



Canal &
River Trust

Trustees' Annual Report
and Accounts 2013/14



“My local canal is more than just a source of inspiration for my books; it’s a very special place for moments of contemplation or to simply watch the world go by.”

– Penny Smith,
author & TV presenter

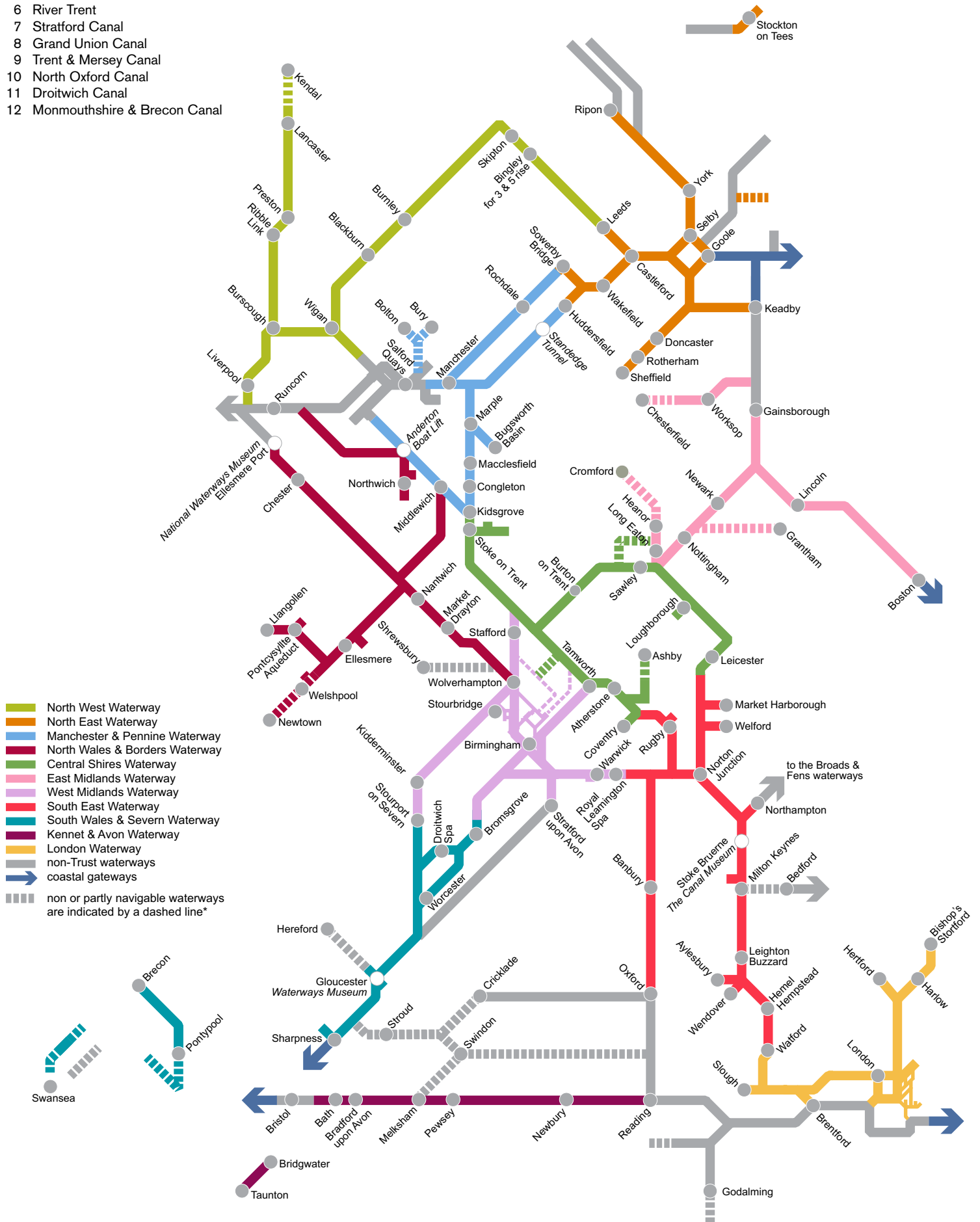




These photos are just a selection of 3,000 wonderful images entered into our national photography competition this year.

Image captions

- 1 Cromford Canal
- 2 Birmingham Canal Navigations
- 3 Trent & Mersey Canal
- 4 Calder & Hebble Navigation
- 5 Rochdale Canal
- 6 River Trent
- 7 Stratford Canal
- 8 Grand Union Canal
- 9 Trent & Mersey Canal
- 10 North Oxford Canal
- 11 Droitwich Canal
- 12 Monmouthshire & Brecon Canal



*Details of these and other waterway restoration projects can be found at canalrivertrust.org.uk/restoration



Above: Monmouthshire & Brecon Canal

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Note: Interactive links in text are underlined

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Welcome from our Chairman

The past year has been one of considerable progress for the Trust on many fronts. Establishing a new trust is challenging and, as with many households, resources have been tight. We have therefore sought to be imaginative in how we care for and manage our waterways.

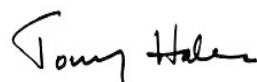
One of the really exciting changes has been the way so many new people are now involved in running and helping the Trust. This has been refreshing, challenging and stimulating, and is helping us become a much more open and welcoming organisation. This new way of working poses new challenges for our people, and I am delighted at how they are responding to change and thank them for their commitment to the waterways and to the Trust. Our new Chief Executive, Richard Parry, has also had a tremendous impact, meeting and listening to so many of those who use and care for our waterways since joining us in July.

Nowhere is the impact of volunteers felt more strongly than in the work of those who make up our governance and advisory structure, with some 220 Trustees, Council, Waterway Partnership and Advisory Group members – all of whom are unpaid volunteers. Their work recognises not only the importance of the Trust to navigation, heritage and environment, but also the varied nature and role of canals and rivers in different parts of England and Wales. I am so grateful to everyone involved, for their experience, ideas and connections into so many different communities.

Volunteering, which has long traditions in the restoration movement and in the waterways in general, has blossomed since the formation of the Trust. This has included individuals, local associations and companies, examples such as Marks & Spencer, Foxton Scouts, the Cheshire Autism Society and many others. They inspire us all and, increasingly, we see volunteers working alongside staff and contractors in a seamless way. Any organisation and activity must attract new blood to survive and remain relevant, and this is the motivation behind a number of new initiatives. One which I am particularly excited about, is our 'Explorers' Education Volunteers, who have engaged nearly 27,500 school children this year alone.

Living waterways require a great deal of maintenance and consistent investment, some of which is often hidden out of sight under the ground or below the waterline. Our teams have had to contend with water shortage and deluge over the last 12 months – both of which have damaged our old and fragile infrastructure. Prompt action has mitigated bigger problems, but the persistent winter rain in particular caused embankments to slip and towpaths to be washed away. We have just about held our own this year, but the extreme weather we can expect to face more frequently, adds to the maintenance effort needed to secure the standards we all want for today and for the future.

Defra funding support will increase in 2015 and the economic recovery should help us with the task of earning our income, and of course, we continue to need the financial and volunteer support of many people to help us deliver our vision of living waterways that transform places and enrich lives. So a really big thanks to all our employees, **volunteers**, our growing band of Friends and all our other financial supporters and partners; and to everyone who uses, enjoys and loves the waterways.



Tony Hales CBE

30 June 2014



Overview from our Chief Executive

My first nine months with the Trust have been thoroughly engrossing and enjoyable. I have relished the opportunity to get out and meet the people who care for and enjoy the great canal and river network that the Trust is responsible for.

My over-riding sense from the many conversations I have had and places I have been to, is of how far the Trust has come in such a short time, and the opportunity we have to take forward a new inclusive and collaborative approach to build a sound, sustainable future for our waterways.

During the winter we have honed our long term strategy, centred on an inspiring vision of 'living waterways that transform places and enrich lives', and a clear strategic direction that identifies our ambition for the years ahead. With our Waterway Partnerships developing complementary local strategies that link the Trust with the priorities of local authorities, businesses and people in their areas, the Trust's route to deliver wider social, economic and environmental benefits is progressing well.

The growth in volunteering is having a major impact on our canals and rivers, and more profoundly on how we do things. I lose count of the number of active community groups that I have met this year, bursting with enthusiasm for what they are doing on their local patch, working alongside employees who share their pride in what they have achieved together. Our community adoption programme surged past fifty active local groups as we reached the end of the year, and there is great potential to forge similar links with many more local people.



During my first year I have made it a priority to meet with and listen to boaters to understand their priorities for the waterways, given the central role they play. Whilst I am committed to strengthening the Trust's relationship with its partners and customers on the waterways, we also need to extend our public engagement to build the broad support that is so important for our long term sustainable future. In that respect, the winter open days were another important step forward, bringing nearly 10,000 visitors into the heart of our repair work to see what we do – to marvel at the history, the engineering prowess of the canals' construction and the great work that our people and contractors do to keep them functioning for everyone to enjoy.

We've also re-invigorated our Values to set out how we do things at the Trust, with a greater emphasis on being open and welcoming the involvement of others in our work, recognising that the vast experience, knowledge and passion around us can help us to make better decisions and deliver better outcomes for all those on the waterways.

Of course the year has thrown up numerous challenges that we have had to respond to. Such is the nature of our climate that within just a few months, we went from a dry northern summer with water shortages on our Pennine canals, to a prolonged spell of extreme bad weather across the south and west that flooded many of our waterways. Our response to the winter storms showed again the dedication of employees, volunteers and contractors, and the generosity of our supporters who raised over £32,000 for our flood appeal.

In business terms, we had a successful year with income growing more than we had predicted and additional work being delivered as a result. As an illustration of our increased focus on listening to our customers and users, we dedicated over £895,000 of the additional funds to clearing some of the off-side vegetation that boaters had identified as a priority.

Whilst we had many achievements to be proud of, we also need to recognise that the Trust is not yet two years old and we're still learning and developing. Our individual fundraising model has changed during the year and many of our new relationships are still evolving. In many ways that is what makes it so exciting to be the Trust's Chief Executive, as we look forward to realising these and so many other opportunities in the years ahead.

A handwritten signature in black ink that reads "Richard Parry".

Richard Parry

30 June 2014

How the Trust works

There are three main parts to the structure that supports the Canal & River Trust:

- Council
- Trustees
- Waterways Partnerships

Council

The Council helps to shape policy and is there to hold Trustees to account. Whilst the Council does not run the Trust, it has a key role in appointing Trustees and may, if necessary, dismiss them. Its 35 members reflect the wide appeal of the waterways and include a mix of elected and independently nominated individuals together with the thirteen Partnership Chairs.

Board of Trustees

The ten Trustees are legally responsible for directing all the Trust's business and developing policy and strategy in line with the Trust's charitable objectives. Day to day management of the Trust is delegated to the Chief Executive.

Waterways Partnerships

The thirteen Partnerships form the third component in the governance of the Trust. Eleven are aligned to the operational waterway management units. The Museums & Attractions Partnership does the same for our museums and visitor attractions and the All Wales Partnership is focused on the particular needs and opportunities for the waterways of Wales.

Each Partnership has on average ten members and includes the relevant Waterway Manager, or Senior Manager in the case of All Wales and the Museums & Attractions.

These Partnerships bring together a range of people with relevant skills, knowledge and expertise to support the Trust. They include waterway enthusiasts, boaters and canoeists, walkers, cyclists, anglers and those with experience of business, local and national government, communities and young people, health and well-being, volunteering and fundraising, the environment and heritage.

The primary purpose of the Partnerships is to connect local people and communities with their waterways. Working closely with the management team, the Partnerships act as ambassadors – building influence, forging new relationships, developing engagement and participation and working to secure new funding and voluntary support for their waterways.



Advisory Groups

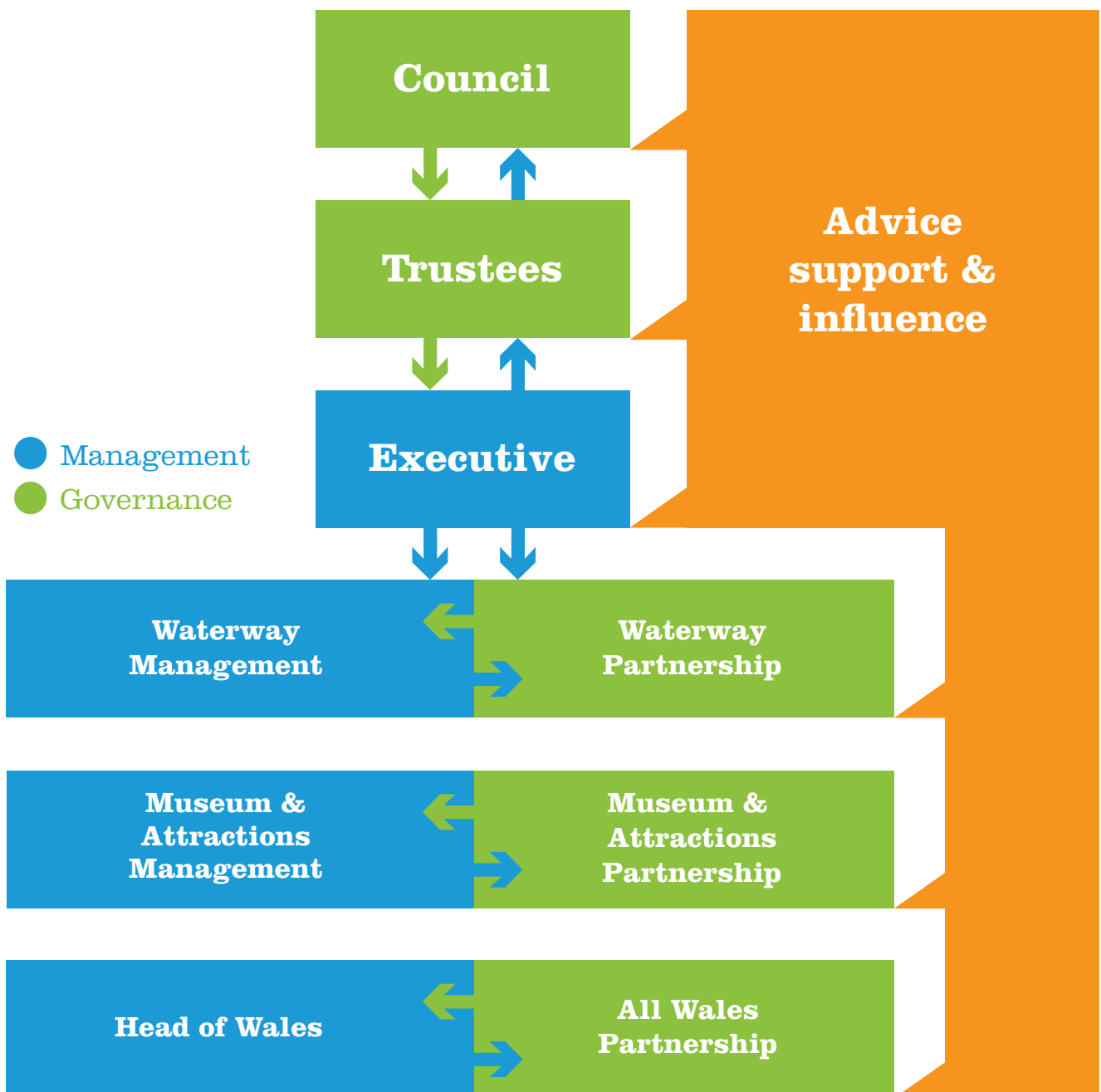
We also have nine topic-based Advisory Groups, providing expert advice in the following specialist areas:

- Arts
- Environment
- Fisheries & Angling
- Freight
- Heritage
- Navigation (Operations)
- Navigation (Moorings & Licensing)
- Volunteering
- Youth Engagement

These topics are crucial to running the waterway network for public benefit and growing new support. The Groups have up to ten members and each is led by a prominent expert in the field, appointed by the Chief Executive. Each group is supported by a member of the Trust's management team with whom they work closely. Through their membership, the Groups provide the Trust with access to a broad base of contemporary knowledge and experience for the development of policy, strategy and practice.

The insights, contacts, energy and enthusiasm of the Partnerships and Advisory Groups combined are helping us to do much more to create value and yield benefit from our canals and rivers. For example:

- As part of the **Freight Advisory Group's** work to explore the opportunities of commercial inland waterways to support freight by water, the Group has identified a number of Priority Freight Routes, a proposed designation of certain navigations in the North East that link to the Humber Estuary, where there is particular scope for sustainable freight transport. This has led to the Trust establishing a director-led steering group to take the next steps required.
- Members of our **North East Waterways Partnership** have helped residents of Mirfield on the Calder & Hebble Navigation to develop a five-year plan for their local waterways, at the heart of which is a four-mile walking route, Mirfield Promenade. The Promenade will be a focal point



for the community, providing opportunities to keep fit, get involved in a range of arts projects and explore the history and ecology of the local area.

- The **Heritage Advisory Group** has developed a 'statement of values for the waterways heritage'. The Trust has adopted this set of conservation principles for the management of the Trust's historic state, which will help guide decision-making. The Group has also provided advice on a number of proposals at sensitive sites including Pontcysyllte Aqueduct, Tower Wharf in Chester and on the Montgomery Canal.
- **South Wales and Severn Waterways Partnership** has helped develop a way forward for a new arts programme on the Worcester canal ring. Following consultations with local groups and liaison work with international artists, a feasibility study was produced identifying themes and potential locations for artworks. Subsequently, the Partnership also helped develop an application to Arts Council England for funding to enable the planned works to go ahead.
- Working with the local police force, members of the **West Midlands Waterways Partnership** have helped set up a pilot 'Canal Watch' scheme to tackle petty crime along the Birmingham Canal Navigations in and around the Solihull area. The initiative encourages boaters and the local community to work together to deal with some of the social issues and localised crime that can be associated along urban stretches of waterway.
- Members from **East Midlands Waterways Partnership** have helped establish a group to develop recreation activity on our canals in Worksop. Primarily focused on using angling as a way to engage with younger people, the group is developing new initiatives such as coaching and events along the Chesterfield Canal adjacent to Sandhill Lake to attract more people to make use of these waterways.

Opposite Page: Family boat trip

Overview of 2013/14

We care for an extraordinary collection of waterways, holding them in trust for the nation in perpetuity. This includes 2,000 miles of canals, rivers, docks and reservoirs; the third largest collection of listed buildings and structures in the UK; 63 Sites of Special Scientific Interest; over 1,000 wildlife conservation sites; and canals and structures within five UNESCO world heritage sites, together with our museums and archives. Caring for such a historic and fragile infrastructure requires considerable maintenance, care and attention to ensure future generations are able to appreciate and enjoy them.

Raising our funds

We raise income through a variety of sources, from our Friends, statutory bodies, lotteries, boating customers and by developing our land and property to improve our canals for the benefit of both the local community and for investment purposes.

Our boating customers, both individuals and businesses, make a significant contribution to the care of our waterways through boat licensing and various agreements for rights over, or the use of, our waterways. In 2013/14, this amounted to £39m. We also generate £5m per annum income from the provision of 3,637 directly managed moorings and a further £5m p.a. from business boating customers including trade licences, connection and network access agreements.

We also generate significant revenue from our utilities business, which in 2013/14 contributed £24.7m to looking after the canals and rivers in our care. We secure payments from companies and individuals who use our surplus water, who drain into our waterways or who use land that we own as a conduit for pipes and cables. We are also exploring new ways in which our waterways can contribute to the delivery of sustainable energy solutions, including hydro power, wind and heating and cooling of buildings and expect this activity to grow over the coming years.

We own a significant endowment of investment assets valued at £573.3m which is managed to generate income and capital returns to the Trust. Currently, the bulk of the endowment portfolio is invested in property, reflecting the legacy powers of our predecessor body. The income is used for looking after the waterways, and any capital returns are retained and invested to generate future long term income. In 2013/14, we generated £50.6m of income from the endowment portfolio and earned a total return (income and capital) of 15.3 per cent, comfortably ahead of the market benchmark.

Our commercial activities are overseen by the Investment Committee, a sub-committee of the Board of Trustees, which comprises four Trustees and two external voluntary experts with property and corporate finance backgrounds. During 2013/14, the Trustees adopted a new investment strategy on the recommendation of the Investment Committee. The new strategy will see some diversification away from a pure property endowment portfolio and will involve investment in

other asset classes. This will provide greater risk mitigation in respect of the Trust's long term income streams. Following adoption of the new strategy, the Investment Committee has selected Partners Capital LLP to manage the non-property element of the portfolio and investment will commence during 2014/15.

British Waterways Marinas Limited (BWML) is a wholly owned subsidiary which owns and manages a portfolio of 20 marinas of which three are coastal. BWML was created in 2004 and is run according to a fair trade protocol, the main principle of which is that BWML should operate at arm's length from the Trust and not be party to privileged Trust information that is not available to marina operators generally. BWML suffered a downturn in its trading result due to decreasing occupancy in its marinas, particularly in the Midlands, and also competitive price pressure due to the wide availability of marina berths. BWML continues to invest in improving its customer service and the standards in its marinas to ensure that competitive facilities are offered.

Improving our canals & rivers

Many of our waterways were built at the height of the industrial revolution over 200 years ago. Our maintenance work is diverse and challenging, but the benefits we deliver to the people who use our waterways makes it vital and rewarding.

Our staff and contractors worked hard throughout the year to ensure that our waterways are in good condition, safe to use and deliver a range of environmental, social and economic benefits. All of this activity is supported by our detailed Asset Management Plan and its rigorous inspection regime. We are pleased to report that the proportion of principal assets in the worst condition grades D and E has reduced from 15.2 per cent to 14.7 per cent, in spite of the damage wreaked by the floods, we achieved 85 per cent of our planned defect repairs.

This year we spent more than £120m in repairing and restoring our waterways and the thousands of structures and facilities that make up the network, including reservoirs, aqueducts, locks, bridges, towpaths, culverts and embankments. We spent £22.8m undertaking 82 significant projects including £3.7m on emergency repair work, much of it resulting from the adverse winter weather; £1m dredging the River Trent; £850,000 on a project to undertake remedial work to Slaithwaite Reservoir; continuation of our £800,000 national bridge refurbishment programme, and £550,000 on a scheme to repair a significant Docklands jetty. In addition, £2.6m of improvement works were also completed and funded by third parties on our assets, not included in these accounts.

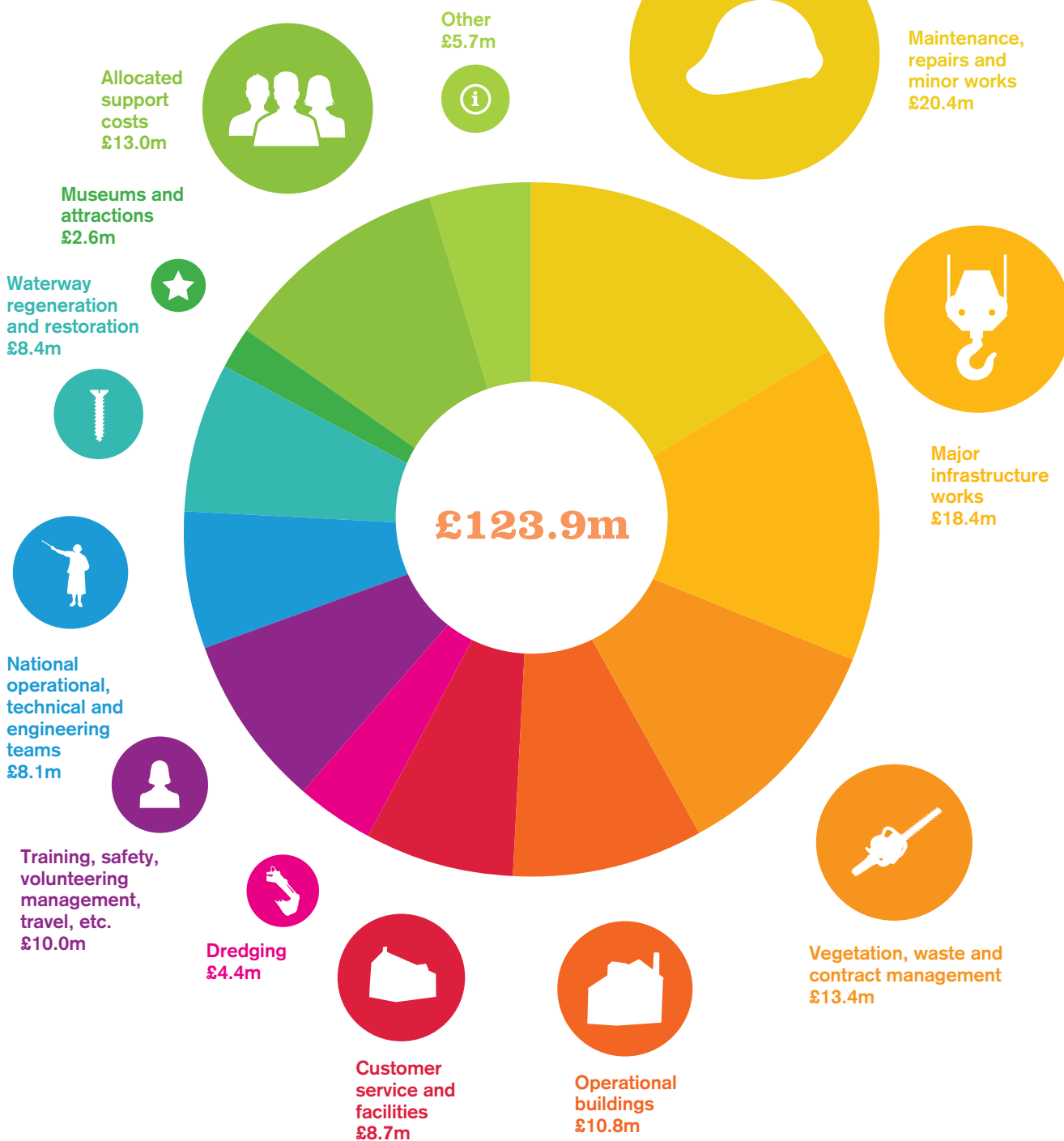
During the year we collected 5,000 tonnes of waste, 45 per cent of which has been reused or recycled; we mowed over 10,500 miles of grass alongside our towpaths, and we cleared almost 2,000 wind-blown trees from our canals.

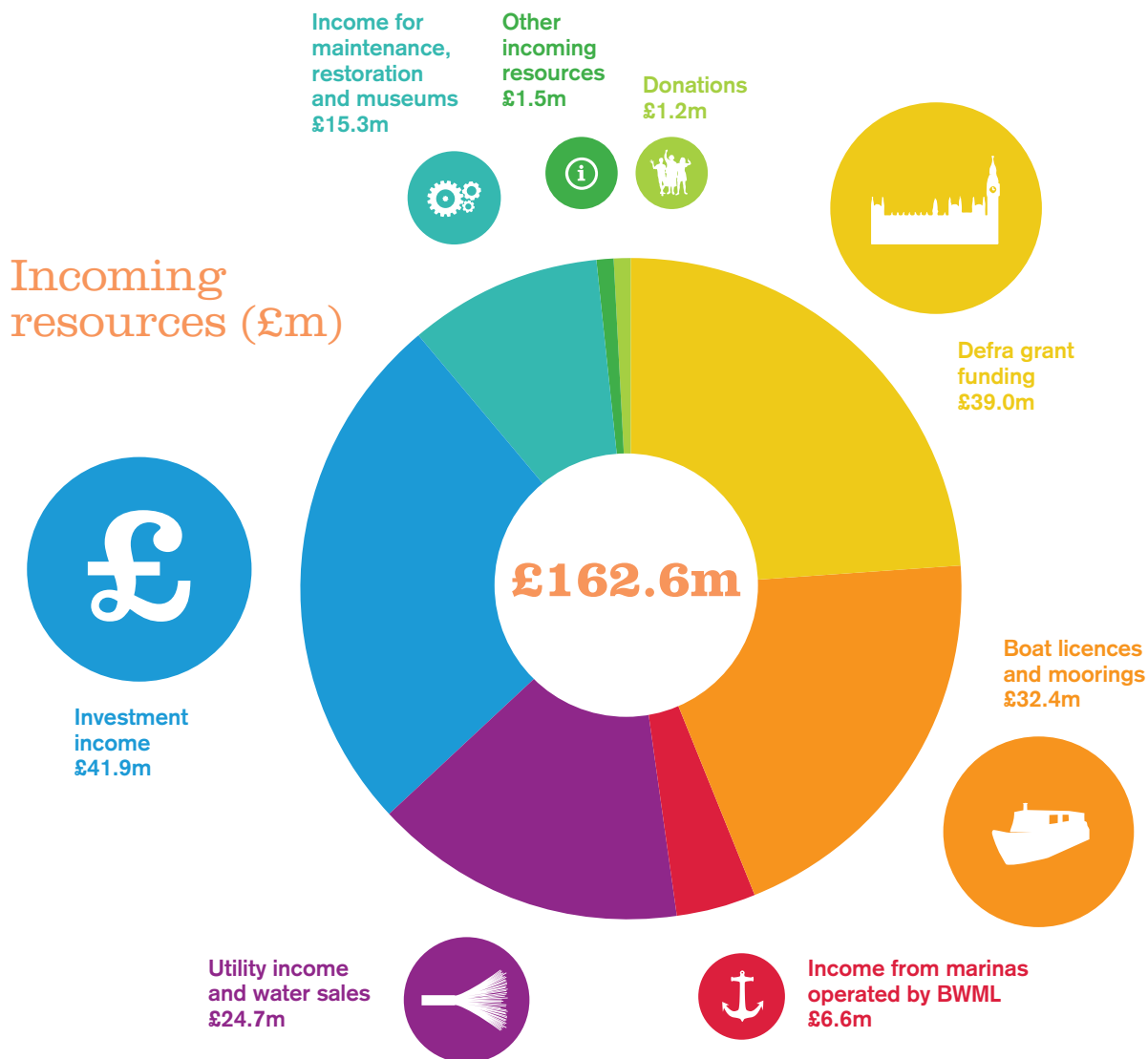


Kennet & Avon Canal

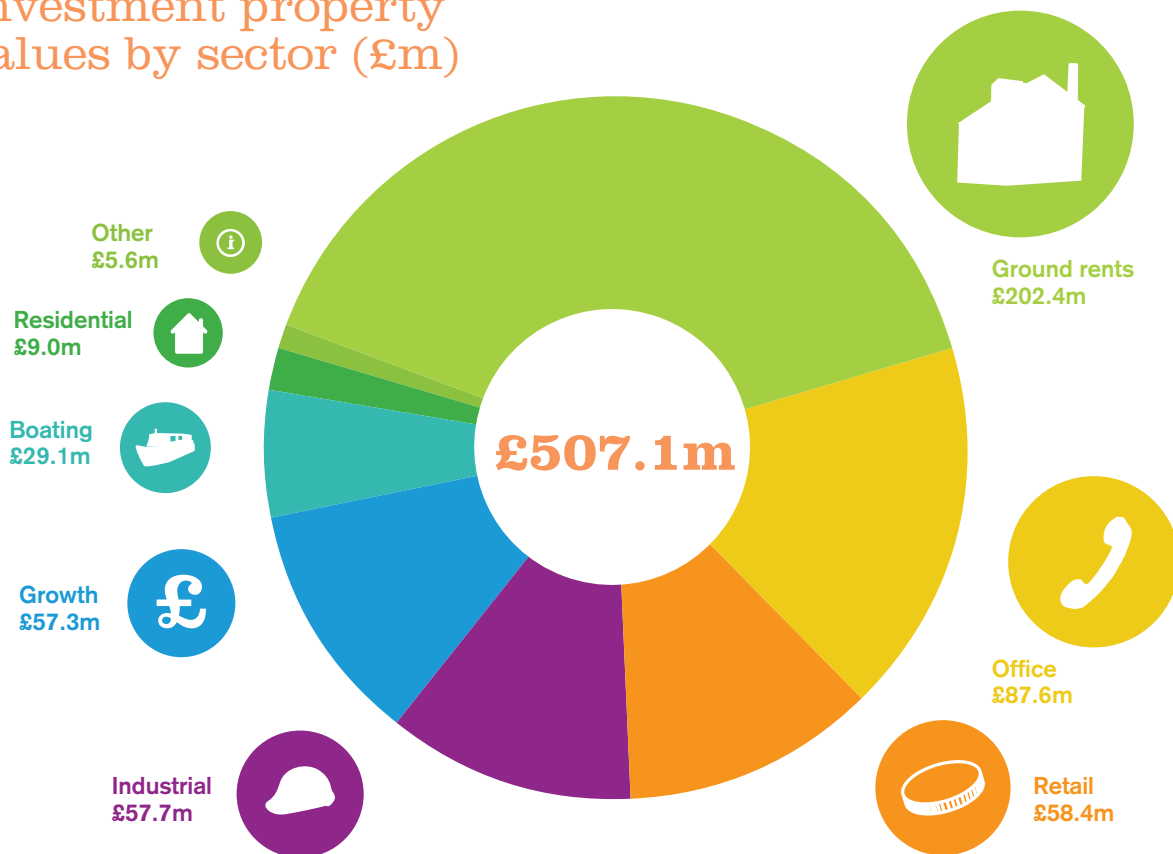
Financial summary

Resources expended on charitable activities (£m)





Investment property values by sector (£m)



Highlights from our year

£50,000 gift from People's Postcode Lottery as their **charity of the year**



Over 5,500 **Friends** donated more than **£300,000**

142 lock gates **replaced or refurbished**



125 diving days as part of our **repair and restoration programme**

£76,500 raised for **Arts on the Waterways** projects



2013/14 Highlights from our year



£8m raised from our loyal supporters and partners



Three structures repaired and removed from Heritage at Risk register

Nearly 27,500 children took part in a Canal & River Explorers experience



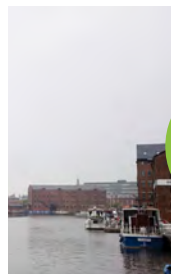
359,366 hours given by our volunteers



Almost 10,000 people visited 14 open days



82 major works and 300 minor works projects completed



£36.1m rental income from our property portfolio



165 miles of ancient hedgerow surveyed



12,000kgs of rubbish cleared from canals by Marks & Spencer volunteers



Over 21 miles of towpath restored or improved



Spring

In 2013 we experienced the coldest spring in 50 years. Staff and volunteers faced snow and biting winds as they cleared towpaths, restored hedgerows and helped to get our canals ready for the busy summer season.



Trustees' Report & Accounts

Spring

“Hedgerows are a defining feature of the nation’s countryside, they are such an important part of our heritage and it’s great that players of People’s Postcode Lottery can support this exciting project.”

Kate Pearson, People’s Postcode Lottery



We completed £2.4million repairs to the **Trent & Mersey Canal** at Dutton in April. The re-opening of the canal following a major breach was broadcast live on BBC’s *The One Show*, with the local community out in force to celebrate.

Volunteers from Marks & Spencer joined the Trust in May to help clean up 145 miles of canal and towpath. During the year, over 250 more organisations and societies took part in work alongside our canals, leading to, 54 groups ‘adopting’ a mile of their local waterway. These businesses, community groups, schools and youth clubs are providing vital help, monitoring and improving wildlife habitats, looking after their local towpath and helping to combat anti-social behaviour.

Support from **corporate partners** continued to grow during the year. In the spring we launched a major new hedgerows campaign with support from the players of People’s Postcode Lottery; staff from HSBC created a wildlife haven in Solihull, and OCS are helping to develop a new Canal & River Explorers webpage.

In total during the year we raised over £8m from our Friends, supporters, statutory bodies, partners, trusts and grant making organisations to enhance, restore and add vitality to our canals.

In May, we secured a £2m grant from Arts Council England for our **Super Slow Way** partnership project. Part of our innovative Arts on the Waterways programme, Super Slow Way aims to transform the Leeds & Liverpool Canal into a creative and cultural corridor.

Since we launched **Arts on the Waterways** in 2012, we have worked with 115 artists and involved more than 100,000 people. Highlights include:

- Two artists residencies on our canals in Wales as part of our partnership with Arts Council of Wales.
- Canal Laureate, Jo Bell’s waterways-inspired poems featured on BBC Radio 4 Poetry Please, National Poetry Day and at the Birmingham Literature Festival.
- The award winning Floating Cinema travelled the waterways of London hosting screening nights and attracting new visitors to our canals, 82 per cent of whom reported that they would come back to the waterways in their spare time.

Careful management of our **natural resources** is a key priority for the Trust. Between April and December, we worked with some of our customers and users to draft a new Water Resources Strategy, setting out our aspirations and approach to water resources management in the medium to long term. This addresses pressures from new legislation over the next five years to the impacts of climate change into the 2050s. We will be consulting more widely on this strategy during 2014.

In the spring, we also began the transition to a new industry standard hydrological modelling system to improve the accuracy of our simulations of water resources. This will mean we are better able to forecast the impact of droughts, new marinas and changes to boating patterns.

Launched at the Education Show in the spring, the achievements of our **Canal & River Explorers** programme have surpassed our expectations. Between April 2013 and March 2014, 148 volunteers helped nearly 27,500 children discover the history, science, geography and wildlife of their local canal or river. A further 1,500 teachers have signed up to receive our Explorers educational newsletter and 97 per cent of teachers who have taken part in our programme would recommend it to a colleague.

In April, the All Party Parliamentary Group (APPG) for Waterways published its report welcoming the progress made by the Trust’s Waterways Partnerships since its formation.

A wide variety of wildlife depends on our waterways for survival. In May we installed a new elver pass on the River Brent as part of a project with the Thames River Trust and the Zoological Society of London to help improve passage of elvers along the river. Over the last 30 years there has been a significant decline in the number of elvers – junior eels – in our rivers and this new pass is one of the measures necessary to contribute to the recovery of the eel population. Within a week of the installation an elver was spotted in a river monitoring station.

Clockwise from top: Art on the Waterways – Dead Rat Orchestra, Canoeing on Kennet & Avon, M&S volunteers clearing litter, Canal & River Explorers at Bingley, Leeds & Liverpool Canal.



My view: Amy Irwin, canal adoption group leader

I live opposite the Leeds & Liverpool Canal and love the view from my bedroom window. Well, I enjoy it much more since I started a volunteering group which adopted the stretch between Cookson's Bridge (4a) and Swifts Lane Bridge (5) and I can see the difference we have made to the canal.



I had wanted to do something about the state of the canal in my area for a while and a colleague of mine told me about a local group who already helped clear-up the canal. I then found out about the Trust's adoption campaign and it sounded perfect.

Adopting a stretch of the canal really appealed, I wanted to show that I was serious about, and committed to, cleaning the canal and doing something in my local area. Sadly some people don't take young people seriously but I am determined to change this!

“I then found out about the Trust's adoption campaign and it sounded perfect”

During the spring, I put leaflets and posters in shops, community centres and around my local area to appeal for local residents to volunteer. As the Ford Towpath Action Team has become more established, word of mouth has gained more volunteers and a few newspaper articles have brought volunteers along. I currently have about ten regular volunteers and up to 25 volunteers during the summer months.

I enjoy how residents, canal users and other passers-by comment on the great job we're doing when we clean the canal. I like walking up and down along 'my' stretch to get to work and seeing how it has improved as we've been doing our work, it gives me a real sense of pride and community spirit.

“...it gives me a real sense of pride and community spirit”

I have big plans for my stretch – I'm applying for funding to get some equipment and refreshments for the volunteers. I'm also talking to my local councillors to get new fencing along the mile stretch that separates the canal from the road, as the gaps in the fencing are dangerous for young children playing in the area and have encouraged fly tipping.

Amy Irwin, canal adoption group leader

Above left: Amy Irwin

Above right: Ford Towpath Action Team Volunteer

Opposite page: Amy Irwin





Summer

Summer is when our waterways come to life – canal boats cruising the waterways, dragonflies and pondskaters flitting across the canal, families cycling along the towpath enjoying this colourful spectacle. The long cold spring finally gave way to one of our sunniest summers of the past 80 years and more than 5.4 million people visited a canal or river during our busiest ever two weeks in August.



Trustees' Report & Accounts

Summer

“Each boat in the national collection tells a unique story about our canals and rivers – the type of goods they carried, the waterways they travelled along and the people who lived and worked on them.”

Dave Myers, Hairy Biker



Continuing our ambition to **improve access** to our towpaths, in August we secured £10m of funding from Department for Transport's City Cycle Ambition Grant scheme to upgrade over 37 miles of towpath along waterways in Birmingham, Leeds and Manchester for the benefit of walkers and cyclists. In addition, thanks to the support of our partners including Transport for London, Welsh government and local authorities across England and Wales, during 2013/14 we improved over 21 miles of towpath.

August saw the opening of the first of our twenty new **Welcome Stations**. Run by teams of volunteers, these welcome stations offer information on local history and wildlife and things to do and see in the area, as well as providing an opportunity for visitors to find out more about the Trust and how to get involved either as a Friend or a volunteer.

We launched our **Hidden Gems** campaign in July, fronted by celebrity supporter Miranda Krestovnikoff. 13,000 people downloaded the 'Places to visit' app over the summer period and there were over 35,000 page views of our corresponding microsite. We grew our digital presence further during the year, with an average of 125,500 unique visitors viewing our website each month. We also have nearly 14,000 followers on Twitter and 6,000 on Facebook, helping to raise the profile of our canals and rivers.

A range of festivals and canalside events over the summer months helped more people discover all that our waterways have to offer. We also extended our annual **Rochdale Canal Festival** to encompass the wider South Pennine Ring. The new-look festival took place during July and August and featured guided walks, healthy living activities, live music, heritage learning opportunities and arts and crafts events. Over 6,500 signed up and took part in one of the 65 activities on offer.

In August we became the first UK partner to pilot the **Google Trekker**. Twenty members of staff and volunteers trekked over 200 miles with the Trekker capturing over 70 Streetview galleries of canals and rivers from across the country.

In the summer we launched a new social history campaign, **20th Century Voices** to capture the personal stories of our canals and rivers. A plaque was also unveiled at Cambrian House, Birmingham, to commemorate the efforts of boaters in the two World Wars.

Art historian and antiques expert, Paul Atterbury, visited Gloucester Waterways Museum in August to contribute his memories to the project. These recordings will be stored in our Waterways Archives, which together with our **museums and attractions**, provide a unique insight into the rich history of our canals and the stories of the people who lived and worked on them. During 2013/14 nearly 233,000 people stepped through the doorways of one of our museums and attractions to enjoy our exhibitions, cafés and special events.

In July, Celebrity chefs, the Hairy Bikers, visited the **National Waterways Museum** as part of their 'Restoration Road Trip' and tried their hand at caulking Box Boat 337 which was being restored. Dave Myers also gave his support to our fundraising appeal to restore 90 year-old canal boat Ferret. Trainees from our Heritage Boatyard at the National Waterways Museum worked alongside staff and volunteers to restore Ferret, developing their restoration skills.

In June we received a Heritage Lottery Fund stage 1 pass for our £800,000 Skills for the Future project to train 42 volunteers in heritage skills.

We secured £163,000 from Arts Council England towards a project to refresh the museum display at **Foxton Locks** and create new interpretation material in a digital format.

With our partners, Cheshire West and Chester Council, we are investing £4.5million refurbishing **Sutton Weaver swing bridge** in Cheshire. Built 90-years ago, work got underway in August to carefully restore the bridge. This includes replacing the bridge deck, refurbishing the pedestrian walkways and repainting it to protect the structure.

In July we celebrated the **first anniversary** of the Canal & River Trust and welcomed Richard Parry as our new Chief Executive following the departure of Robin Evans, who successfully led the largest transfer of state assets to a voluntary sector organisation.

Clockwise from top: Richard Parry meeting Trust staff on the Stratford Canal, Julia Bradbury at Crick Boat Show, A new Welcome Station, Hairy Bikers at the National Waterways Museum, The Google trekker, Enjoying the Grand Union Canal at Stoke Bruerne.



My view: Rob Pointon, artist

Growing up in Stoke on Trent I've always been inspired by canals, but it wasn't until I bought a narrowboat and spent a year travelling around the waterway network that I realised how diverse and inspiring these landscapes are.



Rediscovering our country from a narrowboat's perspective has been a phenomenal experience. To have the ability to take your own space into breath-taking countryside and be surrounded by water and wildlife, or alternatively be able to moor in the centre of our cities, has given such inspiration to my work. The collection I produced on my travels holds more personal meaning than any other I have produced. These waterways have given me so much, I wanted to give something back and I decided to share the proceeds from my Year of the Boat exhibition with the Canal & River Trust.

“These waterways have given me so much, I wanted to give something back”

Above left: Rob Pointon

Above right: Oil painting of Pontcysyllte Aqueduct

Opposite page: Rob Pointon

“The network is one of the UK's greatest assets and the need to keep it functioning for future generations is hugely important”

Having travelled on canals it soon dawns on you the huge amount of maintenance and development required to keep the extensive British inland waterway network operational. Being surrounded by water, be that in urban or rural areas, relaxes people and means you are normally greeted with a hello, a smile or a wave. A lot of anxieties evaporate. The network is one of the UK's greatest assets and the need to keep it functioning for future generations is hugely important.

We held a series of exhibitions and events during the summer and an auction, raising over £10,000 for the Trust. It is an enormous responsibility for the Trust to ensure there are always sufficient funds and we're really pleased we were able to help.

Rob Pointon, artist





Autumn

From undertaking bank repairs to managing canal side vegetation and creating new wildlife habitats, autumn sees the start of our main conservation and repair period. Day-to-day maintenance work continues throughout the year but as temperatures fall and there are fewer visitors, boaters and wildlife, our essential work to care for our waterways gets underway.



Autumn

“We are delighted to be working with the Trust to unlock the potential of waterway restoration. These projects have the potential to contribute to the development of a sustainable waterway network and boost local economies for the benefit of their communities.”

Vaughan Welch, IWA's Restoration Committee Chairman



In September we launched our **Angling Strategy**, a three-year action plan for developing angling on our waterways. Developed in close consultation with our National Angling Advisory Group, our strategy aims to support angling clubs to encourage a wider range of people to the sport. We also hope to build better partnerships with local clubs and community groups. The strategy includes practical actions such as moving fish stocks from areas not under club control to waters that have lower fish stock levels to improve these fishing venues.

During 2013/14 we identified and started work improving eleven priority **Sites of Special Scientific Interest** and secured £300,000 from Natural England to cover work at five of these locations. One site to benefit was Saddington Reservoir in Lancashire where in November, volunteers created a 'bug hotel' to help ensure a continued healthy insect population.

With £680,000 of funding driven by the Water Framework Directive, we were able to install five new bypass weirs on the **Kennet & Avon Canal** to separate the water of the canal and the River Dun over more than 3 miles. This will help curb algal blooms, reduce long-standing problems of nutrients, silt and algae on the River Dun and River Kennet SSSI.

We continue to **share experience and best practice**, raising the profile of England's and Wales' waterways on an international level. In November, the Trust was selected as lead partner in two Interreg IWB North West Europe Projects. The first seeks to develop a strategic framework for managing Europe's green and blue infrastructure (nature sites, parks, open space, woodlands and waterways) through the development of the social economy and the delivery of social outcomes to help create strong and prosperous communities. The second project aims to use technology to effectively manage selected inland waterways in north-west Europe by implementing innovative computer-based approaches and tools thereby reducing costs and increasing efficiencies.

The challenge of caring for the UK's third largest collection of **historic buildings and structures**, spread across 2,000 miles, poses considerable difficulties. In September we received a £1.5m grant from the Heritage Lottery Fund for our 'Revealing Oldknows Legacy' partnership project. Over the next three years we will work with Mellor Archaeological Trust, Stockport Council, Marple Civic Society and Greater Manchester Archaeological Advisory Service to restore

and improve access to Marple Aqueduct on the Peak Forest Canal, including Marple Lime Kilns and Mellor Mill.

We completed our two-year long restoration of the blacksmith forge at Ellesmere Yard in Shropshire. The historic forge, which is thought to date from the mid-nineteenth century, has been brought back to life with a local blacksmith using it as his craft workshop.

Thanks to the assistance of our skilled heritage volunteers, we have also been able to complete key heritage projects including:

- **[Repairing Bridge 163, Lady Capel's bridge, on the Grand Union Canal, removing it from the Heritage At Risk register](#)**
- Unearthing of Hickling lengthmen's hut alongside the Grantham Canal, and developing a scheme to rebuild the structure
- Restoring a former police hut at Hawkesbury for use as a welcome station, as well as the Grade II listed Rotherstone Devizes pillbox and Trebanos Locks on the Swansea Canal in Clydach.

In October, we established a **restoration team** and commissioned a report from Northampton University to **[explore the economic, social and environmental impacts of restoration projects](#)** carried out over the past two decades.

Qualifying the **impact and benefits** of our work on communities across England and Wales is of great importance. To help do this, in October we developed a Strategic Partnership Agreement with Cardiff University. Through this partnership we aim to create an overall framework for measuring the Trust's achievements over the next ten years.

In October we put the finishing touches to our plans to regenerate a waterside site in central **Northwich**. This transformational project has seen the creation of a new attractive waterside space including 45 new moorings, pedestrian access and pathways and a new high-quality supermarket, leased to Waitrose. Phase two, comprising 58 retirement flats and a restaurant will be completed in Spring 2015.

Clockwise from top: Re-opening Lady Capel's bridge, Restored forge at Ellesmere Yard, Hayhurst Quay Northwich development, Angling



Our view: Debbie Hardman-Wilson and Steve Wilson, Volunteer Lock Keepers

We have always had a keen involvement in the local community and although we're retired we still want to make a difference. We're keen boaters and saw Brian Blessed on TV telling people to sign up to be a volunteer lock keeper, it sounded right up our street.



Other than the rain, there aren't many negatives, last year Steve lost around 9lbs just walking along the towpath and helping boaters through the locks. It really does lead to a much healthier lifestyle!

It's very sociable and we've made many friends. We feel part of the Canal & River Trust team, the guys on the bank and the waterway staff give fantastic support and listen to our views, it's great to know that our views matter. It's a big job, being the face of the Trust, but their trust in us and enthusiasm for our time makes us want to come back again and again.

We both take huge pleasure in seeing what we have achieved. We had an incredibly busy day once, with around 70 boats queuing to get through the locks. Boaters were frustrated but it just took a smile and an explanation and all was fine.

“...their trust in us and enthusiasm for our time makes us want to come back again and again”

Above left: Debbie & Steve opening lock
Above right: Debbie talking to television crew
Opposite page: Trent & Mersey Canal

The community atmosphere and spirit is really important to us and this role has led to our getting involved in other projects. We've worked with the council to look into dog fouling along the towpath, helped with litter picking and are hoping to get a map of Stone produced for boaters showing what's on offer to those visiting. Stone is a lovely rural town for a stop off while boating and we want to help encourage more people to see it.

“...the smile on kids' faces as they learn something new is so rewarding”

We really feel that the Trust has embraced volunteering and are delighted to be working with the team in Central Shires. We're planning on creating some certificates to give to young boaters as they pass through the locks to congratulate them for being a junior lock keeper, the smile on kids' faces as they learn something new is so rewarding.

**Debbie Hardman-Wilson and Steve Wilson,
Volunteer Lock Keepers**





Winter

Our canals and rivers continued to be popular with visitors over the winter despite it being the wettest since records started in 1766. The persistent string of powerful storms and heavy rain brought extensive flooding to parts of the UK, damaging our waterways.



Trustees' Report & Accounts

Winter

“The Montgomery Canal is a remarkable feat of industrial transport engineering that was developed over two centuries worth of history. This project will help bring the canal back to life as well as preserving rare natural habitats found along its course.”

Reyahn King, Head of HLF West Midlands



Work to **maintain our canals** starts in earnest once the summer boating season ends. Following feedback from our customers, we cleared offside vegetation from nearly 75 miles of canal banks. We also dredged more than 68 miles of waterways, removing over 90,000m³ of silt, 31 per cent of which was reused or recycled on our canals and rivers.

Almost 10,000 people attended our fourteen [restoration and repair open days](#) across England and Wales, making the most of the opportunity to descend into lock chambers, see lock gates being replaced and discovering more about the heritage of our waterways and the craftsmanship and skills needed to keep these historic canals in working order.

During the winter a further two structures were removed from the Heritage at Risk register: Pen-y-ddol Bridge No.46 on the Llangollen Canal and a milestone on the Aylesbury Arm.

As part of our ambitions to [safeguard the unique heritage and environment](#) of our canals we were delighted to receive a stage 1 pass from the Heritage Lottery Fund in January, for our £500,000 project to halt the decline of the Site of Special Scientific Interest at Pocklington Canal in north east England. The scheme will also see the restoration of two bridges, including the beautiful and iconic 200 year-old Church Bridge. During the year we also received stage 1 pass for a £6m project to continue the restoration of the Montgomery Canal and extend the nature reserve at Aston Locks.

The weather seriously undermined two of our most popular canals, the Llangollen and Monmouthshire & Brecon. In Somerset the Bridgwater & Taunton Canal was used to help relieve the flooded Somerset Levels. In Gloucestershire, the tidal River Severn scoured the embankment of the Gloucester & Sharpness Canal. We also experienced major floods on the Kennet & Avon and Grand Union canals and in one 24-hour period alone over 100 trees fell across our network.

Our teams worked tirelessly around the clock to respond to the challenges and problems caused by the adverse weather:

- Operations staff were out daily, clearing debris from the channels and keeping water moving away from the worst affected areas

- Customer service and boating teams provided advice to boaters and households
- Our Water Management team worked alongside our partners in the Environment Agency and local authorities, to provide technical advice and hydraulic modelling to help alleviate the impact of localised flooding and protect our assets
- Engineers working on the slippage on the Monmouthshire & Brecon Canal at Llanfoist overcame the significant challenge of undertaking remedial work to a 60-metre high embankment with limited access.

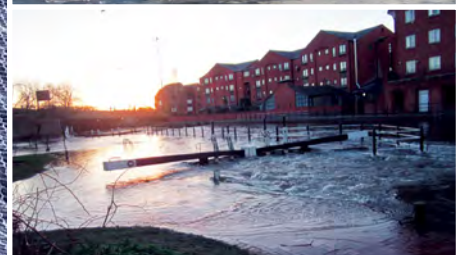
Members of the public also donated £32,000 to our **flood appeal**, helping to support vital remedial work.

We continued with our aim to improve communications with our largest customer group, **boaters**. We launched a 'MyTrust' section on our website together with a dedicated Twitter account to enable people to find out the latest stoppage information in any given area at any time, and in January we introduced a programme of open meetings for boaters hosted by our Chief Executive, Richard Parry. The meetings give people the opportunity to raise any issues, put forward their thoughts on local and national issues and discover more about the Trust's plans for our waterways.

Following feedback from boaters we introduced a **new winter moorings permit**, which allows boaters to moor at different places along the towpath for longer than the fourteen day limit, rather than having to remain at a single location. The new permit proved very popular; along with a 25 per cent increase in the number of permits purchased, 70 per cent of users stated it was good value for money and they would purchase one again.

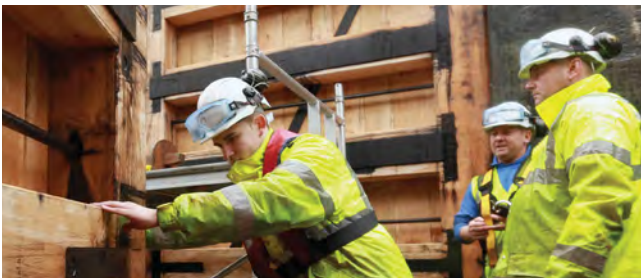
We secured funding for two landmark projects to help **inspire a new generation** of volunteers and supporters. The first will see us working in partnership with the RSPB and the National Federation of Young Farmers Clubs to establish 'Action Squads' to respond to local needs including graffiti removal and creating new wildlife habitats. The second, funded by vInspired, will involve young people volunteering for the Trust for six months undertaking social action activities that will count towards a City & Guilds qualification in conservation.

Clockwise from top: Heritage volunteers at work, Canal boats, Flooded canal, Repairing canal bank at Llanfoist



My view: Graham Smith, Construction Team Supervisor

As Construction Team Supervisor, I put together the programme of works for a construction job and make sure it happens within the timeframe. It's a busy role and I'm constantly checking the progress of the works and dealing with unexpected delays.



The [Restoration & Repair Open Days](#) are a great way to meet and talk to enthusiastic people who really want to learn about what we do to maintain our canals. It's a great boost for the team to see how fascinated members of the public are. We often just think our work is part of the daily grind and forget how historically interesting it is!

The Open Weekend in Camden in November 2013 was the launch of the whole Restoration and Repair season and we were very busy for two full days talking to visitors and journalists, explaining what we were doing. I think we could have run the open day for a full week and filled every time slot! Throughout the six week-long project, we were the main attraction in Camden, even with everything else that goes on in the area. It was great to be able to explain to people what we were doing and why. These events are a great way for people to get a better understanding of the canals and what it takes to maintain them, and we hope they leave more mindful about how they treat them.

“These events are a great way for people to get a better understanding of the canals and what it takes to maintain them”

“We were asked the same question every tour – what's the most unusual thing you've found in the canal?!”

The team of volunteers who helped us manage the crowds during the weekend were fantastic. They made sure everyone knew what was going on and where to go safely, this meant that my team could focus on the talks at the bottom of the lock. We were asked the same question every tour – what's the most unusual thing you've found in the canal?! In the canal in Camden, we found lots of old coins and you can always count on a shopping trolley among the prizes! Over the years I've recovered a cash point, a VW Camper Van and the entire silverware collection from a stately home. We returned it but there was sadly no reward!

Graham Smith, Construction Team Supervisor

Above left: Lock Gate Installation
Above right: Camden Lock open day
Opposite page: Camden Lock



Glandŵr Cymru, the Canal & River Trust in Wales



Over the last year we have been developing our longer term strategy 'Beyond the Towpath' to help guide our work in Wales. The engagement draft was launched with Edwina Hart AM, Minister for Economy Science and Transport, at the Senedd in November. The launch was followed by a workshop at the Cross Party Waterways Group in December to explore how waterways can help in delivering wider public benefits.



In addition to developing this strategy we have continued to raise awareness of canals and rivers in Wales and the opportunities for economic regeneration and health and well-being that they offer.

We were delighted that the **Monmouthshire & Brecon Canal** was identified as the most popular visitor attraction in the Brecon Beacons National Park's Visitor Survey, highlighting the importance of the canal for tourism. To cement this position we developed the 'Mon & Brecon Ambassadors' programme in partnership with Brecon Beacons National Park. The programme aims to improve the knowledge of our staff, volunteers and canal-based businesses about the history of the canal, its wildlife and activities in the area.

Building on the success of the *MonBrec 200* celebrations, two digital animations projected onto a 10m water spray in Brecon Basin attracted over 1,000 people to the waterway. Young people were involved with the creation of the second installation, working alongside professional artists learning new skills and techniques.

Young people, and teachers, are also the focus of our dedicated **Fforwyr Glandŵr, Explorers in Wales** section of our education website. Learning resources and water safety activities, available in both Welsh and English, are linked to the Welsh Curriculum and designed to encourage school and group visits to Brecon and Goytre Wharf, which are often led by our teams of education volunteers.

We were very pleased to have the support of Mark Drakeford AM, Minister for Health & Social Services, at the Royal Welsh Show when we launched a new **family walking pack** for Goytre Wharf. Created in partnership with Ramblers Cymru, the pack seeks to improve health through exercise, one of the key themes of our Waterway Conference, co-sponsored by Natural Resources Wales, held in June.



Longer term **regeneration plans** for the Monmouthshire & Brecon Canal from Cwmbran to Crindau were boosted with Torfaen County Borough Council's £8.2million success in the Welsh Government's Vibrant & Viable Places Programme. The project also received a positive report from the Newport City Regeneration Task Force, confirming the canal's strategic importance. To support this ambition, we invested £139,000 alongside Dŵr Cymru, Severn Trent, Wye & Usk Foundation and Natural Resources Wales to undertake field monitoring, modelling and analysis of environmental data to identify the sustainable level of abstraction from the River Usk, the main feed to the canal.

The **heavy rain** during the early part of 2014 has had a severe impact on our canals and their wildlife. A land slip on the Monmouthshire & Brecon Canal at Llanfoist posed a serious threat to the canal and homes in the immediate vicinity. Restricted access to the site created further problems. The £1m solution involved driving 500 ten-metre long soil pins into the ground beneath the canal. A smaller slip on the Llangollen Canal, on the border of England and Wales, involved our engineering and environmental teams working together to minimise disturbance to a major badger sett at the site.

The **restoration of the Montgomery Canal** is a vital part of our strategy to create a new future for the canal which benefits wildlife, heritage and the local communities. In October we received a stage 1 pass from the Heritage Lottery Fund taking us a step closer to securing a £3.7million grant as part of a £6m project to carry out the next stage of this transformational project.

Left top: Edwina Hart AM
 Left: Pontsycyllte Aqueduct
 Above: Monmouthshire & Brecon Canal

Bringing **new people** to the waterways has been a key theme this year. John Griffiths AM Minister for Culture & Sport and Nick Capaldi, Chief Executive for the Arts Council of Wales helped launch our three-year programme of artist residencies across our waterways in Wales at the Royal Welsh Show. The first artists, Andrew Dodds and Alan Goulbourne, are working on the Llangollen and Monmouthshire & Brecon canals respectively, exploring new perspectives.

We also worked with Visit Wales, Natural Resources Wales and Canoe Wales to identify the potential for family **paddlesport** on the canals of Wales, making the most of the predictability of the conditions and access.

Our ambitions to make our canals accessible to all and to connect canal-side communities have continued. With Welsh Government and Local Authority support we invested £226,000 to complete the final mile-long section of the Llangollen Canal towpath at Pentrefelin. At Trevor, on the same canal, support from players of People's Postcode Lottery, Taith and WREN Community Landfill Tax enabled us to build a new Disability Discrimination Act compliant ramp leading from Postles Bridge to the towpath, opening up the Pontcysyllte Aqueduct World Heritage Site to people of all abilities. In addition, we secured £406,000 to restore and upgrade 3 miles of towpath between Welshpool and Newtown and Buttington Wharf and Pool Quay on the **Montgomery Canal**.

Finally, our 10-year research partnership with **Cardiff University** will see student placements, volunteering opportunities, staff exchanges and a sponsored seminar series in Wales to help spread best practice in measuring and evaluating impact.

Our plans for the future

Over the past year we have sought to establish the Canal & River Trust as a respected and valued guardian of our waterways, increase the number of people who use, enjoy and support the Trust either through volunteering or donations, and engage with our customers and local communities in more effective and appropriate ways.

During this time, our trustees and directors have worked together to develop a ten-year strategy for the Trust. The direction and focus of the strategy is based on an appreciation of the diversity and scale of the challenges we face. As well as ensuring we engage more effectively with key audiences, this strategy will make sure we capitalise on the opportunities available.

The ten-year strategy will help the Trust become a more customer focused organisation with greater community engagement and involvement and delivering more public benefits for local communities and the nation.



As a charity, we are competing with other charities for people's time and money; we recognise the need to build a sustainable future and to grow a large and broad base of supporters, donors, volunteers and partners, drive efficiency and productivity, and grow and diversify our income. We realise our waterways can make a significant contribution to the wellbeing of local communities and the nation, so we are working with Cardiff University to design a measurement framework to enable us to report to Government and others, on the public benefits and goods generated by our waterways and activities over the ten-year strategy period and beyond, so that they continue to invest in us.

Our vision – living waterways transform places and enrich lives – runs through all aspects of our work, and is underpinned by six strategic goals:

- **Waterways** – to protect and improve the accessibility, usability and resilience of our assets and their heritage, for people to use and enjoy, now and in the future
- **People** – to enrich people's lives
- **Prosperity** – to yield economic benefits for local communities and the nation
- **Places** – to provide special places that people value, sustainable environments and routes
- **Resources** – to secure sufficient resources and manage them efficiently for the long term sustainability of the waterways within the Trust's care
- **Influence** – to be a widely respected partner and trusted guardian with growing influence and responsibility



Our strategic goals form a sustainable cycle that will deliver our vision and secure the future of the waterways for generations to come – Richard Parry, Chief Executive

Grand Union Canal

Finance Review

Creation of the Trust

The Canal & River Trust is a company limited by guarantee that was formed on 12 October 2011 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 for the comparative period is for the nine month period to 31 March 2013.

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 22 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 were £532m for the Protected Endowment Fund, £27m for the General Fund and nil for the WIT.

The Trustees have developed accounting policies for the Trust which are stated on pages 73 to 79. 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 WIT 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 from 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 which was paid in May 2012.

The financial strategy for the Trust, and its charitable activities, is summarised on page 44 and is linked with the Investment Strategy and the overall strategy for the Trust. 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 1 April 2013 to 31 March 2014 was in total £39m. 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. 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 £39m grant received during the year included a £3m conditional payment following confirmation that the Relevant Standards had been met for the period to 31 March 2013.

The Publication Data is listed in the following table. 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 2014.	114 (2013 : 115)
Safety		
Number of reported incidents involving customers relating to infrastructure failure	The numbers of injuries are for the year ended 31 March 2014.	34 (9 months to 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 year ended 31 March 2014.	25 (9 months to 31 March 2013 : 18) employee lost time injuries which includes 11 HSE Riddor reportable "over 7 day" injuries (9 months to 31 March 2013 : 5). 145 (9 months to 31 March 2013 : 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 14.7% as at 31 March 2014 (2013 : 15.2%).
Towpaths		
Number of towpath visitors (based on annual survey data)	Number of visits and visitors for the year ended 31 March 2014 based on a telephone survey of members of the public, expressed in millions.	Total visits 350m (Year ended 31 March 2013 : 297m) Average visitors during a two week period 3.5m (Year ended 31 March 2013 : 3.2m) Total visitors 13.0m (Year ended 31 March 2013 : 9.9m)
Number and duration of unplanned closures	Defined as unplanned closures that are caused by asset or infrastructure failure for the year ended 31 March 2014.	Number of closures 24 (9 months to 31 March 2013 : 8) Number of closure days 769 (9 months to 31 March 2013 : 375) The increase in unplanned closures included a lock wall failure on the Aylesbury Arm which contributed 235 of the 769 closure days.
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 74.7% as at 31 March 2014 (2013 : 76.3%).

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 1.57% as at 31 March 2014 (2013 : 1.3%).
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 54.4% (2013 : 52.3%) Unfavourable recovering 19.9% (2013 : 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.	95.8% (2013 : 94%)
Volunteer participation		
Number of volunteer days contributed to the Trust	Number of volunteer days for the year ended 31 March 2014.	51,338 days (9 months to 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 2014 and forecast for the year ending 31 March 2015. (These figures also include development sites previously disposed of by the Trust. These are not formally monitored by the Trust and are reported on the basis agreed previously with the Homes and Communities Agency.)	2014: 70 residential units completed (427 forecast) 2015: Over 500 units under construction either currently or within next 6 months (over 900 anticipated within 2014/15) 2014/15: Approximately 500 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 2014 and accordingly the Trust will apply for payment of the conditional portion of the Defra Grant funding for the year ending 31 March 2015 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 as transferred to the Trust under the Statutory Transfer Scheme on 2 July 2012.

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

During the year the Trust appointed an outsourced investment office manager for the non-property investment portfolio in preparation for the implementation of the diversification strategy in 2014/15.

Total return from the investment property portfolio for the year ended 31 March 2014 was 15.3% (2013: 4.5% for 9 months). This compares favourably with the IPD UK all commercial property index where total return was 13.3% for the same period. Approximately 6% of the CRT total return comes from income (net rents) and the balance from capital value growth +6% and gains on disposal +3%.

The prevailing long-term recovery in the UK property market was confirmed by four successive quarters of rising values, and over the past year these have become more broadly spread across the UK regions. The growth in values across the board reflects the continuing revival in investor confidence.

Financial Strategy

The core financial strategy of the Trust is to break even on the General Fund 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 to 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 on top of the current £39m 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, which will be funded from the General Fund. 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 were fair valued and restated under the accounting policies adopted by the Trust as at 2 July 2012, the transfer date. A fair value assessment was been carried out on all the assets and liabilities acquired from BW as at the date of acquisition. The details are provided in note 22 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 unless requested earlier by Scottish Canals.

Acquisition of The Waterways Trust (“TWT”)

The Trust acquired TWT on 26 July 2012. TWT is a company limited by guarantee and conducted a charitable activity comprising fundraising for the UK waterways and manages waterway museums and an artefact collection. 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 23 to the accounts.

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.

With effect from 1 April 2013 all the remaining assets and undertaking, net of the liabilities, of TWT (net liabilities of £1.7m), were transferred to the Canal & River Trust.

Statement of Financial Activities for the year ended to 31 March 2014

The financial statement below represents the activities of the Trust for the year ended 31 March 2014. The comparative period is for nine month period from 2 July 2012 to 31 March 2013, although that accounting period started from the date of incorporation on 12 October 2011.

To enable reconciliation with other published management accounting information of the Trust, an alternative version is shown in the second column below. The first column shows the figures as per the Statement of Financial Activities on page 69. The first column is after allocating support costs and National teams whilst the second column shows those cost separately without allocation. The table below also includes the Trust’s published business plan, the format of which compares with the second column.

Year ended 31 March 2014

	As reported SoFA basis	As reported without cost allocation	Plan without cost allocation	Nine month SoFA period ended 31 March 2013 (Without cost allocation)
	£m	£m	£m	£m
Incoming resources				
Voluntary income				
Donations	1.2	1.2	1.4	0.9
Defra grant funding	39.0	39.0	39.0	29.3
Leisure boating and moorings	32.4	32.4	31.1	26.4
Income from marinas operated by BWML	6.6	6.6	7.3	5.2
Utility income and water sales	24.7	24.7	23.9	17.4
Investment income	41.9	41.9	39.8	31.1
Share of Income from joint ventures	8.7	8.7	15.6	5.2
Incoming resources from generated funds	154.5	154.5	158.1	115.5
Waterway infrastructure income	7.2	7.2	4.3	4.6
Waterway regeneration and restoration	7.0	7.0	9.1	5.1
Museums and attractions	1.1	1.1	1.2	0.7
Incoming resources from charitable activities	15.3	15.3	14.6	10.4
Other incoming resources	1.5	1.5	1.2	1.4
Less: Share of income from joint ventures	(8.7)	(8.7)	(15.6)	(5.2)
Total incoming resources	162.6	162.6	158.3	122.1
Less: Cost of generating funds				
Voluntary income	(2.2)	(1.5)	(1.9)	(1.3)
Leisure boating and moorings	(9.1)	(6.6)	(7.2)	(6.5)
Marinas operated by BWML	(6.1)	(6.1)	(6.0)	(4.5)
Utility income and water sales	(2.4)	(1.6)	(1.9)	(0.7)
Investment management	(11.6)	(8.4)	(8.3)	(8.9)
National teams and support services allocated to generating funds	-	(7.2)	(7.9)	(6.9)
Cost of generating funds	(31.4)	(31.4)	(33.2)	(28.8)
Net resources available for charitable activities	131.2	131.2	125.1	93.3
Resources expended on charitable activities				
Waterway infrastructure maintenance and repairs	(110.8)	(89.9)	(85.1)	(69.5)
Waterway regeneration and restoration	(9.7)	(8.4)	(10.9)	(5.9)
Museums and attractions	(3.4)	(2.6)	(2.7)	(1.3)
Charitable activities	(123.9)	(100.9)	(98.7)	(76.7)
Governance costs	(1.4)	(0.8)	(0.9)	(0.6)
National teams and support services	-	(22.1)	(24.4)	(18.5)
Other resources expended	-	(1.5)	-	(1.6)
Total resources expended	(125.3)	(125.3)	(124.0)	(97.4)
Net surplus / (deficit) on the SoFA	5.9	5.9	1.1	(4.1)
Share of net income from joint ventures	0.6	0.6	0.9	(0.1)
Net surplus / (deficit) including net income from joint ventures	6.5	6.5	2.0	(4.2)
Other movements on general fund:				
Transfer to pension accumulation designated reserve	(2.0)	(2.0)	(2.0)	(2.0)
Distribution to Pension Funding Partnership	(5.0)	(5.0)	(5.0)	(3.7)
FRS17 pension fund accounting adjustments	0.3	0.3	-	0.8
Other transfers between funds	(1.2)	(1.2)	-	1.8
Statutory transfer and acquisition	-	-	-	25.8
Movement on General Fund during the year	(1.4)	(1.4)	(5.0)	18.5

Incoming resources

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 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 main sources of other generated funds arise from the income derived from boating, such as boat licences and moorings income, 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 moorings agreement are typically for one year duration 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. Further information is provided below.

The Trust's investments in joint ventures are held through the wholly owned subsidiary Canal & River 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 at various other canalside locations.

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.

Incoming resources – performance against Plan

During the year total incoming resources of £162.6m was £4.3m better than planned. This is due to stronger performance in our boating and moorings, utilities, investment and waterway infrastructure income areas, though this was offset by smaller shortfalls in other income categories. Within this total boat licence income was £0.7m above plan and sales from business licences remained strong, despite an expected downturn in the level of demand. Business boating property income was £0.3m favourable due mainly to the receipt of backdated rents.

Utility income and water sales were £0.8m higher than plan, mainly due to a number of new water sales and surface water discharge agreements. Investment income was up £2.1m against plan with a number of relatively small positive variances in investment property and interest receivable.

Higher procurement contract turnover rebates received and recoveries for canal wash wall repairs and bridge strikes have contributed to the £2.9m favourable variance on waterway infrastructure income. The £2.1m shortfall on waterway regeneration and restoration income is due to delayed or unsuccessful bids for funding but is offset by correspondingly lower resources expended in this area.

Operating costs and the cost of generated funds

Operating costs and the cost of generated funds that are directly attributable to the related activities are allocated to 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 second column in the table on page 46 is provided to enable comparison with other published financial information about the Trust that has been prepared on a management accounting basis.

Operating costs and the cost of generated funds – performance against Plan

The overall cost of generating funds of £31.4m was £1.8m better than planned. This reflects the strict control of costs as these were matched to activity levels in generating voluntary income and the slightly delayed start of the towpath moorings management project.

The enhanced revenue and reduced cost performance across the business, including a significant rebate on canal rates of £1.6m, enabled the Trust to spend an additional £4.8m on the waterway infrastructure. The nature of these projects is such that they often have a twelve month planning period, though some are always held at an advanced stage of planning in order to accommodate additional funds if they become available hence the additional expenditure of £4.8m. Over and above this buffer, major infrastructure projects cannot be delivered at short notice. As a result we have ended the year with a deficit on the General Fund of £1.4m compared with a planned deficit of £5m. We had planned to spend an additional £0.5m on vegetation management but this was curtailed by the unusually mild winter and an earlier than expected start to the bird nesting season. These planned works will be delivered in the coming year.

Fundraising and the Donor 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 pledges that "we will use your donation to conserve, restore and enhance our canals and rivers or 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 Reserve Fund.

The funds raised during the year are shown in note 15 to the accounts. Of the total funds raised by the Trust £1.2m has been credited to the restricted income fund and £0.6m has been spent as at 31 March 2014.

Analysis of Boat Licence and Moorings income

As at 31 March 2014 there were 32,440 (2013: 32,311) boats with a licence issued to use the Trust's waterways (excluding boat licences for one month or less). This represents a small increase of 0.4% compared with the equivalent figure as at 31 March 2013.

Boating and mooring statistics:	Year to 31 March 2014	9 month period to 31 March 2013
Long term boat licence income £m	£17.9m	£12.6m
Number of boats with a licence as at 31 March (1)	32,440	32,311
Number of boats with a 12 month licence as at 31 March (2)	32,018	32,138
Income per private long term licence (annualised) £ (2)	£580	£547
Income from mooring permits £m	£5.0m	£3.7m
Number of mooring berths available	3,637	3,767
Occupancy rate %	89%	89%
Income yield per berth (annualised) £	£1,549	£1,469

(1) Excludes boat licences for 1 month or less

(2) The number of boats with 12 month licences as at 31 March 2013 and income per private long term licence, published in last year's report, have been revised due to the availability of improved data.

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 2014 comprised (the Trust Group share):

The Trust's share of bank borrowings in joint ventures £m	At 31 March 2014	At 31 March 2013
ISIS Waterside Regeneration:		
Homes and Communities Agency	4.1	3.7
Bank	4.1	0.3
	8.2	4.0

There were no bank or other institutional borrowings in the other joint ventures at 31 March 2014.

2013/14 was an excellent year for H2O Urban LLP with completion of the Northwich redevelopment scheme. Construction of a Waitrose store was part of this and was purchased by the Trust as an attractive investment property within the Protected Endowment. Planning consent was obtained for a hotel development in London Docklands triggering a profit to H2O Urban on sale to a developer and the Trust will also derive a long term ground rent from the completed scheme.

In ISIS, the Brentford lock west residential development was the primary focus. The scheme is progressing well with most units presold at prices comfortably above those expected at the outset. However practical completion of the first phase has been delayed until the first quarter of 2014/15 due to a subcontractor performance delay and profit will be similarly deferred to 2014/15. A start on site has also been made at Islington Wharf, in Manchester on a number of attractive townhouses.

Liquidity and Borrowings

Cash flow summary £ms	Year ended 31 March 2014	Period ended 31 March 2013
Net incoming resources from operations	5.9	(4.2)
Non-cash items in operating deficit	(3.6)	(1.1)
Movement in working capital and provisions	4.0	3.7
Net interest receivable	4.0	2.5
Dividend from joint ventures	0.3	-
Operating cash flow	10.6	0.9
Cash acquired from British Waterways	-	54.3
Cash acquired in The Waterways Trust	-	1.3
Operational capital expenditure (net)	(3.5)	(3.9)
Purchase of investment properties	(22.2)	(17.7)
Disposal of investment properties	15.7	12.0
Net repayment from joint ventures	2.8	3.4
Payments into short term bank deposits	(5.7)	-
Taxation	0.1	1.0
Net cash flow	(2.2)	51.3
Cash balance as at 31 March	49.1	51.3

A net amount of £6.5m (2013: £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 2014	Balance at 31 March 2013
General Fund Account – Canal & River Trust	19.0	21.0
Subsidiaries	15.9	12.1
Investment capital	13.1	16.9
Held in third party accounts for regeneration	1.1	1.3
	49.1	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 of £12.9m from Port of London Properties ("POLP"). This loan is at a floating rate of interest being 1% above the Bank of England base rate. The loan was unsecured as at 31 March 2014 but there is an outstanding commitment to the lender to provide security to a value that is satisfactory to the lender. The POLP loan is repayable in January 2019.

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 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 2014 Group share of total bank borrowings in joint ventures was £8.2m (2013: £4.0m). All of these borrowings were at fixed margin but an uncapped variable reference rate of interest. There was 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 year-end date are summarised below. The Restricted Income Fund comprises the unspent balance on the restricted voluntary income funds. As described in the section above headed Financial Strategy, the reserves policy is to accumulate the value of the Protected Endowment Fund by active management of the investments, and to allow the General 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 Fund.

Group	Unrestricted Funds		Restricted Funds				
			Protected Endowment Funds				
	General Fund	Designated Funds	Subsidiaries	Asset Dowry Funds	Other	Restricted Income Funds	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	18.5	2.1	(2.0)	50.6	490.1	0.7	560.0
Net incoming resources (including joint ventures)	(1.4)	-	6.1	-	1.2	0.6	6.5
Gift aid transfers and dividends	5.7	-	(5.7)	-	-	-	-
Transfer to Pension Accumulation Reserve	(2.0)	2.0	-	-	-	-	-
Other transfers between funds	(0.2)	-	-	(0.1)	0.3	-	-
Pension fund transfer	(3.5)	-	-	-	3.5	-	-
Other recognised gains and losses	-	-	3.8	-	25.5	-	29.3
As at 31 March 2014	17.1	4.1	2.2	50.5	520.6	1.3	595.8

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

In July 2012 the Trust created a Pension Funding Partnership (“PFP”) with the Waterways Pension Fund (“WPF”) through which an Asset Backed Contribution (“ABC”) was made to the WPF 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 actuarial valuation in the balance sheet of the WPF such that the pension fund appears to be in surplus for accounting purposes as at 31 March 2014, 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 been 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 if this is needed at the time. The balance in this designated at fund at 31 March 2014 is £4.0m (2013: £2m).

	Group	
Summary of changes in pension fund deficit £m	2013/14	2012/13
(Deficit)/Surplus as at 1 April	(59.4)	-
Deficit transferred from British Waterways	-	(65.3)
Current service cost	(7.1)	(5.4)
Past service cost adjustment	-	(0.1)
Discount unwinding on pension scheme liabilities	(19.2)	(12.3)
Actual return on pension scheme assets	5.1	36.1
Actuarial gains / (losses) from changes in assumptions and experience	2.1	(20.6)
Contributions in cash from the employer	10.6	8.2
Deficit as at 31 March	(67.9)	(59.4)

	Group	
Assets and liabilities in pension scheme £m	2013/14	2012/13
Market value of assets	361.9	362.3
Present value of liabilities	(429.8)	(421.7)
Deficit as at 31 March	(67.9)	(59.4)
Funding %	84%	86%

The Year Ahead

The Trustees adopted a plan for the year ending 31 March 2015 in which we will continue to operate in the same activity areas that we have in 2013/14 but will for the first time add investments in non-property income earning assets by way of portfolio diversification and risk spreading. These investments will be managed by an outsourced specialist with the explicit aim of developing a £100m fund within 3 to 5 years including an annual income withdrawal target of 5%.

We will build on our achievements this year with enhanced performance in our property investment and joint venture businesses arising from past investment decisions and currently ongoing projects that are nearing completion.

Volume growth is not anticipated in boat licences with income growing by an inflationary increase, though the beginnings of income growth from the moorings business arising from increased occupancy as a result of location investments and enhancements is anticipated.

Voluntary income generation remains focussed on individual and corporate giving. Recruitment of individual Friends in a high volume low value model remains at the heart of our fundraising strategy. We have revised our recruitment method from an agency based one to an in-house team, led by a sector expert recruited from another major UK charity, as we believe that this will offer greater operational flexibility and income earning capability. We expect to maintain our very strong retention of donors with significantly lower attrition rates than other large charities.

As we continue to build our position and presence in the charity sector Voluntary Income will continue to operate at an overall deficit, after attributable operating costs, in the coming year. This deficit is expected to decline in subsequent years.

The Plan for year ending 31 March 2015 is to deliver a significant increase in expenditure on Resources Expended on Charitable Activities to £107.5m from the £100.9m achieved in the year ended 31 March 2014. To facilitate this, a deficit of £6.1m is planned on the General Fund for the year ending 31 March 2015.

The following table is a summary of the operating plan for the year ending 31 March 2015 in a format that is consistent with the table on page 46, without support cost allocation.

	Year ending 31 March 2015	Actual - Year ended 31 March 2014
	£m	£m
Incoming resources		
Voluntary income		
Donations	1.4	1.2
Defra grant funding	39.0	39.0
Leisure boating and moorings	34.2	32.4
Income from marinas operated by BWML	7.2	6.6
Utility income and water sales	24.2	24.7
Investment income	42.9	41.9
Share of Income from joint ventures	30.2	8.7
Incoming resources from generated funds	179.1	154.5
Waterway infrastructure income	4.4	7.2
Waterway regeneration and restoration	10.8	7.0
Museums and attractions	1.3	1.1
Incoming resources from charitable activities	16.5	15.3
Other incoming resources	1.5	1.5
Less: Share of income from joint ventures	(30.2)	(8.7)
Total incoming resources	166.9	162.6
Less: Cost of generating funds		
Voluntary income		
	(1.8)	(1.5)
Leisure boating and moorings	(9.2)	(6.6)
Marinas operated by BWML	(6.3)	(6.1)
Utility income and water sales	(1.3)	(1.6)
Investment management	(9.9)	(8.4)
National teams and support services allocated to generating funds	(8.3)	(7.2)
Cost of generating funds	(36.8)	(31.4)
Net resources available for charitable activities	130.1	131.2
Resources expended on charitable activities		
Waterway infrastructure maintenance and repairs		
	(91.8)	(89.9)
Waterway regeneration and restoration	(12.7)	(8.4)
Museums and attractions	(3.0)	(2.6)
Charitable activities	(107.5)	(100.9)
Governance costs	(0.8)	(0.8)
National teams and support services	(25.5)	(22.1)
Other resources expended	-	(1.5)
Total resources expended	(133.8)	(125.3)
Net (deficit) / surplus on the SoFA	(3.7)	5.9
Share of net income from joint ventures	4.6	0.6
Net surplus / (deficit) including net income from joint ventures	0.9	6.5
Other movements on general fund:		
Transfer to pension accumulation designated reserve	(2.0)	(2.0)
Distribution to Pension Funding Partnership	(5.0)	(5.0)
FRS17 pension fund accounting adjustments	-	0.3
Other transfers between funds	-	(1.2)
Movement on General Fund during the year	(6.1)	(1.4)

GOVERNANCE

CREATING THE CANAL & RIVER TRUST

The Canal & River Trust (the "Trust") is the charity set up in 2012 to care for England and Wales' 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 & Wales. In preparation for the transfer the Trust was incorporated on 12 October 2011, the first Board of Trustees (directors) was appointed and on 4 April 2012 the Trust was registered with the Charity Commission. The statutory instrument 'The British Waterways Board (Transfer of Functions) Order 2012' came into force on 2 July 2012 and the Trust acquired the assets, liabilities and operations of the British Waterways Board in England & Wales on that date. 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 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 2014 can be found on pages 2 to 9.

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.

CORPORATE GOVERNANCE

The Trustees are committed to achieving the highest standards of corporate governance and are working towards adopting the Code of Good Governance for the voluntary and community sector, published by the NCVO in 2010. The Trust has been compliant with best practice on corporate governance standards throughout the year. The following statements explain how the principles of the Charity Good Governance Code have been applied.

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 10 in these accounts on page 89 to 90.

Three groups make up the governance of the Canal & River Trust:

1. Council

Council members are the 'members' of the Trust for company law purposes. The Council helps to shape policy and is there to hold Trustees to account. Whilst the Council does not run the Trust, it has a key role in appointing Trustees and may, if necessary, dismiss them. Its membership of up to 35 reflects the wide appeal of the waterways and includes a mix of elected and nominated individuals together with the thirteen Partnership Chairs. Members are listed on page 111.

The Council meets twice a year. In September 2013 meeting, the Council considered the Visions and priorities being developed by the Partnerships and discussed the Trust's plans for fundraising and winning new resources for the Trust. In March 2014, topics included Encouraging Younger Boaters and discussion about

the development of a Towpath Strategy. All meetings include an update briefing from the Chief Executive followed by questions and answers.

At the Annual General Meeting of the Trust (a meeting of Council) in September 2013, the following Trustees were reappointed following their retirement by rotation:

John Stuart Bridgeman
 Thomas Gerald Franklin
 Antony John Hales
 Simon John Thurley

In addition, Frances Winifred Done, who on the recommendation of the Appointments Committee was appointed a Trustee by the Board of Trustees under Article 22.4 of the Trust Articles of Association to fill a vacancy amongst Trustees, was reappointed as Trustee.

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. 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.

Joint Council and Trustees Appointments Committee

The remit of the Appointments Committee, defined by Article 27 of the Trusts Articles of Association, includes

- management of the recruitment of Trustees and recommendation to the Council for appointments
- appointment of the Partnership Chairs who become members of Council *ex officio*
- identification of co-optees to balance the skills and experience represented on the Council
- periodic review of the Trust Rules in respect of the constituencies represented on the Council and their appointment by nomination or election

During the year the Committee made two co-options to Council. Peter Hugman who brings experience of waterway freight was appointed in September 2013. Keji Okeowo was appointed in September 2013 to strengthen youth engagement but stepped down due to work commitments in March 2014 and was replaced by Chloe Donovan.

Two Chair appointments were made following resignations due to work commitments. Tamsin Phipps was appointed Chair of the Kennet & Avon Partnership following resignation by Fleur de Rhe Philipe, and Steve Rumbelow was appointed Chair of the North West Partnership following Steve Broomhead's resignation.

The Committee also noted the nomination of Paul Owen to represent BCU, to replace Tamsin Phipps, and Cllr Philippa Roe who replaced Cllr Ken Hudson as the member nominated by the Local Government Association.

As a follow up to the elections to the first Council in 2012 the Committee undertook a review of the process including a wide consultation with relevant stakeholders and constituencies. Recommendations to strengthen future elections and representation on the Council will be considered by the Council in September 2014.

The following served on the Appointments Committee during the period:

Trustees

Lynne Berry (Chair)
Tom Franklin
Tony Hales

Council Members

Alison Ward
Clive Henderson
Mark Penny (from 26 March 2014)
Steve Broomhead (to 8 October 2013)

The Joint Appointments Committee reports on its work to the Council at their regular meetings.

2. 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 (under company law) of the Trust, taking collective decisions on policy and overarching strategy and providing oversight of the Chief Executive and executive directors. The Trust's 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 5 of this report.

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 the Chief Executive and 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 page 110.

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. The Chief Executive and executive directors are normally present during Trustee meetings though the Chairman held meetings, or parts of meetings, of the Board of Trustees without the Chief Executive and executive directors present. Trustee meetings are held at different locations around the Trust network 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 Chief Executive and 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 necessary resources for professional development and updating the knowledge and capabilities of the Trustees, Chief Executive 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.

The Board invited Professor Stuart Timperley to conduct a review of the Board's effectiveness, the first independent triennial review of performance. Professor Timperley had discussions with all Board members, the Chief Executive and some executive directors. His findings, which were positive, were discussed with the Chair and in summary by the Board as a whole and some changes agreed from the report and subsequent discussions.

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, 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 the Chief Executive and 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 £20,000 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 3 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. Grant Thornton UK LLP will be considered for reappointment for the period from 1 April 2014 alongside other auditors who have been invited to tender for the role.

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

Lynne Berry
John Bridgeman (Chair to 13/02/2014)
John Dodwell
Frances Done (appointed 12/06/2013; elected Chair from 13/02/2014)
Steve Shine

During the year the Audit Committee reviewed significant areas of risk management and internal control including the effectiveness of internal and external audit, governance in the Trust, the Annual Report and Accounts for 2012-13, data and cyber security, high priority defect notifications, fire safety, customer complaints and the Grant Agreement with Defra.

Investment Committee

The Investment Committee comprises four Trustees and two external voluntary members who are co-opted to the Committee in an advisory capacity by agreement of the Trustees. Its main task is to maintain oversight of the investment strategy of the Trust including property and non-property matters. The Committee monitors the performance of the overall investment portfolio against external benchmarks, reviews policies and strategies and may obtain reports from independent third parties where it considers it appropriate. The Committee has delegated authority from the Board of Trustees to approve investment transactions within defined limits but the authorisation of the largest investment transactions remains with the Board of Trustees. The Committee also keeps under review at each meeting progress on the major joint venture interests.

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

Manish Chande (Chair)
John Dodwell
Tony Hales
Simon Thurley

Additionally, the following voluntary members served with the agreement of the Board of Trustees:

John Bywater
Keith Tilson

During the year, the Investment Committee formulated a new Investment Strategy for the Trust which was subsequently approved by the Board of Trustees. The new Strategy recommended a diversification of the Trust's investment portfolio away from pure property investment to provide some measure of risk protection. Pursuant to this strategy, the Committee selected and appointed Partners Capital to act as managers for the Trust's investment in non-property assets and has in place a plan to achieve the required diversification within a 3 to 5 year period.

The Committee also approved several significant property investments during the year, pursuant to the Trust's strategy to invest in better quality property assets and divest itself of smaller more management-intensive assets.

Remuneration Committee

The Remuneration Committee, comprising four Trustees, has as its main task consideration annually of the performance of the Chief Executive and executive directors and determination of their remuneration levels.

In determining appropriate remuneration packages the Remuneration Committee takes account of the skills and experience required for each of the roles and the remuneration in the sectors from which suitable candidates for such posts would be found. They have taken independent advice as necessary to inform those judgements. They also take account of affordability for the Trust, and the fact that the Trust operates in the charitable sector.

The main task of the Remuneration Committee of the Trust in the year following its commencement of activities was to review the appropriate levels of remuneration for the Chief Executive and the executive directors in the context of the Trust's operations. 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 British Waterways and the affected directors agreed to these changes. The Committee continues to be satisfied that the levels of executive director pay are appropriate to the responsibilities of the posts concerned.

During the year a new Chief Executive was appointed who was recruited externally. The remuneration package of the Chief Executive was set to attract candidates of the necessary high calibre, while taking into account that this is a role as CEO of a charitable Trust.

We wish to pay tribute to the team of executive directors who have developed the Trust's activities following the creation of the Trust in 2012. They have showed great energy, determination and ingenuity to begin the realisation of the Trust's future potential. They are now developing a new operational strategy for the Trust to guide it through its development over the next ten years.

Information on Chief Executive, executive director and senior management remuneration is given in note 5 to the Accounts which adopts the format common to the charitable sector and which follows the requirements of the Statement of Recommended Practice (SORP) for Accounting and Reporting by Charities. The Remuneration Committee is currently considering the recommendations of the Report of the Inquiry into Charity Senior Executive Remuneration by the National Council for Voluntary Organisations (NCVO) which was published in April 2014.

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

Jane Cotton (Chair)
Tom Franklin
Tony Hales
Steve Shine

The Chief Executive and the head of HR attend the Remuneration Committee meetings by invitation to present recommendations and provide technical support but have no input into decisions affecting their own remuneration.

Nominations Committee

The Trustees have a Nominations Committee comprising three Trustees. It provides support and advice to the Trust's 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 (Chair)
Tom Franklin
Tony Hales

3. Partnerships

The thirteen Partnerships form the third component in the governance of the Trust. Eleven are aligned to the operational waterway management units. The Museums & Attractions Partnership does the same for our museums and visitor attractions and the All Wales Partnership is focused on the particular needs and opportunities for the waterways of Wales.

Each Partnership has on average ten members and includes the relevant Waterway Manager or Senior Manager in the case of All Wales and the Museums & Attractions. The Partnership Chairs are appointed by the Joint Appointments Committee. Partnership members are appointed by the Chair of each Partnership, subject to ratification by Trustees.

These Partnerships bring together a range of people with relevant skills, knowledge and expertise to support the Trust. They include boaters and canoeists, walkers, cyclists, anglers, those with experience of business, local authorities, national government, communities, young people, health and well-being, diversity, volunteering, fundraising, conservation and management of the environment and heritage.

During the year each Partnership has been developing their Vision, priorities and Action Plans for their Partnership. These have been subject to wide consultation with stakeholders, a process supported by workshops and public events to gather feedback and contributions. The Plans in draft and once completed are available on the website. Their visions and priorities are being incorporated in the Trust's Vision, strategic goals and business plans.

Chair and Deputy Chair carry out annual reviews with each Partnership Chair and provide feedback on their work. We wish to pay tribute to the leadership of the Partnership Chairs and the work of all members who are giving generously of their time, developing their role with energy and enthusiasm, and widening the base of support and engagement in each of their areas. Members of the Partnerships are listed on Pages 111 to 112.

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.

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 of the directorates' operating plans and are reviewed by the Chief Executive, executive directors and the Trustees. The key risks are subject to regular review by the Chief Executive and 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.

The key risks are assessed to be:

- Safety of customers, contractors, employees and volunteers on the waterways and the general public who can freely access, or who live alongside, our network. The Trust continually improves its safety processes including training, work procedures, signage and communication, regular inspection and maintenance of assets and the development of relevant competencies.
- The main operational risks arise from the maintenance and operation of the waterway infrastructure. Waterway asset condition risk management is achieved through regular inspection, assessment and prioritisation of remedial action of assets with high consequence of failure balanced with essential maintenance work arising from the infrastructure.
- The sustainable generation of funds for the Trust is a risk which is managed by achieving a wide diversification of income sources and investment assets.
- Changes to legislation and regulation can create risks to our resources and operational requirements. Recent examples of such change are the prospective requirements that may emerge from the Water Framework Directive.
- Change to the organisation and/or personnel in the Trust can create risks arising from loss of knowledge, consistency, or failure to adopt new processes. The Trust manages these risks through applying codes of best practice to ensure consistent and safe conduct, fair trading, recognised project control techniques, communication, and at an individual level, regular performance appraisals and personal development plans reflecting the continued priorities of the Trust.
- Assessments in accordance with the Trust's environment and heritage codes of practice are applied to all works undertaken for the purpose of ensuring that the Trust continues to meet its public environmental and heritage obligations

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 relevant risks with the Executive Director team. 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 and a process for staff appraisal and development.

Information and communication

The Chief Executive and 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 (KPIs) is supplied on a bi-monthly basis for in year KPIs and annual basis for annual KPIs to the Board for review. Detailed reports and projections are presented to the Trustees at Board meetings.

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; and
- 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 (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

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

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

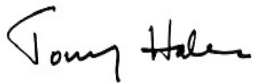
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Trust has a broad range of secure income streams that provide a reliable source of income to fund the Trust's charitable activities. This income is supplemented by 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.

This report (including the Strategic Report) was approved by the Board of Trustees on 17 June 2014 and signed on their behalf by:



T Hales
Chairman

30 June 2014

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

We have audited the financial statements of Canal and River Trust for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Consolidated 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 66, 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 Financial Reporting Council'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 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Carol Rudge

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2014

	Note	Unrestricted funds	Restricted Funds			Total 2013/14	Total 2012/13 *
		£m	Protected Endowment Funds		Income		
			Subsidiaries	Other	Funds		
		£m	£m	£m	£m	£m	
Incoming resources							
Statutory transfer from British Waterways Board	22	-	-	-	-	-	559.5
Net assets and liabilities acquired in The Waterways Trust	23	-	-	-	-	-	(1.1)
Total incoming resources from transfer and acquisition		-	-	-	-	-	558.4
Voluntary income							
Donations		-	-	-	1.2	1.2	0.9
Defra grant funding		39.0	-	-	-	39.0	29.3
Leisure boating and utilities		57.8	5.9	-	-	63.7	49.0
Investment income		29.9	10.8	1.2	-	41.9	31.1
Share of Income from joint ventures	10	-	8.7	-	-	8.7	5.2
Incoming resources from generated funds	2	126.7	25.4	1.2	1.2	154.5	115.5
Waterway infrastructure income		7.2	-	-	-	7.2	4.6
Waterway regeneration and restoration		7.0	-	-	-	7.0	5.1
Museums and attractions		1.1	-	-	-	1.1	0.7
Incoming resources from charitable activities		15.3	-	-	-	15.3	10.4
Other incoming resources		1.5	-	-	-	1.5	1.4
Less: Share of income from joint ventures	10	-	(8.7)	-	-	(8.7)	(5.2)
Total incoming resources before transfer and acquisition		143.5	16.7	1.2	1.2	162.6	122.1
Total incoming resources including transfer and acquisition		143.5	16.7	1.2	1.2	162.6	680.5
Less: Cost of generating funds							
Voluntary income		(2.2)	-	-	-	(2.2)	(1.8)
Leisure boating and utilities		(12.2)	(5.4)	-	-	(17.6)	(14.4)
Investment management		(5.8)	(5.8)	-	-	(11.6)	(12.6)
Cost of generating funds	3	(20.2)	(11.2)	-	-	(31.4)	(28.8)
Net resources available for charitable activities before transfer and acquisition		123.3	5.5	1.2	1.2	131.2	93.3
Net resources available for charitable activities including transfer and acquisition		123.3	5.5	1.2	1.2	131.2	651.7
Resources expended on charitable activities							
Waterway infrastructure maintenance and repairs		(110.2)	-	-	(0.6)	(110.8)	(86.7)
Waterway regeneration and restoration		(9.7)	-	-	-	(9.7)	(7.0)
Museums and attractions		(3.4)	-	-	-	(3.4)	(2.4)
Charitable activities	3	(123.3)	-	-	(0.6)	(123.9)	(96.1)
Governance costs	3	(1.4)	-	-	-	(1.4)	(1.3)
Total resources expended on charitable activities and governance		(124.7)	-	-	(0.6)	(125.3)	(97.4)
Net incoming resources before transfer and acquisition		(1.4)	5.5	1.2	0.6	5.9	(4.1)
Net incoming resources including transfer and acquisition		(1.4)	5.5	1.2	0.6	5.9	554.3
Share of net income from Joint Ventures	10	-	0.6	-	-	0.6	(0.1)
Transfers between funds	15	2.0	(5.7)	3.7	-	-	-
Net incoming resources before other recognised gains and losses		0.6	0.4	4.9	0.6	6.5	554.2
Realised gains on disposal of investment assets		-	0.2	14.0	-	14.2	1.7
Unrealised gains and losses on revaluation of investment assets		-	3.7	24.7	-	28.4	0.4
Taxation charge		-	(0.1)	-	-	(0.1)	0.6
Actuarial (losses) / gains on defined benefit pension scheme	18	-	-	(13.2)	-	(13.2)	3.1
Net movement in funds	15	0.6	4.2	30.4	0.6	35.8	560.0
Fund balances at 1 April 2013	15	20.6	(2.0)	540.7	0.7	560.0	-
Fund balances at 31 March 2014	15	21.2	2.2	571.1	1.3	595.8	560.0

* The comparative year 2012/13 covers the period 12 October 2011 to 31 March 2013. The Trust was not active between 12 October 2011 and 1 July 2012. All activity in the SoFA is in respect of the 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 YEAR ENDED 31 MARCH 2014

	2013/14	2012/13*
	£m	£m
Income		
Statutory transfer from British Waterways Board	-	27.3
Net assets and liabilities acquired in The Waterways Trust	-	(1.1)
	-	26.2
Donations	1.2	0.9
Defra grant funding	39.0	29.3
Leisure boating and utilities	57.8	44.4
Investment income	29.9	23.0
Income from charitable activities	15.3	10.4
Other income	1.5	1.4
Total income	144.7	135.6
Expenditure		
Costs of generating funds	(20.2)	(19.5)
Charitable activities	(123.9)	(96.1)
Governance costs	(1.4)	(1.3)
Total expenditure	(145.5)	(116.9)
Taxation credit	-	0.5
Net income and expenditure before transfers	(0.8)	19.2
Transfer from the protected endowment fund	2.0	2.1
Net income and expenditure after transfers	1.2	21.3

* The comparative year 2012/13 covers the period 12 October 2011 to 31 March 2013. The Trust was not active between 12 October 2011 and 1 July 2012. All activity in the Income and Expenditure Account is in respect of the acquisition on 2 July 2012 and post-acquisition activity.

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.

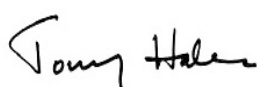
The accompanying notes form part of these financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2014

	Note	Group		Canal & River Trust	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		£m	£m	£m	£m
Fixed assets					
Tangible assets	7	80.4	82.2	61.7	63.2
Heritage assets	8	-	-	-	-
Investments:					
property	9	507.1	468.7	342.3	307.0
subsidiaries	10	-	-	110.9	110.0
joint ventures:					
share of gross assets	10	36.9	35.1	-	-
share of gross liabilities	10	(9.4)	(5.1)	-	-
		615.0	580.9	514.9	480.2
Current assets					
Stocks	11	1.1	1.2	0.8	0.9
Debtors	12	82.0	81.8	81.4	76.7
Investments	1	5.7	-	4.0	-
Cash at bank and in hand		49.1	51.3	33.2	39.2
		137.9	134.3	119.4	116.8
Current liabilities					
Creditors: Amounts falling due within one year	13	(63.4)	(75.8)	(56.0)	(65.2)
Net current assets		74.5	58.5	63.4	51.6
Total assets less current liabilities		689.5	639.4	578.3	531.8
Creditors: Amounts falling due after one year	13	(17.4)	(8.0)	(17.8)	(7.9)
Provisions for liabilities	14	(8.1)	(11.8)	(4.6)	(6.5)
Net assets excluding pension fund (liability)/asset		664.0	619.6	555.9	517.4
Pension fund (liability)/asset	18	(68.2)	(59.6)	13.7	0.3
Net assets including pension fund (liability)/asset		595.8	560.0	569.6	517.7
Funds					
Unrestricted funds:					
General fund		17.1	18.5	17.7	20.7
Designated funds		4.1	2.1	4.1	2.0
Restricted funds:					
Protected endowment funds		573.3	538.7	546.5	494.7
Other restricted income funds		1.3	0.7	1.3	0.3
Total funds	15	595.8	560.0	569.6	517.7

Approved by the Board of Trustees on 17 June 2014 and signed on their behalf by:



T Hales

Chairman

30 June 2014

Company number 7807276

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	2013/14	2013/14	2012/13	2012/13
	£m	£m	£m	£m
Net cash inflow / (outflow) from operating activities		6.3		(1.6)
Returns on investments and servicing of finance				
Interest paid	(0.6)		(0.5)	
Interest received	4.6		3.0	
Net cash inflow from returns on investments		4.0		2.5
Taxation		0.1		1.0
Capital expenditure and financial investment				
Purchase of operational fixed assets	(4.0)		(5.5)	
Purchase of investment property	(22.2)		(17.7)	
Sale of operational fixed assets	0.5		1.6	
Sale of investment property	15.7		12.0	
Net cash outflow from capital expenditure and financial investment		(10.0)		(9.6)
Acquisitions and investments in joint ventures				
Cash acquired on transfer from British Waterways	-		54.3	
Cash acquired on transfer from The Waterways Trust	-		1.3	
Repayment of loans paid to joint ventures	2.8		3.4	
Dividends from joint ventures	0.3		-	
Net cash inflow from acquisitions		3.1		59.0
Management of liquid resources				
Payments into short term deposits		(5.7)		-
Movement in net cash		(2.2)		51.3

The accompanying notes form part of these financial statements.

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

	2013/14	2013/14	2012/13	2012/13
	£m	£m	£m	£m
Net incoming resources before transfer and acquisition		5.9		(4.1)
Items not involving the flow of cash:				
Interest receivable (net)	(4.0)		(2.6)	
Depreciation	5.2		4.4	
Profit on sale of operational fixed assets	(0.2)		(0.3)	
Difference between payments to defined pension scheme and amount charged to expenditure	(4.6)		(2.7)	
		(3.6)		(1.2)
Decrease in stocks		0.1		0.4
Decrease in debtors		11.8		4.9
Decrease in creditors		(4.2)		(3.0)
(Decrease) / increase in provisions		(3.7)		1.4
Net cash inflow / (outflow) from operating activities		6.3		(1.6)

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

	At 1 April 2013	Cash flows	At 31 March 2014
	£m	£m	£m
Cash at bank and in hand	51.3	(2.2)	49.1
Liquid resources	-	5.7	5.7
Loan from Port of London Properties Ltd	(12.9)	-	(12.9)
Net funds	38.4	3.5	41.9

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 (including Strategic Report) on pages 4 to 67 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 annual 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 15 to the accounts.

Comparative period

The comparative year 2012/13 covers the period 12 October 2011 to 31 March 2013. The Trust was not active between 12 October 2011 and 1 July 2012. All activity in the Income and Expenditure Account is in respect of the acquisition on 2 July 2012 and post-acquisition activity.

Basis of consolidation

The Group comprises the Canal & River Trust and its subsidiaries which are set out in note 10 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 2014 and the comparative period.

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 in 2012/13 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 52 of the Trustees' report and in note 15 to these accounts. Reserves are either unrestricted or restricted funds.

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

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

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

The Protected Endowment Fund is a restricted reserve 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 Protected Endowment Fund includes the net value of any unrealised revaluation surpluses that have arisen on the endowment since the transfer and the net value of funds held in reserve for waterway infrastructure asset dowries where such funds have been invested into assets contained within the Protected Endowment. The 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 donor promise is fulfilled (see page 96 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 41 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. Where these agreements are for fixed time periods, revenue is recognised on a straight line basis over the term of the agreement. Sales of water supplied from the Trust's waterway network under a water sales agreement allow access to a continuous supply of water over the period contracted. These are invoiced in arrears and revenue is accrued on a straight line basis on the assumption that water is used at a constant rate.

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 Fund, 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, are eliminated in preparing the consolidated financial statements. Unrealised gains resulting from transactions with joint ventures are eliminated against the carrying value of the investment in the joint venture.

Investment in subsidiaries 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.

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

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

Heritage assets

The Trust has two classes of heritage assets:

a) Waterways infrastructure

The Trust maintains inland waterways that include the assets listed in note 8 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 8 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 or when the sale is unconditional. 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.

Current asset investments

Current asset investments are short-term deposits of cash for terms where the notice period for withdrawal is more than one day.

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 British Waterways Marinas Limited and 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.

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

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

	2013/14	2012/13
	£m	£m
Incoming resources from generated funds includes:		
Donations:		
General donations to the Trust	0.7	0.5
Gifts in kind	0.4	0.3
Legacies	0.1	0.1
Defra grant funding	39.0	29.3
Voluntary income	40.2	30.2
Leisure boating and moorings	32.4	26.4
Income from marinas operated by BWML	6.6	5.2
Utility income and water sales	24.7	17.4
Income from leisure boating and utilities	63.7	49.0
Investment property	36.1	26.8
Interest receivable	3.4	3.0
Premiums earned by Canal & River Reinsurance Ltd	1.2	1.1
Other investment income	1.2	0.2
Investment income	41.9	31.1
Share of income from joint ventures	8.7	5.2
Incoming resources from generated funds	154.5	115.5

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 Kier.

3. TOTAL RESOURCES EXPENDED

	Direct Costs	Support Costs	2013/14	2012/13
	£m	£m	£m	£m
a) Cost of generating funds				
Voluntary income	1.5	0.7	2.2	1.8
Leisure boating and moorings	6.6	2.5	9.1	8.5
Marinas operated by BWML	6.1	-	6.1	4.5
Utility income and water sales	1.6	0.8	2.4	1.4
Investment management costs	9.0	2.6	11.6	12.6
Total cost of generating funds	24.8	6.6	31.4	28.8
b) Charitable activities				
Waterway infrastructure maintenance & repairs	99.9	10.9	110.8	86.7
Waterway regeneration and restoration	8.4	1.3	9.7	7.0
Museums and attractions	2.6	0.8	3.4	2.4
Charitable activities	110.9	13.0	123.9	96.1
Governance	0.8	0.6	1.4	1.3
Total resources expended on charitable activities and governance	111.7	13.6	125.3	97.4

Included within Governance costs are the costs of audit (both internal and external), investment valuation fees, the AGM and Committee costs.

3. TOTAL RESOURCES EXPENDED (CONTINUED)

Auditor's fees and expenses include the following:

	2013/14	2012/13
	£000	£000
Fees payable to the auditors of Canal & River Trust:		
in respect of the charity audit	151	147
in respect of subsidiary audits	39	18
Review of acquisition and charity accounting on transfer from British Waterways	-	49
Other non-audit services	7	17
Total fees payable to auditor	197	231

4. SUPPORT COSTS

	Offices	Finance & IT	Human Resources	Management & Other	2013/14	2012/13
	£m	£m	£m	£m	£m	£m
Voluntary income	0.1	0.2	-	0.4	0.7	0.5
Leisure boating and moorings	0.4	1.3	0.1	0.7	2.5	2.0
Utility income and water sales	0.1	0.3	-	0.4	0.8	0.7
Investment management costs	0.2	1.4	0.1	0.9	2.6	2.2
Waterway infrastructure maintenance & repairs	1.3	4.9	1.0	3.7	10.9	8.8
Waterway regeneration and restoration	0.1	0.4	-	0.8	1.3	1.1
Museums and attractions	0.2	0.4	-	0.2	0.8	0.5
Governance	-	0.2	-	0.4	0.6	0.7
Total support costs	2.4	9.1	1.2	7.5	20.2	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 8 individuals (2013: 5) totalling £9,344 (2013: £5,807).

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

	Group	
	2013/14	2012/13*
	Number	Number
Generating voluntary income	6	7
Generating income from leisure boating and utilities	178	174
Investment management	37	39
Waterway infrastructure maintenance and repair	1,084	1,049
Waterway regeneration and restoration	33	35
Museums and attractions	41	33
Governance	6	8
Support functions	170	167
Total number of persons	1,555	1,512

* In 2012/13 there were no employees in the Trust from 12 October 2011 to 1 July 2012. The average headcount was calculated for the period 2 July 2012 to 31 March 2013.

Total employment costs were:

	Group	
	2013/14	9 months to 31 March 2013
	£m	£m
Wages and salaries	43.6	31.9
Social security costs	3.8	2.8
Defined benefit pension costs	7.1	5.4
Defined contribution pension costs	0.5	0.2
Total employment costs	55.0	40.3

5. EMPLOYEE COSTS (CONTINUED)

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		
	2013/14	9 months to 31 March 2013 Revised*	9 months to 31 March 2013 annualised for comparison purposes
	Number	Number	Number
£60,000 - £70,000	21	12	29
£70,001 - £80,000	18	6	7
£80,001 - £90,000	7	2	10
£90,001 - £100,000	8	1	6
£100,001 - £110,000	-	1	3
£110,001 - £120,000	4	3	-
£120,001 - £130,000	2	1	1
£130,001 - £140,000	1	1	1
£140,001 - £150,000	1	-	3
£160,001 - £170,000	-	1	1
£170,001 - £180,000	1	-	-
£180,001 - £190,000	1	-	1
£190,001 - £200,000	1	-	-
£220,001 - £230,000	-	-	1

* In the nine month period to 31 March 2013 the remuneration values used to calculate the numbers of employees in each range are in respect of the nine month period from 2 July 2012 to 31 March 2013. The numbers in each range have been recalculated to exclude the salary sacrifice deductions in respect of pension fund contributions. The change to the comparative period is minimal, reducing the number of employees earning above £60,000 during the period by 3.

To provide a direct comparison with the 2013/14 employee numbers an additional column has been provided in the table above that annualises the remuneration of employees for the 9 months period to 31 March 2013.

64 (2013: 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 2 (2013: 1) higher paid employee amounted to £6.0k (2013: £2.2k).

On 8 July 2013 Richard Parry joined the Trust as its Chief Executive and receives an annual salary of £175,000. Richard's remuneration for the year, comprised a salary of £131,123 (including car allowance of £6,885), and contributions payments to his defined contribution pension scheme of £7,685.

The remuneration of the previous Chief Executive, Robin Evans, who retired on 31 May 2013, for the year, was £32,500 which comprised two months of an annual salary of £195,000 (9 months to 2013: £146,250), a reduction of £5,947 in his accrued annual pension due from the defined benefits of the Waterways Pension Fund (2013: increase of £1,106) and benefits in kind (including company car) of £1,836 (2013: £8,861).

In the interim period (1 June to 7 July 2013) Vince Moran was acting Chief Executive and his remuneration for the year comprised a salary of £180,838 (including £21,700 in lieu of a pension contribution and £1,522 temporary increased responsibility payment), performance related pay in respect of the period ended 31 March 2013 of £7,750 and benefits in kind (including company car) of £9,536. Mr Moran was the Trust's highest paid employee in the period of this report.

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 in 2012/13 represents adjustments to these brought forward balances.

(Charged) / credited to Statement of Financial Activities

	Group	
	2013/14	2012/13
Tax	£m	£m
Current tax	(0.1)	0.6
Deferred tax	-	-
Total tax	(0.1)	0.6

Corporation tax is calculated at 23% (2013: 24%) of the assessable profits for the period.

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

	Group	
	2013/14	2012/13
	£m	£m
Net Incoming Resources before transfer and acquisition	5.9	(4.1)
Tax (charge) / credit at the UK corporate tax rate of 23% (2013: 24%)	(1.4)	1.0
Tax effect of expenses that are not deductible in determining taxable profits	(0.1)	(0.2)
Current tax over provided in previous years	-	0.6
Charitable income/expenses exempt from tax	1.4	(0.8)
Accelerated capital allowances	0.1	0.1
Losses carried forward	(0.1)	(0.1)
Current tax (charge) / credit	(0.1)	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 were released in 2012/13 as part of the fair value adjustments set out in note 22 to these accounts.

In addition, other deferred tax liabilities previously recognised in British Waterways were derecognised in 2012/13 as a result of the different accounting standards applied by the Trust. The de-recognition of these liabilities forms part of the accounting policy alignment adjustments also set out in note 22.

6. TAXATION (CONTINUED)

A Group company has an unrecognised deferred tax liability of £0.4m (2013: £0.4m) at 31 March 2014. 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 £8.6m (2013: £8.4m) at 31 March 2014. The losses relate to the company's interest in limited partnerships and can only be offset against future trading profits from the relevant partnership.

Corporation tax

	At 1 April 2013	(Repaid) / paid	Current year tax movement	Carried forward at 31 March 2014
	£m	£m	£m	£m
Group				
Corporation tax	0.2	(0.1)	(0.1)	-
Canal & River Trust				
Corporation tax	0.2	-	(0.1)	0.1

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. TANGIBLE FIXED ASSETS

Group	Operational land and buildings		Boats, vehicles, plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	
Cost				
At 1 April 2013	46.9	5.1	34.5	86.5
Transfers to investment property (note 9)	0.3	(0.4)	(0.2)	(0.3)
Additions	0.5	0.1	3.3	3.9
Disposals	-	-	(0.8)	(0.8)
At 31 March 2014	47.7	4.8	36.8	89.3
Depreciation				
At 1 April 2013	0.6	0.2	3.5	4.3
Transfers	-	-	(0.1)	(0.1)
Provision for the period	0.7	0.1	4.4	5.2
Disposals	-	-	(0.5)	(0.5)
At 31 March 2014	1.3	0.3	7.3	8.9
Net book value				
At 31 March 2013	46.3	4.9	31.0	82.2
At 31 March 2014	46.4	4.5	29.5	80.4

7. TANGIBLE FIXED ASSETS (CONTINUED)

Canal & River Trust	Operational land and buildings		Boats, vehicles, plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	
Cost				
At 1 April 2013	36.6	0.3	30.2	67.1
Acquisition of assets from TWT	0.2	-	-	0.2
Transfers to investment property (note 9)	0.1	-	(0.3)	(0.2)
Additions	0.5	0.1	2.7	3.3
Disposals	-	-	(0.8)	(0.8)
At 31 March 2014	37.4	0.4	31.8	69.6
Depreciation				
At 1 April 2013	0.6	-	3.3	3.9
Provision for the period	0.6	-	3.9	4.5
Disposals	-	-	(0.5)	(0.5)
At 31 March 2014	1.2	-	6.7	7.9
Net book value				
At 31 March 2013	36.0	0.3	26.9	63.2
At 31 March 2014	36.2	0.4	25.1	61.7

8. HERITAGE ASSETS

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

The Trust's heritage asset 'principles' 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 and 97 scheduled ancient monuments.

These assets are maintained regularly as an integrated network to ensure that the waterways can be used for 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 (as defined by the Trust's Asset Management Plan) included in the infrastructure property:

8. HERITAGE ASSETS (CONTINUED)

Asset description	Length (km) / number	
	31 Mar 14	31 Mar 13
Canals	2,528km	2,528km
Rivers (1)	550km	550km
Feeders	190km	185km
Towpaths	3,148km	3,148km
Aqueducts	336	337
Bridges – Accommodation	1,651	1,650
Bridges – Public Road	878	883
Bridges – Towpath/Turnover	443	439
Culverts	1,910	1,908
Major cuttings	837	750
Dry docks	20	20
Permitted waste sites (2)	25	28
Major embankments	745	743
Locks	1,583	1,581
Pumping stations (3)	75	72
Reservoirs	73	72
Sluices	510	518
Stop/Safety/Flood Gates	86	84
Tunnels	55	55
Waste weirs, Canal	660	663
River weirs	129	130
Weir-ed locks	84	84
Docks	17	16
Boat lifts (Navigation)	1	1

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

Historic battlefields	9	9
Listed buildings	2,698	2,705
Scheduled ancient monuments	47	50
Sites of Special Scientific Interest (SSSI's)	63	63

- (1) 31 March 2013 length of rivers has been restated due to an error.
- (2) Permitted waste sites are a principal asset and were omitted from the 2013 schedule.
- (3) The apparent increase in pumping stations arises from a change in definition and re-categorisation of assets that are managed as principal assets.

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

Museum artefact collections and archives

The Trust maintains over 15,000 heritage artefacts in its collection and over 100,000 archive records of the construction and operation of the historic waterways. Artefacts and archive records include: tools, machinery, insignia and memorabilia, clothing, decorative arts, paintings, photographs, maps and plans, drawings, business papers and letters dating from the 1780s to the present day. The Trust also maintains a historic fleet of 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.

9. INVESTMENT PROPERTY

	GROUP			CANAL & RIVER TRUST		
	Freehold	Leasehold	Total	Freehold	Leasehold	Total
	£m	£m	£m	£m	£m	£m
Carrying value (market value)						
At 1 April 2013	451.5	17.2	468.7	291.0	16.0	307.0
Transfers from fixed assets (note 7)	0.2	-	0.2	0.2	-	0.2
Additions	22.2	-	22.2	22.4	-	22.4
Disposals	(12.0)	(0.4)	(12.4)	(11.6)	(0.4)	(12.0)
Impairment	(1.5)	-	(1.5)	(1.5)	-	(1.5)
Revaluation	31.1	(1.2)	29.9	27.3	(1.1)	26.2
At 31 March 2014	491.5	15.6	507.1	327.8	14.5	342.3

Investment properties were revalued at 31 March 2014 on an open market value basis by GVA Grimley Limited, a regulated firm of Chartered Surveyors. The carrying value at 31 March 2014 is based upon these valuations.

10. INVESTMENTS

SUBSIDIARIES

CANAL & RIVER TRUST	2013/14	2012/13
Investments in subsidiaries:	£m	£m
Shares at cost less amounts written off:		
At 1 April (2013: at 12 October 2011)	110.0	-
Transfer from The Waterways Trust	0.5	-
Transfer from British Waterways	-	56.7
Additions	1.0	53.3
Reduction in fair value	(0.6)	-
At 31 March	110.9	110.0

Subsidiary undertakings

Canal & River Trust's 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 below) as well as other miscellaneous trading activities.
- Canal & River Pension Investments LP ("SLP"), is a limited partnership registered in Scotland that manages investment property on behalf of the partners. In 2012/13 the Trust invested £33m in the SLP. The Trust exercises sufficient control over the partnership to meet the definition of a subsidiary undertaking in accordance with the Companies Act 2006 s1162 and FRS 2 Accounting for subsidiary undertakings.
- Canal & River Pension Partner Ltd holds an investment in the Canal & River Pension Investments LP from which it derives income. In 2012/13 the Trust invested £19m in this company.
- Canal & River Reinsurance Ltd provides reinsurance to the Trust in respect of property, motor and public liability.

10. INVESTMENTS (CONTINUED)

- 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 2012 (see also note 23). The Waterways Trust operates three waterway related museums and supports fundraising for waterway related activities. The undertakings and assets of The Waterways Trust were transferred to Canal & River Trust on 1 April 2013.

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.

2013/14

The contribution of subsidiary companies to the Trust's funds in the period to 31 March 2014 was as follows:

	Income	Expenditure	Net incoming resources before other recognised gains and losses	Net assets at 31 March 2014
	£m	£m	£m	£m
Canal & River Trading CIC	0.4	(0.2)	0.2	39.4
British Waterways Marinas Ltd	6.6	(6.0)	0.6	14.0
Canal & River Pension Investments LP	9.2	(5.0)	4.2	160.4
Canal & River Pension Partner Ltd	-	-	-	19.0
Canal & River Reinsurance Limited	1.3	(0.6)	0.7	2.2
Other minor subsidiaries	0.9	(1.1)	(0.2)	(2.3)
	18.4	(12.9)	5.5	232.7

2012/13

The contribution of subsidiary companies to the Trust's 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)	-	(1.7)
Canal & River Reinsurance Limited	1.1	(1.5)	(0.4)	1.4
Other minor subsidiaries	-	-	-	0.2
	14.7	(12.7)	2.0	226.6

10. INVESTMENTS (CONTINUED)

JOINT VENTURES

GROUP	2013/14	2012/13
	£m	£m
Investments in joint ventures:		
At 1 April (2013: at 12 October 2011)	30.0	-
Transfer from British Waterways	-	33.5
Loans made	-	0.1
Loans repaid	(2.8)	(3.5)
Share of revenue profits / (losses)	0.6	(0.1)
Dividends paid	(0.3)	-
At 31 March	27.5	30.0

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

	31 Mar 2014	31 Mar 2013
	£m	£m
Fixed assets	0.1	0.1
Current assets	36.8	35.0
Share of gross assets	36.9	35.1
Current liabilities	(9.4)	(5.1)
Share of gross liabilities	(9.4)	(5.1)
Share of net assets	27.5	30.0

The Group's share of incoming resources from joint ventures was £8.7m (2013: £5.2m) and share of resources expended was £8.1m (2013: £5.3m). All income arises from investment in property developments.

Investments in joint ventures

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

	Accounting period end date used in these accounts	Profit/ (loss) for the year*	Equity interest held**	Main activity
		£m	%	
Joint ventures				
Isis Waterside Regeneration LP	31 Dec 13	(0.4)	49.50%	Property development
City Road Basin Ltd	31 Dec 13	-	49%	Property development
H2O Urban LLP	31 Dec 13	1.0	50%	Property development
Paddington Basin Business Barges Ltd	31 Dec 13	-	49%	Office management

* 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.

11. STOCKS

	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Raw materials	0.7	0.7	0.7	0.8
Finished goods and goods for resale	0.4	0.5	0.1	0.1
	1.1	1.2	0.8	0.9

12. DEBTORS

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Trade debtors	19.5	19.9	17.6	16.8
Amounts owed from Group undertakings	-	-	6.6	3.9
Prepayments and accrued income	10.6	12.4	5.5	6.6
Deferred consideration agreements	19.8	9.0	19.8	9.0
Loan notes	31.5	39.7	31.5	39.7
Value added tax	-	-	-	0.2
Corporation tax	-	0.2	0.1	0.2
Other debtors	0.6	0.6	0.3	0.3
	82.0	81.8	81.4	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. During the year loan notes to the value of £8.25m were repaid. The balance of loan notes at 31 March 2014 due for repayment totalling £31.5m carries fixed interest of 6.3% per annum and are redeemable in three annual tranches with the last maturing on 30 September 2015. However, the Trust has opted at 26 March 2014 to call for redemption of all loan notes on 3 months' notice.

13. CREDITORS

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Loan from Port of London Properties Ltd	-	12.9	-	12.9
Trade creditors	8.8	10.0	8.6	8.7
Taxation and social security	0.2	1.3	0.2	1.3
Amounts owed to other Group companies	-	0.3	0.3	-
Accruals	12.0	13.5	8.7	8.8
Deferred income	33.7	31.5	30.0	27.8
Value added tax	2.1	0.3	2.1	-
Other creditors	6.6	6.0	6.1	5.7
	63.4	75.8	56.0	65.2

13. CREDITORS (CONTINUED)

Amounts falling due after more than one year	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Loan from Port of London Properties Ltd	12.9	-	12.9	-
Deferred income	1.7	1.7	1.7	1.7
Other creditors	2.8	6.3	3.2	6.2
	17.4	8.0	17.8	7.9

The £12.88m loan from Port of London Properties Ltd is at a floating rate of interest being 1% above the Bank of England base rate. The loan was unsecured as at 31 March 2014 but there is an outstanding commitment to the lender to provide security to a value that is satisfactory to the lender. The POLP loan is repayable in January 2019.

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 2014, Group share of total bank borrowings in joint ventures was £4.1m (2013: £4.0m).

14. PROVISIONS FOR LIABILITIES

Group	At 1 April 2013	Paid	Charged	Released	At 31 March 2014
	£m	£m	£m	£m	£m
Personal injury claims	1.0	(0.4)	1.8	(0.7)	1.7
Third party contractual claims	0.3	(0.1)	0.3	(0.1)	0.4
Redundant property	1.0	-	-	(0.4)	0.6
Operational property repairs	1.4	(0.5)	-	-	0.9
Canal & River Reinsurance	3.9	(0.8)	0.6	(0.2)	3.5
Other provisions	4.2	(2.2)	0.2	(1.2)	1.0
	11.8	(4.0)	2.9	(2.6)	8.1

Canal & River Trust	At 1 April 2013	Transferred from TWT	Paid	Charged	Released	At 31 March 2014
	£m	£m	£m	£m	£m	£m
Personal injury claims	1.0	-	(0.4)	1.8	(0.7)	1.7
Third party contractual claims	0.3	-	(0.1)	0.3	(0.1)	0.4
Redundant property	1.0	-	-	-	(0.4)	0.6
Operational property repairs	-	1.4	(0.5)	-	-	0.9
Other provisions	4.2	-	(2.2)	0.2	(1.2)	1.0
	6.5	1.4	(3.2)	2.3	(2.4)	4.6

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 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.

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.

15. MOVEMENT IN FUNDS

Group	Unrestricted Funds		Restricted Funds				Total
	General Fund	Designated Funds	Protected Endowment Funds			Restricted Income Funds	
			Subsidiaries	Asset Dowry Funds	Other		
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	18.5	2.1	(2.0)	50.6	490.1	0.7	560.0
Net incoming resources (including joint ventures)	(1.4)	-	6.1	-	1.2	0.6	6.5
Gift aid receivable and dividends from subsidiaries*	5.7	-	(5.7)	-	-	-	-
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-	-
Other transfers between funds*	(0.2)	-	-	(0.1)	0.3	-	-
Pension Fund transfer*	(3.5)	-	-	-	3.5	-	-
Other recognised gains and losses	-	-	3.8	-	25.5	-	29.3
As at 31 March 2014	17.1	4.1	2.2	50.5	520.6	1.3	595.8

Canal & River Trust	Unrestricted Funds		Restricted Funds				Total
	General Fund	Designated Funds	Protected Endowment Funds		Restricted Income Funds		
			Subsidiaries	Asset Dowry Funds		Other	
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	20.7	2.0	-	50.6	444.1	0.3	517.7
Transfer from The Waterways Trust	-	0.1	-	-	-	0.4	0.5
Net incoming resources	(2.7)	-	-	-	3.7	0.6	1.6
Gift aid receivable and dividends from subsidiaries *	5.7	-	-	-	-	-	5.7
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-	-
Other transfers between funds*	(0.2)	-	-	(0.1)	0.3	-	-
Pension Fund transfer*	(3.5)	-	-	-	3.5	-	-
Other recognised gains and losses	(0.3)	-	-	-	44.4	-	44.1
As at 31 March 2014	17.7	4.1	-	50.5	496.0	1.3	569.6

* see description of 'Transfers between funds' below

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

Endowment Fund

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

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

General Fund

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

15. MOVEMENT IN FUNDS (CONTINUED)

Pension Accumulation Designated Fund

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

Restricted Income Fund

The Restricted Income Fund comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied. The purpose of each restricted fund is set out in the notes to the financial statements. Restricted donations of less than £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 Income Funds

Fund Name	Balance 1 Apr 13 £000	Transfers and Acquisitions £000	Incoming Resources £000	Resources Expended £000	Balance 31 Mar 14 £000
CRT objectives fund	165	-	901	(404)	662
Specific Project Funds					
<i>Funds transferred from The Waterways Trust:</i>					
Thames Ahead Events	121	-	26	-	147
Cotswold Appeal	39	-	8	-	47
Youth Volunteering	27	-	-	(1)	26
Lancaster Northern Reaches	21	-	-	-	21
Entrust Projects	19	-	-	-	19
Birmingham Heartlands	19	-	-	-	19
North West Projects	17	-	-	-	17
Wild Over Water	13	-	3	-	16
Burnley Canal Communities	14	-	-	-	14
Green Fund	12	-	-	-	12
Education within Museums	13	-	-	(6)	7
Renaissance Awards	12	-	-	(12)	-
<i>Canal & River Trust funds:</i>					
Hedgerow Action Plan	-	-	50	(1)	49
National Canal Flood Appeal	-	-	32	-	32
Give a vole a home along the Rufford Canal	25	-	-	-	25
Memorial Benches	-	-	31	(7)	24
Grantham Canal Legacy	-	-	19	-	19
Swing Bridge at Wyken Basin	15	-	-	(10)	5
Build Bird Nests and Fish refuges along the River Lee	-	-	14	(14)	-
Trent and Mersey Breach Emergency Appeal	22	-	2	(24)	-
Postles Bridge Restoration	-	-	50	(50)	-
Other Specific Project Funds	118	-	34	(34)	118
Total Group	672	-	1,170	(563)	1,279

15. 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. The funds have been committed to the purpose of the specific appeal or the restricted fund. Funds will be recorded as expended when they are transferred to meet the relevant expenditure being incurred.

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

Restricted funds with a balance of less than £10,000 are shown in one aggregate total as "Other Specific Project Funds". In 2013/14 there were 82 (2013: 70) separate funds within this total.

CRT objectives fund

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

16. ANALYSIS OF NET ASSETS BY FUND

Net assets are analysed between funds as follows:

Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 31 March 2014	Total 31 March 2013
	£m	£m	£m	£m	£m
Tangible fixed assets	24.7	-	562.8	587.5	550.9
Investments	-	-	27.5	27.5	30.0
Net current assets	3.9	1.3	69.3	74.5	58.5
Creditors – amounts falling due after more than one year	(2.5)	-	(14.9)	(17.4)	(8.0)
Provisions	(4.6)	-	(3.5)	(8.1)	(11.8)
Pension liability	(0.3)	-	(67.9)	(68.2)	(59.6)
Total net assets	21.2	1.3	573.3	595.8	560.0

Canal & River Trust	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 31 March 2014	Total 31 March 2014
	£m	£m	£m	£m	£m
Tangible fixed assets	25.0	-	379.0	404.0	370.2
Investments	0.5	-	110.4	110.9	110.0
Net current assets	4.3	1.3	57.8	63.4	51.6
Creditors – amounts falling due after more than one year	(3.1)	-	(14.7)	(17.8)	(7.9)
Provisions	(4.6)	-	-	(4.6)	(6.5)
Pension (liability) / asset	(0.3)	-	14.0	13.7	0.3
Total net assets	21.8	1.3	546.5	569.6	517.7

17. 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:

	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Leasehold properties				
Length of lease remaining:				
Within one year	0.1	-	0.1	-
Within two to five years	0.1	0.5	0.1	0.5
In more than five years	1.0	1.8	0.9	1.0
	1.2	2.3	1.1	1.5

During the period £1.6m (2013: £1.4m) was charged to the SoFA in respect of leasehold property rentals.

	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
Leasehold plant and equipment				
Length of lease remaining:				
Within one year	0.6	-	0.6	-
Within two to five years	0.4	1.4	0.3	1.3
In more than five years	-	-	-	-
	1.0	1.4	0.9	1.3

During the period £1.5m (2013: £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 £34.3m (2013: £27.4m) and was £27.7m (2013: £20.6m) in the Canal & River Trust. The value of rents receivable for 2012/13 have been amended from those published in last year's accounts to include lease agreements omitted from the calculation in error.

18. PENSION AND OTHER POST - RETIREMENT BENEFITS

	Group		Canal & River Trust	
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13
	£m	£m	£m	£m
(a) Pension fund (deficit) / surplus	(67.9)	(59.4)	14.0	0.5
(c) Other post-retirement benefits	(0.3)	(0.2)	(0.3)	(0.2)
Employee benefits	(68.2)	(59.6)	13.7	0.3

(a) Pension fund (deficit) / surplus – defined benefit pension

The Trust is the Principal Employer of a funded defined benefit pension scheme known as the Waterways Pension Fund (“WPF” or the “Scheme”). It remains open to future accrual for employees of the Trust and other participating employers who commenced employment before 1 April 2011, from which date it was closed to new members. From 1 April 2011 onwards all benefits accruing 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 2013. As at that date the market value of the Scheme’s assets (excluding members’ additional voluntary contributions) amounted to £448.4m and the value placed upon the benefits that had accrued to members was £464.2m. The Scheme was therefore £15.8m in deficit and 97% funded on an on-going basis. The market value of the Fund’s investment in Canal & River Pension Investments LP (see below for more details) is included within the valuation of the Fund’s assets. In addition, the Fund’s Recovery Plan allows for the full potential payment due in 2031 in respect of this investment, which is not fully valued in the Fund’s assets, and so the Fund’s Trustees require no further contributions to meet the shortfall.

The contribution rates for future service accrual were reviewed by the Scheme actuary as part of the 2013 triennial valuation and will increase by 2%. It is proposed that this increase will be shared between the active members and the employer at 15% (previously 14%) for the employer and 8% (previously 7%) for the employee. These rates will take effect from 1st August 2014 subject to consultation with employees. 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.

The next triennial actuarial valuation will be carried out as at 31 March 2016.

On 9 July 2012, the Trust made a special contribution of £106m to the WPF pursuant to the creation of a pension funding partnership with the Trust. The Scheme invested £106m in Canal & River Pension Investments LP, a limited partnership registered in Scotland. The Scheme will remain invested in this partnership 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 valuation deficit in the Scheme at that time, with a minimum value of £0.01m, as assessed by the Scheme Actuary on a Technical Provisions basis. The Scheme is entitled to an annual distribution income from this investment of £5m per annum. In the year to 31 March 2014 the Scheme received £5.0m of income from the partnership investment.

An accounting judgement has been taken that the Scheme’s interest in the partnership, which is a subsidiary of the Trust, does not represent a plan asset for the purposes of the Group consolidated accounts because it is a financial instrument issued by the Group and therefore, has not been taken into account in arriving at the Group pension scheme deficit presented in the Group consolidated financial statements. The exclusion of the Scheme’s interest in the partnership from the Scheme’s assets results in a deficit of £67.9m in the Group accounts.

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 2013 and updated to 31 March 2014 by Barnett Waddingham LLP, professionally qualified Scheme Actuary. The Trust has incorporated 100% of the liabilities of the Scheme, as the liability for any deficit arising in respect of other participating employers is either immaterial to the accounts or is dealt with by contractual arrangements outside the Scheme.

18. PENSION AND OTHER POST - RETIREMENT BENEFITS (CONTINUED)

The key assumptions used are as follows:

	31 Mar 14	31 Mar 13
Discount rate	4.6%	4.6%
Long-term expected return on scheme assets	5.7%	5.5%
Rate of increase in salaries	3.0%	3.0%
Rate of increase for majority of pensions in payment and deferred pensions*	2.6%	2.6%
Rate of CPI inflation	2.6%	2.6%
Tax free cash	Members are assumed to take 18% of their pension as tax free cash	Members are assumed to take 18% of their pension as tax free cash
Post retirement mortality assumption	105% of S1PMA (males) 110% of S1PFA (females) CMI 2013 model Long-term rate of improvements 1.25%	105% of S1PMA (males) 110% of S1PFA (females) CMI 2009 model Long-term rate of improvements 1.25%

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

	31 Mar 14	31 Mar 13
Male currently aged 43	25.5	25.6
Female currently aged 43	27.6	27.5
Male currently aged 63	23.7	23.7
Female currently aged 63	25.6	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 0.1%	Decrease/increase by 1.7%
Rate of inflation	Increase/decrease by 0.1%	Increase/decrease by 1.3%
Rate of salary growth	Increase/decrease by 0.1%	Increase/decrease by 0.2%
Rate of mortality	Change long-term improvement rate to 1.5% pa	Increase by 1.1%

18. PENSION AND OTHER POST - RETIREMENT BENEFITS (CONTINUED)

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

	Group	
	Year to 31 March 2014	Period to 31 March 2013
	£m	£m
Transfer from British Waterways	-	(65.3)
Current service cost	(7.1)	(5.4)
Interest cost	(19.2)	(12.3)
Expected return on assets	20.4	12.4
Past service costs	-	(0.1)
Amount charged within net incoming resources	(5.9)	(70.7)
Actuarial gains and losses	(13.2)	3.1
Amount charged within net movement in funds	(19.1)	(67.6)

Amounts recognised in the balance sheet at 31 March 2014 and the expected future rates of return on scheme assets were:

	Rates of return		Group		CRT	
	2014	2013	2014	2013	2014	2013
	%	%	£m	£m	£m	£m
Equities	7.0	7.0	158.2	154.0	158.2	154.0
Index linked gilts	3.5	3.0	53.2	64.5	53.2	64.5
Corporate bonds	4.6	4.6	78.2	80.0	78.2	80.0
Property funds	-	-	35.8	-	35.8	-
Diversified growth funds	7.0	7.0	20.3	28.5	20.3	28.5
Investment in Canal & River Pension Investments LP	4.6	4.6	-	-	81.9	59.9
Other growth assets	7.0	7.0	10.8	27.7	10.8	27.7
Cash	2.6	2.6	5.4	7.6	5.4	7.6
Total fair value of assets			361.9	362.3	443.8	422.2
Present value of scheme liabilities			(429.8)	(421.7)	(429.8)	(421.7)
(Deficit) / surplus in the scheme			(67.9)	(59.4)	14.0	0.5

The expected return on equities and other growth assets at 7% per annum is around 3.5% above current long term gilt yields. The expected return on gilts and bonds reflects current market yields for gilts and corporate bonds.

The actual return on the Scheme's assets during the period was a £5.1m gain (2013: £36.1m gain) for the Group and a £1.6m loss (2013: £10.0m loss) for the Trust.

18. PENSION AND OTHER POST - RETIREMENT BENEFITS (CONTINUED)

FRS17 requires all Scheme assets to be valued at fair value for accounting purposes. As at 31 March 2014, the fair value of the Scheme's investment in the partnership was £81.9m. The valuation assumptions required for accounting purposes, under FRS17 differ from the assumptions used for the Scheme's technical provisions funding assumptions, and as a result, under FRS17, the Scheme valuation shows a surplus position at 31 March 2014.

Under the terms of the partnership agreement and the Scheme Trust Deed, the Trust is unable to recover any surplus that may arise on the Scheme through reductions in future contributions to the Scheme or through a refund from the Scheme.

Changes in scheme assets

	Group		CRT	
	2013/14	2012/13	2013/14	2012/13
	£m	£m	£m	£m
At 1 April (2012/13 : at 12 October 2011)	362.3	-	422.2	-
Transfer from British Waterways	-	329.1	-	329.1
Expected return on scheme assets	20.4	12.4	24.5	16.4
Principal employer contributions *	10.6	8.2	10.6	114.2
Other employer contributions	-	0.3	-	0.3
Member contributions	0.1	0.2	0.1	0.2
Benefits paid and expenses	(16.2)	(11.6)	(16.2)	(11.6)
Actuarial gain / (loss)	(15.3)	(23.7)	2.6	(26.4)
At 31 March	361.9	362.3	443.8	422.2

* The value of principal employer contributions in the Trust in 2012/13 includes £106m that the Scheme has subsequently invested in the pension funding partnership which is explained earlier in this note on page 99.

Changes in scheme liabilities

	Group & CRT	
	2013/14	2012/13
	£m	£m
At 1 April (2012/13 : at 12 October 2011)	(421.7)	-
Transfer from British Waterways	-	(394.4)
Current service cost	(7.1)	(5.4)
Current service costs funded by member contributions	(0.1)	(0.5)
Past service cost	-	(0.1)
Interest cost	(19.2)	(12.3)
Benefits paid and expenses	16.2	11.6
Actuarial gain / (loss)	2.1	(20.6)
At 31 March	(429.8)	(421.7)

18. PENSION AND OTHER POST - RETIREMENT BENEFITS (CONTINUED)

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

	Group		CRT	
	2013/14	2012/13	2013/14	2012/13
	£m	£m	£m	£m
At 1 April (2012/13 : at 12 October 2011)	(59.4)	-	0.5	-
Transfer from British Waterways	-	(65.3)	-	(65.3)
Expenses recognised in SoFA	(5.9)	(5.4)	(1.8)	(1.4)
Contributions	10.6	8.2	10.6	114.2
Actuarial gain /(loss) recognised in SoFA	(13.2)	3.1	4.7	(47.0)
At 31 March	(67.9)	(59.4)	14.0	0.5

History of experience gains and losses

	Group		CRT	
	2013/14	2012/13	2013/14	2012/13
	£m	£m	£m	£m
Present value of defined benefit obligation	(429.8)	(421.7)	(429.8)	(421.7)
Fair value of scheme assets	361.9	362.3	443.8	422.2
(Deficit) / surplus	(67.9)	(59.4)	14.0	0.5
Experience losses on scheme liabilities	(0.8)	(1.2)	(0.8)	(1.2)
Changes in assumptions used to value scheme liabilities	2.9	(19.4)	2.9	(19.4)
Experience adjustments on scheme assets	(15.3)	23.7	2.6	(26.4)

(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 in these accounts. There were no material amounts owing or prepaid at 31 March 2014.

(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 190 (2013: 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 2014 by independent qualified actuaries using discount rates consistent with those required for pension liabilities under FRS17.

Movement in provision during the period	Group & CRT	
	2013/14	2012/13
	£m	£m
Provision at 1 April 2013 (2012/13 : at 12 October 2011)	(0.22)	-
Transfer from British Waterways	-	(0.21)
Expenses recognised in SoFA	(0.01)	(0.01)
Contributions	0.03	0.02
Actuarial loss recognised in SoFA	(0.06)	(0.02)
Provision at 31 March	(0.26)	(0.22)

19. CAPITAL COMMITMENTS

Capital expenditure for which the Trust had contracted at 31 March 2014 was £0.7m (2013: £2.9m) of which £nil (2013: £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 2014 was £nil (2013: £5.1m).

20. CONTINGENT LIABILITIES

Contingent liabilities arising from third party claims, valued at £0.6m (2013: £0.7m), are not included in the balance sheet as it is not considered likely that the amounts will fall due for payment.

21. 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 arm's length basis, required disclosure:

	Amount receivable during the period to 31 March 14	Amount receivable / (payable) at 31 March 2014
	£m	£m
Property sales and investment activity with joint ventures	0.9	(0.5)
Other significant transactions with joint ventures	0.3	0.1
	1.2	(0.4)

There were no related party transactions between the Trust and any of the Trustees or executive directors during the period. The table above excludes capital and loan investments in joint ventures which are detailed in note 10 in these accounts. 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 10 to these accounts.

22. 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 prior period in accordance with FRS6 *Acquisitions and Mergers*. Further details of the transfer can be found on page 40 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 previous period ended 31 March 2013. This fair value has also been 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.

(1) Accounting policy alignment adjustments included the following:

- The book value of assets and liabilities in BW were 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 include the de-recognition of the liability for deferred tax on investment properties totalling £65.1m.
- The Trustees reviewed the accounting policies for the Trust in accordance with the SORP and believed it was 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.

(2) The Trustees undertook a fair value review on all the assets and liabilities acquired from BW. It was an extensive exercise and 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 included the de-recognition 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 was 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	Period
	31 March 2012	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 for the previous period ended 31 March 2013 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 23 below. The post-acquisition Waterways Trust activities are not significant to the results as a whole.

23. 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 was accounted for as an acquisition in the prior period 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 was included in the SoFA as a reduction in incoming resources during the previous period ended 31 March 2013. This fair value was also 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.

- (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 was therefore removed from the fair value of the acquisition of TWT.
- (2) The Trustees undertook a fair value review on all the assets and liabilities acquired for TWT. This included 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 was not practicable to separate post acquisition results for TWT from the Canal & River Trust SoFA as many TWT activities had 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.

The undertakings and assets of The Waterways Trust, a wholly owned subsidiary of Canal & River Trust, were transferred to Canal & River Trust on 1 April 2013.

GLOSSARY OF FINANCIAL, WATERWAY AND FUND 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	<i>Accounting and Reporting by Charities: Statement of Recommended Practice Charities SORP 2005</i> – 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.
Embankment	Assets	A major embankment is a constructed earth structure where surrounding natural ground level is at least 3m below water level for a continuous length of at least 200m, or greater than 6m at any point.
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.
Lock	Assets	Structure designed to raise/lower boats on a waterway by operation of lock gates. May be found singly or in flights. In a staircase flight the top gates of one lock form the bottom gates of another.
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	These 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
Stop/Safety/Flood Gates	Assets	Gate spanning waterway or river, that exist for emergency retention of water or to protect property from flooding, including tidal fluctuations.
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.
Weir	Asset	Weir whose purpose is to convey surplus water away from the canal. A weir on a river navigation is used to create and maintain an adequate depth of water for navigation.

Trustees, Council, Waterways Partnerships and Advisory Group Members

Lynne Berry OBE

Currently Chair of the Commission to the Voluntary Sector and Ageing, Lynne is founder of Public Benefit, an associate of Civil Exchange and a Non-Executive Director of Cambridge University Hospitals Foundation Trust. Lynne is a Senior Fellow at CASS Business School, City University London and has held a number of Chief Executive posts and served on many Government bodies including the Office of Civil Society Advisory Board and several Better Regulation Taskforces.

John Bridgeman CBE TD DL

Former British Waterways board member and Vice-Chairman of the board. John has held a number of Chief Executive posts and was Director General of Fair Trading and a member of the Monopolies and Mergers Commission. John is currently Regulator Director and a pensions 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 has been in the real estate business for nearly thirty years and is Senior Partner of Mountgrange, a private real estate group. Previous posts include board member of Land Securities plc, Chief Executive of Trillium, a company he co-founded, and Chief Executive at Imry Merchant Developers. Manish originally trained as a Chartered Accountant and is a member of the Institute of Chartered Accountants in England & Wales and a Fellow of the Royal Institute of Chartered Surveyors. Manish has also been a Trustee of English Heritage and The London Clinic.

Jane Cotton

Jane has been Human Resources Director and Deputy Chief Executive of Oxfam for the past 12 years. Prior to this, she worked in Departments of Transport and Environment in both policy and human resources roles and has held Resources Director posts at the Charity Commission and the Department of Environment, Transport and the Regions.

John Dodwell

John 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), has been a charity trustee (including dealing with investments) and has been a member of the Inland Waterways Association

since 1961 (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

Formerly Chair of the Youth Justice Board for England and Wales, Frances has held a number of Chief Executive posts including at Rochdale Metropolitan Borough Council and Manchester 2002 (the company responsible for organising Manchester Commonwealth Games). Frances was also Managing Director for Local Government, Housing and Criminal Justice at the Audit Commission and interim Director General of the Royal British Legion. A keen boater, Frances was also chair of The Waterways Trust from 2003 – 2012.

Tom Franklin

Tom is Chief Executive of Think Global. Previously he was Chief Executive of the Ramblers and of Living Streets. Tom also spent twelve years as a local authority councillor, including a period as council leader and is a member of the Independent Panel on the future direction of forestry and woodland policy in England.

Tony Hales CBE (Chair)

Formerly Chairman of British Waterways, Tony is also a Non-Executive Director of Capital and Regional plc and Chairman of NAAFI Pension Fund Trustees. Previous posts include 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 Trustee of Welsh National Opera and of Services Sound and Vision Corporation.

Simon Thurley

Simon is an historian specialising in English architectural history and has written many books and presented television programmes on the subject. Currently he is Chief Executive of English Heritage. Previous posts include Curator of the Historic Royal Palaces and Director of the Museum of London.

Steve Shine OBE

Steve was Thames Water's Chief Operating Officer and member of the Main Board from 2007 – 2012. Previous roles include Managing Director of London Electricity Contracting, a member the Executive Board of London Electricity (Later EDF) and Managing Director of 24Seven, a joint-venture he helped form between Eastern Electricity and London Electricity. Steve was also CEO of SGB UK. He was awarded the OBE by the Queen for services to industry.

Council

In addition to the members listed below, the thirteen Partnership Chairs also sit on Council.

Co-Opted Members

Chloe Donovan	Youth Volunteer Services
Peter Hugman	Freight

Elected Members

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

Nominating Organisations

Peter Brown	Railway & Canal Historic Society
Martyn Brunt	Sustrans
David Gibson	Ramblers
Rafid Al Khaddar	Society for the Environment
David Kent	Angling Trust
Mike Palmer	Waterway Recovery Group
Paul Owen	British Canoeing
Philippa Roe	Local Government Association
Charles Trotman	Country Land & Business Association
Alison Ward	Welsh Local Government

Partnerships:

All Wales	Mark Lang (Chair)
	David Collins
	Donna Coyle
	Andrew Dakin
	Ruth Hall
	Christina Harrhy
	Dawn Roberts
	David Swallow
	Russell Todd
Central Shires	Charlotte Atkins (Chair)
	Harry Arnold
	Will Chapman
	Judith Harris
	Brian Hull
	Beryl McDowall
	Andy Oughton
	Phil Prettyman
	Geoff 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
	Andrew Harry
	Alistair Millington
	Ken Oliver
	Ian Williamson
London	Sir Brian Fender (Chair)
	Judith Adams
	Terry Ariss
	Sacha Austin
	Angela Clarke
	Jim Crooks
	Simon Pitkeathley
	Michael Polledri
	Geraldene Wharton
	Ray Whitehouse

Manchester & Pennine	Walter Menzies (Chair)
	Tayo Adebowale
	Ian Banks
	Graham Birch
	David Champness
	Chris Findley
	Lynda Jubb
	Keith Sexton
	Nigel Stevens
	Jon Stopp
	Iain Taylor
	Mark Turner
Museums & Attractions	Laurence Newman (Chair)
	John Alderson
	Patricia Bayley
	Emma Chaplin
	Jeff Fairweather
	Brenda Harvey
	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
	Trevor Roberts
	Peter Scott
	Ken Taylor
North Wales & Borders	Jim Forrester (Chair)
	Belinda Davenport
	Gillian Edwards
	Bill Furniss
	Chris Koral
	Helen Paterson
	Alan Platt
	Jane Staley
	Steve Stamp
North West	Steve Rumbelow (Chair)
	Trisha Buzzard
	Barry Cole
	Ken Hudson
	Mike Macklin
	Richard McIlwain
	John Roff
	Audrey Smith
	Susan Stevens
	Tim Webber

South East	John Best (Chair)
	Ken Atack
	Ann Davies
	Cath Fincher
	Kerry Foster
	Lynda Payton
	Dick Pilkinton
	Chris Stanley
	Andrew Taylor

South Wales & Severn	Jack Hegarty (Chair)
	Julian Atkins
	Lois Frances
	Edward Helps
	Phil Hughes
	Alasdair Kirkpatrick
	Robert Moreland
	Robert Pearce
	Jan van der Elsen
	David Wheeler

West Midlands	Peter Mathews CMG (Chair)
	Stephen Burt
	Ivor Caplan
	David Caunt
	Anne Cranston
	Karen Creavin
	Len Cresswell
	Nick Crombie
	Keren Jonse
	Jim Matthias
	Ben Seal
	Vaughan Welch
	Neil Wyatt

Advisory Groups:

Angling	David Kent (Chair)
	Eric Bootland
	Rod Bracey
	John Castle
	Dave Crookes
	Peter Fieldhouse
	John Johnson
	Dick Pilkinton
	Dave Turner
	Glyn Williams
	Terry Wright

Arts on the Waterways	Jonathan Watkins (Chair)
	Ian Banks
	Tamsin Dillon
	Claire Doherty
	Mark Dunhill
	Deirdre Figueiredo
	Manick Govinda
	Keith Khan
	Marianne McNamara
	Judith Palmer
	Megan Piper
	Lleucu Siencyn
	Tracy Warr
	Sarah Weir

Environmental	Penny Anderson (Chair)
	Martin Baxter
	Alison Crofts
	Rob Cunningham
	Mike Dobson
	Colin Fenn
	Rob Jarman
	Rafid Al Khaddar
	Bruce Lascelles
	Arlin Rickard
Freight	David Quarmby (Chair)
	Mike Garratt
	Mark Grimshaw-Smith
	James Hookham
	David Lowe
	Heather McLaughlin
Heritage	Ian Wainwright
	Sir Neil Cossons (Chair)
	Alan Baxter
	Peter Brown
	Edward Holland
	Stephen Hughes
	Jane Kennedy
Laurence Newman	
John Yates	
Navigation	
Sub-Group: Operations	Michael Carter (Chair)
	John Baylis
	Martyn Brunt (Observer)
	Malcom Blundell
	Sue Cawson
	Kevin East
	David Fletcher
	David Gibson (Observer)
	Ian Harrison
	Tamsin Phipps (Observer)
	Vaughan Welch (Observer)
Sub-Group: Moorings/Licensing	Mike Annan (Chair)
	Paul Le Blique
	Ann Farrell (Observer)
	Clive Henderson (Observer)
	Timothy Nelson Parker
	Beryl McDowall
	Mark Walton
Volunteering	Justin Davis-Smith (Chair)
	Georgia Boon
	Rosie Cotgreave
	Gennie Franklin
	Chris Kay
	Mike Palmer
	Jon Stopp
Helen Trimbrell	
Youth Engagement	Chloe Donovan (Chair)
	Gillian Bolt
	Jon Boagey
	Danny Brennan
	Hugo Brookes
	Andrew Chalnor
	Sarah Edwards
Prof Nicholas Gair	

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 year. 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):

M Adams	Derbyshire County Council	Merseyside Pension Fund
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L Atkin	Friends of Gloucester Waterways	National Museum Liverpool
Barnfield Construction	G C Gibson Charitable Trust	Natural England
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Bury Council	High Speed Two (HS2) Ltd	Peter A Richards
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Cheshire West & Chester	Kirklees Metropolitan Borough Council	Riba NW
Community Development Foundation	Lancashire County Council	Ribble Canoe Club
Countryside Council For Wales	Lancashire Environment Fund	Rochdale Metro Borough Council
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	London Borough Of Hillingdon	Scarborough Developments (Salford)
	London Legacy	Shropshire County Council
	Malmaison Liverpool	Shropshire Union Canal Society
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	S Marsh	SITA
	Melton Borough Council	SITA Kirklees

Slough Borough Council

Somerset County Council

South Kesteven District Council

South Lakeland Dist Council

Spa Mill Project

Staffordshire County Council

Staffordshire Wildlife Trust

I Stewart

Stoke on Trent City Council

Sustrans

Tate Liverpool

Thames Rivers Trust

The Boat Museum Society Ltd.

The Forestry Commission

The Inland Waterways Association

The National Waterways Museum

The Saintbury Trust

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Executive Team

Richard Parry, Chief Executive (from 8 July 2013)
Robin Evans, Chief Executive (to 31 May 2013)
Nigel Johnson, Corporate Services Director (to 31 December 2013)
Stuart Mills, Property & Enterprise Director
Vince Moran, Technical & Operations Director (acting Chief Executive from 1 June to 7 July 2013)
Philip Ridal, Finance Director
Simon Salem, Marketing Director

The Trust's Advisors

Bankers:

Natwest Bank Plc
City of London Office
PO Box 122581
Princes Street
London
EC2R 8PA

Independent auditors:

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
West Yorkshire
LS1 4BN

“ I most enjoy **volunteering** alongside **wonderful people** who have a sense of **pride in their work** ”

– Robert Bullock, Towpath Taskforce volunteer



Canal & River Trust

First Floor North
Station House
500 Elder Gate
Milton Keynes
MK9 1BB

T: 0303 040 4040

E: customer.services@canalrivertrust.org.uk

🐦 [@CanalRiverTrust](https://twitter.com/CanalRiverTrust)

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Cover Image: Stourport Basin

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All information correct at the time of printing.