (2016: £585,541) 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. £305,915 (2016: £230,722) was spent on estate management and maintenance.

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 £370,000 were undertaken on the maintenance of Railway Paths Limited structures by third parties during the financial year. The most notable being £125,000 by the Railway Heritage Trust at River Calder Viaduct.

During the year the Charity received proceeds of £48,225 (2016: £114,150) from easements and £315,800 (2016: £61,941) for sales of phase 1 land and other assets (net book value=Nil).

The Charity will continue its programme of inspection and surveying of the 732 structures, for which it has responsibility. The vast majority of the additions were culverts and retaining walls.

Report of the trustees including the strategic report for the year ended 31 March 2017

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 Memorandum and 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 2017

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 Ian White)
2 Directors (currently Mike Babbitt and Xavier Brice)

Report of the trustees including the strategic report for the year ended 31 March 2017

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) Worsening condition of our assets through insufficient maintenance
- b) Failure, disaster or accident which results in injury and/ or requires significant expenditure to remedy
- 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.

In previous years the funds of the charity have been classified as Designated funds on the basis that they had been set aside by the Trustees for particular purposes. The Trustees have reflected on this and concluded that in fact 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 26th 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 £2.7M 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 four banks. 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 2017

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 2017

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 (2016, £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 (2016, £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.

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



Andy Appleby
Company Secretary
13 July 2017

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

Report on the financial statements

Our opinion

In our opinion, Railway Paths Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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 (as amended).

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the statement of financial activities (including income and expenditure account) for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the trustees including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the Members and Trustees of Railway Paths Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Craig Sullivan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

13 July 2017

**Statement of financial activities for the year ended 31 March 2017
(Including Income and Expenditure account)**

Note ref.	Total Funds 2017 £	Total Funds 2016 £
	Income from:	
	-	200,000
	Charitable activities	200,000
	Investments	413,196
2	Total income	613,196
	Expenditure on:	
	871,347	816,263
	Charitable activities	816,263
3	Total expenditure	816,263
5	Net expenditure	(203,067)
	Reconciliation of funds:	
	2,768,159	2,971,226
	Total funds brought forward	2,971,226
	Total funds carried forward	2,768,159

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.

Balance sheet as at 31 March 2017

Note ref.		Total Funds 2017 £	Total Funds 2016 £
	Fixed Assets:		
7	Tangible assets	<u>-</u>	<u>579</u>
	Current Assets		
8	Debtors	223,715	79,011
	Investments	2,434,545	2,718,791
	Cash at bank and in hand	70,549	130,562
	Total current assets	<u>2,728,809</u>	<u>2,928,364</u>
9	Creditors: amounts falling due within one year	<u>(50,629)</u>	<u>(160,784)</u>
	Net current assets	<u>2,678,180</u>	<u>2,767,580</u>
	Total net assets	<u>2,678,180</u>	<u>2,768,159</u>
	The funds of the charity:		
11	Restricted income funds	<u>2,678,180</u>	<u>2,768,159</u>

The notes on pages 14 to 19 are an integral part of these financial statements.

The financial statements on pages 12 to 19 were approved by the Board of Directors on 13 July 2017 and were signed on its behalf by:



Ian White
Trustee

Notes to the financial statements for the year ended 31 March 2017**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.

b) Cash flow statement

The Company is exempt from publishing a cash flow statement on the basis that it is a small entity.

c) Fund Accounting

In previous years the funds of the charity have been classified as Designated funds on the basis that they had been set aside by the Trustees for particular purposes. The Trustees have reflected on this and concluded that in fact 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 description and purpose of these Restricted Funds are provided in Note 11.

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 be 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.

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.

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.

Notes to the financial statements for the year ended 31 March 2017

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 resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

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

There were no Related Party Transactions during the year.

Notes to the financial statements for the year ended 31 March 2017

2 Income

	Restricted Funds 2017 £	Restricted Funds 2016 £
<u>Incoming resources</u>		
Incoming resources from charitable activities		
Preservation of structures, buildings, and land	-	200,000
Incoming resources from investments		
Realised gains on disposal of land & other assets	315,800	61,941
Rental income	294,281	135,179
Advertising income	24,138	26,069
Interest received	29,770	31,096
Income from Easements	48,225	114,150
Recovery of legal costs	38,195	31,772
Other income	30,959	12,989
	781,368	413,196
	781,368	613,196

During the year a total of nil (2016: £200,000) was received from Railway Heritage Trust.

3 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2017 £	Total 2016 £
Bridge maintenance and management (phase 1)	529,074	36,358	565,432	585,541
Estate maintenance and management (phase 1)	259,770	46,145	305,915	230,722
	788,844	82,503	871,347	816,263

4 Support costs

	Bridge maintenance and management £	Estate maintenance and management £	Total 2017 £	Total 2016 £
Legal costs	13,612	17,276	30,888	25,354
Insurance	13,614	17,279	30,893	32,759
Governance	3,952	5,015	8,967	6,415
Audit	773	982	1,755	2,025
Finance, HR & IT	4,407	5,593	10,000	13,608
	36,358	46,145	82,503	80,161

Notes to the financial statements for the year ended 31 March 2017**5 Net expenditure**

	2017	2016
	£	£
This is stated after charging:		
Governance costs (the Trustees of the Charity are not paid):		
Travel and associated expenses incurred by staff and 11 (2016: 8) Trustees for attendance at meetings	8,967	6,415
Fees payable for statutory audit	1,755	2,025
Provision of trustee liability insurance	1,000	1,000
	<u>11,722</u>	<u>9,440</u>
Depreciation of tangible fixed assets	579	931

Rental and advertising income of £318,419 (2016: £152,518) 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	2017	2016
	number	number
Charitable Activities		
Bridge maintenance and management (phase 1)	2.0	2.6
Estate maintenance and management (phase 1)	4.5	3.3
	<u>6.5</u>	<u>5.9</u>

The average head count (number of staff employed) during the year was 7 (2016: 6)

Staff costs (for the above persons):	2017	2016
	£	£
Wages and Salaries	197,728	178,702
Social Security costs	19,270	17,280
Employer's pension contributions	7,316	6,780
	<u>224,314</u>	<u>202,762</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 (2016:nil)

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

Notes to the financial statements for the year ended 31 March 2017

7 Tangible Assets

	IT £
Cost	
At 1 April 2016	5,750
Additions	-
At 31 March 2017	<u>5,750</u>
Accumulated depreciation	
At 1 April 2016	5,171
Charge for year	579
At 31 March 2017	<u>5,750</u>
Net book amount	
At 31 March 2017	-
At 31 March 2016	<u>579</u>

8 Debtors

	2017 £	2016 £
Trade Debtors	195,776	52,389
Sundry Debtors and prepayments	27,939	26,622
	<u>223,715</u>	<u>79,011</u>

9 Creditors; amounts falling due within one year

	2017 £	2016 £
Trade creditors	2,026	119,586
Accruals	25,061	2,027
Deferred income	6,533	34,074
Taxation and social security	17,009	5,097
	<u>50,629</u>	<u>160,784</u>

10 Financial Instruments

	2017 £	2016 £
Financial Assets		
Cash	70,549	130,562
Trade debtors (settlement amount after trade discount)	195,776	52,389
Bank deposits	2,434,545	2,718,791
Financial Liabilities		
Trade creditors (settlement amount after trade discount)	(2,026)	(119,586)

Notes to the financial statements for the year ended 31 March 2017

11 Restricted funds

	Balance 1 April 2016	Incoming	Outgoing	Balance 31 March 2017
	£	£	£	£
Phase 1 land and structures excluding Abbey Hey	2,427,216	781,366	(871,347)	2,337,235
Phase 1 land and structures: Abbey Hey	75,000	-	-	75,000
Phase 2 land and structures excluding Devonshire Tunnel	165,943	2	-	165,945
Phase 2 land and structures: Devonshire Tunnel	100,000	-	-	100,000
	<u>2,768,159</u>	<u>781,368</u>	<u>(871,347)</u>	<u>2,678,180</u>

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.

12 Limitation by guarantee

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