Financial Statements British Waterways Marinas Limited

For the year ended 31 March 2017

Registered number: 4930453

Company Information

Directors	Darren Bramhall Brian Casey Sandra Kelly Alan Lloyd Julie Sharman (resigned 20 June 2017) Jeff Whyatt
Company secretary	Yetunde Salami
Registered number	4930453
Registered office	First Floor North Station House 500 Elder Gate Milton Keynes Buckinghamshire MK9 1BB
Bankers	National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8PH
Solicitors	Shoosmiths LLP Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ

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For the year ended 31 March 2017

Principal activity

The principal activity of the company during the year was that of marina operations.

Business review

Our key performance indicators show a return on average capital employed of 7.3% (2016: 4.6%) using operating profit as the return. Using EBITDA, the return increased to 16.0% (2016: 13.1%) as a result of the improved trading performance.

Currently we manage an average total of 3,061 (2016: 3,127) saleable water and hardstanding berths (including visitor berths) across the 19 (2016: 19) sites from which we operate. These are split into 2,638 (2016: 2,722) water berths and 423 (2016: 405) hardstanding berths. The reduction in berths is due to the disposal of Goytre Wharf during April 2016.

Our revenue performance by each of our main business activities is shown below:

	2017	2016	2015
	£000	£000	£000
Moorings (including hardstanding)	**5,919**	5,455	5,194
Retail	**601**	610	619
Brokerage Fees	**294**	214	176
Marina Services (repairs & lifting)	**177**	177	162
Caravan Permits	**326**	332	244
Property Rents	**238**	230	219
Other Income	**529**	512	502
Total	**8,084**	7,530	7,116

Overall income has increased by 7.4% on 2016. In the same period, operating profit has increased by 57.3%, primarily driven by moorings occupancy rising throughout the year, with most regions contributing to this growth, such that average occupancy has risen to 77.9% (2016: 75.1%).

Retention levels have continued to strengthen, 2017 finishing at 76.6% overall (2016: 74.0%). This has resulted from increasing customer satisfaction levels and increasing engagement across most marinas.

Brokerage revenues have improved mainly due to stronger sale on berth fees which account for £170k (2016: £94k), the majority of this driven through our London marinas.

Other Income has been positively impacted by increased recovery of electricity costs, which has been possible due to the ongoing investment in new bollards and payment efficiencies.

BWML is a wholly owned subsidiary of Canal & River Trust ("the Trust") and operates in accordance with the Trust's Competition Law Compliance Code of Practice. One of the principles of that Code is that all services related to the Trust's role as network operator that are provided to BWML by the Trust are on terms that are available to other marina operators or, where no equivalent service is offered to other operators, on terms that reflect their full economic cost including apportioning of overheads.

Strategic report
For the year ended 31 March 2017

Various operating measures are in place to ensure that BWML complies with this Code which include paying the Trust for the supply of accounting, payroll and pension services and the open market rents for marinas that are leased from the Trust. In the year ended 31 March 2017 the following payments were made to the Trust:

Property rents	£979k	(2016: £853k)
Service level agreements	£187k	(2016: £181k)

During the year BWML paid gift aid to its parent company of £1,825k, £950k which relates to profits earned in the year ended 31 March 2017 and £875k relating to profits earned in the year ended 31 March 2016.

BWML employs 70 (2016: 72) full time equivalent staff throughout the company. Staff remain a key factor in the effective performance of the business, and help to deliver long term growth of the business. The directors would like to thank the staff for their continuing efforts without which the company would not continue to prosper.

Results and dividends

The profit before taxation for the year was £893,369 (2016: £573,949) Profits after taxation amounted to £970,276 (2016: £591,780).

Future Developments

BWML continues to drive for maximum return from its existing marinas.

During spring 2017 planning applications for an additional 165 residential berths across six marinas were submitted. Four marinas have been granted planning to date and the remaining two are expected to be granted by the summer. This will bring the number of residential berths to 718, 29% of the total.

Priory Marina (Bedford) which received outline planning permission for 12 residential floating homes in 2016 is now part of an enlarged scheme where we are seeking to deliver five lodges alongside. Selected sites will be reviewed for floating homes once Priory has been converted.

Schemes at four other marinas are focused on increasing berthing capacity for both visitor and permanent moorers. Planning permissions are expected to be submitted by autumn 2017.

Principal risks and uncertainties

The main risks to the company are:

Competition risk
The company is exposed to competition risk, both from existing marina operators and proposed new developments in the vicinity of our marinas. Management seek to reduce this risk through continuously improving the customer offering and delivering high levels of customer service.

Credit risk
In order to manage credit risk, the directors have instituted a process at each of its marina sites of a review of all customer accounts by a credit control team each month with individual customer accounts being subject to debt collection action where necessary on a regular basis regarding debt ageing and collection history.

Strategic report

For the year ended 31 March 2017

Cash/stock

Cash from customers is handled at our marinas and a number of sites carry stock for resale which carries risk. Management ensure that appropriate control procedures are in place to manage these risks.

Liquidity risk

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Regular cashflow reviews are undertaken by directors to ensure future commitments can be met. BWML funding where necessary is via share capital issued to its holding company the Trust. Such investments by the Trust are made in accordance with its corporate hurdle rate and business objectives.

Interest rate risk

An overdraft has been arranged within the year. However, the directors do not consider the company's exposure to interest risk to be material, even with the overdraft facility.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 July 2017 and signed on its behalf.

J Whyatt
Director

Directors' report

For the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 directors of the company are of the opinion that there are adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties at the year end. This opinion is supported by detailed forecasts on cashflow. As such it is deemed appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors' report
For the year ended 31 March 2017

Directors

The directors who served during the year were:

Darren Bramhall
Brian Casey
Sandra Kelly
Alan Lloyd
Julie Sharman
Jeff Whyatt

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 12 July 2017 and signed on its behalf.

Jeff Whyatt
Director

Independent auditor's report to the members of British Waterways Marinas Limited

We have audited the financial statements of British Waterways Marinas Limited for the year ended 31 March 2017 which comprise the balance sheet, the profit and loss account, the statement of changes in equity 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors 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 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/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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 matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

Independent auditor's report to the members of British Waterways Marinas Limited

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London
Date: 12 July 2017

Profit and loss account

For the year ended 31 March 2017

	Note	**2017** £	2016 Restated £
Turnover	1,2	**8,084,256**	7,529,543
Administrative expenses		**(6,930,757)**	(6,687,068)
Impairment of intangible assets (goodwill)	3,8	**(217,495)**	(247,513)
Operating profit	3	**936,004**	594,962
Interest receivable and similar income		**8,557**	8,587
Losses on disposal of tangible assets		**(51,192)**	(29,600)
Profit on ordinary activities before taxation		**893,369**	573,949
Tax on profit on ordinary activities	7	**76,907**	17,831
Profit for the financial year		**970,276**	591,780

All amounts relate to continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

Balance sheet

As at 31 March 2017

	Note	£	2017 £	£	2016 Restated £
Fixed assets					
Intangible assets	8		**1,276,452**		1,582,284
Tangible assets	9		**10,043,841**		10,987,799
			11,320,293		12,570,083
Current assets					
Stocks	10	**171,466**		167,577	
Debtors	11	**2,404,870**		2,456,941	
Cash at bank and in hand		**2,996,655**		2,740,994	
		5,572,991		5,365,512	
Creditors: amounts falling due within one year	12	**(4,749,871)**		(4,916,434)	
Net current assets			**823,120**		449,078
Total assets less current liabilities			**12,143,413**		13,019,161
Creditors: amounts falling due after more than one year	13		**(22,364)**		(43,388)
Net assets			**12,121,049**		12,975,773
Capital and reserves					
Called up share capital	14		**2,116**		2,116
Share premium account			**11,158,884**		11,158,884
Profit and loss account			**960,049**		1,814,773
Shareholders' funds			**12,121,049**		12,975,773

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Whyatt
Director
Date: 12 July 2017

The notes on pages 11 to 21 form part of these financial statements

Statement of Changes in Equity

	Called up Share Capital £	Share Premium £	Profit and loss account £	Total £
Balance at 1 April 2015 as previously stated	**2,116**	**11,158,884**	**1,383,992**	**12,544,992**
Increase in profit	-	-	800,000	800,000
Tax charge	-	-	(160,999)	(160,999)
As at 1 April 2015 (restated)	**2,116**	**11,158,884**	**2,022,993**	**13,183,993**
Profit for the financial year	-	-	591,780	591,780
Gift Aid payment in respect of prior year	-	-	(800,000)	(800,000)
At 31 March 2016	**2,116**	**11,158,884**	**1,814,773**	**12,975,773**
Opening reserves as previously reported	**2,116**	**11,158,884**	**1,207,941**	**12,368,941**
Increase in profit – prior year	-	-	750,000	750,000
Tax charge			(143,168)	(143,168)
As at 1 April 2016 (restated)	**2,116**	**11,158,884**	**1,814,773**	**12,975,773**
Profit for the financial year	-	-	970,276	970,276
Gift Aid payment in respect of prior year	-	-	(875,000)	(875,000)
Gift Aid payment in respect of current year	-	-	(950,000)	(950,000)
Closing reserves	**2,116**	**11,158,884**	**960,049**	**12,121,049**

Notes to the financial statements

For the year ended 31 March 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

BWML is a private limited company incorporated in England.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As a member of a group where the parent prepares publicly available consolidated financial statements, the company is a qualifying entity and has therefore taken exemptions from presenting a cashflow statement and a key management personnel disclosure.

1.2 Going concern

The directors of the company are of the opinion that there are adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties at the year end. This opinion is supported by detailed forecasts on cashflow. As such it is deemed appropriate to continue to adopt the going concern basis in preparing the financial statements.

1.3 Significant judgements and key sources of estimation uncertainty

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

a) Trade debtors

BWML is required to judge when there is sufficient objective evidence to require the impairment of individual trade debtors. It does this on the basis of the age of the relevant debtor, external evidence of the credit status of the counterparty and the status of any disputed amounts.

b) Useful economic lives of operational fixed assets

Assets held by BWML are depreciated from acquisition based on their useful economic life, so to write-off the cost of the asset less any residual value (if any). Judgement is required to assess the length of this life, and this is evaluated based on past experience, asset classification and condition reviews. Depreciation rates for classes of assets are reviewed annually, to ensure they remain appropriate with reference to external and internal factors, including the level of proceeds (and resulting profit/losses) recognised on disposal of such items. Value in use calculations are also performed annually for marinas where there is considered a risk of impairment.

c) Goodwill

As per the goodwill note, management are required to make judgements on the calculation of value in use of the company's assets to determine any potential impairment in goodwill. Management make use of independent evidence and their own understanding of future performance to make these judgements.

Notes to the financial statements

For the year ended 31 March 2017

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102, section 7.

1.5 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer as follows;

a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards are transferred to the customer.

b) Rendering of services

i) Mooring & Hardstanding permits
These are invoiced in advance and revenue is recognised on a deferred basis over the term of the contract.

ii) Property Rents
Revenue is generally invoiced monthly or quarterly in advance and recognised over the lease period.

iii) Brokerage Fees
Revenue is recognised on the transfer of title to the buyer of the craft.

iv) Marina Services – (Repairs and Lifting)
Charges for these services are rendered upon completion of the service and recognised at that point.

1.6 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is amortised over a period of 20 years, being management's reasonable expectation of the minimum length of time over which future economic benefits can be derived. An impairment review is also undertaken annually, using external evidence, and any impairment necessary is recognised in that year.

Notes to the financial statements

For the year ended 31 March 2017

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, over their expected useful lives on the following straight line bases:

Long leases	The unexpired lease term
Freehold buildings and structures	40 years
Pontoons & redecking	25 years
Vessels	25 years
Major power & water upgrades	25 years
Fencing & sheds	15 years
Plant, facilities, cranes & hoists, bollards	10 years – 25 years
Security CCTV/access controls	10 years
Minor power upgrades	10 years
Operational vehicles, computer & office equipment	5 years

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1.9 Stocks

Stock comprises retail items held for resale within individual marinas. Stocks are valued at the lower of cost and net realisable value after making allowance for obsolete and slow-moving stocks.

1.10 Pensions

The company participates in the two pension schemes of its parent company, the Trust. The schemes are centrally administered and one is a defined benefit scheme, which was closed to future benefit accrual in September 2016, and the other a defined contribution scheme. New employees are invited to join the latter.

It is not possible for the scheme to identify the company's share of the underlying assets and liabilities of the defined benefit scheme and therefore, in accordance with FRS 102 section 28, contributions to this scheme are accounted for as though it were a defined contribution scheme.

1.11 Gift Aid

Gift aid is declared out of retained profits and profits earned for the year and the company has adopted a policy of paying all its taxable profits to its parent, Canal & River Trust, under Gift Aid, recognised as distributions through equity rather than as an expense through the profit and loss account in the company. Therefore, an operating profit exists at the balance sheet date, on which a tax liability arises.

Notes to the financial statements

For the year ended 31 March 2017

This represents a change in accounting policy and has been accounted for as a prior period adjustment. The taxation charge and the taxation relief under the gift aid scheme are reflected in the profit and loss account.

Canal & River Trust is a UK registered charity formed in 2012 to care for 2,000 miles of historic inland waterways across England and Wales.

1.12 Taxation Accounting

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

2. Turnover

The whole of the turnover is attributable, either directly or indirectly, to the one principal activity of the company and all arose within the UK.

3. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Impairment of intangible assets (goodwill)	**217,495**	247,513
Amortisation of intangible assets (goodwill)	**88,337**	70,313
Depreciation of tangible fixed assets:		
- owned by the company	**723,115**	722,700
Operating lease renewals:		
- plant and machinery	**26,936**	45,245
- land and buildings	**691,821**	697,187

4. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	**15,000**	15,000

Notes to the financial statements
For the year ended 31 March 2017

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	**1,824,704**	1,723,804
Social security costs	**164,016**	137,796
Other pension costs	**218,391**	180,909
	2,207,111	2,042,509

The average monthly number of employees (on an FTE basis), including the directors, during the year was as follows:

	2017 No.	2016 No.
Full time	**56**	56
Part time	**14**	16
	70	72

6. Directors' remuneration

	2017 £	2016 £
Remuneration	**225,279**	215,210

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of the defined benefit pension scheme, and 1 (2016: 1) director in respect of the defined contribution pension scheme. The defined benefit scheme closed to future accrual on 30 September 2016 for employees of the Trust and other participating employers.

The highest paid director received remuneration of £95,947 (2016 - £98,087).

7. Taxation

	2017 £	2016 Restated £
Analysis of tax credit		
Current tax (see note below)		
UK corporation tax charge on profit in the year	**66,261**	143,168
Tax relief on gift aid paid in year	**(143,168)**	(160,999)
Total current tax on profit on ordinary activities	**(76,907)**	(17,831)

Factors affecting tax credit for the year

The tax assessed for the year is less than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**893,369**	573,949
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	**178,674**	114,790
Effects of:		
Expenses not deductible for tax purposes	**2,232**	561
Movement in unprovided deferred tax	**(39,922)**	(1,385)
Fixed asset differences	**100,062**	45,179
Chargeable gains/losses	**16,950**	-
Adjustments to tax charge in respect of prior period	-	(15,977)
Donation to parent made under the gift aid scheme utilised 2017	**(191,735)**	-
Prior year: tax relief obtained on gift aid payment	**(143,168)**	(160,999)
Total current tax charge/(credit) for the year	**(76,907)**	(17,831)

The company does not recognise a deferred tax liability on the basis that any such liability would be utilised for group relief.

Notes to the financial statements
For the year ended 31 March 2017

10. Stocks

	2017	2016
	£	£
Finished goods and goods for resale	**171,466**	167,577

11. Debtors

	2017	2016
	£	£
Due within one year		
Trade debtors	**2,224,750**	2,033,954
Prepayments and accrued income	**180,120**	422,987
	2,404,870	2,456,941

12. Creditors:
Amounts falling due within one year

	2017	2016 Restated
	£	£
Trade creditors	**87,596**	341,614
Amounts owed to group undertakings	**1,286,053**	1,565,428
Corporation tax payable	**66,261**	143,168
Other taxation and social security	**13,705**	11,127
Other creditors	**59,118**	234,338
Accruals and deferred income	**3,237,138**	2,620,759
	4,749,871	4,916,434

13. Creditors:
Amounts falling due after more than one year

	2017	2016
	£	£
Other creditors	**3,925**	3,925
Accruals and deferred income	**18,439**	39,463
	22,364	43,388

14. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
2,116 Ordinary Shares of £1 each	**2,116**	2,116

15. Capital commitments

At 31 March the company had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	**45,965**	26,456

16. Pension commitments

The company participates in the two centrally administered pension schemes of its parent company, the Trust, one defined benefit and one defined contribution. The defined benefit scheme closed to future accrual on 30 September 2016 for employees of the Trust and other participating employers

It is not possible for the scheme to identify the company's share of the underlying assets and liabilities of the defined benefit scheme and therefore, in accordance with FRS 102 section 28, contributions to this scheme are accounted for as though it was a defined contribution scheme.

17. Operating lease commitments

At 31 March the company had total commitments under non-cancellable operating leases as follows:

	Land and buildings		**Other**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Operating Leases which expire:				
Within 1 year	**691,821**	697,187	**2,334**	11,218
Between 2 and 5 years	**2,767,283**	2,788,747	**-**	4,805
After more than 5 years	**15,636,049**	15,930,825	**-**	-

Notes to the financial statements

For the year ended 31 March 2017

18. Related party transactions

For the year ended 31 March 2017, the company paid rent totalling £979,193 (2016: £853,316), service level agreement charges totalling £187,041 (2016: £181,382) and gift aid of £1,825,000 (2016: £800,000) to the Trust. The business also received commissions for the sale of craft licences on behalf of the Trust totalling £4,688 (2016: £6,917). At 31 March 2017 amounts totalling £1,286,053 (2016: £1,565,428) were owed to the Trust.

19. Ultimate parent undertaking and controlling party

The ultimate parent company is Canal & River Trust. A copy of the financial statements of the parent undertaking can be obtained from First Floor North Station House, 500 Elder Gate, Milton Keynes, Buckinghamshire, MK9 1BB.

20. Post balance sheet events

There were no post balance sheet events requiring disclosure.

21. Restatement of Prior Year Comparative Balances

The company has adopted a policy of paying all taxable profits to its parent, Canal & River Trust, under gift aid. These gift aid payments are recognised as distributions through equity rather than as an expense through the profit and loss account.

This represents a change in accounting policy, as referenced in our accounting policies and has been accounted for as a prior year adjustment, with a corporation tax creditor created. It has also reduced the intercompany creditor with Canal & River Trust with distributions now recognised on payment.

As a result of the change in accounting policy for gift aid, a UK corporation tax credit of £76,907 has arisen in the company in the year (2016: tax credit of £17,831).

In accordance with the requirements of FRS102, a reconciliation of opening reserves and comparative profit and loss is disclosed:

	Profit and Loss Account 2016	**Profit and Loss Account** 2015
	£	£
Balance prior to restatement at 31 March	1,207,941	1,383,992
Increase in profit	750,000	800,000
Tax Charge	(143,168)	(160,999)
Restated Balance at 31 March	**1,814,773**	**2,022,993**

Notes to the financial statements

For the year ended 31 March 2017

8. Intangible fixed assets

	Goodwill 2017 £
Cost	
At 1 April 2016	3,064,297
Disposals	(710,000)
As at 31 March 2017	**2,354,297**
Amortisation	
At 1 April 2016	1,482,013
Disposals	(710,000)
Charge for the year	88,337
Impairment charge	217,495
At 31 March 2017	1,077,845
Net book value	
At 31 March 2017	**1,276,452**
At 31 March 2016	1,582,284

9. Tangible fixed assets

	Freehold property £	L/Term leasehold property £	Plant & machinery £	Total £
Cost				
At 1 April 2016	2,559,024	5,479,815	6,793,773	14,832,612
Additions	85,385	308,180	557,860	951,425
Disposals	(911,648)	(92,064)	(833,267)	(1,836,979)
Transfer between classes	-	(71,743)	71,743	-
At 31 March 2017	**1,732,761**	**5,624,188**	**6,590,109**	**13,947,058**
Depreciation				
At 1 April 2016	247,907	1,162,857	2,434,049	3,844,813
Charge for the year	22,889	293,218	407,008	723,115
Disposals	(244,283)	(65,767)	(354,661)	(664,711)
Transfer between classes	-	-	-	-
At 31 March 2017	**26,513**	**1,390,308**	**2,486,396**	**3,903,217**
Net book value				
At 31 March 2017	**1,706,248**	**4,233,880**	**4,103,713**	**10,043,841**
At 31 March 2016	2,311,117	4,316,958	4,359,724	10,987,799

The impact on the profit and loss is as follows:

	Profit and loss
	£
Loss prior to restatement for year to 31 March 2016	(176,051)
Gift aid deferred to 2016/17	750,000
Reduction in corporation tax liability	17,831
Restated profit at 31 March 2016	**591,870**