

Railway Paths Limited
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 March 2020

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

Railway Paths Limited

Annual report and financial statements for the year ended 31 March 2020

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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 (Chair) (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

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham NG2 1BJ

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 2020

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 2020. 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. (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.

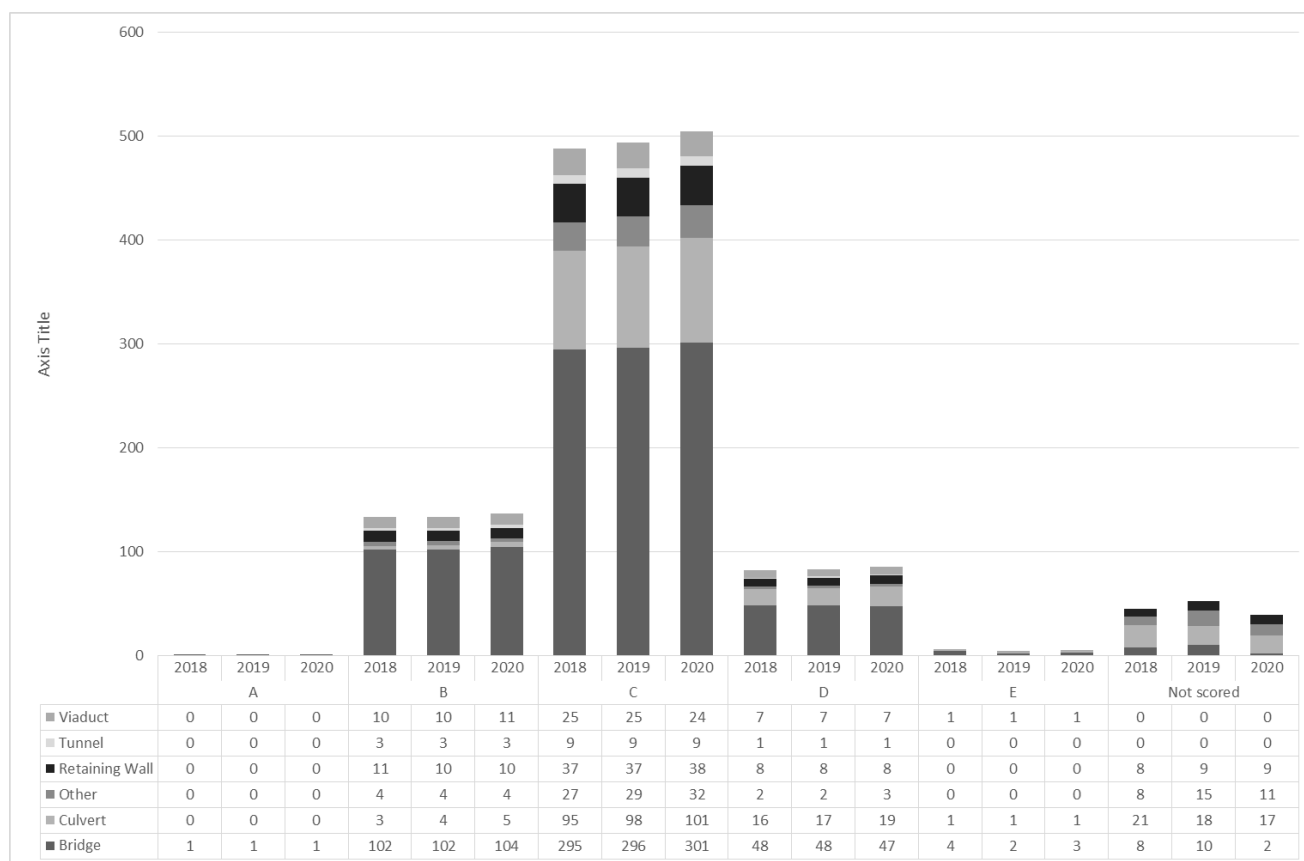
Report of the Trustees including the strategic report for the year ended 31 March 2020

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 2020

Achievements and Objectives

The Charity continued its programme of inspection and surveying of the 772 (2019: 767) structures, for which it has responsibility, on the disused railway lines in its ownership.

During the financial year the Charity spent £597,287 (2019: £590,808) 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. £649,361 (2019: £600,373) was spent on estate management and maintenance this year.

Works to an approximate value of £299,000 were undertaken on the maintenance of Railway Paths Limited structures by third parties during the financial year. The most notable being the refurbishment of the former railway bridge over the A814 Dumbarton Road, worth approximately £100,000 in total.

The Charity worked on two significant special projects during the year: the refurbishment of Levenshulme South Station and the restoration of Bennerley Viaduct.

Working with Station South, a community interest company, the Charity spent £333,900 (2019: £277,526) to create an exciting future for the former Levenshulme South Station building on the Fallowfield Loop cycleway. The Charity is grateful for the grant of £100,000 (2019: £100,000) for the project from Railway Heritage Trust.

Working with the Friends of Bennerley Viaduct, a charitable incorporated organisation, and funded by Historic England, The National Lottery Heritage Fund, the Sylvia Waddilove Foundation, and Railway Ramblers, the Charity has been working to restore Bennerley Viaduct and open it as a spectacular high-level walkway.

Planning permission and Listed Building Consent was granted on 26 July 2019. Enabling works carried out included creation of an eastern access for the repair works and vegetation clearance of the western embankment in preparation for the earthworks and to enable archaeological and ecological surveys to be completed.

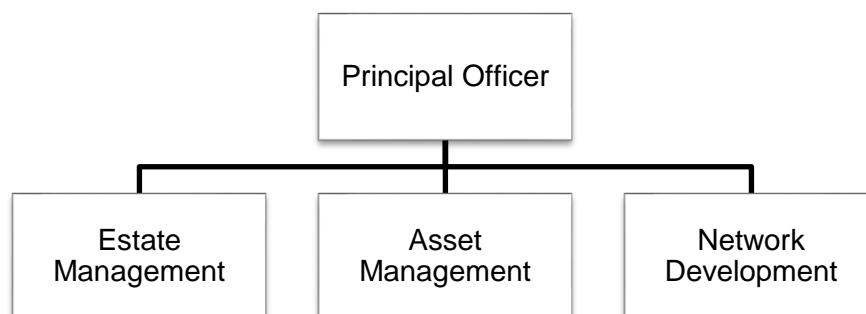
During the year the Charity received proceeds of £145,100 (2019: £45,500) for sales of phase 1 land and other assets (net book value=Nil). Rental income of £121,461 (2019: £104,124) was received in the year.

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.

Report of the Trustees including the strategic report for the year ended 31 March 2020

Employees

During the year Railway Paths employed 9 staff (2019: 9), the equivalent of 8.3 full-time staff (2019: 7.2).



The estate management team employed three qualified chartered surveyors. The asset management team employed or sub-contracted eleven experienced bridge inspectors.

Because of extensive operational collaboration, employee policies and terms & conditions are the same as our connected charity, Sustrans.

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 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 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 2020

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 2020**Risk**

The Trustees acknowledge their responsibility to identify, manage, and, in so far as is practically possible, mitigate the risks to which the Charity is exposed.

Risks are reviewed at three board meetings per year. In seeking to identify risk, the Trustees consider the operations of the charity in five broad categories: strategic, external, governance, financial, and compliance. Risk are recorded in the Charity's risk register, scored for impact & probability, and mitigated with actions & controls.

The Charity's major residual risks, after mitigations, are:

- a) Scour and slip of land resulting from extreme weather impacting structures and paths.
- b) Asset condition leading to failure, disaster or accident which results in injury to a member of the public.
- c) Bridge strength assessments indicating that assets do not have adequate strength which is then viewed by our insurers as voiding our public liability insurance cover.
- d) Failure to generate sufficient income to cover proper maintenance and keep our reserves at a level which reasonably assures our ability to meet all our commitments.

Socio-economic Conditions and Going Concern

The impact of COVID-19 on the Charity to 31 March was negligible and it is anticipated that it will remain small in 2020-21. The Charity's income is principally from grants, rents, disposals, and easements; these have not been affected by COVID-19. The Charity's administrative and estates staff work from home, the inspection team works outdoors. The Charity remains alert to the potential for COVID-19 to adversely impact the economy and health risk to its employees.

The Charity sets future budgets on being able to meet all planned costs from agreed grants, contractual rental income, and utilising its reserves. It does not plan on the basis of receipts from disposals and easements, when these occur they are added to the reserves and utilised in future years. Costs are controlled and routine maintenance planned on a long cycle. If unexpected costs were to exceed 10% of the Charity's reserves, there is a settled practice agreement for these exceptional costs to be funded by the Department for Transport. Consequently, the Trustees have a reasonable expectation that Railway Paths Limited has adequate resources to continue in operation for the foreseeable future. The accounts have therefore been prepared on the basis that the Charity is a going concern.

Reserves and Investment Policy

The present funds of the Charity are all restricted funds. This restriction arises from the agreement between the Charity and British Railways Board (Residuary) Limited (BRBR) dated 26th September 2013. The description and purpose of the restricted funds is provided in Note 11. The Charity's income is derived from the assets transferred to it by BRBR and the Charity is therefore not presently in a position to build unrestricted 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.

At 31 March 2020 the Charity's reserves, all of which are restricted, were £1,270,840 (2019: £1,549,254). The Trustees' policy on the restricted reserves of the Charity is:

- to apply the reserves to maintaining the assets and the estate;

Report of the Trustees including the strategic report for the year ended 31 March 2020

- to hold sufficient reserves (approximately £1m) to conduct an orderly wind-up of the charity;
- to add to the reserves through the granting of easements and the sale of assets not required for charitable purposes.

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.

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.

Report of the Trustees including the strategic report for the year ended 31 March 2020

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.

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

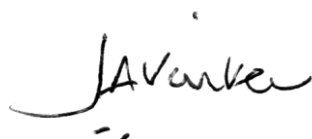
One of the charitable objects of Railway Paths Limited is:

- The support promotion and encouragement of the charitable activities of Sustrans Ltd (registered charity number 326550)

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. The financial statements of Railway Paths Limited are not consolidated with those of Sustrans Limited because neither organisation can exert control over the other. See Note 1.n) for the related party transactions between Railway Paths Limited and Sustrans.

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
18 September 2020

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 2020 which comprise Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 2020 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 directors' 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

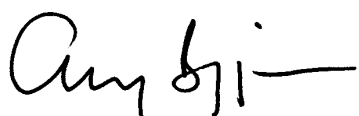
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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. 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

Date: 1 October 2020

**Statement of financial activities for the year ended 31 March 2020
(Including Income and Expenditure account)**

Note ref.	Total Restricted Funds 2020	Total Restricted Funds 2019 (restated)	Total Restricted Funds 2019
	£	£	£
	Income from:		
	Charitable activities	157,456	157,456
	Investments	245,124	266,400
2	Total income	<u>402,580</u>	<u>423,856</u>
	Expenditure on:		
	Charitable activities	1,191,181	1,191,181
3	Total expenditure	<u>1,191,181</u>	<u>1,191,181</u>
5	Net expenditure	(788,601)	(767,325)
	Reconciliation of funds:		
	Total funds brought forward	2,337,855	2,337,855
11	Total funds carried forward	<u><u>1,549,254</u></u>	<u><u>1,570,530</u></u>

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 16 to 24 form part of these financial statements.

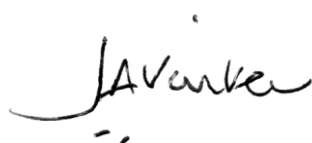
Balance sheet as at 31 March 2020

Note ref.		Total Restricted Funds 2020	Total Restricted Funds 2019 (restated)	Total Restricted Funds 2019
		£	£	£
	Fixed Assets:			
7	Tangible assets	<u>593</u>	2,400	<u>2,400</u>
	Current Assets			
8	Debtors	127,261	74,251	74,251
	Investments	413,681	812,743	812,743
	Cash at bank and in hand	1,003,019	885,964	885,964
	Total current assets	<u>1,543,961</u>	1,772,958	<u>1,772,958</u>
9	Creditors: amounts falling due within one year	<u>(273,714)</u>	(226,104)	<u>(204,828)</u>
	Net current assets	<u>1,270,247</u>	1,546,854	<u>1,568,130</u>
	Total net assets	<u>1,270,840</u>	1,549,254	<u>1,570,530</u>
	The funds of the charity:			
11	Restricted funds	<u>1,270,840</u>	1,549,254	<u>1,570,530</u>

The notes on pages 16 to 24 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 24 were approved by the Board of Directors on 18 September 2020 and were signed on its behalf by:



Jeff Vinter
Trustee

Statement of cash flows for the year ended 31 March 2020

	2020	2019
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(278,414)	(788,601)
Adjustments for:		
Depreciation charges	1,377	1,520
Loss on disposal of fixed assets	430	-
Interest from investments	11,600	15,700
(Increase) / decrease in debtors	(53,010)	36,402
Increase / (decrease) in creditors	47,610	3,743
Net cash (provided by) operating activities	(270,407)	(731,236)
Cash flows from investing activities:		
Interest from investments	(11,600)	(15,700)
Decrease in investments	399,062	1,222,263
Purchase of property, plant and equipment	-	(2,640)
Net cash provided by investing activities	387,462	1,203,923
Change in cash and cash equivalents in the reporting period	117,055	472,687
Cash and cash equivalents at the beginning of the reporting period	885,964	413,277
Cash and cash equivalents at the end of the reporting period	1,003,019	885,964
Analysis of cash and cash equivalents	2020	2019
	£	£
Cash in hand	731,941	617,253
Notice deposits (less than 3 months)	271,079	268,711
	1,003,019	885,964

Notes to the financial statements for the year ended 31 March 2020**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) 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.

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.

Notes to the financial statements for the year ended 31 March 2020

• 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.

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) 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.

g) 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.

h) 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 2020

i) 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.

j) 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.

k) 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 to the SOFA as incurred. This scheme is available to all staff.

l) Investments

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

m) Address and country of incorporation

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

n) Related Party Transactions

As described in the Report of the Trustees page 9, Railway Paths Limited is connected with Sustrans Limited (Charity No 326550). In the interests of efficiency and cost minimisation, Sustrans is contracted by Railway Paths to provide accounting, company secretarial and HR services. Railway Paths is contracted by Sustrans to provide Estate Management services. Charges were based upon the calculated marginal cost incurred in the provision of these services. During the year costs were incurred and recharged between the two charities as follows:

	2020	2019
	£	£
<u>Income</u>		
Services provided to Sustrans	37,572	10,000
Bought-in expense recharged at cost	2,678	22,146
Total	40,250	32,146
Outstanding as trade debtor at 31 Mar	40,250	-
<u>Expenditure</u>		
Services purchased from Sustrans	17,632	40,000
Bought-in expense repaid at cost	79,473	69,157
Total	97,105	109,157
Outstanding as trade creditor at 31 Mar	30,293	62,546

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

A donation for the preservation of Bennerley Viaduct to the value of £3,000 (2019: £nil) was received from Railway Ramblers. Jeff Vinter is member of Railway Ramblers and a Trustee of Railway Paths Limited.

Notes to the financial statements for the year ended 31 March 2020
2 Income

During the year a total of £100,000 (2019: £100,000) was received from Railway Heritage Trust.

	Restricted Funds 2020 £	Restricted Funds 2019 (restated) £	Restricted Funds 2019 £
Income			
Income from charitable activities			
Grants for the preservation of structures, buildings, and land	303,397	157,456	157,456
Income from investments			
Realised gains on disposal of land and other assets	145,100	45,500	45,500
Rental income	121,461	104,124	125,400
Advertising income	12,551	23,600	23,600
Interest received	11,600	15,700	15,700
Income from Easements	300,000	14,500	14,500
Recovery of legal costs	33,876	9,600	9,600
Recharge to Sustrans	40,250	32,100	32,100
	664,838	245,124	266,400
Total income	968,235	402,580	423,856

3 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Staff costs £	Support costs £	Total 2020 £	Total 2019 £
Bridge maintenance and management (phase 1)	496,157	80,651	20,479	597,287	590,808
Estate maintenance and management (phase 1)	398,601	210,534	40,227	649,362	600,373
	894,758	291,185	60,706	1,246,649	1,191,181

4 Support costs

	Bridge maintenance and management £	Estate maintenance and management £	Total 2020 £	Total 2019 £
Insurance	11,868	23,313	35,181	33,752
Governance	4,189	8,227	12,416	7,929
Audit	607	1,193	1,800	1,750
Finance, HR & IT	3,815	7,494	11,309	10,000
	20,479	40,227	60,706	53,431

Notes to the financial statements for the year ended 31 March 2020

5 Net expenditure

	2020	2019
	£	£
This is stated after charging:		
Governance costs (the Trustees of the Charity are not paid):		
Travel and associated expenses incurred by 11 (2019: 10) Trustees for attendance at meetings	6,151	7,929
Fees payable for statutory audit	1,800	1,750
Provision of trustee liability insurance	1,000	1,000
Depreciation of tangible fixed assets	1,377	1,377

6 Employee information

Average full time equivalent (FTE) number of employees	2020	2019
	number	number
Charitable Activities		
Bridge maintenance and management (phase 1)	2.8	3.0
Estate maintenance and management (phase 1)	5.5	4.2
	8.3	7.2

The average head count (number of staff employed) during the year was 9 (2019: 9)

Staff costs (for the above persons):	2020	2019
	£	£
Wages and Salaries	251,987	244,820
Social Security costs	23,467	22,236
Employer's pension contributions	15,731	8,708
	291,185	275,764

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 (2019: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 2020

7 Tangible Assets

	IT Equipment £
Cost	
At 1 April 2019	8,540
Additions	-
Disposals	(861)
At 31 March 2020	<u><u>7,679</u></u>
Accumulated depreciation	
At 1 April 2019	6,140
Charge for year	1,377
Disposals	(430)
At 31 March 2020	<u><u>7,087</u></u>
Net book amount	
At 31 March 2020	<u><u>592</u></u>
At 31 March 2019	<u><u>2,400</u></u>

8 Debtors

	2020 £	2019 £
Trade debtors	79,950	20,241
Accrued income	676	4,491
Taxation	25,180	32,574
Sundry debtors and prepayments	21,455	16,945
	<u><u>127,261</u></u>	<u><u>74,251</u></u>

9 Creditors: amounts falling due within one year

	2020 £	2019 (restated) £	2019 £
Trade creditors	106,622	115,554	115,554
Accruals and other creditors	134,499	74,596	74,596
Deferred income	27,345	28,200	6,924
Taxation and social security	5,249	7,754	7,754
	<u><u>273,714</u></u>	<u><u>226,104</u></u>	<u><u>204,828</u></u>

Deferred income relates to rental income invoiced in advance.

Notes to the financial statements for the year ended 31 March 2020**10 Financial Instruments**

	2020	2019
	£	£
<u>Financial Assets</u>		
Cash	1,003,019	885,964
Trade debtors (settlement amount after trade discount)	79,950	20,241
Bank deposits / investments	413,681	812,743
<u>Financial Liabilities</u>		
Trade creditors (settlement amount after trade discount)	(106,622)	(115,554)
Accruals and other creditors	(134,499)	(74,596)

Notes to the financial statements for the year ended 31 March 2020
11 Restricted funds

	Balance 1 April 2019	Income	Expenditure	Balance 31 March 2020
	£	£	£	£
Phase 1 land and structures excluding Abbey Hey	1,208,309	968,235	(1,246,649)	929,895
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
	1,549,254	968,235	(1,246,649)	1,270,840

	Balance 1 April 2018	Income (restated)	Expenditure	Balance 31 March 2019 (restated)
	£	£	£	£
Phase 1 land and structures excluding Abbey Hey	1,996,910	402,580	(1,191,181)	1,208,309
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
	2,337,855	402,580	(1,191,181)	1,549,254

	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)	1,229,585
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
	2,337,855	423,856	(1,191,181)	1,570,530

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.