



Canal &
River Trust

Keeping people, nature & history connected

Trustees' Report and Accounts

For the period 12 October 2011
to 31 March 2013



Miranda Krestovnikoff

“The Canal & River Trust has been described as the ‘oldest new charity in the country’ and it has the potential to be one of the greatest voluntary sector organisations.

“Reports like these tend to be about the numbers – and this one won’t disappoint! – but our precious canals and rivers cannot be captured in a spreadsheet. They are more than the bridges, the locks, the channels and aqueducts – vital as they are. They are more than the water, and the boats and wildlife that depend on it.

“They are about people.

“What the Trust does is important not simply because it conserves precious spaces, but because these spaces are special for everyone who experiences them. Space to escape, to find solace, to have fun, to reclaim our childlike sense of wonder. We are just the latest generation of individuals adding our stories to those that have gone before us. We want these stories to inspire and be retold by the people who come after us.

“That is quite a challenge. It is why we need the Canal & River Trust.”

– Miranda Krestovnikoff,
Wildlife expert & broadcaster

Open the fold-out to discover some highlights of our story so far





June: David Suchet, Timothy West, John Craven, Miranda Krestovnikoff and Paul Atterbury announced as our first Friends. Waterways Partnerships all in place. Canal & River Trust joins narrowboat floatilla in Golden Jubilee Thames Pageant.



August: London to Brussels cycle ride raises nearly £39,000 for the Trust. Volunteering & Navigation Advisory Groups appointed.



February: We announce partnership with Marks & Spencer to clean up our canals. We give one of Sheffield's most iconic buildings, Straddle Warehouse, a face-lift.



April: Brian Blessed encourages over 250 people to sign up as Volunteer Lock Keepers.

May: Three new Trustees appointed.



April

June

August

October

December

February

March

May

July

September

November

January

March



March: First meeting of Council. HRH The Prince of Wales announced as Patron.



July: Transfer Order came into force on 2 July and the Trust takes over as operator and steward of British Waterways' network in England & Wales. The Waterways Trust merges with the Canal & River Trust. Canal & River Trust rivers are centrepiece of the Olympic Park and our staff make sure David Beckham gets to the stadium on time on the final stage of the Olympic torch relay. We celebrate the restoration of the historic Lune Aqueduct.



September: New apprentices start work. We hold our first annual public meeting. Elvers return to River Lea thanks to new passes & improved water quality. We hold canal festival in Burnley.



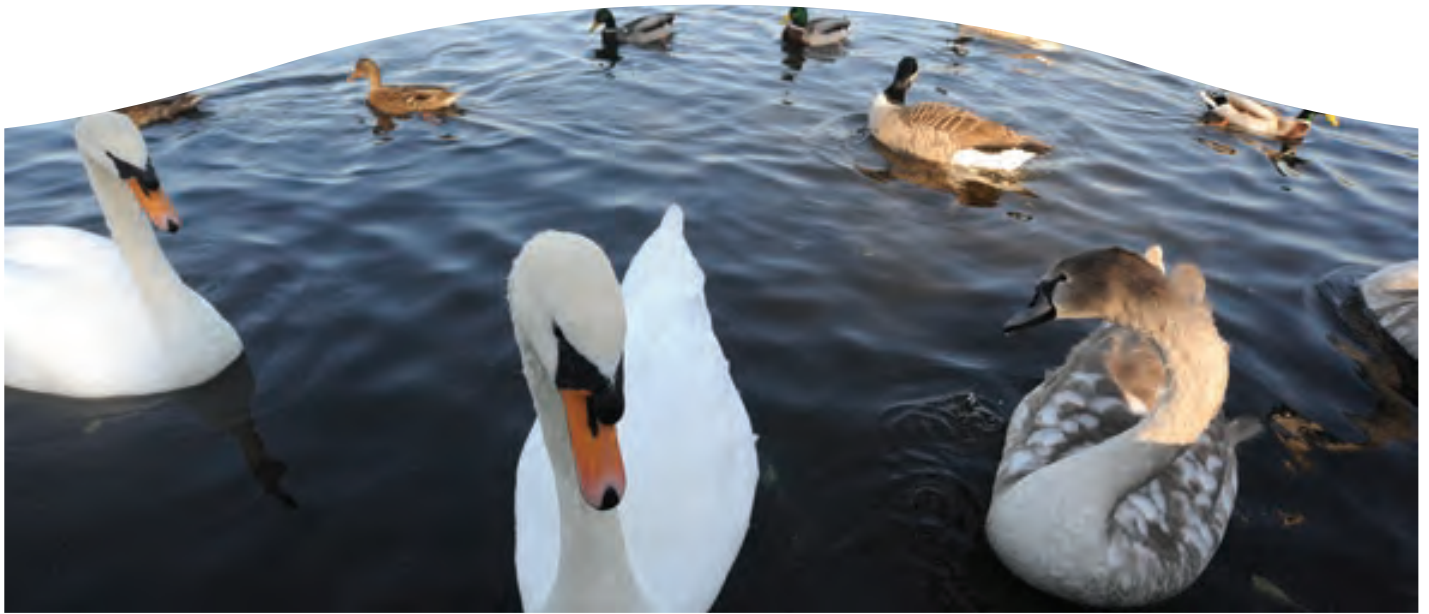
October: Canal breach leads to our first emergency appeal. First Canal Laureate appointed. Princess Royal visits our lock gate workshop. Towpath Taskforce teams launched.

December: We achieve top sustainability score for our work on the Olympic waterways. Volunteer groups honoured through annual national awards. £2m makeover for Cooper Bridge Weir starts.



March: North Warehouse, Sharpness Docks removed from Heritage at Risk register. Surgeries launched to help improve waterways in South Wales. Supporters donate £100,000 to create new habitats for water voles. New education programme, Canal & River Explorers, launched at the NEC Education Show. Donations to Trent & Mersey breach appeal total over £21,500.





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Tony Hales CBE

Chairman's Report

Sitting down to write this first Report & Accounts of the Canal & River Trust, it is hard to believe that we launched less than a year ago, buoyed on a tide of optimism from our customers, staff, Parliament and the many communities we serve.

On 2 July 2012, the Government put our canals exactly where they should be, in your hands, the people who care passionately about their long-term survival. Instead of being governed by remote control from Westminster, we now have Trustees, a Council and Waterways Partnerships made up of enthusiastic volunteer representatives from the many different local communities who use and look after the canals, rivers and towpaths, leading to real ownership by the people.

A more secure future

The move to the Trust has put this wonderful national treasure on a better financial footing and given us the ability to put in place firmer long-term plans to preserve the 2,000 miles of infrastructure we hold in trust.

Volunteering is becoming ever more important to us, and we have ambitious targets to take this further next year. I am further encouraged by the contributions to the Trust's work from sources that were unavailable to the waterways when they were under state control. Ranging from major donations from corporate supporters to a partnership with Arts Council England, who recognise the value of our canals in connecting diverse communities literally and socially.

We have also been encouraged by the growing number of Friends of the Trust and the public contributions that have led to 42 of our 50 launch appeal projects being fully funded. Some of these contributions have been accompanied by the most inspiring stories of how a local canal or river has enriched or changed a life or

lives for the better. We value them greatly. They underpin why we do what we do and remind us of just how much our precious canals and rivers mean to the millions of lives they touch.

At the heart of the Trust's work is the day job – keeping our canals and towpaths open and accessible for boats, for walkers and the many other people who visit our network. The weather was a major challenge – first a drought and then a deluge – both of which caused added expense and damage, but the wonderful way our teams responded helped to keep to a minimum the impact on our customers. Despite having to tighten our belts and make every penny count, we have been able to maintain investment in repairing our waterways and our measures show a small but continuous improvement in the underlying physical condition.

At the end of May 2013 we said farewell to Robin Evans, who stepped down as chief executive after 10 years in the role. Robin did a quite outstanding job through a decade of challenges. He led the team in expanding and improving our precious canal and river network and created a far more effective and efficient organisation. Most of all he had the vision to reduce the waterways' dependency on just one source of funding, and to lead the change to Trust status – the largest ever transfer of state assets to a voluntary sector organisation.

He leaves a great legacy and we will all miss him. The Trustees thank him for an extraordinary contribution.

We are delighted to welcome Richard Parry as the new chief executive. Richard comes with a wealth of experience of dealing with large customer-focused organisations responsible for major infrastructure. He shares our vision that the Canal & River Trust is not just good at what it does, it is great at what it does.

He will be using his first few months to meet as many of our passionate supporters and stakeholders as possible to hear their views.

This year has also seen the retirement of Jim Stirling our Technical Director. Jim was also previously British Waterways' Scotland director and his amazing work restoring the Forth & Clyde and Union Canals was recognised with the award of an OBE. We wish him well in retirement.

Your support is vital

Anyone who has been involved with our canals and rivers over the last half a century will have seen the remarkable turnaround in their fortunes. Today they are better used and better maintained than at any time in living memory. As we stroll or boat along our waterways it is easy to take them for granted and become complacent. However, we must never forget that over 500 miles of canals were lost in the last century and we continue to face new threats from climate change and planning policies. We still don't have enough money to do all that we want to do and we must fire the imagination of new generations of canal supporters to secure the network's future. With the creation of the Trust, we have a lifeline that gives us all the chance to work together to ensure waterways survive and benefit our children, and their children after them.

Next year, we have ambitious plans to build on the progress already made and, on behalf of the Trustees, I would like to thank all our employees, volunteers and supporters – together with the countless enthusiasts and canal workers who have gone before us – without whom our efforts would be in vain.

Tony Hales CBE

Chief Executives' Report



Robin Evans

The last few months have given me great satisfaction as the Trust has burst into life, bringing together everyone who cares about the waterways and creating a new spirit of co-operation and joint endeavour.

I am particularly proud of the Trust's staff, who have so willingly and enthusiastically embraced the new organisation and its new governance structure in particular. Every day across the network I can find our staff working together with volunteers, advisory groups, Partnership members and local community groups. This remarkable joining together of expertise, knowledge and enthusiasm has had two important benefits.

Firstly it has created renewed understanding and mutual respect amongst all participants. There is a much better appreciation of the many different demands on our waterways, an acknowledgement that the Trust's staff are knowledgeable and committed, and an equally important realisation of the size and variety of talent and expertise being offered to us from our many supporters and volunteers.

Secondly we have begun to experience the power of truly working together, not just 'alongside' or 'in the same direction'. We have seen how local councils, grant making authorities, other NGOs are all impressed and supportive when faced with proposals that have their origins in local communities and are backed up by the expertise and resources of the Trust.

This new found spirit of respect and co-operation is not confined to meetings and office based initiatives. Our hugely successful Open Days have shone a bright light on the talents and dedication of our bank staff, carpenters, heritage experts, environmental scientists... and so many more. The general public has, quite literally, been able to get 'up close and dirty' with lock refurbishments, lock gate manufacture, general maintenance and repair work and a whole host of the Trust's other roles and responsibilities. It has been heartening not only to see how the general public has been fascinated by our specialist skills, but also how that acknowledgement and respect has transformed our staff's confidence and desire to embrace the outside world to generate even more support for the Trust.

So I leave a proud and happy man. I am proud of everyone who has worked so hard to make our waterways more accessible, more enjoyable, better understood and better used than ever before. To each and every one of you I say thank you and I wish you every success in the future. I am happy because although huge challenges still lie ahead, I am in no doubt the Trust has the leadership and talent to overcome those challenges and safeguard our wonderful waterways for hundreds of years to come.

**Robin Evans,
Chief Executive (until 31 May 2013)**



Richard Parry

As the new Chief Executive, I come fresh to the waterways.

I have been really impressed by what has been achieved in the short time since the Trust's creation last July. The sense of purpose and excitement at all that the Trust and its partners might do together to unlock the enormous potential of the canals and rivers of England and Wales is evident everywhere I go. Our waterways are cherished and a source of inspiration for millions, enriching lives and connecting people with our national heritage and the natural environment.

With the Canal & River Trust firmly established, embracing all who have a passion for our waterways, we can find new ways to sustain them and develop their use for future generations; and involve volunteers and communities to help us to care for them and the towns and countryside that we touch.

I am greatly looking forward to becoming chief executive, determined to add my contribution to the energy and commitment of our people and the diverse waterway communities we serve. Whilst much good has been done already, I know that we can achieve so much more together in the future.

**Richard Parry,
Chief Executive (from 8 July 2013)**

How does the Trust work?

When we created the Canal & River Trust it was important that communities, organisations and individuals had a voice and a role in caring for their local waterway, at every level:

Trustees: Our Trustees are legally responsible for ensuring the Trust works towards its Charitable Objectives. They are the unpaid board of directors of the Trust, taking collective decisions on policy and overarching strategy and provide oversight of the executive directors.

Council: Our Council of 32 members reflects the wide appeal of the waterways. Members include a mix of nominated and elected individuals. While Trustees are responsible for determining policy and strategy, the Council has an important role in helping to shape policy, deciding on who should be Trustees, raising and debating issues and providing guidance, perspective and a sounding board for Trustees.



Waterways Partnerships: For each of our eleven waterway areas there is a regional partnership drawn from the local community. In addition an All Wales partnership considers issues relating to Welsh waterways and a separate partnership exists for our museums and attractions. Each partnership works closely with the Trust's local management team and uses its expertise to play an important role in promoting use and ownership of its local waterways. The Chair of each partnership sits on the Council, giving each area a voice on national issues.

Management: Our team of executive directors manage the everyday operation of the Trust, developing policy and strategy for approval by the Trustees. The directors are responsible for ensuring the continuing success of the waterways through the management of an expert and committed workforce.

Committees: We also receive valuable support from a number of important advisory committees covering a range of different areas, from freight and navigation to volunteering and heritage. These groups provide expert advice direct to the management of the Trust.



Above: Sprucing up the Rochdale Canal

Left: Fishing on the Leeds & Liverpool Canal

Waterways partnerships

Our partnerships have made a great start at putting the waterways at the heart of local communities and on the agenda of businesses and local authorities. They are each developing visions and action plans that will shape their waterways over the next decade. In the short term they are already making a difference and here is a tiny snapshot.

Manchester & Pennine

"A top priority project for the Waterway is the transformation of the canal corridor right through the heart of the City of Manchester, linking Castlefield with Piccadilly Basin. Securing the first £15,000 has enabled us to make a start on this, working closely with Manchester City Council and Cityco." – **Walter Menzies**

North Wales & Borders

"As part of establishing the North Wales & Borders Partnership, we've met with key potential partners from Cheshire & Warrington Local Enterprise Partnership to Welsh Assembly Members to highlight the importance of waterways to the region's economic agenda. The future is all about collaborative working." – **Jim Forrester**

North East

"Through our partnership we are working with the Mirfield Community Partnership and volunteers to make river and canal banks safer, tidier and more accessible. This exciting project will create a new four-mile walking and cycling route from Cooper Bridge, Huddersfield to Calder Bridge, Ravensthorpe." – **Mark Penny**

North West

"We have been able to put canals on the local authority agenda in the North West. The CEOs for the five local authorities have agreed to establish the Pennine Lancashire Canal Sub-group, with representatives from senior levels from each authority and the Chamber of Commerce taking part." – **Steve Broomhead**

East Midlands

"We have taken the view that engaging with the communities around the waterways and our partners must play a central part in building a solid foundation for what we do in the future – so we are making sure our plans are both realistic and locally relevant." – **Danny Brennan**

West Midlands

"We've worked closely with The Wildlife Trust to embed our priorities in their Nature Improvement Area bid. That has meant we have become a key partner in this project and ensured waterways are a cornerstone in a wider environmental improvement project." – **Peter Mathews CMG**

Central Shires

"Spotting a grant opportunity we were able to work with the Trust to make a successful application for £20,000 to help promote a local destination site. This was much-needed investment and has also enriched our relationship with the local community." – **Charlotte Atkins**

South Wales & Severn

"Goytre Wharf is currently in decline in terms of visitor infrastructure and offer. One of our Partnership members has extensive property experience and is now chairing a Steering Group to help arrest this decline and improve the site." – **Jack Hegarty**

Kennet & Avon

"We have taken a fresh approach to managing mooring controls on this very popular canal and are working to engage with canal users over complex mooring and navigation issues." – **Tamsin Phipps**

South East

"We are delighted to be building strong community involvement through record volunteer numbers and community group canal adoptions. Our challenge as a rural waterway is to engage with many more smaller communities, including parishes. We are also broadening our reach by involving more of our boating communities in a Partnership sub-group." – **John Best**

London

"We are developing projects to improve each of London's very varied local waterways. The first is to improve access for the disabled in Harlow. We are also strongly backing Transport for London's investment in improved towpaths for cyclists – and other users." – **Brian Fender**

Museums and Attractions

"Drawing on expertise from our Partnership we have been able to establish the National Waterways Museum as a focal point in the Waterfront Strategy for Ellesmere Port." – **Laurence Newman**

How have we done?

People

Canals and rivers now belong to us all and with 2,000 miles of waterways, the UK's third largest collection of listed buildings and structures, 63 Sites of Special Scientific Interest and over 1,000 wildlife conservation sites we have quite a job on our hands!



Above: Helping visitors on the Montgomery Canal

Since July our regular volunteers have provided invaluable support, contributing 203,000 hours (29,000 days), helping us to achieve far more than we could ever have done without their assistance. They have performed a huge range of roles at all levels of the organisation, from environmental research to helping to keep our canals open; helping children discover our waterway heritage to clearing up our towpaths. We are delighted every time someone chooses to give their time and help us with our work and we are grateful to everyone who has done so.

Our first team of 258 Volunteer Lock Keepers gave over 3,375 days to help us improve the experience of those visiting and using our canals and rivers at 61 key locations last summer. As well as helping on average 1,500 boats and 1,700 people each week, our volunteer lock keepers helped reduce water loss by encouraging lock sharing and making sure lock paddles were closed. In spite of the inclement weather, 99% said they would be coming back to volunteer again!

Eighty-four dedicated Explorers volunteers have helped around 7,500 children find out how canals were built and why they are vitally important to wildlife today. Over 2,000 teachers were also introduced to the new website at the launch of Canal & River Explorers at the NEC Education Show in March.



Of all the people that we work with, boaters are among the most informed, passionate and dedicated. Our new governance structure means they now have a voice at all levels of the organisation – from seats on Council to the new navigation advisory group, and we are benefiting from their knowledge and commitment.

We have also introduced new ways to communicate with boaters and involve them with our work. A monthly e-newsletter, including contributions from boaters, is helping to keep boaters up to date and a dedicated Facebook page is gathering around 110 'likes' each month. As well as improving understanding and awareness of our work, these communications give this important group more opportunities to contribute their thoughts and we are more able to respond quickly to questions and issues.

Since we launched in July more than 2,700 people have joined us as Friends of the Canal & River Trust and their regular monthly donations are helping to care for our precious waterways.

We work with a range of public and third sector partners, including local authorities, Heritage Lottery Fund, Welsh Government, Transport for London, Sustrans, Groundwork and Canoe Wales, who collectively contributed nearly £6 million to help us restore and tell the story of our canals and rivers, improve access and encourage communities to discover, enjoy and care for our waterways.

Together with Transport for London we are improving a mile-long stretch of towpath in Islington, the busiest section of our 2,000 mile network across England & Wales. Used by up to 500 cyclists and 300 pedestrians during the morning peak period, the towpath has been enhanced to make it easier for the hundreds of walkers, cyclists, joggers and boaters, who use it every day to share the space. An excellent example of waterways' contribution to people's health & wellbeing.

Working with Arts Council England, we introduced an innovative and engaging [arts programme](#) to attract and inspire new supporters. Initiatives include carving a series of short poems by well-known poets into new lock balance beams; Pleasance Theatre presented new comedy along London's waterways before touring canals from London to the Edinburgh Festival and as part of the Cultural Olympiad, the Royal Opera House presented a brilliant version of the Owl and the Pussy Cat on the Grand Union and Regent's Canals and on the Olympic Park waterways.

We also joined with the Poetry Society to announce the first Canal Laureate, boat-dweller and archaeologist Jo Bell. In her first few months, Jo has worked with 650 people from all backgrounds to build connections with their local canal, develop their understanding of language and create new poetry inspired by our waterways.

Making sure we have the skills for the future is important to us because the survival of our waterways depends so much on expertise. In September 2012, in partnership with Leeds College of Building, we launched our first apprenticeship scheme. Twenty-two young people are learning new skills and gaining valuable qualifications so we can continue to care for our canals and rivers in the future.

On-line, we launched a new, more interactive website which has been viewed by over 725,000 people. We also have nearly 10,000 Twitter followers and over 2,000 friends on Facebook. Our online presence enables us to reach and interact with more people than we ever possibly could through our canalside offices, museums and attractions.

Above left: Discovering the wonder of our waterways with Canal & River Explorers

Above middle: Waterways Recovery Group volunteers help us restore Montgomery Canal towpath

Above top right: Watersports on the Rochdale Canal

Above bottom right: Canal Laureate Jo Bell



Case Study:

Connecting Communities with their Canal

In Dewsbury, Burnley, Birmingham and Rochdale we are working with people from a diverse range of ethnic and social backgrounds to encourage them to get interested in, involved with and excited about their canal. By breaking down barriers, physical and perceived, we are helping to change attitudes towards our waterways, ensuring they are used and valued.

With funding from Heritage Lottery Fund we are putting the canal back into the heart of the community in Burnley.

This new enthusiasm for the canal and the potential that it holds resulted in an ultimately successful £2 million bid to Arts Council England's Creative People & Places programme. The money will be used to connect the communities that live on and alongside the canal and beyond through high profile, world-class arts and events, transforming the Leeds & Liverpool Canal into a place to come for a unique heritage, cultural and leisure experience. Over the next 10 years, local people will be involved in programming, producing and experiencing high quality arts projects that have roots in the waterway communities they pass through.



Volunteers in Burnley

Opposite page:
Enjoying the Rochdale
Canal Festival

“ With the Weaver's Triangle, Burnley boasts an amazing industrial heritage but the centrepiece to this, the canal, was ignored and many people just weren't aware of its history or its relevance to their lives today.

“School activity weeks, art projects, historical research projects, towpath taskforces and a canal festival have helped people living in the area re-connect with the canal and get involved in caring for it. The festival, the first for a decade, was a great success with over 1,600 people attending over the two days, a third of whom had never visited the canal here before. It really caught the imagination of people living in the town. Burnley is a deprived community but we had businesses giving in-kind support and donating cash to the event. Burnley Borough Council also contributed cash at a time when finances are exceptionally tight and, after spending two days volunteering during the festival, our team of volunteers gave up a further day to clear up after the festival finished. The event has inspired more people to visit the canal and get involved with further volunteering opportunities and Blackburn has since introduced its own canal festival after seeing the impact that ours had on the local community and the town. ”

– Emma Bartlet, Burnley Canal
Communities Officer



Volunteer, Ian Fletcher

“ It's important that we look after the canal, it's got an amazing history. We go out each month to help clean up the canal and towpath – cutting vegetation, litter picking. By caring for the canal we are helping to make the place more attractive, which will bring people in to the town which is good for tourism. I work with a great bunch and we look forward to getting together, no one likes to miss a session whatever the weather!

“Emma Bartlet and the Canal & River Trust have made a real difference, there are features and stories about the canal in the local newspaper and I've noticed that more people are aware of the canal now than they were a year ago. The canal runs through some run down areas of Burnley and there is nothing better than being able to do your bit to make them nicer places. ”

– Ian Fletcher, towpath volunteer

Case Study:

Saving the Trent & Mersey Canal



Top: The Dutton breach

Above: BBC's The One Show helps celebrate the re-opening of the Trent & Mersey Canal

In September 2012 the Trent & Mersey Canal suffered a catastrophic breach at Dutton following months of incessant rainfall. The embankment collapsed leaving a 40-metre wide hole, allowing water to flood nearby farmers' fields. We had no choice but to close the waterway and its towpath for over seven months. £2.1 million, over 24 million litres of water and 12,000 tonnes of stone were needed to repair the 250 year old canal. The breach saw the launch of our first emergency appeal which, by the end of March 2013, had raised over £21,500 from members of the public.

“Canal breaches are rare but in September we suffered two major incidents along one 18-mile stretch of the Trent & Mersey Canal in Cheshire. The Dutton breach resulted in us losing water to around a mile of the canal. The remote location and the complicated logistics of moving the large quantities of materials required made the repair work more difficult. At times the weather also turned the working area into a more of a domain for slugs and snails than for construction work.

“A fabulous open weekend in February gave us all a much needed lift and spurred us on. Members of the public and people who have supported our emergency appeal were invited along to visit the site and see how repair work was progressing. There were many gasps as people got their first glimpse of the ‘big hole’. It was also really encouraging to spend the weekend talking to people who are really interested in what we are doing. I thought the event was a great success and we even raised over £600 in donations which all went to support this project.



“Steadier weather in the spring meant construction work continued at a fantastic pace and we were delighted to be able to re-open the canal a month ahead of schedule. ”

– Paul Brown, Project Manager

“Each year we take over 500 homeless and disadvantaged people onto the Trent & Mersey Canal on our narrowboat. The trips have helped to change the attitude of the young men towards litter, pollution and the need to care for the environment.

“We have unofficially ‘adopted’ a 16-mile length of the canal, from Dutton to Middlewich, caring for the mileposts, litter picking and generally tidying up the towpath. We were all very upset when we heard about the breach and wanted to help. Our lads raised £500 through sponsored car washes. It might not seem a huge amount but it was raised by a group of people who are homeless, have very little and for the most time are shunned by mainstream society. The new Trust needs the support and co-operation of all waterway users and we were only too pleased to do our bit for the canal we care so much about and which has had such a massive impact on the lives of those who experience it. ”

– Nigel Hughes, YMCA Wirral





Changing lives

Canals and rivers are at the heart of the community, but young people have traditionally been underrepresented. To ensure the long term survival of our canals, we need young people to be passionate about and involved with our waterways.

Our youth engagement programme, Waterways Action Squad, brought together a group of 16-19 year olds who were not in education, employment or training. Through [Project 24:24](#) (funded by Department for Education's Improving Outcomes 24/24 Programme), young volunteers spent 24 hours each week for 24 weeks gaining practical skills and experience by volunteering on the Shropshire Union Canal and at our museums and attractions.

Despite trying a number of college courses, 18 year-old Sally Ann had not managed to find anything that suited her. She was feeling quite despondent about her future. Living away from home, Sally Ann suffered from extremely low self-esteem and depression. Unable to find employment she jumped at the chance to obtain six months experience in customer services at Anderton Boat Lift and complete an NVQ level 2 in Customer Services.

Upon completion of the project, Sally Ann was offered a paid position as a member of staff in the café and shop, and she also continued to volunteer in the booking office. Sally Ann is now undertaking an NVQ level 3 in business administration. She is planning to apply for university and feels that her 24 week placement gave her the opportunity and confidence to turn her life around.

"I was out of work and volunteering at Anderton Boat Lift was really good as it was local and gave me the chance to try new things and develop new skills. I was really shy before but I'm not now! I now have a job here and have got lots more confidence. It's also helped me away from work, my home life is better and I'm much happier. It is a great team, like one big family. I don't believe I would have a job now if I hadn't got involved with this project."

Top: Project 24:24 volunteers enjoy a day afloat

Left: The young volunteers repaint a lock beam



How have we done?

Nature

Caring for our natural environment is at the heart of what we do. The 2,000 miles of canals and rivers that we look after connect wildlife sites and habitats across the country, creating valuable green corridors, allowing animals to move freely. It is our duty to look after our canals and rivers and the long-term survival of our waterway wildlife depends on our careful planning and decision making.

Below: Pond dipping, Birmingham Canal Navigations



We are challenging and encouraging our staff and volunteers to think beyond simply protecting the natural environment, to look at what we can do to improve it and keep our waterways special. Since July 2012 we have delivered and recorded over 400 improvements including:

- Improving the quality of six Sites of Special Scientific Interest
- Improving 4km of hedgerow, planting 2,000 new trees, installing 3,700m of new soft bank protection, installing nest boxes and bat roosts at 26 sites and improving habitats at a further 76 sites across England & Wales, providing vital wildlife habitats and food sources
- Removing invasive plants from 27 sites
- Resolving 16 long-term water quality problems
- Undertaking landscape improvements or reducing litter and fly-tipping at 59 sites

One of the most pressing threats that we face is that of climate change and we are committed to adapting how we work to protect our scarce resources.

In partnership with Open Energi, we have installed electrical load balancing equipment on a number of our pumping stations on the Kennet & Avon Canal. This equipment, working in conjunction with newly installed Variable Speed Drives, enables the pumping rate to be gradually increased or decreased, thus increasing or decreasing energy demand and helping the National Grid balance energy needs.

We produced detailed water control manuals, providing consistent and straightforward advice for operational staff, supervisors and engineers on how water levels are managed at times of drought and flood.

Our Green Plan aims to help the Trust reduce energy use, reduce waste, use sustainable resources and protect the environment for canal users.

Between July 2012 and February 2013, 54,698 tonnes of waste material was dredged from our canals, we managed to recycle or reuse 39% of this waste that would have previously gone to landfill.

Following a dredging operation on the River Weaver we were able to provide nearly 1,000 tonnes of river sand for use as bulk fill for the building works taking place at our adjacent Northwich development, avoiding disposal and the need for new material and reducing lorry movements to and from the site.

Our work to improve three and a half miles of Olympic Park waterways was also judged to be 'excellent' by CEEQUAL, the sustainability assessment and awards scheme for civil engineering. We achieved an outstanding score of 92% for the regeneration works which included dredging, removing rubbish, controlling invasive plants, preventing soil erosion and creating new wildlife habitats.

Below: Tree planting



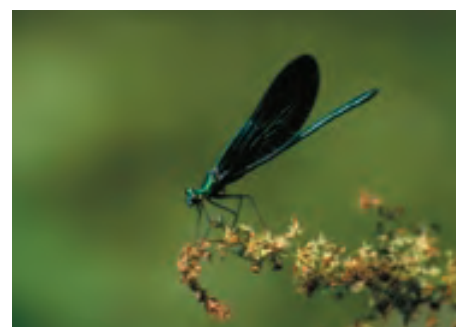
Below: New wildlife habitats alongside the Olympic waterways



Below: Carp



Bottom: Damselfly



Case Study:

Caring for our inner city wildlife

Our canals bring the countryside and wildlife into the heart of our cities, giving people from different communities and backgrounds the chance to discover an array of creatures and plant life first hand.

In Birmingham we have two wonderful projects that are helping to improve the city's waterways, encouraging more people to take an interest in them and get involved with caring for the environment.

With funding from Natural England as part of its Access to Nature Programme, we are working with Asian and black and mixed ethnic communities in east Birmingham, helping them to develop a connection with their local canal.

The Birmingham Heartlands Canal Ring has been undervalued and underused by those living along its length for years. Few children in these communities were aware of canals or even knew there was one on their doorstep. By taking part in our wildlife surveys and helping to create new habitats, their eyes are being opened to the wonder of our waterways.

Students from Darul Uloom School have helped us to monitor the wildlife at Saltley Pools in the Nechells area of the city, while girls from Saathi House have created and erected bird boxes at the site. Both groups have learned about the history of the canal and why these green corridors are vital for the survival of many different species.



This project is creating a vital link between the communities and their local waterway, increasing their awareness about its wildlife and understanding of why it is so important that we care for our natural environment.

Working together with The Wildlife Trust we are also transforming [Birmingham Canal Main Line](#) into a green oasis in the heart of the city. During this three-year long project we are planting nectar rich plants, herbs and fruit trees to improve foraging for the variety of species that live along the 17km of canals in Dudley and Birmingham. A designated stretch of the canal bank will be softened with coir rolls making it easier for endangered mammals such as water voles to burrow into and native plants will help encourage Dragonflies and Damselflies into the heart of the city. There will be scrub management for rare and fragmented heath and woodland management to create a more diverse environment.

“ This project will help create a much wider corridor for species that live along the canal network and encourage more people to explore this ‘hidden’ wildlife. Improving the waterside environment will bring a lasting change to the area, creating better access to our wonderful natural environment for people of all backgrounds, which many of us often take for granted. ”

– Neil Wyatt, Birmingham & Black Country Wildlife Trust & West Midlands Waterways Partnership member



Top: Discovering plant life alongside the Birmingham Heartlands Canal Ring

Above: Students from Darul Uloom School monitor wildlife at Saltley Pools



Above: Paul Roberts

Helping endangered species

Volunteer Paul Roberts is helping us to understand how we can best protect Britain's fastest declining mammal, the water vole.



Above: Water vole

Paul's interest in water voles was sparked through a wildlife recording project on the Llangollen Canal. Initial studies along the canal at Chirk Bank showed no evidence of the mammal. With the help of a research grant from the People's Trust for Endangered Species and training from our ecologists, Paul turned his attention to finding out why water voles weren't making their home in the area and what could be done to encourage them back.

As a result of Paul's findings we have introduced a habitat enhancement project along the Llangollen Canal which has involved clearing vegetation to encourage more reed growth and installing coir fibre rolls to protect the bank, helping preserve the water voles' habitats.

Coir, made from coconut fibres, reduces erosion caused by the wash from passing boats. After installation it is planted with reeds and provides excellent habitat for water voles, who use the fibre for bedding and the plants provide cover and food.

“ Paul's work has greatly improved our knowledge of where water voles are within the World Heritage Site and also how we can improve this part of the canal network for this threatened species. The habitat improvement works that we've done will encourage water voles to re-colonise this stretch of the canal. ”

– Stuart Moodie, ecologist

How have we done?

History

We care for 2,700 listed structures and 50 scheduled monuments, and stretches of five of our waterways are incorporated within UNESCO world heritage sites. A key part of our national heritage, our waterways offer people a fantastic opportunity to see and experience history in action, often for free.

Protecting this wonderful heritage is a constant challenge. 200 year-old structures can be fragile and require constant care and attention. This means we need to be sensitive in how we approach restoration and repairs to ensure we continue to safeguard the unique heritage of our waterways. Since July 2012, we have invested £80 million in our waterways maintaining the thousands of structures and facilities which make up the waterway network – reservoirs, aqueducts, locks, bridges, towpaths, embankments and dredging to name just a few. Significant projects include the £2 million repair of the Trent & Mersey Canal, a £1.5 million project to stabilise part of the Netherton Tunnel in the Black Country and the £1.2 million relining of a section of the Monmouthshire & Brecon Canal following temporary emergency repairs in the summer.

We have achieved over 99% compliance for heritage consents and clearances and are delighted to have been able to remove two Listed structures from the Heritage at Risk register – North Warehouse in Sharpness Docks and Guillotine Lock near Kings Norton.

Each canal and river has its own unique story to tell and we are constantly looking to tell these stories in new and innovative ways.

Nearly 9,000 people attended 11 open days across the country. Visitors descended into drained canals, watched lock gates being craned in and out and gained a valuable insight into the craftsmanship and skills needed to keep our historic waterways in working order.

We also launched a new phone app, the first of its kind on the canal network, to tell the story of the Leeds & Liverpool Canal between Bingley Five Rise Locks and the World Heritage Site at Saltaire.

When the Canal & River Trust was created, it brought together five waterway museums and heritage attractions for the first time – National Waterways Museum, Gloucester Waterways Museum, Canal Museum at Stoke Bruerne, Standedge Tunnel and Anderton Boat Lift. Each, along with the National Waterways Archives, provide a doorway into our past where children and adults can discover the rich, vibrant history of our canals and how they helped Britain become the world's first industrialised nation.

Over 88,000 visitors and 91 school groups have come through the turnstiles of our museums and attractions, and we have held 46 special events to bring the history and stories of our waterways to new audiences. In addition we estimate that since July 2012 over 180,000 people have stepped through our doorways to enjoy our popular cafes shops and free exhibitions.

We secured stage one funding from the Heritage Lottery Fund as part of a bid totalling almost £1 million to develop new galleries celebrating Gloucester docks' contribution to the nation.

Historic documents from the Archives and artefacts from the museums have been 'on tour' for the first time, opening up access to our heritage to even more people.

Through 'Canals Unlocked' we have started digitising our extensive image collections to improve access to these wonderful records.

Opposite: Tall Ship moored in the historic Gloucester Docks



Case Study:

Celebrating Ilkeston's centenary

The Heritage Boatyard at the National Waterways Museum was set up to help conserve the historic boat fleet at the museum and to teach young people heritage boat building skills. Volunteers and young trainees work alongside each other on a wide range of boats, all originally used on our canals and inland waterways.

For the majority of the 200 years that goods were carried along our canals horse-drawn narrow boats were the tool for the job, yet today there are few of these traditional horseboats in existence. Those that do survive are very precious, very special and very significant.

One such boat, the 100 year old narrowboat Ilkeston, has been carefully restored by Heritage Boatyard volunteers and staff to full working order. To celebrate the completion of the work and Ilkeston's 100th anniversary, she embarked on a 200 mile journey from the museum, through more than 100 locks, to London along the Shropshire Union and Grand Union Canals. This momentous journey was a major relay operation involving heritage groups the length of the country – including the Boat Museum Society, Friends of Stoke Bruerne Canal Museum, Rickmansworth Canal Trust and London Canal Museum.

As an unpowered craft, Ilkeston was towed by a powered boat for the majority of the trip but for the final leg she was towed by horse, as she would have been 100 years ago, giving people in London a glimpse of what our canals would have looked like in 1912.



“ I was in London for the final stage of the trip. What a spectacle! People were astonished by the effortless speed and efficiency of it. The engineering of the canal suddenly made sense as Ilkeston slipped silently through the water. Seeing 'Buddy' the horse plodding along on his 30m towing line gave us all a glimpse of an almost forgotten past, or was it a glimpse into a green transport for the future? ”

– John Yates, Boat Museum Society
& Heritage Advisory Group Member



Top: Ilkeston
being restored

Above: Ilkeston being
towed by horse

Securing the future of the Guillotine Lock

With vital funding from the players of the People's Postcode Lottery and English Heritage we have been able to repair one of our most unusual and dramatic historic canal structures, the [Guillotine stop lock](#) at Kings Norton, Birmingham.



Above: Guillotine Lock after restoration

Neglected and vandalised in the past, the iconic lock, which is a scheduled ancient monument, was placed on the 'Heritage at Risk' register in 2011. To take this special structure off the register, our skilled heritage engineers and heritage advisors used traditional methods to repair the brickwork and sandstone in the chamber walls and the lock gate structure, ensuring the work was in keeping with the heritage of the canal network. During the works, the local community and schools also had the opportunity to walk down into the empty chamber, gaining a unique perspective of this impressive lock and a deeper understanding and appreciation of how these structures were built centuries ago.



“ It's such a pleasure to see projects like this bringing our wonderful heritage back to life. My family and I have taken so much enjoyment from our canals and rivers for so many years, it is comforting to know that another important part of our waterway heritage will be preserved for future generations. ”

– Timothy West
CBE, celebrated actor and supporter of the Canal & River Trust

Glandŵr Cymru – the Canal & River Trust in Wales

The waterways of Wales offer a rich and wonderful heritage, thriving wildlife sites and tremendous potential to help regenerate economic and community life. Glandŵr Cymru has given us a valuable opportunity to champion this potential for health and wellbeing to the people and Government of Wales.



Above: Visitors and
Canal & River Explorers
at the Royal Welsh Show

Our launch at the Pontcysyllte Aqueduct and Canal World Heritage Site in July 2012 provided a stunning celebration and reminded everyone of the beauty and wonder of our waterways. Since then we have been working to align our vision with Welsh Government objectives, the needs of business and the community.

We attended the Royal Welsh Show and held a reception at the Senedd to introduce the new charity to members of the public and Assembly Members for the first time. Through the All Wales Partnership we now have advocates to champion our cause with opinion leaders and decision makers within business, community groups and the National Assembly for Wales.

We have also been raising the profile of Welsh waterways at a European level through the Interreg IVC programme, Waterways Forward. The programme brought together 17 partners from 11 EU countries plus Norway and Serbia to explore the many benefits that inland waterways can deliver linked to the wider sustainable development of the regions through which they pass. We are now looking at how, together, we can raise the visibility and influence of inland waterways and lakes and the benefits they bring for people and places.



Increasing access to our canals

Making our canals accessible to all is a priority for us in Wales. Together with our partners we are upgrading the condition of our towpaths to encourage more people to visit and enjoy the waterway. On the Montgomery Canal £204,000 was invested by Powys County Council and the Welsh Government to complete 2.5 km of towpath between Berriew and Brithdir.

Over half the towpaths are now at a good standard. In March 2013 we secured a further £200,000 to complete the 2.7km 'missing link' between Newtown and Welshpool. On the Monmouthshire & Brecon Canal, 6km of towpath between Llangattock and Llangynidr also stands to benefit from £105,000 of investment from the Welsh Government's "Safer routes in the community" programme.

Investing in Wales

We invested almost £1.9 million in our canals in Wales, over and above our regular maintenance and conservation works. This includes £1.2 million on relining 460m of the Monmouthshire & Brecon Canal, following emergency repairs in the summer, dredging and repairs to Pontardawe Aqueduct.

In December we rounded off the year celebrating the bicentenary of the Monmouthshire & Brecon Canal with the last of 65 community led events. The celebrations involved 88 partners and brought together local communities right along the canal helping to build a legacy which will see us working together on more events and other projects this year and in the years to come, bringing communities together and new people to the canal. In this way we will ensure waterways continue to be just as relevant to communities today as they were when built.



Top: Pontcysyllte Aqueduct

Above: Montgomery Canal

Looking ahead

Whilst we are developing our priorities through this early period in our existence they are likely to include plans to:

- further improve the overall condition of the waterways and towpaths ensuring they are safe and accessible for as many people as possible
- develop a real sense of ownership and support from local communities
- increase our resources, in particular from our tremendous volunteers and Friends

Below: Little Venice, London



- encourage as many people as possible from a wide range of backgrounds and interests to enjoy the waterways
- safeguard our precious heritage and environment for future generations

The Trust is committed to making the beauty of the waterways' natural and historic environment relevant and accessible to millions of people. To achieve this we need to be very well connected to local communities. Our new Waterways Partnerships and local teams are creating plans that reflect the distinct needs and ambitions of each waterway to ensure that communities play a big part in using and protecting their canals and rivers.

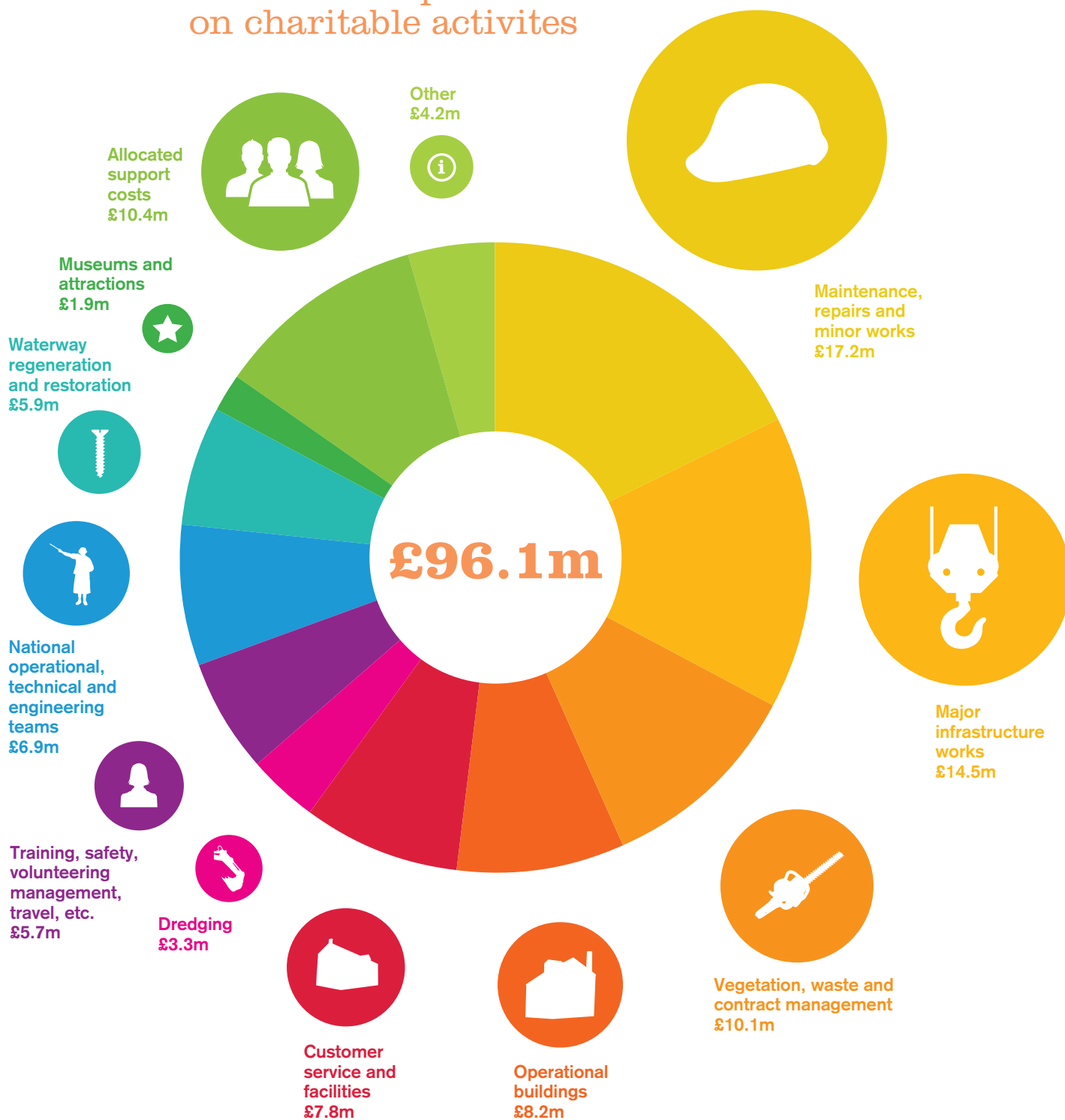
Inside and around the Trust, there is a real sense of energy and a new sense of working together. We have ambitious plans for the future. We need to make more people aware of our work and we need to get more people involved in what we do.

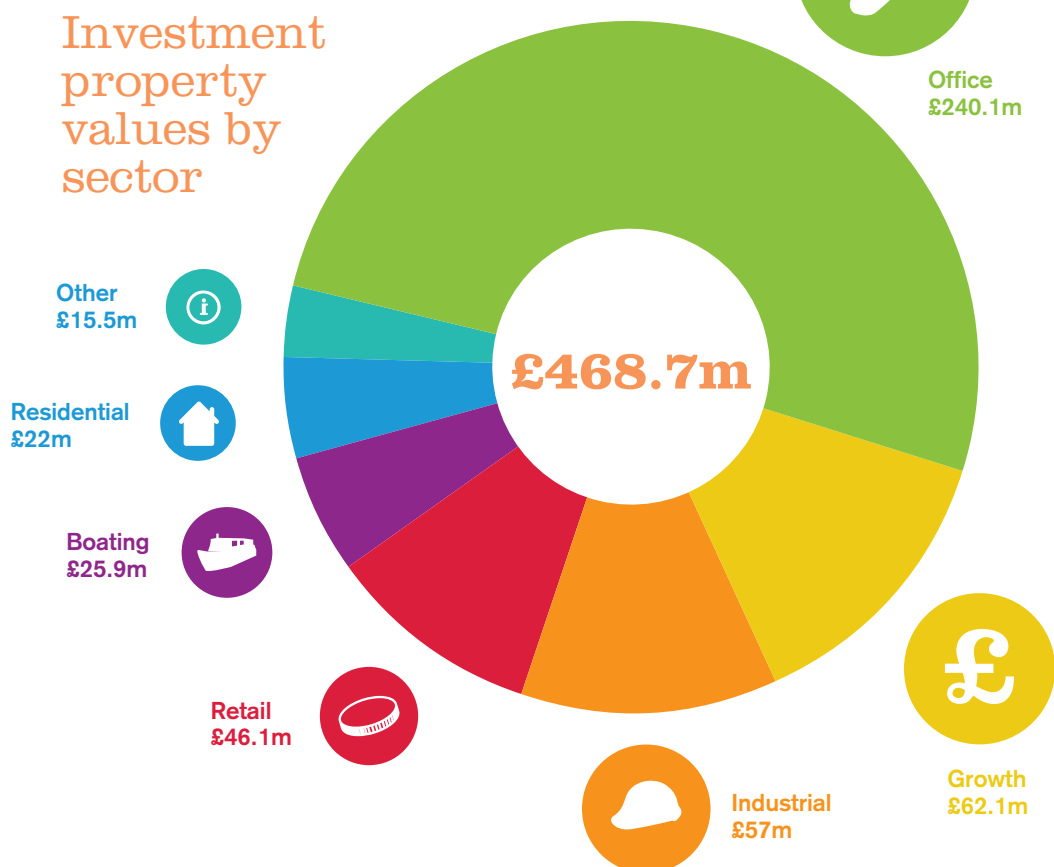
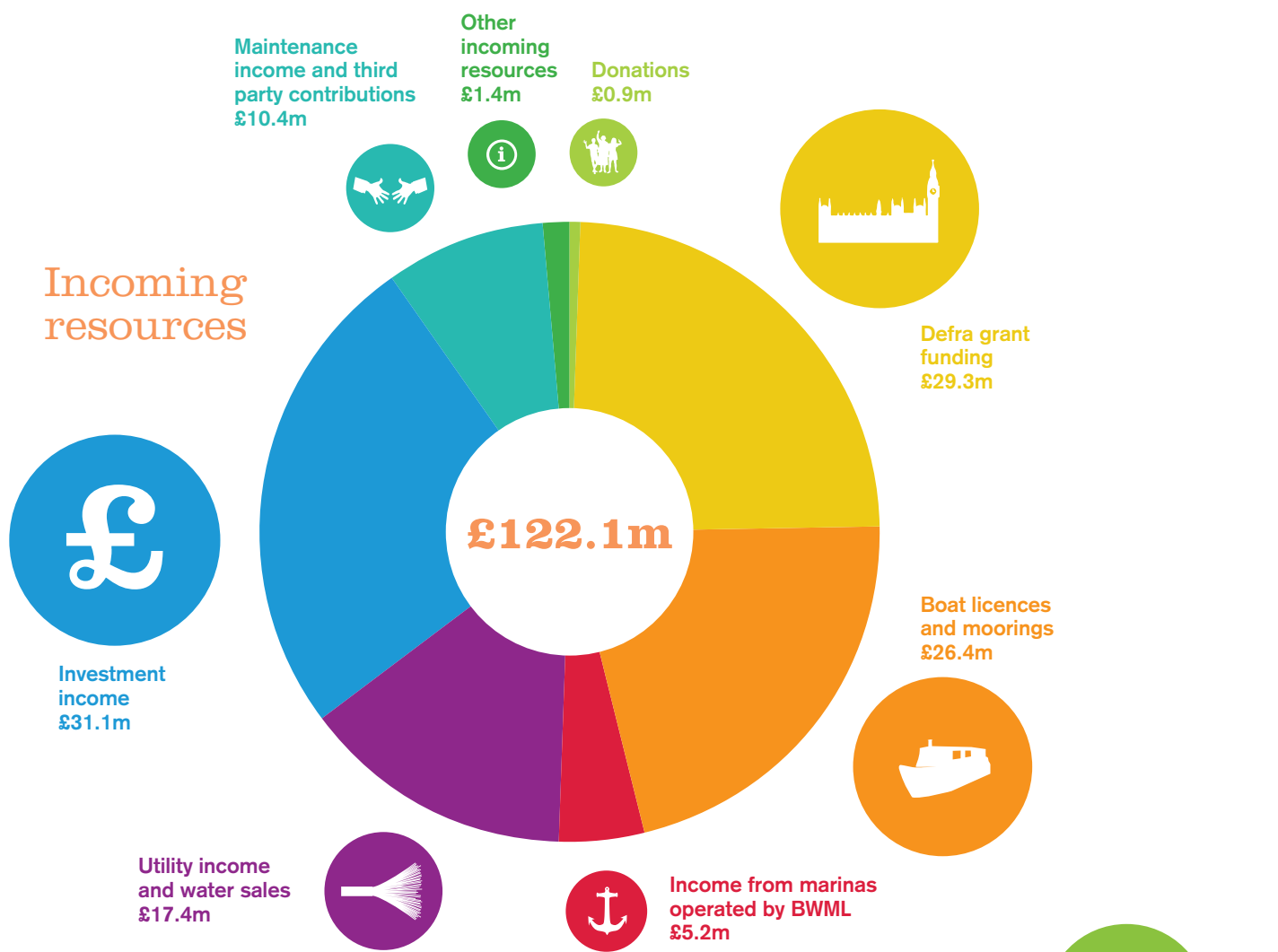
Our waterways belong to us all. We want to build on the successes of our first few months and with your help secure the future of our canals and rivers for the next 200 years.



Financial summary

Resources expended on charitable activities





Finance Review

Creation of the Trust

The Canal & River Trust is a new company that was formed on 12 October 2011. It is a company limited by guarantee and became registered as a charity on 4 April 2012.

The assets and undertaking of British Waterways ("BW") in England and Wales were transferred to the Trust on 2 July 2012 by a Statutory Transfer Scheme under the Public Bodies Act 2012 (the "Transfer"). On that date the Trust commenced its charitable activities. Accordingly, the financial information in this report is for the nine month period to 31 March 2013. There are no comparative figures because this is the company's first accounting period.

The Trustees carried out a valuation exercise of all the assets and liabilities transferred from BW and accordingly the balance sheet of the Trust as at 2 July 2012 (see note 7 to the accounts) includes these items at the fair value. The assets and liabilities transferred from BW have been categorised between the Protected Endowment Fund, as determined by the Defra Grant Agreement, the General Fund and the Waterways Infrastructure Trust ("WIT"). As at 2 July 2012 the balances on these Funds was £532m for the Protected Endowment Fund, £27m for the General Fund and nil for the WIT.

The Trustees have developed new accounting policies for the Trust which are stated on pages 51 to 55. These include an explanation of the purpose and use of the various Reserve Funds. This Review provides further explanation of the terms of the Protected Endowment and the funding relationship with Defra.

The Waterways Infrastructure Trust includes all the waterway assets and structures that comprise the waterways, towpaths and associated structures. These are held by the Trust as trustee in a perpetual trust, the objects of which are to hold, operate and manage the waterway infrastructure property for public benefit and to use the income from the property to fund the cost of the trust objects. These WIT assets are categorised in the accounts as Heritage Assets, as defined under Financial Reporting Standard 30 Heritage Assets, and are excluded from the balance sheet on the basis that reliable cost or value information for the assets cannot be obtained. 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 income arising from the waterway land, and also the Protected Endowment. Accordingly the economic value of the waterways is estimated to be substantially negative.

By agreement with the trustees of the Waterways Pension Fund ("WPF") the Trust became the Principal Employer of the WPF in July 2012 and in doing so became primarily responsible for the funding of that pension scheme. A Pension Funding Partnership structure (also known as an Asset Backed Contribution) was implemented as part of a package of measures that were required to reduce the deficit on the pension fund and to enhance the financial covenant strength of the Trust for the purposes of achieving agreement with the trustees of the WPF to release BW as the previous Principal Employer and accept the Trust in its place. The package of measures included a "last resort" guarantee from Defra limited to £125m and a special one-off cash contribution to the WPF of £25m from Defra.

The financial strategy for the Trust, and its charitable activities, is summarised below and are linked with the newly created Investment Strategy. The objective of the financial strategy is to provide a secure and increasing flow of income to fund the maintenance, repair and enhancement of the waterways as well as to maintain a strong and liquid balance sheet.

Grant Agreement with Defra

The future sustainable operations of the Trust rely in part on the long term funding agreement with Defra. The Grant Agreement was a condition of the Statutory Transfer of the assets and undertaking from BW and enabled the Trust Board members to form a positive conclusion about the ability of the Trust to fund its operations at a satisfactory level for the foreseeable future.

The Grant funding provided to the Trust in the period from 2 July 2012 to 31 March 2013 was in total £33.3m of which £4.0m had been received prior to 2 July 2012 by BW. This prepaid amount was transferred to the Trust on 2 July 2012 as part of the Statutory Transfer Scheme and is included within the balance transferred into the General Fund as at 2 July 2012.

The Grant Agreement provides that the investment assets and liabilities transferred to the Trust will be held in a Protected Endowment to provide a long term income stream to contribute to the cost of maintaining and operating the waterway infrastructure property. The Grant Agreement is for 15 years from 2 July 2012 and provides for a tranche of conditional income based on pre-determined performance criteria. It also specifies the terms of the Protected Endowment, which is explained below.

One of the obligations of the Grant Agreement is to publish annually the defined Publication Data shown in the table below. In addition, part of the grant funds receivable from Defra, the conditional tranche of the Grant, is subject to compliance with the Relevant Standards which are explained 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 accounts policies as well as operational and investment properties that have heritage qualities.

Publication Data

Measure	Description	Outcome Result
National Stewardship Score	A combined measure of waterway functionality and public benefit as at 31 March 2013.	115
Safety		
Number of reported incidents involving customers relating to infrastructure failure	The numbers of injuries are for the nine month ended 31 March 2013.	24 customer incidents where an infrastructure defect was a significant contributory cause.
Number of reported incidents involving employees	The numbers of injuries for the nine month period ended 31 March 2013.	18 employee lost time injuries which includes 5 HSE Riddor reportable "over 7 day" injuries. 92 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 15.2% as at 31 March 2013.
Towpaths		
Number of towpath visitors (based on annual survey data)	Number of visits and visitors for the year ended 31 March 2013 based on a survey of waterway visitors, expressed in millions.	Total visits 297m Average visitors during a two week period 3.2m Total visitors 9.9m
Number and duration of unplanned closures	Defined as unplanned closures that are caused by asset or infrastructure failure for the nine period to 31 March 2013.	Number of closures 8 Number of closure days 375 (the high number of days is due to canal breaches on the Trent & Mersey Canal)
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 76.3% as at 31 March 2013.
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 1.3% as at 31 March 2013.
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 714 hectares of SSSI sites under the Trust's management.	Favourable 52.3% Unfavourable recovering 20.3%
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 all assets that have heritage qualities and is not limited to waterway infrastructure assets only.	94%
Volunteer participation		
Number of volunteer days contributed to the Trust	Number of volunteer days for the nine month period ended 31 March 2013.	29,044 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 2013 and forecast for the year ending 31 March 2014.	2013: 29 residential units completed 2014: 427 residential units forecast to be completed

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 2013 and accordingly the Trust will apply for payment of the conditional portion of the Defra Grant funding for the year ending 31 March 2014 which comprises £3m out of a total of £39m.

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, net of any liabilities that are effectively secured on, or due for payment from, the assets in the Protected Endowment.

The Trustees have approved an investment strategy that specifies 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 target nominal total return is 8% per annum subject to the requirement that the capital value of the assets achieves a minimum growth of UK RPI plus 1% per annum over the medium term. 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 avoid permanent loss of value in the portfolio.

Total return from the investment portfolio for the 9 month period ended 31 March 2013 was 4.5%. This compares favourably with the IPD UK all property index where total return was 2.7% for the same period.

The UK commercial investment property market as a whole saw capital values decline, especially outside of London, whereas the Trust's portfolio saw a modest capital appreciation due to higher weighting towards London and the South, lower retail exposure and a higher proportion of secure long term ground rent investments.

Financial Strategy

The long-term financial strategy of the Trust is to break even on General Reserve funds such that the net income and generated funds are applied in full to the charitable purpose. It is not intended to accumulate an increasing balance of reserves within the General Fund. The Protected Endowment and the Waterways Infrastructure Trust 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 increase the contribution to the Trust's activities through volunteering and local engagement.

The trustees have a reasonable expectation that the Trust will be able to comply with the conditional grant criteria in the Defra Funding agreement and that a further £10m of total grant funds will become available to the Trust from 2015/16 onwards. To provide a smooth transition from the current levels of funding to the expected higher levels in 2015/16 the Trust has adopted a policy of incurring small deficits on the General Fund each year until 2015/16. This will allow expenditure on the charitable purpose to be increased from the level in 2012/13 towards the higher levels predicted from 2015/16 onwards.

Transfer from British Waterways

The Statutory Transfer of assets and liabilities from BW was achieved under the Public Bodies Act 2012. The transfer comprised only those assets and undertaking in England and Wales. The assets and waterway undertakings in Scotland have remained in BW which continues to operate under the name Scottish Canals. The assets and liabilities acquired by the Trust have been fair valued and restated under the accounting policies adopted by the Trust as at 2 July 2012, the transfer date. A fair value assessment has been carried out on all the assets and liabilities acquired from BW as at the date of acquisition. The details are provided in note 7 to the accounts.

The separation of operations from BW was achieved by agreement with Scottish Canals whereby the net assets attributable to the Scottish operation remained in BW. These Scottish assets included an amount of cash that is due from the Trust that is being transferred to Scottish Canals (BW) by the Trust in instalments over an agreed period that will conclude on 2 July 2015.

Acquisition of The Waterways Trust (“TWT”)

The Trust acquired TWT on 26 July 2012. TWT is a company limited by guarantee and conducts a charitable activity comprising fundraising for the UK waterways and manages waterway museums and an artefact collection. On 1 January 2013 the activities of TWT that related to Scottish waterways were transferred to the Scottish Waterways Trust, pursuant to the separation agreement with Scottish Canals.

A fair value assessment has been carried out on the assets and liabilities acquired in TWT and provisions have been made for various property lease dilapidations and repair obligations that existed at the date of acquisition. Details are provided in note 8 to the accounts.

Statement of Financial Activities for the period ended 31 March 2013.

The financial statement below represents the activities of the Trust for the nine month period from 2 July 2012 to 31 March 2013, although the accounting period starts from the date of incorporation on 12 October 2011. There are no comparative figures because this is the first accounting period of the Trust. To enable reconciliation with other published financial and management accounting information of the Trust, an alternative version is shown in the right hand column below. The left hand column shows the figures as per the Statement of Financial Activities on page 47. The left column is after allocating support costs and National teams whilst the right hand column shows those cost separately without allocation.

	SoFA	Without cost allocation
	£m	£m
Incoming resources		
<i>Voluntary income</i>		
Donations	0.9	0.9
Defra grant funding	29.3	29.3
Leisure boating and moorings	26.4	26.4
Income from marinas operated by BWML	5.2	5.2
Utility income and water sales	17.4	17.4
Investment income	31.1	31.1
Share of Income from joint ventures	5.2	5.2
Incoming resources from generated funds	115.5	115.5
Waterway infrastructure income	4.6	4.6
Waterway regeneration and restoration	5.1	5.1
Museums and attractions	0.7	0.7
Incoming resources from charitable activities	10.4	10.4
Other incoming resources	1.4	1.4
Less: Share of income from joint ventures	(5.2)	(5.2)
Total incoming resources	122.1	122.1
Less: Cost of generating funds		
Voluntary income	(1.8)	(1.3)
Leisure boating and moorings	(8.5)	(6.5)
Marinas operated by BWML	(4.5)	(4.5)
Utility income and water sales	(1.4)	(0.7)
Investment management	(12.6)	(8.9)
National teams and support services allocated to generating funds	-	(6.9)
Cost of generating funds	(28.8)	(28.8)
Net resources available for charitable activities	93.3	93.3
Resources expended on charitable activities		
Waterway infrastructure maintenance and repairs	(86.7)	(69.5)
Waterway regeneration and restoration	(7.0)	(5.9)
Museums and attractions	(2.4)	(1.3)
Charitable activities	(96.1)	(76.7)
Governance costs	(1.3)	(0.6)
National teams and support services	-	(18.5)
Other resources expended	-	(1.6)
Total resources expended	(97.4)	(97.4)
Net deficit	(4.1)	(4.1)

The main sources of generated funds arise from the income derived from boating, such as boat licences and moorings income, and utility income which arises from the use of the waterways and associated land for telecommunications cables, water discharges and abstractions, easements for bridges and temporary cranes, and many other associated uses. The boat licence and mooring agreements are typically for a duration of one year but represent a reliable and secure source of income. The agreements for utility income vary but many are long term agreements at either fixed rates or amounts increasing with inflation.

The investment income derives from the property investment portfolio and comprises principally rental income from commercial investment properties. These are let on normal commercial terms to third party tenants. The agreements range from short term lettings to very long term ground leases. The portfolio is diverse both geographically and in the types of property and tenant and provides a secure and reliable source of income to the Trust. Information on the yields from the portfolio are provided above under the heading Protected Endowment and Investment Strategy.

The Trust's investments in joint ventures are held through the wholly owned subsidiary CRT Trading CIC. The joint ventures are engaged in commercial and residential property development on land that has previously been part of the Trust's investment portfolio. The Trust seeks joint ventures with experienced third party developers for the purpose of spreading risk and utilising their development skills. Currently speculative residential developments are being undertaken at Brentford in West London and pre-let commercial development at Northwich, Cheshire.

Income is also derived from the charitable activities. That income comprises waterway maintenance income from third parties, income for the regeneration and restoration of waterways and income from the operation of the waterway museums and attractions.

Operating costs and the cost of generated funds that are directly attributable to the related activities are allocated to the relevant activity area. The costs of various specialist functions such as national technical teams are held centrally in the management accounts but allocated directly to waterway infrastructure maintenance and repairs in the Statement of Financial Activities. The cost of centralised support and shared functions such as HR, legal, IT, finance, offices and executive directors are allocated to all cost areas based on appropriate criteria. The right hand column in the above table is provided to enable comparison with other published financial information about the Trust that has been prepared on a management accounting basis.

Fundraising and the Golden Pound Promise

The Trust has initiated a fundraising programme aimed at generating income for the charitable purpose. This is at an early stage but an encouraging start has been made on individual giving and corporate sponsorship. Currently the total cost of the Trust's fundraising programme exceeds the amounts raised and this situation may continue for a number of years until the income from the fundraising programme grows. To mitigate the effect of these costs the Trust has pledged that "every penny you donate will be spent directly on work to conserve, restore and enhance your canals and rivers and to educate people about them". This has the effect that the donated funds are spent in full on the intended purpose of the donation and that the costs of fundraising are borne by the General Fund.

The funds raised during the period that were subject to the Golden Pound promise are shown on page 70 note 17 to the accounts. Of the total funds raised by the Trust £435k has been credited to the Golden Pound fund (of which £344k has been spent as at 31 March 2013) and £272k has been credited to the specific project appeals of which £103K has been spent as at 31 March 2013).

Analysis of Boat Licence and Moorings income

As at 31 March 2013 there were 33,227 boats with 12 month licences issued to use the Trust's waterways. This represents a fall of 1.4% compared with the equivalent figure as at 31 March 2012.

Boating and mooring statistics

Long term boat licence income £k*	£12,611
Number of boats with 12 month licences as at 31 March 2013	33,227
Income per private long term licence (annualised)	£528
Income from mooring permits £k*	£3,678
Number of mooring berths available	3,767
Occupancy rate %	89%
Income yield per berth (annualised) £	£1,469

* the income is for the nine month period to 31 March 2013.

Joint Ventures

The main joint venture interests of the Group are Isis Waterside Regeneration LP (50%), H2O Urban (No 2) LLP (50%), City Road Basin Limited (49%). Each of these operations is engaged in waterside property development. The bank and other institutional borrowings within these joint ventures are without recourse to the Trust and its subsidiaries and as at 31 March 2013 comprised (the Trust Group share):

The Trust's share of bank borrowings in joint ventures £m	At 31 March 2013
ISIS Waterside Regeneration:	
Homes and Communities Agency	3.7
Bank	0.3
	4.0

There was no bank or other institutional borrowings in the other joint ventures at 31 March 2013.

Liquidity and Borrowings

Cash flow summary £m	Period to 31 March 2013
Net incoming resources from operations	(4.1)
Non-cash items in operating deficit	(1.2)
Movement in working capital and provisions	3.7
Net interest (payable) / receivable	2.5
Operating cash flow	0.9
Cash acquired from British Waterways	54.3
Cash acquired in The Waterways Trust	1.3
Operational capital expenditure (net)	(3.9)
Purchase of investment properties	(17.7)
Disposal of investment properties	12.0
Net repayment from joint ventures	3.4
Taxation	1.0
Net cash flow	51.3
Cash balance as at 31 March	51.3

The significant movement in the period arose from the cash acquired from the transfer of £54.3m cash from British Waterways on 2 July 2013. A net amount of £5.7m of cash was applied during the period to purchase investment properties, net of amount received from the sales of property.

Cash balances are invested only in money market deposits for periods not exceeding three months. Cash balances at year end are as follows:

Bank accounts £m	Balance at 31 March 2013
General Fund account – Canal & River Trust	21.0
Subsidiaries	12.1
Investment capital	16.9
Held in third party accounts for regeneration	1.3
	51.3

The Trust's comparatively low exposure to financial markets together with active management of liquidity has ensured it is well placed to withstand any risk in financial markets.

The Trust also has borrowings from Port of London Properties ("POLP"). These loans are at floating rates of interest being 1% above the Bank of England base rate. The loans were unsecured as at 31 March 2013 but there is an outstanding commitment to the lender to provide security over properties within the investment portfolio of a value that is satisfactory to the lender. The POLP loans are repayable in January 2014 or such later date as may be agreed with the lender.

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. The Trust manages its liquidity risk on a consolidated basis based on operational needs, investment transactions or maturity of borrowings. The liquidity position is monitored through rolling forecasts on the basis of expected cash flows. The Group's cash that is available for investment is deposited with major regulated financial institutions.

The credit risk in cash deposits is managed through the treasury investment policy which restricts counterparties to UK registered banks that have Standard & Poor's long term ratings of at least A with limits for deposit duration and amount. These policies are continually monitored and updated for the prevailing market conditions. The Group has no significant concentration of credit risk from its customers as exposure is spread over a large number of entities and individuals.

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. At 31 March 2013 Group share of total bank borrowings in joint ventures was £4.0m. All of these borrowings were at fixed margin but an uncapped variable reference rate of interest. There were no interest rate hedging instruments in place for any of these borrowings.

Reserve Funds

The net assets acquired from BW by Statutory Transfer as at 2 July 2012 that are within the Protected Endowment have been allocated to a restricted reserve. Other assets and liabilities that are not within the Protected Endowment have been credited to the General Fund. The assets within the Waterways Infrastructure Trust are valued at nil on the balance sheet as explained in the accounting policies. The balances acquired by the Statutory Transfer and the movements up to the period end date are summarised below. The Restricted Income Fund reserve comprises the unspent balance on the voluntary income funds. As described in the section above headed Financial Strategy the reserves policy is to accumulate the value of the Protected Endowment Reserve fund by active management of the investments and to allow the General Reserve fund to decline over the next two financial years by incurring small annual deficits and thereafter to maintain a minimum balance of £5m on the General Reserve Fund.

Group	Unrestricted Funds		Restricted Funds				Total
			Protected Endowment Funds				
	General Fund	Designated Funds	Subsidiaries	Asset Dowry Funds	Other	Restricted Income Funds	
	£m	£m	£m	£m	£m	£m	£m
At 12 October 2011	-	-	-	-	-	-	-
Transfer from British Waterways	27.3	-	-	50.6	481.6	-	559.5
Acquisition of The Waterways Trust	(1.5)	0.1	-	-	-	0.3	(1.1)
Net resources expended (including joint ventures)	(7.8)	-	3.2	-	0.1	0.3	(4.2)
Gift aid receivable and dividends from subsidiaries	4.6	-	(4.6)	-	-	-	-
Transfer to Pension Accumulation Reserve	(2.0)	2.0	-	-	-	-	-
Other transfers between funds	0.1	-	-	-	(0.2)	0.1	-
Pension Fund transfer	(2.7)	-	-	-	2.7	-	-
Other recognised gains and losses	0.5	-	(0.6)	-	5.9	-	5.8
As at 31 March 2013	18.5	2.1	(2.0)	50.6	490.1	0.7	560.0

The Designated Fund comprises funds that have been transferred from the General Fund for the purpose of accumulating an investment fund to make good any deficit on the Waterways Pension Fund in 2031 when the Pension Funding Partnership structure, described below, is due to be terminated.

The restricted reserve fund for subsidiary companies with the Protected Endowment relates to the post acquisition reserves of those subsidiary companies that were transferred to the Trust as at 2 July 2012 and are investments that are within the Protected Endowment.

Waterways Pension Fund

The Trust has created a Pension Funding Partnership ("PFP") with the Waterways Pension Fund through which an Asset Backed Contribution ("ABC") was made to the WPF in July 2012 to reduce the valuation deficit on the pension fund. The PFP arrangement has a 19 year life from July 2012 and is expected to mature in 2031. The assets in the PFP comprise two prime London freehold ground rent investments that have reliable long term income characteristics.

The PFP comprises a limited partnership in which the WPF has a limited partner's interest in the assets of partnership. Through this interest the WPF has the first call on the assets of the partnership limited to the lesser of £125m or the actual deficit on the WPF as shown on the Scheme Actuary's valuation as at 31 March 2031. The WPF's interest carries a fixed prior share of the rental income of the PFP amounting to £5m pa. The remaining equity in the PFP accrues to the Trust group of companies.

The investment by the WPF in the PFP is reflected at its valuation in the balance sheet of the WPF such that the pension fund is fully funded as at 31 March 2013, based on the assumptions used. In the Trust's consolidated group accounts the PFP is consolidated in full as a controlled undertaking and the WPF is accounted for under the provision of Financial Reporting Standard 17 *Retirement Benefits* with the effect that the ABC is eliminated from the assets of the WPF and accordingly the deficit on the WPF appears in the group consolidated accounts as though the ABC had not be made.

Separately from the PFP, the Trust has adopted a policy of setting aside an amount each year from the General Fund into a Designated Fund for the purpose of accumulating an investment fund that will be available to contribute assets to the WPF when the PFP structure matures in 2031. This is being done to facilitate the release back to the Trust, at maturity of the structure, of the properties used in the PFP structure in exchange for a contribution of assets from the Designated Fund.

Summary of changes in pension fund deficits £m	Group	The Trust
Deficit transferred from British Waterways	(65.3)	(65.3)
Current service cost	(5.4)	(5.4)
Past service cost adjustment	(0.1)	(0.1)
Discount unwinding on pension scheme liabilities	(12.3)	(12.3)
Actual return/(loss) on pension scheme assets	36.1	(10.0)
Actuarial losses from changes in assumptions and experience	(20.6)	(20.6)
Contributions in cash from the employer	8.2	114.2
(Deficit)/Surplus as at 31 March 2013	(59.4)	0.5

Assets and liabilities in pension scheme £m	Group	The Trust
Market value of assets	362.3	422.2
Present value of liabilities	(421.7)	(421.7)
(Deficit)/Surplus as at 31 March 2013	(59.4)	0.5
Funding %	86%	100%

The Year Ahead

The directors and the Trustees are in the process of developing the operating strategy and plan targets for the Trust. The principal features of the overarching strategy for the Trust can be summarised as follows:

- To deliver a secure safe environment for our people, contractors, volunteers and visitors;
- To establish the Trust as a respected and valued guardian of its waterways;
- To grow the Trust's net income from all sources and seek efficiencies throughout the organisation whenever and wherever we can;
- To grow the number of people who use and enjoy the waterways and who support the Trust through donations and volunteering;
- To meet all our obligations under the funding agreement with Defra and demonstrate the value of the Trust to Government so that we secure another funding contract after 2027; and
- To optimise the public benefit we create wherever it is compatible with our aims and priorities.

In addition to these strategic priorities, for the year 2013/14 resources will be applied to the following areas of development:

- Volunteering – to increase volunteering across the Trust operations;
- Local Engagement – the Waterway Partnerships have made an encouraging start and resource will be applied to assist the Partnerships, where added value can be delivered;
- Boating – to increase resources to improve compliance by towpath mooring control;
- Marketing and Digital presence – to increase the marketing presence of the Trust with digital marketing being the main priority;
- Enterprise funding – further resource will be applied to this area where additional third party funding of projects that enhance the standard of the waterways can be delivered;
- Restoration – resources will be applied to support the restoration of derelict waterways, whether or not owned by the Trust;
- Museums – the museums of The Waterways Trust were acquired in July 2012. Resources are planned for these activities to improve the operational standards and the quality of the exhibits and visitor experience; and
- Efficiency and sustainability – resources are being applied to developing and implementing various efficiency measures to improve the effectiveness of the Trust's operations. These range from energy reduction, changes to working practices, reductions in central costs, changes to maintenance delivery methods, more effective and sustainable procurement goods and services, and improved recycling of waste.

The main risks and uncertainties underlying the future plans are:

- The safety of the Trust's staff and the users of the waterways are of paramount importance. Minimum safety standards are maintained for waterway assets and infrastructure. Visitor risk assessments are undertaken and actions completed to reduce injury risks to visitors and the public. A rigorous safety regime is maintained to minimise the risk of injury to staff and contractors.
- New legislation may restrict the available water supply or affect the containment and treatment of waste. This is being dealt with by taking a proactive role in influencing government policy and carefully monitoring developments and activities.
- Maintaining the waterways to ensure that they remain open and accessible for everyone. The Trust has a well-developed asset management system based on regular inspections and a risk based approach to repair and maintaining standards.
- Climate change and extremes of weather conditions add to the risk of maintaining water supply and to the risk of flood and asset failure. Water management plans are maintained together with regular monitoring of reservoir levels and lock operations to enable a staged approach to potential water shortages. Flood alleviation and response plans are in place to deal with flooding events.
- Control of towpath mooring and boat licence evasion is essential to managing the waterways for enjoyment by everyone. Enforcement and checking procedures are in place and being enhanced to maintain and in some cases improve the standards of compliance.
- Developing the volunteering and donations programmes for the Trust is important to maintain the future standards of waterway maintenance, access and safety. Resources and management are being applied to the continuing development and marketing of these activities to increase the scale and output from them.
- Growing the Trust's net income from activities and the investment portfolio. The incoming resources are broadly based over a very wide range of property, utilities, grant and boating sources which provide a reliable source of income to fund the Trust's charitable activities.

Risk management

Safety of customers, contractors, employees and volunteers on the waterways are the Trust's top priority. The Trust continually strives to improve its safety processes. Safety training, procedures, signage, regular inspection and maintenance of assets and the development of relevant competencies are some of the examples of the Trust's safety framework.

The governance report on page 43 sets out the Trust's approach to effective risk management. This shows the importance attached to clarification of risks, ensuring effective control processes exist and for embedding risk management into the Trust's culture. The main risks stem from the waterway infrastructure, fundraising and income generating activities.

Legislation and regulation exposes the Trust to changes in operational standards, given the nature of our work and responsibilities. The impact of such changes will be clearer as the full requirements emerge from, for example, the Water Framework Directive. The government funding contract places conditions and targets which require compliance and monitoring arrangements.

We engage with many organisations and companies to help deliver our objectives. The expertise of partners is actively embraced to manage risks effectively within their areas. Some partnerships provide access to external investment funds and development expertise. Processes have been developed to minimise risk in the selection of joint venture partners.

Organisational evolution and change with the creation of the Trust can create a number of risks, for example, behaviours for consistency in developing standards, customer service and safety in a cost effective manner. The Trust manages these risks through codes of best practice to ensure fair trading, recognised project control techniques, communication, regular performance appraisals and individual development plans reflecting the continued priorities of the Trust.

An economically sustainable waterway asset condition is achieved through regular inspection, assessment and prioritisation of remedial action of assets with high consequence of failure, and balanced with essential work arising from the infrastructure.

The Trust's strategic objects set out our commitment to engage with our customers and deliver public, environmental and heritage benefits. There is regular assessment of all the company's heritage assets. Risk based assessments in accordance with the Trust's environment code of practice are applied to all works undertaken. In addition, the Trust has introduced sustainability targets to reduce the energy usage, increasing the recycling of waste and the use of sustainable resources. Safety risk, vandalism and impediments to access by all are managed by the Trust's educational role and community engagement through organisations with strong involvement in social inclusion and volunteers.

GOVERNANCE

Creating the Canal & River Trust

The Trust is the new charity set up to care for England and Wales' legacy of 200-year-old waterways, holding them in trust for the nation forever. The Trust is among the UK's biggest charities, with responsibility for 2,000 miles of navigable canals and rivers, together with bridges, tunnels, aqueducts, docks and reservoirs, along with museums and archive collections. The charitable activities of the Trust were launched in July 2012 when it took over the activities in England and Wales from British Waterways and The Waterways Trust.

Following the debate on the future of its waterways initiated by British Waterways, in 2010, the government announced its intention that a new charity be formed to take over from British Waterways, the care of its waterways in England and Wales. In preparation for the transfer the Trust was incorporated on 12th October 2011, the first Board of charity trustees were appointed and on 4 April 2012 the Trust was registered with the Charity Commission. The statutory transfer legislation The British Waterways Board (Transfer of Functions) Order 2012 came into force on 2nd July 2012 and the Trust acquired the assets, liabilities and operations of the British Waterways Board in England and Wales. On 26 July 2012 the Trust acquired The Waterways Trust, an independent charity responsible for three waterway museums including a collection of historic boats, waterways artefacts and historic records.

Aims

The Canal & River Trust will look after the waterways for everyone to enjoy now and in the future.

We aim to:

- breathe new life into our canals and rivers
- ensure our canals and rivers are cherished by and make a difference to the communities they serve
- help more people discover and enjoy the magic of the waterways
- increase access to our canals and rivers for current and future generations

The Trust undertakes a wide range of activities, all of which aim to further its charitable purposes for the public benefit. In reviewing our aims and objectives and setting our priorities each year, we have regard to the Charity Commission's general guidance on public benefit.

A review of the main activities, achievements and benefits of the period ended 31 March 2013 can be found on pages 2 to 21.

The Trust's objects are set out in the Articles of Association and are:

1. to preserve, protect, operate and manage Inland Waterways for public benefit:
 - 1.1. for navigation;
 - 1.2. for walking on towpaths; and
 - 1.3. for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare;
2. 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 Inland Waterways;

3. to further for the public benefit the conservation protection and improvement of the natural environment and landscape of Inland Waterways;
4. to promote, facilitate, undertake and assist in, for public benefit, the restoration and improvement of Inland Waterways;
5. to promote and facilitate for public benefit awareness, learning and education about Inland Waterways, their history, development, use, operation and cultural heritage by all appropriate means including the provision of museums;
6. to promote sustainable development in the vicinity of any Inland Waterway for the benefit of the public, in particular by:
 - 6.1. the improvement of the conditions of life in socially and economically disadvantaged communities in such vicinity; and
 - 6.2. the promotion of sustainable means of achieving economic growth and regeneration and the prudent use of natural resources; and
7. to further any purpose which is exclusively charitable under the law of England and Wales connected with Inland Waterways;

provided that in each case where the Trust undertakes work in relation to property which it does not own or hold in trust, any private benefit to the owner of the property is merely incidental.

Governance structure of The Trust

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 a share capital. It has the consent of the Registrar of Companies to be exempt from the requirement to use the word "Limited" in its name.

The Trust's governing documents are its Memorandum and Articles of Association. These documents can be accessed via our website (www.canalrivertrust.org.uk).

The Trust has two principal wholly owned trading and investment subsidiaries, British Waterways Marinas Limited (BWML) and Canal & River Trading CIC. BWML operates 20 marinas across England & Wales offering customers a comprehensive range of boat services. Canal & River Trading CIC is a community interest company that carries out trading and investment activities. The main activities are in property development, investing in joint ventures and operating attractions. Profits arising in the subsidiaries are donated to the Trust. A summary of all the Trust's subsidiaries and results appears in note 12 on page 65.

Board of Trustees – operation and membership

The 10 Trustees of the Canal & River Trust are legally responsible for ensuring that the Trust works towards its Charitable Objectives. Trustees are the unpaid board directors of the Trust, taking collective decisions on policy and overarching strategy and providing oversight of the executive directors. The Trust's first Board of Trustees is chaired by Tony Hales CBE. Further details of the relationships between the Board of Trustees, the Council, Partnerships, Management and Committees can be found on page 4 of this report.

Trustees are appointed by the Council (who are the 'members' of the Trust for company law purposes). Following on from the first appointments, one third of the Board of Trustees are required to resign each year and may, where eligible, be available for re-appointment at the Annual General Meeting of the Trust (a meeting of the Council). Generally Trustees may serve up to two terms of three years.

The membership of the Board of Trustees is intended to ensure a balance of skills and experience relevant to the various sectors of the Trust and candidates for appointment as new Trustees are proposed to the Council by the Appointments Committee (a joint committee of equal numbers of Trustees and Council members) after public advertisement and a process of competitive selection.

The Trustees meet regularly (at least six times during the year with additional meetings as required) and brings an independent judgement to its oversight of the direction, strategy and objectives of the Trust. Reporting to the Trustees are executive directors who have direct responsibility for operations and management. They also are responsible for the development of operating strategy and policies, subject to approval by the Trustees. Biographical details of the Trustees can be found on pages 78 and 79.

All the Trustees are independent from management. Any business association or other relationship which could interfere with the exercise of their independent judgement or any other potential conflict is required to be declared.

Any declaration is noted in the minutes and, in appropriate cases, the Trustee will withdraw from the meeting during consideration of the business to which the declaration relates.

The Chairman has ensured that the Trustees have been provided with appropriate and timely information and that their enquiries have been properly met. Board papers are sent out a week in advance of the relevant meeting to allow the members fully to prepare for meetings, and minutes of committee meetings are circulated to all members. The Trustees are kept informed of developments within the Trust through regular presentation by management. Executive directors are normally present during Trustee meetings though the Chairman may hold meetings, or parts of meetings, of the Board of Trustees without the executive directors present. Trustee meetings are held at different locations around the Trust and are preceded by visits and meetings with Trust employees, volunteers and local stakeholders.

The Trustees have a schedule of matters specifically reserved to them for decision and have also defined those delegated to Board of Trustee committees and the executive directors. All Trustees have access to the advice and services of the Secretary to the Trustees, and may take independent professional advice at the Trust's expense after notifying the Chairman. The Secretary ensures that new Trustees receive appropriate induction on appointment.

Where necessary, the Trust provides the resources for professional development and updating the knowledge and capabilities of both the Trustees and executive directors. The Secretary may only be removed with the approval of the Trustees.

The Trustees have a prescribed methodology for determining appropriate levels of governance and control for subsidiaries, joint ventures and associated undertakings of the Trust. The methodology provides a risk profile that is used as a guide to the appointment of directors and the appropriate level of management reporting.

Conduct and performance evaluation

The Trustees are committed to achieving high standards of conduct. The Seven Principles of Public Life recommended by the Committee on Standards in Public Life have been applied to itself and its people and these are complemented by a code of conduct and ethics statement.

The Chairman undertakes appraisals of individual Trustee performance and the Vice Chairman appraises the Chairman. The Board meets without the Chairman present at least once a year to consider the appraisal of his performance.

Audit Committee

The Trust's Audit Committee usually comprises five Trustees. The Trustees are satisfied that at least one member of the Audit Committee has recent and relevant financial experience. The Committee has written terms of reference that are available on the Trust's website, and meets at least three times a year to review the internal audit plan, progress against that plan, and summary findings of the internal and external auditors. In addition to reviewing the financial results and accounting policies, the Committee monitors the effectiveness of risk management and internal control systems for the Trustees.

By invitation the Chairman attends the meetings, together with the chief executive and the head of audit and, when appropriate, executive directors and the external auditors.

The Committee also meets the external auditors and head of audit each without executive directors present.

The Audit Committee oversees the nature and amount of non-audit work undertaken by Grant Thornton UK LLP each year to ensure that the external auditors' independence is safeguarded. All non-audit services above £12,000 to be performed by the external auditors are required to be approved by the Audit Committee.

The Trustee's policy is for a presumption that non-audit work will be put out to competitive tender. Details of the external auditors' fees are given in note 5 to the accounts.

The Audit Committee is responsible for making recommendations to the Board of Trustees regarding the appointment of the external auditor. Following an evaluation by the Audit Committee, Grant Thornton UK LLP were appointed as external auditors and reappointed for the period from 1 April 2013.

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

Lynne Berry
John Bridgeman (Chair from 16/11/2012)
John Dodwell
Steve Shine
Marisa Cassoni (Chair to 16/11/2012)

Property and Investments Committee

The Property and Investments Committee comprises five Trustees and has as its main task a strategic oversight of the investment strategy of the Trust and in particular the investment property activity of the Trust. The Committee also has a role in monitoring the performance of the overall investment portfolio against external benchmarks. It also reviews policies and strategies and may obtain reports. The role of approving large property transactions outside the limit of the delegated authority of executive directors remains with the Board of Trustees.

The Committee also keeps under review at each meeting progress on the major joint venture developments.

The following Trustees served on the Property and Investments Committee during the period:

Manish Chande (Chair)
John Dodwell
Tony Hales
Simon Thurley
Marissa Cassoni (to 16/11/2012)

Remuneration Committee

The Remuneration Committee, comprising four Trustees has as its main task consideration annually of the performance of the executive directors and determination of their remuneration levels. Terms of reference for the Remuneration Committee are also available on the Trust's website.

The Chair of the Remuneration Committee says: "The main task of the Remuneration Committee of the Trust in its first year of operation was to consider the correct levels of remuneration for the executive directors in the new context of the Trust. In this task we sought the assistance of external consultants.

"This task was challenging as the affairs of the Trust are complex and need the right skills and experience in its management leadership. After enquiry into market comparables some adjustments were made from prevailing levels in BW and the affected directors agreed to these changes. The Committee is satisfied that the levels of senior pay are appropriate to the responsibilities of the posts concerned.

"We wish to pay tribute to the team of executive directors who developed the idea of transferring our waterways from BW to a Trust. They showed great energy, determination and ingenuity to bring this to reality. They are now embedding new ways of working in the Trust, while retaining key professional and commercial strengths."

The information on senior management remuneration given in note 5 to the accounts adopts the format common to the charitable sector that follows the requirements of the Statement of Recommended Practice (SORP) for Accounting and Reporting by Charities. Bodies such as the National Trust and RNLI adopt the same format. In addition to the SORP requirements we also provide some more detailed remuneration information in respect of the chief executive.

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

Jane Cotton (Chair)
Tom Franklin
Tony Hales
Steve Shine

Nominations Committee

The Trustees have a Nominations Committee and terms of reference are available on the Trust's website. It comprises three Trustees. It provides support and advice to the Appointments Committee on the selection of candidates for appointment to the Board of Trustees (reviewing the Board's mix of skills, experiences and characteristics from time to time). It also considers appointment of Trustees to Board committees and succession planning.

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

Lynne Berry
Tom Franklin
Tony Hales

The Waterways Ombudsman Scheme

An independent Waterways Ombudsman is available to consider complaints against the Trust that are not resolved through its own internal complaints procedure. The terms of the scheme under which the Ombudsman operates are available from the Waterways Ombudsman's website (www.waterways-ombudsman.org).

The current Ombudsman, Andrew Walker, was appointed in November 2012 by the Waterways Ombudsman Committee (a committee comprising a majority of persons who are not connected with the Trust), following an advertisement and open competition for the post. Andrew previously spent four years as the Office of the Telecommunications Ombudsman, a role he left in June 2012. Andrew's predecessor as Waterways Ombudsman was Hilary Bainbridge, a full member of the British and Irish Ombudsmen Association which has strict independence criteria for such membership. She was reappointed Waterways Ombudsman by the Committee for a second term of three years in March 2008.

Under the Waterways Ombudsman Scheme, the Ombudsman may consider complaints against the Trust by users and others that have not been resolved under the Trust's internal complaints procedure. It is a non-statutory scheme funded by the Trust. More information on the work of the Ombudsman can be found on the website www.waterways-ombudsman.org

Risk management

The Trustees acknowledge their responsibility for defining the Trust's risk appetite and tolerance and maintaining a sound risk management system. The Trustees, with the advice of the Audit Committee, has satisfied itself that appropriate systems are in place to enable it to identify, assess and manage key risks.

Risks are identified in each directorate operating plan and are reviewed by the executive directors and the Trustees. The key risks are subject to regular review by the executive directors to identify new and changing risks and updated at each meeting of the Audit Committee. The Chairman of the Audit Committee reports the issues discussed and conclusions reached relating to the effectiveness of risk management and internal control systems to the following Board of Trustees meeting. The Trustees also consider specific reports on key risks, including the consequences of asset failure.

This is supplemented by on-going risk assessments in each directorate jointly by management and internal audit.

The system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the Trust's objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Internal control

A process of review of the effectiveness of internal controls and compliance with the Trust's standards has been established. The chief executive reviews with each director during the annual corporate governance review a representation of assurance outlining how risk management and the control environment has provided reasonable assurance of effective and efficient operations throughout the period. Based on these reviews, a statement is given to the Audit Committee summarising the significant risks, controls and required action points.

Control environment

There is a clear organisation structure with delegated responsibilities and authorities coupled with standards and processes for each functional area. The Trust is committed to achieving high standards from its people. A code of conduct and ethics statement, which includes a whistleblowing procedure, is supported by high safety, customer care and recruitment standards, an appraisal process and a policy of unlocking the potential of staff.

Information and communication

The executive directors submit a rolling three year Operating Plan, detailed annual budgets and key performance indicators on its strategic priorities to the Trustees for approval. The Plan describes the implementation of the Trust's long term strategic vision and is supported by individual Plans for activities and investments that apply consistent economic and financial assumptions. Monthly operational reports and financial summaries together with regular forecasts are produced for each activity and reviewed by the Executive. Progress against the key performance indicators (KPI's) is supplied on a bi-monthly basis for in year KPI's and annual basis for annual KPI's to the Board for review. Detailed reports and projections are presented to the Trustees.

Monitoring

During the period the Audit Committee:

- reviews the internal and external audit plans
- considers reports from management, internal and external audit on the system of risk management, internal control and any significant control weaknesses
- discusses with management the actions and follows up progress in dealing with identified problem areas.

The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings and any significant risk management and internal control issues to the Board of Trustees. The Board of Trustees receives the minutes of all Audit Committee meetings.

Trustees' responsibilities in respect of the group accounts

The Trustees (who are also directors of Canal & River Trust for the purposes of company law) are responsible for preparing the Trustees' Annual 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 operation.

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
- 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 contracted grant income from Defra under a Grant Agreement dated 28 June 2012, which is for a fixed term of 15 years. A 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.

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

We have audited the financial statements of Canal and River Trust for the period ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 45, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report & Accounts for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 financial statements are not in agreement with the accounting records or 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.

Timothy Lincoln

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
2013

Consolidated statement of financial activities

For the period 12 October 2011 to 31 March 2013 *

		Unrestricted funds	Restricted Funds			
			Protected Endowment funds			
	Note		Subsidiaries	Other	Restricted Income Funds	Total
		£m	£m	£m	£m	£m
Incoming resources						
Statutory transfer from British Waterways Board	7	27.3	-	532.2	-	559.5
Net assets and liabilities acquired in The Waterways Trust	8	(1.4)	-	-	0.3	(1.1)
Total incoming resources from transfer and acquisition		25.9	-	532.2	0.3	558.4
Voluntary income						
Donations		-	-	-	0.9	0.9
Defra grant funding		29.3	-	-	-	29.3
Leisure boating and utilities		44.4	4.6	-	-	49.0
Investment income		23.0	8.0	0.1	-	31.1
Share of Income from joint ventures	12	-	5.2	-	-	5.2
Incoming resources from generated funds	2	96.7	17.8	0.1	0.9	115.5
Waterway infrastructure income		4.0	-	-	0.6	4.6
Waterway regeneration and restoration		5.1	-	-	-	5.1
Museums and attractions		0.5	-	-	0.2	0.7
Incoming resources from charitable activities		9.6	-	-	0.8	10.4
Other incoming resources		1.4	-	-	-	1.4
Less: Share of income from joint ventures	12	-	(5.2)	-	-	(5.2)
Total incoming resources before transfer and acquisition		107.7	12.6	0.1	1.7	122.1
Total incoming resources including transfer and acquisition		133.6	12.6	532.3	2.0	680.5
Less: Cost of generating funds						
Voluntary income		(1.8)	-	-	-	(1.8)
Leisure boating and utilities		(10.4)	(4.0)	-	-	(14.4)
Investment management		(7.3)	(5.3)	-	-	(12.6)
Cost of generating funds	3	(19.5)	(9.3)	-	-	(28.8)
Net resources available for charitable activities before transfer and acquisition		88.2	3.3	0.1	1.7	93.3
Net resources available for charitable activities including transfer and acquisition		114.1	3.3	532.3	2.0	651.7
Resources expended on charitable activities						
Waterway infrastructure maintenance and repairs		(85.6)	-	-	(1.1)	(86.7)
Waterway regeneration and restoration		(7.0)	-	-	-	(7.0)
Museums and attractions		(2.1)	-	-	(0.3)	(2.4)
Charitable activities	3	(94.7)	-	-	(1.4)	(96.1)
Governance costs	3	(1.3)	-	-	-	(1.3)
Total resources expended		(96.0)	-	-	(1.4)	(97.4)
Net incoming resources before transfer and acquisition		(7.8)	3.3	0.1	0.3	(4.1)
Net incoming resources including transfer and acquisition		18.1	3.3	532.3	0.6	554.3
Share of net income from Joint Ventures	12	-	(0.1)	-	-	(0.1)
Transfers between funds	17	2.0	(4.6)	2.5	0.1	-
Net incoming resources before other recognised gains and losses		20.1	(1.4)	534.8	0.7	554.2
Realised gains on disposal of investment assets		-	0.6	1.1	-	1.7
Unrealised gains on revaluation of investment assets		-	(1.3)	1.7	-	0.4
Taxation credit	6	0.5	0.1	-	-	0.6
Actuarial gains on defined benefit pension scheme	20	-	-	3.1	-	3.1
Net movement in funds	17	20.6	(2.0)	540.7	0.7	560.0
Fund balances at 12 October 2011	17	-	-	-	-	-
Fund balances at 31 March 2013	17	20.6	(2.0)	540.7	0.7	560.0

* The Trust was not active between 12 October 2011 and 1 July 2012. All activity in the SoFA is in respect of acquisition on 2 July 2012 and post acquisition activity. The accompanying notes form part of these financial statements.

Consolidated income and expenditure account

For the period 12 October 2011 to 31 March 2013

Income	£m
Statutory transfer from British Waterways Board	27.3
Net assets and liabilities acquired in The Waterways Trust	(1.1)
	26.2
Donations	0.9
Defra grant funding	29.3
Leisure boating and utilities	44.4
Investment income	23.0
Income from charitable activities	10.4
Other income	1.4
Total income	135.6
Expenditure	
Costs of generating funds	(19.5)
Charitable activities	(96.1)
Governance costs	(1.3)
Total expenditure	(116.9)
Taxation credit	0.5
Net income and expenditure for the period	19.2

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 recommended in the Charity SORP, this statement excludes unrealised revaluations of investment assets and any movements within the protected endowment funds.

The Trust uses the exemption conferred by the Companies Act 2006 in not preparing a separate Income and Expenditure Account for the Trust that excludes its wholly owned subsidiaries.

All amounts relate to continuing activities.

The accompanying notes form part of these financial statements.

Balance sheets

As at 31 March 2013

		Group	Canal & River Trust
	Note	31 March 2013	31 March 2013
		£m	£m
Fixed assets			
Tangible assets	9	82.2	63.2
Heritage assets	10	-	-
Investments:			
property	11	468.7	307.0
subsidiaries	12	-	110.0
joint ventures:			
share of gross assets	12	35.1	-
share of gross liabilities	12	(5.1)	-
		580.9	480.2
Current assets			
Stocks	13	1.2	0.9
Debtors	14	81.8	76.7
Cash at bank and in hand		51.3	39.2
		134.3	116.8
Current liabilities			
Creditors: Amounts falling due within one year	15	(75.8)	(65.2)
Net current assets		58.5	51.6
Total assets less current liabilities		639.4	531.8
Creditors: Amounts falling due after one year	15	(8.0)	(7.9)
Provisions for liabilities	16	(11.8)	(6.5)
Net assets excluding pension fund (liability)/asset		619.6	517.4
Pension fund (liability)/asset	20	(59.6)	0.3
Net assets including pension fund (liability)/asset		560.0	517.7
Funds			
Unrestricted funds:			
General fund		18.5	20.7
Designated funds		2.1	2.0
Restricted funds:			
Protected endowment funds		538.7	494.7
Other restricted income funds		0.7	0.3
Total funds	17	560.0	517.7

Approved by the Board of Trustees on 1 July 2013 and signed on their behalf by:

T Hales

Chairman

The accompanying notes form part of these financial statements.

Consolidated cash flow statement

for the period 12 October 2011 to 31 March 2013

	Note	Period to 31 March 2013	
		£m	£m
Net cash outflow from operating activities			(1.6)
Returns on investments and servicing of finance			
Interest paid		(0.5)	
Interest received		3.0	
Net cash inflow from returns on investments			2.5
Taxation			1.0
Capital expenditure and financial investment			
Purchase of operational fixed assets		(5.5)	
Purchase of investment property		(17.7)	
Sale of operational fixed assets		1.6	
Sale of investment property		12.0	
Net cash inflow from capital expenditure and financial investment			(9.6)
Acquisitions and investments in joint ventures			
Cash acquired on transfer from British Waterways	7	54.3	
Cash acquired on transfer from The Waterways Trust	8	1.3	
Repayment of loans paid to joint ventures		3.4	
Net cash inflow from acquisitions			59.0
Movement in net cash			51.3
The accompanying notes form part of these financial statements			

a) Reconciliation of net incoming resources to cash outflow from operating activities

	Period to 31 March 2013	
	£m	£m
Net incoming resources before transfer and acquisition		(4.1)
Items not involving the flow of cash:		
Interest receivable (net)	(2.6)	
Depreciation	4.4	
Profit on sale of operational fixed assets	(0.3)	
Difference between payments to defined pension scheme and amount charged to expenditure	(2.7)	
		(1.2)
Decrease in stocks		0.4
Decrease in debtors		4.9
Decrease in creditors		(3.0)
Increase in provisions		1.4
Net cash outflow from operating activities		(1.6)

b) Reconciliation of net cash inflow to movement in net funds

	At 12 October 2011	Cash acquired through acquisitions	Cash flows	At 31 March 2013
	£m	£m	£m	£m
Cash at bank and in hand	-	55.6	(4.3)	51.3
Loan from Port of London Properties Ltd	-	(12.9)	-	(12.9)
Net funds	-	42.7	(4.3)	38.4

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, with the exception of investments, which are included at market valuation. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, published in March 2005, the Companies Act 2006 and applicable UK accounting standards. Investment properties are not depreciated in line with UK GAAP. This treatment is contrary to the Companies Act 2006, which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

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 on pages 4 to 45 and elsewhere in the financial statements.

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 have a reasonable expectation 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 report and accounts.

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 outgoing resources of the parent company are disclosed in note 17 to the accounts.

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 period ended 31 March 2013.

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 FRS2. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

Acquisition accounting

The transfer of the assets and liabilities from British Waterways made under The British Waterways Board (Transfer of Functions) Order 2012 as well as the acquisition of The Waterways Trust and subsidiaries are accounted for as acquisitions during the year in accordance with FRS6 *Acquisitions and Mergers*. The acquisition method of accounting involves the recognition at fair value of all identifiable acquired assets and liabilities, including contingent liabilities, at the acquisition date. On initial recognition, the assets and liabilities are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. The net asset value of the transfer from British Waterways represents a transfer from the UK government and is recognised as an income item in the SoFA.

Fund accounting

Reserve policies are set out on page 35 of the Trustees' report and in note 17 to these accounts. Reserves are either unrestricted or restricted funds.

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

Designated Reserves 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 Reserves 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 Endowment Reserve is a restricted reserve and comprises the net value of the endowment assets and liabilities transferred to the Trust on 2 July 2012 by the UK Government. The endowment comprises 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 and less any other capital liabilities and creditors.

The Endowment Reserve 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 asset dowry reserve will be utilised to fund major repairs to the dowry assets when such repairs or rebuilding is needed. It will require some realisation of investment assets at that time to fund the cash outflow so as to ensure that the major repair costs are not a drain on the Trust's general reserve funds. Net income arising from the investment assets is recognised in the general reserve to fund day to day activities, maintenance and repair expenditure on these waterway infrastructure assets.

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 £10,000, 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 'Golden Pound' promise is fulfilled (see page 32 for further detail).

Incoming resources

Incoming resources are 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:

- Incoming resources from generated funds
- Incoming resources from charitable activities

The following specific policies apply to categories of income:

Incoming resources from generated funds

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 certainty that the legacy will be received and the value is measurable with sufficient reliability.
- iv) Gifts in kind for use by the Trust are included in the accounts at their approximate market value at the date of receipt.
- v) Donated services and facilities are included as 'Voluntary income' at their estimated value to the Trust when received, and under the appropriate expenditure heading depending on the nature of service or facility provided, at the same value and time.
- vi) Income from Gift Aid is recognised on submitting a reclaim to HM Revenue & Customs.

- vii) Defra funding is accounted as a 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. Further details of the background to this income which forms a significant proportion of the Trust's incoming resources can be found on page 27 of the Trustees' Report.

b) Activities for generating funds

- i) Boat licences and mooring permits. These are invoiced in advance and income is recognised on an accruals basis over the term of the licence or permit.
- ii) Income from marinas subsidiary British Waterways Marinas Limited (BWML) includes income from marina operations, retail sales from chandlery and property rents. All income in BWML is accounted for in accordance with these group accounting policies.
- iii) Utility income and water sales. Income is received from utility companies and other third parties in return for access to the Trust's land, for example underground pipes. 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.

c) Investment income

- i) Property rents. 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 or a shorter period ending on a date from which it is expected the prevailing market rental will be payable. 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.
- ii) Interest income is recognised as interest accrues using the effective interest method. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.
- iii) Dividend income is recognised when the Group's right to receive payment is established.
- iv) Income from endowments. The Asset Dowry funds within the Protected Endowment Reserve, arising on acquisition of the British Waterways assets and liabilities (described above under *Fund accounting*) is restricted.

Incoming resources from charitable activities

- a) Maintenance agreements and other waterway related income. This 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) Waterway regeneration and restoration. This is income towards restoring and improving the waterways network. The income is 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 would be treated as deferred income creditors and amounts due but not paid would be accrued income debtors. Revenue is recognised in proportion to the staged completion of the work in accordance with relevant funding agreements.
- 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.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Irrecoverable VAT is either charged to the appropriate heading or it is capitalised as appropriate.

The consolidated SoFA defines costs in three specific categories:

- Cost of generating funds
- Charitable activities
- Governance costs

Cost of generating funds

- a) Costs of generating voluntary income include fundraising costs incurred in seeking voluntary contributions. This includes the costs of supporting the Friends of the Canal & River Trust scheme.
- b) Costs of activities for generating 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.

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 as well as the strategic planning processes that contribute to the future development of the Trust. It also includes the cost of asset valuations as well as the costs of internal and external audit and preparing Trustees' Report and Accounts.

Support costs

Support costs representing expenditure on administration, financial management, human resources and information systems and communications are allocated to the costs of generating funds, charitable activities, investment and governance 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 gross equity method of accounting in accordance with FRS9 *Associates and joint ventures*. The Notes to the Accounts disclose the names of joint ventures, the nature of the business and details of the shares held by the Group.

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

Investment in subsidiaries and joint ventures in the Trust's company only accounts

Investments are stated at cost, less any provision for 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 permanent impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net realisable value 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.

Property, plant and equipment are stated at cost, net of depreciation and any provision for permanent diminution in value. Depreciation is provided on all property, plant and equipment, 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 10 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 public benefit 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. Expenditure on 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 of the assets held, 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 10 to the accounts.

Investment properties

Investment properties are included at valuation on an open market basis. Valuations are carried out on an annual basis and are undertaken by independent professionally qualified surveyors. The movements in valuation and profits on sale of investment properties is presented in other recognised gains and losses on the SoFA and comprises both realised and unrealised gains and losses. The Trust accounts for disposals of investment properties upon completion of sale. Valuation costs are included within governance costs on the SoFA.

Investment properties are not depreciated in line with UK GAAP. This treatment is contrary to the Companies Act 2006, which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

Leased property, plant and equipment

a) Group as a lessee

All leases into the Group are leases where substantially all the risks and rewards incidental to legal ownership of the asset have not been transferred by the lessor and are therefore classified as operating leases. Rentals payable adjusting for the effect of lease incentives are charged in the SoFA on a straight line basis over the lease term.

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.

d) Lease incentives

The value of lease incentives is recognised on a straight-line basis over the lease term, or if shorter than the full lease term, over the period to the review date on which the rent is expected to be adjusted to the prevailing market rent.

Stocks

Stocks are stated at the lower of cost or net realisable value on a first in first out basis.

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.

No tax charge arises in any subsidiaries of the Trust to the extent that the subsidiary is able to gift all taxable profits to the Trust.

To the extent that taxation does arise in the Canal & River Trust, its subsidiaries and joint venture companies, it is accounted in accordance with FRS16 *Current tax* and FRS19 *Deferred tax*.

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 group subsidiary employees in British Waterways Marinas Limited and employees of British Waterways Board (trading as Scottish Canals). In accordance with the terms of the transfer from British Waterways, Scottish Canals is only responsible for any future deficit arising following 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 FRS17 *Retirement benefits*, with a valuation undertaken by an independent actuary. FRS17 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 expected return on the Fund's assets and interest cost on the Fund's liabilities are allocated across the appropriate incoming/ outgoing resource categories. 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.

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 FRS17.

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. 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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Incoming Resources

	Period to 31 March 2013
	£m
Incoming resources from generated funds includes:	
Donations:	
General donations to the Trust	0.5
Gifts in kind	0.3
Legacies	0.1
Defra grant funding	29.3
Voluntary income	30.2
Leisure boating and moorings	26.4
Income from marinas operated by BWML	5.2
Utility income and water sales	17.4
Income from leisure boating and utilities	49.0
Investment property	26.8
Interest receivable	3.0
Premiums earned by Canal & River Reinsurance Ltd	1.1
Other investment income	0.2
Investment income	31.1
Share of income from joint ventures	5.2
Incoming resources from generated funds	115.5
<p>Gifts in kind include the promotional value of Google mapping the waterway towpaths and their inclusion on the Google Maps website as well as support for our winter works programme from May Gurney.</p>	

3. Total resources expended

	Direct Costs	Support Costs	Period to 31 March 2013
	£m	£m	£m
Cost of generating funds			
Voluntary income	1.3	0.5	1.8
Leisure boating and moorings	6.5	2.0	8.5
Marinas operated by BWML	4.5	-	4.5
Utility income and water sales	0.7	0.7	1.4
Investment management costs	10.4	2.2	12.6
Total cost of generating funds	23.4	5.4	28.8
Charitable activities			
Waterway infrastructure maintenance & repairs	77.9	8.8	86.7
Waterway regeneration and restoration	5.9	1.1	7.0
Museums and attractions	1.9	0.5	2.4
Charitable activities	85.7	10.4	96.1
Governance	0.6	0.7	1.3
Total resources expended	109.7	16.5	126.2
<p>Included within Governance costs are the costs of audit (both internal and external), investment valuation fees, the AGM and Committee costs.</p>			
<p>Auditor's fees and expenses include the following:</p>			
			£000
Audit work			165
Review of acquisition and charity accounting on transfer from British Waterways			49
Other non-audit services			17
Total fees payable to auditor			231

4. Support costs

	Offices	Finance & IT	Human Resources	Management & Other	Period to 31 March 2013
	£m	£m	£m	£m	£m
Voluntary income	0.1	0.2	-	0.2	0.5
Leisure boating and moorings	0.4	0.8	0.1	0.7	2.0
Utility income and water sales	0.1	0.2	-	0.4	0.7
Investment management costs	0.3	1.1	0.1	0.7	2.2
Waterway infrastructure maintenance & repairs	1.5	3.5	0.6	3.2	8.8
Waterway regeneration and restoration	0.2	0.3	-	0.6	1.1
Museums and attractions	0.1	0.2	-	0.2	0.5
Governance	-	0.3	-	0.4	0.7
Total support costs	2.7	6.6	0.8	6.4	16.5

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

5. Employee costs

No remuneration was paid to any members of the Board of Trustees. Travel and accommodation expenses were reimbursed by the Trust to 5 individuals totalling £5,807.

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

	Group Period to 31 March 2013*
	Number
Generating voluntary income	7
Generating income from leisure boating and utilities	174
Investment management	39
Waterway infrastructure maintenance and repair	1,049
Waterway regeneration and restoration	35
Museums and attractions	33
Governance	8
Support functions	167
Total number of persons	1,512

* There were no employees in the Trust from 12 October 2011 to 1 July 2012. The average headcount has been calculated for the period 2 July 2012 to 31 March 2013.

Total employment costs were:

	Group Period to 31 March 2013
	£m
Wages and salaries	31.9
Social security costs	2.8
Defined benefit pension contributions	5.4
Defined contribution pension contributions	0.2
Total employment costs	40.3

The number of employees whose remuneration during the period (including taxable benefits in kind but not employer pension costs) fell within the following ranges were:

	Group Period to 31 March 2013
	Number
£60,000 – £70,000	13
£70,001 – £80,000	7
£80,001 – £90,000	3
£100,001 – £110,000	2
£110,001 – £120,000	3
£120,001 – £130,000	1
£130,001 – £140,000	1
£160,001 – £170,000	1

29 higher paid employees are accruing retirement benefits under the Waterways Pension Fund defined benefit scheme. Payments to the defined contribution pension scheme in respect of 1 higher paid employee amounted to £2.2k.

The remuneration of the chief executive, Robin Evans, during the period under Report, comprised a salary of £146,250, an increase of £1,106 in his accrued annual pension due from the defined benefits of the Waterways Pension Fund and benefits in kind (including company car) of £8,861.

On 8 July 2013 Richard Parry joins the Trust as its chief executive and will receive an annual salary of £175,000. In addition he will receive a Defined Contribution Pension employer contribution of up to 8% of that salary, a company car allowance of £9,408 and benefits in kind (primarily health insurance) anticipated to have an annual value of £1,415.

6. 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. However, on the transfer of the activities in England and Wales to the Trust, certain historical current and deferred tax balances in British Waterways and its subsidiaries were also transferred. The tax credit represents adjustments to these brought forward balances.

Credited to Statement of Financial Activities

	Group
	Period to 31 March 2013
Tax	£m
Current tax	0.6
Deferred tax	-
Total tax	0.6

Corporation tax is calculated at 24% of the assessable profits for the period.

The current tax credit for the period can be reconciled to the Net Incoming Resources before Other Recognised Gains and Losses as follows:

	Group
	Period to 31 March 2013
	£m
Net incoming resources before transfer and acquisition	(4.1)
Tax credit at the UK corporate tax rate of 24%	1.0
Tax effect of expenses that are not deductible in determining taxable profits	(0.2)
Current tax over provided in previous years	0.6
Charitable income/expenses exempt from tax	(0.8)
Accelerated capital allowances	0.1
Losses carried forward	(0.1)
Current tax credit	0.6

Deferred Tax

As noted above, the Trust is a registered charity and as such it is expected that its income and profits from investments and surpluses on any trading activities carried out in furtherance of the Trust's primary objectives will qualify for exemption from tax.

It is also expected that the Trust's subsidiaries will give all their profits to the Trust, normally resulting in no tax liability arising in those subsidiaries. Accordingly, deferred tax has not been recognised on any timing differences, and historic deferred tax assets and liabilities related to certain assets and liabilities transferred from British Waterways have been released as part of the fair value adjustments set out in note 7 to these accounts.

In addition, other deferred tax liabilities previously recognised in British Waterways have been derecognised as a result of the different accounting standards applied by the Trust. The derecognition of these liabilities forms part of the accounting policy alignment adjustments also set out in note 7.

A Group company has an unrecognised deferred tax liability of £0.4m at 31 March 2013. Deferred tax has not been recognised as it is expected that the subsidiary will transfer any profits in future periods to the Trust by way of gift aid.

A Group company has carried forward tax losses of £8.4m at 31 March 2013. The losses relate to the company's interest in limited partnerships and can only be offset against future trading profits from the relevant partnership.

6. Taxation (continued)

	At 12 October 2011	Transferred from British Waterways	(Repaid) / paid	Prior year adjustments	Carried forward at 31 March 2013
	£m	£m	£m	£m	£m
Group					
Corporation tax	-	0.6	(1.0)	0.6	0.2
Canal & River Trust					
Corporation tax	-	1.2	(1.5)	0.5	0.2

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.

7. Transfer from British Waterways Board

The Trust acquired the assets, liabilities and operations in respect of the British Waterways Board (BW) in England & Wales under statutory transfer (The British Waterways Board (Transfer of Functions) Order 2012) on 2 July 2012. This transfer has been accounted for as an acquisition during the year in accordance with FRS6 *Acquisitions and Mergers*. Further details of the transfer can be found on page 30 of the Trustees' Report.

Group	Book value per BW	Accounting policy alignment (1)	Fair value adjustments (2)	Fair value
	£m	£m	£m	£m
Intangible fixed assets	2.6	0.5	(3.1)	-
Tangible fixed assets	525.8	(7.6)	25.1	543.3
Investments in joint ventures	32.6	-	0.9	33.5
Stocks	1.6	-	-	1.6
Debtors	87.8	(2.9)	-	84.9
Creditors	(125.7)	54.4	-	(71.3)
Provisions	(9.5)	1.7	(1.2)	(9.0)
Pension liability	(65.5)	-	-	(65.5)
Deferred capital grant	(3.3)	3.3	-	-
Taxation:				
Current tax	0.6	-	-	0.6
Deferred tax	(55.3)	65.9	(10.6)	-
Cash	54.3	-	-	54.3
Loans	(12.9)	-	-	(12.9)
Net assets acquired	433.1	115.3	11.1	559.5
Consideration				-
Fair value of transfer				559.5

In accordance with FRS7 *Fair Values in Acquisition Accounting* and the Charities SORP the fair value of £559.5m is included in the SoFA as incoming resources during the period. This fair value has also be allocated to general and restricted funds in accordance with the requirements of the SORP taking into account the legal substance of the net assets acquired. Further detail can be found in note 17 to these accounts.

7. Transfer from British Waterways Board (continued)

(1) Accounting policy alignment adjustments include the following:

- The book value of assets and liabilities in BW are accounted in accordance with International Financial Reporting Standards. As a charity the Trust prepares accounts in accordance with UKGAAP and the Charities Statement of Recommended Practice 2005 (SORP) which includes different accounting and measurement requirements. These are reflected in the table above. The largest adjustment of this type is in respect of deferred tax which includes the derecognition of the liability for deferred tax on investment properties totalling £65.1m.
- The Trustees have reviewed the accounting policies for the Trust in accordance with the SORP and believe it is appropriate to account for dowry funds totalling £50.6m in respect of previously acquired infrastructure assets in a restricted fund. This is reflected in the table above and is included within the reduction in creditors with a resulting increase in opening restricted reserves. Further detail on the movement on reserves can be seen in note 17 to these accounts.

(2) The Trustees have undertaken a fair value review on all the assets and liabilities acquired from BW. It has been an extensive exercise and has included a review of thousands of operational assets and land holdings supported by external valuation provided by Gerald Eve, Chartered Surveyors, which resulted in an uplift to property valuations by £25.1m. Other fair value adjustments include the derecognition of the £15.7m deferred tax asset in respect of the pension fund liability and the deferred tax liabilities arising from accelerated capital allowances (3.7m) and other short-term timing differences (1.4m). This is due to the fact that the corporation tax exemption for charitable and investment activities means that the Trust and its subsidiaries are unlikely to pay corporation tax and therefore the reversal of these deferred tax assets and liabilities is not expected to result in a tax credit or charge.

The summarised income statement for the acquired activities pre-acquisition and the prior year were prepared in accordance with International Financial Reporting Standards and were as follows:

Group – BW England & Wales	Year ended 31 March 2012	Period 1 April to 1 July 2012
	£m	£m
Turnover	189.4	40.9
Operating surplus	8.8	-
Share of profits and losses of joint ventures	(1.0)	0.1
Profit on sale of investment properties	1.7	0.2
Gain on revaluation of investment properties	62.6	0.1
Gain on disposal of joint ventures	7.9	-
Profit on sale of assets held for sale	0.4	-
Net finance (costs) / income	(3.0)	0.6
Surplus before taxation	77.4	1.0
Taxation	(3.9)	(0.4)
Surplus after taxation	73.5	0.6

The Trust was not active between 12 October 2011 and 1 July 2012. All activity in the SoFA presented in these accounts is in respect of the net assets acquired on 2 July 2012 and post acquisition activity as well as the acquisition of The Waterways Trust set out in note 8 below. The post acquisition Waterways Trust activities are not significant to the results as a whole.

8. Transfer of The Waterways Trust

The Trust acquired the assets, liabilities and operations in respect of The Waterways Trust (TWT) in England & Wales on 26 July 2012. This transfer has been accounted for as an acquisition during the year in accordance with FRS6 *Acquisitions and Mergers*.

Group	Book value	Transfer to Scottish Waterways Trust (1)	Other fair value adjustments (2)	Fair value
	£m	£m	£m	£m
Tangible fixed assets	0.5	-	(0.2)	0.3
Stocks	0.1	-	-	0.1
Debtors	0.7	-	-	0.7
Creditors	(2.0)	(0.5)	0.4	(2.1)
Provisions	-	-	(1.4)	(1.4)
Cash	1.3	-	-	1.3
Net assets/ (liabilities) acquired	0.6	(0.5)	(1.2)	(1.1)
Consideration				-
Fair value of transfer				(1.1)

In accordance with FRS7 *Fair Values in Acquisition Accounting* and the Charities SORP the fair value loss of £1.1m is included in the SoFA as a reduction in incoming resources during the period. This fair value has also be allocated to general and restricted funds in accordance with the requirements of the SORP taking into account the legal substance of the net assets acquired. Further detail can be found in note 17 to these accounts.

- (1) The transfer of net assets to the Scottish Waterways Trust, a registered Charity in Scotland, was agreed prior to the time of acquisition and has therefore been removed from the fair value of the acquisition of TWT.
- (2) The Trustees have undertaken a fair value review on all the assets and liabilities acquired for TWT. This includes a provision for dilapidations on leasehold buildings of £1.4m and an adjustment to the inter company balance with Canal & River Trust of £0.4m.

The summarised pre-acquisition SoFA for the acquired activities, prepared in accordance with the Charities SORP was as follows:

Group	Year ended 31 March 2012	Period 1 April to 25 July 2012
	£m	£m
Income resources	4.5	1.4
Resources expended	(4.6)	(1.3)
Net incoming resources	(0.1)	0.1
Funds carried forward	0.8	0.9

It is not practicable to separate post acquisition results for TWT from the Canal & River Trust SoFA as many TWT activities have already been integrated into the day to day activities of the Canal & River Trust. The Waterways Trust activities are not significant to the results as a whole.

9. Tangible fixed assets

Group	Operational land and buildings			
	Freehold	Leasehold	Boats, vehicles, plant and equipment	Total
	£m	£m	£m	£m
Cost				
At 12 October 2011	-	-	-	-
Acquisition of assets from BW	48.4	5.2	29.9	83.5
Acquisition of assets from TWT	-	0.1	0.2	0.3
Transfers to investment property (note 11)	(1.6)	(0.4)	0.6	(1.4)
Additions	1.1	0.2	4.2	5.5
Disposals	(1.0)	-	(0.4)	(1.4)
At 31 March 2013	46.9	5.1	34.5	86.5
Depreciation				
At 12 October 2011	-	-	-	-
Transfers	-	0.1	(0.1)	-
Provision for the period	0.6	0.1	3.7	4.4
Disposals	-	-	(0.1)	(0.1)
At 31 March 2013	0.6	0.2	3.5	4.3
Net book value at 31 March 2013	46.3	4.9	31.0	82.2

Canal & River Trust	Operational land and buildings			
	Freehold	Leasehold	Boats, vehicles, plant and equipment	Total
	£m	£m	£m	£m
Cost				
At 12 October 2011	-	-	-	-
Acquisition of assets from BW	38.2	0.3	26.6	65.1
Transfers to investment property (note 11)	(1.6)	-	0.2	(1.4)
Additions	1.0	-	3.8	4.8
Disposals	(1.0)	-	(0.4)	(1.4)
At 31 March 2013	36.6	0.3	30.2	67.1
Depreciation				
At 12 October 2011	-	-	-	-
Provision for the period	0.6	-	3.4	4.0
Disposals	-	-	(0.1)	(0.1)
At 31 March 2013	0.6	-	3.3	3.9
Net book value at 31 March 2013	36.0	0.3	26.9	63.2

10. Heritage assets

Heritage assets are defined as tangible property with historical, artistic, scientific, technological, geophysical or environmental qualities which is held and maintained principally for its contribution to knowledge and culture.

The Trust's heritage asset values are that:

- policies and practice will be based on a sound understanding and recognition of the history and significance of the waterways heritage
- best conservation standards will be applied to maintain the integrity and authenticity of our heritage assets
- a presumption in favour of conservation of these heritage assets will be applied when faced with competing resources and demands while recognising other statutory responsibilities
- best endeavours will be used to secure the conservation of the wider context and setting of our waterways and museum assets
- we will benchmark and report on our heritage conservation performance at regular intervals
- we will maintain a Heritage Advisory Committee to advise us on our policies and to monitor performance.

As explained in Note 1 *Accounting policies*, 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. These assets have been excluded from the balance sheet on the basis that their cost or value is not available, and cannot be determined at a cost that is commensurate with the benefits to users of the accounts. The waterways and associated structures represent a financial burden to the Trust and have an annual maintenance and repair requirement that significantly exceeds the income arising from the waterway land, and also the Protected Endowment. Accordingly the economic value of the waterways is estimated to be substantially negative.

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 over 2,700 listed structures, 50 scheduled ancient monuments and five UNESCO world heritage sites.

These assets are maintained regularly as an integrated network to ensure that the waterways can be used for continuous navigation and public access. The assets 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 public benefit 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 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 included in the infrastructure property:

Asset description	Length (km) / number
Canals	2,528km
Rivers	500km
Feeders	185km
Towpaths	3,148km
Aqueducts	337
Bridges – Accommodation	1,650
Bridges – Public Road	883
Bridges – Towpath/Turnover	439
Culverts	1,908
Cuttings	750
Dry Docks	20
Embankments	743
Locks	1,581
Pumping Stations	27
Reservoirs	72
Sluices	518
Stop/Safety/Flood Gates	84
Tunnels	55
Waste Weirs, Canals	663
River Weirs	130
Weir-ed Locks	84
Docks	16
Boat Lifts (Navigation)	1
Building Pumping Stations	72
Sites of Special Scientific Interest (SSSI's)	63
Listed Buildings	2,705
Scheduled Monuments	50
Historic Battlefields	9

10. Heritage assets (continued)

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 81 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.

11. Investment property

	Group			Canal & River Trust		
	Freehold	Leasehold	Total	Freehold	Leasehold	Total
	£m	£m	£m	£m	£m	£m
Carrying value (market value)						
At 12 October 2011	-	-	-	-	-	-
Acquisition of assets from BW	442.6	17.2	459.8	439.6	16.4	456.0
Transfers from fixed assets (note 9)	1.4	-	1.4	1.4	-	1.4
Additions	17.7	-	17.7	17.7	-	17.7
Disposals	(10.6)	-	(10.6)	(169.4)	(0.4)	(169.8)
Impairment	(0.3)	-	(0.3)	(0.3)	-	(0.3)
Revaluation	0.7	-	0.7	2.0	-	2.0
At 31 March 2013	451.5	17.2	468.7	291.0	16.0	307.0

Investment properties were revalued at 31 March 2013 on an open market value basis by Gerald Eve, a regulated firm of Chartered Surveyors. The carrying value at 31 March 2013 is based upon these valuations.

Disposals of £169.8m in the Canal & River Trust include the disposal of properties valued at £158m to Canal & River Pensions Investment SLP, a subsidiary of the Trust. Further detail can be found in note 20 to these accounts.

12. Investments

Subsidiaries

Canal & River Trust

Investments in subsidiaries:	£m
Shares at cost less amounts written off:	
At 12 October 2011	-
Transfer from British Waterways	56.7
Additions	53.3
At 31 March	110.0

Subsidiary undertakings

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

- Blackwall Estates Ltd 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.
- British Waterways Marinas Ltd 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 12b 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. During the period 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 2 *Accounting for subsidiary undertakings*.

12. Investments (continued)

- Canal & River Pension Partner Ltd holds an investment in the Canal & River Pension Investments LP from which it derives income. During the period the Trust invested £19m in this company.
- Canal & River Reinsurance Ltd provides reinsurance to the Trust in respect of property, motor and public liability.
- Waterways Pension Trustees Ltd 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 Ltd, Ribble Link Construction and Operation Ltd and the Rochdale Canal Company were acquired on 26 July 2013 (see also note 8). The Waterways Trust operates three waterway related museums and supports fundraising for waterway related activities.

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

The contribution of subsidiary companies to the Trust funds in the period to 31 March 2013 was as follows:

	Income	Expenditure	Net incoming resources before other recognised gains and losses	Net assets at 31 March 2013
	£m	£m	£m	£m
Canal & River Trading CIC	-	(0.3)	(0.3)	38.7
British Waterways Marinas Ltd	5.2	(4.5)	0.7	12.4
Canal & River Pension Investments LP	6.7	(3.7)	3.0	156.6
Canal & River Pension Partner Ltd	-	-	-	19.0
The Waterways Trust	1.7	(2.7)	(1.0)	(1.7)
Canal & River Reinsurance Ltd	1.1	(1.5)	(0.4)	1.4
Other minor subsidiaries	-	-	-	0.2
	14.7	(12.7)	2.0	226.6

Joint Ventures

Group

Investments in joint ventures:	£m
At 12 October 2011	-
Transfer from British Waterways	33.5
Loans made	0.1
Loans repaid	(3.5)
Share of revenue losses	(0.1)
At 31 March 2013	30.0

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

	Total 31 March 2013
	£m
Fixed assets	0.1
Current assets	35.0
Share of gross assets	35.1
Current liabilities	(5.1)
Share of gross liabilities	(5.1)
Share of net assets	30.0

The Group's share of incoming resources from joint ventures was £5.2m and share of resources expended was £5.3m. All income arises from investment in property developments.

12. Investments (continued)

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. All investments in joint ventures are held in Canal & River Trading CIC, a wholly owned subsidiary of the Trust.

Joint ventures	Accounting period end date used in these accounts*	Profit/(loss) for the year**	Equity interest held***	Main activity
		£m	%	
Isis Waterside Regeneration LP	31 December 2012	(0.4)	49.5%	Property development
City Road Basin Ltd	31 December 2012	-	49%	Property development
H2O Urban LLP	31 December 2012	(0.2)	50%	Property development
Paddington Basin Business Barges Ltd	31 December 2012	-	49%	Office management

* Statutory and management accounts have been apportioned to reflect trading from date of acquisition by the trust on 2 July 2012 to 31 March 2013 and are included in the Trust's Group accounts.

** The profit and loss for the year of each joint venture, based on the accounts made up to the dates indicated.

*** Whilst the Trust retains a 49% shareholding in some joint venture companies, the voting rights and profit share is 50:50.

13. Stocks

	Group 31 March 2013	Canal & River Trust 31 March 2013
	£m	£m
Raw materials	0.7	0.8
Finished goods and goods for resale	0.5	0.1
	1.2	0.9

14. Debtors

Amounts falling due within one year	Group 31 March 2013	Canal & River Trust 31 March 2013
	£m	£m
Trade debtors	19.9	16.8
Amounts owed from Group undertakings	-	0.9
Prepayments and accrued income	12.4	9.6
Deferred consideration agreements	9.0	9.0
Loan notes	39.7	39.7
Value added tax	-	0.2
Corporation tax	0.2	0.2
Other debtors	0.6	0.3
	81.8	76.7

Loan notes amounting to £48.0m were originally subscribed from CWG (Wood Wharf) Holdings Ltd on 18 January 2012 and are guaranteed by Canary Wharf Group PLC. The balance of loan notes due for repayment totalling £39.7m, carries fixed interest of 6.3% per annum and the loan notes are redeemable in four annual tranches, with the last maturing on 30 September 2015. However, the Trust has the option to call for redemption of some or all loan notes on 3 months notice.

15. Creditors

Amounts falling due within one year	Group	Canal & River Trust
	31 March 2013	31 March 2013
	£m	£m
Loan from Port of London Properties Ltd	12.9	12.9
Trade creditors	10.0	8.7
Taxation and social security	1.3	1.3
Amounts owed to other Group companies	0.3	-
Accruals	13.5	8.8
Deferred income	31.5	27.8
Value added tax	0.3	-
Other creditors	6.0	5.7
	75.8	65.2
Amounts falling due after more than one year	Group	Canal & River Trust
	31 March 2013	31 March 2013
	£m	£m
Deferred income	1.7	1.7
Other creditors	6.3	6.2
	8.0	7.9

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. At 31 March 2013, Group share of total bank borrowings in joint ventures was £4.0m.

16. Provisions for liabilities

Group	At 12 October 2011	Transferred from BW	Transferred from TWT	Paid	Charged	Released	At 31 March 2013
	£m	£m	£m	£m	£m	£m	£m
Personal injury claims	-	1.3	-	(0.5)	0.6	(0.4)	1.0
Third party contractual claims	-	0.3	-	-	0.1	(0.1)	0.3
Redundant property	-	1.2	-	-	0.1	(0.3)	1.0
Canal infrastructure works	-	0.2	-	-	-	(0.2)	-
Operational property repairs	-	-	1.4	-	-	-	1.4
Canal & River Reinsurance	-	3.2	-	(0.7)	1.5	(0.1)	3.9
Other provisions	-	2.8	-	(0.4)	2.1	(0.3)	4.2
	-	9.0	1.4	(1.6)	4.4	(1.4)	11.8
Canal & River Trust	At 12 October 2011	Transferred from BW		Paid	Charged	Released	At 31 March 2013
	£m	£m		£m	£m	£m	£m
Personal injury claims	-	1.3		(0.5)	0.6	(0.4)	1.0
Third party contractual claims	-	0.3		-	0.1	(0.1)	0.3
Redundant property	-	1.2		-	0.1	(0.3)	1.0
Canal infrastructure works	-	0.2		-	-	(0.2)	-
Other provisions	-	2.8		(0.4)	2.1	(0.3)	4.2
	-	5.8		(0.9)	2.9	(1.3)	6.5

16. Provisions for liabilities (continued)

Provisions are recognised when the conditions of FRS12 *Provisions, contingent liabilities and assets* have been met. The timing of when provisions will be settled is generally uncertain due to the nature of the relevant claims and obligations.

Personal injury claims

The provision relates to individuals who have suffered a personal injury whilst on or using the Trust's property, and represents the Trust's best estimate of the legal fees and compensation that could be incurred.

Third party and contractual claims

The provision relates to contracts the Trust has entered into with third parties, and represents the additional costs to the Trust that could be incurred upon completion of the contract.

Redundant property

The provision relates to properties which are surplus to requirements. The provision represents the future net commitments in order to discharge the Trust's liability relating to the estimated cost of subletting within the remaining operating lease period.

Canal infrastructure works

The provision relates to specific infrastructure projects. The provision represents the future net commitments in order to discharge the Trust's liability relating to them.

Operational property repairs

The Waterways Trust has provided for repairs to operational buildings in respect of legal and constructive obligations in existence prior to the acquisition by the Canal & River Trust on 26 July 2012.

Canal & River Reinsurance

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

Other provisions

These are provisions which fall outside of the categories described above. Included as at 31 March 2013 is £2.5m for the clean-up of environmental waste on one of the Trust's properties.

17. Movement in funds

Group	Unrestricted Funds		Restricted Funds				
	General Fund	Designated Funds	Protected Endowment Funds			Restricted Income Funds	Total
			Subsidiaries	Asset Dowry Funds	Other		
	£m	£m	£m	£m	£m	£m	£m
At 12 October 2011	-	-	-	-	-	-	-
Transfer from British Waterways	27.3	-	-	50.6	481.6	-	559.5
Acquisition of The Waterways Trust	(1.5)	0.1	-	-	-	0.3	(1.1)
Net resources expended (including joint ventures)	(7.8)	-	3.2	-	0.1	0.3	(4.2)
Gift aid receivable and dividends from subsidiaries*	4.6	-	(4.6)	-	-	-	-
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-	-
Other transfers between funds*	0.1	-	-	-	(0.2)	0.1	-
Pension Fund transfer*	(2.7)	-	-	-	2.7	-	-
Other recognised gains and losses	0.5	-	(0.6)	-	5.9	-	5.8
As at 31 March 2013	18.5	2.1	(2.0)	50.6	490.1	0.7	560.0

Canal & River Trust	Unrestricted Funds		Restricted Funds				
	General Fund	Designated Funds	Protected Endowment Funds			Restricted Income Funds	Total
			Subsidiaries	Asset Dowry Funds	Other		
	£m	£m	£m	£m	£m	£m	£m
At 12 October 2011	-	-	-	-	-	-	-
Transfer from British Waterways	27.3	-	-	50.6	481.6	-	559.5
Net resources expended	(7.2)	-	-	-	4.1	0.3	(2.8)
Gift aid receivable and dividends from subsidiaries*	4.6	-	-	-	-	-	4.6
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-	-
Other transfers between funds*	0.2	-	-	-	(0.2)	-	-
Pension Fund transfer*	(2.7)	-	-	-	2.7	-	-
Other recognised gains and losses	0.5	-	-	-	(44.1)	-	(43.6)
As at 31 March 2013	20.7	2.0	-	50.6	444.1	0.3	517.7

* see description of 'Transfers between funds' below

The Trustees have agreed the following reserve policy 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 Reserve

The Endowment Reserve is a restricted reserve and comprises the net value of the endowment assets and liabilities transferred to the Trust on 2 July 2012 by the UK Government. The endowment comprises 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 and less any other capital liabilities and creditors. Income arising from these net assets is available to be spent on the charitable activities of the Trust.

The Endowment Reserve 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.

17. Movement in funds (continued)

General Reserve

The General Reserve 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 Reserve

The Pension Accumulation Reserve comprises funds that are designated from the General Fund to create a fund for the purpose of repaying any deficit that exists on the Waterways Pension Fund in 2031 when the Government guarantee of the pension fund expires. Any income arising from this designated fund is accumulated within the fund.

Restricted Income Reserve

The Restricted Income Reserve 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 £10,000, 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 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.

Restricted Funds

Fund Name	Balance 12 October 2011 £000	Transfers and Acquisitions £000	Incoming Resources £000	Resources Expended £000	Balance 31 March 2013 £000
Canal & River Trust					
Golden Pound Fund	-	-	435	(344)	91
<i>Specific Project Funds</i>					
Guillotine Lock Improvement Works	-	-	65	(65)	-
Give a vole a home along the Grand Union	-	-	25	(23)	2
Give a vole a home along the Rufford Branch	-	-	25	-	25
Trent & Mersey Breach Emergency Appeal	-	-	22	-	22
Swing Bridge at Wyken Basin	-	-	15	-	15
Other Specific Project Funds	-	-	120	(15)	105
Total Canal & River Trust	-	-	707	(447)	260
The Waterways Trust					
Golden Pound Fund	-	21	52	-	73
<i>Specific Project Funds</i>					
Thames Ahead Events	-	112	20	(11)	121
Birmingham Heartlands	-	8	69	(58)	19
Youth Volunteering	-	36	10	(20)	26
Keeping History Afloat	-	3	13	(14)	2
National Waterways Museum	-	1	90	(91)	-
Gloucester Waterway Museum	-	-	39	(39)	-
Canal Museum	-	-	37	(37)	-
Education within Museums	-	-	14	(1)	13
Canal Connections East	-	(18)	57	(39)	-
Other Specific Project Funds	-	221	576	(643)	154
Total Group	-	384	1,684	(1,400)	668

17. Movement in funds (continued)

Funds are restricted on the basis of activity type, activity within a defined geographical area or on a specific project basis as indicated by the fund name.

Restricted funds with an income of less than £10,000 in the period are shown in one aggregate total as "Other Specific Project Funds". In 2012/13 there were 70 separate funds within this total.

Golden Pound Fund

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

18. Analysis of net assets by fund

Net assets are analysed between funds as follows:

Group	Unrestricted funds	Restricted Funds	Endowment Funds	Total
	£m	£m	£m	£m
Tangible fixed assets	27.1	-	523.8	550.9
Investments	-	-	30.0	30.0
Net current assets	4.0	0.7	53.8	58.5
Creditors – amounts falling due after more than one year	(2.4)	-	(5.6)	(8.0)
Provisions	(7.9)	-	(3.9)	(11.8)
Pension liability	(0.2)	-	(59.4)	(59.6)
Total net assets	20.6	0.7	538.7	560.0

Canal & River Trust	Unrestricted funds	Restricted Funds	Endowment Funds	Total
	£m	£m	£m	£m
Tangible fixed assets	26.9	-	343.3	370.2
Investments	-	-	110.0	110.0
Net current assets	4.9	0.3	46.4	51.6
Creditors – amounts falling due after more than one year	(2.4)	-	(5.5)	(7.9)
Provisions	(6.5)	-	-	(6.5)
Pension liability	(0.2)	-	0.5	0.3
Total net assets	22.7	0.3	494.7	517.7

19. Operating lease commitments

Operating lease agreements where the Group is lessee

The minimum lease payments due in the following year under non-cancellable operating leases are as follows:

Leasehold properties	Group	Canal & River Trust
	31 March 2013	31 March 2013
	£m	£m
Length of lease remaining		
Within one year	-	-
Within two to five years	0.5	0.5
In more than five years	1.8	1.0
	2.3	1.5

During the period £1.4m was charged to the SoFA in respect of leasehold property rentals.

Leasehold plant and equipment	Group	Canal & River Trust
	31 March 2013	31 March 2013
	£m	£m
Length of lease remaining		
Within one year	-	-
Within two to five years	1.4	1.3
In more than five years	-	-
	1.4	1.3

During the period £1.4m was charged to the SoFA in respect of leasehold plant and equipment.

Operating lease agreements where the Group is lessor

During the period the value of rents receivable in the Group was £25.8m and was £18.7m in the Canal & River Trust.

20. Pension and other post-retirement benefits

	Group	Canal & River Trust
	31 March 2013	31 March 2013
	£m	£m
(a) Pension liability	(59.4)	0.5
(c) Other post-retirement benefits	(0.2)	(0.2)
Employee benefits	(59.6)	0.3

(a) Pension liability – 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"). It remains open to future accrual for employees of the Trust and other participating employers who commenced employment with British Waterways (BW) before 1 April 2011, from which date it was closed to new members. From 1 April 2011 onwards all benefits accrued under the Scheme were changed to a career average re-valued earnings basis.

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 2010. As at that date the market value of the Scheme's assets (excluding members' additional voluntary contributions) amounted to £274.9m and the value placed upon the benefits that had accrued to members was £340.5m. The Scheme was therefore £65.6m in deficit and 81% funded on an on-going basis.

The contribution rates were reviewed by the Scheme actuary as part of the triennial valuation and agreed at 14% for the employer and 7% for the employee. These rates took effect from 1st April 2011. CRT operates a salary sacrifice arrangement that enables employees to sacrifice an amount of salary equal to their pension contribution in return for the employer increasing its contribution by the same amount. The majority (95%) of employees are included in the salary sacrifice pension contribution arrangement. The employer contributions reported in these accounts therefore include these additional contributions funded by the employees' salary sacrifice.

As part of the triennial valuation, BW, as the Principal Employer at the time, agreed with the Trustees of the WPF to make further contributions for the purpose of repairing the deficit between the value of the assets and the value of liabilities of the scheme. The amounts of additional employer contributions agreed for the three-year period from 1 April 2011 were agreed at £4.78m each year increasing by 2.75% annually for a period of 20 years from 1 April 2011. These deficit repair contributions ceased when the pension funding partnership was created, as explained below.

The next triennial actuarial valuation will be carried out as at 31 March 2013.

20. Pension and other post-retirement benefits (continued)

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 ("SLP"), a limited partnership registered in Scotland. The Scheme will invest in this partnership for up to 19 years 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 deficit in the Scheme at that time, with a minimum value of £0.01m, as assessed by the Scheme Actuary. The Scheme will be entitled to an annual distribution income from this investment of £5m per annum. In the period 9 July 2012 to 31 March 2013 the Scheme received £3.7m of income from the partnership investment.

An accounting judgement has been taken that the Scheme's interest in the SLP, which is a subsidiary of the Trust, does not represent a plan asset for group reporting purposes because it is not transferable and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in these financial statements. Also, distributions from SLP to the Scheme are reflected in these Group accounts on a cash basis as contributions paid to the Scheme. This results in a deficit of £59.4m in the Group and a surplus of £0.5m in the Trust company.

The valuation of the Scheme used for FRS17 *Retirement benefits* disclosures has been based on the most recent actuarial valuation of the WPF at 31 March 2010 and updated to 31 March 2013 by Barnett Waddingham LLP, professionally qualified Scheme Actuary. The Trust has incorporated 100% of the valuation 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 2013
Discount rate	4.6%
Long-term expected return on scheme assets	5.5%
Rate of increase in salaries	3.0%
Rate of increase for majority of pensions in payment and deferred pensions*	2.6%
Rate of CPI inflation	2.6%
Tax free cash	Members are assumed to take 18% of their pension as tax free cash
Post retirement mortality assumption	105% male, 110% female, of S1PXA, CMI_2009 [1.25%]

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

Male currently aged 43	25.6
Female currently aged 43	27.5
Male currently aged 63	23.7
Female currently aged 63	25.5

* 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 0.5%	Decrease/increase by 8.6%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 8.2%
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by 1.4%
Rate of mortality	Change long-term improvement rate to 1.5% pa	Increase by 6.4%

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

	Group Period to 31 March 2013 £m
Transfer from British Waterway	(65.3)
Current service cost	(5.4)
Interest cost	(12.3)
Expected return on assets	12.4
Past service costs	0.1
Amount charged within net incoming resources	(70.5)
Actuarial gains and losses	3.1
	(67.4)

20. Pension and other post-retirement benefits (continued)

Amounts recognised in the balance sheet at 31 March 2013 and the expected future rates of return on scheme assets were:

		Group	Canal & River Trust
	%	£m	£m
Equities	7.0	154.0	154.0
Index linked gilts	3.0	64.5	64.5
Corporate bonds	4.6	80.0	80.0
Diversified growth funds	7.0	28.5	28.5
Investment in Canal & River Pension Investments LP	4.6	-	59.9
Other growth assets	7.0	27.7	27.7
Cash	2.6	7.6	7.6
Total fair value of assets		362.3	422.2
Present value of scheme liabilities		(421.7)	(421.7)
Deficit in the scheme		(59.4)	0.5

The expected return on equities and other growth assets at 7% per annum is around 4% above current gilt yields. The expected return on gilts and bonds reflects current gilt and corporate bond yields.

The actual return on the scheme's assets during the period was a £36.1m gain for the Group and a £10.0m loss for the Trust.

Changes in scheme assets

	Group	Canal & River Trust
	£m	£m
At 12 October 2011	-	-
Transfer from British Waterways	329.1	329.1
Expected return on scheme assets	12.4	16.4
Principal employer contributions*	8.2	114.2
Other employer contributions	0.3	0.3
Member contributions	0.2	0.2
Benefits paid and expenses	(11.6)	(11.6)
Actuarial gain / (loss)	23.7	(26.4)
At 31 March 2013	362.3	422.2

* The value of principal employer contributions in the Trust includes £106m that the Scheme has subsequently invested in the pension funding partnership which is explained earlier in this note on page 73.

Changes in scheme liabilities

	Group & Canal & River Trust
	£m
At 12 October 2011	-
Transfer from British Waterways	(394.4)
Current service cost	(5.4)
Current service costs funded by member contributions	(0.5)
Past service cost	(0.1)
Interest Cost	(12.3)
Benefits paid and expenses	11.6
Actuarial loss	(20.6)
At 31 March 2013	(421.7)

Movement in deficit in the scheme during the period

	Group	Canal & River Trust
	£m	£m
At 12 October 2011	-	-
Transfer from British Waterways	(65.3)	(65.3)
Expenses recognised in SoFA	(5.4)	(1.4)
Contributions	8.2	114.2
Actuarial gain / (loss) recognised in SoFA	3.1	(47.0)
At 31 March 2013	(59.4)	0.5

History of experience gains and losses for the period 12 October 2011 to 31 March 2013

	Group	Canal & River Trust
	£m	£m
Present value of defined benefit obligation	(421.7)	(421.7)
Fair value of scheme assets	362.3	422.2
(Deficit) / surplus	(59.4)	0.5
Experience losses on scheme liabilities	(1.2)	(1.2)
Changes in assumptions used to value scheme liabilities	(19.4)	(19.4)
Experience adjustments on scheme assets	23.7	(26.4)

20. Pension and other post-retirement benefits (continued)

(b) Defined contribution pension plan

The Trust operates a defined contribution pension plan with Standard Life for employees that commenced employment after 31 March 2011. 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 is disclosed in Note 5 on page 57. There were no material amounts owing or prepaid at 31 March 2013.

(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 187 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 2013 by independent qualified actuaries using discount rates consistent with those required for pension liabilities under FRS17.

Movement in provision during the period	Group & Canal & River Trust
	£m
Deficit in the scheme at 12 October 2011	-
Transfer from British Waterways	(0.21)
Expenses recognised in SoFA	(0.01)
Contributions	0.02
Actuarial loss recognised in SoFA	(0.02)
Provision at 31 March	(0.22)

21. Capital commitments

Capital expenditure for which the Trust had contracted at 31 March 2013 was £2.9m of which £1.2m is in respect of future expenditure for the purchase, construction, development and enhancement of investment property. These commitments fall due within one year.

The Trust's share of capital commitments arising within joint ventures and subsidiaries, which had been contracted at 31 March 2013 was £5.1m.

22. Contingent liabilities

Contingent liabilities arising from third party claims, valued at £0.7m, are not included in the balance sheet as it is not considered likely that the amounts will fall due for payment.

23. Related party transactions

The Trust has considered the disclosure requirements of the SORP for charities and FRS8 *Related Party Disclosures* and believes that the following related party transactions, all of which were made on an arms length basis, required disclosure:

	Amount receivable / (payable) during the period to 31 March 2013	Amount receivable at 31 March 2013
	£m	£m
Property sales and investment activity with joint ventures	3.3	0.5
Other significant transactions with joint ventures	0.3	(0.1)
	3.6	0.4

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

In accordance with FRS8, transactions entered into between the Trust and its wholly subsidiaries are not disclosed. Further details on our subsidiaries can be found in note 12 to these accounts.

Glossary of financial, fund and waterway terms

Term	Where used	Explanation
Accommodation bridge	Assets	Bridge constructed to provide access across the waterway, feeder or river for an adjacent landowner or to maintain a Right of Way. Such bridges will not be carrying a public road or a towpath.
British Waterways Board (BW)	Trustees' Report, accounts	A public corporation established by the Transport Act 1962 to manage the inland waterways. The activities in England & Wales were transferred to the Trust on 2 July 2012.
BWML	Incoming resources	British Waterways Marinas Limited – a wholly owned subsidiary of the Trust managing 20 marinas across the UK.
Charities SORP	Accounts	Accounting and Reporting by Charities: Statement of Recommended Practice Charities SORP 2005 – the UK accounting standard for charities.
Culvert	Assets	A tubular, box, piped or arched structure that carries a waterway or feeder over an obstruction (typically a small watercourse).
Defra	Trustees' Report, accounts	Department for Environment, Food and Rural Affairs. Provides grant funding to the Trust.
Designated funds	Funds	Funds allocated by the Trustees for particular purposes.
Feeder	Assets	Natural and man-made water channels supplying water to canals and rivers.
General fund	Funds	This is the working fund of the Trust. It pays for the waterway maintenance and repairs, day to day operations and national support and service teams.
Grant Funding Agreement with Defra	Trustees' Report, funds	Grant Funding Agreement between the Trust and Defra dated 28 June 2012 that facilitated the BW transfer to the Trust. The agreement provides funding towards the Trust's activities.
Heritage assets	Assets	These are assets that are held for historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture.

Museums & attractions	Accounts	The Trust operates museums in Gloucester, Ellesmere Port and Stoke Bruerne as well as visitor centres at the Anderton Boat Lift and Standedge Tunnel.
Protected endowment funds	Funds	There are restricted funds for the net assets acquired from BW by Statutory Transfer as at 2 July 2012 that are within the Protected Endowment as defined in the Defra Grant Funding Agreement.
Pumping station	Assets	A facility designed to pump water to or from the waterway.
Sluice	Assets	A valve mechanism to allow drainage of a waterway or flood control on a river.
Statutory transfer	Trustees' Report, accounts	The British Waterways Board (Transfer of Functions) Order 2012.
Towpath/turnover bridge	Assets	A bridge carrying the towpath from one side of the waterway or feeder to the other.
The Waterways Trust (TWT)	Trustees' Report, accounts	A charity managing three waterway museums and an artefact collection as well as carrying out fundraising activities for the UK waterways. TWT merged with the Trust on 26 July 2012.
Triennial actuarial valuation	Pensions	The three-yearly valuation of our pension scheme by a qualified actuary.
Unrestricted	Funds	Unrestricted funds are expendable at the discretion of the Trustees.
Waterways Infrastructure Trust	Trustees' Report, assets	All the waterway assets and structures that comprise the waterways, towpaths and associated structures are held by the Trust as trustee in this perpetual trust. The objects of this Trust are to hold, operate and manage the waterway infrastructure property for public benefit and to use the income from the property to fund the cost of the Trust's objects.

Trustees, Council, Waterways Partnership and Advisory Group Members

Lynne Berry OBE

Lynne Berry is an associate of Civil Exchange and a visiting Senior Fellow at CASS Business School, City of London University. She has held five chief executive posts: WRVS, the General Social Care Council, the Equal Opportunities Commission, the Charity Commission and the Family Welfare Association. She has served on many Government bodies including the Office of Civil Society Advisory Board and several Better Regulation Task forces, most recently to reduce burdens on charities and social enterprise. She is also a trustee of the Anne Frank Trust, Cumberland Lodge, the International Women's Forum UK and Pro Bono Economics. Previous non-executive roles included NCVO, the National Centre for Social Research, the European Division of the DTI and she was chair of CPAG. She has received a number of honours including an OBE, an Honorary Fellowship from Cardiff University and two Honorary Doctorates. She lives near the Kings Cross development in London and on the banks of the River Trent where she is restoring a 1950s wooden boat.

John Bridgeman CBE TD DL

John Bridgeman was a former British Waterways board member and vice-chairman of the board, and is chair of the Trust's Audit Committee. Formerly he was CEO of British Alcan Aluminium plc, director general of Fair Trading and a member of the Monopolies and Mergers Commission. John is also currently regulatory director and a pension trustee of the British Horseracing Authority, chairman of the Audit and Standards Committee of Warwickshire County Council, independent complaints commissioner for the Direct Marketing Authority, an independent consultant in Corporate Strategy, Competition Policy and Consumer Affairs and a longstanding trustee of a number of Oxfordshire Charities.

Manish Chande

Manish Chande is Senior Partner of Mountgrange, a private real estate group that specialises in UK commercial property investment and development. He has been in the real estate business for 28 years.

Before joining Mountgrange, Manish was on the main board of Land Securities plc. Prior to this, he was chief executive of Trillium, a company he co-founded in 1997. He was responsible for leading Trillium to become the UK's primary total property outsourcer, overseeing the strategy, direction and implementation of all aspects of the business.

Prior to Trillium, Manish worked at Imry Merchant Developers plc, and was first appointed as Finance Director, and then as chief executive in 1995. Manish originally trained as a chartered accountant and has been a member of the Institute of Chartered Accountants in England and Wales since 1980. In 2003, he was appointed by the Department of Culture, Media and Sport as a Commissioner of English Heritage, and in 2007 was appointed a trustee of The London Clinic, one of the UK's premier private hospitals. In June 2008, Manish was elected a fellow of the Royal Institution of Chartered Surveyors.

Jane Cotton

Jane Cotton has been human resources director and a deputy chief executive of Oxfam for the past 11 years. Prior to this, she worked in 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 has particular expertise in organisational development and change management; also in volunteering, fundraising and charity governance.

John Dodwell

John Dodwell is a chartered accountant who moved into corporate finance and corporate law. He is a former finance director or chair of several property companies (including arranging joint ventures), a former charity trustee (including dealing with investments) and has been a member since 1961 of the Inland Waterways Association (of which he was general secretary 1970-73). John is the former chair of the Commercial Boat Operators Association and owns an historic narrowboat.

Frances Done

Frances is currently chair of the Youth Justice Board for England and Wales. A graduate of Manchester University and chartered accountant for 38 years, Frances worked for KPMG before becoming director of finance and then chief executive of Rochdale Metropolitan Borough Council. From 2000-2003, Frances was chief executive of Manchester 2002, 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 with responsibility for the Commission's audit and inspection work in relation to local government in England. After leaving the Audit Commission, Frances was interim director general of the Royal British Legion. A keen boater, Frances was also chair of The Waterways Trust from 2003 – 2012 when it merged with the Canal & River Trust.

Tom Franklin

Tom Franklin is chief executive of Think Global, a membership charity that works to educate and engage people about global issues such as climate change and sustainability. He was previously chief executive of the Ramblers, Britain's walking charity. He is currently a member of the Independent Panel on the future direction of forestry and woodland policy in England. He was previously a local authority councillor for twelve years, including a period as council leader, and was an expert adviser on 'Better Public Spaces' to the Beacon Council Awards Scheme, and was chief executive of Living Streets, a charity promoting better streets and public spaces for pedestrians.

Tony Hales CBE (Chair)

Tony was formerly chairman of British Waterways. He is also a non-executive director of Capital and Regional plc and chairman of NAAFI Pension Fund Trustees. He was previously chairman of Workspace Group plc., chief executive of Allied Domecq, a non-executive director of HSBC Bank plc, Welsh Water plc and Aston Villa plc, and chairman of NAAFI. He is a trustee of Welsh National Opera and a trustee of the Services Sound and Vision Corporation.

Simon Thurley

Simon was educated at London University where he took an MA and a PHD. After working for English Heritage in the 1980s, he went to be curator of the Historic Royal Palaces for eight years. In 1998, he moved to be director of the Museum of London and, in 2003, chief executive of English Heritage. Simon is an historian specialising in English architectural history and has written many books and presented television programmes on the subject.

Steve Shine OBE

Steve was Thames Water's chief operating officer and member of the Main Board from 2007 – 2012.

Steve started his career with London Electricity Board in 1973 as an apprentice Electrician, whilst working he qualified as an Electrical Power Engineer and later took degrees in Management, Marketing and finally a Masters in Business in 1993.

Steve worked his way through various roles in the electricity business and became the MD of London Electricity Contracting and a member the Executive Board of London Electricity (Later EDF) in 1996. In 2000 he worked to form a Joint Venture between Eastern Electricity and London Electricity known as 24Seven and became the MD of this very successful company.

In 2003 Steve left the Electricity sector to become the CEO of SGB UK, part of Harsco Corporation (an industrial services company), where he transformed the performance of the business.

In 2010, Steve was awarded the OBE by the Queen for services to industry.

Council

In addition to the members listed below, the 13 Waterways Partnership Chairs also sit on Council

Elected Members

	Chris Bailey	Employee
	Ivor Caplan	Private Boating
	Ann Farrell	Private Boating
	Clive Henderson	Private Boating
	Anthony Matts	Boating Business
	Nigel Stevens	Boating Business
	Vaughan Welch	Private Boating

Nominating Organisations

	Martyn Brunt	Sustrans
	David Gibson	Ramblers
		Local Government
	Cllr Ken Hudson	Association
	David Kent	The Angling Trust
		Country Land &
	Ross Murray	Business Association
		Waterway
	Mike Palmer	Recovery Group
		Railway & Canal
	Peter Brown	Historic Society
		Welsh Local
	Alison Ward	Government
		Institute of Historic
	John Yates	Building Conservation
	Prof Rafid	Society for the
	Alkhaddar	Environment

Waterways Partnerships:

All Wales	Mark Lang (Chair)
	David Collins
	Donna Coyle
	Andrew Dakin
	Christina HARRY
	Dawn Roberts
	David Swallow
	Russell Todd
Central Shires	Charlotte Atkins (Chair)
	Harry Arnold
	Will Chapman
	Keith Gracie
	Judith Harris
	Brian Hull
	Tony Lockley
	Beryl McDowall
	Graham Myatt
	Andy Oughton
	Phil Prettyman
	Geoffrey Reynolds
East Midlands	Danny Brennan (Chair)
	Gemma Denton
	Matthew Easter
	Anne Halliday
	Valerie Holt
	David Pullen
	Robin Stonebridge
	Amanda Turner
	Glyn Williams
	Katherine Wilson

Kennet & Avon	Tamsin Phipps (Chair)
	Alan Aldous
	Rob Dean
	Emma Fearnley
	Terry Fell
	Bill Fisher
	Jan Gannaway
	Andrew Harry
	Alistair Millington
	Ian Williamson
London	Brian Fender (Chair)
	Judith Adams
	Ade Aboaba
	Terry Arris
	Sacha Austin
	Jim Crooks
	Debbie Leach
	Simon Pitkeathley
	Michael Polledri
	David Smith
	Michael Whitbread
	Ray Whitehouse
Manchester & Pennine	Walter Menzies (Chair)
	Tayo Adebawale
	Ian Banks
	Graham Birch
	David Champness
	Chris Findley
	Lynda Jubb
	Keith Sexton
	Richard Sharland
	Nigel Stevens
	Jon Stopp
	Iain Taylor
	Mark Turner
Museums & Attractions	
Partnership	Laurence Newman (Chair)
	John Alderson
	Patricia Bayley
	Emma Chaplin
	Brenda Harvey
	John Hume
	Chris Kay
	Sara Mogel
	Chris Witts
	John Yates
North East	Mark Penny (Chair)
	Eric Bootland
	Hilary Brooke
	Geraint Coles
	Chris Hawkesworth
	Dianne Hurst
	Jon Kendall
	David Lowe
	Michael Osborne
	Trevor Roberts
	Peter Scott
	Ken Taylor
	Melanie Taylor

North Wales & Borders	Jim Forrester (Chair)
	Belinda Davenport
	Gillian Edwards
	Bill Funiss
	Chris Koral
	Helen Paterson
	Alan Platt
	Jane Staley
North West	Steve Stamp
	Steve Broomhead (Chair)
	Trisha Buzzard
	Barry Cole
	Andrew Darron
	Gareth Field
	Ken Hudson
	Mike Macklin
South East	Richard McIlwain
	John Roff
	Steve Rumbelow
	Audrey Smith
	Susan Stevens
	Tim Webber
	John Best (Chair)
	Ann Davies
South Wales & Severn	Kerry Foster
	Lynda Payton
	Dick Pilkinton
	Chris Stanley
	Andrew Taylor
	Verna Wass
	Jack Hegarty (Chair)
	Julian Atkins
West Midlands	Lois Francis
	Edward Helps
	Phil Hughes
	Alasdair Kirkpatrick
	Clive Matthews
	Robert Moreland
	Robert Pearce
	Jan van der Elsen
	David Wheeler
	Peter Mathews CMG (Chair)
	Stephen Burt
	Ivor Caplan
	David Caunt
	Anne Cranston
	Karen Creavin
	Len Cresswell
	Nick Crombie
	Graham Fisher
	Keren Jones
	Jim Matthias
	Ben Seal
	Vaughan Welch
	Neil Wyatt

Advisory Groups:

Angling & Fisheries Advisory Group	Rod Bracey
	John Castle
	Dave Crookes
	Peter Fieldhouse
	Terry Wright
Environment Advisory Group	Prof Rafid Alkhaddar
	Penny Anderson
	Martin Baxter
	Rob Cunningham
	Mike Dobson
Heritage Advisory Group	Colin Fenn
	Rob Jarman
	Bruce Lascelles
	Arlin Rickard
	Alan Baxter
Volunteering Advisory Group	Peter Brown
	Sir Neil Cossons
	Edward Holland
	Stephen Hughes
	Jane Kennedy
Freight Advisory Group	Laurence Newman
	John Yates
	Georgia Boon
	Rosie Cotgreave
	Justin Davis-Smith CBE
Navigation Advisory Group	Gennie Franklin
	Graeme Haines
	Chris Kay
	Tracey O'Brien
	Mike Palmer
	Jon Stopp
	Dr Helen Timbrell
	Mike Garrett
	Mark Grimshaw-Smith
	James Hookham
	David Lowe
	Dr Heather McLoughlin
	David Quarmby CBE
	Ian Wainwright
	Mike Annan
	John Baylis
	Malcolm Blundell
	Mike Carter
	Sue Cawson
	Kevin East
	David Fletcher
	Ian Harrison
	Paul Le Blique
	Beryl McDowall
	Timothy Nelson-Parker
	Mark Walton

Gifts & donations

We are exceptionally grateful to the thousands of dedicated volunteers, scout groups, youth groups, canal societies, clubs and organisations that we have worked with over the past nine months. These unpaid hours have helped to make our work possible.

Thank you also to everyone who has joined us as Friend of the Trust and the following individuals and organisations for their invaluable contributions and funding (over £1,000):

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European Regional Development Fund
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Waterways Museum

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Liverpool City Council

Liverpool Waterfront

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S Marsh

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Olympic Delivery Authority

S Payne

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People's Postcode Lottery Green Trust

Places for People

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Preston Council

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Salford City Council

Sefton Council

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D Simson

SITA

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Executive Team

Robin Evans, chief executive
Nigel Johnson, corporate services director
Stuart Mills, property & enterprise director
Vince Moran, technical & operations director
Philip Ridal, finance director
Simon Salem, marketing director

The Trust's Advisors

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