

Railway Paths Limited
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 March 2018

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

Railway Paths Limited

Annual report and financial statements for the year ended 31 March 2018

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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
Xavier Brice
Michael de Voil (appointed 01/01/18)
Lindsay Flood
Nigel Gibbons
Terry Levinthal
Richard Marshall
Paul Turner (Chair from 01/01/18)
Jeff Vinter
Ian White (Chair) (resigned 31/12/17)

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

Triodos Bank,
Deanery Road,
Bristol, BS1 5AS

Report of the trustees including the strategic report for the year ended 31 March 2018

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 2018. 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 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.

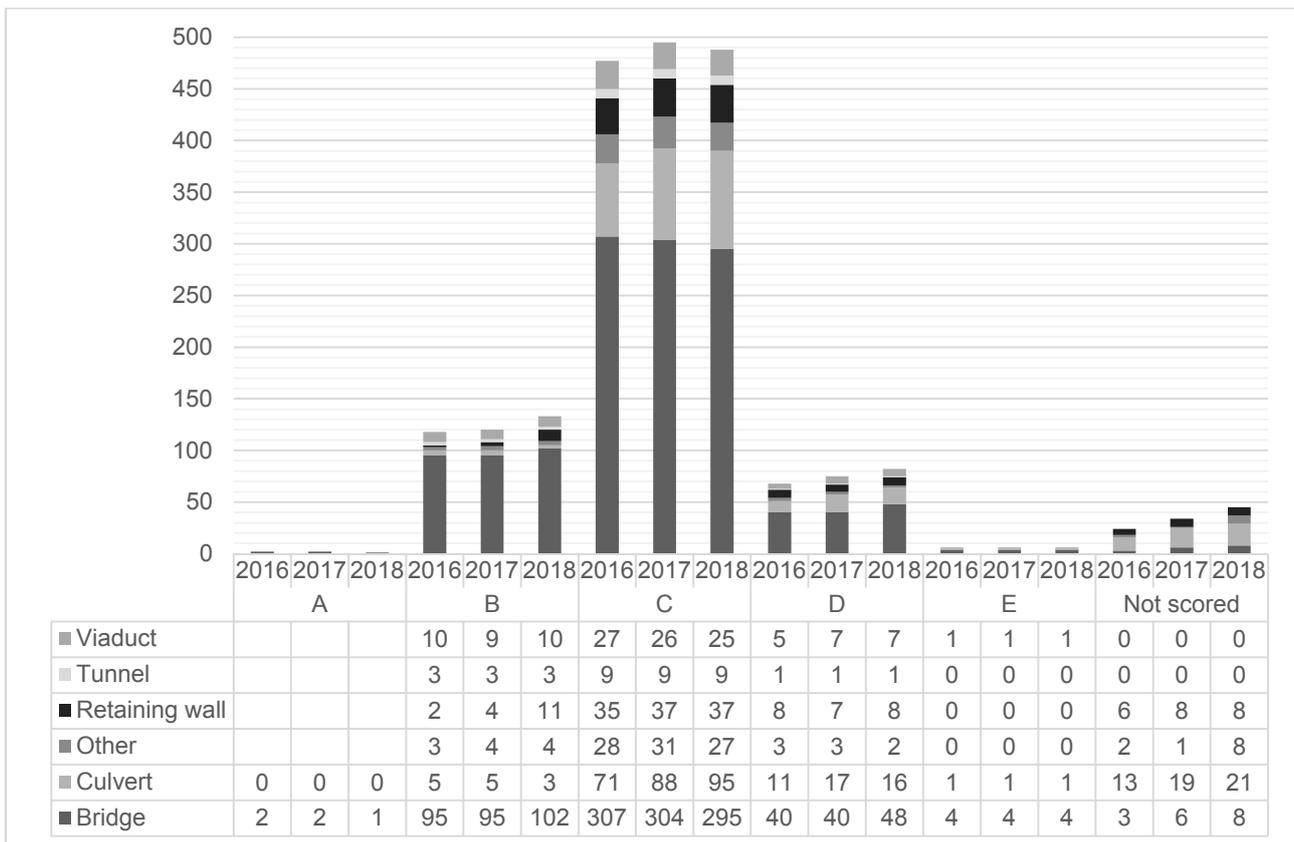
Report of the trustees including the strategic report for the year ended 31 March 2018

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 2018

Achievements and Objectives

The Charity continued its programme of inspection and surveying of the 755 (2017: 732) structures, for which it has responsibility, on the disused railway lines in its ownership.

During the financial year the Charity spent £615,820 (2017: £565,432) 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. £265,093 (2017: £305,915) 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 £400,000 were undertaken on the maintenance of Railway Paths Limited structures by third parties during the financial year. The most notable being £150,000 by the Scottish Government to refurbish six bridges at Loanhead, and £100,000 by the Railway Heritage Trust for refurbishments at Levenshulme station.

During the year the Charity received proceeds of £500 (2017: £48,225) from easements and £228,358 (2017: £315,800) for sales of phase 1 land and other assets (net book value=Nil).

Report of the trustees including the strategic report for the year ended 31 March 2018

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. This year, to facilitate the smooth transition of knowledge and ensure continuity of experience amongst the Board, Nigel Gibbons has agreed to serve an extra term of one year until February 2019. 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 2018

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 2018**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) Sustrans moves away from using ex railway routes, either out of choice or due to lack of funding for infrastructure.
- b) 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.
- c) DfT take a high degree of involvement in disposals where Secretary of State approval is required, and adopt a risk averse approach, in place of delegating decisions to HRE.

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 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 £2.3M 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 2018**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 2018

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 (2017, £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 (2017, £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
26 July 2018

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

Report on the audit of the financial statements

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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the statement of financial activities (including Income and Expenditure account) for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the trustees including the Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

Report of the Trustees including the Strategic Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members and trustees 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 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.

Other required reporting

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 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 and proper accounting records have not been kept; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

8th August 2018

**Statement of financial activities for the year ended 31 March 2018
(Including Income and Expenditure account)**

Note ref.	Total Funds 2018 £	Total Funds 2017 £
	Income from:	
	Charitable activities	-
	Investments	781,368
2	Total income	781,368
	Expenditure on:	
	Charitable activities	871,347
3	Total expenditure	871,347
5	Net expenditure	(89,979)
	Reconciliation of funds:	
	Total funds brought forward	2,768,159
	Total funds carried forward	2,678,180

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 2018

Note ref.		Total Funds 2018 £	Total Funds 2017 £
	Fixed Assets:		
7	Tangible assets	<u>1,280</u>	-
	Current Assets		
8	Debtors	110,653	223,715
	Investments	2,035,006	2,434,545
	Cash at bank and in hand	413,277	70,549
	Total current assets	<u>2,558,936</u>	<u>2,728,809</u>
9	Creditors: amounts falling due within one year	<u>(222,361)</u>	<u>(50,629)</u>
	Net current assets	<u>2,336,575</u>	2,678,180
	Total net assets	<u>2,337,855</u>	2,678,180
	The funds of the charity:		
11	Restricted income funds	<u>2,337,855</u>	<u>2,678,180</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 26 July 2018 and were signed on its behalf by:

Mike Babbitt
Trustee

Notes to the financial statements for the year ended 31 March 2018**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

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 2018

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 2018

2 Income

	Restricted Funds 2018 £	Restricted Funds 2017 £
<u>Incoming resources</u>		
Incoming resources from charitable activities		
Preservation of structures, buildings, and land	96,837	-
Incoming resources from investments		
Realised gains on disposal of land & other assets	228,358	315,800
Rental income	147,347	294,281
Advertising income	25,370	24,138
Interest received	19,461	29,770
Income from Easements	500	48,225
Recovery of legal costs	11,073	38,195
Other income	11,642	30,959
	443,751	781,368
Total incoming resources	540,588	781,368

During the year a total of £95,000 (2017: nil) was received from Railway Heritage Trust.

3 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2018 £	Total 2017 £
Bridge maintenance and management (phase 1)	584,779	31,041	615,820	565,432
Estate maintenance and management (phase 1)	227,401	37,692	265,093	305,915
	812,180	68,733	880,913	871,347

4 Support costs

	Bridge maintenance and management £	Estate maintenance and management £	Total 2018 £	Total 2017 £
Legal costs	6,834	8,298	15,132	30,888
Insurance	14,696	17,845	32,541	30,893
Governance	4,092	4,968	9,060	8,967
Audit	903	1,097	2,000	1,755
Finance, HR & IT	4,516	5,484	10,000	10,000
	31,041	37,692	68,733	82,503

Notes to the financial statements for the year ended 31 March 2018

5 Net expenditure

	2018	2017
	£	£
This is stated after charging:		
Governance costs (the Trustees of the Charity are not paid):		
Travel and associated expenses incurred by staff and 10 (2017: 11)		
Trustees for attendance at meetings	9,060	8,967
Fees payable for statutory audit	2,000	1,755
Provision of trustee liability insurance	1,000	1,000
	12,060	11,722
<hr/>		
Depreciation of tangible fixed assets	640	579

Rental and advertising income of £172,717 (2017: £318,419) 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	2018	2017
	number	number
Charitable Activities		
Bridge maintenance and management (phase 1)	2.8	2.0
Estate maintenance and management (phase 1)	3.4	4.5
	6.2	6.5
	<hr/>	<hr/>

The average head count (number of staff employed) during the year was 7 (2017: 7)

Staff costs (for the above persons):	2018	2017
	£	£
Wages and Salaries	190,557	197,728
Social Security costs	15,600	19,270
Employer's pension contributions	6,248	7,316
	212,405	224,314
	<hr/>	<hr/>

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 (2017: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 2018

7 Tangible Assets

	IT Equipment £
Cost	
At 1 April 2017	5,750
Additions	1,920
Disposals	(1,770)
At 31 March 2018	<u><u>5,900</u></u>
Accumulated depreciation	
At 1 April 2017	5,750
Charge for year	640
Disposals	(1,770)
At 31 March 2018	<u><u>4,620</u></u>
Net book amount	
At 31 March 2018	<u><u>1,280</u></u>
At 31 March 2017	<u><u>-</u></u>

8 Debtors

	2018 £	2017 £
Trade Debtors	30,305	195,776
Sundry Debtors and prepayments	80,348	27,939
	<u><u>110,653</u></u>	<u><u>223,715</u></u>

9 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	77,626	2,026
Accruals	140,096	25,061
Deferred income	-	6,533
Taxation and social security	4,639	17,009
	<u><u>222,361</u></u>	<u><u>50,629</u></u>

10 Financial Instruments

	2018 £	2017 £
<u>Financial Assets</u>		
Cash	413,277	70,549
Trade debtors (settlement amount after trade discount)	30,305	195,776
Bank deposits	2,035,006	2,434,545
<u>Financial Liabilities</u>		
Trade creditors (settlement amount after trade discount)	(77,626)	(2,026)

Notes to the financial statements for the year ended 31 March 2018**11 Restricted funds**

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