

Railway Paths Limited

Report and financial statements for the year ended 31 March 2023

Charity and company limited by guarantee

Charity registration numbers 1070003 & SC039256

Company registration number 3535618

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Trustees' report

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 2023.

The Trustees have adopted the provisions of *Charities SORP (FRS 102)* (second edition - October 2019), the statement of recommended practice for charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), and the Companies Act 2006 and the Charities Act 2011.

Objectives and activities

The purposes and charitable objects of the Charity are summarized as:

1. Providing routes suitable for cycling, walking, horse riding, and wheelchair use.
2. Providing recreational facilities for social welfare.
3. Preserving and restoring heritage structures.
4. Environmental education and protection.

The main activities of the Charity centre on ex-railway assets comprising just over 750 structures located on approximately 950 hectares of land. The Charity raises funds to maintain and improve the assets and, leasing them to partners as public paths, preserves their heritage.

The Charity's strategy is to:

- Sublet land to partners who construct and maintain the paths, manage access, and maintain fencing and vegetation.
- Acquire ex-railway structures with an immediate prospect for use in a path. Dispose of land and structures not needed for a path or likely to be needed for future paths.
- Grant easements, wayleaves, servitudes, and sell marginal strips of land adjacent to paths without detriment to its charitable objects.
- Have core competencies in the conservation, inspection, and maintenance of ex-railway bridges and structures; estates management, land surveying and development; acquisitions, disposals, project and charity management.
- In the longer term, have its estate funded and managed as a public asset, either through permanent public sector funding, or by returning the estate to public sector ownership.

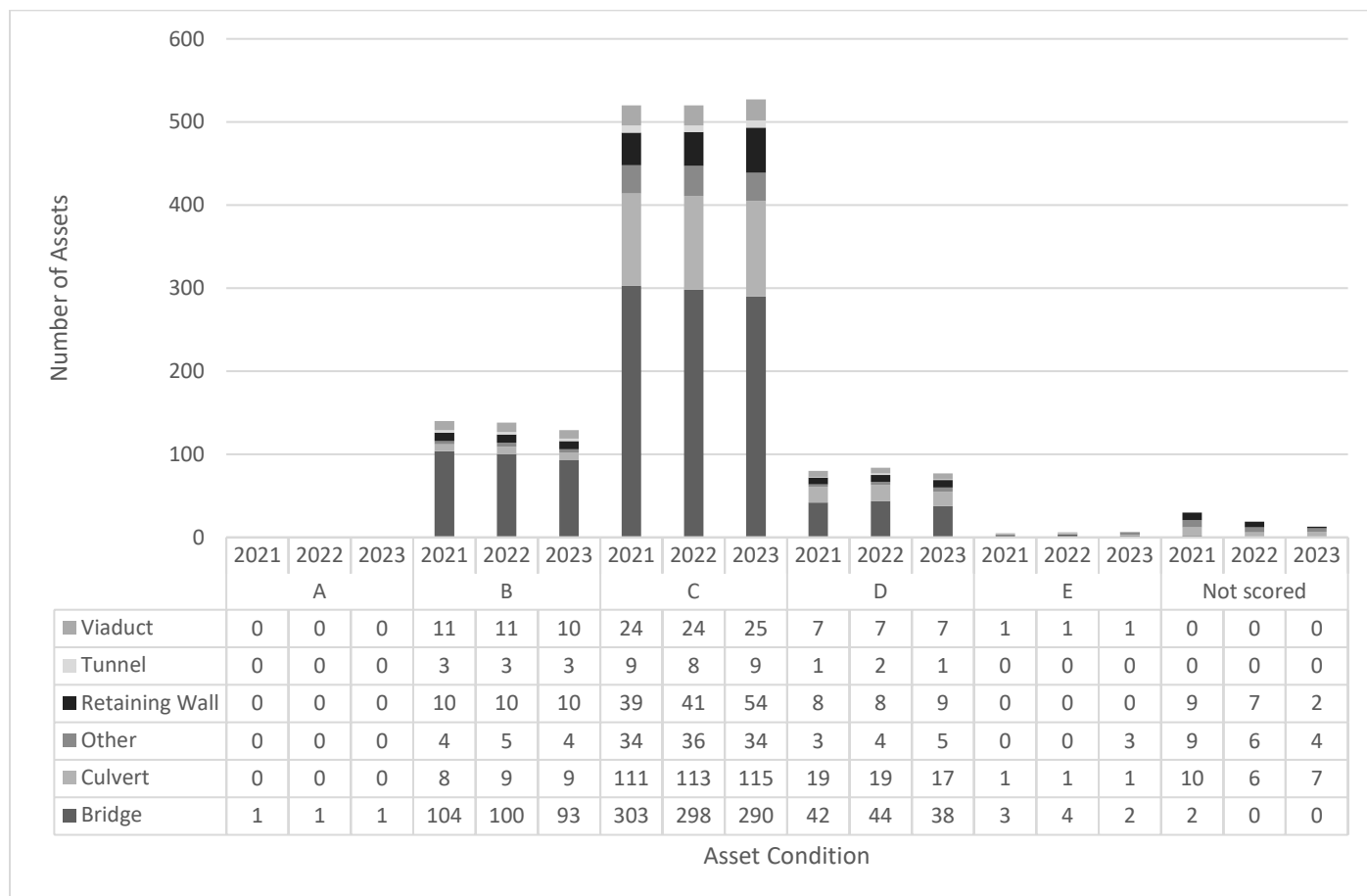
The Charity judges its success in terms of the length of land in use for paths, and the condition and safety of its structures.

According to best practice, the Trustees have conducted an exercise to ensure that public benefit criteria for charities, set out in the Charities Act 2011, are met. The Trustees judge the public benefit provided in terms of the number and condition of the structures maintained and the length of path made available by its leaseholders for free public use. No charge is made to the public and no private benefit results from the charity's activities. Consequently, the Trustees have concluded that although Railway Paths Limited does not make free supplies directly to the public, its purposes remain charitable, and Railway Paths Limited satisfies the public benefit test.

Achievements and performance

The Charity holds 145 parcels of land (2022: 150) approximately 950 hectares in area and 350 kilometres in length. 90 parcels of land (2022: 92) are being used for paths by Sustrans or another partner, approximately 755 hectares in area, and 280 kilometres in length.

The Charity inspected its 754 structures (2022: 768) in line with the Management of Highway Structures Code of Practice (2005). Structure condition is rated in five grades ranging from A to E. These grades, and the consequence of failure assessments, are used to help prioritise works.



A - Very Good - Full strength. In near 'as built' condition, well maintained. Examples include good paint, pointing, surfaces.

B - Good - Full strength. Superficial non-structural defects. Examples include effective paint protection, only minor cracks/spalls, mainly good joints, no movement, minor vegetation.

C - Fair - Within 90% of original strength. BE4 pass (the first standard to cover highway bridge assessment, BE4, was introduced to allow for 32 tonne vehicles). Defects affecting durability or marginally affecting strength. Safety not compromised. Examples include vegetation, open joints, paint failure, corrosion but only slight section loss, settlement.

D - Poor - Significant strength loss from original but still serviceable for current loadings. Marginal BE4 assessment. Defects significantly affecting strength and durability or marginally affecting safety. Examples include deep/extensive spalling, perishing, leakage, structural cracking, deformation, significant corrosion section losses, sub-standard parapets or safety fencing.

E - Bad - Requires a specific mitigation and management plan. Understrength for current loadings. Unstable or failed structure with significant risks. Significant safety risk if not managed appropriately. Examples include assessment failure, critical section loss, arch failure, gross settlement, no parapets.

During the financial year the Charity spent £825,677 (2022: £912,978) for the maintenance on structures where expenditure had been prioritised. The Charity has an analysis of maintenance expenditure required, which it has prioritised for future years. £601,009 (2022: £447,276) was spent on estate management and maintenance this year.

The Charity was pleased that two of its projects received National Railway Heritage Awards on 6 December 2022. Bennerley Viaduct won *The Chairman's Special Award* and Levenshulme Station won *The*

Southeastern Commercial Restoration Award. Other award-winning projects connected with Railway Paths were Wye Valley Greenway Tidenham Tunnel and The Bowline, Bowling Harbour.

The Bennerley Viaduct project ran from 2014 to 2022 and at a cost of circa £1.9m achieved: repairs to the existing structure and reconstruction of the eastern abutment; a graded all-access ramp at the western end; a walking and cycling deck with viewing points; an agreement for lease and management with The Friends of Bennerley Viaduct.

Bennerley Viaduct was the symbol used by Broxtowe Borough Council, supported by the Friends of Bennerley Viaduct, to secure £16,539,214 for their Kimberley Means Business bid to the Round 2 of the Levelling Up Fund. This money includes creating step-free access to the viaduct and boosting the cycle path network in the region.

Levenshulme South Station, on the Fallowfield Loop, owned by Railway Paths since 1998, underwent a major renovation of its external structure from 2018-2020 at a cost of circa £700k. In 2021, Station South (a community interest company) took a long-term lease on the building, continuing the renovation internally, and opening as a cycle cafe in March 2022. On 7 July 2023 Levenshulme South Station was sold to Manchester City Council for £250,000.

Very occasionally the Charity must demolish a bridge. In 2022 we demolished Marton bridge over the A423 near Rugby. The bridge was a road safety hazard: high vehicles had to pull into the middle of the road, often at speed, and the sightlines for oncoming traffic were poor. Planning permission was obtained, the local community consulted to minimize disruption, and the bridge was demolished in one weekend. The project was majority funded by the Department for Transport via the Historical Railways Estate managed by National Highways. Railway Paths was responsible for the project, achieving an on-time and under-budget outcome, at a cost of £456,910.

During the year the Charity received proceeds of £1,285,376 (2022: £825,467) for sales of land and other assets (nil net book value). Rental income of £82,576 (2022: £134,911) was received in the year.

The Charity has continued to make dormant railway assets 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. During these developments some maintenance work on structures owned by the Charity is undertaken by others in order to make routes safe for public use.

Financial review

Income for the year was £2,215,666 (2022: £1,502,246), an increase of £713,420 from prior year (Note 2), principally due to the disposal of a ground rent at Walton Vale (Liverpool), increased easement income, and the increased rate of disposals of unused land. Expenditure for the year was £1,426,686 (2022: £1,360,254), an increase of £66,432 (Note 3), the major item of expenditure being the demolition of Marton bridge.

The present funds of the Charity are all restricted funds. This restriction arises from the agreement between the Charity and British Railways Board (Residuary) Limited (BRBR) dated 26th September 2013. The description and purpose of the restricted funds is provided in Note 11. The Charity's income is derived from the assets transferred to it by BRBR and the Charity is therefore not presently able to build unrestricted reserves. The Trustees nonetheless recognise their responsibility to preserve and maintain bridges, tunnels and other structures which will have a useful life of some considerable time - certainly decades, possibly centuries.

At 31 March 2023 the Charity's reserves, all of which are restricted, were £1,939,396 (2022: £1,150,416).

The Trustees' policy on the restricted reserves of the Charity is to:

- Apply the reserves in the medium term to maintain the assets and the estate.
- Hold sufficient reserves (approximately £1m) to conduct an orderly wind-up of the charity.
- Add to the reserves through the granting of easements and the sale of assets not required for charitable purposes.

The Trustees monitor the movement and trend of General restricted funds. At 31 March 2023, General restricted funds were £1,939,396 (2022: £1,150,416) an increase of £788,980. The trustees continue a programme of sales of unused assets to fund ongoing operations.

The Charity sets future budgets to meet all planned costs from agreed grants, contractual rental income, and utilising its reserves. It does not plan the current year on the basis of receipts from disposals and easements, when these occur, they are added to the reserves and utilised in future years. Costs are controlled and routine maintenance planned on a long cycle. If unexpected costs were to exceed 10% of the Charity's reserves, there is a settled practice agreement for these exceptional costs to be funded by the Department for Transport.

The Trustees regularly review the investment policy to be applied to any cash deposits held by the Charity. Cash balances are largely required for working capital and to meet short- term obligations. Owing to the volatility of equity and other markets, the Trustees have for many years adopted a 'no market risk' investment strategy to safeguard the Charity's cash assets. Over the year the Trustees sought to minimise the exposure of the Charity by holding funds with more than one bank.

The Trustees acknowledge their responsibility to identify, manage, and, in so far as is practically possible, mitigate the risks to which the Charity is exposed. Current risks are reviewed at all board meetings, and a full update of the risk register happens annually. In seeking to identify risk, the Trustees consider the operations of the charity in five broad categories: strategic, external, governance, financial, and compliance. Risk are recorded in the Charity's risk register, scored for impact & probability, and mitigated with actions & controls.

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

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

Plans for future periods

When the charity was founded in 1998, it received ex-railway land from the British Rail (Residuary) Board Limited. This land was part of what was then characterized as the 'burdensome estate', the land left over from the privatization process and not needed for the operational railway. The Charity received approximately one eighth of the burdensome estate, the remaining seven eighths is now known as the Historical Railways Estate (HRE), owned by the Department for Transport (DfT) and managed by National Highways.

In the last year the Charity has agreed in principle (but not yet signed) a new Master Transfer Agreement with the Department for Transport to swap unusable assets from its portfolio for assets of equal value/liability from the Historical Railway Estate where there is a reasonable prospect for use. The first tranche of swaps for 2023 has been identified, and a second tranche of swaps for 2024 is being developed.

During 2022-23, the Charity conducted a strategic review. It identified that over the past twenty-five years it has brought nearly all its assets into use for public benefit. It considers these assets are now safe from the threat of abandonment or demolition. Whilst the property portfolio continues to yield an income through easements and marginal sales the Charity will continue to operate. However, the Charity now runs a significant public transport asset and views the future funding and management of that asset as part of the national infrastructure responsibility of the State.

Structure, governance and management

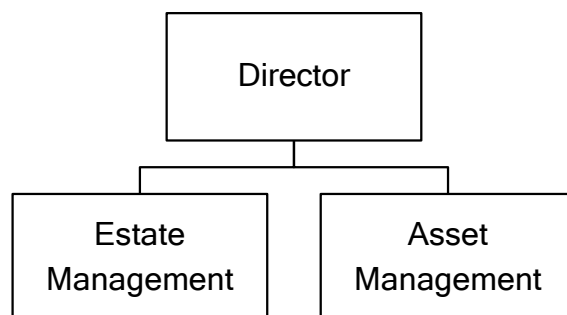
The governing document of the Charity is its Articles of Association dated 12 June 2023. The Charity is constituted as a Company Limited by Guarantee. Three organizations have rights to appoint trustees: the Secretary of State for Transport appoints one trustee, currently Richard Marshall; the Railway Heritage Trust appoints one trustee, currently Michael De Voil; Sustrans appointed two trustees, currently Michael Babbitt and Xavier Brice, but will reduce to one trustee when Michael Babbitt retires on 31 December 2023. Other trustees are appointed through a process of public advertisement, and are selected by decision of the board of trustees to ensure a range and balance of trustee skills and experience.

The induction for prospective trustees includes: briefing using Charity Commission guidance; interviews with key people; and attending board meetings where the detailed work programmes of the Charity and discussions concerning Trustees' roles and responsibilities are covered. The Trustees receive periodic updates and guidance on their role as Trustees of the Charity.

The Trustees met as a board 4 times during the year (2022: 4). Trustees monitor and have overall responsibility for:

- approving the strategy and operating plans of the organisation, together with the allocation of the necessary resources to achieve the defined objectives;
- ensuring that the Charity has appropriate systems of controls, financial and otherwise;
- keeping proper accounting records which comply with the Companies Act 2006 and the Charities' SORP;
- safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- providing assurance that the Charity is operating efficiently and effectively, carrying out a risk assessment to identify possible risks to the achievement of the Charity's objectives and establishing procedures, actions and systems to mitigate them.

The day-to-day operation of the charity is undertaken by its staff working within a schedule of delegation. At 31 March 2023 the Charity employed 11 staff (2022: 10), on average during the year this was the equivalent of 8.7 full time staff (2022: 8.3).



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

The remuneration of all staff (including senior/key management) is determined by pay scales. The Trustees determine an inflation related uplift applied equally across the scales.

Most of the Charity's land in public use is leased to Sustrans; accordingly, it works in close cooperation with Sustrans. The financial statements of Railway Paths Limited and Sustrans are not consolidated because neither organisation can exert control over the other. See Note 1n for the transactions between Railway Paths Limited and Sustrans.

Reference and administrative details

Charity name:	Railway Paths Limited, also referred to as Railway Paths.
Charity registration numbers:	1070003 (England & Wales) and SC039256 (Scotland).
Company registration number:	3535618.
Principal & registered office:	2 Cathedral Square, College Green, Bristol, BS1 5DD.
Trustees:	Michael Babbitt; Xavier Brice; Jonathan Chesebrough (Treasurer); Stephen Colclough; Michael De Voil; Terry Levinthal (Deputy Chair); Richard Marshall; Jeffrey Vinter (Chair).
Senior/key management:	Peter Green (Estate Manager); David Pemberton (Director); Paul Thomas (Asset Manager).
Main bankers:	Lloyds Bank plc, Bristol City Centre Branch, PO Box 1000, BX1 1LT.
Other bankers:	Virgin Money UK PLC. Jubilee House, Newcastle upon Tyne, NE3 4PL.
Independent auditors:	Crowe U.K. LLP, Fourth Floor, St James House, St James Square, Cheltenham, GL50 3PR
Solicitors (England & Wales):	Browne Jacobson LLP, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ.
Solicitors (Scotland):	Inksters Solicitors, Merlin Business Centre, 20 Mossland Road, Hillington Park, Glasgow G52 4XZ.

Trustees' responsibilities in the preparation of the financial statements

The Trustees (who are also the directors of Railway Paths Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

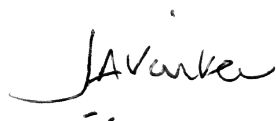
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As permitted by the Articles of Association, the Trustees have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Trustees' and Officers' liability insurance in respect of itself and its Trustees.

In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware. The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption provided by the Companies Act 2006.

The report on pages 3 to 9 were approved by the Board of Directors on 18 September 2023 and were signed on its behalf by:



Jeffrey Vinter
Chair

Independent auditor's report to the members and trustees of Railway Paths Limited

Opinion

We have audited the financial statements of Railway Paths Limited ('the charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context were taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

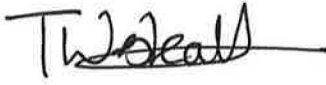
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence including that with the Charity Commission and Scottish Charity Regulator, designing audit procedures over the timing of grant and contract income, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been

undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor

For and on behalf of Crowe U.K. LLP Statutory Auditor
Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR
02 October 2023

Statement of financial activities for the year ended 31 March 2023

(Including Income and Expenditure account)

Note ref.		Total Restricted Funds 2023 £	Total Restricted Funds 2022 £
	Income from:		
	Charitable activities	376,438	439,850
	Investments	1,839,228	1,062,396
2	Total income	2,215,666	1,502,246
	Expenditure on:		
	Charitable activities	1,426,686	1,360,254
3	Total expenditure	1,426,686	1,360,254
5	Net income	788,980	141,992
	Reconciliation of funds:		
	Total funds brought forward	1,150,416	1,008,424
11	Total funds carried forward	1,939,396	1,150,416

All gains and losses recognised in the year are included in the Statement of Financial Activities. All income and expenditure relates to continuing operations.

There is no difference between the net income / (expenditure) for the years stated above and its historical cost equivalent.

The notes on pages 17 to 26 form part of these financial statements.

Balance sheet as at 31 March 2023

Note ref.		Total Restricted Funds 2023 £	Total Restricted Funds 2022 £
	Fixed Assets:		
7	Tangible assets	-	-
	Current Assets		
8	Debtors	110,873	618,677
	Cash at bank and in hand	2,165,911	1,244,774
	Total current assets	2,276,784	1,863,451
9	Creditors: amounts falling due within one year	(337,388)	(713,035)
	Net current assets	1,939,396	1,150,416
	Total net assets	1,939,396	1,150,416
	The funds of the charity:		
11	Restricted funds	1,939,396	1,150,416

The notes on pages 17 to 26 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime.

The financial statements on pages 14 to 26 were approved by the Board of Directors on 18 September 2023 and were signed on its behalf by:



Jonathan Chesebrough
Treasurer

Statement of cash flows for the year ended 31 March 2023

	2023 £	2022 £
Net income for the reporting period (as per the statement of financial activities)	788,980	141,992
Adjustments for:		
Decrease / (increase) in debtors	507,804	(515,580)
(Decrease) / increase in creditors	(375,647)	484,653
Net cash provided by / (used by) operating activities	921,137	111,065
Cash flows from investing activities:		
Decrease in investments	-	312,498
Net cash provided by investing activities	-	312,498
 Change in cash and cash equivalents in the reporting period	 921,137	 423,563
Cash and cash equivalents at the beginning of the reporting period	1,244,774	821,211
Cash and cash equivalents at the end of the reporting period	2,165,911	1,244,774

Analysis of cash and cash equivalents	2023 £	2022 £
Cash at bank and in hand	1,050,145	925,456
Notice deposits (less than 4 months)	1,115,766	319,318
	2,165,911	1,244,774

Notes to the financial statements for the year ended 31 March 2023

1. Principal accounting policies

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention in UK pounds sterling. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for charities, which is based on the Financial Reporting Standard (FRS) 102 effective from 1st January 2019, the Charities Act 2011, the Companies Act 2006, the Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently. The financial statements have been prepared on the basis that Railway Paths Limited is a public benefit entity under FRS102.

b) Going Concern

The Trustees have prepared a financial forecast to 31 March 2024, at this point cash-in hand will exceed annual expenditures for the following financial year, consequently, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements. The Trustees are not aware of any material uncertainties that cast doubt on the going concern assumption.

c) Fund Accounting

The funds of the Charity are all restricted funds - they can only be used for specific purposes and this is not at the Trustees' discretion.

The Charity was established in 1998 to take ownership of disused railway lines from BRB (Residuary) Ltd, formerly Rail Property Ltd. This responsibility was accompanied by a "capital bond" with the intention that the property, which includes many structures, bridges, etc. be maintained to an appropriate standard.

These transfers were all concluded at a nominal value recognising the longer term financial liabilities which became the responsibility of the Charity on acquisition. The Trustees have decided not to re-value land holdings because of the complexity and the resulting on-going costs which would be incurred.

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

Notes to the financial statements for the year ended 31 March 2023

d) Incoming Resources

Income is recognised in the statement of financial activities (SoFA) when a transaction or other event results in an increase in the charity's assets or a reduction in its liabilities. Income is only recognised when all of the following criteria are met:

- Entitlement - control over access to the economic benefit has passed to the charity.
- Probable - it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity.
- Measurement - the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Grants receivable - Grants from government bodies and other sources are received for specific projects and are recognised in accordance with their individual terms and conditions. Income is recognised when the charity has entitlement to the funds which is when any performance conditions attached are met, it is probable that the income will be received and the amount can be reliably measured. Grant income will be deferred if received in advance of meeting performance conditions or if the funder specifically states that the income must be spent in a future accounting period.

Rental and advertising income is recognised in line with the period to which it relates.

e) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Support costs are allocated on the basis of Full Time Equivalent (FTE) staff numbers.

f) Financial instruments

The charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

g) Tangible assets

Tangible fixed assets costing more than £2,000 are capitalised and included at cost. Freehold land and buildings were acquired at no cost. Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives on a straight-line basis. The rate of depreciation for IT equipment is 25% per annum.

Notes to the financial statements for the year ended 31 March 2023

h) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Income from grants is recognised when the charity has entitlement to the funds and any performance conditions attached to the grants have been met.

Provision for bad debts - Full provision is made where management consider the recoverability of trade debts to be low.

i) Maintenance

The Charity has a maintenance obligation over a number of disused railways where it owns the land and structures upon it. A planned maintenance policy is adopted with routine maintenance expenditure being funded from restricted funds. Significant short-term maintenance liabilities are provided for as and when they are identified.

j) Taxation

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

k) Pension costs

The Charity makes contributions to a defined contribution pension scheme on behalf of certain staff members. The cost of these contributions is charged to the SOFA as incurred. This scheme is available to all staff.

l) Cash

Cash includes UK bank balances available within 121 days.

m) Address and country of incorporation

Legal and administrative information is shown on page 8 of this document.

Notes to the financial statements for the year ended 31 March 2023

n) Related Party Transactions

As explained in the Report of the Trustees, Railway Paths Limited collaborates with Sustrans (Charity No 326550). In the interests of efficiency and cost minimization, Sustrans is contracted by Railway Paths to provide services to Railway Paths and vice versa. Charges are based upon the calculated marginal cost incurred in the provision of these services. Although the two organisations are not legally connected entities we have disclosed the transactions between the two organisations below in the interests of transparency.

During the year costs were incurred and recharged between the two charities as follows:

	2023	2022
	£	£
<u>Income</u>		
Services provided to Sustrans	67,793	40,909
Bought-in expense recharged at cost	226	105
Total	68,019	41,014
Outstanding as trade debtor at 31 Mar	15,298	27,366
<u>Expenditure</u>		
Services purchased from Sustrans	28,204	22,815
Bought-in expense repaid at cost	93,605	56,112
Total	121,809	78,927
Outstanding as trade creditor at 31 Mar	43,833	25,184

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

As explained in the Report of the Trustees, the Railway Heritage Trust exercises its right to appoint one Trustee. During the year a total of £nil (2022: £280,000) was received from the Railway Heritage Trust.

As explained in the Report of the Trustees, the Department for Transport exercises its right to appoint one Trustee. During the year a total of £376,438 (2022: £nil) was received from its agent, National Highways.

There were no other related party transactions during the year ended 31 March 2023.

Notes to the financial statements for the year ended 31 March 2023

2. Income

	Restricted Funds 2023 £	Restricted Funds 2022 £
Income		
Income from charitable activities		
Grants for the preservation of structures, buildings, and land	376,438	439,850
Income from investments		
Realised gains on disposal of land and other assets	1,285,376	825,467
Rental income	82,576	134,911
Advertising income	25,034	15,193
Interest received	14,951	2,161
Income from Easements	325,000	30,000
Recovery of legal costs	38,272	9,951
Recharge to Sustrans	68,019	41,014
Other income	-	3,699
	1,839,228	1,062,396
Total income	2,215,666	1,502,246

3. Analysis of expenditure on charitable activities

	Activities undertaken directly £	Staff costs £	Support costs £	Total 2023 £	Total 2022 £
Bridge maintenance and management	695,019	111,206	19,452	825,677	912,978
Estate maintenance and management	262,027	290,740	48,242	601,009	447,276
	957,046	401,946	67,694	1,426,686	1,360,254
Total 2022	941,410	360,178	58,666	1,360,254	

Notes to the financial statements for the year ended 31 March 2023

4. Support costs

	Bridge maintenance and management	Estate maintenance and management	Total 2023	Total 2022
	£	£	£	£
Insurance	13,037	32,333	45,370	45,309
Governance	2,452	6,082	8,534	281
Audit	1,164	2,886	4,050	3,950
Finance, HR & IT	2,799	6,941	9,740	9,126
	19,452	48,242	67,694	58,666
Total 2022	20,622	38,044	58,666	

5. Net income

	2023 £	2022 £
This is stated after charging:		
Governance costs (the Trustees of the Charity are not paid):		
Travel and associated expenses incurred by 8 (2022: 9) Trustees for attendance at meetings	2,416	281
Fees payable for statutory audit	4,050	3,950
Provision of trustee liability insurance	1,000	1,000

Notes to the financial statements for the year ended 31 March 2023

6. Employee information

Average full time equivalent (FTE) number of employees	2023 Number	2022 Number
Charitable Activities		
Bridge maintenance and management	2.5	2.9
Estate maintenance and management	6.2	5.4
	<u>8.7</u>	<u>8.3</u>

During the year ended 31 March 2023 the average monthly number of employees was 11 (2022: 11).

Staff costs (for the above persons):	2023 £	2022 £
Wages and Salaries	339,907	308,666
Social Security costs	32,994	28,935
Employer's pension contributions	29,045	22,577
	<u>401,946</u>	<u>360,178</u>

All roles are scored according to the Hay Job Evaluation system and graded accordingly. No employee earns more than £60,000 per annum.

The aggregate cost of employing the senior/key management personnel (salary, social security, and employer's pension costs) was £175,494 (2022: £161,824).

Outstanding pension contributions at the year-end were nil (2022:nil)

Under the Articles of Association, members of the Board are not permitted to receive remuneration from the Charity.

Notes to the financial statements for the year ended 31 March 2023

7. Tangible Assets

The net book value of fixed assets amounted to £nil at year end (2022: £nil), following disposal of all tangible fixed assets in the year ended 31 March 2021.

Tangible fixed assets costing more than £2,000 are capitalised and included at cost.

Freehold land and buildings were acquired at no cost, recognising the long-term financial liabilities which became the responsibility of the Charity on acquisition. The Trustees have decided not to re-value land holdings because of the complexity and the resulting on-going costs which would be incurred.

8. Debtors

	2023 £	2022 £
Trade debtors	90,582	588,169
Accrued income	580	-
Taxation	-	1,672
Sundry debtors and prepayments	19,711	28,836
	<u>110,873</u>	<u>618,677</u>

Notes to the financial statements for the year ended 31 March 2023

9. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	99,396	130,423
Accruals and other creditors	67,803	35,108
Deferred income - income invoiced in advance	130,987	536,908
Taxation and social security	39,202	10,596
	337,388	713,035
	2023 £	2022 £
Deferred income brought forward	536,908	37,355
Income deferred in the year	58,987	536,908
Amounts released from previous reporting periods	(464,908)	(37,355)
Deferred income carried forward	130,987	536,908

10. Financial Instruments

	2023 £	2022 £
<u>Financial Assets</u>		
Cash at bank	2,165,911	1,244,774
Trade debtors (settlement amount after trade discount)	90,582	588,169
<u>Financial Liabilities</u>		
Trade creditors (settlement amount after trade discount)	(99,396)	(130,423)
Accruals and other creditors	(67,803)	(35,108)

Notes to the financial statements for the year ended 31 March 2023

11. Restricted funds

	Balance 1 April 2022	Income	Expenditure	Balance 31 March 2023
	£	£	£	£
General restricted funds	1,150,416	1,839,228	(1,050,248)	1,939,396
Project restricted funds	-	376,438	(376,438)	-
	<u>1,150,416</u>	<u>2,215,666</u>	<u>(1,426,686)</u>	<u>1,939,396</u>

	Balance 1 April 2021	Income	Expenditure	Balance 31 March 2022
	£	£	£	£
General restricted funds	809,515	1,062,396	(721,495)	1,150,416
Project restricted funds	198,909	439,850	(638,759)	-
	<u>1,008,424</u>	<u>1,502,246</u>	<u>(1,360,254)</u>	<u>1,150,416</u>

General restricted funds comprise the capital bond and subsequent income and expenditure related to the assets transferred to the charity in 1998 by BRB (Residuary) Ltd, formerly Rail Property Ltd, and subsequently the Department for Transport, in various tranches and phases.

Project restricted funds are the income and expenditure where the funder has restricted the grant or donation to a distinct project or activity.

The charity has no unrestricted income, expenditure, or reserves.

12. Limitation by guarantee

The Company is limited by guarantee and does not have any share capital. The liability for members in the event of winding up is limited to an amount not exceeding £1 per member.