

Railway Paths Limited

**(A company limited by Guarantee
and not having a Share Capital)**

Annual report

for the year ended 31 March 2001

Registered No: 3535618

Registered Charity No: 1070003



Railway Paths Limited

Annual report for the year ended 31 March 2001

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Legal and administrative information

Constitution

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

Charity number 1070003
Company number 3535613

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

J. Grimshaw (Chair)
G. Beecroft
J. Cornell
C. Curling
J. Palmer (appointed 5/12/00)
M. Shepherd

Secretary and registered office

M. Shepherd
35 King Street
Bristol
BS1 4DZ

Bankers

Lloyds TSB plc
PO Box 153
55 Corn Street
Bristol
BS99 7LE

The Royal Bank of Scotland
36-38 Baldwin St
Bristol
BS1 4NR

Registered auditors

PricewaterhouseCoopers
Chartered Accounts
31 Great George Street
Bristol
BS1 5QD

Solicitors

Osborne Clarke
50 Queen Charlotte Street
Bristol
BS1 4HE

McCartney Stewart
1B Paisley Rd
Renfrew
PA4 8JH

Report of the trustees for the year ended 31 March 2001

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 2001. 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

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

- The preservation, restoration, maintenance and protection for public benefit of the structures and buildings on the land which is 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).
- 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.

Review of activities and future developments

During the year the largest project of Railway Paths Limited, the restoration of the Bennerley Viaduct, was completed at a total cost of £259k. In addition to the £59k spent by the Company on the Bennerley Viaduct this financial year, a further £219k was spent maintaining the other structures of Railway Paths Limited.

Railway Paths Limited has put in hand works for walking and cycling routes on a large number of its properties during the year, either through its connected Charity, Sustrans Limited, or through the efforts of partner Local Authorities. The majority of the expenditure incurred on these works does not appear in the accounts, as they were funded by and controlled by other bodies. The land owned by the Company has acted as a catalyst to create useful and safe routes for communities.

Notable works, with an estimate of the total costs incurred by others, include:

	£000
• Ashbourne Tunnel which, surfaced and lit, now extends the popular Tissington Trail in the Peak District	50
• The Liversedge Branch completes the Spen Valley route to Ravensthorpe	400
• Larpool Viaduct at Whitby was surfaced and opened by Scarborough Borough Council	50
• Chester to Dee Marsh Junction was opened as a high quality route throughout by a combined partnership with Cheshire and Flintshire Councils	400
• The central missing span of Kendrum Viaduct was replaced as a key part of a 12 km traffic-free route up to Glen Ogle Head in Stirling District	500
• Our land at Monkton has now been used to make a long-awaited, traffic-free route from Troon to Prestwick	50
• Work on the Llanelli-Cynheidre branch up the Swiss Valley is complete and the route has been extended 4 km further by Sustrans' acquisition of land from the Coal Authority, to create an almost complete route from the Millennium Coastal Park to the Welsh Botanical Gardens at Middleton Hall	400
• Works at March , including a replacement bridge over the 20 ft river, have been completed by Cambridgeshire to make the route from Peterborough to Wisbech	200
• In Tameside, Apethorne-Godley has been complete to form part of the Trans-Pennine Trail.	150

As well as construction, a major effort this year has been made to complete the legal transfers to title of properties from BRB (Residuary) Ltd. We anticipate that these transfers will be completed in the coming financial year.

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 to the trustees, this would indicate a requirement of £1.5 million. Current funds stand at £1.33 million and the trustees therefore anticipate adding to reserves over the next few years.

Governance and risk 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 J. Cornell)
Sustrans Ltd	2 Directors (currently J. Grimshaw and M. Shepherd)

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 trustees meet at least 4 times a year, usually for 2 days to visit and inspect projects, review strategy and performance and to agree operating plans and annual budgets.

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. 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;
- the charity complies with relevant accounting standards.

As part of its normal procedures the trustees regularly review the risks facing the organisation. The primary risk facing the charity is that arising from its obligation to inspect and maintain structures, bridges, viaducts etc on its land. A robust inspection regime has been put in place, taking account of the standards implemented by the rail industry and local authorities, and reflecting the particular needs of the Company and the use made of the structures. This is backed up by a procedure for planned maintenance, and appropriate budgets are created.

Connected Charities

One of the objectives of the charity is to support the work of Sustrans Ltd, charity number 326550. Under the guidelines of the Charities SORP, Sustrans Ltd is a 'connected charity' as Sustrans can appoint 2 trustees of Railway Paths Limited.

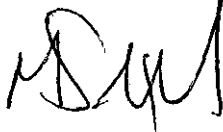
Sustrans, through its regional management structure, was contracted by Railway Paths Limited to carry out maintenance work and other services amounting to £19,184 in the year. The two Sustrans nominated employees are Mr J. Grimshaw and Mr M. Shepherd, both of whom are employees of Sustrans Limited.

Mr Chris Curling, a director of the Company, is a partner in Osborne Clarke, which acts as Solicitor for the Company. Mr Curling has no personal involvement in any of these day to day transactions. During the year the Company incurred fees of £21k from Osborne Clarke for work on the transfer of properties from BRB (Residuary) Limited to the Company.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board



Company Secretary

**Report of the auditors to the members of
Railway Paths Limited**

We have audited the financial statements on pages 7 to 12.

Respective responsibilities of directors and auditors

The directors who also act as trustees for the charitable activities of Railway Paths Limited are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

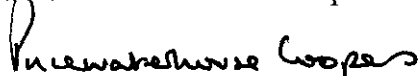
Basis of opinion

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 2001 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**

Chartered Accountants and Registered Auditors

Bristol

4 July 2001

**Statement of financial activities
for the period ended 31 March 2001**

Income and expenditure	Notes	Unrestricted Funds 2001 £	Unrestricted Funds 2000 £
Incoming resources			
Grant Income		2,862	-
Rental Income		131,392	171,174
Interest Received		75,859	84,421
Construction & Maintenance		108,400	64,693
Income from licences and other income		<u>62,390</u>	<u>76,049</u>
Total incoming resources		<u>380,903</u>	<u>396,337</u>
Direct charitable Expenditure			
Maintenance & repairs to structures:			
Inspections expenditure		44,676	29,573
Maintenance and repairs to structures		233,985	265,277
General Maintenance		24,543	23,397
Property Management		75,572	53,638
Legal costs		51,639	17,964
Insurance		<u>21,644</u>	<u>2,203</u>
		<u>452,059</u>	<u>392,052</u>
Other Expenditure			
Management & administration of the charity		6,615	17,215
Board Costs		886	980
Finance Costs		<u>105</u>	<u>45</u>
		<u>7,606</u>	<u>18,240</u>
Total resources expended		<u>415,165</u>	<u>410,292</u>
Net incoming resources		<u>(78,762)</u>	<u>(13,954)</u>
Fund Balances at 1 April 2000	2	<u>1,415,137</u>	<u>1,429,092</u>
Fund Balances at 31 March 2001		<u>1,336,375</u>	<u>1,415,137</u>

The above statement of financial activities relates entirely to continuing operations of the Company.

The Company 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 2001

	Notes	2001 £	2000 £
Fixed Assets	6	493	3,525
Current Assets	7		
Debtors		102,070	14,432
Cash at bank and in hand		<u>1,482,382</u>	<u>1,620,123</u>
		1,584,452	1,634,556
Creditors: amounts falling due within one year	8	<u>(248,570)</u>	<u>(222,944)</u>
Net assets		<u>1,336,375</u>	<u>1,415,137</u>
Unrestricted funds	10	<u>1,336,375</u>	<u>1,415,137</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 4 July 2001 and were signed on its behalf by:

Director



Notes to the financial statements for the period ended 31 March 2001

1 Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Statement of Recommended Practice, Accounting for Charities. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Cash flow statement

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

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'.

Incoming Resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Invoicing outstanding and grants claimable on the Company'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 and in these cases the element of payment in advance has been included in creditors.

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 use of resources.

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

Board costs of £886 reflect the cost of three annual meetings of trustees and cover the cost of travel and accommodation in attending these meetings.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives on a straight line basis. Freehold land is not depreciated.

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

The rates of depreciation utilised are as follows:

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

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.

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.

2 Net incoming resources

	2001 £	2000 £
Net incoming resources is stated after charging:		
Depreciation of tangible fixed assets	3,771	3,526
Auditors' remuneration	950	950

Rental income of £131,392 arises from the leases etc on a small number of properties owned by the Company and revenue from the placement of advertising hoardings.

Income from construction and maintenance of £108,400 reflects the contribution of other bodies towards the maintenance and upgrade of structures owned by the Company.

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 (excluding Board members) during the year was 3.

	2001 £	2000 £
Staff Costs:		
Salaries	60,157	57,023
Social Security Costs	<u>5,736</u>	<u>5,374</u>
	<u>65,893</u>	<u>62,397</u>

Under the Company's article of association, members of the Board are not permitted to receive remuneration from the Company.

No employee earns more than £40,000 pa.

5 Taxation

The Company is a registered charity and, as such, is not liable for corporation tax on any surpluses in the period.

6 Fixed assets

	Fixtures & Fittings	Total
	£	£
Cost at 1 April 2000	10,576	10,576
Additions	<u>739</u>	<u>739</u>
As at 31 March 2001	<u>11,315</u>	<u>11,315</u>
Depreciation as at 1 April 2000	7,051	7,051
Charge for the year	<u>3,771</u>	<u>3,771</u>
At 31 March 2001	<u>10,822</u>	<u>10,822</u>
Net book value		
At 31 March 2001	<u>493</u>	<u>493</u>
At 31 March 2000	<u>3,525</u>	<u>3,525</u>

7 Debtors

	2001	2000
	£	£
Prepayments	790	976
Accrued Income	63,038	-
Trade Debtors	37,391	13,182
Taxation	<u>851</u>	<u>274</u>
	<u>102,070</u>	<u>14,432</u>

8 Creditors: amounts falling due within one year

	2001	2000
	£	£
Trade Creditors	90,503	74,458
Accruals	149,417	101,362
Other Creditors including tax and social security	8,650	2,624
Receipts in advance	<u>248,570</u>	<u>44,500</u>
	<u>248,570</u>	<u>222,944</u>

9 Financial commitments

At 31 March 2001 the Company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings	
	2001	2000
Expiring within two to five years	2,302	1,852