

Sustrans Limited

(A company limited by guarantee)

Annual report

for the year ended 31 March 2003

Registered no: 1797726

Charity no: 326550



Sustrans Limited

Annual report for the year ended 31 March 2003

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Legal and administrative information

Constitution

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

Charity Number: 326550
Company Number: 1797726

Trustees and Directors

The trustees serving during the year and since the year end were as follows:

R. Farrant (Chair)
K. Armitstead
T. Blackburn (resigned 30 November 2002)
L. Blakiston-Houston
J. Butters (appointed 5 April 2003)
D. Collins
N. Harding
A. Haynes
C. Levett
P. McQuail (appointed 30 November 2002)
J. Rigby
P. Strachan
W. Wright (resigned 5 April 2003)

Chief Executive

J. Grimshaw

Executive Board

J. Grimshaw
M. Shepherd
S. Talbot-Ponsonby
T. Snowdon
S. Acreman (appointed 1 May 2002)

Secretary and registered office

M. Shepherd
35 King Street
Bristol
BS1 4DZ

Registered auditors

PricewaterhouseCoopers LLP
Chartered Accountants
31 Great George Street
Bristol BS1 5QD

Solicitors

Osborne Clarke
2 Temple Back East
Bristol
BS1 6EG

McCartney Stewart
1B Paisley Road
Renfrew
PA4 8JH

Bankers

The Royal Bank of Scotland
Castlegate House
Tower Hill
Bristol
BS2 0JA

Report of the trustees for the year ended 31 March 2003

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 2003. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the Charity.

Objectives of the Charity

Sustrans was registered as a charity on 6 March 1984. Sustrans stands for sustainable transport. The Charity works on practical projects to encourage people to walk, cycle and use public transport in order to reduce motor traffic and its adverse effects. Our main activities are:

- Coordination of the National Cycle Network (NCN), which provides 7,000 miles of routes throughout the UK.
- 'Green Routes, Safe Routes', a three-year programme with funding from the New Opportunities Fund. The focus of these projects is the provision of 'networks of routes' within areas of deprivation, both urban and rural.
- Coordination of the 'Safe Routes to Schools' initiative, launched in 1996, to provide routes enabling children to walk and cycle to school.
- Coordination of the 'National Community Volunteer Rangers Programme', which is creating a network of community volunteer Rangers, who 'look after' and promote the use of their local section of the National Cycle Network for walking and cycling.
- Provision of a marketing and public information service to promote additional usage of the National Cycle Network for walking and cycling.
- 'Active Travel' - projects that aim to raise the profile of cycling and walking as a cost-effective form of health promotion. We are researching the health impacts of sustainable means of transport and working to encourage sustainable travel within the NHS.
- 'TravelSmart' - this initiative identifies people who would like to reduce their private car use, then provides them with personalised travel information and incentives to enable them to increase the amount they walk, cycle and/or use public transport.
- Sculpture Programme - the Charity re-launched its sculpture programme in 2001 as a tool to engage with communities. Many of the artworks created for the National Cycle Network are produced by artists working with communities, schools, etc, and this has the added value of popularising our routes. Artworks create memorable landmarks and they foster public support and ownership of the path and its surroundings.
- Development of other work programmes and initiatives to promote sustainable transport, including 'Safe Routes to Stations', green travel plans and 'Home Zones'.

Review of activities and future developments

The National Cycle Network

The development and coordination of the National Cycle Network continues to be the major project of the Charity. The National Cycle Network is the single most important piece of infrastructure aimed at promoting cycling currently being built in the UK. During the year we have increased the coverage of the Network, which is now 7,000 miles. We continue to be on course to meet the target of 10,000 miles by 2005.

The trustees were delighted that the achievement of the National Cycle Network was recognised by a Queen's Award for Enterprise (Sustainable Development category) in 2002. It is interesting to note that we were the only Charity to receive such an award.

The trustees are also pleased to report that the usage of the National Cycle Network by the public continues to show significant growth year on year. In recent years we have established a professional route usage monitoring programme, which is now the most comprehensive and robust monitoring programme of cycling in the UK. We are measuring, with the assistance of many local authority partners, the levels of usage of many routes, both on and off the National Cycle Network, and both on- and off-road. We are able to report that preliminary results for 2002 indicate a 13.2% growth on 2001 levels of Network usage and we estimate that 97 million journeys were made on the Network during the year. This contrasts very favourably with the nil or zero growth rate reported by the Department for Transport for on-highway cycling. At the current rate of growth in usage of routes, and the increase in the extent of the Network and supporting Regional Route, it is anticipated that a total of 150 million cycling journeys will be made on the Network in 2005. This represents a considerable step towards achieving Government targets for cycling and will continue to contribute significantly to an improved environment in terms of air quality, the amount of traffic congestion and the level of general well-being.

Green Routes, Safe Routes

Green Routes, Safe Routes is a three-year programme, part-funded by the New Opportunities Fund Green Spaces and Sustainable Communities Programme to create routes and sustainable transport projects in disadvantaged areas of England. The award is being used to develop approximately 80 projects, focussing on areas of deprivation, both urban and rural. Many of these projects have already progressed to the stage of the creation of a network of routes, linking communities, with green spaces, schools, stations, places of work, etc. During the year 2002/3 £810,626 was paid in 34 grants to our partner organisations, bringing the cumulative grants claimed to date to £1,850,379. A full listing of these payments and total project awards is available on the Charity's website (www.sustrans.org.uk).

Safe Routes to Schools

Projects undertaken within Safe Routes to Schools encourage and enable children to walk and cycle to school through a package of practical and educational measures. This means that children are fitter and more independent. New crossings and traffic-calming measures also make the roads safer for everyone. The success of Sustrans' work on Safe Routes to Schools has brought about a sea change in Government policy on school travel, benefiting both parents and children across the UK.

National Community Volunteer Rangers Programme

The trustees wish to record the overwhelming contribution of thousands of volunteers, who have contributed to our success and achievements this year. We are now into our second year of running the National Community Volunteer Rangers Programme, which is part-funded by The Community Fund. We have now appointed and trained over 1,500 volunteer Rangers, who support our work through monitoring route condition, and promoting use of the routes by arranging rides and other community events. Volunteer Rangers have also organised 'Pedalling Picnics' during Bike Week; 157 individual events attracted an estimated 4,000 people to walk or cycle on the National Cycle Network, many of whom were new to cycling, or returning to it after many years.

We are also proud to have received a Charity Award for innovative management in the development of this programme. This was in the face of heavy competition in the 'Animals and the Environment' category.

In an independent appraisal of the National Community Volunteer Rangers Programme by Manchester Metropolitan University the 'contribution' of the programme to the activities of the Charity were assessed as contributing a value to our operations of between £1.3 and 2.3 million, and having a major impact on the efficient running of the Network.

Marketing and Public Information Service

We recognise the importance of promoting our work to the public, and on 1 May 2003 Shirley Acreman joined the Executive Board as Marketing Director. We continue to develop a range of ways in which we can both satisfy existing public demand for safe cycling facilities, and encourage novices and less confident people to cycle more.

Through planning the National Cycle Network we have access to information on all cycle routes throughout the UK, and we are now working to make this available to the public through our unique Geographical Information System (GIS)-based web site. This mapping also shows key destinations such as National Trust, RSPB, Wildfowl & Wetlands Trust, YHA and many other organisations; we are adding to this database all the time. Together with our information lines, our database of free cycle leaflets, and our retailing of cycle guides and maps, Sustrans is the most comprehensive source of information on where to cycle in the UK.

We continue to develop other avenues to bring Network cycle routes to the attention of the public, including the publication of maps, the Official Guide, and other literature.

We continue to develop and coordinate other community-based events, including Pedalling Picnics, short rides for families and less confident cyclists, promoted in conjunction with Bike Week.

Other Projects

The Charity recognises the need continually to originate and pioneer new programmes and methods of promoting sustainable transport. During the year we have continued to work on 'Home Zones', and the creation of 'Safe Routes to Stations' with the Department for Transport and the rail industry.

We have also pioneered 'Individualised Marketing' with our partners, 'SocialData', to promote alternatives to the car for the everyday journey. Two pilot projects conducted during the year produced encouraging results, yielding significant movements away from car use towards greater use of public transport, walking and cycling. A further seven projects will be started this year with the object of validating both the methodology and the outcomes. We will be running a further seven programmes in the next financial year in conjunction with various partner local authorities. These projects are part-funded by the Department for Transport.

Sculpture

Sustrans continues to develop new ways of working with artists and communities, which builds on the infrastructure that the National Cycle Network has to offer. 'Art and the Travelling Landscape' is a programme being developed by Sustrans across the UK in partnership with local authorities. It focuses on the opportunities for artists to work on long sections of the Network, embedding projects in local communities from the outset. Each project is shaped by local variations and circumstances, but shares common aims to create high-quality, attractive artworks. This encourages increased usage and ownership of the Network by empowering communities to work together through a participatory and educational arts programme.

We now have sixteen active projects throughout the UK, each funded by a wide range of contributions, including numerous arts bodies, local businesses, charitable trusts, local authorities, and regional and national bodies. They represent a most inspiring body of work, achieving active support from many communities. We were delighted to be the recipient of an 'Arts, Business and Community' Award in November 2002 for our work on the Phoenix Trail - Thame/Princes Risborough.

Income Generation

The year 2002/3 marked the conclusion of the Millennium Commission funding for the first phase of the development of the National Cycle Network. During the year grants paid to partner organisations totalled £179k, compared with the previous year of £6,594k, which is the major contribution in the apparent reduction of income in the year. All other areas of income for the organisation show encouraging trends. Income from practical projects grew by £1,099k in the year, a major factor being the contribution from the Scottish Executive to the upgrade of 30+ miles of route in Scotland.

Income from supporters continued to grow at a steady rate with committed giving (regular donations through standing order or direct debit) increasing by 5.9%. The comparison with 2002, which shows a reduction in the year, is distorted because of a retrospective claim for 'Gift Aid' received in 2002. This arose because of the welcome extension of rules relating to Gift Aid introduced by the Chancellor in the budget in 2001.

The trustees are grateful for the continued support of the New Opportunities Fund for the Green Routes, Safe Routes Programme, of the Community Fund for its support to the National Community Volunteer Rangers Programme, and to the Safe Routes to Schools Programme and of the many charitable trusts and other partner organisations, which have supported our work financially.

Reserves and Transfer of Funds

The trustees continue to review the reserves of the Charity on an annual basis as part of the planning process. In the financial year reserves increased by £45,123. The explanation for movements between Restricted, Designated and Unrestricted funds are given in Notes 14, 15 and 16 to the accounts, respectively.

The trustees have established a policy target for unrestricted reserves of up to three months of 'total resources expended'. This was agreed following consideration of the nature of and risks inherent within the income streams of the organisation, its working capital requirements and the need for a financial buffer to ensure continuity of operation. The current level of unrestricted reserves has fallen to approximately five weeks of 'resources expended' (disregarding the grants awarded to partner bodies) and so the trustees will aim to add to these reserves in coming years.

Governance and risk management

The trustees are appointed by the members of the Charity and serve for a period of three years, which is renewable. The trustees, together with the Executive Board, identify the skills, experience, geographical location, etc, required among its trustees and advertise widely from its supporters and project partners. The trustees meet four times a year to review strategy and performance and to agree operating plans and annual budgets. The Finance Committee, Maintenance Committee and Strategy Committee comprise trustees and staff members who consider specific issues delegated to them by the trustees.

Company and charity 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 Charity, and of the surplus or deficit of the Charity for that period. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the "going concern" basis.

The trustees have overall responsibility for ensuring that the Charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Charity, and enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities' SORP. The trustees are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and to provide reasonable assurance that:

- the Charity is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposal;
- proper records are maintained and financial information used within the Charity or for publication is reliable; and
- the Charity complies with relevant accounting standards.

As part of its normal planning procedures, the trustees, together with the Executive Board, carry out a 'risk mapping' exercise, which is reviewed annually. This 'risk mapping' procedure consists of three processes:

- a brainstorm of all risks the Charity may face in its normal operations for the year ahead;
- an assessment of the likelihood of these risks occurring, together with an assessment of the 'damage' that could be caused. This yields a 'priority rating' of risks;
- establishing procedures, actions and systems to mitigate the risks identified, and to minimise any potential impact on the Charity should any of the risks materialise.

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

Connected Charities

Railway Paths Limited was established as a Charity in May 1998 to take ownership of a number of disused railway lines from Rail Property Ltd. One of the charitable objectives of Railway Paths Limited is to make these lines available to Sustrans for development of walking and cycling routes.

Under the guidelines of the Charities' SORP, Railway Paths Limited is a 'connected charity' as some of its members are common to Sustrans. Mr J. Grimshaw and Mr M. Shepherd, who are Executive Directors of Sustrans, are also trustees of Railway Paths Limited. Each charity supports the work of the other. To aid efficiency Sustrans provides an accounting and administrative service to Railway Paths Limited, and charged £10,000 for this service in the current financial year. Sustrans, through its regional network of offices, was also contracted by Railway Paths Limited to carry out several maintenance contracts, which were performed at cost price, and totalled £46,015 for the year.

Auditors

PricewaterhouseCoopers transferred their business to a limited liability partnership, PricewaterhouseCoopers LLP, on 1 January 2003, following which PricewaterhouseCoopers resigned and the directors appointed PricewaterhouseCoopers LLP as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

By order of the Board of trustees



Company Secretary
21 June 2003

Independent auditors' report to the members of Sustrans Limited

We have audited the financial statements which comprise the statement of financial activities, the balance sheet, the cash flow statement, the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The trustees are also directors of Sustrans Limited for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the trustees.

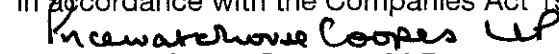
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 March 2003 and of its net incoming resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, Bristol
21 June 2003

Statement of Financial Activities for the year ended 31 March 2003 (including Income and Expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Total Funds 2002 £
Incoming resources					
Activities in furtherance of the charity's objects					
Millennium Commission Grants for NCN project	2	11,000	178,752	189,752	7,068,172
New Opportunities Fund grants receivable in respect of partners	3	-	810,626	810,626	245,500
Income from practical projects	4	3,566,674	3,185,899	6,752,573	5,652,746
Grants including Charitable Trusts	5	54,062	118,138	172,200	387,826
National and Regional Project income		386,152	-	386,152	280,761
Mapping & Publications income		315,919	-	315,919	435,928
Activities for generating funds					
Interest received and rental income		92,889	33,512	126,401	161,357
Donations from Supporters		1,921,726	-	1,921,726	2,057,477
Realised (losses) / gains on disposal of land		(3,000)	1,000	(2,000)	60,147
Total incoming resources		6,345,422	4,327,927	10,673,349	16,349,914
Resources expended					
Cost of generating funds					
Fundraising and supporters costs		388,768	-	388,768	222,832
Costs in furtherance of the charity's objects					
Practical projects	6	3,771,907	3,476,364	7,248,271	6,558,587
Millennium Commission grants payable to partner bodies	2	-	178,752	178,752	6,593,640
New Opportunities Fund grants receivable payable to partners	3	-	810,626	810,626	245,500
National & Regional Project costs	6	1,038,608	-	1,038,608	1,012,001
Information	6	651,365	-	651,365	662,676
Support Costs	6	233,918	-	233,918	163,825
Management & Administration		77,918	-	77,918	81,958
Total resources expended	6	6,162,484	4,465,742	10,628,226	15,541,019
Net income / (expenditure) for the year		182,938	(137,815)	45,123	808,895
Transfers between funds	13	(368,174)	368,174	-	-
Net incoming resources		(185,236)	230,359	45,123	808,895
Fund balances at 1 April 2002	14, 15, 16	3,607,095	375,190	3,982,285	3,173,390
Fund balances at 31 March 2003		3,421,859	605,549	4,027,408	3,982,285

All income and expenditure relates to continuing operations.

The Charity has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net incoming resources for the year stated above and its historical cost equivalent.

Balance Sheet at 31 March 2003

	Notes	2003		2002	
		£	£	£	£
Fixed Assets					
Tangible assets	8		1,522,803		1,160,551
Current Assets					
Debtors	9	2,109,896		553,980	
Cash at bank and in hand	10	3,387,751		4,816,291	
		<u>5,497,647</u>		<u>5,370,271</u>	
Creditors: amounts falling due within one year	11	<u>(2,993,042)</u>		<u>(2,248,537)</u>	
Net current assets			<u>2,504,605</u>		<u>3,121,734</u>
Total assets less current liabilities			<u>4,027,408</u>		<u>4,282,285</u>
Creditors: amounts falling due after more than one year	12		-		(300,000)
Net assets			<u>4,027,408</u>		<u>3,982,285</u>
Funds					
Unrestricted	14		605,549		375,190
Designated	15		2,584,667		2,626,651
General	16		<u>837,192</u>		<u>980,444</u>
Total funds			<u>4,027,408</u>		<u>3,982,285</u>

The financial statements on pages 10 to 25 were approved by the trustees on 21 June 2003 and were signed on their behalf by:

Trustee

K. Amistea

Cashflow statement for the year ended 31 March 2003

	2003 £	2002 £
Net cash outflow from operating activities	<u>(1,144,238)</u>	<u>(24,250)</u>
Returns on investments and servicing of finance		
Interest received	110,887	149,165
Rental receipts	<u>15,514</u>	<u>12,192</u>
	<u>126,401</u>	<u>161,357</u>
Capital expenditure		
Purchase of tangible fixed assets	(456,303)	(170,451)
Sale of tangible assets	<u>56,500</u>	<u>360,194</u>
	<u>(399,803)</u>	<u>189,743</u>
Cash (outflow)/inflow before financing	(1,417,640)	326,850
Financing		
Decrease in interest free loans from supporters	(10,900)	(6,200)
(Decrease) / Increase in cash in the year	<u><u>(1,428,540)</u></u>	<u><u>320,650</u></u>

	2003 £	2002 £
Operating activities		
Net incoming resources for the year	45,123	808,895
Net return on investments and servicing of finance	<u>(126,401)</u>	<u>(161,357)</u>
Net (outgoing) / incoming resources before returns on investments and servicing of finance	(81,278)	647,538
Depreciation of fixed assets	35,551	34,262
Realised losses / (gains) on disposal of land	2,000	(60,147)
(Increase)/decrease in trade debtors	(1,513,820)	1,322,723
(Increase) in sundry debtors and prepayments	(42,096)	(32,356)
Increase/(decrease) in trade creditors	645,081	(189,930)
Increase in other creditors including taxation	111,708	10,373
(Decrease)/Increase in accruals	(229,892)	433,693
Increase/(decrease) in deferred income	35,061	(228,106)
(Decrease) in grants payable to partner organisations	(112,812)	(904,210)
Increase/(decrease) in Landfill Tax receipts in advance	6,259	(424,202)
(Decrease) in mobilisation payments	-	(633,888)
Net cash outflow from operating activities	<u><u>(1,144,238)</u></u>	<u><u>(24,250)</u></u>

There is no movement on net debt in the year other than cash.

Notes to the Financial Statements for the year ended 31 March 2003

1 Principal accounting policies

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments that are included at market value. The financial statements have been prepared in accordance with the Charities Act 1993 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

(b) Fund Accounting

Unrestricted funds are funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in Note 15 to the financial statements.

Restricted Funds - The major project of the Charity is the design, development and construction of the National Cycle Network. Any income identified specifically for other projects by the donor or by the terms of an appeal are treated as restricted funds. Likewise, funds established through agreements with local authorities and BRB (Residuary) Ltd (formerly British Rail) for the future maintenance and development of specific routes are restricted funds. The assets and liabilities attached to these agreements form part of these funds, as does any income arising from the use of the assets. The description and purpose of these restricted funds are provided in Note 14.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Invoices outstanding on the Charity's construction and other expenditure to the year end have been included in these accounts. In some cases payments have been made in advance of expenditure or an initial mobilisation payment received. In these cases the element of payment in advance has been included in creditors.

Receipts under the landfill tax credit scheme and other payments in advance are accounted for as deferred income within creditors until the Charity has met the conditions of the relevant project, at which point the creditor is released to income over the life of the project.

(d) 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. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources. Premises overheads have been allocated on the basis of the head count. Non-recoverable VAT is attributed to the heading of cost where the expenditure is incurred.

All expenditure up to the year-end payable on projects under the management of the Charity has been included in the accounts. Some wages and operating costs were funded through various employment action schemes administered by other agencies. This expenditure was not paid through the Charity and has not been included in the accounts.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objectives of the Charity and include personnel, IT, finance and administration costs. Over the last two years the Charity has experienced a seven-fold increase in its premiums for public and employers liability insurance. 50% of the annual premium of £130k is included within support costs, that being the proportion of this premium which cannot be recovered through the normal activities of the Charity.

Management and administration costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

(e) Tangible fixed assets

The cost to the Charity of freehold land and buildings purchased with the resources of the Charity and of fixtures and fittings is capitalised.

Land to be used for paths and landscaping has not been revalued, but is retained at its usual nominal purchase price. It is not the intention of the trustees to dispose of such land.

Tangible fixed assets costing more than £500 are capitalised and included at cost.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives on a straight-line basis. Freehold land and buildings are not depreciated because any buildings are incidental to the total holding.

The rates of depreciation utilised are as follows:

Computer equipment	33.3% per annum
Office equipment	33.3% per annum
Motor vehicles	30.0% per annum
Other plant and machinery	30.0% per annum

(f) Maintenance

The Charity has a maintenance liability 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 and Designated funds as appropriate. Significant short-term maintenance liabilities are provided for as and when they are identified.

(g) Taxation

The Company is a non-profit making organisation and a registered charity with the Charity Commissioners. It is generally exempt from taxation under the Taxes Acts and there is no taxation charge for the year.

(h) Operating Leases

Income and costs in respect of operating leases are credited/charged on a straight-line basis over the lease term.

(i) 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 accounts as incurred.

2 Millennium Commission Grants

In December 1995, the Charity entered into an Agreement for Grant with the Millennium Commission for the construction of Phase 1 of the National Cycle Network throughout the UK. Sustrans' role was as coordinator for the whole programme. This agreement was concluded in September 2001, with a small number of grants remaining to be claimed when 'partner bodies' have fulfilled their obligations. During the year five grants with a total value of £178,752 were paid to 'partner bodies'. There remain only three grants awaiting completion of works.

3 New Opportunities Fund Grants

In June 2001, the Charity entered into an Agreement for Grant with the New Opportunities Fund for its Green Routes, Safe Routes Programme. Sustrans is the coordinator of the programme and has entered into agreements to fund approximately 80 projects throughout England. During the year 34 grants were paid to partner organisations totaling £810,626. More information on the Green Routes, Safe Routes Programme; a listing of all grants awarded and paid in the year is available on the Sustrans website, www.sustrans.org.uk.

4 Income from practical projects

	Unrestricted £	Restricted £	Total 2003 £	Total 2002 £
Direct charitable income				
Construction projects	2,894,623	1,512,614	4,407,237	3,257,470
Construction projects funded by Landfill Tax Credits	-	454,658	454,658	1,134,199
New Opportunities Fund - Green Routes, Safe Routes	-	463,248	463,248	231,625
New Opportunities Fund - Capital Projects	-	85,380	85,380	14,000
Sculpture activities	69,627	201,452	271,079	217,151
Maintenance	75,515	52,447	127,962	209,695
Volunteer Ranger Programme:				
Community Fund	-	128,562	128,562	114,834
Charitable Trusts	-	3,500	3,500	7,000
Safe Routes to Schools:				
Charitable Trusts	-	118,850	118,850	58,422
Community Fund	-	71,688	71,688	20,345
Other Income	44,271	20,000	64,271	76,678
Individualised Marketing	210,982	-	210,982	62,832
Active Travel Project	65,368	52,500	117,868	32,740
Other Project Income	<u>206,288</u>	<u>21,000</u>	<u>227,288</u>	<u>215,755</u>
	<u>3,566,674</u>	<u>3,185,899</u>	<u>6,752,573</u>	<u>5,652,746</u>

5 Grant income, including charitable trusts and other project income

	Notes	Unrestricted £	Restricted £	Total 2003 £	Total 2002 £
Grant Income	(i)	-	118,138	118,138	170,693
Charitable Trusts		<u>54,062</u>	<u>-</u>	<u>54,062</u>	<u>217,133</u>
		<u>54,062</u>	<u>118,138</u>	<u>172,200</u>	<u>387,826</u>

- (i) Included in Grant Income is a contribution of £70,000 from the National Assembly for Wales towards the cost of our office in Cardiff and our activities within Wales.

6 Analysis of total resources expended

	Staff costs £	Other direct costs £	Other allocated costs £	Total 2003 £	Total 2002 £
Fundraising & Supporters costs	155,320	220,878	12,570	388,768	222,832
Practical Projects:					
Construction (incl Landfill)	406,548	4,432,892	39,927	4,879,367	4,805,923
New Opportunities Fund - Green Routes, Safe Routes	291,415	312,412	-	603,827	327,083
Sculpture	1,931	336,403	370	338,704	206,147
Maintenance	84,048	282,135	10,721	376,904	493,405
Volunteer Ranger Programme	67,998	151,829	6,100	225,927	204,199
Safe Routes to Schools	106,451	90,395	6,839	203,685	172,799
Individualised Marketing	36,507	205,635	2,773	244,915	87,291
Active Travel	52,458	38,032	4,621	95,111	41,958
Other Projects	209,596	54,523	15,712	279,831	219,782
	<u>1,256,952</u>	<u>5,904,256</u>	<u>87,063</u>	<u>7,248,271</u>	<u>6,558,587</u>
Millennium Commission grants, payable to partners	-	178,752	-	178,752	6,593,640
New Opportunities Fund grants, payable to partners	-	810,626	-	810,626	245,500
National and Regional implementation	829,558	132,153	76,897	1,038,608	1,012,001
Information:					
Public information	78,698	232,039	8,318	319,055	273,424
Information to local authorities and other partner	69,956	19,757	6,839	96,552	92,951
Mapping and publications	53,843	176,000	5,915	235,758	296,301
	<u>202,497</u>	<u>427,796</u>	<u>21,072</u>	<u>661,365</u>	<u>662,676</u>
Support costs	123,068	68,614	42,236	233,918	163,825
Management & administration	30,147	47,771	-	77,918	81,958
Total Resources Expended	<u>2,597,542</u>	<u>7,790,846</u>	<u>239,838</u>	<u>10,628,226</u>	<u>15,541,019</u>
				2003 £	2002 £
Other direct costs include:					
Audit				8,850	8,500
Non-audit services				1,300	1,900
Depreciation of tangible fixed assets				35,551	34,262
Board costs				5,933	10,576
Operating leases rentals:					
land and buildings				48,875	49,570
other				3,240	3,307

- (i) Board costs of £5,933 (2002: £10,576) includes provision of trustee liability insurance of £1,890 (2002: £1,575). The remaining costs include travel and other expenses paid to 12 trustees. The trustees of the Charity are not paid.

7 Staff Costs

The average weekly full time equivalent number of employees (excluding trustees) during the year was:

By Activity	2003 Number	2002 Number
Based in Bristol office	58	54
Based at Regional offices	35	29
On sites	22	25
	<u>115</u>	<u>108</u>
	2003 £	2002 £
Staff costs (for the above persons):		
Wages and Salaries	2,357,140	1,957,820
Social Security costs	203,799	167,190
Employer's pension contributions	36,603	20,646
	<u>2,597,542</u>	<u>2,145,656</u>

Under the Company's articles of association trustees are not permitted to receive remuneration from the Company.

No employee earned £50,000 per annum or more.

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation				
At 1 April 2002	1,123,889	137,279	35,395	1,296,563
Additions	424,775	28,028	3,500	456,303
Disposals	(58,500)	(65,651)	-	(124,151)
At 31 March 2003	<u>1,490,164</u>	<u>99,656</u>	<u>38,895</u>	<u>1,628,715</u>
Depreciation				
At 1 April 2002	-	114,775	21,237	136,012
Charge for year	-	23,882	11,669	35,551
Disposals	-	(65,651)	-	(65,651)
At 31 March 2003	<u>-</u>	<u>73,006</u>	<u>32,906</u>	<u>105,912</u>
Net book value				
At 31 March 2003	<u>1,490,164</u>	<u>26,650</u>	<u>5,989</u>	<u>1,522,803</u>
At 31 March 2002	<u>1,123,889</u>	<u>22,504</u>	<u>14,158</u>	<u>1,160,551</u>

The amount of fixed assets at valuation is matched by the fixed asset values in the restricted funds (see Note 17). Land not required for routes and available for disposal by the Charity was revalued by the trustees on 31 March 1990, on a depreciated replacement cost basis.

9 Debtors

	2003	2002
	£	£
Trade Debtors	2,025,579	511,759
Sundry Debtors and prepayments	<u>84,317</u>	<u>42,221</u>
	<u>2,109,896</u>	<u>553,980</u>

10 Cash

The cash balances of £3,387,751 are made up of the following:

	2003	2002
	£	£
Restricted Funds		
Total Maintenance Accounts	732,199	709,473
Millennium Commission Fund – grants payable to partner bodies	91,461	205,706
Landfill Tax Credit Accounts – funds held for the future construction of 21 projects on the NCN	584,256	625,201
Other Restricted Funds	<u>77,339</u>	<u>28,992</u>
	1,485,255	1,569,372
Unrestricted Balances		
General funds held at the end of the financial year	1,902,496	3,246,919
Total Cash Balances	<u>3,387,751</u>	<u>4,816,291</u>

Against the 'general funds' the trustees have 'designated' £2,584,667 to meet future identified liabilities and development needs.

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 adopted a 'no-risk' strategy to safeguard the Charity's reserves. During the current year the trustees have sought to optimise interest rates achievable through investing cash balances on the money market.

11 Creditors: amounts falling due within one year

	£	£
Trade creditors	1,020,034	374,953
Tax and social security	174,072	62,364
Accruals	510,525	740,417
Interest free loans from supporters for land purchase	102,750	113,650
Short-term loan	300,000	-
Grants payable to partner organisations	91,206	204,018
Deferred Income	210,199	175,138
Landfill Tax receipts in advance	<u>584,256</u>	<u>577,997</u>
	<u>2,993,042</u>	<u>2,248,537</u>

The movement in deferred income and landfill tax receipts in advance is analysed below

Deferred Income (Inc Landfill Tax receipts in advance)	2003 £	2002 £
Deferred income at 1 April 2002	753,135	1,405,442
Amounts released from previous years	(302,894)	(1,150,169)
Incoming resources deferred in 2002/3	344,214	497,862
Deferred income at 31 March 2003	<u>794,455</u>	<u>753,135</u>

The short-term loan is with the Charity Bank and is due for repayment on 14 February 2004 (see Note 12).

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Long-term loan	<u>-</u>	<u>300,000</u>

The long-term loan is from the Charities Aid Foundation - Investors in Society, which is now known as the Charity Bank. The loan is due for repayment on 14 February 2004 and has therefore been transferred to Creditors: amounts falling due within one year (see Note 11).

13 Movement of funds

	Unrestricted	Designated	Restricted	2003 Total £
	£	£	£	£
At 1 April 2002	980,444	2,626,651	375,190	3,982,285
Net incoming/(outgoing) resources	646,613	(463,675)	(137,815)	45,123
Transfer/new designations	(789,865)	421,691	368,174	-
At 31 March 2003	<u>837,192</u>	<u>2,584,667</u>	<u>605,549</u>	<u>4,027,408</u>

The transfers totalling £368,174 into Restricted Funds are explained in Note 14. The trustees created new designations into the Land Acquisition Fund and the Long-Term Maintenance Fund totalling £421,691. Explanations of these new designations are included within Note 15 to these accounts.

14 Restricted funds

	Notes	Movement in resources				Balance 31 March 2003
		Balance 1 April 2002	Incoming	Outgoing	Transfers from Unrestricted funds	
		£	£	£	£	£
Consett & Sunderland Railway Path		107,286	29,169	7,207	-	143,662
Paisley to Kilwinning and Kilmacolm		39,116	1,259,109	(1,193,041)	-	105,184
York to Selby Railway Path		198,788	18,554	25,177	-	242,519
Worthington Railway Path - Derby		-	16,783	(58,634)	41,851	-
Construction and Maintenance Funds	(i)	<u>345,190</u>	<u>1,323,615</u>	<u>(1,219,291)</u>	<u>41,851</u>	<u>491,365</u>
Millennium Commission Grants payable to partner organisations	(ii)	-	178,752	(178,752)	-	-
New Opportunities Fund Grants payable to partner organisations	(iii)	-	810,626	(810,626)	-	-
New Opportunities Fund - Green Routes, Safe Routes		-	548,628	(763,972)	215,344	-
Projects funded by Landfill Tax Credits	(iv)	-	463,031	(463,031)	-	-
Sculpture activities	(v)	-	201,452	(201,452)	-	-
Spen Valley Maintenance Fund	(vi)	30,000	10,000	-	-	40,000
National Volunteer Rangers Programme	(vii)	-	132,062	(225,927)	93,865	-
Safe Routes to Schools	(viii)	-	210,538	(203,685)	17,114	23,967
Active Travel	(ix)	-	52,500	(52,500)	-	-
Safe Routes to Stations	(x)	-	21,000	(21,000)	-	-
Projects in North East funded by One North East	(xi)	-	153,509	(153,509)	-	-
Bristol Vilvaldi Project	(xii)	-	94,076	(53,803)	-	40,273
Woolpit - Elmswell	(xiii)	-	10,000	(56)	-	9,944
Cardiff Office funded by National Assembly for Wales	(xiv)	-	70,000	(70,000)	-	-
Derry Office funded by DOSD	(xv)	-	13,631	(13,631)	-	-
Research Projects funded by the Scottish Executive	(xvi)	-	34,507	(34,507)	-	-
Total restricted funds		<u>375,190</u>	<u>4,327,927</u>	<u>(4,465,742)</u>	<u>368,174</u>	<u>605,549</u>

- (i) The construction and maintenance funds cover the routes acquired from BRB (Residuary) Ltd over which the Charity has a maintenance liability as a result of agreements with the relevant Local Authorities. The funds are made up of land not required for the Charity's operations and the net current assets arising from the maintenance activities of the funds. The trustees acknowledge the invaluable support of the Scottish Executive in funding the upgrade of 30+ miles of route in Scotland, which is reflected in the above figures.
- (ii) These receipts and payments represent grants claimed from the Millennium Commission on behalf of partner organisations involved in the development and construction of the National Cycle Network. During the year five grants were paid to primarily Local Authority partners, a full listing of which is available on the Charity's web site (www.sustrans.org.uk).
- (iii) In 2001 the Charity was awarded a grant totalling £7.4 million from the New Opportunities Fund for its Green Routes, Safe Routes Programme, which will run for three years until 2004. This programme enables the Charity to work with local communities and develop routes to green spaces, schools and public transport. Each project aims to create a network of routes for walking and cycling within a community. The list of agreed projects (approximately eighty) can be seen on the web site (www.sustrans.org.uk). In the financial year to 31 March 2003 34 grants totalling £810,626 were paid to partner organisations and a full listing of these payments is also available on the web site. Also during the year the Charity claimed £548,628 from the New Opportunities Fund for its own work on the programme. The expenditure incurred by the Charity exceeded the grants claimed by £215,344 and this necessitated a transfer of £215,344 from Unrestricted Funds.
- (iv) The Charity is a registered 'Environmental Body' with Entrust, the regulator of the landfill tax credit scheme. The Charity has received funding through the scheme for construction of various projects on the National Cycle Network. During the year construction took place on fifteen projects.
- (v) During the financial year the Charity has worked on seven sculpture projects on the National Cycle Network. These projects have in part been funded by the Arts Council: South and South East (£39,460); London (£5,000); Yorkshire (£35,000); South West (£5,000); Arts Council Northern Ireland (£15,000). Several of these projects continue into the following financial year. We are also grateful for grants received in the year from the Henry Moore Foundation and the Northern Rock Foundation.

- (vi) The Spen Valley Maintenance Fund has been established with contributions from Kirklees Metropolitan Borough Council. The Fund is established to make provision for, or contribute to, the future maintenance of the structures on the newly opened walking and cycling route on the previously disused railway line.
- (vii) The National Community Volunteer Rangers Programme, now in its third year, is part-funded by the Community Fund. We now have in place over 1,500 volunteers, who 'look after' sections of the National Cycle Network and liaise with local communities to encourage use of the Network through arranging events, etc. The grant from the Community Fund was awarded for a three-year period, ending September 2003. In the financial year the grant from the Community Fund only partly covered the expenditure on the programme and a transfer of £93,865 was made from unrestricted funds to cover total expenditure.
- (viii) Safe Routes to Schools is a national project run by Sustrans to encourage safe cycling and walking to school. The Community Fund awarded a three-year grant totalling £217,121 to commence in January 2002 for the project's 'School Champions' programme. This information and support programme operates throughout the UK and includes such activities as training workshops, conferences, newsletters and an information helpline, with an extra focus on assisting parents, teachers and governors ('School Champions' of sustainable travel to school).
- (ix) Active Travel is a project that aims to raise the profile of cycling and walking as a cost-effective form of health promotion. The project has been supported by the British Heart Foundation, the Network for Social Change and a number of charitable trusts. The revenues in this restricted fund reflect part of this programme.
- (x) Safe Routes to Stations is a project promoting, designing and developing improved access for walking and cycling to major public transport centres. This restricted fund represents a contribution to the project from the Glasshouse Trust.
- (xi) During the year, One North East part-funded three projects in the North East of England. These projects were 'The Heritage Cycle Route', 'Linking Communities in East Cleveland' and 'Tourism - taking forward cycle tourism in the North East of England'.
- (xii) Sustrans is a partner in a major transport demonstration project in Bristol, known as VIVALDI (**V**isionary and **V**ibrant **A**ctions through **L**ocal **T**ransport **D**emonstration **I**nitiatives). The project is funded by the European Commission for Transport and Energy under the **C**ity - **V**ITALity - **S**ustainability (CIVITAS) Initiative, and the revenues shown here cover the activities of the Charity on the programme during the year.
- (xiii) Suffolk County Council has donated £10,000 as a contribution towards the costs of the acquisition of land required to construct Woolpit-Elmswell route.
- (xiv) These receipts from the National Assembly for Wales are contributions towards the activities of the Charity within Wales.
- (xv) These receipts from the Department of Social Development Northern Ireland are contributions towards the activities of the Charity's office in Derry.
- (xvi) During the year the Scottish Executive contributed towards three research projects in Scotland: 'Rural Road Traffic Calming'; 'Less Able User Research'; 'Safe Routes to Stations'.

15 Designated funds

The funds of the Charity include the following designated funds which have been set aside out of unrestricted funds by the trustees:

	Notes	Balance 1 April 2002	Incoming	Outgoing	New designations	Balance 31 March 2003
		£	£	£	£	£
Malcolm Smith Travel Bursary	(i)	11,096	-	(4,236)	-	6,860
Land acquisition fund	(ii)	1,000,000	4,000	(583,783)	379,783	800,000
Long-term Maintenance fund	(iii)	800,000	74,515	(216,423)	41,908	700,000
Fixed asset fund	(iv)	715,555	456,303	(94,051)		1,077,807
Shortfall in Restricted Maintenance Funds	(v)	100,000	-	(100,000)		-
		<u>2,626,651</u>	<u>534,818</u>	<u>(998,493)</u>	<u>421,691</u>	<u>2,584,667</u>

- (i) The Malcolm Smith Travel Bursary fund arises from a legacy from Professor Malcolm Smith, a long-time supporter of Sustrans. The travel bursary is utilised to enable staff to visit overseas projects.
- (ii) The trustees have established a land acquisition fund with the aim of earmarking sufficient resources to cover the land costs for and legal fees associated with essential purchases to meet the targeted growth of the National Cycle Network over two years. At March 2003, 7,000 miles of the Network were completed and open, the forecast of 10,000 miles by 2005 remains. This year has been very active for land acquisition at a cost totalling £584k. The trustees have reviewed the likely expenditure over the next two years to meet other established targets and have created new designations totalling £380k.
- (iii) Owing to the continuing success of the National Cycle Network and the consequent increase in mileage of route established, the trustees recognise the need to provide for the future maintenance of that route on land owned by the Charity, or where it has accepted a maintenance responsibility. This fund is additional to the Restricted funds identified in Note 14 (i) to these accounts. The trustees are pleased to note expenditure of £216k in the year in this Designated Fund with a much higher than usual expenditure in the Restricted Funds (see Note 14(i)) of £1,220k. The trustees also acknowledge the massive contribution from the new 1,500+ volunteer Rangers, who perform an irreplaceable role in looking after and reporting on the condition of our routes. An independent assessment of the National Community Volunteer Rangers Programme, conducted by the National Centre for Research and Consultancy (Manchester Metropolitan University), estimated the value of this volunteer contribution to the Charity of between £1.3 and 2.3million. The trustees have created new designations totalling £42k in the year.
- (iv) The fixed asset fund has been set up to facilitate the identification of those funds that are not free funds. It represents the net book value of tangible fixed assets except for those that form part of restricted funds - see Note 14. The increase in the fixed asset fund over the year arises from the net addition of tangible fixed assets during this period.
- (v) The trustees are pleased to note that there is no longer a requirement for this designation following the upgrade of 30+ miles of route in Scotland, generously supported by the Scottish Executive. The previous designation recognised a shortfall in restricted funds that were insufficient to meet the maintenance needs of routes owned in Scotland over a 2-year period. This is no longer the case.

16 Unrestricted funds

The unrestricted funds of the Charity have reduced in the year to £837k. This represents approximately five weeks of expenditure at current levels of activity (disregarding the payment of grants to be paid to our partner bodies). This level of unrestricted funds is considered adequate for the coming financial year. The trustees have adopted a policy level of unrestricted reserves of up to three months to provide flexibility of working capital and a sufficient 'buffer' to ensure continuity of activities in the longer term. This policy level is periodically reviewed as part of the Charity's planning process.

17 Analysis of net assets between funds

	Restricted £	Unrestricted £	Total funds £
Fund balances at 31 March 2003 are represented by:			
Tangible fixed assets	444,996	1,077,807	1,522,803
Current assets:			
Bank	1,485,253	1,902,498	3,387,751
Debtors	<u>78,149</u>	<u>2,031,747</u>	<u>2,109,896</u>
	1,563,402	3,934,245	5,497,647
Current liabilities	(1,402,849)	(1,590,193)	(2,993,042)
Total net assets	<u>605,549</u>	<u>3,421,859</u>	<u>4,027,408</u>

18 Share capital

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.

19 Financial commitments

	Other Assets		Land and buildings	
	2003	2002	2003	2002
	£	£	£	£
Expiring within one year	3,240	3,307	16,550	-
Expiring within one to five years	-	-	32,325	49,570
Expiring in more than five years	-	-	-	-
	<u>3,240</u>	<u>3,307</u>	<u>48,875</u>	<u>49,570</u>

20 Legal Charges

Over a number of years Sustrans has acquired disused railway lines in England and Scotland and these acquisitions have been covered by a fixed charge in favour of the appropriate authority. The legal charges in existence are as follows:

- The Company's land situated at Naburn, Escrick and Riccall, North Yorkshire is covered by a fixed charge in favour of Selby District Council
- The land on the Consett to Sunderland Railway is covered by a fixed charge in favour of Derwentside and Chester-le-Street District Councils and Sunderland City Council
- Land forming the track bed of part of the disused railway in Cumbria is covered by a fixed charge in favour of Copeland Borough Council
- The Camerton Bridge (Workington) is covered by a fixed charge in favour of Allendale Borough Council
- The Worthington Branch Line is covered by a fixed charge in favour of Derbyshire County Council and Leicestershire County Council
- The Foss Island branch line is covered by a fixed charge in favour of the City of York

In December 1995 the Charity entered into a debenture with the Millennium Commission giving a floating charge over the assets of the Charity, excluding real property, as part of the agreement for grants from the Millennium Commission.