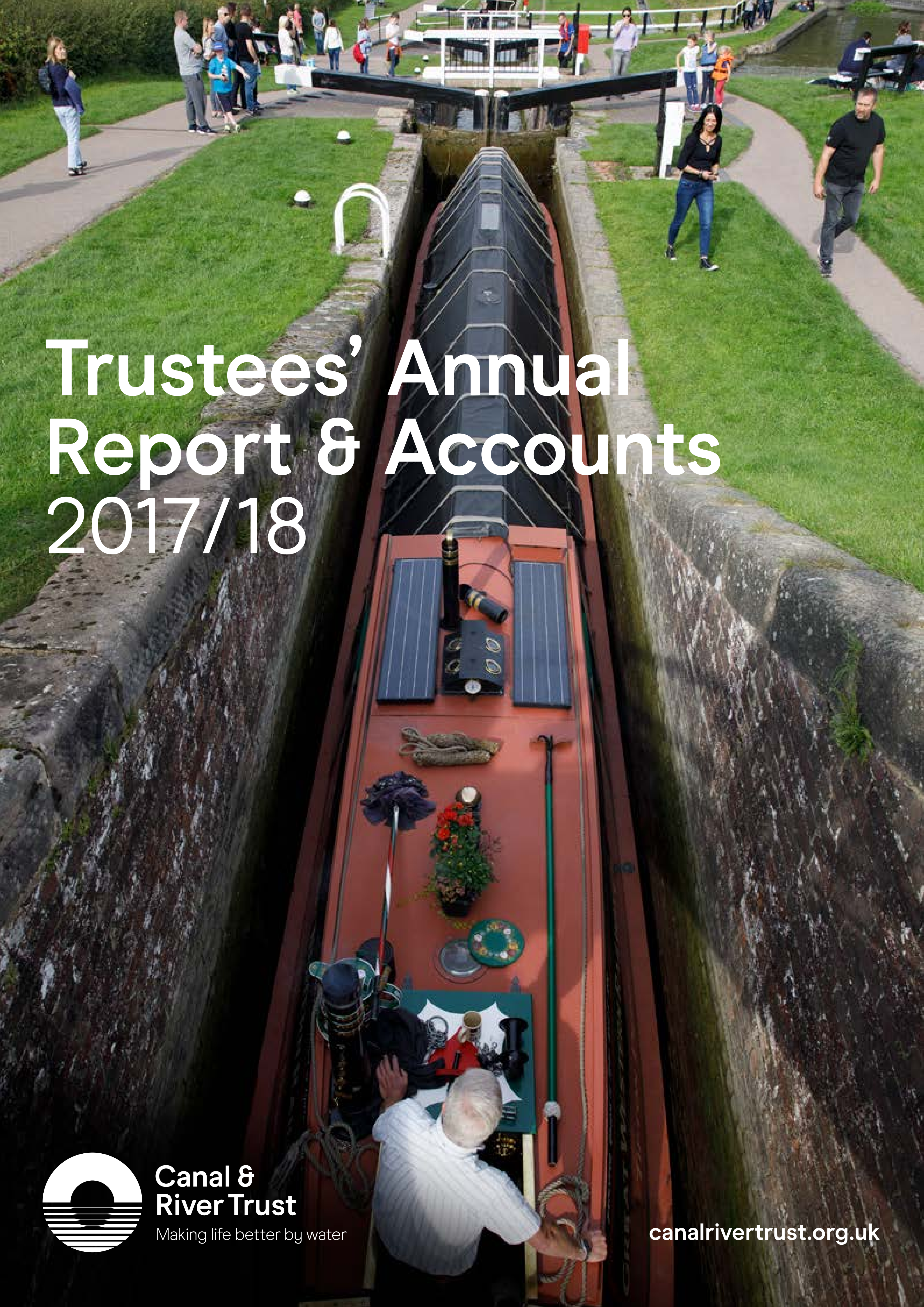


Trustees' Annual Report & Accounts 2017/18

Canal & River Trust
Making life better by water

canalrivertrust.org.uk

We are the charity that cares for and brings to life 2,000 miles of canals and rivers across England and Wales. Used and enjoyed by people both on and off the water, we believe waterways have the power to make a positive difference to our lives, and evidence is mounting that spending time by water makes us healthier and happier. By bringing communities together to value and help us care for their local waterway, we are creating places and routes that can be used and enjoyed by everyone, every day.

Many different people and organisations make this work possible – our grant from Government, fees from boat owners and businesses, our investment and commercial income, lottery funds, corporate and local authority partnerships, thousands of donations from members of the public, and our dedicated volunteers who gave us over 600,000 hours of their time – we are grateful to them all. Together we are creating living waterways that transform places and enrich lives, delivering greater wellbeing to millions.

Annual Report 2017/18
Contents

Introduction from Chair & Chief Executive

Richard Parry Allan Leighton

The Trust celebrated its fifth birthday last year, and we can look back with some satisfaction at how far we have come in the relatively short time since we were created as a new charity to care for the canals and river navigations across England and Wales.

We have achieved strong financial performance, established ourselves as a trusted guardian of the historic inland waterways network, and developed a new range of ways to promote and re-purpose them for the benefit of people and communities. The waterways' traditional role for navigation for boats remains central – albeit mostly for leisure and residential use today, rather than for industry – but the difference they can make to the nation's wellbeing is now widely recognised.

"Our vision is to enrich lives, and that demands that we engage and involve the public in our work."

This annual report describes another year of progress: the overall condition of our network continues to improve year-on-year, and we strive to improve the quality of the experience we offer to users, both on the water and using the towpath.

Our volunteer growth has been spectacular since 2012, with the time given by our dedicated volunteers exceeding 600,000 hours in the past year. Equally importantly, 96% of our volunteers would recommend the Trust as a place to volunteer, and the growing range of activities carried out by volunteers at the Trust complements and enhances the essential work that our experienced and skilled colleagues carry out.

Since 2012 the Trust has laid a firm financial foundation, and our strong investment performance – growing the value of our investments (net of related debt) from around £480m when we were launched to over £750m today – has beaten all comparative benchmarks to support the long-term funding we need to care for the network. Together with our vital Defra grant, and the important contribution from boat licence holders and inland marine businesses, our annual income now exceeds £200m. As a not-for-profit charity this means that, in turn, we can spend record amounts on the care and repair of our waterways. This year we've borrowed £150m of long term debt (and drawn the first £100m) at a low fixed interest rate which we can invest to earn higher returns (and hence additional net income) while maintaining low gearing.

Our vision is to enrich lives, and that demands that we focus on how to engage and involve the public in our work and in enjoying the waterways. Much of what we do is rooted in local community activities with 225 'adoptions' now on-going. These adoptions empower local people to introduce their own ideas to shape, and take pride in, their valued local places.

Our volunteer Waterway Partnerships have helped us to forge links with the authorities and agencies around us, so that we align our 'offer' with local needs and priorities. This year sees the 'changing of the guard' as many of the original Partnership Chairs and members reach the end of their terms, and as we re-constitute the Partnerships as Regional Advisory Boards, we are extremely grateful for the commitment that these founder members have shown since 2012.

With an open and easily accessible 2,000-mile waterway network, much of which runs through densely-populated areas, we remain acutely conscious of the potential risks to our customers and the public and work to reduce them as far as we can, in partnership with other authorities and agencies.

“Our waterways have a very special place in the public’s affection”

Notwithstanding our progress, as we look around us at an uncertain economic and political landscape, we know there is no time to rest on our laurels. The historic waterways in our care have proven their resilience over two centuries but, as the canal breach on the Shropshire Union Canal at Middlewich, and the failed lock wall at Marple, have reminded us in the past year, they are also inherently fragile, in need of constant care and attention; and, with such old infrastructure, such risks can never be entirely eradicated. We must continue to be vigilant in our ongoing stewardship of such nationally-important infrastructure, and in making our case for future funding.

Our waterways have a very special place in the public’s affection, but we need to instil a greater belief in their value to us all today, to reach out and connect with a wider range of people in the villages, towns and cities around us, to convince them of the need to extend their support to the Trust, so that the waterways will be cared for in perpetuity.

To establish rigorously the evidence of the wider benefits of waterways, we have developed a programme of research and reporting which will provide robust data on the impacts and outcomes we provide. Our first Outcomes report, ‘*Waterways and Wellbeing*’, was published in September 2017 setting out the framework we will use to gather and structure our outcomes measurement, work that will be critical for our approach to Government and other potential funders in the years ahead.

We know that we must embrace change ourselves, so that we truly become an agile and responsive charity and ensure that the Canal & River Trust is fit to face the challenges ahead. We are focusing our resources into six regions, each with their own Regional Director, to enable us to deliver more effectively at a local level and streamline and align our national teams to better support local delivery.

As we move into 2018/19, we have re-launched the Trust’s brand identity, to signal our changes, to reach new audiences, and to better reflect our ambition to be a charity for the waterways *and* wellbeing, making life better by water for all those who use them, providing a ‘natural health service’ for all. Any change can be challenging, but as we look to our long-term future, we know that it is vital to deliver this transformation to secure our goal of thriving and cherished waterways, for future generations to enjoy.

Allan Leighton
19 July 2018

Richard Parry

Richard Parry
19 July 2018

Right: Birmingham City Centre, Birmingham Main Line Canal

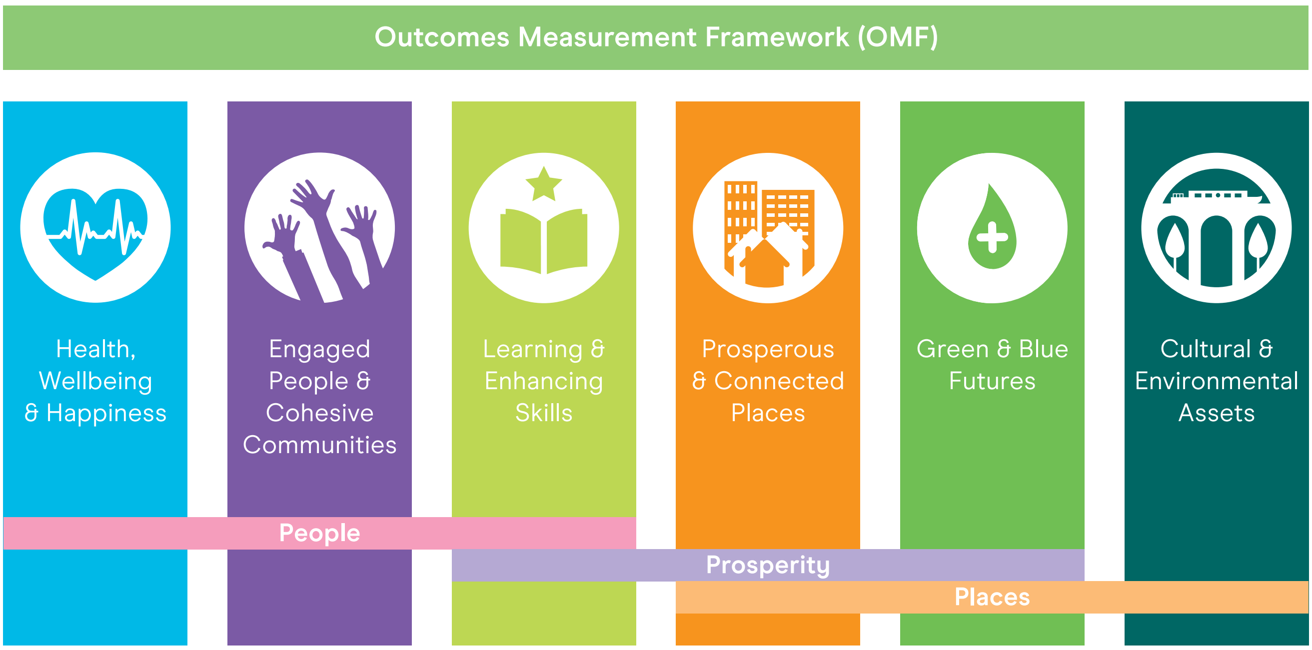

Official Merch
Official Merch

Capturing the benefits of our waterways

For years, anecdotal evidence has shown that the nation's waterways have a positive impact on people's lives. In order to better capture and quantify the benefits that waterways make to personal, community and societal wellbeing, we have introduced an Outcomes Measurement Framework.

Developed with Cardiff University's Sustainable Places Research Institute, the framework encompasses six interrelated outcomes which we will use to measure the contribution that waterways and our work make to the social, economic, cultural and environmental wellbeing of individuals and communities that we serve in England and Wales.

This robust and transparent evidence-based approach will mean we can track trends, improve our insight and performance and demonstrate how we are helping to meet Office for National Statistics measures of national wellbeing and the Welsh Government's wellbeing goals and national indicators. This first report was published in September 2017. Over the coming year, we will monitor our progress against these outcomes and will report on our progress in autumn 2018 (further detail on the Outcomes Measurement Framework can be found on pages 50 and 51).



Our performance

In addition to our Outcomes Measurement Framework, we continue to measure our performance against our 10 year strategy with reference to a number of key performance measures. The key ones are listed below:

Defra Waterway targets – improving our waterways/assets (Defra targets are explained in more detail on pages 48 and 49)	2016/17 Actual	2017/18 Actual	2017/18 Target
Towpath condition Grade C or better*	78.5%	79.7%	>60%
Principal assets grade C or better*	86.6%	86.8%	>77%
Condition of flood management assets grade C or better*	99.0%	99.0%	>96%

Waterway measures	2016/17 Actual	2017/18 Actual	2017/18 Target
Boating customer satisfaction**	76%	70%	72%
Visitor satisfaction	85%	91%	86%
Regular visitor numbers to reach each fortnight (from our monthly surveys)	4.3m	4.3m	4.5m
Public safety measure – number of reported incidents on our network	382	313	350
Internal safety measure – accident frequency rate expressed as number of accidents per 100,000 hours worked	0.26	0.09	0.24
Number of days of unplanned navigation closures within our control (individual instances over 48hrs)	549	490	400

Employee and engagement measures	2016/17 Actual	2017/18 Actual	2017/18 Target
Employee engagement (those answering positively to six key engagement measures)	66%	68%	68%
Volunteer satisfaction	94%	96%	90%
Volunteer hours	540,700	616,300	600,000
People aware of the Trust	33%	36%	40%
Friends actively donating to the Trust each month	20,600	24,100	28,500
Number of children reached through our education programme	92,700	81,700	75,000
Community adoptions	181	225	220
Diversity – % employees Black, Asian and minority ethnic***	N/A	5.1%	5%
Diversity – % senior management female***	N/A	22%	25%

* A structure in condition A is in a good state of repair and one in condition E is in a bad condition.

** Customer satisfaction amongst our boat licence holders is based on the March 2018 survey which includes all new boaters since 2016 so is not fully representative of the boating population. Customer satisfaction across the three waves of our surveys since 2016 together is 71%

*** 2016/17 actual not available as measure was adopted during the year.

Propensity to support the network was set as a target in 2016/17 but has not yet been adopted so is excluded

Delivering service

We want everyone who uses and visits our canals and rivers to enjoy an excellent experience, whether they're on the water or the towpath, or visiting one of our museums or attractions.

Our visitor numbers again reached an average of 4.3 million regular users every two weeks in 2017/18 and our towpath customer satisfaction scores exceeded our target at 90%.

Left: Richmond Court, Chester, canal adoption

Right: Our *Share the Space* campaign encourages people using the towpath to show consideration for each other

"Our '*Share the Space, Drop your Pace*' campaign… aims to encourage all towpath users to be considerate of others"

We know that providing a clean, well-managed and attractive environment for users is key to the waterways' popularity and continue to build on the pioneering work of our Manchester & Pennine Waterway Partnership in securing the first Keep Britain Tidy Green Flag Award for a working canal in 2016, which is the benchmark national standard for publicly accessible parks and green spaces in the UK. We have applied the same approach to other waterways and now have over 160 miles of canal with Green Flag status, including the entire 87-mile length of the Kennet & Avon Canal, the longest ever awarded, with Green Flags also flying over sections of the River Lee Navigation, the Chesterfield Canal, the Shropshire Union Canal, and the Peak Forest Canal, as well as the Macclesfield Canal.

Our work is only possible thanks to the increasing support we receive from volunteers and local community groups. In 2017/18 we received over 600,000 hours of volunteer support (up 14% from last year), and we welcomed a record 914 volunteer lock-keepers. More community groups are coming forward to care for their local canal or river, we now have 225 canal 'adoptions', building a greater sense of community involvement in caring for their local waterways.

Our *Share the Space, Drop your Pace* campaign, which aims to encourage all towpath users to be considerate of others, continued with a series of 'roadshow' events around the country – many featuring 'Bobby' a three-dimensional uniformed 'sleeping policeman' cut-out.

Above: Cyclists chat to Explorer volunteers

Safety is at the heart of everything we do. As an open network with millions of users, we are acutely aware of the need to make our towpaths and waterways as safe as possible. We work with our partners to promote water safety and address key safety risks, especially in areas with high numbers of visitors, and undertake ongoing risk assessments for both navigation and public use. In the run up to Christmas, we also joined with the Royal Life Saving Society in a national campaign to warn people of the risks of being near water when under the influence of alcohol, targeting the busy canalside bars in particular.

During the year, we recorded 313 reported public incidents on our network, this was an improvement on 2016/17 (down by 18%). The proportion of those incidents attributable to an infrastructure fault or failure rose slightly to 9% (or 29 incidents) compared with 7% (27 incidents) in 2016/17. The year also brought 39 fatalities on the network, a slight reduction over recent years, and in line with the national picture for water-related deaths. Whilst many are related to alcohol or substance misuse, the Trust works diligently to reduce risks; three tragic deaths involving young people in Sheffield, Beeston (Nottingham) and Manchester have led to additional safety measures.

Customer satisfaction amongst our boat licence holders in March 2018 was 70%, in the third wave of our three year survey, giving an average of 71% across the three years 2016–18 (over which the sample was designed, with all new boaters since 2016 included this year). This is slightly below our target and the Trust is committed to addressing any areas where we can make improvements for our boating customers.

During the year we undertook two major consultations with our boating customers, generating a strong response, reflecting the passionate involvement of large numbers of our boating customers. Our consultation on shaping the future of boat licensing drew 11,000 responses and as a result we are implementing changes to increase fees for wider boats, phased in from 2020.

We also undertook a local consultation on how to manage the pressure on London's increasingly busy waterways, with nearly 2,000 people responding. The outcome was published in 2018 and the implementation will take place over the next few years.

Key to boaters and the public is effective waste collection and vegetation management. Our service contractors incurred around £8m of vegetation and

Above: Volunteer Lock Keeper, Leeds & Liverpool Canal

environmental management – cutting 6.5 million square metres of grass, spending circa £2m on tree management, £1.4m on off-side vegetation and more than £1m on aquatic weed and reed management. Our contractors also undertook 27,000 customer service facility cleaning visits and 40,000 litter/dog bin empties on our towpaths.

During the year we experienced a range of incidents that tested our responsiveness, culminating in March 2018 with a serious breach on the Middlewich branch of the Shropshire Union Canal that will close the canal for the bulk of 2018 whilst significant repairs to re-build the embankment are undertaken. The end of the year also saw a major pollution incident on the River Lee Navigation when an estimated 20,000 litres of oil entered the water from the adjoining Pymmes Brook (outside the Trust's control). This sparked a major clean-up operation and closed the navigation for nearly five weeks. March also brought some of the coldest weather of the year with our teams working in sub-zero conditions to minimise disruption from the heavy snowfall on parts of the network.

The earlier part of the year had seen water shortages on areas of the network after a prolonged dry period left our reservoirs and ground-water levels well below normal. This culminated in the closure of a stretch of the Grand Union Canal Leicester Line for 15 weeks, as well as a number of restrictions on other parts of the network before the wetter weather in the final quarter enabled levels to recover.

Caring for our waterways

The largest part of our expenditure is dedicated to maintaining and repairing the waterway infrastructure in our care, much of which is over 200 years old and still in active use.

In 2017/18 our core spending on caring for the waterways rose to £132m. Our total spend on asset repairs fell slightly as 2016/17 included exceptional levels of fully funded work recovering from the 2015 floods. Our overall measure of asset condition improved once more with 87% of assets categorised as A–C on our asset condition assessment.

“We have continued to broaden the work of our volunteers to do more significant repair works, including brickwork repairs, hedge-laying and off-side vegetation this year.”

Highlights in the year included:

- A six-month, £1.5m programme, largely funded by Cheshire West and Chester Council, to repair and strengthen the 84-year old Acton Swing Bridge near Northwich
- The completion of a ten-year programme to regenerate and open up east London’s Bow Back Rivers with the £2.0m restoration of Carpenters Road Lock in Queen Elizabeth Olympic Park (thanks largely to funding from the Heritage Lottery Fund and the London Legacy Development Corporation)
- A £1.4m safety project to replace the draw-off valve and reline the culvert at Upper Bittell reservoir in Worcestershire, with reservoir works totalling around £4.2m
- A £380,000 dredging project to remove around 14,000 tonnes of silt from Canning Half Tide Dock in Liverpool
- A £2.9m West Yorkshire Combined Authority-funded programme of towpath improvements to improve cycling and walking access along four of West Yorkshire’s canals. We also received nearly £3.8m for projects in Birmingham and the Black Country to enable more people to enjoy these traffic-free routes
- Over £2.5m on our national grouting programme to address lock and embankment leakage and improve customer service
- Nearly 160 major projects delivered including 38 dredging schemes
- 777 planned repair work packages, and 240 arising repair projects, delivered by our Direct Services team, including 175 lock gates manufactured and fitted

Left: West Yorkshire towpath improvements start of work

Above: Carpenter's Road Lock, London

Left: Dredging on the Regent's Canal, London

Below left: Lock gate installation, Lancaster Canal

“This year we have delivered 96% of our Planned Preventative Maintenance on our Mechanical & Electrical Assets on schedule.”

Much of our work is preventative, to provide a check on an asset ahead of any failure emerging, and this year we have delivered 96% of our Planned Preventative Maintenance on our Mechanical & Electrical Assets (typically swing and lift bridges, and lock mechanisms) on schedule.

Notwithstanding our rising core expenditure and our improving application of the principles of long term asset management as our asset strategy evolves, the considerable age of our infrastructure, much over two centuries old, means that we do suffer significant asset failures that require immediate intervention. Lock 15 on the Peak Forest Canal’s Marple flight had to be closed in September 2017 after a lock wall was found to have moved such that the lock had become un-usable. This was a significant factor in us missing our target on unplanned closures in the year, (with 490 days lost against the target of 400, though this remains a significant improvement since the Trust was created). We have taken advantage of the extensive closure to undertake a full £2.1m ‘makeover’ of the whole Marple lock-flight during the extended canal closure, with wash-wall, lock and towpath improvements as well as new heritage railings on the aqueduct, partially funded by the players of People’s Postcode Lottery.

This year we also began to scope a longer-term capital refurbishment programme for the Trust’s fleet of workboats, bringing them into a more integrated management plan.

We have continued to broaden the work of our volunteers to do more significant repair works, including brickwork repairs, hedge-laying and off-side vegetation this year. Our Heritage Lottery Fund (HLF) supported project to restore part of the Grantham Canal in partnership with the Grantham Canal Society has seen great progress on re-building lock 15 during the year as work moves to focus on the restoration of lock 14.

We have spent much of the year working with partners including the Severn Rivers Trust and the Environment Agency to shape our stage 2 HLF bid for the major ‘Unlocking the Severn’ programme to install fish passes at four weirs on the River Severn (and two on the River Teme) to enable the Thwaite Shad to return to the upper stretches of the river. Our stage 2 submission for this £22m project was submitted in March 2017.

We have continued our engagement with the High Speed 2 (HS2) programme to ensure the impact on the waterways is mitigated and have submitted a petition against the phase 2A Bill seeking to resolve our remaining concerns.

Beyond HS2, we engage with other third-party activities that would impact on the waterways and have successfully secured total income in this area during 2017/18 of £2.4m.

Investment & income

We made good progress during 2017/18 in generating income from commercial, statutory and voluntary sources to support expenditure on our waterways.

“The first phase of our project to regenerate the area around the Icknield Port Loop in central Birmingham has been given the green light.”

Left: Icknield Port Loop regeneration (artist’s impression)

Our investment portfolio, comprising property, non-property and joint ventures investments, is now valued at a combined £867.2m, with growth of over 10% during the year.

The property portfolio exceeded the market benchmark return, delivering 15% per annum annualised average returns over the last five years against the benchmark of 11.2%. The non-property portfolio also exceeded its benchmark, with a cumulative annual 8.3% total return since inception in 2014. This year we also took advantage of the current low rates of interest to raise £150m of long term debt through a private placement, paying down short-term debt from the proceeds and allocating the remainder for investment. Once this additional investment is placed, we anticipate generating circa £2m net profit per annum from the debt to fund our works.

The first phase of our project to regenerate the area around the Icknield Port Loop in central Birmingham has been given the green light and work has started on site to deliver more than 200 houses and apartments (phase one of a long-term plan for nearly 1,500 units) by our joint venture partners, Urban Splash and Places for People. Waterside Places LLP and H2O Urban LLP. Our partnerships with Muse Developments and bloc respectively also made good progress towards delivering transformational developments in Brentford, Manchester, north London (Tottenham), Birmingham and Rickmansworth amongst others.

Our utilities and water sales teams surpassed their income targets for the year, generating a net £27m, as well as providing valuable routes for telecommunications and other utility service providers; surface water drainage services; and raw water sales to water companies and commercial users.

“Further generous donations from the Desmond Family Trust have enabled us to continue the roll-out of the Coast-to-Coast Canoe Trail”

In partnership with Barn Energy, we have opened hydro-electricity plants at Kirkthorpe and Knottingly which will generate enough power for 1,100 homes for the next century, while also protecting migratory salmon and eels. We are progressing a further scheme at Cromwell Weir on the River Trent which, if approved and built, will be the largest low head hydro scheme in the UK, generating enough electricity to power around 2,500 homes a year whilst also delivering a reliable income stream for the Trust.

The waterways continue to benefit from the support of the players of the national lottery, including £2.5m grants from the Heritage Lottery Fund (HLF) for our partnership with the National Trust to regenerate the Grade II* listed Roundhouse building in Birmingham, and to restore further stretches of the Montgomery Canal on the Welsh border. The Arts Council England granted £314,000 from their Museum Resilience Fund towards our work to safeguard the historic boat collection at our National Waterways Museum in Ellesmere Port, the most comprehensive collection in the country and designated of national significance.

Our partnership with players of People’s Postcode Lottery has continued to provide invaluable support with significantly increased grants totalling £2.6m last year as the Trust became a direct beneficiary partner, which went towards a range of projects.

Partnership funding with local and national Government has enabled various towpath improvements around the country, including: £1.4m from Rural Development Programme for England; £2.9m from City Connect; £0.4m from Highways England; and £1.3m from the Government’s National Productivity Investment Fund.

Our boating customers and boating businesses continue to be vital financial contributors and in 2017/18, licence income, mooring fees and rents raised £46.6m, around 23% of our total income, with estimated boat numbers continuing to nudge steadily upwards (by 2.0%). Licence evasion last year was at its lowest-ever level, with 96.9% of boats holding up-to-date licences in our comprehensive national boat survey (up from 96.3% in 2016/17). There are additional long-term moorings available, with two new residential moorings sites approved in London, and third-party provision is also increasing with two new privately-owned

Above: Desmond Family Canoe Trail, Leeds & Liverpool Canal

marinas completed in the West Midlands and the South East. Towards the end of the year we started to explore the potential sale of our wholly-owned marina subsidiary, British Waterways Marinas Limited, which we believe will inject private sector investment into the business and waterway network in general, and release Trust funds to pursue other investment opportunities.

We now have more than 24,000 Friends, who support our work through regular donations, contributing over £1.5m to our work in 2017/18. This was below our ambitious target for the year, albeit still achieving over 15% year-on-year growth. Further generous donations from the Desmond Family Trust have enabled us to continue the roll-out of the Coast-to-Coast Canoe Trail on the Leeds & Liverpool Canal. Since the initiative launched, our dedicated team has created over 100 miles of canoe trail and opened hubs in Bootle, Burscough, Wigan and Burnley, engaging nearly 1,500 young people, 97% of whom have indicated that the project has helped to improve their confidence and 98% of whom have reported improved wellbeing through their involvement.

Delivering wider outcomes and public benefits

This year we launched *Waterways & Wellbeing*, our first Outcomes report exploring the ways in which waterways and our work can improve the social, economic, cultural and environmental wellbeing of the individuals and communities of the nations that we serve.

“With 8 million people on our doorstep, within 1km of a Trust waterway, the scale of our impact can be huge.”

For the first time we are now able to build a robust evidence base demonstrating how our canals and rivers, and the work that we do to care for them and promote their use, helps to transform places and enrich lives.

Our report *Assessing the wellbeing impacts of waterways usage in England and Wales*, produced in partnership with social impact consultancy group Simetrica in May 2018, revealed that simply spending time by the waterways can make you happier and improve your life satisfaction, with an equivalent estimated social wellbeing value of £3.8bn per year

This independent research report based on survey work undertaken during 2017/18, also highlighted that associated benefits of visiting a canal or river increase with the length of visit, with research showing higher levels of happiness and lower levels of anxiety for longer trips and that any visit to a waterway is associated with higher levels of life satisfaction, and visiting regularly is associated with even higher levels of life satisfaction.

With 8 million people on our doorstep, within 1km of a Trust waterway, the difference that waterways and the Trust can make is huge, and we developed a number of programmes this year to extend our reach.

Our 225 community adoptions encompass a broad range of groups including Market Drayton Prison, Mid-Cheshire SUP (Stand Up Paddle) Boarders and Pocklington Canal Amenity Society joining during the year.

We are working with an increasingly wide range of community groups, an example being the involvement of Syrian refugee and beekeeping expert Dr Ryad Alsous at Standedge Tunnel in West Yorkshire, supporting a project helping refugees and local job seekers.

Our *Community Roots* programme, funded by Esmée Fairburn and the players of People’s Postcode Lottery, has made significant advances in engaging with communities in central Birmingham – with six new community ‘adoptions’ from across the city’s diverse population – and in growing environmental volunteering in eastern Greater Manchester, where the project attracted almost 1,000 new volunteers who surveyed 10 miles of waterway and delivered a number of environmental enhancements.

Left: East London Waterways Festival

“Over 80,000 children participated in one of our Canal & River Trust ‘Explorers’ face-to-face education sessions during the year.”

Heritage Heroes, our collaboration with Help for Heroes, funded by players of People’s Postcode Lottery’s Dream Fund, has given injured veterans the chance to gain new heritage and environmental skills, experience and qualifications while restoring the nation’s canals and creating accessible public spaces.

The Trust continues to promote active everyday participation both on and alongside our waterways, with hundreds of thousands of people becoming more active because of the access to local routes that our waterways and towpaths provide.

Above: Two Arms & Two Legs running festival

Our second flagship running event *Two Arms on Two Legs* on the Grand Union Canal Aylesbury and Wendover Arms (backed by Sport England and the players of People’s Postcode Lottery) attracted 758 runners (300 more than in 2016), and we have been awarded £230,000 from Sport England’s ‘Active Ageing’ fund for an engagement project with older people in Cheshire. Also in Cheshire, we launched our ‘natural health service’ through working with local health providers.

Over 80,000 children participated in one of our Canal & River Trust ‘Explorers’ face-to-face education sessions during the year. These sessions are delivered by our volunteers in schools, at our museums and on the waterside. We are also growing our partnerships with other youth organisations and have developed a ‘canal badge’ with Girlguiding and are continuing to work with the Scouts ‘Million Hands’ project where local scout groups set up ‘pocket adoptions’ to increase their social action.

With support from Rolls Royce PLC, we launched our new ‘STEM’ learning programme for science and engineering at the Cheltenham Science Festival in June.

Visitors to our national waterway museums at Gloucester and Ellesmere Port were up on last year by 39% at 48,000, in spite of both museums being closed for periods of

Top: Explorers volunteer & school children, Coventry Canal

Left: Good Gym canal adoption

Right: National Waterways Museum Gloucester

the year for refurbishment and improvement works. We completed the restoration of the Severn barge *Sabrina 5* as a new learning and meeting space, and our new 'historic-design' barge *George* (both funded by the HLF and Department for Culture, Media & Sport / Wolfson Trust funds) has been carrying out museum outreach work on the Leeds & Liverpool Canal with communities between Liverpool and Wigan.

At Stonebridge Park on the River Lea in London, with support from a Tesco Bags for Life grant, we have revitalised the run-down Waterside Centre into a community café and hub with active volunteers and adoption groups, and regular engagement with local community groups such as Action for Kids. And in Blacon, Cheshire, one of our angling taster sessions led to an ongoing partnership with a deprived local community and a Bank of America adoption.

In East London we completed the decade-long, transformation of the Bow Back Rivers from derelict and dangerous backwaters into a centrepiece of the Queen Elizabeth Olympic Park with the opening of the Carpenter's Road Lock. A major event celebrating the re-connection of the waterspace in August attracted large crowds.

Growing our support

Prompted public awareness of our brand grew to an average of 36% (up from 33% last year), following a series of marketing, publicity and social media campaigns and events.

Our *Adoptions* campaign in April 2017 was our second highest performing media story ever, securing 186 episodes of coverage across BBC TV, Sky News and commercial radio stations. Traffic to the canal adoption web pages increased almost 20-fold on the same period in the previous year and we saw a significant increase in new volunteers joining the Trust following the campaign.

Opposite page: 'Virtual reality' technology is helping us reach out to new audiences

Left: Crick Boat Show

"We also drew record numbers of people to Crick Boat Show and contributed to a string of successful festivals during the year."

The summer's *Let's Fish* campaign reached half a million people through our digital channels and we gained over 1,100 new supporters. Our annual visitor marketing campaign reached around 4 million people, resulting in almost 20,000 new supporters. The final campaign of the year, *Open Days* which includes a series of events based around our key infrastructure repair projects and this year featured 'virtual 3-D hubs' and a 'gig in a lock', attracted 16,000 visitors. We also drew record numbers of people to Crick Boat Show and contributed to a string of successful festivals during the year including at Milton Keynes, East London, Sheffield and had a significant presence at Manchester's Pride event to celebrate the Rochdale Canal's significant role in the heart of the city.

This success resulted in our Communications & Campaigns Team winning the 'In-House Team of the Year' at the PR moment Awards 2018.

“Our national Arts on the Waterways programme received a boost…with Arts Council England and Arts Council of Wales grants of over £1m.”

We are however some way below our long term target to reach 75% public awareness. During the year we undertook a thorough review of our brand to better align it with our strategic direction and our brand re-launch in May 2018 will provide the platform to widen the Trust’s reach, so that more people know and understand who we are.

Our national *Arts on the Waterways* programme continues to flourish by providing artists with time and space along our canals and rivers where they can slow down, research and make ambitious new work in response to social, environmental and heritage issues. The programme, which is helping to transform places and enrich lives is also helping to engage diverse communities with these spaces, and change attitudes to our waterways. This year, the programme received a further boost with Arts Council England and Arts Council of Wales grants of over £1m. Projects range from *Super Slow Way* in Pennine Lancashire to *The Ring* in Worcestershire, as well as *Hinterlands*, a series of local community arts projects across the network. We also welcomed Nancy Campbell as the new *Canal Laureate*, a partnership with the Poetry Society.

We regularly host visits by MPs, Peers and Local Authority leaders. Our reception in the Palace of Westminster attracted over 40 Parliamentarians. We also hosted our first floating drop-in centre at the Local Government Association conference in Birmingham, meeting local authority delegates from across the country.

Above: Hydrosiren,
Regent's Canal

Left: Lucy McLauchlan Mural,
Grand Union Canal

Developing the Trust

We continued our progress to become a more effective and efficient organisation in 2017/18, committed to working more economically, whether in the energy we use, the processes we operate, or the way we structure our organisation.

As part of this commitment, we began the reorganisation of our Executive and Senior Management teams towards the end of the year, to increase our focus on local engagement and delivery, and to streamline and simplify the organisation, concluding our formal consultation in March, with significant reductions in Senior Management numbers.

© Jane Russell

Left: Canal & River Trust colleagues **Above:** Canal & River Trust boat 'Jena' at Hayes Canal Festival

"we have continued to invest in our leadership, management and apprenticeship programmes"

Aligned to the strategic direction of the organisation, we have continued to invest in our leadership, management and apprenticeship programmes to enhance the capability of our people and to strengthen our 'pipeline' for succession planning so that we are equipped with the skills we need for the future.

Understanding and knowledge of traditional canal skills is vitally important to ensuring our waterways remain open for everyone to use and enjoy. As well as ensuring these skills are preserved, our apprenticeship programmes provide local training and employment opportunities to the next generation.

We have made positive progress in tackling barriers to getting things done, supporting actions to deliver improved mental health and embracing diversity in order to make the Trust a place where everyone can work happily, without fear of bullying, harassment or discrimination. Over the past two years we have established four employee network groups covering gender, diversity, disability and LGBTQ to support a culture where we openly discuss and promote greater inclusion and provide a forum for colleagues to get involved. We have also delivered campaigns and training to address bullying and harassment, and raising awareness of, and support for, people with mental health


Canal & River Trust

“Fundamental to our success is our ability to attract, retain and motivate our people to be at their best.”

issues so everyone feels welcome at the Trust. Our commitment to gender equality across the Trust is reflected in our first Gender Pay Gap Compliance Statement, published this year, which demonstrated a negative mean salary differential of –3.6% (and a median –13.8%) as at 5 April 2017, with average female salaries being higher than the average male salary. Our percentage of female Senior Management is disclosed for the first time this year at 22%, slightly below our target of 25%, reflecting the coincident timing of a small number of female senior managers retiring or moving on to take on new opportunities outside the Trust.

Fundamental to our success is our ability to attract, retain and motivate our people to be at their best, and our *Growing our Trust* engagement programme continues to enable colleagues across the Trust to raise issues and remove obstacles to unlock our potential to do more. Our colleague surveys continue to provide us with valuable information and during the year indicated gradual improvement across most measures.

Our drive to make improvements can also be seen in our health and safety performance, where we have reduced our Accident Frequency Rate for colleagues, volunteers and contractors to below 0.10 for the first time, with the number of RIDDOR* incidents falling by 65% compared with the prior year. We held our first national health and safety conference in autumn 2017 and repeated our successful week of ‘Safety Stand Down’ days for our Asset Delivery teams, which launched a focus on reducing slips, trips and falls.

* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

The welfare of children, young people and adults at risk visiting our waterways is of paramount importance. All colleagues and volunteers receive Safeguarding training as part of their induction and we have a Safeguarding steering group which is chaired by our chief executive.

Our operational property team has undertaken a review of the 1,065 operational buildings in our ownership, from small stores to more significant offices and depots, to identify which require further investment and which are surplus to requirements and could be developed, leased or sold.

We have continued to deliver our Green Plan improvements around energy use and reducing other environmental impacts. The Trust was accredited for CO_2 reduction by the Carbon Trust in 2014, re-certified to the Carbon Trust Standard in 2016, and has continued to improve, reporting a further 3% reduction in 2016/17 (the last reporting year). Our progress was highlighted in the *Fit for the Future* Network’s annual report, with our energy saving converted into the equivalent of ‘twelve hand-crafted new lock gates’.

Standedge Tunnel Visitor Centre won a coveted Silver Award from the Green Tourism Board for excellence in energy and water efficiency, waste and recycling, and our overall ‘green values’.

Left top: One of our waterway operatives crosses the Pontcysyllte Aqueduct, on the Llangollen Canal, Wales

Left below: Colleagues took part in Manchester’s Pride Festival

Wales

Glandŵr Cymru, the Canal & River Trust in Wales, is proud to have a distinctive Welsh identity and is pleased that our approach has had such resonance with the people who enjoy and benefit from our canals.

Our approach in Wales relies on the advice and support of Bwrdd Glandŵr Cymru, now fully established, and making the Trust's presence felt with key people and partners in Wales.

Above: Monmouthshire & Brecon Canal

“volunteers worked with our ecologists to develop the Guilsfield Arm of the canal into a haven for nature and plantlife”

With funding from the Welsh Government, in August we published our first *Waterways and Wildlife* prospectus. Written in collaboration with Ruth Feber from Oxford University’s Wildlife Conservation Research Unit, the document establishes a framework to consider the role the natural environment of the canals in Wales plays within the wider landscape. The methodology developed through this project is now being rolled out across all our waterways in England as well as Wales. The report has been welcomed by Welsh Government and is already being used by other groups including Keep Wales Tidy.

The Montgomery Canal restoration continues with the help of HLF funding, alongside £370,000 invested by Welsh Government in towpath improvements. We are also encouraging more people to care for and enjoy this historic waterway. Over the winter period, volunteers worked with our ecologists to develop the Guilsfield Arm of the canal into a haven for nature and plantlife, and a home for the rare aquatic plants which flourish on the canal. We reached an agreement with the 113 year old Llwydiarth & Darlach Angling Association to create a base on the canal. And we held our first ‘international’ duck race where rubber ducks raced along Chirk Aqueduct which is part of the boundary between Wales and England.

On the Swansea Canal, the canal society has acquired ‘the missing lock’ at Clydach, reopened the towpath and begun restoring the lock itself.

Implementation of licences for previously exempt water abstractions over the next few years is a concern for us given its potential impact on the Monmouthshire & Brecon Canal which, since it opened over 200 years ago, has received 90% of its water from the River Usk. We are continuing to work with the Wye & Usk Abstraction Group to identify an affordable way to support the canal’s vital water supply alongside other uses, and conservation value.

Thanks to £104,000 from Visit Wales’ Tourism Infrastructure Support Scheme, the Pontcysyllte Aqueduct and Canal World Heritage Site will see a new car park and renewal of all business signage. In partnership with Solutia, the major landholder, and Wrexham CBC, we launched a public consultation with local residents and business owners to test ideas and priorities for the development of the visitor experience and wider area.

Our collaboration with Arts Council of Wales continues. Following the final exhibition – *Navigations: Art as Research* in July we have embarked on a new project, *Hinterlands*, in Torfaen. This arts-led project seeks to re-engage local people with the canal and encourage greater participation.

Finance Review

Financial Activity	2017/18 £m	2016/17 £m
Income	204.9	202.9
Expenditure on raising funds	(45.2)	(41.2)
Net income available for charitable activities	**159.7**	**161.7**
Charitable spend	(153.0)	(156.9)
Net Income before gains and losses	**6.7**	**4.8**
Gains on investments	42.1	48.4
Net Income	**48.8**	**53.2**
Pension actuarial gains/(losses)	21.3	(66.8)
Taxation credit	-	0.7
Net Movement in Funds	**70.1**	**(12.9)**

Overview

Income: Increased across all main income streams except third party funded regeneration projects where income last year benefitted from exceptional regeneration receipts for essential work following the winter floods in 2015. This year regeneration income is £10.2m lower but strong performance in other business areas has more than offset this.

Expenditure on raising funds: Increased primarily due to an increase in service charge expenses which are rechargeable to our tenants.

Charitable spend: Decreased primarily as in 2016/17 additional third party regeneration funds were received and spent relating to the exceptional 2015 winter floods. Charitable spend excluding third party funded regeneration projects spend has increased by 5% in the year.

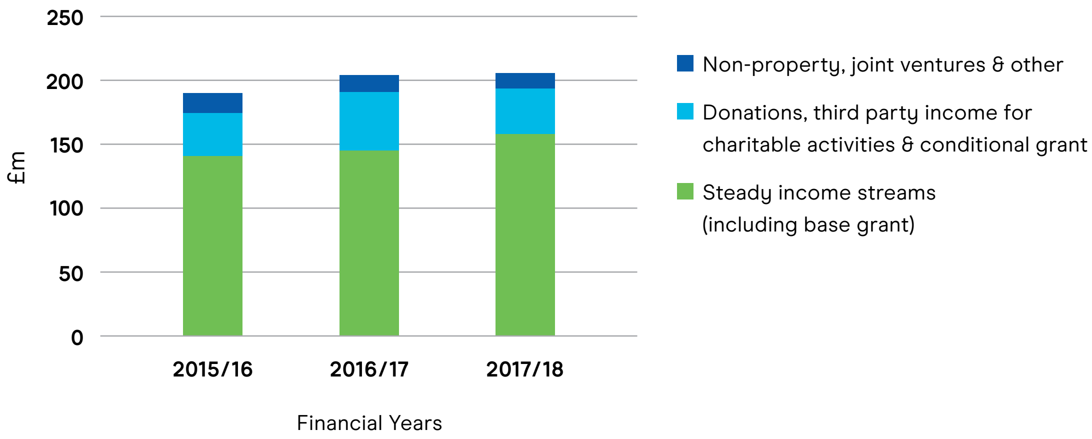
Net income before gains and losses: Increase primarily due to additional returns from joint ventures, boating and utilities.

Gains on investments: Reduced by 13% although this is against an excellent performance in 2016/17 and considerable gains were still recorded on our property portfolio this year. Non-property investments achieved lower growth than in 2016/17, but still showed gains and performance has comfortably exceeded its annualised growth target over the four years since inception.

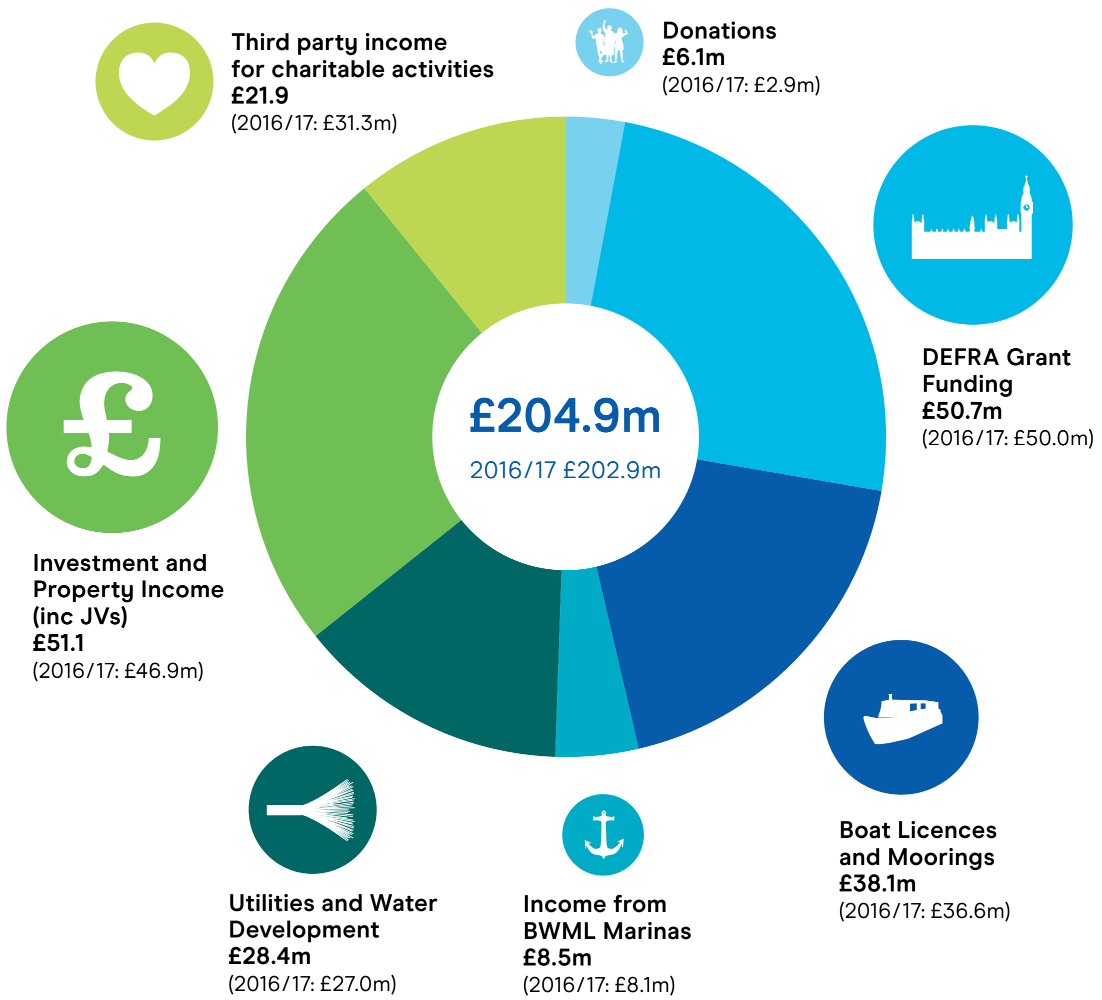
Pension actuarial gains/(losses): Actuarial gain during the year. This was driven by a decrease in scheme liabilities in our closed defined benefit pension fund, due to lower inflation assumptions and updated mortality factors coupled with the additional £5.0m one-off contribution paid in May 2017 as part of the 2016 triennial deficit recovery plan.

Income

The Trust is unusual in the charity sector as it generates around 60% of its income from commercial sources with around 3% from donations. It also has a large proportion of its total income from reliable income sources:

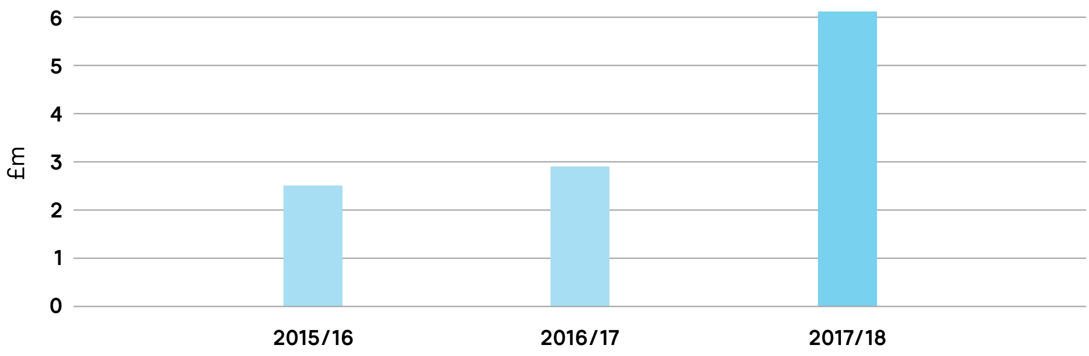


Income sources can be summarised as follows:



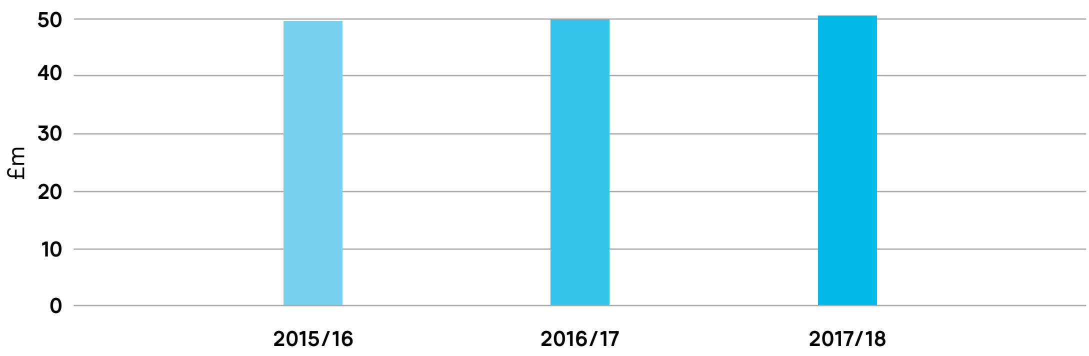
Donations: The Trust became a direct beneficiary of the People's Postcode Lottery during the year, raising a net £2.6m from three draws.

We have also increased the number of "Friends" regularly supporting the Trust from 20,600 to over 24,000.



The effect of both these has seen income grow to £6.1m, an increase of £3.2m from last year.

Defra grant funding represents amounts due under the grant agreement dated 2 July 2012. Part of this income is conditional based on performance criteria being met, described further on pages 48 to 49.



Under the agreement, the core amount due in 2017/18 was £40.7m, with an additional £10m received due to satisfactory performance against these performance conditions. The core grant amount rises every year in line with the GDP deflator (to reflect inflation); the conditional element of the grant remains at £10m until 2022 when it starts to reduce, such that total of core plus conditional grant remains unchanged.

Boating and moorings income is analysed further below:

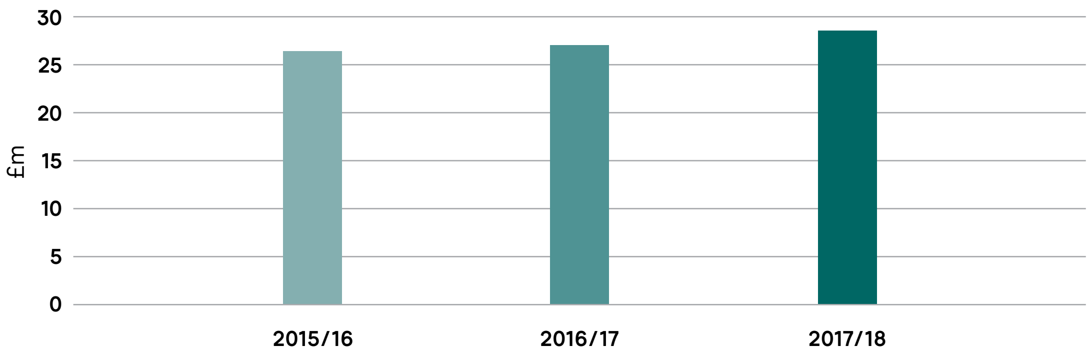
	2017/18	2016/17	% change
Boat licences			
Boat licence income	£20.4m	£19.6m	4.1%
Number of boats with a licence at 31 March*	34,207	33,536	2.0%
Income per private 12 month licence (annualised)	£630	£620	1.6%
Income from mooring permits	£6.2m	£5.9m	5.1%
Boating Trade	£10.0m	£9.7m	3.1%
Income from BWML Marinas	£8.5m	£8.1m	4.9%
Other	£1.5m	£1.4m	7.1%
Total Boating and Moorings Income	£46.6m	£44.7m	4.3%

* excludes licences for 1 month or less

Boating trade income is received from boating businesses undertaking trading activities on the waterways.

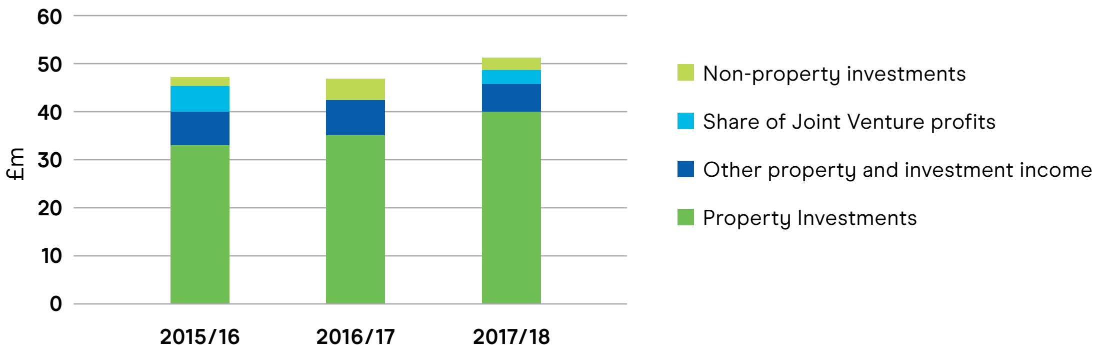
The increase in income from BWML marinas is helped by strong occupancy levels and the continued success of prime London sites.

Utility and water development income. Utility income is received from third parties who use the towpaths or bridges for their infrastructure cables for data, telecoms or electricity. Income from water development arises through abstraction of water from the canal as well as discharges of excess water into the canal and the use of water for heating and cooling of buildings.



Investment and Property income including JVs is derived from the Trust's protected endowment fund.

Overall income has grown considerably, with each key area considered separately below.



Non-property investments: The total return on the Trust's portfolio reduced in 2017/18, having had a record performance in the previous year. Non-property investment performance is discussed in more detail on page 40.

Share of Joint Venture profits: The main joint venture interests of the group, Waterside Places LP and H20 Urban (No2) LLP, engage in waterside property developments from which a share of income is derived.

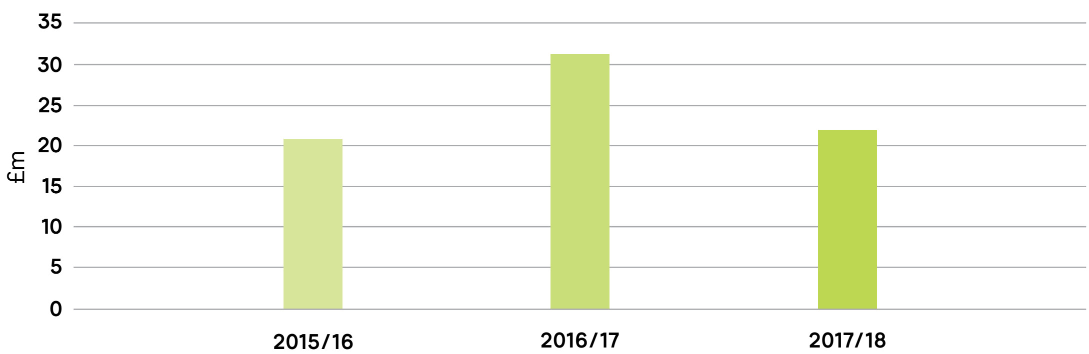
Within both ventures a number of significant schemes moved further through the development pipeline which will see sales volumes and profits in future periods.

Other property and investment income includes wayleaves and interest receipts. The slight decrease in this category is owing to a fall in wayleave income and the closure of the Reinsurance captive to new business at 31 March 2017.

Property investments form the largest part of this income line – being rents and premiums from our large property portfolio which has performed consistently well over the past three years.

The increase in income against prior year is due primarily to additional capital employed early in the financial year from funds on deposit at the previous year end pending investment.

Third party income for charitable activities represents amounts received for third party funded regeneration projects, along with funding from local and national partners to regenerate and restore the waterways. Museums and visitor attractions run by the Trust also generate charitable income.

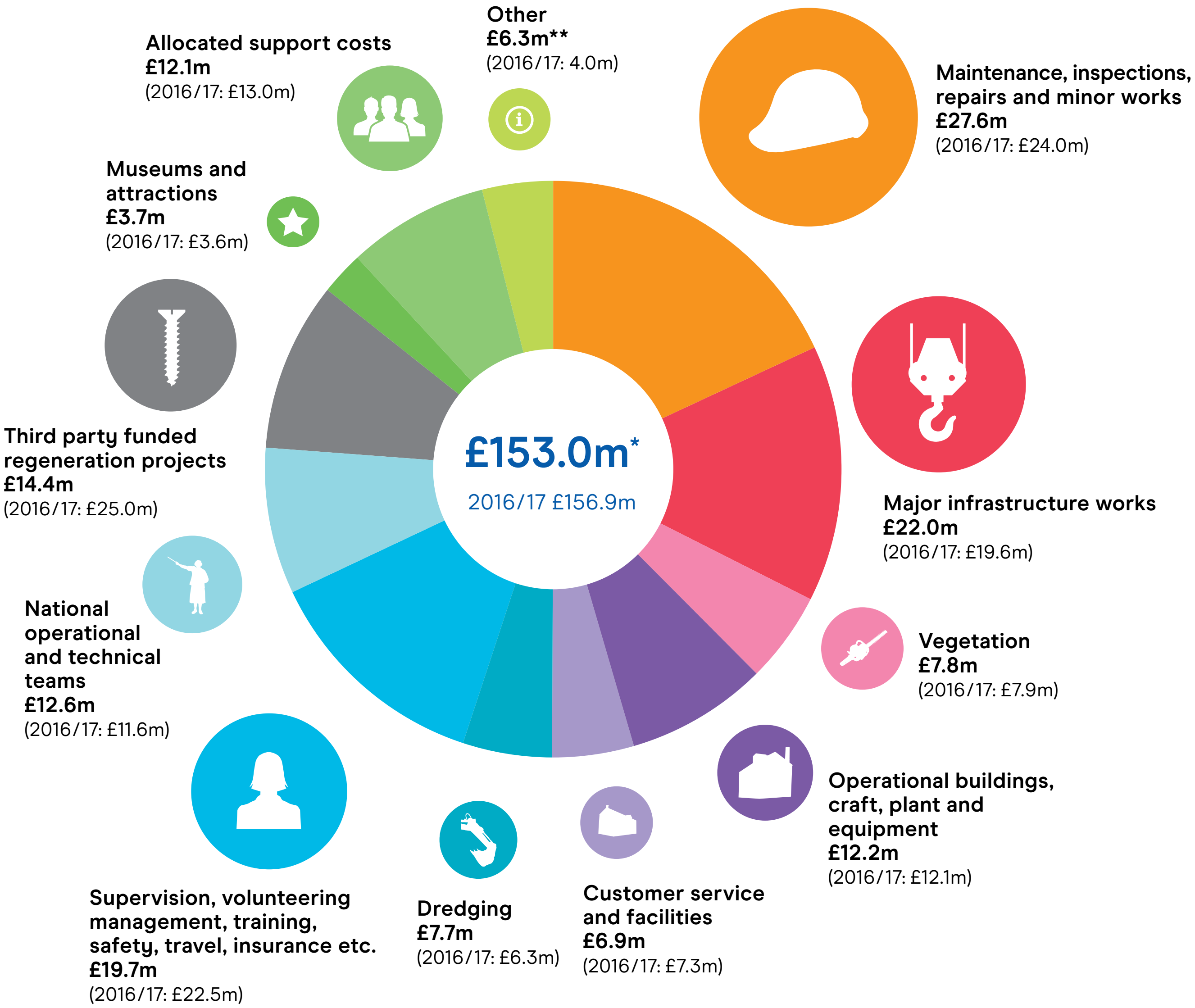


Significant funds from partners such as the Heritage Lottery Fund, alongside Local Government growth/productivity funding helps contribute to this year's total.

The 2016/17 total was exceptionally high with considerable funds received from partners to fund major works following the 2015 winter floods.

Resources expended on Charitable activities

Spend on charitable activities reduced slightly from record levels last year which were supported by external funders following the 2015 winter floods, although underlying expenditure on core maintenance, repairs and infrastructure works continued to grow. The projects undertaken are discussed in more detail in the achievements section of the report on pages 8 to 33.



Note: The allocations of 2016/17 figures have been reanalysed due to a change in support costs definition as outlined in note 5.

* Excluding third party funded regeneration projects the Trust's charitable expenditure increased from £131.9m to £138.6m.

** The primary reason for the increase in 'other' costs is the higher redundancy and termination costs in the year shown on page 84.

Gains / (losses) on investments

The property portfolio produced valuation gains of £33.1m (2017: £25.4m) which, combined with £4.9m of realised gains on disposals, produced a 5.4% positive capital return for the year. This was broadly in line with UK commercial property market benchmarks of 5.3%.

Our non-property portfolio of investments also produced capital gains of £4.1m including liquid funds (2017: £17.0m). Performance was weaker than the previous year, primarily due to the strengthening of Sterling against the US Dollar, reversing gains made in 2016/17 from Sterling's weakness in the aftermath of the EU referendum.

Pension actuarial gains / (losses)

The deficit disclosed in the group accounts in relation to the defined benefit Waterways Pension Fund (WPF) is calculated in accordance with the accounting rules set out in FRS 102. The Group's share of the deficit decreased by £28.5m to £87.6m due to favourable inflation and salary trends, revised mortality rate assumptions and a one-off £5.0m contribution agreed following the most recent formal valuation from 2016 and paid in May 2017.

The Trust has two properties that have been pledged to the WPF trustees to cover any funding shortfall on the WPF up to £125m when the property funding partnership matures on 8 July 2031. On consolidation, the WPF's interest in the partnership does not represent a plan asset for the purposes of the Group consolidated accounts as the underlying assets have been included in the Trust's investment properties.

The position of the pension scheme for funding purposes is calculated on a different basis. A formal valuation is undertaken once every three years and was last undertaken in 2016 when it showed a deficit, before the property funding partnership (PFP) assets, of £99.0m. Including the PFP assets the deficit for funding purposes reduced to £4.7m. The Fund's Deficit Recovery Plan allows for post March 2016 valuation market volatility and includes the full potential payment due in 2031 in respect of this investment, which is not fully valued in the Fund's assets. A further £5.0m one-off contribution was paid in May 2017 as part of the 2016 deficit recovery plan.

The risk of the funding deficit of the scheme worsening was mitigated by the closure of the fund to future benefit accrual on 30 September 2016.

Summary Consolidated Balance Sheet

	General Fund £m	Restricted and Designated Funds £m	2017/18 £m	2016/17 £m
Tangible fixed assets	26.8	51.5	78.3	79.9
Fixed asset investments	-	867.2	867.2	787.4
Net current assets	5.9	35.1	41.0	30.7
Creditors: amounts falling due after one year	(3.5)	(100.0)	(103.5)	(56.4)
Provisions for liabilities	(2.4)	(1.7)	(4.1)	(4.3)
Pension fund liability	(0.1)	(87.6)	(87.7)	(116.2)
Net assets including pension fund liability	**26.7**	**764.5**	**791.2**	**721.1**

Overview
Whilst the Trust's group balance sheet position is strong, the majority of the Trust's net assets are held in restricted or designated funds. The general fund has a small balance of net current assets, complemented by operational fixed assets. The Trust holds cash and current asset investments in the general fund sufficient to support our current liabilities.

Within restricted funds are the new long-term, fixed rate loan notes of £100m. The loan notes were drawn in January 2018 and used to repay the £50m revolving capital facility that was held at 31 March 2017. An additional £50m of loan notes were drawn in June 2018. This is explained in further detail in note 15. These funds will be fully invested in accordance with the Trust's investment strategy to achieve returns above the cost of debt.

The principal consolidated balance sheet movements during the year were as follows:

Investments increased significantly during the year. This is a result of capital growth alongside additional fixed asset investment of funds previously held in short term investments at 31 March 2017.

Net current assets have increased primarily due to a rise in funds pending investment from the loan notes.

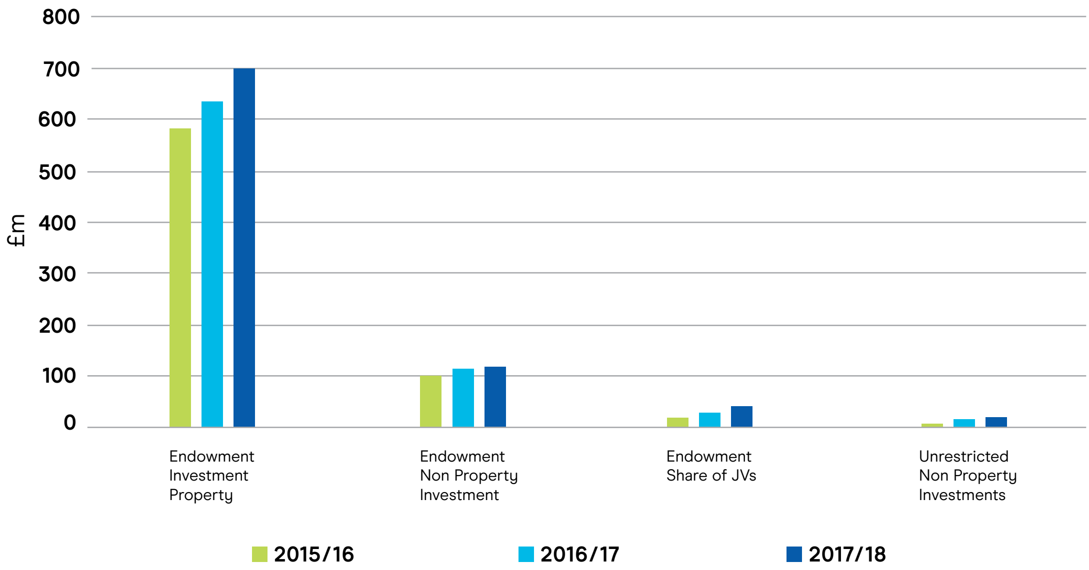
Creditors: amounts falling due after one year is primarily the £100m loan notes, replacing the £50m revolving capital facility held at the previous year end. The loan notes are valued under IAS39 and there is no material difference in the market value of the liability and the amount originally advanced by lenders.

Pension fund liability has decreased for the reasons set out under 'Pension actuarial gains/(losses)' on page 40.

Investments: Protected Endowment and Investment Strategy

The Protected Endowment is defined under the Grant Agreement and comprises all the investment assets and liabilities of the Trust such as investment properties, investments in subsidiary companies, financial investments, cash available for investment, protected operational buildings and is net of any liabilities that are effectively secured on, or due for payment from, the assets in the Protected Endowment as transferred to the Trust under the Statutory Transfer Scheme on 2 July 2012.

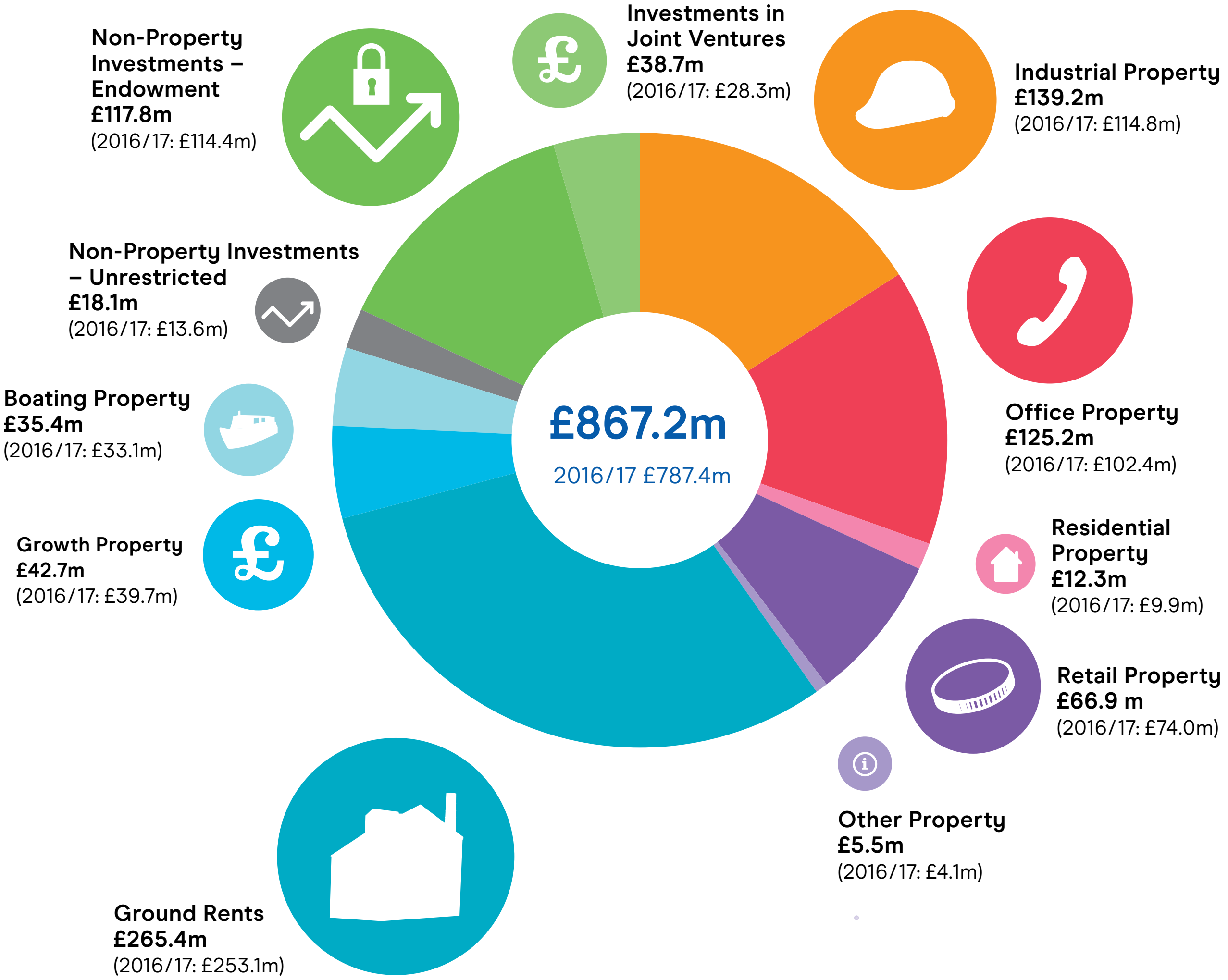
The Trustees have approved an investment strategy that specifies real estate property investments in the UK as the main asset class but allows up to 40% of the portfolio to be invested in a more diverse range of asset classes such as equities, absolute return funds, bonds and private equity. The objective is to provide recurring income whilst growing the value of the portfolio to ensure that, over the medium term, income and capital can grow in real terms. In risk terms, whilst the Trust is able to tolerate modest short-term volatility, the main objective of the investment strategy is to increase investment value in the portfolio.



The investment portfolio grew by £79.8m over the year to £867.2m and generated £42.7m of investment and property income to spend on charitable activities.

The proportion of the investments remaining in property, excluding JVs, at 31 March 2018 was around 80% with the largest element of this being ground rents.

Investment by Type



The Trust started to diversify in 2014 away from property into other investment sectors. A total returns policy for the non-property investment fund has been adopted whereby a target of up to 4% of the total return on the average capital balance can be applied as income to fund charitable activities provided that a retained capital return of UK CPI+1% on the average capital balance invested has been achieved over the medium term.

The Trust's investment property portfolio produced a total return of 10.6% for 2017/18. The Trust's performance was boosted by a 15.5% return in the growth portfolio helped by favourable planning decisions and exceptional profits on disposals at some sites.

Our non-property investment manager's objective over the medium term has been achieved with annualised nominal returns since inception (2014) of 8.3% compared to the annualised CPI+5% of 6.3% over the same period. The 2017/18 return of 5.2% was below the nominal target return of 7.9%, however this was primarily due to the strengthening of Sterling against the US Dollar, reversing gains made in 2016/17 from Sterling's weakness in the aftermath of the EU referendum. Whilst broadly positive, market conditions in 2017/18 were more subdued than the previous year with economic and geopolitical risks weighing on sentiment.

The Trust's investment property portfolio has comfortably exceeded market benchmark over the medium term with 5 year annualised average returns at 15% p.a. compared to 11.2% p.a. for the UK commercial property market. The property portfolio produced a total return of 10.6% in 2017/18 compared to 10.1% benchmark.

For non-property investments the Trust decided not to withdraw any additional funds beyond the natural income yield of 2.3% but rather retain all capital growth for the future to help protect against future income volatility.

	Actual		Benchmark		Variance	
Endowment: Portfolio Investments	2017/18	5 years Annualised	2017/18	5 years Annualised	2017/18	5 years Annualised
Property investments						
Total Return	10.6%	15.0%	10.1%	11.2%	0.5%	3.8%
Income Return	5.1%	5.9%	4.6%	4.9%	0.5%	1.0%
Non-property investments						
Total Return (excluding foreign currency exchange effects)	7.8%	7.1%	7.5%	6.3%	0.3%	0.8%
Total Return (including foreign currency exchange effects)	5.2%	8.3%*	7.5%	6.3%*	−2.3%**	2.0%

* Since inception in July 2014

** Excluding the foreign currency exchange effect, the Trust exceeded the benchmark for non-Property return in 2017/18; in 2017/18 gains on foreign currency exchange made in previous years partially reversed. Overall, long term returns over the period since its inception in July 2014 are 2% above benchmark.

Within the Investment Policy, reference is made to the adoption of an ethical policy consistent with the Trust's policies in respect of other areas of its business, notably fundraising. More generally, individual investments may be excluded if they are perceived to conflict with the Trust's objects and purposes.

Funds

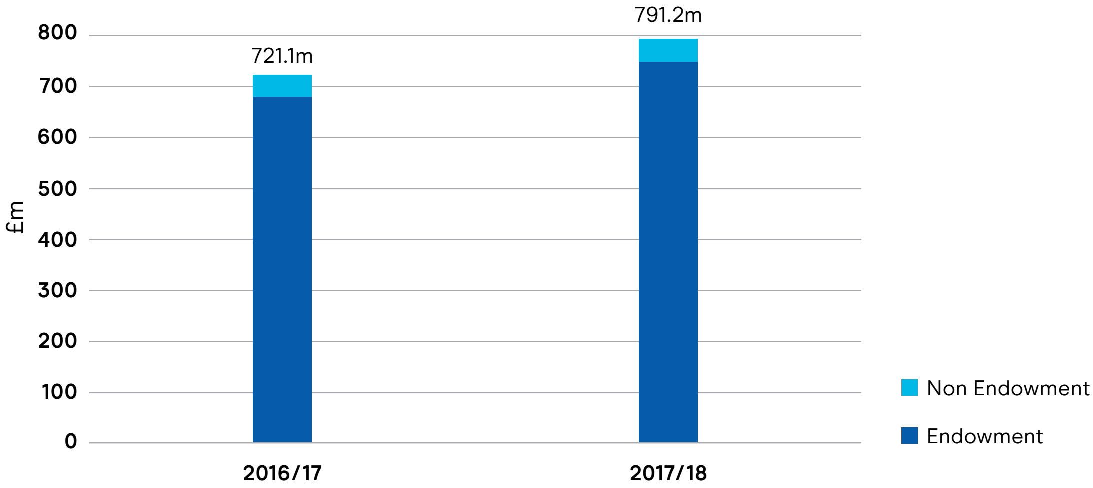
Addressing our perpetual financial obligations

The waterways and the associated structures represent a financial burden to the Trust and have an annual maintenance and repair requirement that significantly exceeds the related income generated. Accordingly, the economic value of the waterways is estimated to be substantially negative.

The Protected Endowment Agreement and the Waterways Infrastructure Trust Deed provide for all income arising from the endowment and the Trust assets to be applied to the charitable purpose of maintaining the waterways for public benefit. The financial strategy for the Trust is to maximise net income from all sources and to increase the contribution to the Trust's activities through volunteering and local engagement.

Funds Movement

The total funds of the Trust have increased from £721.1m to £791.2m, with both the general fund and the protected endowment funds increasing from their prior year total.



Reserves policy

The financial strategy of the Trust is to provide a secure and increasing flow of income to fund the maintenance, repair and enhancement of the waterways and to maintain a strong and sufficiently liquid balance sheet. The net incoming resources are applied to the charitable purpose after providing for the costs of administering and managing the Trust's income generating activities.

As a relatively new charity it will take time to build sufficient unrestricted reserves to address the risks held by the Trust. We will need a strong financial performance over the longer term to achieve this.

The Trust holds financial reserves to be applied to future activities in several categories:

- Unrestricted funds – available to be applied, at the discretion of the Trustees, to any of the Trust's charitable purposes.

- Restricted endowment funds – to be retained for the benefit of the Charity as a capital fund. Permanent endowments require the capital to be maintained and only the income can be utilised. With expendable endowments the capital may also be utilised. The restricted endowment fund of the Trust is expendable in certain limited circumstances as set out in the Defra grant agreement and Group investment policy.

- Restricted voluntary income funds – to be applied to the specific purpose(s) intended by the donor.

Unrestricted Funds

General Fund – £26.7m (2016: £24.7m)

The undesignated general fund represents funds that are accumulated from surpluses of net income resources that are held specifically for the charitable purposes of the Trust and the Trust's statutory obligations. Support costs and cost of ancillary activities that support, facilitate or promote that expenditure are deducted from the General Fund.

The Charity Commission defines free reserves to be the level of reserves held after making allowance for any restricted funds, and the amount of designations, commitments (not provided for as a liability in the accounts) or the carrying value of functional assets which the charity considers to represent a commitment of the reserves they hold.

As a relatively new charity the Trust has not yet built up any surplus free reserves.

Unlike many other charities, the Trust has a high degree of certainty over its future income streams with over 70% coming from reliable and predictable sources. In addition, there is £8.8m of unapplied total return available from investments in the Protected Endowment. It is also able, in emergencies, to use funds from the Protected Endowment fund provided that plans are in place to replenish the funds borrowed as soon as possible.

The Trustees regularly undertake a review of the longer-term business strategy and the aspiration of the Trustees is to achieve a level of unrestricted general funds that will provide sufficient resilience based on the need to:

- Provide short-term protection against downward fluctuations in annual revenues or capital receipts to ensure that we can maintain the desired level of investment in the waterways;
- Provide long-term strategic financial support to fund maintenance of our waterways;
- Finance unplanned expenditure where the need arises such as reaction to extreme flooding events;
- Provide protection against the financial impact from the operational risks of the Trust;
- Provide a financial cushion in the event of extreme circumstances affecting the charity's ability to operate; and
- Protect the Trust from investment market risk.

This will require challenging growth in our various income streams over the longer term coupled with the retention of premium receipts from our property investments.

Pension Accumulation Designated Reserve – £18.2m (2017: £18.6m)
The Pension Accumulation Reserve comprises funds that are designated from the General Fund to create a fund for repaying any deficit that exists on the Waterways Pension Fund in 2031 when the Government guarantee of the pension fund deficit expires. Any income arising from this designated fund is accumulated within the fund.

In 2016 the Trustees reviewed the long-term forecast for the pension fund deficit and subsequently agreed to increase the transfer from general reserves to the pension accumulation fund (PAF) from £2m to £4m per annum with effect from 1 April 2016.

At the end of 2016/17, the Trustees agreed to transfer a further £5m from the General Fund out of current year surpluses to the PAF and, in May 2017, £5m was paid from the PAF to the WPF in line with the WPF Deficit Recovery Plan that was agreed following the 2016 valuation (see page 40). This one-off contribution, along with the higher level of transfer to the pension accumulation fund, investment returns on the PAF and the £5m annual payment directly made to the Waterways Pension Fund, is anticipated to cover any deficit existing in 2031. The fund closed to future benefit accrual on 30 September 2016.

Restricted Funds
Protected Endowment Fund – £745.3m (2017: £676.3m)
The Protected Endowment is a restricted reserve subject to the terms of the Defra grant agreement while this is in place and comprises all the investment assets and liabilities of the Trust such as investment properties, investments in subsidiary companies, financial investments, cash available for investment and protected operational buildings. It is net of any liabilities that are effectively secured on, or due for payment from, the assets in the Protected Endowment as transferred to the Trust under the Statutory Transfer Scheme on 2 July 2012 supplemented by assets acquired using borrowings (for example the Private Placement debt, and previously the RCF).

Income generated from the investments in the Protected Endowment Fund is used to fund maintenance of the waterways charged to the General Fund. Capital gains and losses remain within the Protected Endowment Fund, although it is permissible for funds to be withdrawn in exceptional circumstances with the obligation for such funds to be repaid as soon as is practicable to do so. For non-property investments the Group investment policy provides for part of the capital returns to be allocated to income (if desired), provided that the investments have provided real growth of at least CPI+1% over the medium term.

Retained post acquisition reserves held in subsidiary companies that are held as investments within the Protected Endowment are shown in a separate reserve fund.

Restricted Income Fund – £1.0m (2017: £1.5m)
The Restricted Income Reserve comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied so that the Trustees have limited discretion over their use. The purpose of each restricted fund is set out in the notes to the financial statements. Restricted donations of less than £20,000, unless part of a larger project, are reported in aggregate.

Cash Flow
The Trust has sought to strengthen its treasury management by utilising higher-return short-term deposits with Partners Capital, to complement its cash holdings. This can be illustrated by reference to the cashflow statement:

	2017/18 £m	2016/17 £m
Net cash used in operating activities	**(57.0)**	(46.5)
Net cash provided/(used) by investing activities	**7.6**	(11.5)
Cash flows from financing activities	**50.0**	50.0
Change in cash and cash equivalents	**0.6**	(8.0)
Cash and cash equivalents at 1 April	**22.0**	30.0
Cash and cash equivalents at 31 March	**22.6**	22.0

Operating activities: overall expenditure has slightly increased this year. There has been an increase in charitable expenditure funded by the Trust and an additional £5m was paid to the WPF as part of the 2016 deficit recovery plan.

Investing activities: the property portfolio is a major source of income for the Trust and the net revenue generated from this activity is integral to spend on the waterway. Net cash generated from our investing activities has increased in the year, primarily due to additional capital employed. This is offset by £13.1m paid into short term deposits to be utilised on future investment activity. In 2016/17 £36.5m was paid into short term deposits, explaining much of the movement in investing cash compared to prior year.

Financing activities: The Trust received £100m of loan note funding in January 2018 as part of its private placement and used this to repay the £50m Revolving Credit Facility. The remaining £50m, along with a further tranche of £50m in June 2018, will fund investments in accordance with the Trust's investment strategy.

Publication Data – required under the Defra Grant Agreement

Publication Data
One of the obligations of the Grant Agreement is to publish annually the defined Publication Data which is set out in the table below.

The Network Stewardship Score is a combined measure of functionality of and the public benefit delivered by the waterway network. It is calculated annually based on a range of indicators. All Principal Waterway Assets are measured and categorised according to condition. A structure in condition A is in a good state of repair and one in condition E is in a bad condition. Embankments and culverts are included within the definition of Principal Assets but towpaths are dealt with as a separate category and are graded according to condition grades from A to E where A is described as very good and E is bad.

The heritage asset measure in the table below covers both the waterway assets categorised as Heritage Assets in the accounting policies as well as operational and investment properties that have heritage qualities.

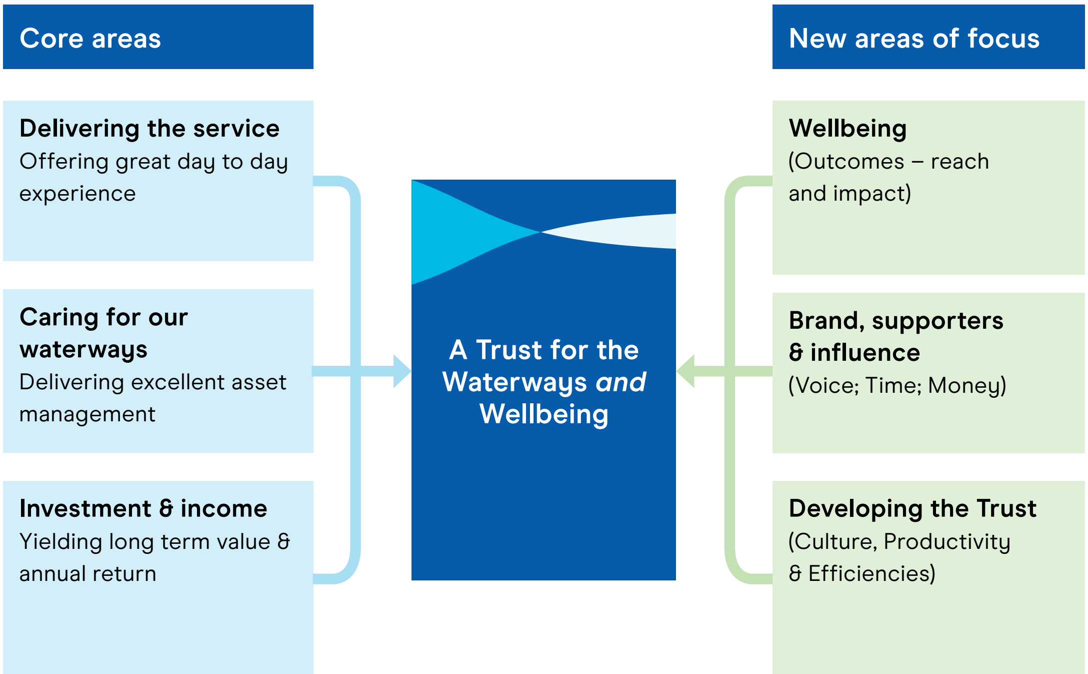
Measure	Description	Outcome Result
Network Stewardship Score	A combined measure of waterway functionality and public benefit as at 31 March 2018.	120 (2017: 120)
Safety		
Number of reported incidents involving customers relating to infrastructure failure	The numbers of injuries are for the year ended 31 March 2018.	29 (2017: 27) customer incidents where an infrastructure defect was a significant contributory cause.
Number of reported incidents involving employees	The numbers of injuries for the year ended 31 March 2018.	15 (2017: 21) employee lost time injuries which includes 4 HSE Riddor reportable "over 7 day" injuries (2017: 12). 92 (2017: 83) total employee recorded injuries
Percentage of waterway assets in Classes D and E*	Based on Principal Asset condition grades. The Relevant Standard is for the aggregate of assets in classes D&E not to exceed 25% of the total.	Aggregate percentage of principal assets in condition classes D&E was 13.2% as at 31 March 2018 (2017: 13.4%).
Towpaths		
Number of towpath visitors (based on annual survey data)	Number of visits and visitors for the year ended 31 March 2018. This is based on a survey of members of the public, expressed in millions.	Total visits 372m (2017: 396m) Average visitors during a two week period 4.3m (2017: 4.3m)
Number and duration of unplanned towpath closures	Defined as unplanned closures that are caused by asset or infrastructure failure for the year ended 31 March 2018.	Number of closures 31 (2017: 24) Number of closure days 452 (2017: 294)
Percentage of towpaths in conditions A to C*	The Relevant Standard is no less than 60% aggregate in conditions A to C.	Aggregate percentage of towpaths in condition classes A, B and C was 79.7% as at 31 March 2018 (2017: 78.5%).

Flood management*		
Percentage of principal culverts and embankments in Class D and Class E	The Relevant Standard is for the aggregate of flood management assets in classes D&E not to exceed 4% of the total flood management assets.	Aggregate percentage of flood management assets in condition classes D&E was 0.96% as at 31 March 2018 (2017: 0.96%).
Sites of Special Scientific Interest (SSSIs)		
Percentage area of SSSIs under Trust management in favourable or unfavourable recovering condition	The data is available only for sites in England and is obtained from Natural England. It covers a total of 718 hectares of SSSI sites under the Trust's management.	Favourable 38.8% (2017: 38.4%) Unfavourable recovering 28.5% (2017: 23.6%)
Heritage		
Percentage of Heritage Assets assessed on completion of work as good or adequate with double weighting given to good assessments	This measure includes work on several assets that have heritage qualities and is not limited to waterway infrastructure assets only.	100% (2017: 99.6%)
Volunteer participation		
Number of volunteer days contributed to the Trust	Number of volunteer days for the year ended 31 March 2018.	82,356 days (2017: 72,244 days)
Trust owned housing forecast figures	Based on the property development activity on the Trust's sites (including joint ventures) – actual for the year ended 31 March 2018 and forecast for the year ending 31 March 2019. *(These figures also include development sites previously disposed of by the Trust. These are not formally monitored by the Trust and are reported on the basis agreed previously with the Homes and Communities Agency)*	2017/18: 207 residential units completed (238 forecast) 2018/19: Over 600 units under construction currently. Over 700 units anticipated to commence construction in 2018/19. Approximately 497 units forecast to be completed in 2018/19.

The Publication Data items denoted with an * comprise the Relevant Standards for the purpose of the conditional element of the Defra Grant. The information in the table above demonstrates that the Relevant Standards have been met for the period to 31 March 2018 and accordingly the Trust will apply for payment of the conditional portion of the Defra Grant funding for the year ending 31 March 2018 which comprises £10m.

Our vision and planning for the future

We will continue with our 10 year strategy, to become a Waterway and Wellbeing charity, realising our vision to create "living waterways that transform places and enrich lives" through the following core and new areas of focus:



As set out in the introduction from the Chair and Chief Executive, the Trust is currently undergoing change to refocus into six regions and relaunch the Trust's brand position to better reflect our ambition to be a Waterways and Wellbeing charity. Our existing key performance measures remain relevant and key to us delivering our 2025 ambitions and we will continue to monitor and hold ourselves accountable against these.

In addition we delivered our first Outcomes Report 'Waterways and Wellbeing' in September 2017. This set out the framework we will apply to capture the outcomes that the Trust delivers, making a material difference to people's lives and the wellbeing of the nations that we serve.

Our Plan for the next year is to develop our strategy in line with the changes outlined above, delivering a set of strategic programmes in the new regional structure to support our ambition.

Our first responsibility is to meet the requirements of the Defra Government contract as set out in the table below. Our performance on these measures in 2017/18 was significantly better than the targets. The table below also shows the targets for 2018/19.

Defra Waterway targets – improving our waterways/assets (Defra targets are explained in more detail on pages 48 and 49)	2017/18 Actuals	2018/19 Target
Towpath condition Grade C or better	79.7%	>60%
Principal assets grade C or better	86.8%	>77%
Condition of flood management assets grade C or better	99.0%	>96%

Our ambition goes well beyond these contractual targets. Some of our key performance measures are summarised in the table below, reflecting the breadth of the Trust's activities, and builds on the progress that we have already made.

Waterway measures	2017/18 Actuals	2018/19 Target
Boating customer satisfaction	70%	72%
Visitor satisfaction	91%	90%
Regular visitor numbers each fortnight (from our monthly surveys)	4.3m	4.5m
Public safety measure – number of reported incidents on our network attributable to infrastructure defects*	29	25

Employee and engagement measures	2017/18 Actuals	2018/19 Target
Internal safety measure – accident frequency rate expressed as number of accidents per 100,000 hours worked	0.09	0.10
Employee engagement (those answering positively to six key engagement measures)	68%	69%
Volunteer satisfaction	96%	95%
Volunteer hours	616,300	670,000
People aware of the Trust	36%	42%
Friends actively donating to the Trust each month	24,100	30,000
Number of children reached through our education programme	81,700	85,000
Community adoptions	225	260
Diversity – % employees Black, Asian and minority ethnic	5.1%	5.5%
Diversity – % senior management female	22%	25%

* Measure updated to reflect only incidents attributable to infrastructure defects

Governance

The Canal & River Trust is a charity registered with the Charity Commission in England and Wales, No. 1146792. It is a company limited by guarantee, No. 7807276, and does not have share capital. The Trust's governing documents are its Memorandum and Articles of Association both of which can be accessed via our website (www.canalrivertrust.org.uk).

The Trust applies and follows the Charity Governance Code (for large charities) which was issued in July 2017.

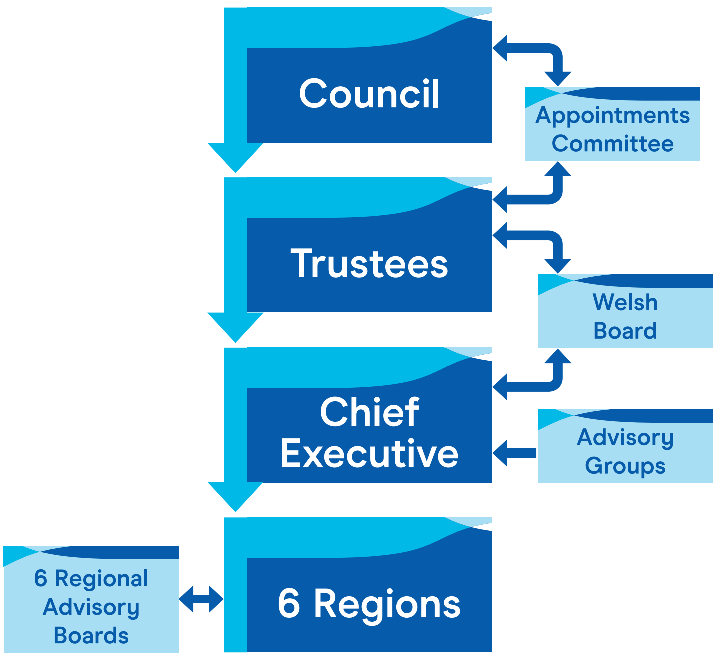
The Trust has two principal wholly owned trading and investment subsidiaries, British Waterways Marinas Limited (BWML) and Canal & River Trading CIC. BWML operated 18 marinas across England & Wales during the year offering customers a comprehensive range of boat services. The Trust is currently exploring a potential sale of BWML because selling the business could help inject further private sector investment into the business and waterway network in general. In addition, it would allow the Trust to invest in other income generating assets to support our core work of caring for the nation's canals and rivers.

Canal & River Trading CIC is a community interest company that carries out trading and investment activities. The main activities are in property development and investing in joint ventures. For the first time in 2017/18 the CIC became a direct beneficiary of the People's Postcode Lottery. Profits arising in the subsidiaries, including the proceeds from the People's Postcode Lottery, are donated to the Trust. A summary of the Trust's subsidiaries and results appears in note 12 in these accounts.

In setting our objectives and planning our activities our Trustees have given due consideration to the Charity Commission's general guidance on public benefit. Further details on our strategy for the future, setting out what we want to achieve as we progress to 2025 can be found on pages 50 and 51.

The governance of the Trust is overseen by volunteers, all of which are unpaid roles, and all of whom share our passion for the waterways. The Trust reimburses reasonable expenses incurred by these volunteers in carrying out their duties.

The Governance structure changed to the following after our restructuring from 10 to six regions in June 2018:



The Council

The Council comprises the company law members of the Trust. It is responsible for appointing, and may also dismiss, Trustees.

At the start of the year 2017/18, Council had 34 members drawn from the different communities that use or benefit from the waterways, including boaters, canoeists, walkers, cyclists, heritage, local government, environmental and community groups. Ten Waterway Partnership Chairs were ex-officio members of the Council. Nine places were elected and a further 12 nominated by specified organisations. Three Council positions were co-opted on the recommendation of the Appointments Committee, to provide the Council with the full complement of skills and expertise required. As at 31 March 2018 the Council had 31 members.

The Trust recorded its thanks to those who gave excellent service to the Trust as Waterway Partnership Chairs during 2017/18, namely John Best, Danny Brennan, Brian Fender, David Hagg, Brenda Harvey, Peter Matthews, Walter Menzies, Mark Penny, Tamsin Phipps, and Bob Pointing.

There is a full list of Council members at 31 March 2018 on pages 112 and 113.

The Council meets twice a year. At the September 2017 meeting, which also comprised the Trust's Annual General Meeting, Susan Wilkinson and Sir Chris Kelly were appointed as Trustee Directors. Three Trustees, Lynne Berry OBE, Jane Cotton and John Dodwell, retired. They received heartfelt thanks for their previous service particularly as they had all been with the Trust since its inauguration and had played major roles in steering the Trust during its first few years.

At the March 2018 Council meeting, which was convened as a General Meeting, Council agreed amendments to the Trust Rules which reduced the number of Regional Advisory Board Chairs from 10 to 6 from 1 July 2018 and further agreed a technical change relating to the number of co-optees. Council members also discussed diversity, Boat Licence fees and changes to the Trust's approach to long term debt.

An independent consultant has reviewed the operation of Council. The emerging findings were discussed with Council members at their March 2018 meeting, with a particular focus on gaining members' views about how the Trust might improve the way in which it inducts new members and thereafter continues to support them. This review is expected to conclude in summer 2018.

The Appointments Committee

The Appointments Committee comprises three Trustees and three Council Members and has a specific role under the Articles of Association of the Trust to:

- Oversee Council membership
- Help the Council appoint Trustees
- Appoint Regional Advisory Board Chairs
- Appoint the Members of the Bwrdd Glandŵr Cymru (Welsh Board).

During the year the Board of Trustees and Council updated the terms of reference for the Appointments Committee to align them with changes to Regional Advisory Boards which are reported below.

The following Trustees served on the Appointments Committee during the period:

- Dame Jenny Abramsky (Chair, from September 2017)
- Lynne Berry, OBE (Chair, to September 2017)
- Jane Cotton (to September 2017)
- Janet Hogben (from September 2017)
- Allan Leighton

The following Council members served on the Appointments Committee during the period

- Ian McCarthy (from January 2018)
- Mark Penny (to January 2018)
- Andrew Phasey (from January 2018)
- Phil Prettyman
- Alison Ward (to January 2018)

The Board of Trustees

The principal governing body of the Canal & River Trust is the Board of Trustees, whose names are listed on pages 109 and 110. The Board of Trustees is responsible for the strategic direction of the Trust and meets 6 times a year together with the Executive Directors to review progress and to ensure that the Trust is on track to meet its objectives.

Reporting to the Trustees is the Chief Executive who has direct responsibility for day to day management and the development and implementation of appropriate policies and strategies, assisted by his Executive team.

The Board of Trustees are appointed by the Council, which is supported in this process by the Appointments Committee. Where necessary, the Trust provides the appropriate resources for professional development and updating the capabilities of the Trustees – and the Chief Executive ensures that any new Trustees receive appropriate induction on appointment.

During the year an independent consultant reviewed the operation of the Board. The review found that the Board of Trustees has a strong focus on the Trust's future and operates well to achieve its key responsibilities for setting strategic goals, monitoring and providing advice and guidance. Board meetings were found to be efficient and the Board works well with the Executive team.

The Board has delegated specific decisions to Board Committees via its formal Scheme of Delegation. The Terms of Reference for all Board Committees are available on the Trust's website.

Audit and Risk Committee

The main responsibilities of the Audit & Risk Committee are to provide assurance and recommendations to the Trust on the effectiveness of its governance, internal control and risk management framework. The Committee meets formally three times a year.

Part of the role of the Committee is to ensure that there is an effective internal audit. During the year the Internal Audit function was discharged by RSM Risk Assurance Services LLP.

The Committee also receives and reviews reports on risks and risk management at every meeting. In addition, the Committee:

- Approves the performance and annual plans of both the external and internal auditors and ensures that both sets of auditors are appropriately independent.
- Approves the Trust's accounting policies before the Annual Report and Accounts are prepared.
- Reviews the draft Trustees' Annual Report and Accounts before submission to the Board.

The following Trustees served on the Audit & Risk Committee during the year:

- Frances Done, CBE (Chair)
- Dame Jenny Abramsky
- Nigel Annett, CBE
- Lynne Berry, OBE (to September 2017)
- John Dodwell (to September 2017)
- Sir Chris Kelly (from September 2017)

Investment Committee

The Investment Committee provides non-executive oversight and assurance for the Board of Trustees in respect of the investment and other commercial activities of the Trust, including the Group Investment Policy (GIP) for the Protected Endowment Portfolio, investments in subsidiaries and associates, the property business and utilities business. The Committee also oversees the execution of the agreed investment strategy and manages the ongoing relationship with the Protector who is jointly appointed by the Trust and Defra under the terms of the Grant Agreement.

The following served on the Investment Committee during the year

- Manish Chande (Chair)
- John Bywater (Co-optee)
- John Dodwell (to September 2017)

- Allan Leighton
- Tim Reeve
- Nick Ritblat (Co-optee, from July 2017)
- Keith Tilson (Co-optee, to April 2017)

Nominations Committee

The purpose of the Nomination Committee was to support the recruitment and appointment of Trustees, and to enable the Board to suggest potential future Trustees to the Appointments Committee. In November 2017, the Board agreed that this could be achieved without a formal committee and decided to disband the Nominations Committee.

The following served on the Nominations Committee during the year

- Lynne Berry, OBE (Chair)
- Jane Cotton
- Allan Leighton

Remuneration Committee

The role of the Remuneration Committee is to oversee the remuneration polices for the Trust, with particular focus on the remuneration of the Executive Directors.

The Committee determines the overall reward and remuneration strategy for the Trust, including any annual or periodic pay award. It approves the design of, and determines targets for, any performance related pay scheme operated by the Trust for any Executive Directors.

The Committee has taken independent advice as necessary to inform those judgements. They also take account of affordability for the Trust, and the fact that the Trust operates in the third sector. The Committee continues to be satisfied that the levels of Executive Director pay are appropriate to the responsibilities of the posts concerned.

The following served on the Remuneration Committee during the year

- Ben Gordon (Chair)
- Jane Cotton (to September 2017)
- Janet Hogben
- Susan Wilkinson (from September 2017)

Bwrdd Glandŵr Cymru

Bwrdd Glandŵr Cymru or Welsh Board has an advisory remit and takes a strategic perspective in developing the Trust's work in Wales. It works to ensure the Trust has a good understanding of the needs, issues and opportunities relevant to the waterways of Wales. The Welsh Board has an important role in working with the Welsh Government and the main all-Wales public institutions. It also works closely with the Trust's Regional Advisory Boards which border Wales.

The Chair of the Welsh Board is a Nigel Annett, a Trustee. Nigel was appointed to the role by the Trustees and member appointments are made by the Appointments Committee.

Regional Advisory Boards (Waterway Partnerships)

Until 30 June 2018, ten regional Waterway Partnerships help to shape plans for the waterways and act as links between the Trust and the local Community. Each had a membership of between 8–12 people with relevant experience and interests – boaters, walkers, cyclists, anglers, business, community engagement, volunteering, fundraising, environment, heritage. These Partnerships mirrored the ten Canal & River Trust geographic management areas. The Chair of each of the Partnerships has a seat on the Council.

The Trust commissioned an independent review of Partnerships to ensure that their members can fully contribute to the Trust's Objectives which reported in July 2017 and as a result the Trust Board agreed a clearer purpose for the Partnerships which are now reflected in revised Terms of Reference.

Subsequently, the Trust re-organised its Waterway operational colleagues into 6 larger regions to help the management structure better face the outside world and to engage our key partners and influence political institutions more effectively. The Trust also changed the Waterway Partnerships so that they mirror these 6 large regions – recasting them as Regional Advisory Boards.

Risk Management

The Trustees acknowledge their responsibility for defining the Trust's risk tolerance and maintaining a sound risk management system.

The Trust operates within a risk framework which recognises the inherent infrastructure age and condition issues which prevail as well as the stage of development of this relatively new charity. The Trust seeks to minimise all safety and compliance risks to as low a level as is practicable given the activities and responsibilities it fulfils. The Trust has a higher risk tolerance for its investment return objectives and a low tolerance for the loss, theft or deliberate misuse of its assets.

The system of risk management and internal control is designed to minimise rather than eliminate the risk of failure to achieve the Trust's objectives, and cannot provide absolute assurance against the material risks that we face.

- Safety of customers, contractors, colleagues and volunteers on the waterways and the general public who can freely access our network. To reduce this risk, the Trust maintains a high standard of safety processes including training, work procedures, signage and communication, as well as the regular inspection and maintenance of assets. During the year we have run a sustained campaign on slips, trips and falls which is the leading cause of injury to our people. We have also have updated over 500 visitor risk assessments on our locks, bridges and weirs. We work with partners, especially in busy, urban areas to promote water safety campaigns and reduce risks.

- The condition of our waterway assets, many of which were constructed as far back as the eighteenth century, may deteriorate over time, resulting in damage to those assets and their surrounding environment. We manage this risk through inspection, assessment and regular maintenance and remedial works, including the prioritisation of those assets where failure would have the most significant consequences. Assessments in accordance with the Trust's environment and heritage codes of practice are applied to all works undertaken so that the Trust continues to meet its public environmental and heritage obligations. The Trust has consulted on its five-year strategic asset management plan to a selection of national user groups. The main elements of the plan include the development of a more advanced asset condition health score / index, better prioritisation models, and the development of new asset specific investment strategies.

- Climate change may increase the severity, frequency, duration and extent of extreme hydrological events and the resulting periods of drought and flood can adversely impact on our waterway assets, customers and users. We mitigate this by active water management to ensure appropriate levels of water are available to our waterway network so that the network is available for public use and the risk of flood is managed. We also maintain emergency response plans, for example reservoir drawdown plans and water control manuals. The Trust is currently developing its first Flood Risk Management Strategy which will help to further mitigate the risks around flooding and will sit alongside the Trust's Water Management Strategy (published in 2015).

- Changes to legislation and regulation can create risks to our resources and operational requirements. A current example is the initiation of the abstraction licencing requirements brought about by the commencement of the Water Act 2003 which may result in as yet uncertain future costs and operational impacts.

- The financial sustainability of the Trust is a risk, particularly in respect of the upcoming exit of the United Kingdom from the EU and the deficit on the Waterway Pension Fund which was closed to future accrual in 2016/17. The financial position is generally managed by operating diverse income sources and by careful management of our investment assets, including the continuing diversification of the Trust's investment portfolio away from pure property investment to provide some measure of risk protection. The Trust has taken advantage of exceptionally low interest rates to issue long dated bonds, the funds from which will be used to invest in commercial properties generating further net income for investment in the waterways. The Trust continues to work closely with the trustees of the final salary pension fund and their investment advisers to minimise the financial impact on the Trust. In May 2017 the Trust paid an additional £5m to the WPF as part of the deficit recovery plan to help close the gap on the 2016 actuarial deficit.

- Changes to the organisational structure of the Trust can create risks arising from loss of knowledge, consistency or failure to maximise the many and varied skills of our colleagues. As the Trust has restructured during the year, including the very recent move from 10 Waterways to 6 Regions this risk has increased slightly this year. The Trust is managing these risks by implementing transition plans to help us move from the previous structure to the new structure. The Trust has continued with a clear process for colleague development and appraisal and has introduced an approach to talent management and more robust succession planning during the last year. The Trust has continued with its major programme of employee engagement (known as 'Growing Our Trust'), and has committed to promoting a positive culture in the Trust with emphasis on developing better internal communication, the removal of bureaucratic or redundant processes, and the promotion of better team working.

- Like all large organisations the Trust holds and processes large amounts of information, including personal data. The Trust welcomes the introduction of General Data Protection Regulation in May 2018. The Trust has been reviewing its approach to information management and will continue to implement the agreed action plan to better safeguard and manage all its information. We will continue to be transparent about the way we use supporter, customer and colleague data and we welcome the control this will afford to our supporters.

Safeguarding

The Trust is committed to the highest standards of welfare for children, young people and adults at risk when they visit our waterways or take part in Trust activities. Colleagues and volunteers who work directly with children, young people and adults at risk or who occupy other designated roles can only do so if their role is cleared by the Disclosure and Barring Service (DBS checks) and fulfils the required criteria. The Trust has an agreed process to risk assess colleague and volunteers' criminal records, and does not accept those who present an unacceptable level of risk. All colleagues and volunteers regardless of role receive safeguarding training as part of their induction and thereafter.

The Trust has a Designated Safeguarding Officer, who is supported by a Deputy Safeguarding Officer and a Safeguarding Action Group. We also have an agreed standard for Safeguarding Children, Young People and Adults at Risk which is mandatory for all Trust colleagues and volunteers. Development and implementation of the Standard is overseen by a Safeguarding steering group chaired by the Chief Executive.

Fundraising

The Trust aims to put our supporters at the heart of everything that we do. As such we are committed to ensuring that our fundraising practices go above and beyond guidance and regulation. We are proud members of the Institute of Fundraising and actively follow the new Fundraising Regulator's Code of Fundraising Practice.

The Trust does not pressure supporters to make gifts and respects decisions to stop giving. All of our fundraisers follow our Fundraising & Adults in Vulnerable Circumstances policy. The Regulatory landscape for fundraising continues to evolve and having carried out an extensive internal review of our fundraising programme, we will continue to monitor and adapt in line with further legislation changes as they occur.

When we work with suppliers and agencies we ensure that they are registered with all the appropriate regulatory bodies, reviewing all their policies as part of our procurement due-diligence process. We are actively involved with the training that agency fundraisers undertake, and in most instances, carry it out ourselves.

If a complaint or feedback is received, it is raised immediately with the agency for investigation and any necessary action implemented. We continually monitor our agencies to ensure they adhere to the strict guidelines that we set and we test our systems through user and customer feedback.

We monitor and record any complaints resulting from our fundraising practices, and an annual report is sent to our Audit & Risk Committee. We also submit these complaints to the Fundraising Regulator. In the last year we have had 17 complaints across all our fundraising programmes (2016/17: 17).

Diversity

The Canal & River Trust values the rich social and cultural diversity of the communities in which we operate and seeks to provide consistently excellent levels of service in an inclusive manner. The Trust seeks to ensure that equality, diversity and inclusion is embedded in everything we do. We try to support access to our services and waterways by all sections of society whilst recognising the challenges our localities and environments present due to their age, heritage, and accessibility. We commit to providing accessible services at our main attractions and museums and many of our key offices and try to engage people from all sections of society to help shape our services, recognising that our diverse customers and other stakeholder often have conflicting interests and demands.

Diversity and inclusion is imperative to the success and sustainability of the Trust as a diverse workforce gives us access to a wider talent base and so enhances our overall capability whilst also giving us a richer range of experiences and perspectives, improving the quality of our plans and decision-making. It also increases our ability to engage with the diverse communities in which we operate, promoting increased volunteering and other involvement from those communities.

The Board has affirmed its commitment by publishing a Diversity, Equality and Inclusion policy on our website and we have an Equality and Diversity Statement in all our properties. We have recently established four employee network groups relating to various aspects of diversity to give our employees the opportunity to shape a great place to work. The Trust is committed to supporting people with mental health issues and has embarked on Mental Health First Aid training.

In March 2018 the Trust published its Gender Pay Gap Report which showed effectively no pay gap between male and female employees, with the main pay gap measure showing average female salaries at 3.6% higher than the average male salary at 31 March 2017. Our mean bonus pay gap is 3.6% in favour of men, meaning that of those who receive a bonus the average for a man is 3.6% more than the average bonus for a woman. Excluding the much smaller Thank You awards (for specific examples of good service or extra effort during the year) the mean bonus pay gap is 7% in favour of women. This small pay gap reflects the composition of the charity's workforce with a larger proportion of men than women working in operational and maintenance roles and proportionately more women in higher-paying professional and management roles. The Trust firmly believes in gender equality across all aspects of our employment.

Trustees' Responsibilities Statement

The trustees (who are also directors of Canal & River Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and

- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Trust has a broad range of secure income streams that provide a reliable source of income to fund the Trust's charitable activities. This income is supplemented by around £50m grant income from Defra under a Grant Agreement dated 28 June 2012, which is for a fixed term of 15 years. A £10m portion of the Defra grant income is subject to performance conditions.

Having reviewed the operational financial projections, and associated cash flow forecasts, the trustees have concluded that the Trust has sufficient resources to continue funding the charitable activities at the current level of operation for the foreseeable future.

This report (including the Strategic Report) was approved by the Board of Trustees on 19 July 2018 and signed on their behalf by:

Allan Leighton
Chair
19 July 2018

Independent auditor's report to the members of Canal & River Trust

Opinion
We have audited the financial statements of Canal & River Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the consolidated income and expenditure account, the group and parent charitable company balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards , including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 group and parent 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.

Who we are reporting to
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. 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, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 1 to 115 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

- the Trustees' Report (including the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (including the Strategic Report).

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or

- returns adequate for our audit have not been received from branches not visited by us; or

- the parent charitable company's 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

Responsibilities of trustees for the financial statements
As explained more fully in the Trustees' Responsibilities Statement set out on pages 60 and 61, 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 group and the parent 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 group or parent 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
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London

Date: 19 July 2018

Consolidated statement of financial activities
for the year ended 31 March 2018

		Unrestricted funds	Restricted Funds				
			Protected Endowment Funds		Income	Total	Total
			Subsidiaries	Other	Funds	2017/18	2016/17
	Note	£m	£m	£m	£m	£m	£m
Income and endowments from:							
Voluntary income							
Donations and legacies		0.1	2.6	-	3.4	**6.1**	2.9
Defra grant funding		50.7	-	-	-	**50.7**	50.0
Other trading activities							
Boating and moorings		38.1	8.5	-	-	**46.6**	44.7
Utilities and water development		28.4	-	-	-	**28.4**	27.0
Investment and property income		38.5	9.9	-	-	**48.4**	46.9
Third party income for charitable activities							
Waterway infrastructure income		7.6	-	-	-	**7.6**	7.1
Third party funded regeneration projects		12.0	-	-	0.8	**12.8**	23.0
Museums and attractions		1.5	-	-	-	**1.5**	1.2
Share of net income from joint ventures	12	-	2.7	-	-	**2.7**	-
Other income		0.1	-	-	-	**0.1**	0.1
Total income	**3**	**177.0**	**23.7**	**-**	**4.2**	**204.9**	202.9
Expenditure on raising funds							
Voluntary income		(3.8)	(0.1)	-	-	**(3.9)**	(3.7)
Boating and moorings		(12.0)	(7.1)	-	-	**(19.1)**	(18.3)
Utilities and water development		(2.4)	-	-	-	**(2.4)**	(2.8)
Investment and property income		(6.5)	(5.2)	(1.0)	-	**(12.7)**	(12.6)
Recoverable service charges and exceptional costs		(4.3)	-	-	-	**(4.3)**	(2.0)
Net interest cost on pension liabilities		-	-	(2.8)	-	**(2.8)**	(1.8)
Total expenditure on raising funds	**4**	**(29.0)**	**(12.4)**	**(3.8)**	**-**	**(45.2)**	(41.2)
Net income available for charitable activities		**148.0**	**11.3**	**(3.8)**	**4.2**	**159.7**	161.7
Expenditure on charitable activities							
Waterway operation, maintenance and repairs		(127.7)	-	-	(3.9)	**(131.6)**	(124.9)
Third party funded regeneration projects		(16.0)	-	-	(0.7)	**(16.7)**	(27.6)
Museums and attractions		(4.6)	-	-	(0.1)	**(4.7)**	(4.4)
Total expenditure on charitable activities	**4**	**(148.3)**	**-**	**-**	**(4.7)**	**(153.0)**	(156.9)
Total expenditure	**4**	**(177.3)**	**(12.4)**	**(3.8)**	**(4.7)**	**(198.2)**	(198.1)
Net income/(expenditure) before gains and losses		**(0.3)**	**11.3**	**(3.8)**	**(0.5)**	**6.7**	4.8
Realised gains on disposals of investment assets		-	0.2	4.7	-	**4.9**	6.0
Unrealised gains on revaluation of investment assets		0.6	6.6	30.0	-	**37.2**	42.4
Net income		**0.3**	**18.1**	**30.9**	**(0.5)**	**48.8**	53.2
Transfers between funds	**18**	**1.3**	**(11.3)**	**10.0**	**-**	**-**	
Other Recognised Gains and Losses							
Actuarial gains/(losses) on defined benefit pension schemes	21	-	-	21.3	-	**21.3**	(66.8)
Taxation	7	-	-	-	-	**-**	0.7
Net movement in funds	18	**1.6**	**6.8**	**62.2**	**(0.5)**	**70.1**	(12.9)
Fund balances at 1 April 2017	18	43.3	43.7	632.6	1.5	**721.1**	734.0
Fund balances at 31 March 2018	18	**44.9**	**50.5**	**694.8**	**1.0**	**791.2**	721.1

The above amounts represent all gains and losses recognised during the year. All amounts relate to continuing activities.

The accompanying notes on pages 69 to 108 form part of these financial statements

Consolidated income and expenditure account
for the year ended 31 March 2018

	2017/18	2016/17
	£m	£m
Income		
Donations and legacies	**3.5**	2.9
Defra grant funding	**50.7**	50.0
Boating, moorings and utilities	**38.1**	36.6
Utilities and water development	**28.4**	27.0
Investment and property income	**38.5**	36.7
Third party income for charitable activities	**21.9**	31.3
Other income	**0.1**	0.1
Total income	**181.2**	184.6
Expenditure		
On raising funds	**(29.0)**	(25.7)
On charitable activities	**(153.0)**	(156.9)
Total expenditure	**(182.0)**	(182.6)
Net (expenditure)/income before transfers	**(0.8)**	2.0
Unrealised and realised capital gains	**0.6**	1.4
Transfer from the protected endowment fund	**1.3**	11.9
Net income after transfers	**1.1**	15.3

An Income and Expenditure Account is an alternative summary of the information contained in the Statement of Financial Activities and is included in the financial statements in order to comply with the Companies Act 2006. As required in the Charity SORP (FRS 102), this statement excludes any movements within the protected endowment funds. 'Net income and expenditure before transfers' represents the 'Net income/(expenditure) before gains and losses on investments' in the unrestricted funds and restricted income funds on the SoFA.

The Trust uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing an Income and Expenditure Account for the Trust as a separate entity.

All amounts relate to continuing activities.

The accompanying notes on pages 69 to 108 form part of these financial statements.

Balance sheets
as at 31 March 2018

	Note	Group		Canal & River Trust	
		31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
		£m	£m	**£m**	£m
Fixed assets					
Tangible assets	8	78.3	79.9	50.8	52.4
Heritage assets	9	-	-	-	-
Investments:					
Property	10	692.6	631.1	493.4	437.2
Diversified investment funds	11	135.9	128.0	135.9	128.0
Subsidiaries	12	-	-	158.7	154.1
Net assets in joint ventures	12	38.7	28.3	-	-
		945.5	867.3	**838.8**	771.7
Current assets					
Stock	13	1.3	1.3	1.1	1.1
Debtors	14	47.3	47.8	54.2	46.6
Investments	11	65.3	53.0	60.1	47.3
Cash at bank and in hand		22.6	22.0	14.5	12.5
		136.5	124.1	**129.9**	107.5
Current liabilities					
Creditors: Amounts falling due within one year	15	(95.5)	(93.4)	(86.6)	(85.1)
Net current assets		**41.0**	30.7	**43.3**	22.4
Total assets less current liabilities		**986.5**	898.0	**882.1**	794.1
Creditors: Amounts falling due after one year	15	(103.5)	(56.4)	(104.0)	(56.8)
Provisions for liabilities	17	(4.1)	(4.3)	(2.4)	(2.0)
Net assets excluding pension fund (liability)/asset		**878.9**	837.3	**775.7**	735.3
Pension fund (liability)/asset	21	(87.7)	(116.2)	12.0	(12.5)
Net assets including pension fund (liability)/asset		**791.2**	721.1	**787.7**	722.8
Funds					
Unrestricted funds:					
General fund		26.7	24.7	26.2	24.2
Designated fund		18.2	18.6	18.2	18.6
Restricted funds:					
Protected endowment funds		745.3	676.3	742.3	678.5
Voluntary income funds		1.0	1.5	1.0	1.5
Total funds	18	**791.2**	721.1	**787.7**	722.8

Approved and authorised for issue by the Board of Trustees on 19 July 2018 and signed on their behalf by:

Allan Leighton
Chair
19 July 2018
Company number 07807276
The accompanying notes on pages 69 to 108 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2018

	2017/18	2017/18	2016/17	2016/17
	£m	£m	£m	£m
Net cash used in operating activities		**(57.0)**		(46.5)
Cash flows from investing activities				
Net Interest paid	(1.5)		(0.7)	
Rental proceeds from property and utilities investments	56.9		54.8	
Purchase of tangible fixed assets	(5.2)		(6.6)	
Purchase of investment property	(49.8)		(50.8)	
Proceeds from sale of tangible fixed assets	0.6		1.4	
Proceeds from sale of investment property	27.4		32.8	
Net investment in diversified funds	(3.1)		(3.2)	
Receipts from diversified funds	2.7		5.8	
Loans to joint ventures	(9.0)		(8.5)	
Dividends from joint ventures	1.7		-	
Payments into short term deposits	(13.1)		(36.5)	
Net cash provided/(used) by investing activities		**7.6**		(11.5)
Cash flows from financing activities				
Receipt from loan notes	100.0		-	
Revolving credit facility (repayment)/drawdown	(50.0)		50.0	
Net cash provided by financing activities		**50.0**		50.0
Change in cash and cash equivalents in the year		**0.6**		(8.0)
Cash and cash equivalents at 1 April		**22.0**		30.0
Cash and cash equivalents at 31 March		**22.6**		22.0

The accompanying notes form part of these financial statements.

a) Reconciliation of net income to net cash outflow from operating activities

	2017/18	2017/18	2016/17	2016/17
	£m	£m	£m	£m
Net income		**48.8**		53.2
Adjustments for:				
Realised gains on disposals of fixed assets	(4.9)		(6.0)	
Net unrealised gains on revaluation of investment assets	(37.2)		(42.4)	
Net finance expense	1.5		0.7	
Rents from property and utilities investments	(55.4)		(52.1)	
Share of net income from joint ventures	(2.7)		-	
Depreciation	5.1		5.6	
Fair value adjustment on joint ventures	(0.4)			
Taxation	-		0.7	
Diversified funds investment return: dividends income	(2.7)		(3.9)	
Gain on sale of tangible fixed assets	-		(0.1)	
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(7.2)		(2.0)	
		(103.9)		(99.5)
Increase in stock		-		-
(Increase)/decrease in debtors		(0.7)		1.6
Decrease in creditors		(1.0)		(1.4)
Decrease in provisions		(0.2)		(0.4)
Net cash used in operating activities		**(57.0)**		(46.5)

Notes relating to the accounts

1. Accounting policies

Basis of preparation
The financial statements of the Canal & River Trust ('the Trust') have been prepared under the historical cost convention, except for the modification to a fair value basis for investment properties and certain financial instruments, as specified in the accounting policies below.

The financial planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Trustees consider that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102. As described further within the Governance section of the Trustees report on page 52, it is a Charity registered with the Charity Commission in England and Wales, and a Company limited by Guarantee.

The Trust's activities, together with factors likely to affect its future development, performance and financial position, and commentary on its financial activities and its cash flows, are set out in the Trustees' report (including the Strategic Report) on pages 6 to 61 and elsewhere in the financial statements.

A separate Statement of Financial Activity (SoFA) for the parent company is not presented with the Group financial statements as permitted by section 408 of the Companies Act 2006. The net movement in funds of the parent company is disclosed in note 18 to the accounts.

Significant judgements and key sources of estimation uncertainty
The Trust's significant accounting policies are stated below. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity and judgement involved in their application and their impact on the consolidated financial statements.

a) Revenue recognition
The Trust often receives payments for right of access to its water space and surrounding areas which are classed as either revenue receipts or lease premiums and accounted for in accordance with FRS 102, depending upon the circumstances of the particular agreement. For example, a contract that does not place any obligation to provide services to the third party in respect of the income received would be accounted as revenue on receipt, whereas a contract that is for a fixed period of time over which the Trust will provide services is a lease premium accounted for over the period of the lease.

b) As described further within the pension's policy, a judgement is made regarding the scheme's investment in a subsidiary of the Trust, which is not recognised as a scheme asset within the consolidated accounts. Judgements and estimates are also made, using actuarial guidance, regarding key assumptions in the valuing of scheme assets and liabilities, and in recognising a scheme asset at entity level.

c) Joint ventures
Significant judgement has been required in assessing the carrying values of the Trust's loans in joint ventures. Judgement is required in determining the fair value which has been

evaluated based on recent accounts, access to joint venture board papers and discussions with our partners.

d) Useful economic lives of operational fixed assets
As explained further within the tangible fixed assets policy – buildings, plant, machinery and vehicles held by the Trust are depreciated from acquisition based on their useful economic life, so to write off the cost of the asset less any residual value (if any). Judgement is required to assess the length of this life, and this is evaluated based on past experience, asset classification and condition reviews. Depreciation rates for classes of assets are reviewed annually, to ensure they remain appropriate with reference to external and internal factors, including the level of proceeds (and resulting profit / losses) recognised on disposal of such items.

Basis of consolidation
The Group comprises the Canal & River Trust and its subsidiaries which are set out in note 12 to these accounts. The principal trading subsidiaries are Canal & River Trading CIC, a community interest company, and British Waterways Marinas Limited.

The consolidated financial statements incorporate the financial statements of the Trust and its subsidiaries for the year ended 31 March 2018 and the comparative year.

Subsidiaries are entities controlled by the Trust. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The turnover and expenditure of the subsidiaries are included within the consolidated SoFA. The assets and liabilities are included on a line by line basis in the consolidated balance sheet in accordance with FRS 102, section 9.13 '*Consolidated and Separate Financial Statements*.' The financial statements of all Group companies are prepared using consistent accounting policies.

Fund accounting
Reserve policies are set out on pages 45 to 47 of the Trustees' report and in note 18 to these accounts. Reserves are either unrestricted or restricted funds.

General Funds are unrestricted funds that are available for use at the Trustees' discretion in accordance with the objectives of the Trust.

Designated Funds are unrestricted funds that are set aside at the discretion of the Trustees for specific purposes. They would otherwise form part of the general reserves.

Restricted Income Funds are funds that are used in accordance with specific restrictions imposed by donors or by the nature of an appeal or endowment. The aim and use of each restricted fund is set out in the notes to the financial statements.

The Protected Endowment Fund is a restricted reserve established when the Protected Assets, as defined in the Grant Funding Agreement, effectively secured on the endowment assets less any other capital liabilities and creditors, were transferred to the Trust on 2 July 2012 by the UK Government.

The Protected Endowment Fund includes the net value of any unrealised revaluation surpluses that have arisen on the endowment since the transfer and the net value of funds held in reserve for waterway infrastructure asset dowries where such funds have been invested into assets contained within the Protected Endowment.

The amount of retained post acquisition reserves held in subsidiary companies that are held as investments within the Protected Endowment are shown in a separate reserve fund.

Voluntary income received of less than £20,000, unless part of a larger project, is reported in aggregate. Where voluntary income is applied a final review of the allocation of expenditure is performed after a project or contract has been completed which can give rise to a transfer between funds to ensure that the donor promise is fulfilled (see note 18 for further detail).

Income
Income is included in the SoFA when the Trust is legally entitled to the income and the amounts can be quantified with reasonable accuracy. If these conditions are not met then the income is deferred.

Income is shown within two main categories in the Consolidated Statement of Financial Activities:

- Income from trading activities

- Income from charitable activities

The following specific policies apply to categories of income:

Income from trading activities
a) Voluntary income

i) Donation income is recognised when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.

ii) Donations towards the Friends of the Canal & River Trust scheme are recognised on receipt.

iii) Entitlement to legacy income is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence to provide the necessary probability that the legacy will be received and the value is measurable with sufficient reliability. This is defined as the point when the executor has notified the Trust that there is an intention to make a distribution from finalised estate accounts.

iv) Gifts in kind for use by the Trust are included in the accounts at their estimated value at the date of receipt. This is on the basis of the amount the Trust would have been willing to pay to obtain equivalent facilities on the open market. A corresponding amount is then recognised in expenditure in the period of receipt.

v) Donated services and facilities (excluding volunteer time which is not monetised) are included as 'Voluntary income' at their estimated value to the Trust when received. This is on the same basis as 'gifts in kind' above. A corresponding amount is recognised in expenditure in the period of receipt.

vi) Income from Gift Aid is recognised on the earlier of receipt or submission of a claim to HM Revenue & Customs.

vii) Income received where the Trust is a direct beneficiary of People's Postcode Lottery draws is recognised when the draw is held. The Trust recognises the net amount due, which is the total of ticket sales less prize money and management fee. Only the net amount is included in the SoFA as there is no ability to alter ticket prices, determine prizes or reduce the management fee. The gross amounts are disclosed in note 3.

b) Income from DEFRA grant

i) Defra funding is accounted as a government grant and is credited to the SoFA when the conditions for the receipt of the grant have been complied with and there is a reasonable assurance that the grant will be received.

c) Income from other trading activities

i) Boat licences and mooring permits are invoiced in advance and income is recognised on an accruals basis over the term of the licence or permit, with amounts relating to future periods shown as deferred income.

ii) Income from marinas subsidiary British Waterways Marinas Limited ("BWML") includes income from mooring permits at marina operations, retail sales from chandlery and property rents. All income in BWML is accounted for in accordance with these group accounting policies, with particular reference to mooring permits and property rental income.

iii) Utilities and water development income is received from utility companies and other third parties in return for access to the Trust's land, for example underground pipes. Where these agreements are for fixed time periods, revenue is recognised on a straight line basis over the term of the agreement. Sales of water supplied from the Trust's waterway network under a water sales agreement allow access to a continuous supply of water over the period contracted. These are invoiced in arrears and revenue is accrued on a straight line basis on the assumption that water is used at a constant rate.

d) Investment and property income

i) Property rental income from investment property leased out under an operating lease is recognised in the SoFA on a straight-line basis over the term of the lease. Lease incentives granted are recognised as a reduction of rental income. The cost of the incentive is allocated over the lease term. The definition used for the lease term is consistent with FRS 102 section 20 'Leases,' being the non-cancellable period for which the which the lessee has contracted to rent the property. This only includes optional extensions where it is reasonably certain, at onset, that the lessee will exercise such an option.

Incentives are provided to customers in various forms such as rent free periods or funding towards property fit-out costs and are usually offered on signing a new contract. Where such incentives are provided, the fair value of the incentive is deferred and recognised in line with this accounting policy.

Internal rents charged to BWML are eliminated from investment income and expenditure on raising funds based on the amounts invoiced. There are no lease incentives relating to such agreements.

ii) Income from diversified investments includes dividend and interest payments distributed from investment funds and is recognised in the period in which it is earned. See also the accounting policy for diversified investment funds below.

iii) Interest income derived from financing arrangements (deferred payment for goods or services provided) is recognised in the SoFA using a market rate of interest or where this is unspecified the rate of interest for a similar debt instrument. Interest income on other types of basic debt instruments is recognised using the effective interest rate which discounts all future cash flows back to the carrying value of the instrument.

Third party income for charitable activities

a) Maintenance agreements and other waterway related income is income received from third parties (such as a local authority) to maintain an area of the waterway network. The revenue is recognised on a straight line basis over the term of the agreement reflecting the assumption that maintenance is performed at a constant rate over the term of the agreement.

b) Third party funded regeneration project income contributing towards restoring and improving the waterways network is generally accounted for as a contract for services and income is recognised as unrestricted income in the SoFA to the extent that the service has been delivered. In the balance sheet any amounts received in advance are treated as deferred income creditors and amounts due but not paid are accrued income debtors. Revenue is recognised in proportion to the stage of completion of the work in accordance with relevant funding agreements.

As well as contracts for services, the Trust receives restricted funding which have restricted purposes. These are accounted as restricted income funds and are recognised when conditions fulfilling the Trust's entitlement to the income are met.

c) Museums and attractions income from entrance fees and sale of goods from museums and visitor centres are recognised on a point of sales basis.

Expenditure
All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised when a constructive or legal obligation is created, where outflows are probable and can be reliably measured. Irrecoverable VAT is either charged to the appropriate heading or it is capitalised as appropriate.

The consolidated SoFA defines expenditure in two specific categories:

- Expenditure on raising funds
- Expenditure on charitable activities

Expenditure on raising funds
a) Expenditure on raising voluntary income includes fundraising costs incurred in seeking voluntary contributions. This includes the costs of supporting the Friends of the Canal & River Trust scheme.

b) Expenditure on trading activities (boating and mooring, utilities and water development) for raising funds include the direct costs of generating income from boat licences, moorings, utility wayleaves and easements, water sales and retail.

c) Investment management costs include the costs of generating income from the Trust's property investments, such as rents and service charges, the Partners Capital investment management fees and interest costs.

Expenditure on charitable activities
Resources expended on charitable activities relate to the work carried out on the core purposes of managing, maintaining and repairing the waterways infrastructure and the museums' collections and artefacts.

Governance costs
Governance costs are those associated with the governance arrangements rather than the day-to-day management of the Trust. These include the costs of meetings and associated support costs for the Trustees, Trust Council and Waterway Partnerships. It also includes the cost of asset valuations as well as the costs of internal and external audit and preparing the Trustees' Report and Accounts. These costs are allocated to expenditure on raising funds and charitable activities on the basis of estimated service usage within each area.

Support costs
Support costs representing expenditure on administration, financial management, human resources and information systems are allocated to expenditure on generating funds and charitable activities, on the basis of headcount or on the estimated service delivered by the support service or other bases if these are more appropriate.

Interests in joint ventures
The Group has a number of contractual arrangements with other parties that represent joint ventures. These joint ventures are established through an interest in a limited company, partnership or other entity. The Group recognises its interest in the entity's assets and liabilities using the equity method of accounting in accordance with FRS 102 section 15 '*Investments in Joint Ventures*.' The names of joint ventures, the nature of the business and details of the shares held by the Group are disclosed in note 12 to these accounts.

Intra-Group balances and transactions, and any unrealised gains arising from intra-Group transactions with joint ventures, are eliminated in preparing the consolidated financial statements. Unrealised gains resulting from transactions with joint ventures are eliminated against the carrying value of the investment in the joint venture.

Investment in subsidiaries in the Trust's company only accounts
The investment in Canal & River Pension Investments LP is shown at fair value, on the basis that it is a non-basic financial instrument.

All other investments are stated at cost less impairment.

Impairment
The carrying values of the Trust's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell the asset and its value in use. An impairment loss is recognised in the SoFA as additional depreciation of the impaired asset whenever the carrying amount of an asset exceeds its recoverable amount, except in the case of investment property where it is included within recognised gains and losses on investment assets.

Tangible fixed assets
Expenditure on the purchases of land and the cost of construction and major improvement of buildings is capitalised. Expenditure on the purchase, addition to and improvement of boats, plant and equipment in excess of £1,000 is also capitalised.

Tangible fixed assets are stated at cost, net of depreciation and any provision for permanent diminution in value. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value (if any), of each asset on a straight-line basis over its expected useful life,
as follows:

Freehold buildings	40 years
Leasehold land and buildings	Over the unexpired term of the lease
Maintenance craft and floating plant	Between 10 and 25 years
Other plant and machinery	Between 5 and 10 years
Vehicles	5 years

Heritage assets
The Trust has two classes of heritage assets:

a) Waterways infrastructure
The Trust maintains inland waterways that include the assets listed in note 9 to these accounts. These waterway assets are maintained regularly as an integrated network to ensure that the waterways can be used for continuous navigation and access. The assets are referred to as the Waterway Infrastructure and are held under a perpetual trust from Defra, known as The Waterways Infrastructure Trust, which specifies that the waterways are to be held in trust and retained in perpetuity for the following purposes:

- to operate and manage the Infrastructure Property for public benefit, use and enjoyment including navigation; walking on towpaths; and for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare,

- to protect and conserve, for public benefit, sites, objects and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with the Infrastructure Property, and

- for public benefit, the conservation, protection and improvement of the natural environment and landscape of the Infrastructure Property.

The Trust does not consider that reliable cost or valuation information can be obtained for the Waterway Infrastructure. The Waterway Infrastructure is generally around 200 years old and the costs of maintaining the Waterway Infrastructure in a safe and accessible state significantly exceed any income generated from them. The Trust does not consider that any meaningful value can be placed on the Waterways Infrastructure and therefore does not recognise those assets on its balance sheet. The Trust also considers, in line with section 18.14 of the Charities SORP (FRS 102), that obtaining a meaningful valuation of these assets would not be achievable at a cost commensurate with the benefit to the users of the accounts. Expenditure to maintain and repair these assets is charged to the SoFA as incurred.

b) Waterway museum artefacts collections and archives
The Trust maintains over 15,000 heritage artefacts in its collection and over 100,000 archive records of the construction and operation of the historic waterways. These items are held for display to the public or in secure storage facilities. The Trust does not consider that reliable cost or valuation information could be obtained for the vast majority of items in the collection and archives and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefit derived by the Trust and the users of the accounts. This is because of the diverse nature and the number of assets held and the lack of comparable market values. The Trust, therefore, does not recognise these assets on its balance sheet. Expenditure on these assets, that is required to preserve or prevent deterioration of the collection and archive items, is charged to the SoFA as incurred.

Further information on the management and preservation of the Trust's heritage assets is given in note 9 to the accounts.

Investment properties
Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Valuations are carried out on an annual basis. Independent professionally qualified surveyors carried out a valuation of all properties in March 2018. For the previous year's valuation at 31 March 2017, independent professionally qualified surveyors valued 90% of the properties by value. The remaining 10% were valued by qualified surveyors employed by the Trust.

Valuation movements arising from the annual revaluation exercise are included within "Unrealised gains/(losses) on revaluation of investment assets" in the SoFA. If properties are then disposed of, such movements are then shown as "Realised gains/(losses) on disposals" in the SoFA. This is in addition to any proceeds in excess of the property's fair value, once allowing for costs directly relating to the property's disposal.

The Trust accounts for disposals of investment properties upon completion of sale or when the sale is unconditional.

Diversified investments
The Trust has adopted a total return approach to the investment of Protected Endowment funds in diversified investment funds. Quoted investments are stated at open market value and unquoted investments are stated at most recent underlying net asset values from fund managers, adjusted for subsequent capital calls or distributions. Both are deemed to represent the fair value of the investments. In the SoFA, income from the investments is recognised as 'investment and property income' in the Protected Endowment Fund. Realised and unrealised investment gains and losses are recognised as 'investment asset gains and losses' in the Protected Endowment Fund. A proportion of the unapplied total return is allocated to income funds and is separately identified in the SoFA as a transfer from the Protected Endowment Fund to the General Fund.

Leased property, plant and equipment
a) Group as a lessee
Operational property assets leased out under operating leases are included in fixed assets and depreciated over their estimated useful lives.

b) Group as a lessor
Operational property assets leased out under operating leases are included in fixed assets and depreciated over their estimated useful lives. Property assets held for

investment, that are leased out under operating leases, are included in Investment property. Rental income, adjusting for the effect of lease incentives, is recognised on a straight-line basis over the lease term.

c) Grant of long lease over investment property
Where the Trust grants a long lease over investment property to maintain an interest in the future use of the land that is disposed of having issue onto or bordering the waterways, the substance of the transaction is that the Trust effectively disposes of its interest, but retains a reversionary interest, and reflects the resultant profit / loss at the point of the disposal in accordance with the investment property accounting policy above. In order for a long lease to be treated as a disposal it would be usual for the lease term to be for the major part of the economic life of the property (typically more than 50 years) and at the inception of the lease the present value of minimum lease payments would amount to substantially all of the fair value of the leased property.

d) Lease incentives
The value of lease incentives is recognised on a straight-line basis over the lease term. This is defined in the 'investment and property income' accounting policy above.

Stock
Stock comprises raw materials used for the construction of lock gates, along with completed constructions and those in progress. Also included are retail stocks held in museums and visitor attractions. Stocks are stated at the lower of cost or selling price less costs to complete and sell.

Financial instruments
The Group has opted to apply IAS 39 for accounting policy choices in relation to financial instruments and this has resulted in no change in the valuation approach for any financial instruments that existed at the previous year end.

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision for doubtful debt. When a trade receivable is considered uncollectible, it is written off against the provision for doubtful debt. Subsequent recoveries of amounts previously written off are credited against the provision for doubtful debt. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Trust's investment in Canal & River Pension Investments LP is the only 'other' material financial instrument and is measured at fair value within the company only accounts. The basis for determining value uses a discounted cash flow model, based on the profit sharing conditions of the partnership agreement.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities at FVTPL
The Group does not hold any financial liabilities which are classified as at FVTPL.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative financial instruments
The Group has not entered into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. The Group embedded derivatives have characteristics which are closely related to the host contracts so are not separated out.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Taxation
As a registered charity, the Canal & River Trust is exempt from taxation of income and gains falling within Part 11 Corporation Tax Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

The trading subsidiary companies Canal and River Trading CIC and BWML have adopted a policy of paying all taxable profits to the charity under gift aid. These gift aid payments are recognised as distributions through equity rather than as an expense through the statement of comprehensive income in these subsidiaries and therefore an operating profit exists at the balance sheet date, on which a tax liability arises.

Pension scheme
The Trust operates defined benefit and defined contribution pension schemes.

a) Defined benefit scheme
   The defined benefit scheme is a multi-employer scheme with the Trust being the principal employer. Other participating employers include British Waterways Marinas Limited and British Waterways Board (trading as Scottish Canals), the Scottish Waterways Trust and OCS Group UK Limited. In accordance with the terms of the transfer from British Waterways, Scottish Canals is liable to make a fair share and proportionate contribution, as determined by the scheme actuary from time to time, towards any deficit that exceeds the valuation deficit as at the transfer date of 2 July 2012. Any future recovery of deficit attributable to Scottish Canals is under a contractual arrangement with the Trust and is separate from the Trustees of the defined benefit scheme.

   The pension liabilities and assets are recorded in line with FRS 102 section 28 'Employee Benefits,' with a valuation undertaken by an independent actuary. FRS 102 measures the value of pension assets and liabilities at the balance sheet date, determines the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the SoFA and the net interest cost on the Fund's assets and liabilities are allocated across the appropriate incoming/outgoing resource categories. The net interest cost reflects application of the discount rate on the scheme's assets and liabilities over the course of the year.

   The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the SoFA within actuarial gains/losses on defined benefit pension schemes. The resulting pension fund liability or asset is shown on the balance sheet.

An accounting judgement has been taken that the Scheme's interest in the Canal & River Pension Investments LP, which is a subsidiary of the Trust, does not represent a plan asset for the purposes of the Group consolidated accounts because it is a financial instrument issued by the Group and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in these financial statements.

The Scheme's interest in the partnership is included in the valuation of the Scheme in the Trust's company balance sheet. The assumptions required for accounting purposes, under FRS102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions, and as a result, under FRS102, the Scheme valuation may result in a surplus position. A pension fund asset will be recognised in accordance with IFRIC 14 as under the Scheme trust deed and rules, the Trust has an unconditional right to its share of any surplus following the winding up of the Scheme.

b) Defined contribution scheme
Pension contributions are charged to the SoFA as incurred.

c) Other employee benefits
Post-employment benefits other than pensions are re-assessed annually at the reporting date by independent qualified actuaries using discount rates consistent with those required for pension liabilities under FRS 102.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The measurement of these amounts must be known, or reliably estimable, for a provision to be recognised. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Outstanding claims reported in Canal & River Reinsurance DAC, a wholly owned subsidiary of the Trust, comprise provisions for the estimated cost of settling all claims, incurred up to but not paid, at the balance sheet date whether reported or not, together with all related claims handling expenses. Outstanding claims are based on latest available cedant advices with provisions for incurred but not reported claims (IBNR) being estimated by reference to historical experience, adjusted where appropriate for actual post year end reported data.

The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is available.

2. Comparative consolidated statement of financial activities

		Unrestricted funds	Restricted Funds			
			Protected Endowment Funds		Income	Total
			Subsidiaries	Other	Funds	2016/17
	Note	£m	£m	£m	£m	£m
Income and endowments from:						
Voluntary income						
Donations and legacies		0.1	-	-	2.8	**2.9**
Defra grant funding		50.0	-	-	-	**50.0**
Other Trading Activities						
Boating and moorings		36.6	8.1	-	-	**44.7**
Utilities and water development		27.0				**27.0**
Investment and property income		36.7	10.2	-	-	**46.9**
Third party income for charitable activities						
Waterway infrastructure income		7.1	-	-	-	**7.1**
Third party funded regeneration projects		21.5	-	-	1.5	**23.0**
Museums and attractions		1.2	-	-	-	**1.2**
Share of net income from joint ventures	12	-	-	-	-	**-**
Other income		0.1	-	-	-	**0.1**
Total income	**3**	**180.3**	**18.3**	**-**	**4.3**	**202.9**
Expenditure on raising funds						
Voluntary income		(3.7)	-	-	-	**(3.7)**
Boating and moorings		(11.5)	(6.8)	-	-	**(18.3)**
Utilities		(2.8)	-	-	-	**(2.8)**
Investment management		(7.7)	(6.1)	(2.6)	-	**(16.4)**
Total expenditure on raising funds	4	**(25.7)**	**(12.9)**	**(2.6)**	**-**	**(41.2)**
Net income available for charitable activities		**154.6**	**5.4**	**(2.6)**	**4.3**	**161.7**
Expenditure on charitable activities						
Waterway operation, maintenance and repairs		(122.2)	-	-	(2.7)	**(124.9)**
Third party funded regeneration projects		(26.1)	-	-	(1.5)	**(27.6)**
Museums and attractions		(4.4)	-	-	-	**(4.4)**
Total expenditure on charitable activities	**4**	**(152.7)**	**-**	**-**	**(4.2)**	**(156.9)**
Total expenditure	**4**	**(178.4)**	**(12.9)**	**(2.6)**	**(4.2)**	**(198.1)**
Net income/(expenditure) before gains and losses		**1.9**	**5.4**	**(2.6)**	**0.1**	**4.8**
Realised gains on disposal of investment assets		0.2	2.1	3.7	-	**6.0**
Unrealised gains/(losses) on revaluation of investment assets	10,11	1.2	10.7	30.5	-	**42.4**
Net income/(expenditure)		**3.3**	**18.2**	**31.6**	**0.1**	**53.2**
Transfers between funds	**18**	**11.9**	**(15.7)**	**3.8**	**-**	**-**
Other Recognised Gains and Losses						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	-	(66.8)	**-**	**(66.8)**
Taxation		-	0.7	-	-	**0.7**
Net movement in funds	18	**15.2**	**3.2**	**(31.4)**	**0.1**	**(12.9)**
Fund balances at 1 April 2016	18	28.1	40.5	664.0	1.4	**734.0**
Fund balances at 31 March 2017	18	**43.3**	**43.7**	**632.6**	**1.5**	**721.1**

3. Total income

	2017/18	2016/17
	£m	£m
Total income includes		
Donations and legacies	3.4	2.8
General donations to the Trust	0.1	0.1
Lottery income	2.6	-
Donations and legacies	**6.1**	2.9
Defra grant funding	**50.7**	50.0
Boating and moorings excluding BWML	38.1	36.6
Gross income from marinas operated by BWML	8.5	8.1
Boating and moorings	**46.6**	44.7
Utilities and water development	**28.4**	27.0
Investment property	40.0	35.0
Dividend income from diversified investment funds	2.7	4.6
Endowment portfolio income	**42.7**	**39.6**
Interest receivable	0.1	0.1
Premiums earned by Canal & River Reinsurance DAC	-	0.9
Other investment income including wayleaves	5.6	6.3
Investment and property income	**48.4**	46.9
Third party income for charitable activities	**21.9**	31.3
Other income	**0.1**	0.1
Share of net income from joint ventures	**2.7**	-
Total Income	**204.9**	202.9

Lottery Income

As explained within note 1, accounting policies, Canal & River Trading CIC (the "CIC") received the proceeds of lotteries held by People's Postcode Lottery ("PPL"). The CIC has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal, and so only net proceeds due to the CIC are recognised under donations and legacies in the statement of financial activities. The net proceeds received are analysed as follows:

	2017/18	2016/17
	£m	£m
Ticket value	**8.4**	-
Prize fund	**(3.4)**	-
Management fee	**(2.4)**	-
Net lottery income in the year	**2.6**	-

4. Total expenditure

	Direct Costs	Support Costs	2017/18	2016/17
	£m	£m	**£m**	£m
a) Expenditure on raising funds				
Voluntary income	3.3	0.6	**3.9**	3.7
Boating and moorings	16.8	2.3	**19.1**	18.3
Utilities	1.6	0.8	**2.4**	2.8
Investment and property income	17.3	2.5	**19.8**	16.4
Total expenditure on raising funds*	**39.0**	**6.2**	**45.2**	**41.2**
b) Expenditure on charitable activities				
Waterway operation, maintenance and repairs	137.0	11.3	**148.3**	152.5
Museums and attractions	4.0	0.7	**4.7**	4.4
Charitable activities**	**141.0**	**12.0**	**153.0**	**156.9**
Total expenditure	**180.0**	**18.2**	**198.2**	**198.1**

* Expenditure on raising funds has increased primarily due to an increase in service charge expenses which are rechargeable to our tenants as well as higher interest cost on pension liabilities.

** Expenditure on charitable activities net of third party funding has risen from £131.9m to £138.6m

Auditor's fees and expenses include the following:

	2017/18	2016/17
	£000	£000
Fees payable to the auditors of Canal & River Trust:		
in respect of the charity audit	167	181
in respect of subsidiary audits	41	44
Other non-audit services:		
in respect of taxation compliance	10	34
in respect of taxation advisory	30	31
in respect of other advisory	30	-
Fees payable to other auditors of subsidiary companies:		
in respect of audit	13	-
in respect of taxation compliance	7	-
in respect of other advisory	2	-
Total fees payable to auditors	**300**	**290**

5. Support costs

	Governance	Offices	Finance & IT	Human Resources	Management & Other	2017/18	2016/17
	£m	£m	£m	£m	£m	**£m**	£m
Voluntary income	0.1	-	0.5	-	-	**0.6**	0.6
Boating and moorings	0.2	0.5	1.3	0.2	0.1	**2.3**	2.3
Utility income and water sales	0.1	0.1	0.5	-	0.1	**0.8**	0.8
Investment and property income	0.2	0.2	1.8	0.1	0.2	**2.5**	2.7
Waterway operation, maintenance and repairs	0.5	1.9	6.4	2.0	0.5	**11.3**	12.3
Museums and attractions	-	0.2	0.4	0.1	-	**0.7**	0.7
Total support costs	**1.1**	**2.9**	**10.9**	**2.4**	**0.9**	**18.2**	19.4

5. Support costs (continued)

Support costs are allocated to the costs of generating funds and charitable activities on the basis of headcount or on the estimated service delivered by the support service or other bases if these are more appropriate.

Support costs have been reanalysed to more appropriately reflect the nature of some costs which are now allocated to the charitable activities and raising of funds that these costs directly support. The impact of this has been to reduce costs classified as support costs in 2016/17 by £3.7m.

6. Employee costs

No remuneration was paid to any members of the Board of Trustees.

Trustee expenses include the reimbursement by the Trust of costs incurred by its trustees in carrying out their duties and similar payments made by the Trust directly to third parties on their behalf. During the year the total amount reimbursed and paid to third parties was £15,580 (2017: £12,917). These expenses were for travel, subsistence and accommodation incurred by 13 trustees (2017: 13).

The average number of persons employed during the year on a full-time equivalent basis was:

	Group	
	2017/18	2016/17
	Number	Number
Generating voluntary income	**16**	14
Generating income from boating, moorings and utilities	**199**	202
Investment management	**51**	48
Waterway operation, maintenance and repairs	**1,228**	1,224
Museums and attractions	**62**	52
Governance	**7**	5
Support functions	**135**	144
Total number of persons	**1,698**	1,689

Employees previously recorded as being within support functions have been allocated to other business areas to more appropriately reflect the nature of their activities.

Total employment costs were:

	Group	
	2017/18	2016/17
	£m	£m
Wages and salaries*	**52.9**	51.5
Car cash allowances	**2.8**	2.4
Social security costs	**5.2**	4.9
Defined benefit pension costs (see note 21)	**0.9**	3.4
Defined contribution pension costs	**4.4**	2.7
Redundancy and termination costs**	**2.2**	0.2
Total employment costs	**68.4**	65.1

Wages and salaries are shown before any deduction for salary sacrifice arrangements.

* The increase in wages and salaries reflects the 2.7% pay increase awarded during the year.

** Redundancy and termination costs have been incurred as part of a major re-structure of the Trust, as explained on page 28.

6. Employee costs (continued)

In 2014/15 the Trust closed the company car scheme and introduced car allowances for those employees in positions that qualified for a car. As each company car contract ends the employee starts to receive a taxable monthly car allowance. The company car scheme operating costs are not disclosed in the table above but these were £0.2m in 2017/18 (2017: £0.7m). When taken together with car allowances the total cost of the car scheme during the year were £3.0m (2017: £3.1m).

Termination costs are calculated in accordance with the Trust's employment stability policy and provision is made for any redundancy or termination costs when a constructive obligation exists.

The average number of persons employed during the year on a full-time equivalent basis was 1,698 (2017: 1,689). The number of employees whose gross remuneration (including redundancy payments made) and taxable benefits[1], but not employer pension costs paid during the year, exceeded £60,000 and fell within the following ranges were:

	2017/18	2016/17
£60,000 – £70,000	**38**	29
£70,001 – £80,000	**17**	25
£80,001 – £90,000	**11**	10
£90,001 – £100,000	**7**	4
£100,001 – £110,000	**1**	2
£110,001 – £120,000	**1**	2
£120,001 – £130,000	**3**	2
£130,001 – £140,000	**2**	2
£170,001 – £180,000	**2**	1
£190,001 – £200,000	**-**	1
£200,001 – £210,000	**-**	1
£210,001 – £220,000	**2**	-
	84	79

The employee bandings do not include amounts payable to employees in respect of termination payments provided for in the accounts but not paid at the year end; the bandings above therefore exclude termination payments for 21 employees. Contributions from the Trust to the defined contribution pension scheme in respect of 78 (2017: 75) higher paid employees amounted to £516,000 (2017: £286,000).

Key management personnel

The key management personnel are the Trustees and the Executive team (listed on pages 109 to 111). The total employee remuneration (including pension) paid to key management personnel was £1.4m, plus £0.2m social security costs (2017: £1.4m plus £0.1m social security costs).

The remuneration during the year for Richard Parry, chief executive, comprised a salary of £183,105, pension allowance of £15,784, car allowance of £9,768 and benefits in kind of £1,434, totalling £210,091.

There was one employee whose remuneration during the year was higher than the chief executive. Stuart Mills, Chief Investment Officer, received a salary of £167,133, pension allowance of £14,407, car allowance of £9,768, performance related pay of £26,385 reflecting the strong performance of our property portfolio in the year ended 31 March 2017, and benefits in kind of £2,215, totalling £219,908.

[1] Salaries are adjusted for employee benefits received through salary sacrifice arrangements.

7. Taxation

The Canal & River Trust is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in furtherance of the Charity's primary objectives if these profits and surpluses are applied solely for charitable purposes.

It is expected that the Trust's subsidiaries will give all their profits to the Trust, normally resulting in no tax liability.

Credited/(charged) to Statement of Financial Activities	**Group**	
	2017/18	2016/17
Tax	**£m**	£m
Current tax	**-**	-
Over provision in prior year	**-**	0.7
Total tax	**-**	0.7

Corporation tax is calculated at 19% (2017: 20%) of the assessable profits for the year.

The total tax credit for the year can be reconciled to net income/(expenditure) before gains and loss as follows:

	Group	
	2017/18	2016/17
	£m	£m
Net income before gains and losses	**6.7**	4.8
Tax charge at the UK corporate tax rate of 19% (2017: 20%)	**1.3**	(0.9)
Tax effect of expenses that are not deductible in determining taxable profits	**(0.3)**	(0.5)
Charitable income/expenses exempt from tax	**(1.0)**	0.7
Donation to parent made under gift aid scheme utilised in 2017	**-**	0.7
Adjustment to tax charges in respect of prior periods	**-**	0.7
Total tax credit	**-**	0.7

Value added tax
The Canal & River Trust and its subsidiaries are registered for VAT. Any irrecoverable VAT on expenditure is charged to the appropriate heading on the Consolidated Statement of Financial Activities or is capitalised as appropriate.

8. Tangible fixed assets

Group	Operational land and buildings		Boats, vehicles, plant and equipment	
	Freehold	Leasehold		**Total**
	£m	£m	£m	**£m**
Cost				
At 1 April 2017	48.4	5.4	49.4	103.2
Additions	-	-	5.2	5.2
Transfers from investment property	(1.1)	-	-	(1.1)
Disposals	(0.9)	-	(0.5)	(1.4)
At 31 March 2018	**46.4**	**5.4**	**54.1**	105.9
Depreciation				
At 1 April 2017	3.6	1.0	18.7	23.3
Provision for the year	0.7	0.2	4.2	5.1
Disposals	(0.4)	-	(0.4)	(0.8)
At 31 March 2018	**3.9**	**1.2**	**22.5**	27.6
Net book value				
At 31 March 2017	44.8	4.4	30.7	79.9
At 31 March 2018	**42.5**	**4.2**	**31.6**	78.3

Canal & River Trust		Operational land and buildings	Boats, vehicles, plant and equipment	
	Freehold	Leasehold		**Total**
	£m	£m	£m	**£m**
Cost				
At 1 April 2017	29.6	0.2	43.2	**73.0**
Additions	-	-	4.4	**4.4**
Transfers from investment property	(0.8)	-	-	**(0.8)**
Transfer to CIC	(0.3)	-	-	**(0.3)**
Disposals	(0.9)	-	(0.4)	**(1.3)**
At 31 March 2018	**27.6**	**0.2**	**47.2**	**75.0**
Depreciation				
At 1 April 2017	3.4	0.1	17.1	**20.6**
Provision for the year	0.6	-	3.7	**4.3**
Disposals	(0.4)	-	(0.3)	**(0.7)**
At 31 March 2018	**3.6**	**0.1**	**20.5**	**24.2**
Net book value				
At 31 March 2017	26.2	0.1	26.1	**52.4**
At 31 March 2018	**24.0**	**0.1**	**26.7**	**50.8**

9. Heritage assets

Heritage assets are defined as tangible property with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The assets within the Waterways Infrastructure Trust and the museum artefact collection and archives fall within this definition and are accordingly categorised as heritage assets.

As explained in note 1 *Accounting policies* and in accordance with UK accounting standards, the Trust does not believe a meaningful valuation of these assets can be obtained at a cost commensurate with the benefit to the users of the accounts and to the charity. Accordingly, no value is recognised on the balance sheet and expenditure on these assets is charged to the SoFA as incurred.

Land & buildings – the canals and rivers comprised within the Waterways Infrastructure Trust
The Canal & River Trust is the guardian of 2,000 miles of historic waterways across England and Wales. Many of our waterways were built at the height of the industrial revolution and are home to 2,703 listed structures and 46 scheduled ancient monuments.

The Waterways Infrastructure Trust settlement agreement contains a detailed working definition of the infrastructure property. In summary the infrastructure property includes all land and infrastructure which is necessary to (a) inland navigation on a waterway; or (b) public access to, and use of, a towpath. The following is a selection of the main principal assets (as defined by the Trust's Asset Management Plan) included in the infrastructure property:

Asset description	Length/number	
	31 March 2018	31 March 2017
Canals (1)	**1,567 miles**	1,571 miles
Rivers (1)	**346 miles**	342 miles
Feeders (2)	**120 miles**	118 miles
Towpaths	**1,956 miles**	1,956 miles
Aqueducts (3)	**335**	336
Bridges – Accommodation (4)	**1,661**	1,654
Bridges – Public Road (4)	**873**	875
Bridges – Turnover (4)	**454**	453
Culverts (5)	**1,910**	1,936
Major cuttings (6)	**823**	816
Major embankments (7)	**764**	749
Docks	**13**	13
Dry docks	**25**	25
Permitted waste sites (8)	**22**	23
Locks	**1,580**	1,580
Pumping stations (9)	**70**	76
Reservoirs	**73**	73
Sluices	**514**	514
Stop/Safety/Flood Gates	**66**	66
Tunnels	**56**	56
Canal weirs (10)	**659**	663
River weirs (10)	**132**	126
Weir-ed locks	**85**	85
Boat lifts (Navigation)	**1**	1

The following are other classifications of the infrastructure assets many of which are also recorded in the principal assets listed above:

Historic battlefields	**9**	9
Listed buildings (11)	**2,703**	2,697
Scheduled ancient monuments (12)	**46**	49
Sites of Special Scientific Interest (SSSI's)	**63**	63

9. Heritage assets (continued)

(1) Canals and Rivers – Four miles of the Grand Union Leicester Section have been reclassified as river.
(2) Feeder – two miles of new feeder has been identified during the year.
(3) Aqueducts – two aqueducts reclassified as culverts, one new aqueduct identified.
(4) Bridges – the changes are generally due to reclassification of ownership or bridge type during 2017/18
(5) Culverts – the changes are due to validated existence of alleged culverts and clarify ownership during 2017/18.
(6) Major Cuttings – the changes are generally due to changes in definition and re-measurement of assets that are managed as principal assets.
(7) Major Embankments – the changes are generally due to changes in definition and re-measurement of assets that are managed as principal assets.
(8) Permitted waste sites – one site closed during 2017/18.
(9) Pumping stations – six stations were reclassified as non-Trust owned during year.
(10) Weirs – the changes to weir numbers is due to reclassification between canal and river weir, as well as clarification of ownership
(11) Listed Buildings – the changes are as a result of ongoing improvements to asset data made during the year.
(12) Scheduled Ancient Monuments – the changes are as a result of ongoing improvements to asset data made during the year.

Over the year we have completed a data cleansing exercise to improve the quality of our data relating to designated structures. Each item in our asset database has been compared to Historic England information relating to listed buildings and scheduled monuments and updated accordingly. This has resulted in some structures being added to the database (e.g. minor assets such as milestones) and some being removed (e.g. railway viaducts that cross our land but which are owned by other bodies). Following this exercise we are able to more accurately report on the number of designated structures within the Trust's management and this accounts for the slight changes in figures from previous years. Importantly, all of our structures that were listed or scheduled have maintained this status through the reporting year.

The number of principal assets in each category are subject to change from time to time due to additions, disposals and reclassification (e.g. where the dimensions of an embankment have been re-measured and found to be within the dimensions required for a 'major' embankment).

Museum artefact collections and archives
The Trust maintains over 15,000 heritage artefacts in its collection and over 100,000 archive records of the construction and operation of the historic waterways. Artefacts and archive records include: tools, machinery, insignia and memorabilia, clothing, decorative arts, paintings, photographs, maps and plans, drawings, business papers and letters dating from the 1780s to the present day. The Trust also maintains a historic fleet of around 70 boats. These items are held for display to the public, or in secure storage facilities, and the assets and artefacts have historical, scientific and technological qualities that are maintained for public benefit, knowledge and culture.

10. Investment property

	Group			Canal & River Trust		
	Freehold	Leasehold	**Total**	Freehold	Leasehold	**Total**
	£m	£m	**£m**	£m	£m	**£m**
Carrying value (fair value)						
At 1 April 2017	584.6	46.5	**631.1**	391.7	45.5	**437.2**
Additions	38.0	11.8	**49.8**	37.9	11.8	**49.7**
Transfers to tangible fixed assets	1.1	-	**1.1**	0.8	-	**0.8**
Transfer from Blackwall Estates	-	-	**-**	0.2	-	**0.2**
Disposals	(22.4)	(0.1)	**(22.5)**	(22.0)	(0.1)	**(22.1)**
Revaluation	31.7	1.4	**33.1**	26.2	1.4	**27.6**
At 31 March 2018	**633.0**	**59.6**	**692.6**	**434.8**	**58.6**	**493.4**

Investment properties are valued annually and included at valuation on an open market basis. GVA Grimley Limited a regulated firm of Chartered Surveyors, carried out a valuation of all properties by value as at 31 March 2018.

10. Investment property (continued)

Valuations are carried out in accordance with the guidance set out in the Royal Institute of Chartered Surveyors 'Professional Standards January 2014' incorporating the International Valuation Standards 2013, amended. Assumptions are made based on comparable yield values, taking account of current rents received from tenants, or estimated rents where properties are otherwise vacant.

11. Diversified investment funds

(a) Movement on diversified income funds

	Group & Canal & River Trust
	2017/18
	£m
At 1 April 2017	**128.0**
Additions	**4.0**
Withdrawals	**(2.7)**
Dividend income	**2.7**
Investment management costs	**(0.9)**
Revaluation	**4.8**
At 31 March 2018	**135.9**

(b) Disclosure of total return approach to diversified income funds

	Group & Canal & River Trust				
	Endowment	Unapplied total return	**Total investment from Endowment**	Unrestricted Funds	**Total Funds**
	£m	£m	**£m**	£m	**£m**
At 1 April 2017					
Trust for investment	100.0	-	100.0	13.6	113.6
Unapplied total return	5.3	9.1	14.4	-	14.4
	105.3	**9.1**	**114.4**	**13.6**	**128.0**
Movements in reporting period					
Additions to investment funds	-	-	**-**	4.0	**4.0**
Investment return: dividends	-	2.7	**2.7**	**-**	**2.7**
Investment return: realised and unrealised gains	3.7	0.5	**4.2**	**0.6**	**4.8**
Less: Investment management costs	-	(0.8)	**(0.8)**	**(0.1)**	**(0.9)**
Withdrawals	-	-	**-**	**(2.7)**	**(2.7)**
	3.7	**2.4**	**6.1**	**1.8**	**7.9**
Total return applied to income	-	(2.7)	(2.7)	2.7	**-**
Net movement in reporting year	**3.7**	**(0.3)**	**3.4**	**4.5**	**7.9**
At 31 March 2018					
Trust for investment	100.0	-	100.0	18.1	**118.1**
Unapplied total return	9.0	8.8	17.8	-	**17.8**
	109.0	**8.8**	**117.8**	**18.1**	**135.9**

11. Diversified investment funds (continued)

Quoted investments are stated at open market value and unquoted investments are stated at most recent underlying net asset values from fund managers, adjusted for subsequent capital calls or distributions.

During the year, the Investment Committee oversaw the fourth year of implementation of the Investment Strategy for the Trust involving a diversification of the Trust's investment portfolio held in the Protected Endowment away from pure property investment to provide some measure of risk protection. Pursuant to this strategy, the selected external investment manager, Partners Capital, has invested £100m on behalf of the Trust in non-property investments towards the overall objective of around 20% diversification away from property in a 3 to 5 year time horizon.

Partners Capital have also invested £16m from the Pension Accumulation Designated Fund (see note 18) into separate investment funds.

(c) Disclosure of asset classes within diversified income funds

	Group & Canal & River Trust	
	31 March 2018	31 March 2017
	£m	£m
Multi-asset funds	**70.0**	58.0
Bonds	**29.8**	34.6
Global equities	**13.5**	15.5
Private Equity Funds	**21.2**	19.4
Cash	**1.4**	0.5
At 31 March 2018	**135.9**	128.0

(d) Current Asset Investments

	Group		Canal & River Trust	
	31 Mar 18	31 Mar 17	**31 Mar 18**	31 Mar 17
	£m	£m	**£m**	£m
Funds held on short-term deposit	**65.3**	53.0	**60.1**	47.3
	65.3	53.0	**60.1**	47.3

Current asset investments represent funds held by the Trust which are not for the purposes long-term investment return, but instead complement cash holdings used for ordinary operating and investing activities. Within the group, £60.1m (2017: £47.3m) of this is held with Partners Capital as part of a separate 'General Fund' account for surplus cash.

There were £0.7m unrealised revaluation losses on these funds during the year.

12. Investments

SUBSIDIARIES

Canal & River Trust	2017/18	2016/17
Investments in subsidiaries:	**£m**	£m
At 1 April	**154.1**	152.4
Fair value adjustment for investment in Canal & River Pension Investments LP	**4.6**	1.7
At 31 March	**158.7**	154.1

Subsidiary undertakings
Canal & River Trust's subsidiary undertakings are as follows and have a 31 March year end unless stated:

- Blackwall Estates Limited manages property in London Docklands (year end 30 June). The directors of the Trust have not chosen to bring the year end into line with that of the Trust as the trading results and net assets are immaterial. The entity was dormant during the period and subsequently dissolved on 26 June 2018.

- British Waterways Marinas Limited operates inland waterway marinas.

- Canal & River Trading CIC is an operating subsidiary of the Group and holds a small portfolio of investment properties, investment in joint ventures (see below) as well as other miscellaneous trading activities.

- Canal & River Pension Investments LP ("SLP"), is a limited partnership registered in Scotland that manages investment property on behalf of the partners. In 2012/13 the Trust invested £33m in the SLP. The Trust exercises sufficient control over the partnership to meet the definition of a subsidiary undertaking in accordance with the Companies Act 2006 s1162 and FRS 102, section 9 'Consolidated and Separate Financial Statements.' The Trust considers that its interest in the SLP includes a non-financial variable through its dependency on rental yields and future underlying capital values. The debt instrument is therefore considered to have an embedded derivative under the scope of IAS39 and the entire hybrid contract is designated as a financial asset at FVTPL rather than being valued at historic cost less impairment.

- Canal & River Pension Partner Limited holds an investment in the Canal & River Pension Investments LP from which it derives income. In 2012/13 the Trust invested £19m in this company.

- Canal & River Reinsurance Designated Activity Company provides reinsurance to the Trust in respect of property, motor and public liability. This company closed to new business on 31 March 2017.

- Waterways Pension Trustees Limited acts as trustee to the Waterways Pension Fund. The book value of the Trust's interest is represented by a debt of equal amount due to the subsidiary and both have been eliminated from the Trust's accounts.

- The Waterways Trust and its subsidiaries, NWM Enterprises Limited, Ribble Link Construction and Operation Limited and the Rochdale Canal Company were acquired on 26 July 2012. The undertakings and assets of The Waterways Trust were transferred to Canal & River Trust on 1 April 2013. These subsidiaries did not trade during the year ended 31 March 2018.

All subsidiaries are 100% wholly owned by the Trust and, with the exception of Canal & River Reinsurance Designated Activity Company (which is in Ireland), are registered and operate within the United Kingdom.

12. Investments (continued)

2017/18

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2018 was as follows:

	Income	Expenditure	Net income before other recognised gains and losses*	Net assets at 31 March 2018
	£m	£m	£m	£m
Canal & River Trading CIC	3.1	(0.5)	2.6	38.1
British Waterways Marinas Ltd	8.5	(7.0)	1.3	12.0
Canal & River Pension Investments LP	9.3	(4.8)	4.3	207.0
Canal & River Pension Partner Limited	-	-	-	28.3
Canal & River Reinsurance DAC	0.1	-	0.1	3.4
Other minor subsidiaries	-	(0.1)	-	(1.6)
	21.0	**(12.4)**	**8.3**	**287.2**

2016/17

The contribution of subsidiary companies to the Trust's funds in the year to 31 March 2017 was as follows:

	Income	Expenditure	Net income before other recognised gains and losses*	Net assets at 31 March 2017
	£m	£m	£m	£m
Canal & River Trading CIC	0.3	(0.3)	-	38.9
British Waterways Marinas Ltd	8.1	(7.2)	0.9	12.0
Canal & River Pension Investments LP	8.8	(5.0)	3.8	200.6
Canal & River Pension Partner Limited	-	-	-	23.9
Canal & River Reinsurance DAC	0.9	(0.9)	-	3.3
Other minor subsidiaries	0.1	(0.1)		(1.4)
	18.2	**(13.5)**	**4.7**	**277.3**

* Amount shown is before gift aid donations to parent.

JOINT VENTURES

Group	**2017/18**	2016/17
Investments in joint ventures:		
At 1 April	**28.3**	19.8
Loans made	**9.0**	8.5
Loans repaid	**-**	-
Share of net income	**2.7**	-
Dividends paid	**(1.7)**	-
Fair Value Adjustment	**0.4**	-
At 31 March	**38.7**	28.3

The increase in joint venture investments arises primarily from additional loan funding to Waterside Places LP.

12. Investments (continued)

The Group's share of assets and liabilities of joint ventures, which are included in the consolidated financial statements, are as follows:

	31 March 2018	31 March 2017
	£m	£m
Fixed assets	0.2	0.1
Current assets	54.4	38.3
Share of gross assets	54.6	38.4
Current liabilities	(4.3)	(3.7)
Long term liabilities	(11.6)	(6.4)
Share of gross liabilities	(15.9)	(10.1)
Share of net assets	38.7	28.3

Included in the above table are capital loans to the joint ventures totalling £38.4m of which £33.7m is in respect of Waterside Places LP.

The Group's share of incoming resources from joint ventures was £17.5m (2017: £8.0m) and share of resources expended was £14.8m (2017: £8.0m). All income arises from investment in property developments.

Investments in joint ventures

The following information relates to those joint ventures of the Group at the year-end whose results or financial position, in the opinion of the Trustees, principally affect the figures of the Group. All joint ventures of the Group are unlisted and are registered and operate in the United Kingdom. With the exception of Roundhouse Birmingham (held in the Trust), all investments in joint ventures are held in Canal & River Trading CIC, a wholly owned subsidiary of the Trust.

The profit and loss for the year ended 31 March 2018 is calculated based on accounts prepared by the joint ventures and where the accounting period is not coterminous with the 31 March, adjusted using management accounts. The Trust's share of profit and loss for the year of each joint venture based on their accounts made up to the dates indicated was as follows:

	Accounting period ended	Profit / (loss) for the year	Equity interest held*	Main activity
		£m	%	
Joint ventures				
Waterside Places LP	31 December 2017	(0.3)	49.5%	Property development
City Road Basin Limited	31 December 2017	-	49%	Property development
H2O Urban LLP	31 December 2017	1.1	50%	Property development
Paddington Basin Business Barges Ltd	31 December 2017	-	49%	Office management
Icknield Port Loop LLP	31 December 2017	-	25%	Property development
Roundhouse Birmingham	31 December 2017	-	50%	Heritage attraction operation

* Whilst the Trust retains a 49% shareholding in some joint venture companies, the voting rights and profit share is 50:50. For Icknield Port Loop LLP, the profit share beneficial interest is 35.5% – however, voting rights are such that decisions require unanimous decisions from each of the partners.

13. Stock

	Group		Canal & River Trust	
	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
	£m	£m	£m	£m
Raw materials	0.6	0.6	0.6	0.6
Finished goods and goods for resale	0.7	0.7	0.5	0.5
	1.3	1.3	1.1	1.1

14. Debtors

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
	£m	£m	£m	£m
Trade debtors	29.9	29.5	27.5	27.1
Profit share and dividends receivable from subsidiaries	-	-	2.4	4.1
Other amounts owed from Group undertakings	-	-	9.7	1.3
Prepayments and accrued income	16.2	17.7	13.5	13.5
Value added tax	-	-	0.3	0.1
Other debtors	1.2	0.6	0.8	0.5
	47.3	47.8	54.2	46.6

15. Creditors

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
	£m	£m	£m	£m
Revolving credit facility	-	10.0	-	10.0
Trade creditors	13.1	12.5	12.9	12.3
Taxation and social security	0.2	0.2	0.2	0.2
Value added tax	0.6	0.5	-	-
Amounts owed to other Group companies	-	-	0.1	0.1
Accruals	15.5	16.3	12.6	13.5
Deferred income (Note 16)	51.1	50.9	45.6	45.5
Loan from Port of London Properties Ltd	12.9	-	12.9	-
Other creditors	2.1	3.0	2.3	3.5
	95.5	93.4	86.6	85.1

Amounts falling due after more than one year	Group		Canal & River Trust	
	31 Mar 18	31 Mar 17	31 Mar 18	31 Mar 17
	£m	£m	£m	£m
Revolving credit facility	-	40.0	-	40.0
Loan notes	100.0	-	100.0	-
Loan from Port of London Properties Ltd	-	12.9	-	12.9
Deferred income (Note 16)	3.4	3.5	3.4	3.5
Other creditors	0.1	-	0.6	0.4
	103.5	56.4	104.0	56.8

15. Creditors (continued)

£100m (2017: £nil) of creditors fall due after more than five years.

During the year, the Trust completed on a £100m private placement of loan notes to aid its broader investment strategy. The notes are repayable in two £50m tranches in 2043 and 2048, with respective fixed interest rates of 2.85% and 2.83%.

During the year, the Trust repaid its Revolving Credit Facility ("RCF"). This facility was provided by RBS, and allowed for up to £50m to be drawn for periods between one month and the date of the facility's expiry in June 2019. Upon receipt of the loan notes during the year, the facility was closed.

The £12.9m loan from Port of London Properties Limited ("POLP") is at a floating rate of interest being 1% above the Bank of England base rate.

The POLP loan is repayable in January 2019 and is secured on assets to a value that is satisfactory to the lender.

As both the RCF and the POLP loan have interest rates set using a positive fixed rate and/or a single observable index, they are deemed to represent basic financial instruments under IAS39, and are measured using the amortised cost model. The private placement loan notes are considered to be non basic as they include an embedded derivative under the scope of IAS39. The embedded derivative is designated as a financial instrument at FVTPL rather than being valued at historic cost less impairment.

The Trust has interests in a number of property development joint ventures that are stand-alone businesses and are independently funded with external bank debt without recourse to the Trust. In each of the joint ventures an assessment is made whether the interest payments on borrowings should be hedged having regard to the quantum of the debt, the period over which the borrowings are planned to be outstanding and the sensitivity of the project to changes in interest rates. There was no interest rate hedging in place in the joint ventures at 31 March 2018. At 31 March 2018, Group share of total bank borrowings in joint ventures was £11.5m (2017: £6.4m).

16. Deferred income

Deferred income for the group and parent is analysed as follows in total:

Group	At 1 April 2017	Released	Deferred	**At 31 March 2018**
	£m	£m	£m	**£m**
Rental income in advance	17.3	(14.9)	14.8	**17.2**
Boat licenses in advance	11.3	(11.3)	11.5	**11.5**
Moorings in advance	7.4	(6.6)	7.4	**8.2**
Defra grant received in advance	10.2	(10.2)	10.3	**10.3**
Other deferred income	8.2	(7.9)	7.0	**7.3**
Total current and long term	**54.4**	**(50.9)**	**51.0**	**54.5**

Canal & River Trust	At 1 April 2017	Released	Deferred	**At 31 March 2018**
	£m	£m	£m	**£m**
Rental income in advance	15.6	(13.2)	13.1	**15.5**
Boat licences in advance	11.3	(11.3)	11.5	**11.5**
Moorings in advance	4.7	(3.9)	4.5	**5.3**
Defra grant received in advance	10.2	(10.2)	10.3	**10.3**
Other deferred income	7.2	(6.9)	6.1	**6.4**
Total current and long term	**49.0**	**(45.5)**	**45.5**	**49.0**

Other deferred income includes amounts received in advance of future utilities sales, income received for future enterprise projects and service charges received in advance.

17. Provisions for liabilities

Group	At 1 April 2017	Paid	Charged	Released	**At 31 March 2018**
	£m	£m	£m	£m	**£m**
Public liability and contractual claims	1.6	(0.3)	1.0	(0.7)	**1.6**
Canal & River Reinsurance	2.3	(0.3)	-	(0.3)	**1.7**
Other provisions	0.4	-	0.4	-	**0.8**
	4.3	**(0.6)**	**1.4**	**(1.0)**	**4.1**

Canal & River Trust	At 1 April 2017	Paid	Charged	Released	**At 31 March 2018**
Personal injury and contractual claims	1.6	(0.3)	1.0	(0.7)	**1.6**
Other provisions	0.4	-	0.4	-	**0.8**
	2.0	**(0.3)**	**1.4**	**(0.7)**	**2.4**

Provisions are recognised when the conditions of FRS 102, section 21.4 'Provisions and Contingencies' have been met. The timing of when provisions will be settled is generally uncertain due the nature of the relevant claims and obligations.

Public liability and contractual claims
The provision relates to individuals who have suffered a personal injury whilst on or using the Trust's property, or who have claims relating to contracts entered into with the Trust. It represents the Trust's best estimate of the legal fees and compensation that could be incurred. These provisions are in addition to provisions accounted in Canal & River Reinsurance (see below).

Canal & River Reinsurance
The provision relates to specific property, motor and public liability claims potentially brought against the Group held in Canal & River Reinsurance Designated Activity Company.

Other provisions
These are provisions which fall outside of the categories described above, including dilapidations.

18. Movement in funds

Group 2017/18	Unrestricted Funds		Restricted Funds			
			Protected Endowment Funds			
	General Fund	Designated Funds	Subsidiaries	Other	Restricted Income Funds	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2017	24.7	18.6	43.7	632.6	1.5	**721.1**
Net income	(0.3)	0.6	18.1	30.9	(0.5)	**48.8**
Gift aid receivable and dividends from subsidiaries*	11.3	-	(11.3)	-	-	**-**
Transfer to Pension Accumulation Fund*	(4.0)	4.0	-	-	-	**-**
PFP contribution to Pension Fund**	(5.0)	-	-	5.0	-	**-**
Additional contribution to PAF***	-	(5.0)	-	5.0	-	**-**
Actuarial gains on defined benefit pension schemes	-	-	-	21.3	-	**21.3**
As at 31 March 2018	**26.7**	**18.2**	**50.5**	**694.8**	**1.0**	**791.2**

Canal & River Trust 2017/18	Unrestricted Funds		Restricted Funds			
			Protected Endowment Funds			
	General Fund	Designated Funds	Subsidiaries	Other	Restricted Income Funds	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2017	24.2	18.6	-	678.5	1.5	**722.8**
Net income	(0.3)	0.6	-	39.0	(0.5)	**38.8**
Gift aid receivable and dividends from subsidiaries*	11.3	-	-	-	-	**11.3**
Transfer to Pension Accumulation Fund*	(4.0)	4.0	-	-	-	**-**
PFP contribution to Pension Fund**	(5.0)	-	-	5.0	-	**-**
Additional contribution to PAF***	-	(5.0)	-	5.0	-	**-**
Transfer from Blackwall Estates Limited	-	-	-	0.2	-	**0.2**
Actuarial gains on defined benefit pension schemes	-	-	-	14.6	-	**14.6**
As at 31 March 2018	**26.2**	**18.2**	-	**742.3**	**1.0**	**787.7**

* see description of 'Transfers between funds' below

** Pension Funding Partnership (PFP) see note 21

*** This £5m transfer was approved by the March 2017 board to settle the 2016 actuarial deficit and included within designated funds at 31 March 2017. Payment to the Waterways Pension Fund was made on 31 May 2017 at which point the £5m was transferred from designated funds to the protected endowment fund.

18. Movement in funds (continued)

Group 2016/17	**Unrestricted Funds**		**Restricted Funds**			
			Protected Endowment Funds			
	General Fund	**Designated Funds**	**Subsidiaries**	**Other**	**Restricted Income Funds**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2016	19.7	8.4	40.5	664.0	1.4	**734.0**
Net income	2.1	1.2	18.2	31.6	0.1	**53.2**
Gift aid receivable and dividends from subsidiaries*	15.7	-	(15.7)	-	-	
Transfer to Pension Accumulation Fund*	(4.0)	4.0	-	-	-	
PFP contribution to Pension Fund**	(5.0)	-	-	5.0	-	
Additional contribution to PAF***	(5.0)	5.0	-	-	-	
Pension Fund current service cost in excess of contributions*	1.2	-	-	(1.2)	-	
Taxation credit	-	-	0.7	-	-	**0.7**
Actuarial losses on defined benefit pension schemes	-	-	-	(66.8)	-	**(66.8)**
As at 31 March 2017	**24.7**	**18.6**	**43.7**	**632.6**	**1.5**	**721.1**

Canal & River Trust 2016/17	**Unrestricted Funds**		**Restricted Funds**			
			Protected Endowment Funds			
	General Fund	**Designated Funds**	**Subsidiaries**	**Other**	**Restricted Income Funds**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2016	19.4	8.4	-	694.1	1.4	**723.3**
Net income	1.9	1.2	-	37.8	0.1	**41.0**
Gift aid receivable and dividends from subsidiaries*	15.7	-	-	-	-	**15.7**
Transfer to Pension Accumulation Fund*	(4.0)	4.0	-	-	-	-
PFP contribution to Pension Fund**	(5.0)	-		5.0	-	-
Additional contribution to PAF***	(5.0)	5.0	-	-	-	-
Pension Fund current service cost in excess of contributions*	1.2	-	-	(1.2)	-	-
Actuarial losses on defined benefit pension schemes	-	-	-	(57.2)	-	**(57.2)**
As at 31 March 2017	**24.2**	**18.6**	**-**	**678.5**	**1.5**	**722.8**

* see description of 'Transfers between funds' below

** Pension Funding Partnership (PFP) see note 21

*** This transfer was approved by the March 2017 board to settle the 2016 actuarial deficit. Payment to the Waterways Pension Fund was made on 31 May 2017.

18. Movement in funds (continued)

The Trustees have agreed how the following funds are managed, taking into account best practice and guidance from the Charity Commission. References to the Grant Funding Agreement are to the Grant Funding Agreement between the Trust and Defra dated 28 June 2012.

Endowment Fund
The Endowment Fund is a restricted reserve established when the Protected Assets, as defined in the Grant Funding Agreement, less the value of the liabilities for the Trust's borrowings and pension fund liabilities that are effectively secured on the endowment assets, less any other capital liabilities and creditors, were transferred to the Trust on 2 July 2012 by the UK Government. Income arising from these net assets is available to be spent on the charitable activities of the Trust.

The Endowment Fund includes the net value of any unrealised revaluation surpluses that have arisen on the endowment since the transfer and the net value of funds held in reserve for waterway infrastructure asset dowries where such funds have been invested into assets contained within the Protected Endowment. As agreed with the fund's protector, it also includes long-term loan notes, and associated assets acquired using these funds.

The amount of retained post acquisition reserves held in subsidiary companies that are held as investments within the Protected Endowment are shown in a separate reserve fund.

The assets of the Waterways Infrastructure Trust are a permanent endowment held in perpetuity and are heritage assets shown with no value in the accounts, as explained in note 9. The investment and operational assets transferred from government in 2012 are defined as an expendable endowment, primarily because the grant agreement permits freedom of management and trading provided the underlying value is protected.

General Fund
The General Fund comprises funds that are accumulated from surpluses of net income resources that are held specifically to fund the permitted activities of the Trust, the Trust's other charitable objects, and the Trust's statutory obligations, in each case net of the support costs and cost of ancillary activities that support, facilitate or promote that expenditure.

Pension Accumulation Designated Fund
The Pension Accumulation Fund comprises funds that are designated from the General Fund to create a fund for the purpose of funding any deficit that exists on the Waterways Pension Fund in 2031 when the pension funding partnership comes to an end. Funds are transferred from the General Fund to the Pension Accumulation Fund during the year. Any income arising from this designated fund is accumulated within the fund.

Restricted Income Fund
The Restricted Income Fund comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied. The purpose of each restricted fund is set out in the notes to the financial statements. Restricted donations of less than £20,000, unless part of a larger project, are reported in aggregate.

Transfers between funds
Transfers between funds include gift aid payments from surplus profits and dividends from subsidiary companies to the Trust from the protected endowment fund to general fund, the allocation of unapplied total return and net income and expenditure that has been recognised in the general fund in the SoFA that is in respect of protected endowment net assets.

18. Movement in funds (continued)

Restricted Income Funds

Fund Name	Balance 1 April 2017	Transfers	Incoming Resources	Resources Expended	**Balance 31 March 2018**
Canal & River Trust	£000	£000	£000	£000	**£000**
Friends Fund	-	-	2,243	(2,243)	**-**
Specific Project Funds					
Canal & River Trust funds:					
Coast to Coast Canoe Trail	384	-	296	(318)	**362**
Community Roots Projects	262	-	62	(199)	**125**
Memorial Benches	82	-	33	(48)	**67**
Bat Appeal	29	-	14	-	**43**
Brindley's Brainwaves STEM Education	20	-	15	(3)	**32**
Worcestershire Arts Ring	30	-	8	(8)	**30**
London Moorings Improvements	25	-	-	-	**25**
Historical Boat – Ferret	19	-	7	(5)	**21**
Sport Participation Pilot Programme	-	-	83	(66)	**17**
Heritage Heroes	-	-	116	(105)	**11**
Corridor for Nature Explorers	20	-	-	(15)	**5**
Arts Council Funding Pennine	-	-	533	(533)	**-**
Saving our Vital Nature	-	-	442	(442)	**-**
Museum Resilience Project	-	-	176	(176)	**-**
Asset Management Modelling	104	-	-	(104)	**-**
Historic Boat Collection	59	-	-	(59)	**-**
Big Lottery Burnley	-	-	53	(53)	**-**
Living Waterways Awards 2017	-	-	42	(42)	**-**
Bridges and Gardens – New Art for London	30	-	-	(30)	**-**
Impact Measurement Framework	25	-	-	(25)	**-**
Hinterlands	-	-	22	(22)	**-**
Grantham Canal Legacy	20	-	-	(20)	**-**
Other Specific Project Funds	334	-	55	(226)	**163**
Funds transferred from The Waterways Trust:					
Cotswold Appeal	60	-	6	-	**66**
Total Group	**1,503**	-	**4,206**	**(4,742)**	**967**

Funds are restricted on the basis of activity type, activity within a defined geographical area or on a specific project basis. Funds will be recorded as expended when they are transferred to meet the relevant expenditure being incurred.

Funds transferred from The Waterways Trust are either awaiting drawdown from the specified projects or are in the process of being allocated to the specified purpose. Canal & River Trust funds are transferred to the relevant project on completion of the specified works or project outcomes.

Restricted funds with donations less than £20,000 are shown in one aggregate total as "Other Specific Project Funds". In 2017/18 there were 41 (2017: 71) separate funds within this total.

Friends Fund
All donations made to The Trust without any specific local or project specific restriction are added to the Friends Fund from which expenditure is directed only to waterway maintenance, restoration or education activities.

19. Analysis of net assets by fund

Net assets are analysed between funds as follows:

Group	Unrestricted Funds	Restricted Funds	Endowment Funds	**Total 31 March 2018**	Total 31 March 2017
	£m	£m	£m	**£m**	£m
Tangible fixed assets	26.9	-	51.4	**78.3**	79.9
Investments	18.1	-	849.1	**867.2**	787.4
Net current assets	5.9	1.0	34.1	**41.0**	30.7
Creditors – amounts falling due after more than one year	(3.5)	-	(100.0)	**(103.5)**	(56.4)
Provisions	(2.4)	-	(1.7)	**(4.1)**	(4.3)
Pension liability	(0.1)	-	(87.6)	**(87.7)**	(116.2)
Total net assets	**44.9**	**1.0**	**745.3**	**791.2**	721.1

Canal & River Trust	Unrestricted Funds	Restricted Funds	Endowment Funds	**Total 31 March 2018**	Total 31 March 2017
	£m	£m	£m	**£m**	£m
Tangible fixed assets	26.9	-	23.9	**50.8**	52.4
Investments	18.6	-	769.4	**788.0**	719.3
Net current assets	5.4	1.0	36.9	**43.3**	22.4
Creditors – amounts falling due after more than one year	(4.0)	-	(100.0)	**(104.0)**	(56.8)
Provisions	(2.4)	-	-	**(2.4)**	(2.0)
Pension asset/(liability)	(0.1)	-	12.1	**12.0**	(12.5)
Total net assets	**44.4**	**1.0**	**742.3**	**787.7**	722.8

20. Operating lease commitments

Operating lease agreements where the Group is lessee
The total of future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Canal & River Trust	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Leasehold properties	**£m**	£m	**£m**	£m
Within one year	**1.3**	1.3	**1.2**	1.1
Within two to five years	**4.6**	4.5	**4.1**	4.1
In more than five years	**128.2**	127.4	**118.1**	117.3
	134.1	133.2	**123.4**	122.5

During the year £1.4m (2017: £1.6m) was charged to the SoFA in respect of leasehold property rentals.

	Group		Canal & River Trust	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Leasehold plant and equipment	**£m**	£m	**£m**	£m
Within one year	**0.3**	0.6	**0.3**	0.6
Within two to five years	**0.1**	0.1	**0.1**	0.1
In more than five years	**-**	-	**-**	-
	0.4	0.7	**0.4**	0.7

During the year £0.5m (2017: £0.7m) was charged to the SoFA in respect of leasehold plant and equipment.

20. Operating lease commitments (continued)

Operating lease agreements where the Group is lessor
The total of future minimum rentals receivable under non-cancellable rental agreements are as follows:

	Group		Canal & River Trust	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Investment Properties	**£m**	£m	**£m**	£m
Within one year	**36.4**	33.2	**28.4**	25.2
Within two to five years	**134.4**	124.7	**102.6**	93.5
In more than five years	**3,393.6**	3,407.8	**1,949.7**	1,956.1
	3,564.4	3,565.7	**2,080.7**	2,074.8

Excluded from the above analysis are those rental agreements held under a tenancy at will basis.

21. Pension and other post – retirement benefits

	Group		Canal & River Trust	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Investment Properties				
(a) Defined benefit pension fund (deficit)/surplus	**(87.6)**	(116.1)	**12.1**	(12.4)
(c) Other post-retirement benefits	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Employee benefits	**(87.7)**	(116.2)	**12.0**	(12.5)

(a) Pension fund (deficit)/surplus – defined benefit pension
The Trust is the Principal Employer of a funded defined benefit pension scheme known as the Waterways Pension Fund ("WPF" or the "Scheme"). The Scheme closed to future accrual on 30 September 2016 for employees of the Trust and other participating employers.

Contributions to the Scheme are agreed between the Trust and the Trustees of the WPF, after advice from the Scheme Actuary, as part of the triennial actuarial valuation of the Scheme. The last triennial valuation of the Scheme was carried out as at 31 March 2016. As at that date the market value of the Scheme's assets (excluding members' additional voluntary contributions) amounted to £501.7m and the value placed upon the benefits that had accrued to members was £506.4m. The Scheme was therefore £4.7m in deficit and 99% funded on an on-going basis. The market value of the Fund's investment in Canal & River Pension Investments LP (see below for more details) is included within the valuation of the Fund's assets. The Fund's Recovery Plan allows for post March 2016 valuation market volatility and includes the full potential payment due in 2031 in respect of this investment, which is not fully valued in the Fund's assets, and a further £5m one-off contribution was paid in May 2017 to contribute towards meeting the shortfall.

The next triennial actuarial valuation will be carried out as at 31 March 2019.

On 9 July 2012, the Trust made a special contribution of £106m to the WPF pursuant to the creation of a pension funding partnership with the Trust. The Scheme invested £106m in Canal & River Pension Investments LP, a limited partnership registered in Scotland. The Scheme will remain invested in this partnership until 8 July 2031 at which point the Scheme's investment will be redeemed. The redemption value of the investment will be the lower of £125m or the valuation deficit in the Scheme at that time, with a minimum value of £0.01m, as assessed by the Scheme Actuary on a Technical Provisions basis. The Scheme is entitled to an annual distribution income from this investment of £5m per annum. In the year to 31 March 2018 the Scheme received £5.0m of income from the partnership investment.

An accounting judgement has been taken that the Scheme's £99.7m interest in the partnership, which is a subsidiary of the Trust, does not represent a plan asset for the purposes of the Group consolidated accounts because it is a financial instrument issued by the Group and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in the Group consolidated financial statements.

21. Pension and other post – retirement benefits (continued)

The exclusion of the Scheme's interest in the partnership from the Scheme's assets results in a deficit of £87.6m in the Group accounts. The Scheme's interest in the partnership is included in the valuation of the Scheme in Canal & River Trust's company balance sheet.

The assumptions required for accounting purposes, under FRS102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions, and as a result, under FRS102, the Scheme valuation shows a surplus position at 31 March 2018. The pension funding partnership asset has been recognised in accordance with IFRIC 14 as under the WPF trust deed and rules, the Trust has an unconditional right to its share of any surplus following the winding up of the WPF.

The valuation of the Scheme used for FRS 102, section 28 'Retirement benefits' disclosures has been based on the most recent actuarial valuation of the WPF at 31 March 2016 and updated to 31 March 2018 by independent qualified actuaries from KPMG LLP. The Trust has incorporated 100% of the liabilities of the Scheme, as the liability for any deficit arising in respect of other participating employers is either immaterial to the accounts or is dealt with by contractual arrangements outside the Scheme.

The key assumptions used are as follows:

	31 March 2018	31 March 2017
Discount rate	**2.6%**	2.6%
Rate of increase in salaries	**2.65%**	2.75%
Rate of increase for majority of pensions in payment and deferred pensions*	**2.15%**	2.25%
Rate of CPI inflation	**2.15%**	2.25%
Tax free cash	**Members are assumed to take 25% of their pension as tax free cash**	Members are assumed to take 25% of their pension as tax free cash
Post retirement mortality assumption	**108% of S2PMA (males) 104% of S2PFA (females) CMI 2017 model, long-term rate of improvements 1.25% (smoothing factor 7.5)**	108% of S2PMA (males) 104% of S2PFA (females) CMI 2015 model, long-term rate of improvements 1.25%

Using the adopted mortality tables, the future life expectancy at the normal retirement age of 63 is as follows:

	31 March 2018	31 March 2017
Male currently aged 43	**24.1**	24.7
Female currently aged 43	**26.5**	27.3
Male currently aged 63	**22.6**	23.0
Female currently aged 63	**24.9**	25.4

* The rate of increase for the career average re-valued earnings (post April 2011) benefits are capped at 2.5%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	**Change in assumption**	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 1.8% (£9.7m)
Rate of inflation	Increase/decrease by 0.1%	Increase/decrease by 1.7% (£9.2m)
Rate of mortality	Change long-term improvement rate to 1.5% pa	Increase by 1.0% (£5.4m)

21. Pension and other post – retirement benefits (continued)

Amounts recognised in the Consolidated Statement of Financial Activities (SoFA)

	Group	
	Year to 31 March 2018	Year to 31 March 2017
	£m	£m
Current service cost	**(0.9)**	(3.4)
Current service costs funded by member contributions	**-**	(0.9)
Interest cost	**(14.4)**	(16.2)
Interest on assets	**11.6**	14.4
Amount charged within net income	**(3.7)**	(6.1)
Actuarial gains/(losses)	**21.3**	(66.8)
Amount charged within net movement in funds	**17.6**	(72.9)

Amounts recognised in the balance sheet at 31 March 2018:

	Group		Canal & River Trust	
	2018	2017	**2018**	2017
	£m	£m	**£m**	£m
Equities	**200.1**	196.3	**200.1**	196.3
Corporate bonds	148.1	146.3	**148.1**	146.3
Property funds	49.8	46.8	**49.8**	46.8
Diversified growth funds	38.3	38.8	**38.3**	38.8
Investment in property interest in Canal & River Pension Investments LP	-	-	**99.7**	103.7
Other growth assets	**15.0**	12.0	**15.0**	12.0
Cash	**0.8**	8.2	**0.8**	8.2
Total fair value of assets	**452.1**	448.4	**551.8**	552.1
Present value of scheme liabilities	**(539.7)**	(564.5)	**(539.7)**	(564.5)
(Deficit)/surplus in the scheme	**(87.6)**	(116.1)	**12.1**	(12.4)

The actual return on the Scheme's assets during the year was a £14.3m gain (2017: £55.6m gain) for the Group and a £10.3m gain (2017: £68.4m gain) for the Trust.

FRS 102 requires all Scheme assets to be valued at fair value for accounting purposes. As at 31 March 2018, the fair value of the Scheme's investment in the partnership was £99.7m (2017: £103.7m).

Changes in scheme assets

	Group		Canal & River Trust	
	2017/18	2016/17	**2017/18**	2016/17
	£m	£m	**£m**	£m
At 1 April	**448.4**	405.7	**552.1**	496.5
Interest on scheme assets	**11.6**	14.4	**14.3**	17.7
Principal employer contributions	**10.9**	7.2	**10.9**	7.2
Member contributions	**-**	0.9	**-**	0.9
Benefits paid and expenses	**(21.5)**	(21.0)	**(21.5)**	(21.0)
Actuarial gain/(loss)	**2.7**	41.2	**(4.0)**	50.8
At 31 March	**452.1**	448.4	**551.8**	552.1

21. Pension and other post – retirement benefits (continued)

Changes in scheme liabilities

	Group & Canal & River Trust	
	2017/18	2016/17
	£m	£m
At 1 April	**(564.5)**	(457.0)
Current service cost	**(0.9)**	(3.4)
Current service costs funded by member contributions	**-**	(0.9)
Interest cost	**(14.4)**	(16.2)
Benefits paid and expenses	**21.5**	21.0
Actuarial gain/(loss)	**18.6**	(108.0)
At 31 March	**(539.7)**	(564.5)

Movement in (deficit)/surplus in the scheme during the year

	Group		Canal & River Trust	
	2017/18	2016/17	**2017/18**	2016/17
	£m	£m	**£m**	£m
At 1 April	**(116.1)**	(51.3)	**(12.4)**	39.5
Expenses recognised in SoFA	**(3.7)**	(6.1)	**(1.0)**	(2.8)
Contributions	**10.9**	8.1	**10.9**	8.1
Actuarial gain/(loss) recognised in SoFA	**21.3**	(66.8)	**14.6**	(57.2)
At 31 March	**(87.6)**	(116.1)	**12.1**	(12.4)

(b) Defined contribution pension plan

The defined contribution plan is a pension plan under which the Trust pays fixed contributions to Standard Life. The Trust has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The amount of employer contributions (net of salary sacrifice contributions) is disclosed in note 6 in these accounts. There were no material amounts owing or prepaid at 31 March 2018.

(c) Other post-retirement benefits

Under the terms of the 1962 Transport Act, employees transferring from the British Transport Commission to successor bodies were entitled to retain their reduced cost travel benefits. Successor bodies, including the Trust, were made responsible for procuring the benefits on their behalf.

Currently 104 (2017: 104) pensioners and widows retain entitlement to this benefit. A provision to cover the present value of the future cost of these benefits is included in the balance sheet. The provision was re-assessed at 31 March 2018 by independent qualified actuaries using discount rates consistent with those required for pension liabilities under FRS 102.

Movement in provision during the period	Group & Canal & River Trust	
	2017/18	2016/17
	£000	£000
Provision at 1 April	**(138)**	(148)
Expenses recognised in SoFA	**(3)**	(5)
Contributions	**15**	15
Actuarial gain recognised in SoFA	**(1)**	-
Provision at 31 March	**(127)**	(138)

22. Capital commitments

Capital expenditure for which the Trust had contracted at 31 March 2018 was £0.6m (2017: £0.4m) of which all relate to operational vehicles. These commitments fall due within one year.

23. Contingent liabilities

Contingent liabilities arising from third party claims, valued at £0.2m (2017: £0.2m), are not included in the balance sheet as it is not considered likely that the amounts will fall due for payment.

24. Post balance sheet events

On 25 April 2018, the freeholds of eight marinas and long leaseholds on three marinas were transferred from Canal & River Trust company to the group subsidiary company British Waterways Marinas Limited for a consideration of £14.4m. This was financed by a loan on commercial terms. The company generated a profit of £4.1m from the sale. There is no impact on the group.

25. Related party transactions

The Trust has considered the disclosure requirements of the SORP for charities and FRS 102, section 33 'Related Party Disclosures' and believes that the following related party transactions, all of which were made on an arm's length basis, required disclosure:

Partners Capital are the appointed discretionary fund managers and operate independently within the Trust's agreed investment guidelines. Certain investments are made into funds which are connected with Clearbell LLP a firm in which Manish Chande (a Trustee and chair of the investment committee) is a partner. Clearbell provided the following investment services:

Service	**Investment fund and relationship**	**Net Investment made during 2017/18**	**Investment value at 31 March 2018**	**Fees earned in 2017/18**	**Beneficiary**
Investment management	Partners Capital Master Portfolio C invested into Clearbell Core Property Real Estate Fund	£0.2m	£1.8m	£14,280 (thereof accrued NIL)	Clearbell Core Property Real Estate Fund
Participation in the investment advisory committee and joint venture partner	Partners Phoenix II fund invested in Project Monza in which one of the three joint venture partners is Clearbell Capital LLP	(£0.4m)	£0.3m	£2,965 (thereof accrued NIL)	Project Monza

Related party transactions of the above nature are permitted under Article 4.4.3 of the Trust's Articles. The Board are aware of these transactions and agree to their continuation.

There are no amounts written off in relation to the above transactions.

No other trustees received any remuneration or other benefits from the Trust.

There were no other related party transactions between the Trust and any of the Trustees or executive directors during the year.

In accordance with FRS 102, transactions entered into between the Trust and its wholly owned subsidiaries are not disclosed. Further details on our subsidiaries can be found in note 12 to these accounts.

25. Related party transactions (continued)

Transactions with joint ventures	Amount receivable during the year to 31 March 2018	Amount receivable /(payable) at 31 March 2018
Property sales and investment activity with joint ventures	1.3	1.4
Other significant transactions with joint ventures	0.1	-
	1.4	1.4

The table above excludes capital and loan investments in joint ventures which are detailed in note 12 in these accounts.

Trustees, Executive Directors, Council, Partnerships and Advisory Group Members

Current Trustees

Allan Leighton, Chairman
Allan was appointed the chair of the Trust in September 2015 and also sits on the Investment Committee. He is also a member of the Trust's Joint Council & Trustees Appointments Committee. Allan is the chair of the Co-operative Group, Wagamama, Entertainment One plc, and Element Materials Technology. He is a patron of Breast Cancer Care. He is also a keen canal runner. He was formerly the CEO of Asda plc, chairman of the Royal Mail, deputy chair of Pandora AS and has held a number of non-executive chairmanships including lastminute.com. Allan was a non-executive director of BSkyB and Matalan Retail Ltd. He was also chair of Race for Opportunity and an Ambassador for Prince Charles in Business in the Community. Allan attended the Advanced Management Programme at Harvard and has Honorary Degrees from Cranfield and an Honorary Fellowship from the University of Lancashire.

Dame Jenny Abramsky, Deputy Chair
Jenny was appointed as a trustee in September 2016, and was appointed Deputy Chair in September 2017. She is chair of the Trust's Joint Council & Trustees Appointments Committee and a member of the Audit and Risk Committee. Jenny is chair of the Royal Academy of Music and the Board of Governors of the Royal Ballet, and served six years as chair of the Heritage Lottery Fund / National Heritage Memorial Fund, among other voluntary roles. She has also been the BBC's director of radio and music after running the BBC's 24 hours news service.

Nigel Annett, CBE
Nigel was appointed as a Trustee in September 2016 and took over as chair of Bwrdd Glandŵr Cymru on the same date. He is a member of the Audit and Risk Committee. Nigel is currently a non-executive director of the Principality Building Society, and a trustee of Community Foundation in Wales. He is a former managing director of Welsh Water and is co-founder of Glas Cymru, the not-for-profit company that successfully took over the ownership of Welsh Water back in 2001, a move which resulted in the water industry in Wales being owned on behalf of its customers.

Manish Chande
Manish chairs the Investment Committee. He is Senior Partner of Clearbell Capital LLP, a private real estate fund management and advisory business specialising in UK property investment, development and asset management. Manish co-founded Mountgrange Investment Management in 2007 and was the CEO of Mountgrange Capital. He was previously a board director at Land Securities plc, CEO of Trillium and CEO of Imry. Manish has been a member of the Institute of Chartered Accountants in England and Wales since 1980. In 2008 he was elected a fellow of the Royal Institution of Chartered Surveyors. He has been a Trustee of the London Clinic since 2012.

Frances Done, CBE
Frances was appointed Trustee in March 2013 and is chair of the Audit and Risk Committee. She is also a member of the Novus divisional board of The Manchester College. She was chair of the Youth Justice Board for England and Wales for six years until January 2014. A chartered accountant for 38 years, Frances worked for KPMG before becoming director of finance and then chief executive of Rochdale Metropolitan Borough Council. She was the chief executive of the company responsible for organising the successful Manchester Commonwealth Games. Subsequently, she held the post of managing director for Local Government, Housing and Criminal Justice at the Audit Commission. After leaving the Audit Commission, Frances was interim director general of the Royal British Legion. Frances was also chair of The Waterways Trust from 2003–2012 when it merged with Canal & River Trust.

Ben Gordon
Ben was appointed Trustee in September 2014 and is the chair of the Remuneration Committee. He is Chair of Heal & Son Ltd and a Trustee of United Learning. Previously he was Chief Executive of Mothercare plc for nine years, and SVP and Managing Director of the Disney Store Europe and Asia-Pacific. Ben was also non-executive director of Britvic plc and of St Ives plc. Prior to that he had senior management positions in WHSmith plc and L'Oreal SA in the UK, USA and France. Ben has an MBA from INSEAD and is a Member of the Institution of Civil Engineers.

Janet Hogben
Janet was appointed as a Trustee in September 2016. She is a member of the Trust's Joint Council & Trustees Appointments Committee and also sits on the Remuneration Committee. Janet was the Chief People Officer at EDF Energy, having previously worked at BP, where she held a variety of roles, and then at Seagram and at Diageo, leading on a number of global strategy and business specific HR positions.

Sir Chris Kelly
Chris was appointed as a Trustee in September 2017 and is a member of the Audit & Risk Committee. He is chair of the King's Fund, the health think tank, and of the Responsible Gambling Strategy Board. He is also senior independent director on the Board of the Co-op Group and on the oversight Board of the Office for Budget Responsibility. He has in the past chaired the NSPCC, the Financial Ombudsman Service and the Committee on Standards in Public Life. Before that, he was a civil servant, mainly in HM Treasury but subsequently as head of policy at the then Department of Social Security and finally as permanent secretary to the Department of Health.

Tim Reeve
Tim Reeve was appointed as a Trustee in September 2016. He is Deputy Director and Chief Operating Officer of the Victoria and Albert Museum (V&A), the world's leading museum of art and design. Tim has overall responsibility for the operation of the Museum, including the delivery of a world-class visitor experience. He also led the V&A's support of China Merchant's Group in the creation of the V&A Galleries within a new design museum in Shenzhen, China, which opened to great acclaim in December 2017. Tim is closely involved in establishing V&A East, a dynamic new museum in the Queen Elizabeth Olympic Park in East London. Before joining the V&A, Tim was Director of Historic Properties at English Heritage. Tim is a graduate in Ancient History from Royal Holloway, University of London and studied at the Institute of Archaeology (UCL) and INSEAD on its International Executive Programme. He is also a Trustee of Paintings in Hospitals.

Susan Wilkinson
Susan was appointed as a Trustee in September 2017 and is a member of the Remuneration Committee. She has extensive experience in the not-for-profit and tourism sectors and was an executive board director at the National Trust until the end of 2016 with responsibility for membership, fundraising, volunteering and tourism. Sue is currently a trustee of the Old Royal Naval College Greenwich, the Churches Conservation Trust and the Medical Research Foundation. She is also a board director of the Association of Leading Visitor Attractions and previously held several tourism and charity non-executive roles with Visit England and the Institute of Fundraising. Sue is the current chair of the Canal & River Trust's Living Waterways Awards.

Trustees who retired in the year

Lynne Berry OBE *(until September 2017)*
Lynne was deputy Chair of the Trust. She is chair of Breast Cancer Now and the Commission on the Voluntary Sector and Ageing; Professor at Cass Business School; and sits on the FT's NED Advisory Board. Previous appointments include CEO of WRVS, the General Social Care Council, the Equal Opportunities Commission and the Family Welfare Association, CEO of the Charity Commission. Government appointments have included the Office of Civil Society Advisory Board and several Better Regulation Task Forces. Lynne is a board member of the International Women's Forum and co-founder of Women in Public Policy.

Jane Cotton *(until September 2017)*
Jane was human resources director and a deputy chief executive of Oxfam for 15 years until December 2014. Prior to this, she worked in the Departments of Transport and Environment in both policy and human resources roles. In the 1990s, she was resources director of the Charity Commission and human resources director of the Department of Environment, Transport and the Regions. She brings particular expertise in organisational development and change management, volunteering, fundraising and charity governance. Jane is a trustee of WWF UK and of Bucks, Berks and Oxfordshire Wildlife Trust and a member of the Alumni Advisory Board of Cambridge University.

John Dodwell *(until September 2017)*
John qualified as a chartered accountant before moving into corporate finance and corporate law. He is a former finance director or chair of several property companies (including joint ventures), has been a trustee of other charities (including dealing with investments). Since 1961 he has been a member of the Inland Waterways Association (of which he was general secretary 1970–73). John is the chair of the Montgomery Partnership and the former chair of the Commercial Boat Operators' Association. He owns an historic narrowboat tug in which he has travelled over many parts of the waterways network.

Executive Team

Richard Parry
Chief Executive
Richard joined the Canal & River Trust as Chief Executive in July 2013, and has led the new charity through a series of changes as it has developed its new identity and explored the many new opportunities available in the third sector. Prior to joining the Trust, Richard spent 19 years at London Underground – where he was acting Managing Director for a year – followed by a brief spell at FirstGroup.

Stuart Mills
Chief Investment Officer
Stuart is responsible for the Trust's main income streams including the Trust's investment portfolio, property, joint ventures and diversified assets. Stuart also looks after the utilities, commercial water, direct managed moorings businesses as well as fundraising and our Museums. A chartered surveyor, Stuart joined Canal & River Trust in 1990 after working in private sector property consultancy. He has worked extensively across the country in various commercial roles, before becoming a Director in 2008.

Julie Sharman
Chief Operating Officer
Julie is responsible for the operational management and performance of the Trust's rivers and canals, including all aspects of customer services, volunteering and engagement. Julie joined the Trust in 1996 following an early career in construction with Taylor Woodrow and Aoki-Soletanche. A chartered civil engineer, she has gained a broad experience in waterway management, asset management, engineering, partnerships and funding with the Trust.

Simon Bamford
Asset Improvement Director
Simon is responsible for asset inspection, strategy, planning and delivering maintenance and repairs for the Trust's long-term asset programmes. Simon is a chartered engineer and joined the Trust in 2006 after working with Land and Water where he was operations director of their remediation contracting business. Simon previously worked in senior environmental, project delivery, construction and consultancy roles for Southern Water, ADAS and overseas.

Sandra Kelly
Finance Director
Sandra is responsible for finance including all matters relating to taxation and pensions. She also looks after audit & risk, IT, Procurement and the Trust's marina subsidiary. Sandra spent eight years as finance director at NHBC (National House-Building Council), the UK's leading independent standard-setting body and provider of warranty and insurance for new homes in the UK. She previously held senior finance positions in the commercial sector, most notably for BMW GB.

Heather Clarke
Strategy, Engagement and Impact Director
Heather is responsible for strategy, public policy, research and measurement, strategic performance and reporting, spatial and statutory planning functions, and planning and urban design consultancy functions. Heather joined the Trust in 1997, after working for an urban development corporation which was charged with delivering large scale area-based regeneration. A chartered planner, she has extensive experience in strategic and statutory planning, property-based regeneration, place-making and partnership working.

Mike Gooddie
People Director
Mike began his career with Shell as a graduate trainee, before progressing onto senior HR positions with British Airways, GNER, BBC and ASDA. Mike has held non-executive positions for Manchester Airport Group, Community Integrated Care and York Archaeological Trust. He is a graduate of Leicester University, a chartered fellow of the Chartered Institute of Personnel and Development, a fellow of the Royal Society for the Encouragement of Arts Manufactures and Commerce and also a member of the patrons network for the National Centre for Diversity. Mike is currently a member of the ACAS governing council where he chairs the Audit Committee.

Tom Deards *(since 1 April 2018)*
Head of Legal & Governance Services (Company Secretary)
Tom has responsibility for the legal and governance functions of the Trust. Tom is a qualified solicitor who joined the Trust's legal team in 2007, having trained and qualified at City law firm Clifford Chance, before going on to complete a Legal Masters at UCL in Environmental Law, whilst working as an environment and planning lawyer in local government. Tom is the Trust's Company Secretary and Data Protection Officer and also sits on the Waterway Ombudsman Committee.

Sophie Castell *(until April '17)*
Marketing, Communications & Fundraising Director
Sophie led all of our marketing, communications and fundraising activities. She joined the Trust in 2015. After gaining a PhD in biochemistry she pursued a career in marketing and innovation in both executive and non-executive capacities, working for a diverse range of organisations including Coca-Cola, RNIB, the NHS and Save the Children.

Ian Rogers *(until November '17)*
Customer Service and Operations Director
Ian's remit included boating (business and leisure), enforcement, welfare, museums and attractions, and volunteering and education. He also led our waterway teams. Ian joined the Trust after working with Aon, a large insurance broker, where he had been Managing Director of the Aon Affinity division working with SME customers. He had previously worked in senior Customer Service roles at Dataforce (a CRM/marketing service business), Thomas Cook, and Eurostar.

Council (as at 31 March 2018)

In addition to the members listed below, the Waterway Partnership Chairs also sit on Council ex officio

Nominated Representatives:

Ruth Hall CBE	Bwrrd Glandŵr Cymru (Welsh Board)
Richard Atkinson	British Canoeing
Jim Lamb	Chartered Institution of Water & Environmental Management (CIWEM)
Charles Trotman	Country Land & Business Association
Matt Mallinder	Cycling UK
Neil Edwards	Inland Waterways Association (IWA)
John Yates	Institute of Historic Building Conservation
Councillor Simon Greaves	Local Government Association (LGA) – to November 2017
Councillor Roger Lawrence	Local Government Association (LGA) – from November 2017
Peter Brown	Railway & Canal Historical Society
David Gibson	Ramblers Association
David Kent	The Angling Trust
Paul Wilkinson	The Wildlife Trusts
Alison Ward	Welsh Local Government (SOLACE)

Co-Opted Members:

Peter Hugman	Freight – BargeConsult
Chloe Donovan	Youth – Education Co-ordinator, Step-up-to-Serve

Elected Members:

Nigel Hamilton	Boating Business
Andrew Tidy	Boating Business
Andrew Phasey	Private Boating
Phil Prettyman	Private Boating
Stella Ridgway	Private Boating
Vaughan Welch	Private Boating
Ian McCarthy	Volunteer representative
John Ellis	Employee representative

Partnerships and Bwrdd Glandŵr Cymru (as at 31 March 2018)

Bwrrd Glandŵr Cymru	Nigel Annett CBE (Chair)
	Ruth Hall CBE
	Carys Howell
	Peter Ogden
	Duncan Smith
	Paul Thomas
	Celia Jenkins
East Midlands	Chair: Danny Brennan
	Matthew Easter
	Valerie Holt
	David Pullen
	Shirley Rogers
	Robin Stonebridge
	Andy Wilkinson
	Katherine Wilson
Kennet & Avon	Chair: Tamsin Phipps
	Rob Dean
	Emma Fearnley
	Terry Fell
	John Inman
	Ken Oliver
	Richard Watson
	Samantha Worrall
London	Chair: Brian Fender
	Judith Adams
	Terry Ariss
	Jim Crooks
	Roger James
	Dermot O'Brien
	Dominic Pinto
	Emma Waslin
	Geraldene Wharton
Manchester, Pennine & Potteries	Chair: Walter Menzies
	Tayo Adebowale
	Keith Barnes
	Graham Birch
	Julian Holder
	Kate Hughes
	Keith Sexton
	Nigel Stevens
	Jon Stopp
	Iain Taylor
North East	Chair: Mark Penny
	Hilary Brooke
	Jon Kendall
	David Lowe
	Trevor Roberts
	Peter Scott
	Caroline Thorogood
	Richard Atkinson
	Adrian Curtis
	Kara Hazelgrave
North Wales & Borders	Chair: Vacant
	Campbell Boyle
	Mike Carter
	Sue Cawson
	Mary Gibby
	John Hatton
	Julie Roberts-Joyce
	Nicola Said
	Ruth Wojtan
	John Yates

North West	Chair: Vacant
	Peter Jordan
	Mike Macklin
	Peter Rowlinson
	Audrey Smith
	Joe Parkin
	Gerry Proctor
	Nick Mead
South East	Chair: John Best
	Jenny Ballinger
	Samantha Bradford
	Tim Carter
	Ann Davies
	Kathryn Dodington
	Cath Fincher
	Matthew Hunt
	Lynda Payton
	Dick Pilkinton
South Wales & Severn	Chair: David Hagg
	Lois Francis
	Edward Helps
	Phil Hughes
	Robert Moreland
West Midlands Partnership	Chair: Peter Matthews
	Phil Bateman
	Stephen Burt
	Len Cresswell
	Graham Fisher
	Yvonne Gilligan
	Ewan Hamnett
	Ben Seal
	Laura Shoaf
	Vaughan Welch
	John McNicholas
	Imran Mirza

Advisory Groups (as at 31 March 2018)

Arts on the Waterways	Currently dormant
Environment	Ed Mitchell (Chair)
	Rafid Al Khaddar
	Mike Dobson
	Caroline Essery
	Lindsay Frost
	Rob Jarman
	Bruce Lascelles
	Duncan Mackay
	Arlin Rickard
Freight	David Quarmby (Chair)
	Mike Garratt
	Mark Grimshaw-Smith
	James Hookham
	David Lowe
	Ian Wainwright
Heritage	Nigel Barker-Mills (Chair)
	Peter Brown
	Harriet Devlin
	Keith Falconer
	Philip Grover
	Edward Holland
	Jane Kennedy
	Nicki Schiessel Harvey
	John Yates
Museums Advisory Group	Sam Mullins (Chair)
	Jonathan Bryant
	Emma Chaplin
	Bill Ferris
	Rob Lansdown
	Andrew Lovett
	Marilyn Scott
	Matthew Tanner
	Robert Turner
National Angling	Ian Trayer (Chair)
	John Castle
	Peter Fieldhouse
	Kye Jerrom
	John Johnson
	David Kent
	Dick Pilkinton
	Andy Strickland
	John Sutton
Navigation (Operations)	Mike Carter (Chair)
	John Baylis
	Sue Cawson
	Kevin East
	David Fletcher
	Gareth Jones
	Nigel Stevens
	Steve Wood
Navigation (Mooring & Licensing)	Mike Annan (Chair)
	Paul Le Blique
	Beryl McDowall
	Tim Parker
	Mark Tizard
	Alison Tuck
	Diane Warner
	David Williams
	Lee Wilshire
	Samantha Worrall
Volunteering	Gennie Dearman (Chair)
	Hilary Blume
	Mike Elliott
	Dominic Higgins
	Alex Nicholson-Evans
	Mike Palmer
	Jon Stopp
	Rebecca Stewart
Youth Engagement	Chloe Donovan (Chair)
	Jamie Agombar
	Jon Boagey
	Danny Brennan
	Liam Burns
	Barry Williams

Supporters of the Canal & River Trust

We are very grateful to the thousands of dedicated volunteers, youth and community groups, canal societies, clubs and organisations who have joined with us to help transform our canals and rivers, these unpaid hours have made our work possible. Thank you also to the thousands of individuals who have joined us as Friends of the Trust or who have given personal donations to support our work.

Thank you to the following Charitable Trusts, Grant-making bodies, landfill operators, local authorities, lottery etc (£1,000+)

Arts Council England
Association of Independent
Authority
Be Together Limited
Birmingham City Council
Blackburn With Darwen
Borough Council
Bransford Trust
Buckinghamshire County Council
Calderdale Council
Cheshire East Council
CHK Charities Ltd
Derbyshire County Council
Elmley Foundation
English Heritage
Environment Agency
Esmee Fairburn Foundation
Garfield Weston Foundation
Grantham Canal Society
Groundwork Wigan & Chorley
Heart of Glass St Helens Ltd
Hemby Charitable Trust
Heritage Lottery Fund
Hertfordshire County Council
Hillingdon Community Trust
Honorable Company of Gloucestershire Charitable Trust
Hyndburn Borough Council
Kirklees Theatre Trust
Leicester City Council
London Borough Of Brent
London Borough Of Hackney
Manchester City Council Museums
Natural England
Nottinghamshire Wildlife Trust
Pendle Borough Council
PH Holt Foundation
Powys County Council
Radcliffe Trust
Rogers Stirk Harbour & Partners Charitable Foundation
Rose Foundation
Rural Payments Agency
Severn Rivers Trust
Shropshire Union Canal Society
Shropshire Wildlife Trust
Sport England

We are also delighted to receive support from the following companies:

Arcadis
ASOS PLC
Balfour Beatty Group
Bank of America Merrill Lynch
Berkeley Homes (Southall) Limited
Bloomberg LP
British Land PLC
CPC Civils
Ecover
Esri UK
Fountains Group
Galliard Construction Limited
HSBC Bank PLC
Irvin Mitchell LLP
Kelda Group
Kier Group PLC
Land & Water Group
Mace Group
Marks & Spencer PLC
Morgan Stanley
Phoenix Group
People's Postcode Lottery Ltd; supported by players of People's Postcode Lottery
River Canal Rescue Ltd
Rolls Royce PLC
Rockwell Collins
Severn Trent Water
Sport England
Tesco PLC
Thames Water Utilities Ltd
Vinci Construction UK

Patron

HRH The Prince of Wales

Chair

Allan Leighton

Deputy Chair

Dame Jenny Abramsky

The Trust's Advisors

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City of London Office
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Princes Street
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30 Finsbury Square
London
EC2A 1AGP

Internal Auditors:
RSM Risk Assurance Services LLP
25 Farringdon Street
London
EC4A 4AB

Investment Managers:
Partners Capital
5 Young Street
London
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Canal &
River Trust
Making life better by water

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