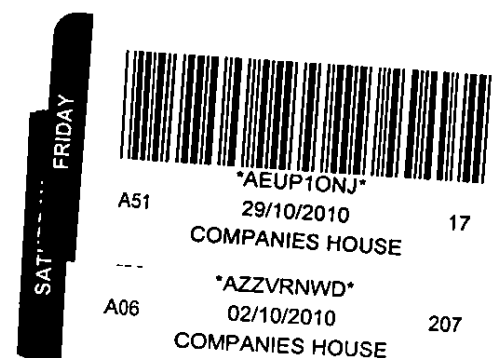


Railway Paths Limited
(A company limited by guarantee)

Annual report
for the year ended 31 March 2010

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



Railway Paths Limited

Annual report for the year ended 31 March 2010

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Legal and administrative information

Constitution

Railway Paths Ltd is a company limited by guarantee and a registered charity which is governed by its memorandum and articles of association

Company number 3535618
Charity number 1070003 (England & Wales)
 SC039256 (Scotland)

Trustees serving during the year and since the year end were as follows:

Greg Beecroft
Chris Curling
Huw Davies
John Palmer
Malcolm Shepherd
Ian White (Chair)

Secretary and registered office

Andy Appleby
2 Cathedral Square
College Green
Bristol
BS1 5DD

Bankers

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

Other bankers:
Lloyds Banking Group plc
21 Prince Street
Bristol
BS99 7JG

The Royal Bank of Scotland plc
36-38 Baldwin Street
Bristol
BS1 1NR

Registered auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Solicitors

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6FA

McCartney Stewart
1B Paisley Rd
Renfrew
PA4 8JH

Report of the trustees for the year ended 31 March 2010

The trustees, who are also Directors of the Charity for Companies Act 2006 purposes, submit their annual report and audited financial statements for the year ended 31 March 2010. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the annual report and financial statements of the Charity.

Objectives and Activities

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

- The preservation, restoration, maintenance and protection for public benefit of the structures and buildings on the land owned by the Company
- 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 (Sustrans)
- The Charity also has an undertaking with the Secretary of State to safeguard for potential future public transport use the disused railway lines in its ownership

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

Key performance indicators

Financial reserves

The trustees have established a policy level for unrestricted funds of 5 years of forecast future maintenance expenditure on structures, fencing etc. On current information available, this would indicate a requirement of about £2 million. Current funds stand at £1.3 million and the trustees would like therefore to add £0.7 million to reserves over the next 5 years. It is hoped that this can be achieved through the sale of assets which are not required for charitable purposes. This policy level is periodically reviewed as part of the Charity's planning process.

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 for "Very Good" through to E for "Bad".

- **A Very Good:** Full strength In near 'as built' condition, well maintained (*Good paint, pointing, surfaces*)
- **B Good:** Full strength Superficial non-structural defects (*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 (*vegetation, open joints, paint failure, corrosion but only slight section loss, settlement*)
- **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 (*deep/extensive spalling, perishing, leakage, structural cracking, deformation, significant corrosion section losses, sub-standard parapets or safety fencing*)
- **E Bad:** Understrength for current loadings Unstable or failed structure with significant risks Significant safety risk (*Assessment failure, critical section loss, arch failure, gross settlement, no parapets*)

Once a year, or on request of the Board or others, a report is prepared showing the number of structures with condition A, B etc The information is displayed graphically to show the spread of condition grades over time 2008 was the first year that this information had been produced These grades, also taken into account with Consequence of Failure assessments can be used to help prioritise works

The present levels are considered satisfactory, and the Trustees aim to reduce the number of "E" structures from the present level of 7 (2009 8) in coming years

Achievements and Performance

The Charity continued its programme of inspection and surveying of the 654 (2009 688) structures, for which it has responsibility, on the disused railway lines in its ownership

During the financial year the Company spent £189,672 (2009 £225,076) on the refurbishment and maintenance of its structures. The major expenditure items included the following

£42,000 - Lindley Wood Road bridge – North West
£28,435 – Rugby to Leamington – West Midlands
£14,600 - Apethorne Godley structures – North West
£11,228 – Bath Road, Cossington Crossing – South West

The balance of expenditure was incurred on cost effective solutions to maintenance across a large number of structures where expenditure had been prioritised. The Company has a detailed analysis of all maintenance expenditure required, which it has prioritised for the next 3 years

£158,716 (2009 £185,818) was spent on estate management and maintenance

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

Works to an approximate value of £900,000 were undertaken on the maintenance of Railway Paths Limited structures by third parties during the financial year. The most notable include

- Expenditure of £250,000 Broom Lane bridge – North West
- Expenditure of £250,000 Scout Hill Bridge – Yorkshire & the Humber
- Expenditure of £200,000 Mickle Trafford bridge – North West

Also during the year the Company received proceeds of £32,000 (2009 £16,000) for land and other assets (net book value=Nil)

Objectives for 2010/11

Preservation of structures, buildings and land

The Charity will continue its programme of inspection and surveying of the 654 structures, for which it has responsibility. The programme of maintenance and repairs will include major works by third parties to at least 3 structures

The most recent review of risks faced by the Charity identified,

- a) continued shortfall in income not covering running/maintenance costs
- b) failure to capitalise on development potential of a piece of land
- c) major accident on our land arising from our failure

as most significant. Our inspection programme and financial records ensure that these key risks and indeed key performance indicators are monitored

Financial Review

The Charity has limited reserves with which to meet its future liabilities, and has adopted a policy which requires that these reserves are added to over the next few years. The trustees regularly review the investment policy to be applied to these largely liquid reserves. The trustees recognise the implications of "risk" and "return", especially in the current environment and have agreed a "minimal risk" strategy to safeguard the Charity's reserves

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

2009/10 was another difficult year for UK banks, so whilst Railway Paths Limited seeks to minimise investment risk the Trustees acknowledge the difficulties presented by the ongoing uncertainty within the wider economy. Over the year the Trustees sought to minimise the exposure of the charity by holding funds with three large banks. These include our main banker, the Co-operative Bank plc, which has an enviable ethical policy, together with Lloyds Banking Group plc and Royal Bank of Scotland plc where the UK Government is a major shareholder

Structure, Governance and Management

The trustees are appointed by the members of the Company and serve for a period of 3 years, which is renewable. In addition, the following organisations have the right to appoint trustees as determined by the Articles of the Company

BRB (Residuary) Ltd	1 Director (currently G Beecroft)
Railway Heritage Trust	1 Director (currently I White)
Sustrans Ltd	2 Directors (currently M Shepherd & H Davies)

The trustees identify the skills and experience required amongst members of its Board and seek to recommend appropriate candidates from its project partners and wider networks. The induction for prospective board members includes documentation 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 meet at least 3 times a year, usually for 2 days, to visit and inspect projects, review strategy and performance and to agree operating plans and annual budgets

Statement of Trustees' Responsibilities

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. 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.

In accordance with Company law, as the Company's directors, we certify that

- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- as the directors of the Company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information

During 2010 the Trustees will conduct an exercise to ensure that the criteria set out in the Charities Act 2006 relating to public benefit are satisfied. According to Charities' best practice they will need to ensure that the organisation's purposes remain charitable.

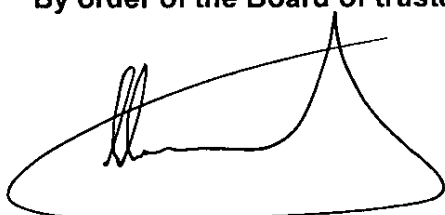
Connected Charities

One of the objectives of the Charity is to support the work of Sustrans Ltd, a registered Charity (number, 326550 England & Wales, SC039263 Scotland) (registered office, 2 Cathedral Square, College Green, Bristol BS1 5DD). Under the guidelines of the Charities' SORP, Railway Paths Limited is a 'connected charity' as some of its members are common to Sustrans. Mr M Shepherd, Sustrans' Chief Executive, and Mr H Davies, Sustrans' National Cycle Network Director, are also trustees of Railway Paths Limited. Mr C Curling is a Trustee of both Sustrans and Railway Paths Limited.

In the interests of efficiency and cost minimisation, Sustrans is contracted by Railway Paths Limited to provide accounting, company secretarial and HR services and paid £10,000 (2009, £10,000) to Sustrans in the year for these services. That charge was based upon the calculated marginal cost incurred in the provision of these services. Railway Paths Ltd is contracted by Sustrans to provide Estate Management services and received £10,000 (2009, £10,000) during the year.

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

By order of the Board of trustees



**Andy Appleby
Company Secretary
8 July 2010**

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF RAILWAY PATHS LIMITED

We have audited the financial statements of Railway Paths Limited for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the company has not kept adequate and proper accounting records, if the company's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report and the legal and administrative information. We consider the implications for our report if we become aware of any apparent misstatements or

material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

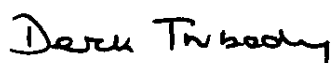
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Derek Trubody (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Bristol

15 July 2010

**Statement of financial activities
for the year ended 31 March 2010
(Including Income and Expenditure account)**

	Notes	Unrestricted Funds 2010 £	Unrestricted Funds 2009 (restated) £
<u>Incoming resources</u>			
Incoming resources from charitable activities			
<i>Preservation of structures, buildings, and land</i>		-	30,000
Incoming resources from generated funds			
Realised gains on disposal of land & other assets		32,000	16,000
Rental income		177,662	131,087
Advertising income		26,950	31,413
Interest received		14,296	69,358
Income from easements		30,002	57,050
Recovery of legal costs		22,334	1,725
Other income		25,605	23,275
Total incoming resources		328,849	359,908
<u>Resources expended</u>			
Charitable activities			
<i>Preservation of structures, buildings, and land</i>			
Bridge maintenance and management		189,672	225,076
Estate maintenance and management		158,716	185,818
Legal costs		60,845	38,625
Insurance		11,116	15,204
Other expenditure		23,315	20,197
		443,664	484,920
Governance costs	5	6,471	6,067
Total resources expended		450,135	490,987
Net outgoing resources for the year	2	(121,286)	(131,079)
Total funds brought forward at 1 April 2009		1,457,916	1,588,995
Total funds carried forward at 31 March 2010		1,336,630	1,457,916

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. All income and expenditure relates to continuing operations.

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

Balance sheet as at 31 March 2010

	Notes	2010 £	2009 £
Tangible Fixed Assets	6	472	1,426
Current Assets			
Debtors	7	179,334	77,756
Cash at bank and in hand		1,383,162	1,463,927
		1,562,496	1,541,683
Creditors: amounts falling due within one year	8	(226,338)	(85,193)
Net current assets		1,336,158	1,456,490
Net assets		1,336,630	1,457,916
Unrestricted funds		1,336,630	1,457,916

The notes on pages 11 to 15 are an integral part of these financial statements

The financial statements on pages 9 to 15 were approved by the Board of Directors on 8 July 2010 and were signed on its behalf by



Ian White
Trustee

Notes to the financial statements for the year ended 31 March 2010

1 Principal Accounting Policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. Certain income and expenditure lines have been restated for the prior period to make them comparable with 2009/10. This has no net effect on the Statement of Financial Activities.

a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Cash flow statement

The Company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

c) Fund Accounting

The purpose of the Charity is to manage the ownership of numerous disused railway lines and the structures on them. As all financial transactions undertaken by the Company relate solely to this objective, the incoming and outgoing resources of the Company have been classified as 'unrestricted funds'.

The Company makes these disused railway lines available to Sustrans and local authority partners for their development as routes for walking and cycling. The Company does not contribute financially to their development, except in the case of specific maintenance structures.

d) Incoming Resources

All incoming resources are included in the statement of financial activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income relating to the Company's maintenance and other projects prior to the year end has been included in these accounts.

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 and costs that cannot be directly attributed to particular headings have been allocated to activities on a basis consistent with use of resources.

f) Tangible fixed 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 is as follows:

Computer equipment	33.3% per annum
--------------------	-----------------

g) Maintenance

The Company has a potential maintenance liability over a number of disused railways where it owns the land and structures upon it. A planned maintenance policy is adopted with significant short-term maintenance liabilities provided for as and when they are identified.

h) Pension scheme

The Company 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.

i) Operating Leases

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

j) Taxation

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

2 Net outgoing resources

	2010 £	2009 £
Net outgoing resources is stated after charging		
Depreciation of tangible fixed assets	954	1,783
Auditors' remuneration	1,250	1,200
Operating lease rentals	9,350	9,350

Rental and advertising income of £204,612 (2009 £162,500) arises from a small number of properties owned by the Company (Net book value = nil)

3 Trustees' emoluments

No remuneration was paid for the provision of the services of the directors

4 Employee information

The average weekly full-time equivalent number of employees during the year was 5 0 (2009 3 9)

	2010 £	2009 £
Staff costs		
Salaries	137,702	98,610
Social Security costs	13,460	8,911
Pension	537	664
	<u>151,699</u>	<u>108,185</u>

These costs are allocated to Bridge management £37,692 (2009 £6,214) and Estate management £114,007 (2009, £101,971) Under the Company's articles of association, members of the Board are not permitted to receive remuneration from the Company No employee earns more than £60,000 per annum

5 Governance costs

	2010 £	2009 £
Board meeting expenses	4,221	3,867
Audit fee	1,250	1,200
Company Secretarial charges	1,000	1,000
	<u>6,471</u>	<u>6,067</u>

Governance costs includes the expenses for three (2009 three) Board meetings This amount includes the involvement of stakeholders

6 Fixed assets

Computer Equipment £

Cost

As at 1 April 2009	19,735
Additions	-
As at 31 March 2010	<u>19,735</u>

Depreciation

As at 1 April 2009	18,309
Charge for the year	954
At 31 March 2010	<u>19,263</u>

Net book value

At 31 March 2010	<u>472</u>
At 31 March 2009	<u>1,426</u>

In May 1998 the Company entered into an agreement with BRB (Residuary) Limited to acquire a portfolio of land. The transfer of this portfolio is now complete. These parcels of land are all disused railway lines and have many structures, bridges, etc. on them.

These transfers were all concluded at a nominal value recognising the longer term financial liabilities which became the responsibility of the Company 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. The Company has an undertaking with the Secretary of State for Transport to hold the properties for potential future public transport use and this significantly suppresses any development value.

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

7 Debtors

	2010 £	2009 £
Trade Debtors	136,246	29,467
Tenancies	31,099	34,712
Prepayments & accrued income	11,989	4,173
VAT	-	9,404
	<u>179,334</u>	<u>77,756</u>

8 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade Creditors	30,315	79,173
PAYE/NIC	3,785	4,531
VAT	15,890	-
Accruals	1,348	1,489
Deferred income	175,000	-
	<u>226,338</u>	<u>85,193</u>

9 Financial commitments

At the year end the Company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
Land & Buildings		
Expiring within one to five years	9,350	9,350
	<u>9,350</u>	<u>9,350</u>