



Canal &
River Trust

Annual Report

Trustees' Annual
Report & Accounts
2015/16

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2015-2016

Trustees' Annual Report & Accounts



Canal & River Trust



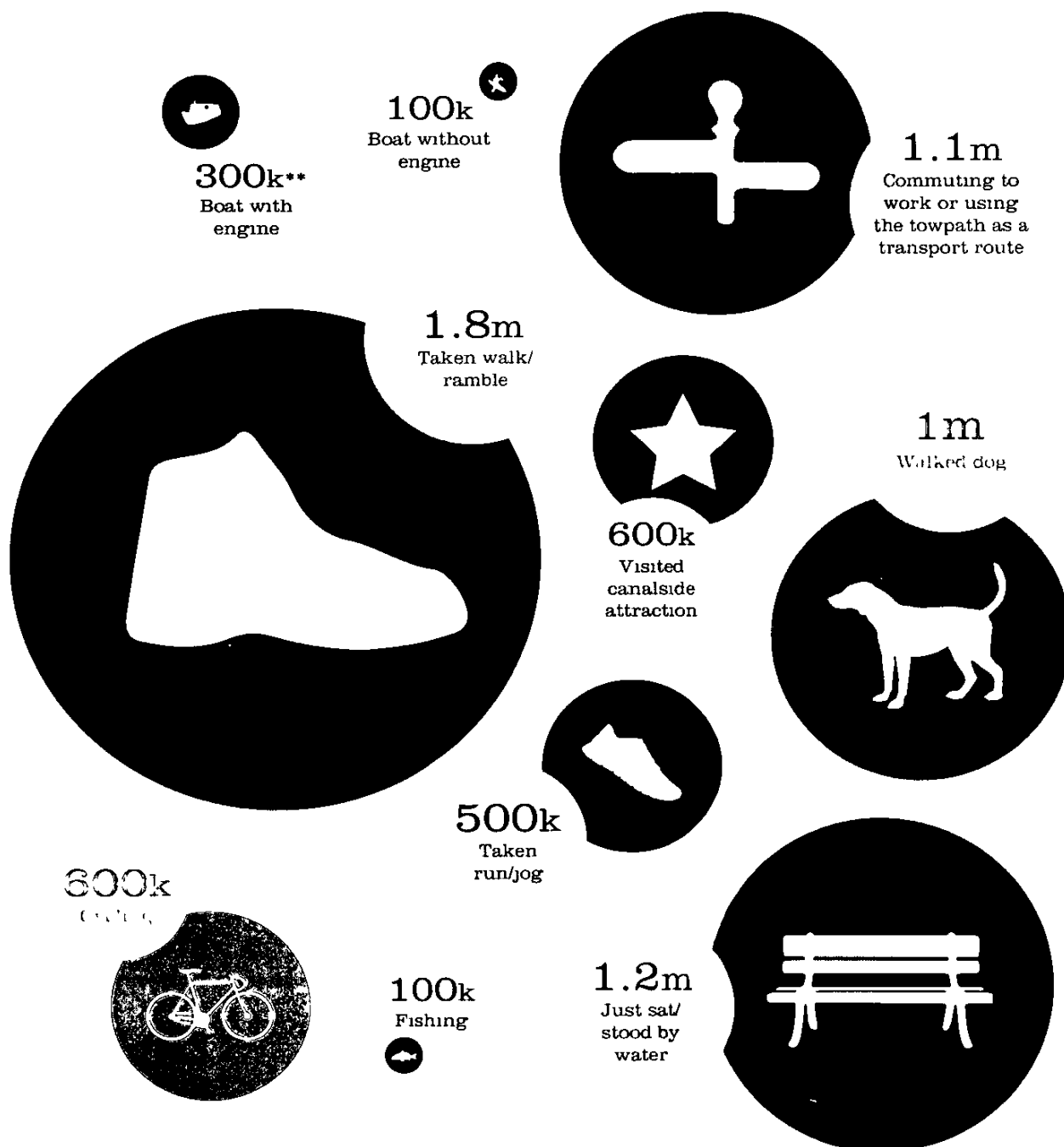
“We come outside every lunch break for a walk and to breathe in the nature along the canal. When we’re here we get everything off our minds – we get rid of all the stresses of the day. We just love the sparkle on the water’s surface when the sun is shining like it is today.”

Anne & Jean, Monmouthshire & Brecon Canal
Humans of the Waterways

4.4m

During a typical two-week period 4.4million people visit one of our waterways. Some may only use the waterways once, others may visit most days walking their dog or commuting to work.

Below are some of the most common activities and the number of people taking part*.



* An individual is only counted once in the 'total' figure, they may however have done more than one thing during their visit

** Includes trip boats, hire boats and friends/family members accompanying a licence holder on a private boat

Source: Waterway Engagement Monitor 2015/16 conducted on behalf of the Canal & River Trust by BDRCL Continental. The WEM is a year-round online survey amongst a representative sample of 11,500 adults (15+) across England and Wales.

What does the population think about canals?

85%

of the population think canals are peaceful and relaxing



86%

of the population agree that canals are an important part of the nation's heritage



71%

of the population agree that canals are an important part of local communities



70%

of the population believe canals are good places for taking exercise



88%

of the population agree that canals are an important habitat for nature and wildlife



78%

of the population think canals offer somewhere to escape from the pressures of everyday life



71%

of the population believe canals help make the cities, towns and villages along them better places to live



82%

of the population recognise canals need to be regularly repaired to keep them open



..... Visitors' experience

83%

of visitors rate their overall enjoyment as good or excellent



69%

of visitors say they are definitely or probably likely to recommend a visit to friends or family



72%

of visitors rate the condition of towpaths as good or excellent



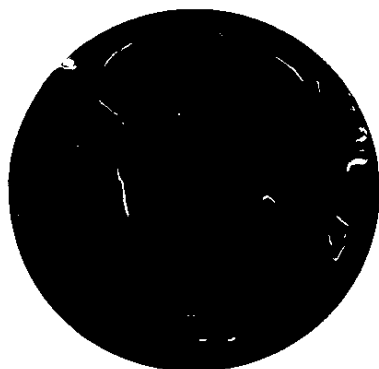
Annual Report 2015/16

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Introduction from the chair

Allan Leighton



In September last year I took on the role of chair of the Canal & River Trust. I am passionate about Britain and our great institutions. I have chaired the Royal Mail and I chair the Co-op, both in and for the communities in which they operate. As chair of the Canal & River Trust I see our network of canals and river navigations in the same light, part of the fabric of our history and our nation today.

I succeeded Tony Hales CBE – who had served a decade as chair, first of British Waterways for seven years and then, for three years as chair of the Canal & River Trust. The transformation that Tony achieved is remarkable, his amazing energy driving the idea of the Trust into reality and then launching it vigorously. He passes on an extraordinary legacy – a word that is often misused, but not, I believe, in this instance.

We are blessed with the legacy of pioneering industrial revolutionaries, entrepreneurs, engineers and 'navigators' who dreamt and toiled the network into existence. We are indebted to the legacy of impassioned volunteers, dedicated enthusiasts and campaigners, who fought to save the waterways in the 20th century and reverse their decline. And we build on the legacy of those like Tony who had the foresight to create the Trust and secure the greatest opportunity to secure the future of our canals and river navigations in well over a century.

This is a wonderful inheritance, but it is also a challenge. What legacy should we, the current custodians of 2,000 miles of historic waterways, seek to leave?

For me, our vision is a powerful guide – living waterways that transform places and enrich lives. This is not the vision of a cautious backward-looking organisation, but rather, one with a deep-seated sense of purpose and a bold ambition for the canals and rivers it cares for, and for the people and communities that it benefits.

As this report shows, we are already making considerable progress. With a 50% growth in the number of community canal adoptions this year to nearly 150, of every shape and size, an 88% approval rating from our growing band of volunteers – now giving nearly half a million hours of their time, a wider diversity of supporters from all ages and backgrounds, and partnerships with organisations as diverse

as the Arts Councils, Natural England, The Scout Association, Help for Heroes and Rolls Royce – as well as numerous local authorities, charitable trusts and local canal societies facilitated via our established Waterway Partnerships in every region.

We have a dedicated and professional workforce which has started to embrace change, earn new friends and generate new sources of income, and which responded magnificently in the face of adversity, not least when the dreadful floods hit large parts of the north of England on Boxing Day. I salute their commitment.

So we build on solid foundations, but we are only just at the start of our journey.

I believe we are uniquely positioned to deliver positive social impact across the country. We can be amongst the most inclusive organisations in Britain, with 25 million people, from all backgrounds and demographics, right on our doorstep. Our 2,000 miles of accessible and free towpath can help create happier, healthier, more prosperous communities. Our presence in so many post-industrial towns means we can play a part in attracting investment, supporting regeneration, and building cohesion where it is most needed. We can be local on a national scale, reflecting the richness and diversity of England and Wales today.

Talk of decline is in the past, the challenge for me now, and for my successors in the future, is to ensure that our waterways are so woven into the hearts, minds and lives of the public they serve that they never again face the threat of closure and they can instead fulfil their incredible potential to yield greater public good. This year has seen us continue confidently along that path.

Allan Leighton

4 July 2016

Introduction from the chief executive

Richard Parry



2015/16 – the third full year since the Canal & River Trust's launch in 2012 – has been another significant year, in which our progress has continued and our impact has grown. This report highlights a number of our achievements over the course of these past twelve months as we work towards realising our ten year strategy, launched a year ago. It is, however, the extensive and rich local engagement that speaks most clearly of the progress we are making, as our waterways establish their place at the heart of communities up and down the country.

Financially, we saw our first year of increased grant from Defra, fixed in our contract. This enabled us to increase our expenditure on the waterways by around 8%, with our overall asset condition measures continuing to improve. Our commercial and investment income has continued to grow, notwithstanding the exceptional performance we achieved in 2014/15, as we seek to strengthen and diversify our financial resources.

Our education, youth and volunteer programmes have seen substantial increases and our fundraising effort has also continued to grow. We secured more third party funding – largely for towpath improvement works that benefit millions of people – but also for significant navigation improvements such as the restoration of Carpenters Road Lock in London's Olympic Park, part-funded by the Heritage Lottery Fund.

There was less unplanned disruption for boaters, though the devastating impact of the winter floods on several of our navigations in the north of England over Christmas left a massive amount of work to do. As ever, out of adversity has come much that is positive as communities have rallied to clean up and repair their local waterway and towpath.

It has been a major year of change internally also. As well as seeing outgoing chair, the inexhaustible Tony Hales, who had masterminded and overseen the transition from British Waterways to the Trust, three of the core director team who had managed the organisation through the critical period of transition – Philip Ridal (Finance), Simon Salem (Marketing) and Vince Moran (Operations) – also retired, leaving a legacy for their successors to follow, as a strong new executive team has formed.

The changes have gone beyond personnel and organisational structure to encompass the fundamental culture of the Trust, as we seek to change how the Trust works with its customers and communities, and how its component parts interact. The 'Growing

Our Trust' change programme we launched this year has been a personal priority, as we seek to create the momentum for, and belief in, the potential benefits of change to those who work here, and in our capacity to deliver more. This was set in the context of the difficult decision to close the Trust's defined benefit pension scheme to future accruals, which took a significant communication effort to employees throughout a long consultation period, but which also reflects our determination to set the Trust's finances on course for the longer term.

For the year ahead, there is much to continue to do and to be excited about. The ground-breaking work we have done to develop an 'Outcomes Framework' to measure and evidence the Trust's wider impact – on health and general well-being – has reached a critical phase. We have recognised and embraced the devolution of power – to Wales, with the formation of our Bwrdd Glandŵr Cymru, in the north of England in our engagement with the lead authorities in the Northern powerhouse, and at the most local levels in Local and Neighbourhood Plans. Our work is evolving as we build on our successful community engagement, a renewed commitment to customers, and the local and national partnerships we have established in these successful first three years, with the promise of very much more to come.

And looking further ahead, the potential transfer of the Environment Agency's navigations to the Trust has been reinvigorated, with a joint project team formed. This work continues into 2016/17 and, whilst we approach it cautiously to ensure that the Trust is fully able to meet its responsibilities, we see renewed confidence that a single combined navigation authority may be deliverable, fulfilling a long-held aspiration of many of those who pioneered the inland waterways' restoration.

Richard Parry

4 July 2016

Waterways

Canals and rivers belong to us all. Everyone in the Trust, our volunteers and partners are **dedicated to helping ensure** that these precious 200-year old waterways will be used and enjoyed **by generations far into the future...**



Case Study

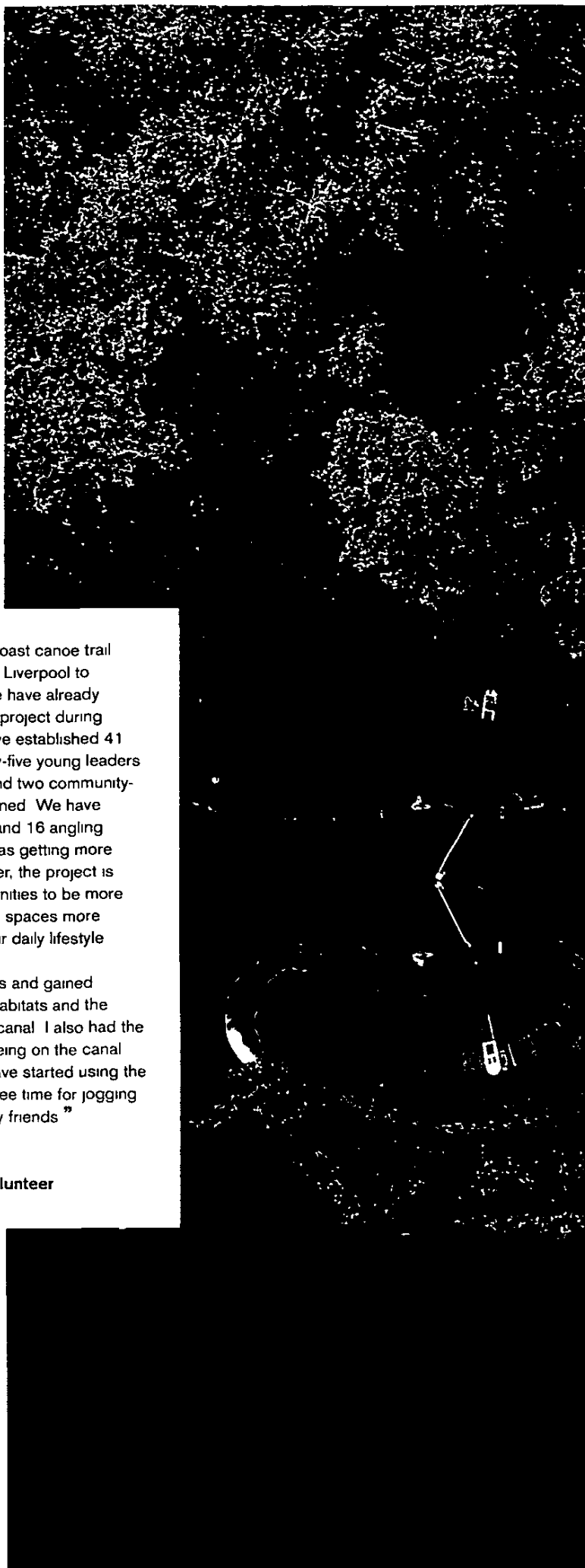
The Desmond Family Canoe Trail

During the course of this five year programme funded by the Desmond Foundation, over 10,000 young people and their families will help

design a Coast-to-Coast canoe trail that will stretch from Liverpool to Goole. 2,000 people have already been involved in the project during 2015/16 and we have established 41 partnerships. Twenty-five young leaders have been trained and two community-hubs have been opened. We have also held 11 canoe and 16 angling taster days. As well as getting more people onto the water, the project is encouraging communities to be more active and use these spaces more widely as part of their daily lifestyle.

"I've learnt new skills and gained knowledge about habitats and the history of my local canal. I also had the chance to try canoeing on the canal which was fun. I have started using the canal more in my free time for jogging and cycling with my friends."

Sasha-Mae Navis,
Coast-to-Coast volunteer





"I'm a great believer in the concept that people only place value in heritage that they find relevant. The canals provide a historic backbone to many communities – a reminder of why places developed and how they developed over time."

Ruth, Birmingham
Humans of the Waterways

Image: Caen Hill Lock Flight, Devizes

. We are doing this in a number of ways

Encouraging more people to enjoy our waterways

We want more people to experience canals and rivers and enjoy time on and by the water. During 2015/16 4.4 million people were regular visitors to our waterways, with an estimated 380 million visits made in total.

To help encourage more visitors to try boating, we supported the Dnfters annual national open day in April 2015, which saw over 1,000 people enjoy a free boat trip at one of twenty-one hire boat bases in England and Wales. Partnerships with British Canoeing, British Rowing, the Angling Trust and Sport England are helping to open up our waterways to a wider audience, while free canoe, paddle board and angling taster sessions are giving people a chance to try out new experiences and develop their confidence.

Our campaigns such as 'Readymade Waterway Days', 'Hidden Gems' and 'Don't feed ducks bread' are encouraging more people to discover their local canal or river. And, encouraging filming opportunities is helping to increase exposure and raise awareness of our canals with non-traditional audiences. Over the past twelve months our waterways have featured in productions as diverse as James Bond's *Spectre*, *Mission Impossible V* and *Wolf Hall* as well as primetime television programmes *Barging Round Britain* with John Sergeant and *Great Canal Journeys*. A more historical analysis was presented by BBC4's dedicated six programme series *Canals: The Making of a Nation*.

Making sure the many structures that keep our waterways open are in good working order

Along with visible structures such as lock gates and bridges, the often forgotten, but equally important structures such as culverts, drains and canal walls also require constant maintenance and repair. During 2015/16 we increased our annual spending on infrastructure maintenance and repair by 8% to £128 million. This included undertaking preventative work on culverts and embankments, relining stretches of canal and delivering 135 winter lock stoppages. Out of sight and out of mind for the day-to-day canal visitor, this crucial work helps ensure these historic waterways remain open for all to use for generations to come.

As well as undertaking preventative and remedial work, we faced several emergency challenges during the year due to the weather, age and misuse. In December our waterways in Yorkshire and Lancashire were battered by winter storms and floods. Teams of staff, volunteers and contractors responded immediately to the emergency, giving up hundreds of hours over the Christmas period to help communities living alongside our waterways and to try and keep our canals and rivers safe. The potential impact of the loss of Elland Bridge, a vital route to the town, was minimised as, with our contractor Kier, we quickly erected a temporary foot-bridge and separate 'utilities bridge' to carry the numerous vital services and cables over the River Calder. A clean-up event in Calderdale in January saw over one hundred volunteers, including a group of junior soldiers from Harrogate Army Foundation College, clear the towpath, remove debris deposited by the floods and help rebuild a drystone wall. By the end of March, volunteers had spent over 3,500 hours helping with this clean-up operation and most of the towpaths through the Calder Valley had reopened. This tremendous support demonstrates just how much people love and value our treasured waterways.

'During 2015/16 over £10 million was spent upgrading 32 miles of towpath across England and Wales'

A routine engineering inspection of Lune Aqueduct on the Lancaster Canal at the height of the boating season revealed several leaks. Emergency works involved relocating fish from the affected stretch and the excavation of a 35-metre length of canal. Engineers worked evenings and weekends to complete the repairs as quickly as possible in order to minimise the impact on boaters. Unfortunately, this was followed by an emergency closure on the Leeds & Liverpool Rufford branch to repair a collapsed timber culvert. These two incidents resulted in a number of boats being unable to join the canal system for ten weeks. Those boats most disrupted were craned out at the Trust's expense.

During December, a lock paddle on Kennet Lock at the top of Caen Hill lock flight was left open overnight, resulting in thousands of gallons of water from the 15 mile pond between Devizes and Wootton Rivers overwhelming the locks lower down the flight and washing away sections of towpath and canal bank.

Notwithstanding these incidents, the number of days affected by unplanned closures of the navigation fell significantly compared with 2014/15 with only 630 days lost, a reduction of nearly 300 days. This reflects the increasing effectiveness of the Trust's asset management and, in particular, the enhanced focus on customer service.

Keeping our visitors, staff and volunteers safe

We are committed to ensuring that people visiting, using and working on our waterways are able to do so safely. The overall number of health & safety incidents fell from 350 in 2014/15 to 280 in 2015/16. The proportion of these incidents involving the condition of our structures also declined to 22 (7.8% of all incidents).

Our employee injury rate also continued to improve, with 71 reported injuries between April 2015 and March 2016 (down from 96 the previous year). But the number of employee reportable injuries involving over seven days absence rose from six to eleven.

Caring for the unique waterway heritage

We are privileged to care for the third largest collection of listed structures in the UK, however these fragile assets need constant care and attention. During 2015/16 we repaired three nationally important aqueducts: Goytre Wharf Aqueduct on the Monmouthshire & Brecon Canal, the Thomas Telford designed Grade II* Nantwich Aqueduct on the Shropshire Union Canal and the James Bridge Aqueduct on the Walsall Canal in Darlston. Work also got underway to restore the Grade II* Engine Arm Aqueduct in Smethwick. While on the Leeds & Liverpool Canal we started a project to replace lost mile markers as part of our celebrations to mark the bicentenary of the completion of Britain's longest single man-made waterway.



“The Pilgrim Trust was delighted to support the repairs to the iconic Nantwich Aqueduct. It is much loved locally as a walkway, vantage point and navigation channel and is an important gateway to the town.”

The Pilgrim Trust

With funding from Esme Fairbairn Collections Fund we have reviewed the Historic Boat Collection at the National Waterways Museum, enhancing our understanding of the care and conservation of these fragile boats to improve meaningful public access to them. We are now sharing this knowledge with the heritage boat community and looking at innovative ways to display and interpret this nationally important collection.

In the summer, we started work on our Heritage Lottery Funded volunteer-led project to restore two locks on the Grantham Canal. As well as bringing the locks back into working use for the first time in eighty years, the project will train volunteers in valuable conservation skills.

As part of plans to restore the Montgomery Canal, a £260,000 towpath improvement project near Llanymynech was completed in June. Work included creating a new mile-long stretch of all-weather towpath and installing canoe access points to help open up access to the waterway.

Improving and extending towpaths

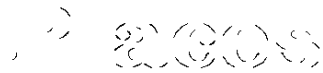
With funding support from our many partners, during 2015/16 around £10 million was spent upgrading 32 miles of towpath across England and Wales, helping to improve access and encourage more people to use these traffic-free routes.

Two examples include our 'Highway to Health' project on the Leeds & Liverpool Canal, which saw £2.2 million invested in upgrading towpaths alongside a ten mile stretch of the waterway in West Yorkshire and in Birmingham where £2.3 million was spent improving the towpath as part of the Birmingham Cycle Revolution project.

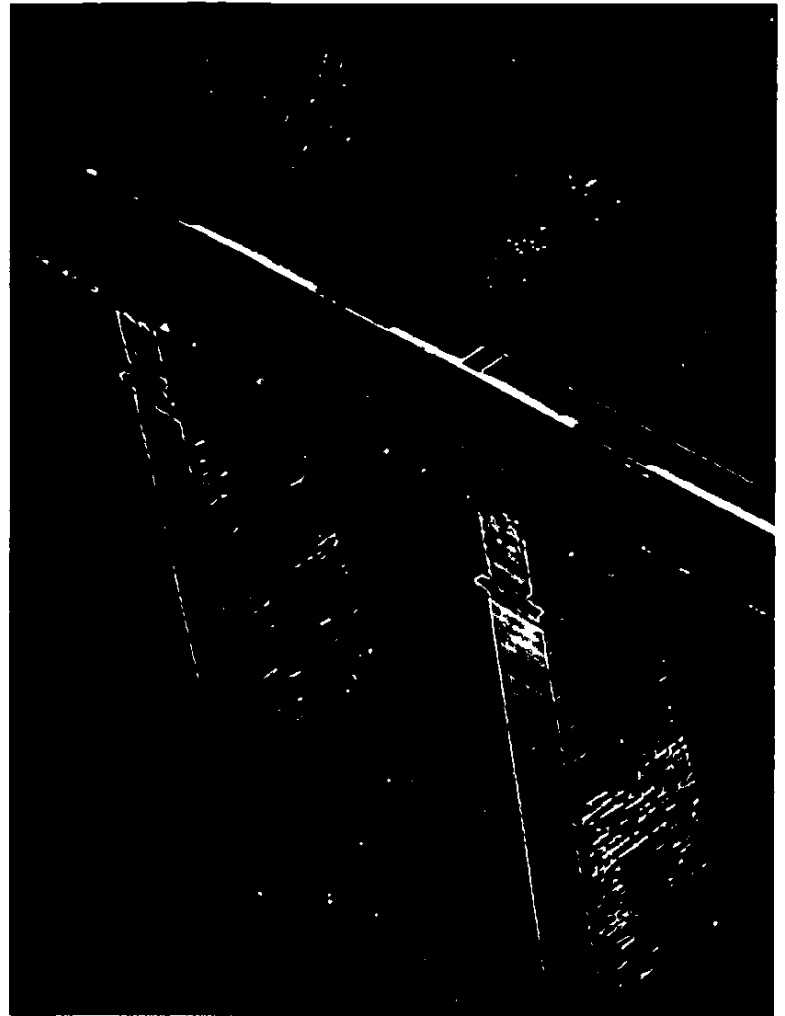
We also improved a mile-long stretch on the Northampton Arm towpath on the Grand Union Canal using recycled shredded tyres. As well as being a sustainable option, this material helps with durability, improving the surface for walkers, cyclists and runners.



Images: Clockwise from left
Don't feed ducks bread, Volunteers clearing-up after the Boxing Day floods, Canal pairs angling competition on Shropshire Union Canal, Enjoying the Regent's Canal, Camden



Hidden treasures within our
waterways are special places that
lower and value our byways.
As well as providing a link
with our past, they have
an important **role in our
futures** – helping people
improve their **health and
wellbeing** and offering low
carbon and **sustainable**
opportunities for businesses
from generating hydropower
to cooling and heating
canalside businesses



To achieve the award, the waterway
submitted a management plan and
was assessed against eight strict
criteria including environmental
standards, cleanliness, sustainability
and community involvement. Today, the
canal boasts 'Welcome' volunteers and
has a number of volunteer work groups
and adoption schemes in place which
help to maintain these high standards

Case Study

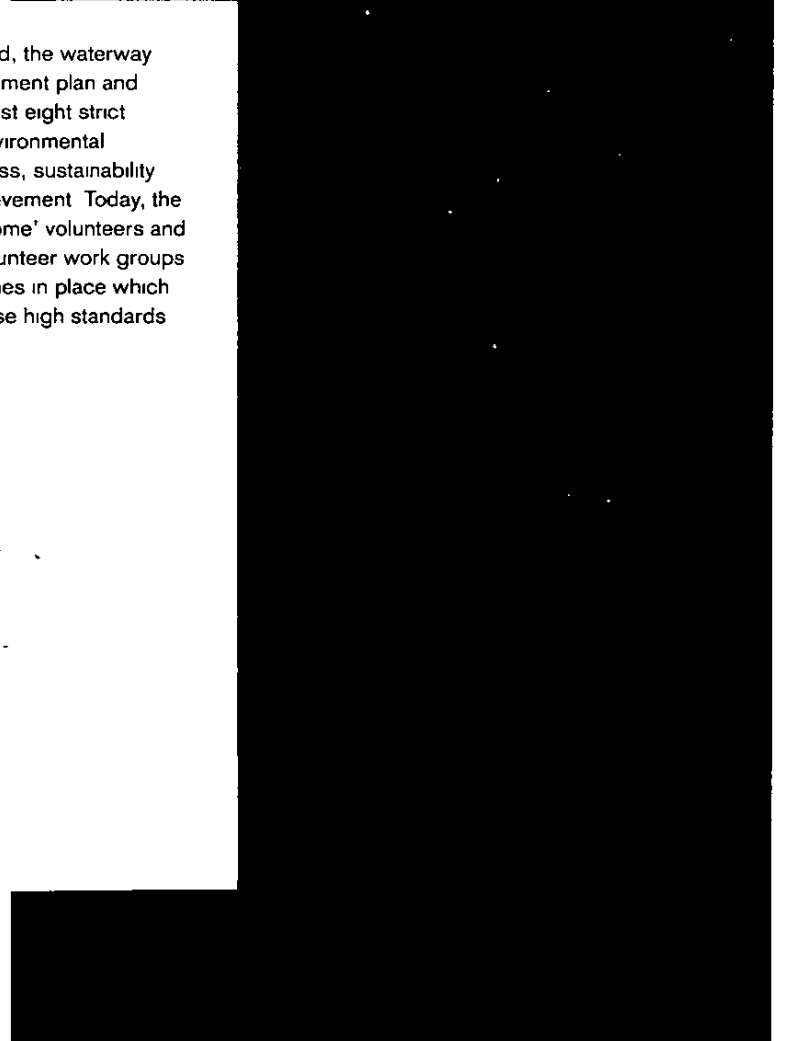
Awards & Recognition


Thanks to the energy and initiative
of the Manchester & Pennine
Waterway Partnership, in July 2015
the Macclesfield Canal in Cheshire
became our first canal to be awarded
Keep Britain Tidy's coveted Green
Flag Award – the mark of a quality
green space

Waterway Partnership

2015 - 2016

2016 - 2017

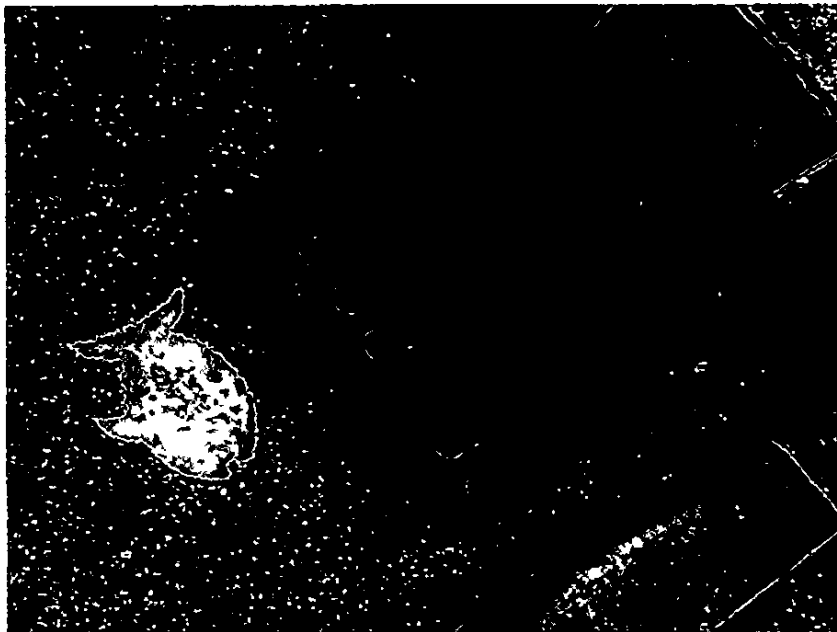




Barbara and Mike
have been on the
aqueduct for a long time
and have a special
stress breaker which you see the
booby and the bar's usually
something different to see.

Barbara & Mike
Gloucester & Sharpness Canal
Humans of the Waterways

Image: Pontcysyllte Aqueduct, Llangollen Canal



“Local volunteers have re-introduced the rare submerged plant floating water plantain back into the canal. Over a couple of events we managed to re-introduce approximately 4,000 new plants.”

Rhys Wynne,
Community Roots Project Leader



We are carefully and sensitively managing our sites to ensure they offer a high quality experience where wildlife thrives and they are giving added benefits to businesses and people

Creating habitats for a range of wildlife and plantlife ensures they are able to survive and thrive
Continuing our three-year long project, funded by the players of People's Postcode Lottery to survey and restore 700 miles of waterside hedgerows, we held a national 'helping hedgerows week' in January 2015. The campaign encouraged nearly 800 volunteers to come forward and help lay and plant new hedges.

Work on our *Community Roots* project got underway in August. This scheme, funded by the Esmée Fairbairn Foundation and players of People's Postcode Lottery, involves a series of community and volunteer-led conservation, maintenance and development activities and adoptions across the Rochdale and Huddersfield Narrow canals, and the urban waterways of Birmingham. We are working with a diverse range of community groups on a variety of activities ranging from transplanting EU protected and increasingly rare Floating Water Plantain plants, carrying out ecological and water quality surveys and identifying invasive species and mapping reed fringes in the north-west. Other activities include creating a Caribbean community cultural history art trail and growing food for local people in Birmingham.

'We are also working with companies to install hydro schemes to harness power from the water within our network.'

We spend approximately £1 million each year cleaning up our waterways making sure they are free from pollution. As part of our ambitions to improve the water quality, in 2015 our volunteers worked with our environmental specialists in the Midlands to identify and log any unauthorised discharges where surface water – and potentially oils, chemicals or sewage – drains into the canal. This data was analysed to identify the source of each drainage point and a pollution prevention plan developed, working with the third party to ensure they understood "Yellow fish" were stencilled next to drains leading to the canal to indicate that only surface water should go into it and we worked with local businesses and landowners to encourage them to think carefully about how they dispose of fluid waste products.

Our museums and attractions are popular visitor destinations

We are continuing to develop our museums and attractions into inspiring places to visit, full of material and activity that bring the stories of our waterways to life in engaging ways. With Heritage Lottery funding, we are re-developing both the National Waterways Museum at Ellesmere Port, where the Wolfson Foundation have also made an invaluable grant towards preservation of the Mossdale historic vessel, and Gloucester Waterways Museum, where we also received generous support from the DCMS/ Wolfson Museums & Galleries Improvement Fund and local charitable trusts.

Thanks to a Leverhulme Trust Artist in Residence Grant we also enjoyed hosting theatre artist Francesca Millican-Slater at the National Waterways Museum in 2015. Francesca worked with staff and volunteers to produce a series of workshops and performances evoking life on our historic waterways.

We are promoting our waterways as green low carbon options

Our canals and rivers are used for so much more than leisure and recreation. We support many businesses by providing competitively priced water, ranging from individual cattle troughs to large volumes of water for power generation. Where it is feasible and appropriate, we are also working with companies to install hydro schemes to harness power from the water within our network. We worked with Yorkshire Hydropower on the installation of a 250kw hydro scheme, which opened in October 2015 on the River Don in South Yorkshire. As well as using the water to generate renewable electricity to supply 300 homes, the scheme included a fish pass, eel pass and lamprey plate to allow passage of these species up stream. A new 31 storey, 110 apartment development in Docklands is also using dock water for cooling the building and feasibility studies are being undertaken at a number of locations about using the thermal energy from our waterways and infrastructure to support the development of district heating networks.

Prosperity

Canals and rivers that are used and cared for can help **transform a community**, attracting visitors and businesses. We are working with local communities, social enterprises and companies to **revitalise** canalside locations, creating attractive **vibrant places** where people want to **live and work**.



Case Study

Brentford Lock

We want to create places that feel special, where people enjoy living. In 2015 we were delighted to complete work on the first phase of our joint venture with Muse to transform the area around Brentford Lock. This scheme, which has already won an award for its architecture, provides much needed new housing and when completed will provide new community spaces, high quality public realm and commercial accommodation which will help create new jobs in the area.

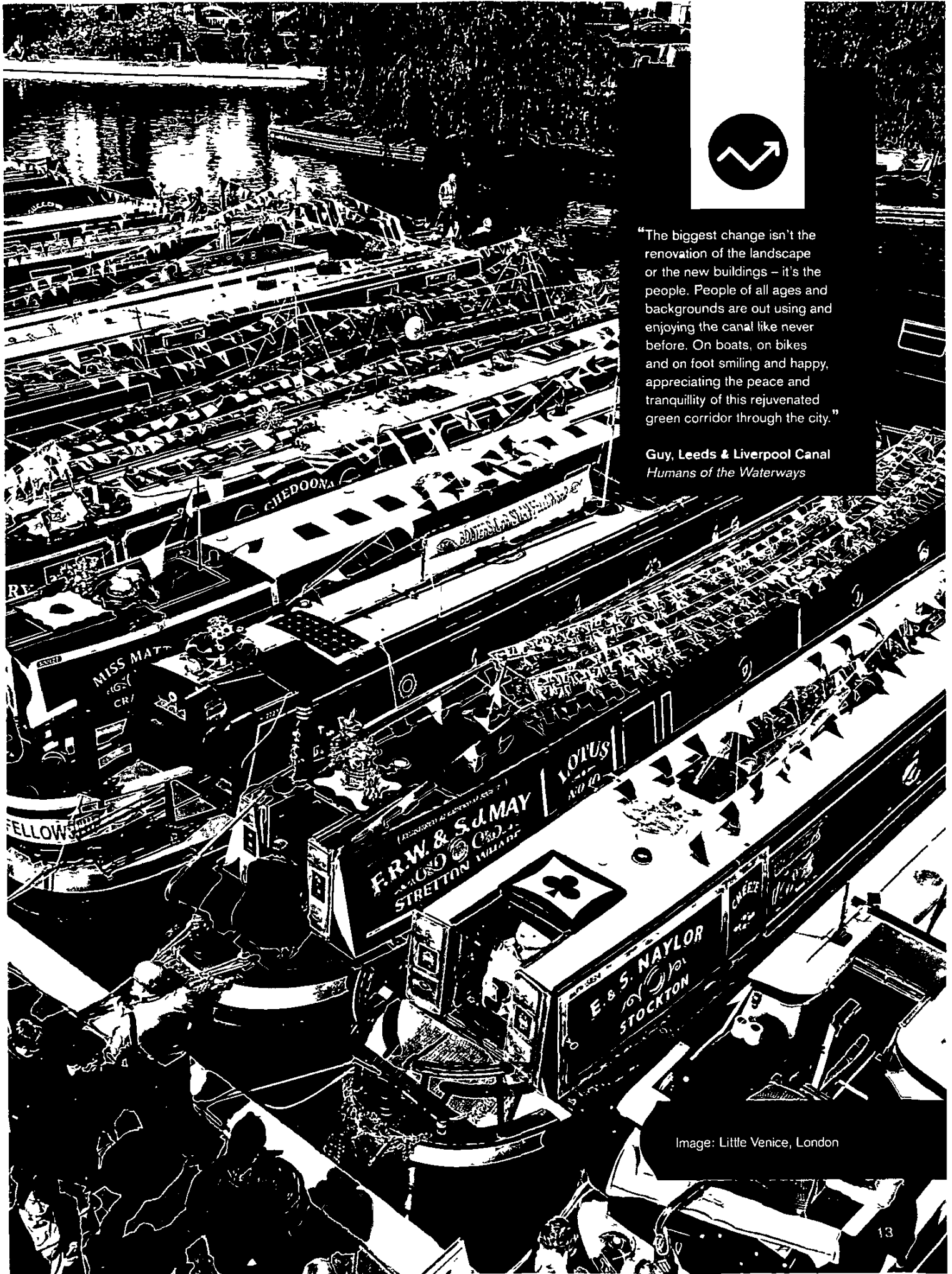
New visitor moorings and hook up points and a floating pontoon will be created and the towpath widened to provide better access and improve safety.

"A big focus for us has been to deliver a scheme that offers a variety of usable community spaces which can be enjoyed by residents for years to come. Through this development we have supported a number of local initiatives and organisations, such as Cultivate London – an urban farm – who will help residents look after their allotments and provide advice and guidance on how to make the most of their plots. And Brentford Lock West will be home to a new watersports hub which can be enjoyed by the whole community."

"By taking a holistic approach to this development, we are helping to stimulate cultural and social events that will bring people together and encourage the growth of a new community."

John Robinson,
Development Director ISIS
Waterside Regeneration





"The biggest change isn't the renovation of the landscape or the new buildings – it's the people. People of all ages and backgrounds are out using and enjoying the canal like never before. On boats, on bikes and on foot smiling and happy, appreciating the peace and tranquillity of this rejuvenated green corridor through the city."

Guy, Leeds & Liverpool Canal
Humans of the Waterways

Image: Little Venice, London

We want our waterways and the surrounding areas to be alive with a range of businesses and social enterprises

Following on from the restoration of the Fiddler & Bone pub in Birmingham, we have developed plans with the National Trust to transform the adjacent Grade II* Listed Roundhouse into an urban discovery and enterprise hub. In November 2015 we received a first stage pass from the Heritage Lottery Fund for this £2.2 million restoration project which will ensure a sustainable future for the building whilst triggering wider investment and job creation. When complete this iconic landmark will house a cycle hire and repair workshop and a shared working space for conservation organisations.

Waterways can be a catalyst for regeneration

By sensitively redeveloping waterside locations we can make a difference to the local area, helping to attract new life and businesses to waterways. In 2015 our Joint Venture Company, H2O Urban completed its new development at Marsworth near Tring and substantially progressed its developments at Lancaster and Bow. The Marsworth development, which has been well received by Historic England, has transformed a former redundant concrete batching plant and waterways depot with the sympathetic refurbishment of a historically important workshop and the creation of new contemporary homes built using traditional materials.

Prosperity also means equipping young people and communities with new skills and our museums and waterways are providing learning activities for all

Hands-on education opportunities bring learning to life for people of all ages and our wide-ranging programmes are helping people develop new interests and skills. Our partnership with Rolls Royce and their graduate project team is bringing innovative STEM learning opportunities into classrooms. Together, we have developed an interactive learning roadshow, Brindley's Brainwaves, where volunteers aged 16 – 24 years are helping children design, create and evaluate a variety of engineering and scientific principles based around the waterway environment.

We were also delighted to win the prestigious Sandford Award for our education work at Bingley Five Rise Locks, Foxton Locks and the National Waterways Museum. The Sandford Award is an independently judged, quality assured assessment of education programmes at heritage sites, museums, archives and collections across the British Isles. We also continue to expand our Canal & Rivers Explorers programme to help improve awareness and understanding of our waterways. One example was our Canal Fish schools week in Coventry, run in partnership with Specimen Fishing UK. During the week-long event children, many of whom had never visited a canal before, had a go at angling, learned about water safety and discovered more about the kind of creatures that can be found in their local canal. In 2015/16 nearly 64,000 children took part in an Explorers-led experience.

The first year of our Heritage Skills programme concluded in summer 2015. Trainees have gone on to a variety of roles within the heritage sector, one to a permanent role with the Trust and a further seven have progressed to a one-year NVQ Level 3 apprenticeship with us.

In January 2016 in partnership with Help for Heroes, we secured a joint award of £500,000 from players of People's Postcode Lottery's 'Dream Fund' for 'Heritage Heroes', a new project that will see up to 100 ex-service personnel work towards an accredited qualification whilst restoring canals and heritage structures. As well as making a contribution to their community, the scheme will help them build new lives and careers outside of the armed forces.

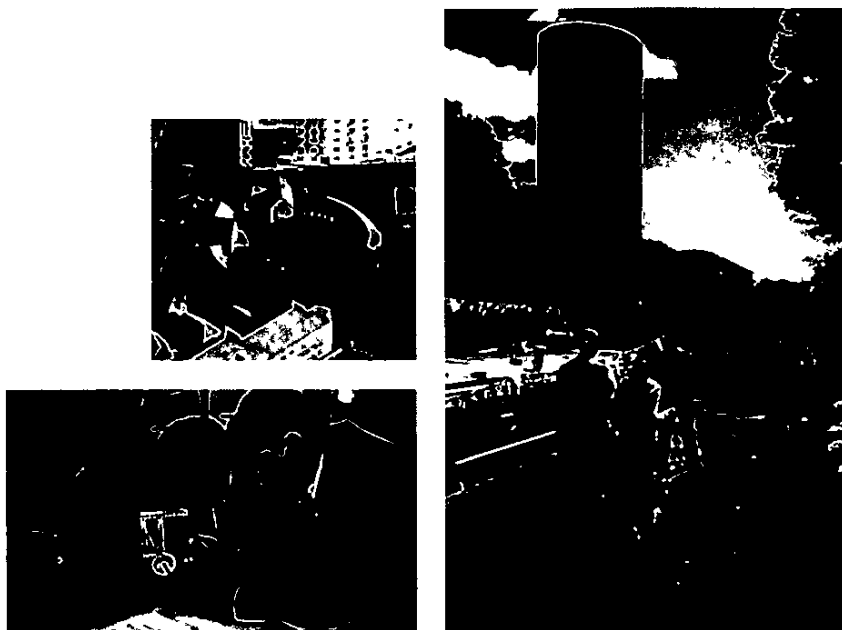
Encouraging community events, festivals and celebrations on our waterways

Passing through towns, cities and villages, waterways are at the very heart of the community and we work with organisations across England and Wales to help them realise the full value of canals and rivers. Thanks to an extensive range of partnerships we have helped stage a number of events and festivals this year including the Leeds Waterfront Festival. In 2015, 10,000 people attended this two-day free family event which takes place across four sites in the canal corridor and draws together arts, leisure, competition and food.

The Cuck Boat Show held in May each year, showcases the inland waterways. Over 25,000 people visited the event in 2015, which provides an opportunity for people to find out about boat ownership, buying and living afloat. While in October, Nottingham's first Canal Festival, organised by the East Midlands Waterway Partnership, featured a gathering of historic working boats and offered a programme of canoe taster sessions, angling coaching and history walks. In Wales, Making Waves on the Montgomery Canal was a four month-long programme of activities, talks and events highlighting the benefits that restoration of the canal would bring to the region.

'In 2015/16 nearly 64,000 children took part in an Explorers-led experience'

Our vibrant waterways arts programme is also helping to draw new audiences to our canals and rivers. Our ambition is for our 2,000 mile network to become one of Britain's greatest, and longest, cultural spaces, with our canals and rivers connecting audiences and communities that have previously had limited access to the arts. Alongside our artist in residency programme and youth drama initiative, Stratford 2 Stratford, we have worked with the Landmark Trust to host a new sculpture by Sir Antony Gormley at Lowsonford Lock on the South Stratford Canal, welcomed poet Luke Kennard as our new Canal Laureate, supported the Floating Cinema on its second tour this time along the Kennet & Avon Canal, partnered with Ikon Gallery on an experiential arts project exploring Black Country canals, joined with new media specialists Abandon Normal Devices to create a new canal game, Rough Fish on Manchester & Pennine waterways, supported the final year of the canal-inspired clay project, Clay Cargo, on the waterways between Stoke-on-Trent and London which culminated with a series of outdoor participation events alongside the Regent's Canal.



“Nottingham Canal Festival was a great success with thousands of people joining us to find out more about all the ways in which they can enjoy Nottinghamshire’s waterways ”

Danny Brennan,
East Midlands Waterway
Partnership



Images Clockwise from top left
The Roundhouse, Birmingham,
Leicester River Festival, River Soar,
Sir Antony Gormley’s sculpture
at Lowsonford Lock, Stratford 2
Stratford youth engagement arts
programme, Learning about our
waterways with Canal & River
Explorers, Nottingham Canal
Festival, Discovering engineering
through Brindley’s Brainwaves

People

Waterways bring people together. As locations, they are wonderful places where families and friends can spend time; **community events** can help instil a sense of **pride and healthy living activities** can improve **emotional and physical wellbeing**.



Case Study

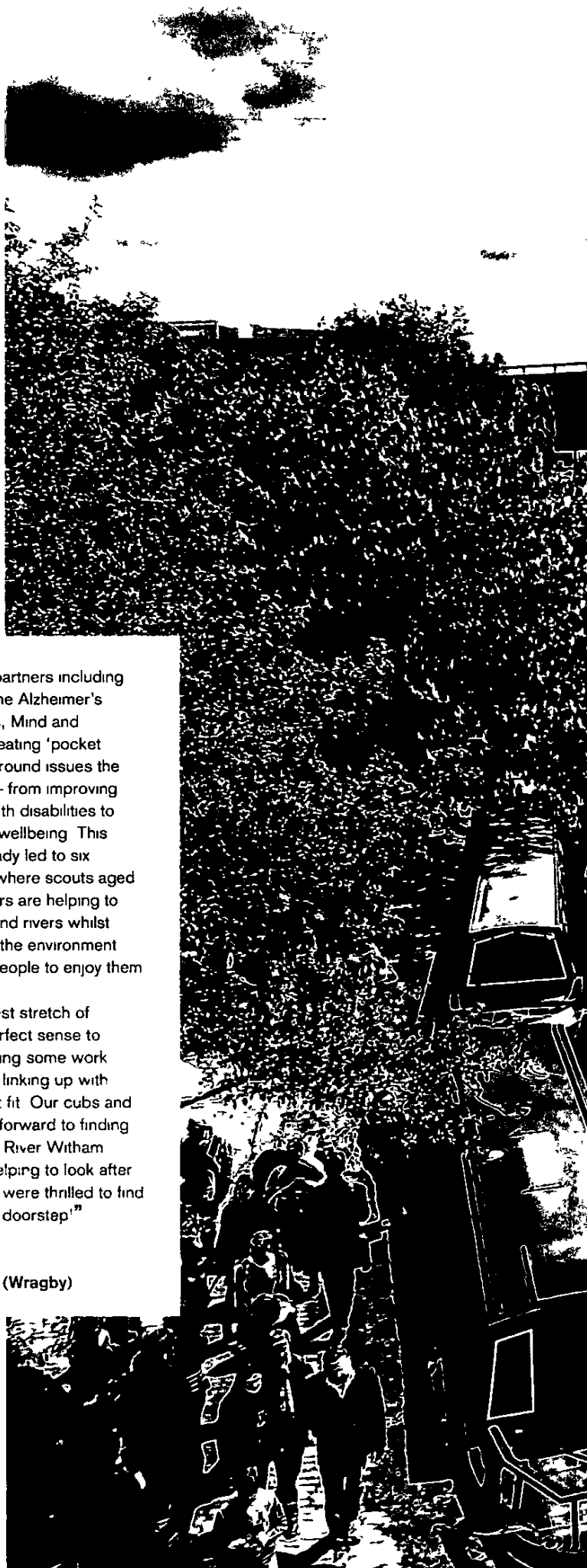
A Million Hands

In 2015 we were selected from dozens of national charities to partner with The Scout Association on their 'A Million Hands' project, which launched in October

Working with other partners including Leonard Cheshire, the Alzheimer's Society, Guide Dogs, Mind and WaterAid, we are creating 'pocket adoptions' themed around issues the Scouts are tackling – from improving access for people with disabilities to encouraging mental wellbeing. This partnership has already led to six 'pocket adoptions', where scouts aged six to twenty-five years are helping to care for our canals and rivers whilst learning more about the environment and enabling more people to enjoy them.

"Adopting our nearest stretch of waterway made perfect sense to us. We've been doing some work on water quality so linking up with WaterAid is a great fit. Our cubs and scouts are looking forward to finding out more about the River Witham environment and helping to look after Bardney Lock. We were thrilled to find such a gem on our doorstep."

Tammy Dolling,
8th Lincoln Scouts (Wragby)





"As a volunteer lock-keeper no two days are ever the same here, you meet lots of different people who have come to relax and it's just lovely saying hello to people out walking or being able to help someone through the locks and on their way. It's great place to be part of that, it's a sense of community."

Craig, Grand Union Canal
Humans of the Waterways

Image: Paddington, London



“Planting all these shrubs has enabled us to play a small part in creating a clean environment for us to live in whilst also making it a much nicer place to visit for everyone living near the canal ”

Amrick Singh,
volunteer



Images Clockwise from top
Open day at Diglis Lock
Worcester Volunteers from
Smethwick's Sikh community
clearing up the towpath Open
day at Llangynidr Wassifa
Inspire canal adoption group,
Berkhamsted Grand Union Canal



Working with our partners we are using canals and rivers to enrich lives and create places where people can escape the pressures of modern life

Communities and businesses are helping to look after their local waterway

During 2015/16 our canal adoption programme grew nearly 50% and we now have 147 community and social groups and businesses committed to caring for a stretch of their local canal. Groups getting involved include Birmingham-based Wassifa Inspire, who are using the three-mile stretch that they have adopted as a means of celebrating the history of the city's black and Caribbean communities and the story of how they came to settle alongside these waterways. Students from Bath College have committed to caring for a mile of the Kennet & Avon Canal. While in Chester, Richmond Court homeless shelter has adopted a stretch of the Shropshire Union Canal and the St Pauls hostel in Worcester has worked with us to launch a new volunteer work boat. These partnerships demonstrate just how much our precious waterside spaces mean to everyone in the community.

'volunteers gave us nearly 482,000 hours of their time during 2015/16, up 17% on the previous year'

More people are coming forward to volunteer for us

Our willing and dedicated volunteers gave us nearly 482,000 hours of their time during 2015/16, up 17% on the previous year. Of this, our young volunteers aged 16-25 spent over 36,000 hours of time to help clear up our waterways and enhance the visitor experience. This commitment is worth the equivalent of £7.6 million to the Trust. 88% of our volunteers would also recommend volunteering at the Trust to others.

We are also very fortunate to benefit from partnerships with nineteen private companies. Their enthusiastic staff members have helped clear litter, remove graffiti and repaint bollards and bridges on waterways across England and Wales. These partnerships have also brought in nearly £90,000 of funding to the Trust to help care for our canals and rivers.

We are continuing to improve the experience we provide for our customers and visitors

Internally we have restructured the organisation to put our customers and the people who enjoy our waterways at the heart of what we do. A new 'director of customer service & operations' post brings together all of the Trust's day-to-day service responsibilities, from waterway management to boating and museums, into one unified function. The team includes a new role of 'head of customer experience' to drive improvement in how we engage with the many people who use our waterways. We have re-branded our moorings business as 'Waterside Moorings' and launched a new website to make it easier for our boating customers to find out about, and purchase moorings.

Out on the waterways we are continuing to help people discover the history of their local canal and how we care for them. We expanded our popular programme of Open Days and more than 16,000 people visited one of these special events between November 2015 and March 2016. Highlights include a three-week showcase at Bingley Three Rise on the Leeds & Liverpool Canal which gave visitors the chance to watch our skilled staff at work restoring and repairing the flight. A special ramp down to a lined section of the Monmouthshire & Brecon Canal at Llangynidr enabled people with pushchairs and those using wheelchairs to descend into the canal. In London we joined with Stage Text at the Camden showcase to provide subtitled tours on tablets for deaf and hard of hearing visitors, and our virtual open day at Docklands in London used Twitter and live video footage to guide watchers through the removal of a 160 tonne lock gate.

Influence

Our **fragile waterways** **need support** at a local and national level to enable them to **thrive** and realise the full range of **social and economic benefits** that they have the potential to deliver ..



Case Study

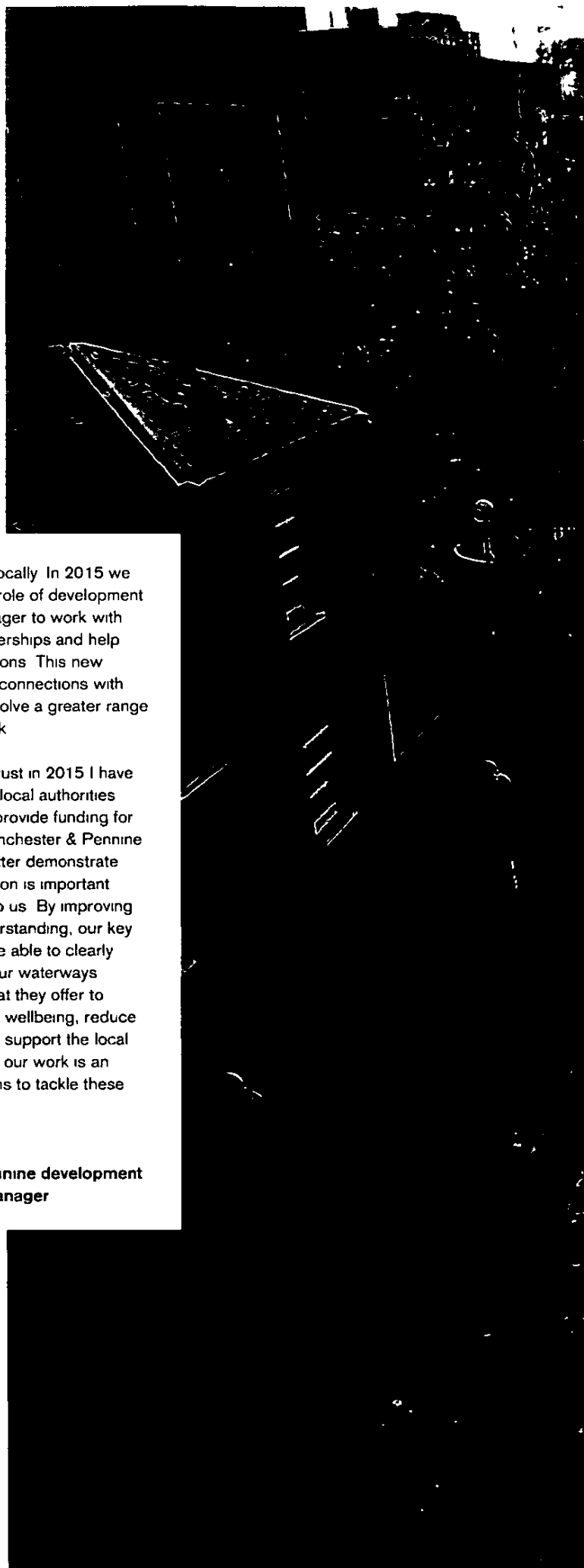
Local Engagement

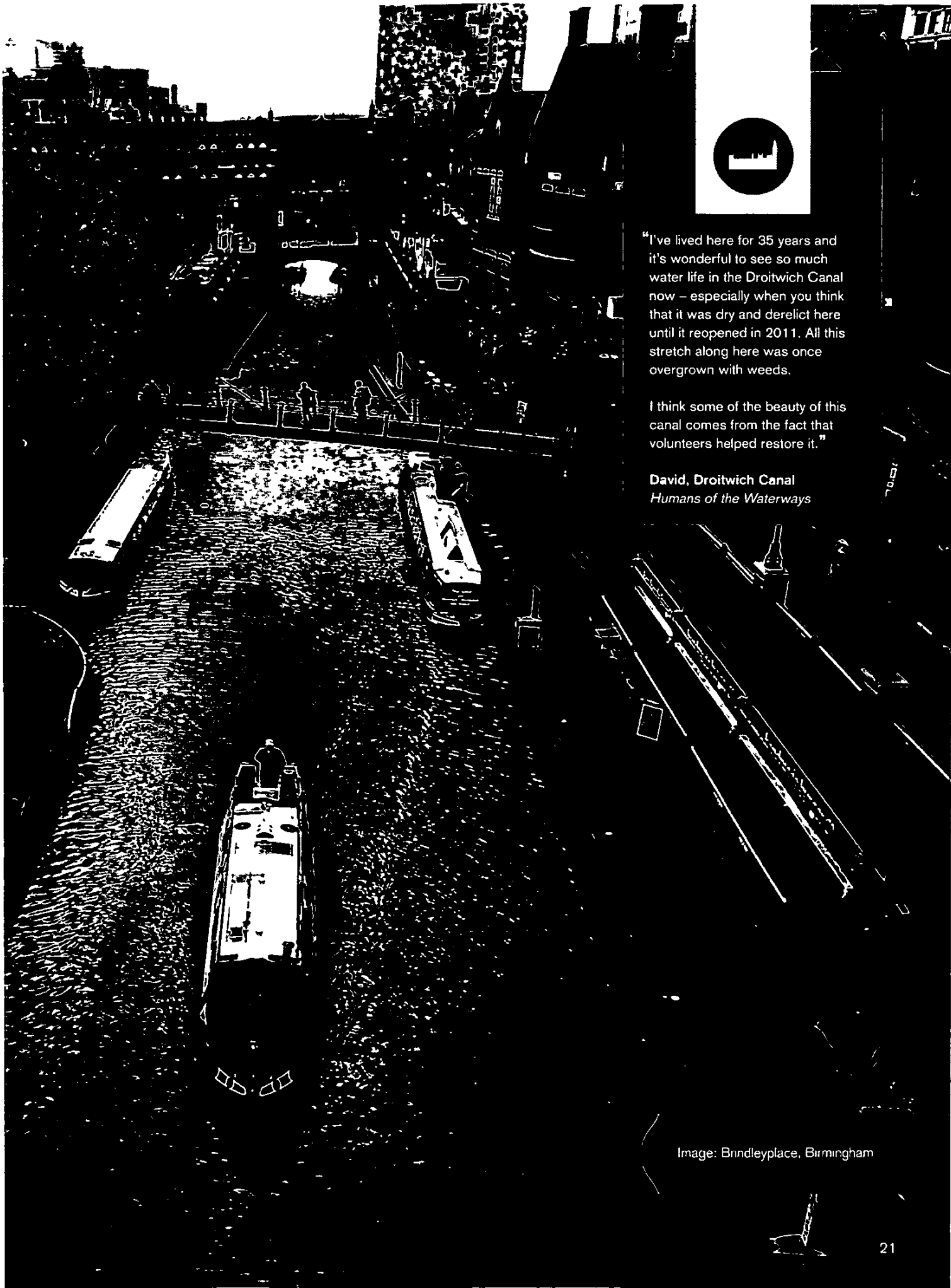
Our Waterway Partnerships play an important role in enabling local people and key stakeholders to get involved in shaping ideas as to how canals and rivers in their area are used and ensuring that our partners and decision-makers understand the wider impact and huge value that our waterways can and are having

both nationally and locally. In 2015 we introduced the new role of development & engagement manager to work with our Waterway Partnerships and help achieve these ambitions. This new team helps to make connections with communities and involve a greater range of people in our work.

“Since joining the Trust in 2015 I have been working with local authorities and councils who provide funding for the Trust in the Manchester & Pennine area so we can better demonstrate why their contribution is important both to them and to us. By improving evidence and understanding, our key stakeholders will be able to clearly see the values of our waterways and the benefits that they offer to improve health and wellbeing, reduce social isolation and support the local economy, ensuring our work is an integral part of plans to tackle these important areas.”

Gillian Renshaw,
Manchester & Pennine development
& engagement manager





"I've lived here for 35 years and it's wonderful to see so much water life in the Droitwich Canal now – especially when you think that it was dry and derelict here until it reopened in 2011. All this stretch along here was once overgrown with weeds.

I think some of the beauty of this canal comes from the fact that volunteers helped restore it."

David, Droitwich Canal
Humans of the Waterways

Image: Brindleyplace, Birmingham

... Through our expanding network of supporters, formal and informal partnerships and advisory groups we enable local people to shape the future of the waterways in their area, ensuring they adapt and are used to meet local needs and priorities

We are working hard to improve awareness of the Canal & River Trust and the work that we do

Using social and traditional media and high profile campaigns, awareness levels of our work and the number of people willing to donate their time and money are increasing. As of 31 March 2016, we have over 25,000 followers on Twitter (25% increase) and nearly 40,000 fans on Facebook (almost doubling over the year). Website traffic has also increased by 16% and over 38,000 people subscribe to our *Humans of the Waterways* email (28% up on last year).

We have also worked with print, online and broadcast media to promote the vital work that we do, with an average of over 300 pieces of coverage name checking the Trust each month, an increase of 8% on 2014/15. The coverage of our work is overwhelmingly positive with around 85% positive in tone and less than 3% negative. Despite the very significant volume of positive media coverage achieved, our overall prompted brand awareness has not moved above 30% amongst the general public during the year, and growing this will be a focus for the year ahead.

We are developing strong strategic partnerships

Creating 2,000 miles of vibrant living waterways that enrich the lives of millions is not something that we can do in isolation and it is essential that we grow a broad range of local, regional and national partnerships so we can achieve our goals.

The strength of our work is already being recognised, in November we signed a new Memorandum of Operation with Natural England to create closer working relationships and improve protection for the 63 designated Sites of Special Scientific Interest in our care, and protected species across the network. We have built strong relationships with local authorities including Birmingham City Council, Calderdale Borough Council and Transport for London, and our agreements with Arts Council England and the Arts Council of Wales have continued into a second year. By pooling resources and expertise with complementary charities, including The Scout Association and Help for Heroes, we are able to reach and benefit more people.

We are influencing national and local policy decisions to support waterways

We continue to work with local and national government to ensure our waterways are central to decision-making. Our close working with the Inland Waterways Association and local canal societies culminated in a major success this year in the second Special Report by the HS2 Select Committee which stated: 'There should be a positive architectural legacy from the railway's interaction with the canal network in this country. The Canal & River Trust's presentation on our final day of hearings impressed us. There are ways to achieve the conjunction of railway and waterway in a manner pleasing to the eye, including use of good materials, retention and framing of views, retention of open space near the waterside, and softening of views against the horizon. We would expect a presumption that the perspective of canal users will be strongly taken into account in the design of infrastructure.'

Promoting the wider impact waterways can and are having is an important aspect of our work

We have continued to work with MPs and members of the Welsh Assembly through meetings, site visits, conferences and newsletters, to raise awareness of how our waterways are having a positive impact on the people living within their constituencies. Our waterway restoration conference in April 2015 helped highlight the benefits that restoring waterways can have for communities and the local economy. In addition, we published a *Waterways Heritage Report* in September 2015. This report highlighted the role that waterways are playing in helping volunteers and trainees develop the essential skills needed to care for heritage structures.

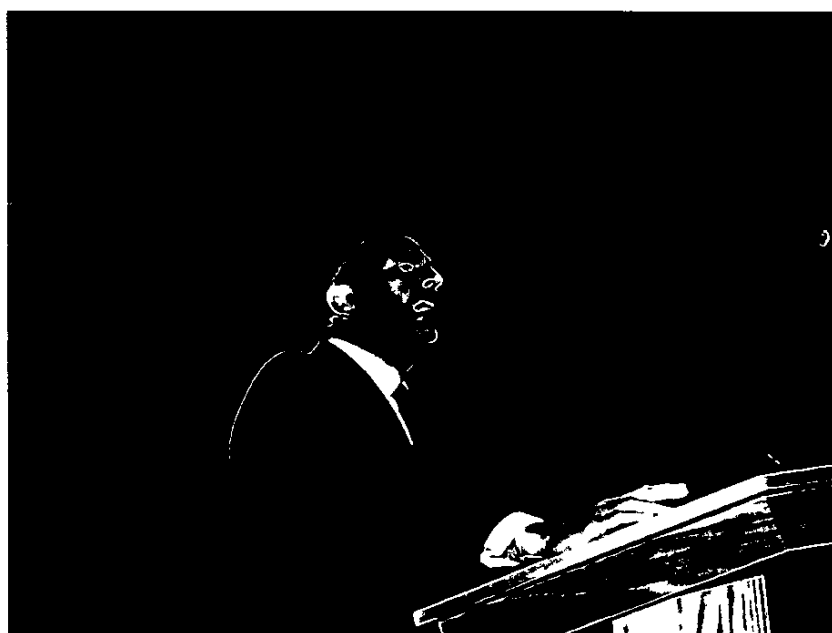
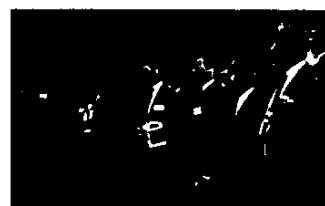
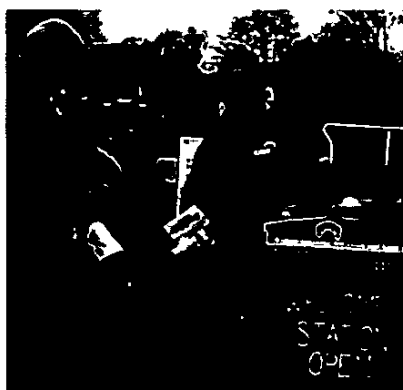
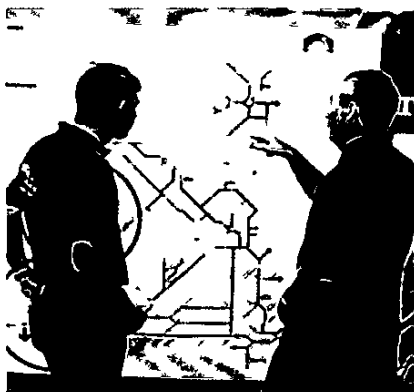
Our national awards programme, the Living Waterways Awards, continued to recognise, celebrate and promote the wonderful work and people who are transforming waterways across the UK into vibrant places full of life and activity.

'We would expect a presumption that the perspective of canal users will be strongly taken into account in the design of infrastructure'



“We’re lucky to have Canal & River Trust as our partner. While I’m on the river, I can let my mind unravel, get new ideas and spend quality time with my friends and family”

Bear Grylls,
Chief Scout



Images Clockwise from top left
At the Royal Welsh Show,
Welcoming visitors to our
waterways, With Natural England
as we agree a Memorandum of
Understanding, House of Lords
reception with Waterways Minister,
Rory Stewart MP, Heritage expert,
Lloyd Grosman at the 2015 Living
Waterways Awards, Nottingham &
Beeston Canal, Nottingham

Resources

Over 200 years old and covering 2,000 miles, the extensive infrastructure that supports our waterways needs careful and constant maintenance...



Case Study

The People's Postcode Lottery

We work hard to develop long-lasting relationships with our funders. One of our founding partners, players of People's Postcode Lottery have been with us since our launch in 2012. Over the past four years support from players of People's Postcode Lottery has grown as we have demonstrated our credibility and the strength of our work in involving communities in the care of the country's natural environment and heritage.

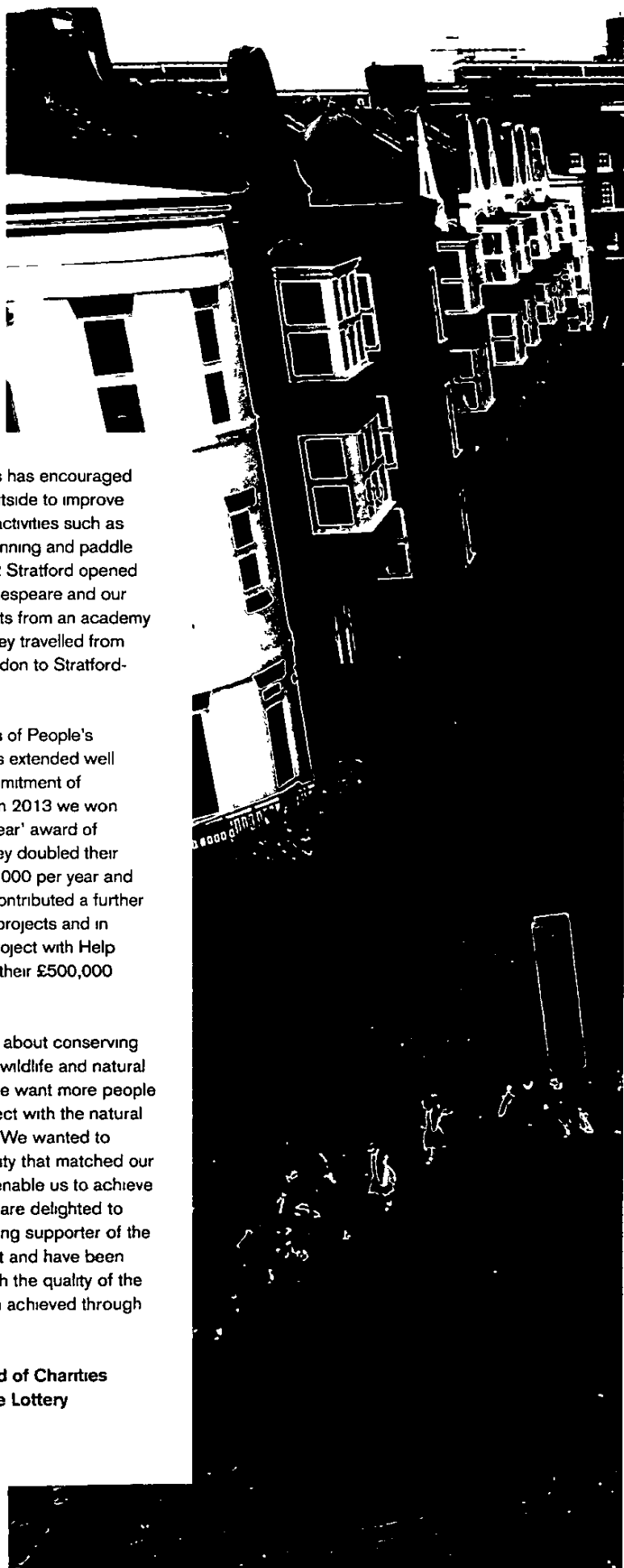
Since 2012, this support has helped us introduce a diverse range of projects including Community Roots on the Rochdale and Huddersfield Narrow canals, through which hundreds of new volunteers are helping to survey the bio-diversity of these waterways and protect threatened plant species.

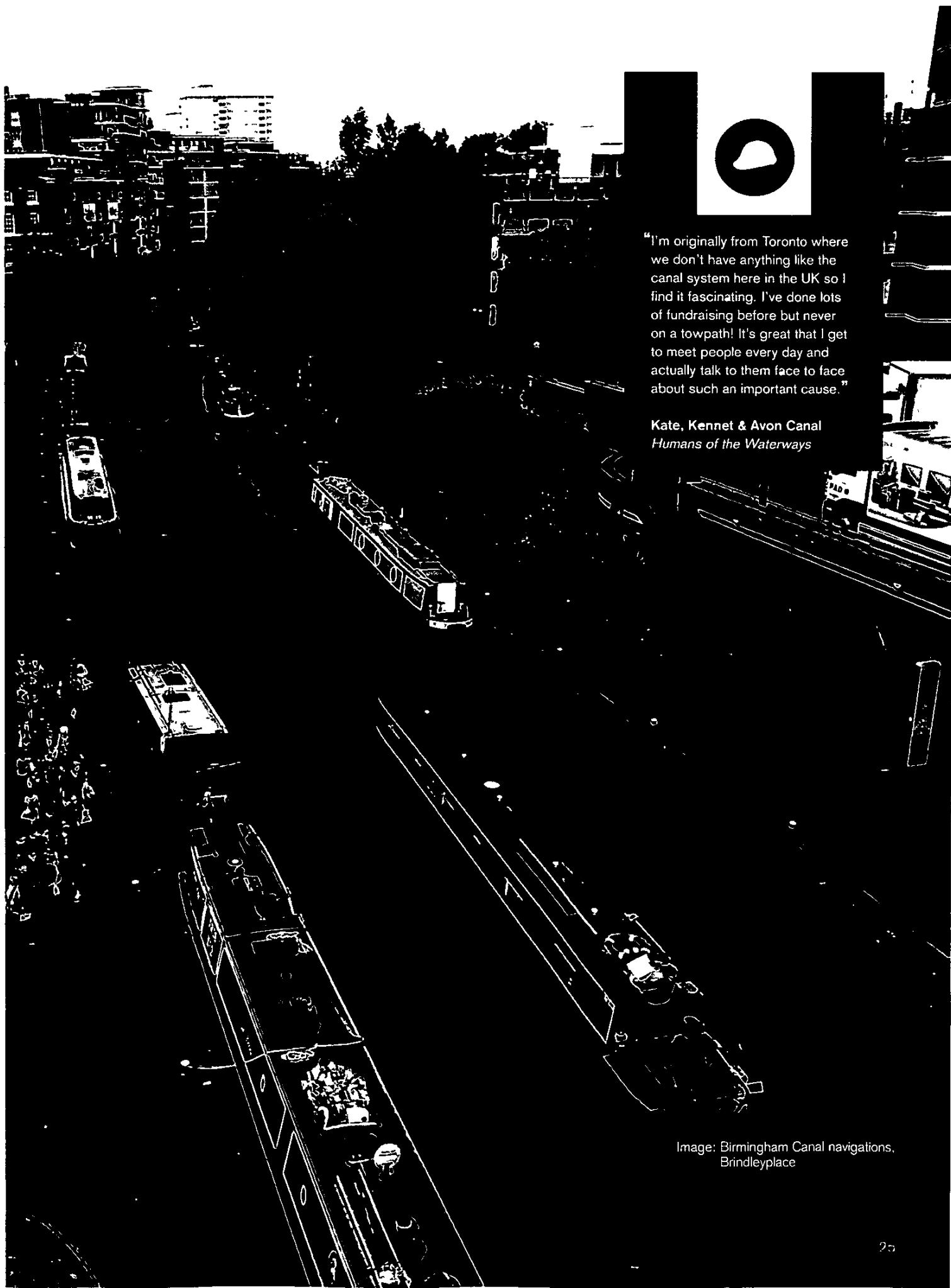
Sport in new Spaces has encouraged 500 people to get outside to improve their health through activities such as canoeing, cycling, running and paddle boarding. Stratford 2 Stratford opened up the world of Shakespeare and our waterways to students from an academy in East London as they travelled from Stratford in East London to Stratford-upon-Avon.

Support from players of People's Postcode Lottery has extended well beyond its initial commitment of £100,000 per year. In 2013 we won their 'charity of the year' award of £50,000. In 2014 they doubled their contribution to £200,000 per year and on top of this, they contributed a further £50,000 to specific projects and in January 2016, our project with Help for Heroes, we won their £500,000 'Dream Fund' award.

"We are passionate about conserving and protecting the wildlife and natural environment and we want more people to be able to connect with the natural world and enjoy it. We wanted to partner with a charity that matched our values and would enable us to achieve our ambitions. We are delighted to have been a founding supporter of the Canal & River Trust and have been very impressed with the quality of the work that has been achieved through this support."

**Clara Govier, Head of Charities
People's Postcode Lottery**





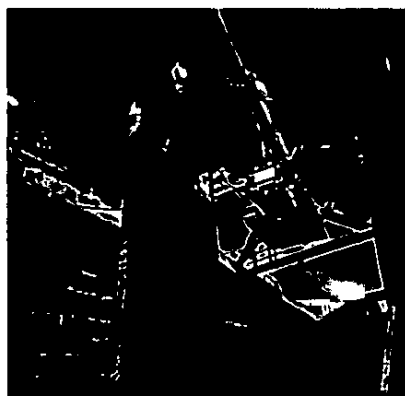
"I'm originally from Toronto where we don't have anything like the canal system here in the UK so I find it fascinating. I've done lots of fundraising before but never on a towpath! It's great that I get to meet people every day and actually talk to them face to face about such an important cause."

Kate, Kennet & Avon Canal
Humans of the Waterways

Image: Birmingham Canal navigations,
Brindleyplace



'We have 15,800 active Friends, regularly donating to the Trust, an increase of 60% on the same point the previous year '



Images Clockwise from top left Staff from B&Q help out at our Wilmslow volunteer station, Caring for our canals at the Anderton Boat Lift, River Weaver Navigation, Growing our Trust 'People Champions', New technology helping our staff to do their job, Spider crane at Bingley Three Rise Locks

.. We are working hard to diversify our income streams to ensure we have sufficient resources to care for our canals and rivers into the future. We are also constantly reviewing how we manage our physical and natural resources to make sure we are taking advantage of technological advancements and protecting them against future changes in usage and supply.

We want to be an organisation where people want to work, with passionate employees and volunteers

To develop the organisation to be as effective as possible, we introduced a new employee engagement and change programme, 'Growing our Trust' this year. This major initiative involved bringing every employee together through a series of workshops to share perspectives and concerns and to discuss how to make the Trust more effective and a better place to work in the future. This has inspired a series of workstreams aimed at addressing the greatest areas for improvement – from communication and team-working to simplifying processes and empowering our people. A team of 50 'People Champions' from across the Trust volunteered to facilitate the work and give employees a stronger voice.

This year we met our commitment to pay all our permanent employees the Living Wage from November 2015, introduced a new 'induction' experience to help new employees understand the breadth of our work and feel part of one organisation, and worked with Investors in People and the National Centre for Diversity to gauge our progress in meeting their criteria. We also introduced new ways to welcome and thank our dedicated volunteers.

We are increasing the range of funders, partners and donors who work with us

More people are supporting our work through regular and one-off donations. As of 31 March 2016 we have 15,800 active Friends, regularly donating to the Trust, an increase of 60% on the same point the previous year, and they have donated over £1 million to the Trust during the course of the year. We have also received valuable financial support from major donors, trusts and grant making organisations, totalling over £700,000, and over £650,000 from corporate partners. By aligning our ambitions with those of prospective partners such as local authorities and transport organisations

we secured over £10 million to improve our towpaths and other work during 2015/16, helping to build a sustainable financial future for the waterways that we care for.

Growing our investment income is another key objective

During 2015/16 we continued to grow and diversify our investment income. Our returns from property at 13.2% were ahead of the market benchmark at 11.1% and included 8.2% of capital growth. We also continued to diversify our investments into non-property sectors albeit 2015/16 was a volatile year in the wider investment markets and short term returns were poor, though we remain confident that our policy of diversification will deliver the expected returns over the long term.

In respect of other commercial revenues, our utilities business performed in line with expectations. Of the more novel projects was our work with mobile phone operators to install antenna onto cranes at West India Docks in an unobtrusive manner resulting in a rental income for the Trust. In boating, we awarded the tender for a new water taxi service in the Olympic Park and successfully let new business moorings at Paddington Basin. Our Moorings business opened our first new residential mooring site in London at Actons Lock on the Regent's Canal.

We are continually looking for better ways of using technology

During 2015/16, through our Green Plan development process, we have intensified our efforts to convert our offices and other sites to energy efficient lighting such as LED. Sixteen projects have been completed at a variety of sites ranging from offices, workplaces and our lock gate manufacturing sites, to our museums & attractions and street lighting at the Tees Barrage. This change saves approximately 481,000 kWh of energy per year and reduces the overall carbon footprint of the Trust by around 2% as well as providing a saving of up to £93,000 per year in reduced energy and maintenance. The introduction of iPads for

operational staff is helping to move us from paper-based reporting to a more automated approach and new spider cranes mean we are able to get heavy lifting gear into previously inaccessible or difficult to access spaces saving significantly in on-site access and set-up costs and often shortening project timescales.

We must also look after our water and other natural resources

Managing water supply is a complex and continuous task, ensuring we have enough water, at the right time and in the right place. Our monitoring systems send alerts when there is too much or too little water in a particular stretch of canal. These indicators mean we can respond immediately to run more water down or to remove the excess water and ensure the safety of the canal and any communities living alongside. We constantly assess our reservoir levels against the forecast future need, given the time of the year, and in times of drought we undertake in depth modelling to help us make decisions about boat movement on the waterways.

Following extensive consultation, in November 2015 we published our first Water Resources Strategy which sets out our aspirations for the next five years while also looking as far ahead as 2050 to understand the longer term pressures and challenges on water supply and use. The strategy explains our level of service for the waterway network, our approach to managing the water resources, the impact of new features such as as mannas, discharges, or restored canal sections, how we will work with the Environment Agency and others to ensure we are following best practice, and how we will assess the future pressures of climate change, new legislation, increased boating and any potential deterioration of our assets. The Strategy shows how we will model these future pressures and identify the most beneficial schemes to improve our water resources position.

Our work in Wales



Waterways offer people a place to escape, opportunities to improve their health and well-being and the chance to connect with nature and other people.

We are committed to ensuring our canals in Wales are living waterways, full of activity, helping to transform places and enrich lives. Over the last year, the Welsh Government has introduced new legislation to change the way decisions are made and natural resources are managed. The Well-Being of Future Generations Act (WoFG) and the Environment (Wales) Act seek to improve the environment, the economy and equality. We already contribute 16 of the 40 indicators consulted upon for the WoFG Act and there is a strong correlation between the goals of the WoFG Act and the outcomes framework that we are developing with Cardiff University to guide how we measure and evaluate our work.

Caring for our waterways

In 2015/16 we invested over £2.5 million over and above our day-to-day operational costs on protecting the Monmouthshire & Brecon Canal. Work included relining a 500m stretch of the canal at Llangynidr to secure the embankment and prevent leaks, £540,000 of repairs to the historic Goytre Wharf aqueduct and over £500,000 dredging the canal to make it easier for boaters to navigate.

We welcomed more than 300 people to our open day at Llangynidr where visitors took the opportunity to explore the base of the drained canal and lock. Our continuing work to improve towpaths is helping people make the most of the easy access that these quieter routes offer. Our regular guided ladies-only cycle rides along the Llangollen Canal are also encouraging women new to the activity or who may be nervous about cycling to improve their health and well-being.

Creating special places

In 2013 we converted historic lime kilns alongside the Monmouthshire & Brecon Canal into 'bat caves'. In February 2016 experts confirmed that for the first time the protected lesser horseshoe bats were using the kiln to hibernate, as we had hoped.

We are working with Wrexham County Borough Council and other public and private partners to put together a long term strategy for the area surrounding the Canal World Heritage Site at Pontcysyllte. This strategy will establish a vision to guide our work for the next ten to fifteen years.

Following a successful tender, a new mobile food and drink outlet opened at Trevor Basin and is proving a welcome addition to this popular tourist attraction.

Using waterways to create vibrant and prosperous communities

At Goytre Wharf we are working with ABC Leisure to transform this site. The cafe and holiday cottage have been refurbished and are welcoming increasing numbers of visitors.

Our artist residency programme, in partnership with Arts Council of Wales, has continued with Mair Hughes on the Montgomery Canal, Cheon Pyo Lee on the Swansea Canal and Mo Abd-Ulla on the Llangollen Canal at Trevor. Nicky Coutts also became the first of two European residencies, in Newton and Emscher.



We are working with Natural Resources Wales on the Llangollen Canal on a pilot for family friendly paddle sport and we are improving access to the canal and River Dee as part of a £90,000 project.

Involving people in their care

Local residents are increasingly getting involved in caring for their waterway. In Wales we now have six community adoptions and our dedicated volunteers have given over 21,500 hours of their time to support our work.

As part of the Monmouthshire & Brecon Canal's Limekilns Trails project, funded through the Heritage Lottery Fund and the Beacons Trust, our volunteers and

Images Clockwise from left
Canal & River Trust at the
Royal Welsh Show, Relining
the Monmouthshire & Brecon
Canal, Canoeing on the
Montgomery Canal



contractors received specialist training in heritage awareness, traditional building skills and the use of lime mortar

With Montgomery Canal Partnership we held a series of community events along the canal showcasing the waterway and highlighting the benefits that the restoration project can bring to the area and communities living alongside. There were also opportunities for local residents to give their opinion on what activities should be developed along the waterway

Extending our influence

At the end of 2015 we established Bwrdd Glandŵr Cymru. Arising from our All Wales

Partnership, this new Bwrdd creates a direct Wales link with our trustees and executive team

Our presence at the Royal Welsh Show once again provided an opportunity to introduce prospective partners and Assembly Members to our work. The Canal & River Explorers team also worked with 1,700 children during the course of the event, introducing them to the wildlife and history of our waterways

In June 2015, Ken Skates, AM Deputy Minister for Culture, Sport and Tourism, Lynne Berry OBE, Chair of Glandŵr Cymru and Christopher Catling, Secretary (Chief

Executive) of the Royal Commission on the Ancient & Historical Monuments of Wales helped launch the Pontcysyllte Aqueduct and Canal guidebook at a special event at Trevor

Growing our resources

We used the publication of Peter Brett Associates' 'Sustainability Impact Assessment' in 2015 as an opportunity to promote the case for the refurbishment of the full length of the Monmouthshire & Brecon Canal as an exemplar of sustainable development – as a means of economic, social and environmental regeneration and as an opportunity to improve the physical and mental wellbeing of some of Wales' most deprived communities

Finance Review

Financial Activity Summary	2015/16 £m	2014/15 £m	change %
Income	189.7	183.2	
Expenditure on Raising Funds	(39.4)	(37.9)	
Net Contribution	150.3	145.3	3.4%
Charitable Spend	(148.5)	(138.0)	7.6%
Net Income before gains/losses on investments	1.8	7.3	
Gains/losses on investments	37.7	77.8	
Net Income	39.5	85.1	
Pension actuarial gains/(losses)	36.8	(21.1)	
Net Movement in Funds	76.3	64.0	

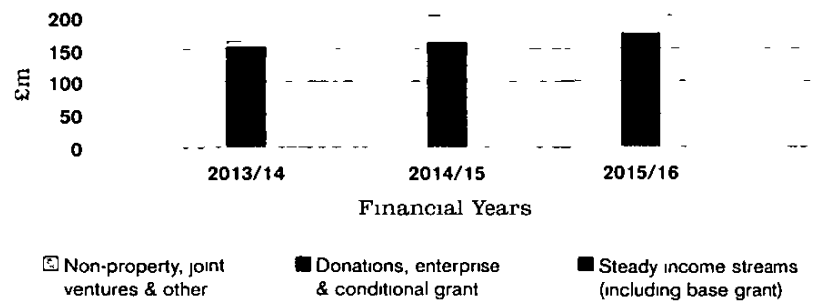
Overview

The Trust's net contribution was **3% higher than last year**. This includes an extra £10m of conditional grant from Defra, although this increase in funding is disguised by the prior year's exceptionally strong investment performance that has not recurred to the same extent this year.

As a higher level of income was anticipated this year, it was agreed to increase the amount spent on charitable activities. Of this increase in charitable spend £1.3m was on the first phase of repairs arising from the impact of the Boxing Day floods in the north of the England. Other areas of activity included a further £2.5m on emergency repairs during the year predominately on culverts, locks and aqueducts and £1.2m in increased level of activity for Enterprise third-party funded projects in the Midlands and North.

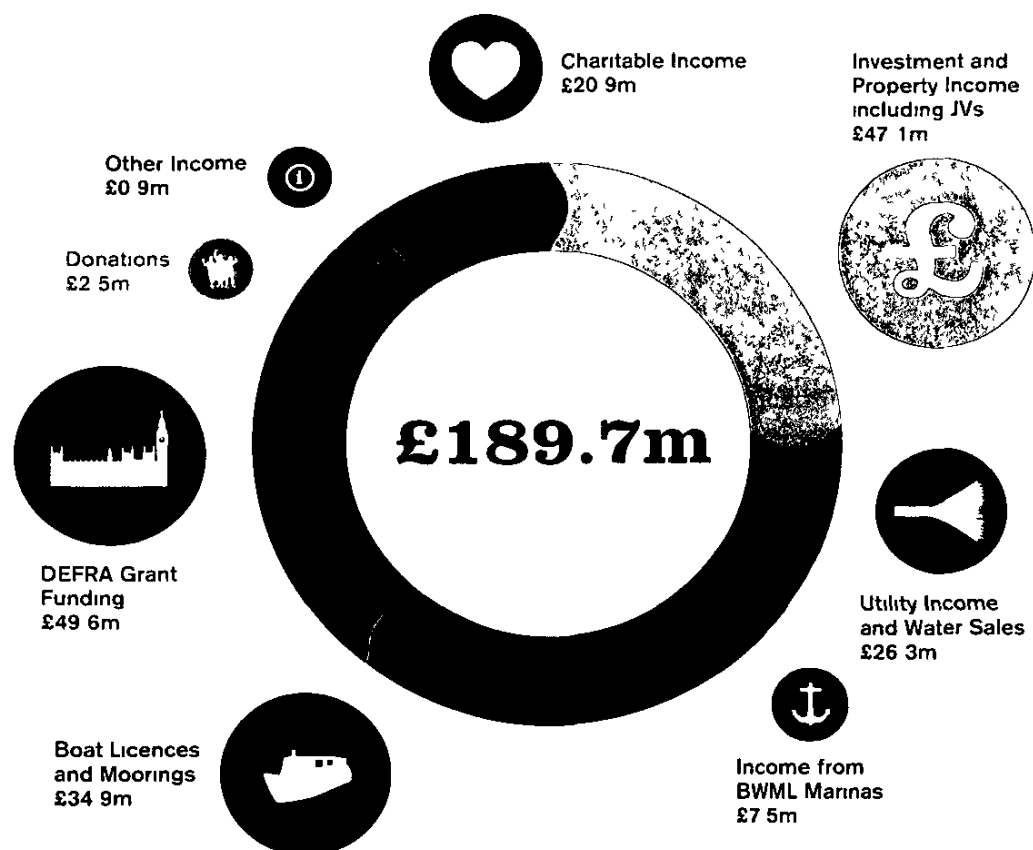
Income

The Trust is unusual in the charity sector as it generates over 60% of its income from commercial sources with just over 1% from donations. It also has a large proportion of its total income from reliable income sources



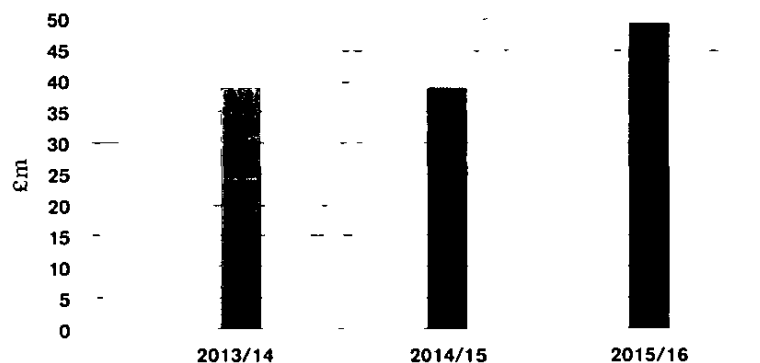
The overall income sources can be summarised

Income





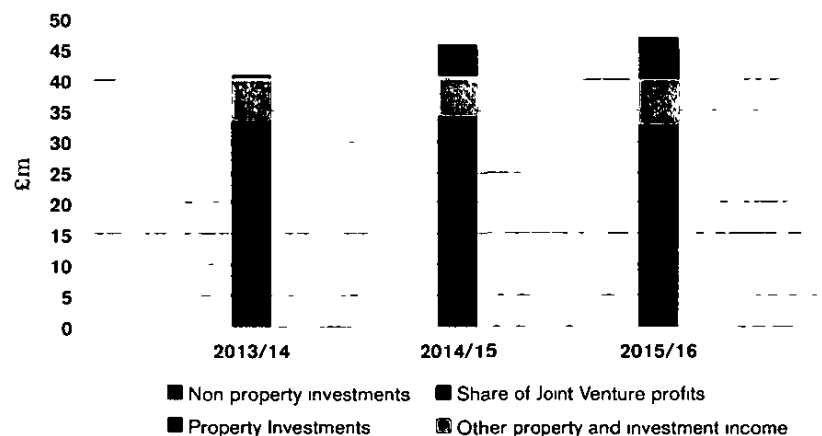
Defra grant funding represents amounts due under the grant agreement dated 2 July 2012. A tranche of this income is conditional based on performance criteria being met, described further on page 43. Under the agreement, the core amount due in 2015/16 was £39.6m, with the extra £10m received due to satisfactory performance against these conditions. This conditional element of our grant funding is available at this level until 2022 before declining as we approach the end of the grant period in 2027.



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

The largest part of this income relates to rents and premiums from our large property portfolio which has performed consistently well over the past three years.

Overall income in 2015/16 was slightly higher than last year. Property income was £1.5m lower than last year due mainly to £20m of the proceeds from property sales at the end of 2014/15 being reinvested into non-property investments. Rental income generated from the reinvestment of the remainder of property proceeds came through as suitable investment properties were acquired throughout 2015/16.



The other element of investment income contains some of our more volatile income sources:

- Dividend income from *non property investments* was a new income stream from July in 2014/15. The rise in 2015/16 reflects the larger amount of capital investment, and income relating to a full year and as dividends are paid in arrears, 2015/16 benefited from a strong 2015 first half investment market performance. Non-property investment performance is discussed in more detail on page 38.
- *Other property and investment income* includes wayleaves, interest receipts (including those on disposals of properties where consideration is deferred) and premiums received by the Trust's reinsurance subsidiary. The slight rise in this category is owing to an increase in wayleave income.

- *Other incoming resources and exceptional items* has declined significantly this year as two large one off receipts relating to disposal of property rights in Docklands in 2014/15 are not repeated
- *Share of JV profits* The main joint venture interests of the group, ISIS Waterside Regeneration LP and H2O Urban (No2) LLP engage in waterside property developments, from which a share of income is also derived. The higher income reflects higher volumes of residential sales this year with both JV sites achieving higher than expected average unit prices in a rising residential sales market



Income from **boat licences and moorings** are analysed further below. In addition to those amounts seen in the table, sums are also received from boating businesses that undertake trading activities on the waterways

	2016	2015	% change
Boat licences			
Boat licence income	£19.3m	£18.8m	2.7%
Number of boats with a licence at 31 March*	32,899	32,733	0.1%
Income per private long term licence (annualised)	£614	£596	3.0%
Moorings			
Income from mooring permits	£5.4m	£5.2m	3.8%
Number of mooring berths available	3,604	3,585	0.1%
Occupancy rate	95%	90%	5.0%
Income yield per occupied berth (annualised)	£1,613	£1,611	-

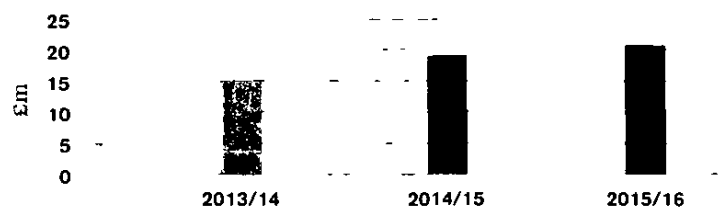
* excludes licences for 1 month or less

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

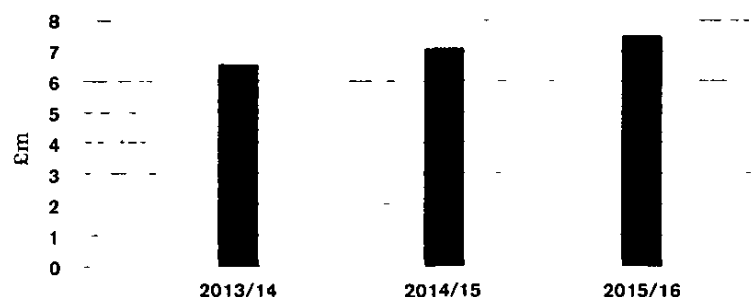




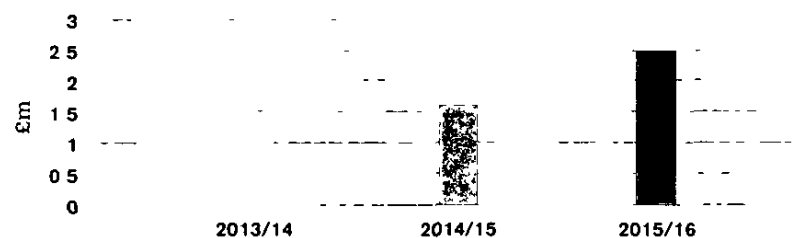
Charitable income represents amounts received to maintain waterway infrastructure, along with funding received from local and national partners to regenerate and restore the waterways. Museums and visitor attractions run by the Trust also generate income which is shown here. We continue to secure increased levels of enterprise funding with particular focus on towpath improvements that support many local authorities transport and health agenda. Key projects being Birmingham Cycle Revolution and Highway to Health.



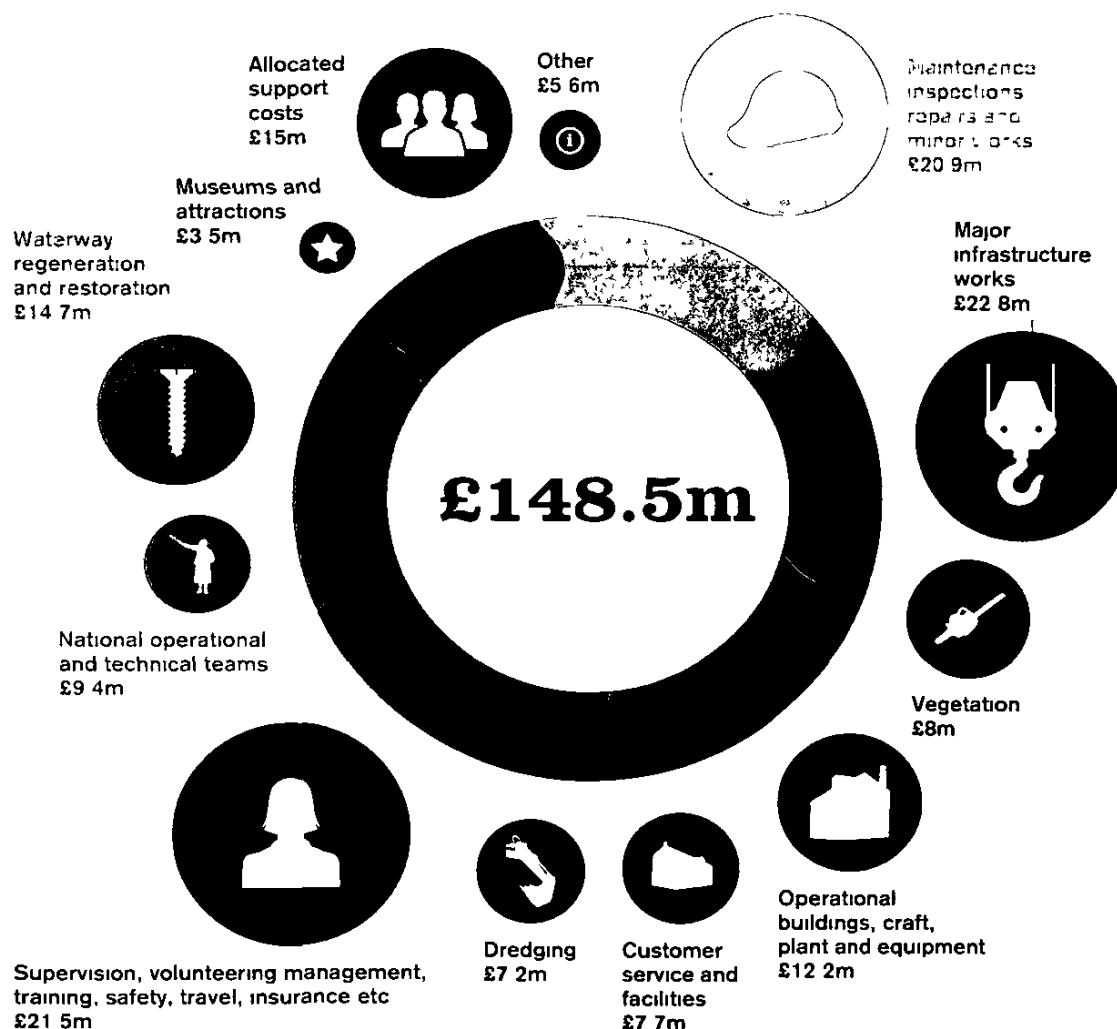
Income from BWML marinas is the moorings and related income from our marina subsidiary that has shown steady growth over the period as occupancy levels have risen.



Donations as a relatively new charity the amount raised by way of donations is in accordance with our plans and represents circa 1% of our income. The efforts of our Fundraising team have helped to increase the revenue from £1.6m to £2.5m as well as substantially increasing the number of "Friends" regularly supporting the trust from just under 10,000 to almost 16,000. This is a significant result given the general adverse publicity and press coverage relating to the charitable sector.



Resources expended on charitable activities



Charitable spend

We have increased spend on our charitable activities essentially due to major infrastructure works, emergency repairs and third-party funded projects which included 51km of towpath improvements. The types of projects undertaken are discussed in more detail in the achievements section of the report on pages 4 to 29.

Gains/(Losses) on investments

Realised investment gains were £29.1m lower than last year which was exceptional benefitting from £27.0m profit from two large property transactions

Although the property portfolio continued to perform strongly including generating similar levels of unrealised gains compared to last year at £33.0m, the overall level of unrealised gains was lower than the previous year being adversely impacted by the decline of the non-property investment portfolio which had performed positively in 2014/15

Pension actuarial gains/(losses)

The deficit disclosed in the group accounts in relation to the Waterways Pension Fund (WPF) is calculated in accordance with the accounting rules set out in FRS 102. On this basis the Group's share of the deficit reduced by £36.8m to £51.4m mainly due to changes in the actuarial assumptions used principally in relation to a higher discount rate and lower inflation assumption.

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

The position of the pension scheme for funding purposes is calculated on a different basis. A formal valuation is undertaken once every three years and was last undertaken in 2013 when it showed a deficit, before the property funding partnership assets, of £104m. The results of the 2016 funding valuation are not yet available, but an interim update at 31 March 2015 indicated that the deficit before the property funding partnership had increased to £133m. The main factors that contributed to the improvement in the accounting valuation over the year to 31 March 2016 are not expected to apply to the funding valuation due to the different basis of calculation.

There is considerable financial risk for the Trust in relation to the defined benefit scheme. To reduce the risk of the funding deficit worsening in the future, agreement has been reached with the WPF Trustees to close the scheme to future benefit accrual with effect from 30 September 2016.

Summary Consolidated Balance Sheet

	2015/16 £m	2014/15 £m
Tangible fixed assets	79.5	79.2
Investments	719.8	643.5
Debtors due > 12 months	-	8.6
Net current assets	8.6	35.9
Creditors due > 12 months	(17.1)	(14.9)
Provisions	(4.7)	(5.7)
Pension fund liability	(51.4)	(88.2)
Total funds	734.7	658.4

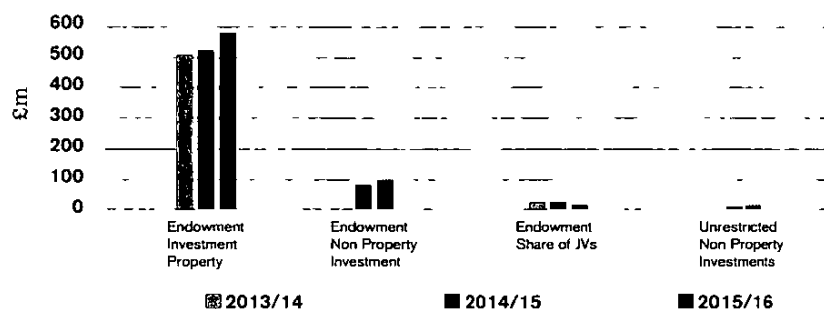
The two key elements of the balance sheet are the investments and funds, both of which have increased this year.

Investments Protected Endowment and Investment Strategy

The Protected Endowment is defined under the Grant Agreement and comprises all the investment assets and liabilities of the Trust such as investment properties, investments in subsidiary companies, financial investments, cash available for investment, protected operational buildings, 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.

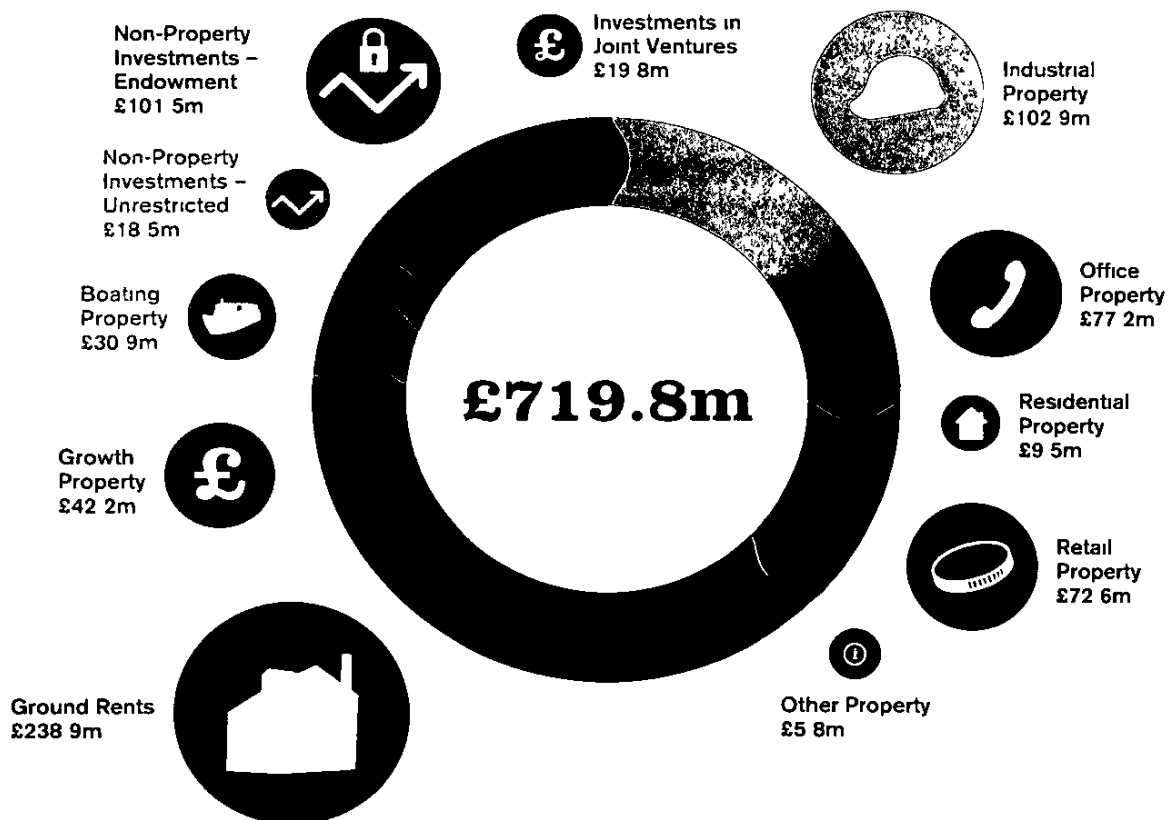
The Trustees have approved an investment strategy that specifies real estate property investments in the UK as the main asset class but allows up to 40% of the portfolio to be invested in a more diverse range of asset classes such as equities, absolute return funds, bonds and private equity. The objective 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.

The Trust has a large investment portfolio which grew by £76.3m over the year to £719.8m and also generated £41.3m of investment income from the protected endowment, unrestricted property assets and unrestricted non-property investments, to spend on charitable activities.



The proportion of the investments remaining in property, excluding JVs, at 31 March 2016 was almost 81% with the largest element of this being ground rents.

Investment by Type



The Trust started to diversify away from property in 2014 into other investment sectors. A total returns policy for the non-property investment fund has been adopted whereby 5% of the total return on the average capital balance can be applied as income to fund charitable activities provided that a retained capital return of UK CPI+1% on the average capital balance invested has been achieved.

The Trust investment portfolio has had a mixed performance this year with property continuing to outperform its IPD benchmark whilst the non-property investment portfolio under-performed its mixed asset class benchmark.

	Actual	Benchmark	Variance
Endowment portfolio			
Property investments (including JVs)			
Total	13.9%	11.1%	+2.8%
Income	6.0%	4.8%	+1.2%
Non-property investments			
Total	-2.8%	-1.8%	-1.0%
Income	1.9%	5%*	-3.1%

* internal target

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

The current asset allocation between property and non-property is being reconsidered particularly with reference to annual income volatility in some asset classes and changing longer term market expectations on risk adjusted returns.

Funds

Addressing our perpetual financial obligations

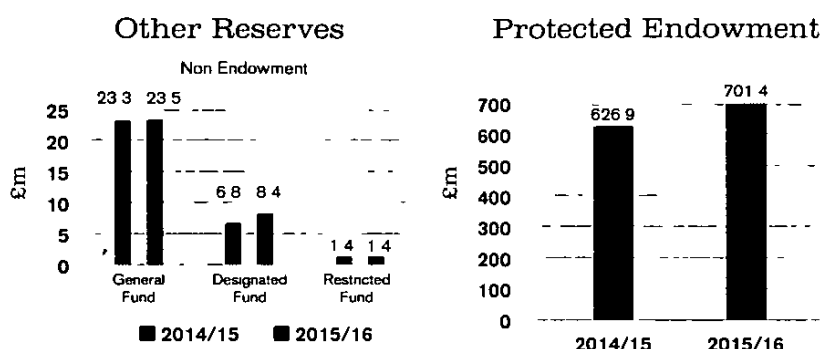
We have responsibility for over 2,000 miles of waterways and towpaths along with associated structures that form part of the Waterway Infrastructure Trust transferred from government in 2012. Our purpose is to hold, operate and manage these for the benefit of the nation in perpetuity.

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.

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

Reserves Movement

The total funds for the Trust has increased from £658.4m to £734.7m and the movement in each of the reserves has been positive during the year



Reserves policy

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

As a relatively new charity it will take some time to build the level of unrestricted reserves to be sufficient to address the risks that we run and we need a strong financial performance over the longer term to achieve this.

The Trust holds financial reserves to be applied to future activities in a number of categories:

- Unrestricted – available to be applied, at the discretion of the trustees, to any of the Trust's charitable purposes
- Restricted endowment funds – to be retained for the benefit of the Charity as a capital fund. Permanent endowments require the capital to be maintained and only the income and capital growth can be utilised. With expendable endowments the capital may also be utilised.
- Restricted voluntary income funds – to be applied to the specific purpose(s) intended by the donor.

Unrestricted Funds

General Reserve – £23.5m (2015: £23.3m)

The general undesignated reserve represents the funds that are accumulated from surpluses of net income resources that are held specifically to fund the charitable purposes of the Trust 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.

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

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

Unlike many other charities, the Trust has a high degree of certainty over its future income streams with over 75% coming from reliable and predictable sources. It is also able, in emergencies, to use funds from the protected endowment fund provided that plans are in place to replenish the funds borrowed as soon as possible.

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

- Provide short-term protection against downward fluctuations in annual revenues or capital receipts to ensure that we can maintain the desired level of investment in the waterways,
- Provide long-term strategic financial support to fund maintenance of our waterways,
- Finance unplanned expenditure where the need arises such as the extreme floods at the end of 2015,
- Provide protection against the financial impact from the operational risks of the Trust,
- Provide a financial cushion in the event of extreme circumstances affecting the charity's ability to operate, and
- Protect the Trust from investment market risk.

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

Pension Accumulation Designated Reserve – £8.4m (2015: £6.8m)

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

During the year the Trustees reviewed the long term forecast for the pension fund deficit and subsequently agreed to increase the transfer from general reserves to the pension accumulation fund from £2m to £4m per annum with effect from 1 April 2016. Subject to the 2016 valuation, this higher level of transfer to the pension accumulation fund coupled with the £5m annual payment directly made to the Waterways Pension Fund, is anticipated to cover any deficit existing in 2031. The fund will close to future benefit accrual from 30 September 2016.

Restricted Reserves

Protected Endowment Fund – £701.4m (2015: £626.8m)

The Protected Endowment is a restricted reserve and is defined under the Defra 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.

Income generated from the investments in the Protected Endowment reserve is used to fund maintenance of the waterways charged to the general fund and any capital gains/losses sustained remain within the Protected Endowment fund although it is permissible for funds to be withdrawn in exceptional circumstances with the obligation for such funds to be repaid as soon as is practicable to do so. The Protected Endowment fund is a permanent endowment fund whilst the Defra Grant Agreement is in place.

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.

Restricted Income Fund – £1.4m (2015: £1.4m)

The Restricted Income Reserve comprises funds that have been donated to the Trust with specific restrictions on how the funds may be applied and the Trustees have no discretion over their use. The purpose of each restricted fund is set out in the notes to the financial statements. Restricted donations of less than £20,000, unless part of a larger project, are reported in aggregate.

Net Current Assets

Net current assets reduced by £27.3m to £8.6m, largely explained by a £22.5m fall in cash and cash equivalent assets. The key movements are:

	2015/16 £m	2014/15 £m	Movement £m
Net cash used in operating activities	(53.9)	(46.8)	(7.2)
Net cash provided by investing activities	31.1	19.3	11.9
Cash flows from financing activities	0.3	30.9	(30.6)
Change in cash and cash equivalents	(22.5)	3.4	(25.9)
Cash and cash equivalents at 1 April	52.5	49.1	
Cash and cash equivalents at 31 March	30.0	52.5	

As referred to above, the Trust has increased expenditure on charitable activities this year which has resulted in more cash being spent on the operating activities of the business. The property portfolio is a major source of income for the Trust and the net funds generated from this activity has increased this year primarily due to loan repayments from joint ventures and higher rental income from investment properties.

The Trust benefited last year from the £31.5m repayment of an outstanding loan note. It continued to have access to a £25m revolving credit facility and increased the £5m overdraft facility towards the end of the year to £10m to give access to additional funding for property investment. During the year through close day to day cash management the Trust has not needed to draw on these facilities during the year.

Publication Data – required under the Defra Grant Agreement

Publication Data

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

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

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

Measure	Description	Outcome Result
Network Stewardship Score	A combined measure of waterway functionality and public benefit as at 31 March 2016	119 (2015: 119) <i>The score for 2014/15 has been increased from 118 to 119 to correct a calculation error</i>
Safety		
Number of reported incidents involving customers relating to infrastructure failure	The numbers of injuries are for the year ended 31 March 2016	21 (2015: 30) 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 2016	17 (2015: 17) employee lost time injuries which includes 11 HSE Riddor reportable "over 7 day" injuries (2015: 6) 71 (2015: 96) total employee recorded injuries
Percentage of waterway assets in Classes D and E*	Based on Principal Asset condition grades. The Relevant Standard is for the aggregate of assets in classes D&E not to exceed 25% of the total.	Aggregate percentage of principal assets in condition classes D&E was 13.8% as at 31 March 2016 (2015: 14.1%)
Towpaths		
Number of towpath visitors (based on annual survey data)	Number of visits and visitors for the year ended 31 March 2016. This is based on a survey of members of the public, expressed in millions. In previous years the survey was conducted via telephone. From April 2015 this survey has been conducted via an online panel. The sample remains representative of the population in England & Wales. Overall, little variation in the results has been evident between the telephone and online route but caution should be applied when comparing year-on-year results.	Total visits 380m (2014/15: 390m) Average visitors during a two week period 4.4m (2014/15: 4.3m) Note: The reporting period for visitors has moved from a calendar year basis (in previous years) to the financial year basis. The 2014/15 results have been restated to reflect this.
Number and duration of unplanned towpath closures	Defined as unplanned closures that are caused by asset or infrastructure failure for the year ended 31 March 2016	Number of closures 31 (2015: 8) Number of closure days 851 (2015: 663) <ul style="list-style-type: none"> 4km of towpath improvement works on Leeds & Liverpool between Skipton and Bradley (121 days) Void in towpath on the Calder & Hebble between Chan Bridge and Walker Bridge (98 days) Mon & Brecon Canal between Bridges 74 and 76 due to essential maintenance work (63 days)

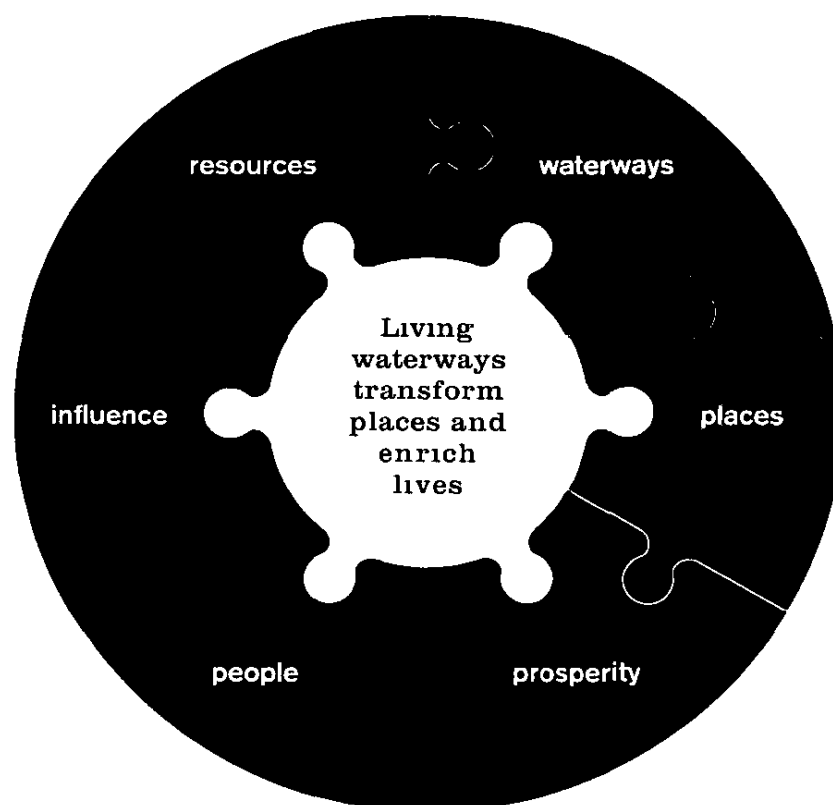
Measure	Description	Outcome Result
Percentage of towpaths in conditions A to C*	The Relevant Standard is no less than 60% aggregate in conditions A to C	Aggregate percentage of towpaths in condition classes A, B and C was 78.4% as at 31 March 2016 (2015 76.1%)
Flood management*		
Percentage of principal 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 1.44% as at 31 March 2016 (2015 1.41%)
Sites of Special Scientific Interest (SSSIs)		
Percentage area of SSSIs under Trust management in favourable or unfavourable recovering condition	The data is available only for sites in England and is obtained from Natural England. It covers a total of 718 hectares of SSSI sites under the Trust's management	Favourable 38.4% (2015 38.4%) Unfavourable recovering 23.6% (2015 23.6%)
Heritage		
Percentage of Heritage Assets assessed on completion of work as good or adequate with double weighting given to good assessments	This measure includes work on a number of assets that have heritage qualities and is not limited to waterway infrastructure assets only	96.9% (2015 98.6%)
Volunteer participation		
Number of volunteer days contributed to the Trust	Number of volunteer days for the year ended 31 March 2016	68,817 days (2015 58,774 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 2016 and forecast for the year ending 31 March 2017 (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.)	2015/16 456 residential units completed (480 forecast) 2016/17 Over 400 units under construction either currently or within the next 6 months (over 800 anticipated within the whole of 2016/17). Approximately 250 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 2016 and accordingly the Trust will apply for payment of the conditional portion of the Defra Grant funding for the year ending 31 March 2017 which comprises £10m.

Our plans for the future

Our plans for the year ahead

A year ago we set out our **10 year strategy**, to realise our ambitious vision to create **“living waterways that transform places and enrich lives”**. Six strategic goals underpin this vision and we have defined our ten year ambitions under each goal to **help us measure our progress**.



What we will do in 2016/17

Our plans for the year ahead are set out with three aspects

Financial targets	To ensure we secure the resources we need and live within our means
Key performance measures with targets	To measure our day-to-day performance and ensure we continue on the right path
Suite of key strategic programmes with key milestones	To ensure we deliver against our plans to change and enhance the Trust and our waterways

Our first responsibility is to meet the requirements of our Government contract as set out in the table below. Our performance is currently significantly better than the targets

Key Measure – improving our waterways/assets	Target
All government contract conditions to be comfortably exceeded	
Towpath condition graded \geq C	>60%
No. of principal assets in condition D/E	<23%
Condition of flood management assets graded D/E	<4%

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

Priority	Target
Boating customer satisfaction	70%
Unplanned navigation closures	<570 days
Visitor/Towpath user satisfaction	85%
'Regular' Visitor Numbers to reach each fortnight (from our monthly surveys)	4.7m
Public safety measure – % of incidents reported on the network attributable to infrastructure defects	>7.5%
People aware of the Trust (when prompted in our surveys)	33%
Employee Engagement (those answering positively to six key measures of engagement)	45%
Internal Safety measure – 'Accident Frequency Rate' expressed as number of accidents per 100,000 hours worked (a roughly 35% improvement)	<0.24
Volunteer hours	520,000
Volunteer satisfaction	90%
Community adoptions	180
No. of children reached in our education programme	70,000
Friends actively donating to the Trust each month	22,500

Finally, our progress will be defined by the key programmes that we will deliver this year. To focus the organisation we have identified around thirty such programmes, set out in the diagram below.



Being more productive and efficient

- Productivity performance measures
- Procurement improvement
- Development of organisational KPIs
- IT resilience



Caring for our assets

- Asset management strategy
- Dredging programme
- Flood repair programme
- Priority works & operational contracts programmes



Looking after our customers

- Mooring policy & mooring strategy programme
- CRM strategy & implementation
- Complaint management transformation programme
- Local partnership & customer service improvements



Increasing awareness

- Brand development & positioning programme
- Devolution engagement & positioning programme
- Outcomes measurement framework implementation and reporting



Managing our property

- Operational property review
- Investment strategy implementation
- Joint ventures programme delivery
- Fundraising & enterprise programme



Improving the experience for our visitors

- Museums development & accreditation programme
- DCLG Green Flag award scheme
- Destination management plans & implementation
- Signage roll-out programme



Encourage more volunteers and work with more children and young people

- Volunteer journey programme
- Learning & interpretation strategy
- Combined delivery of funded community initiatives
- Apprenticeships & heritage trainee programme



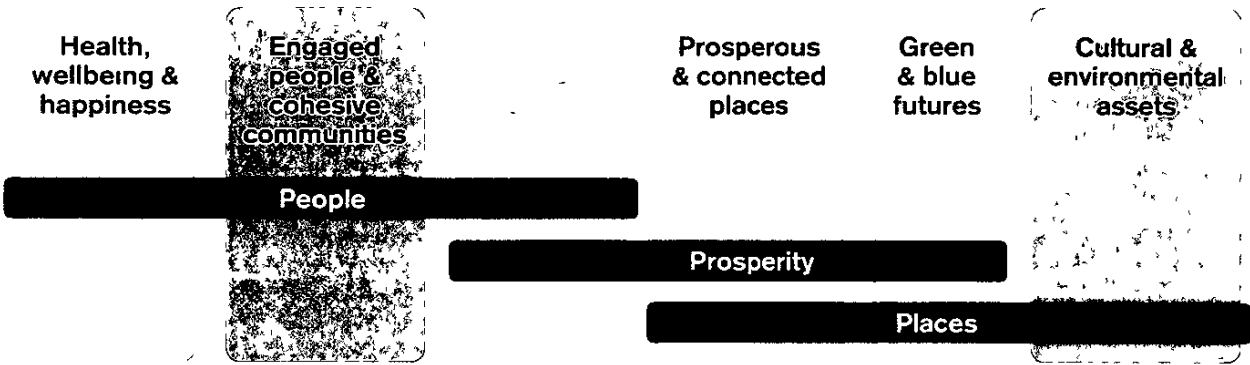
Investing in our people

- Growing our Trust
- Organisational development programmes
- Diversity action plan implementation
- Employee brand programme

The Trust is increasingly shifting its focus beyond the direct outputs it delivers to measure the wider impacts that we have and the outcomes we deliver. In the past two years, in collaboration with Cardiff University, we have developed an Outcomes Measurement Framework (OMF), summarised in the diagram below. This is providing a foundation on which the Trust can implement a research programme to measure the economic, and social environmental contribution that the waterways make to wider public benefit, which will be incorporated within our future reporting.

The OMF will give the Trust evidence to demonstrate the cross cutting nature of waterways, and the breadth of our impact at both local and national level, how waterways relate to the different local communities we serve, and our contribution to the nation's wellbeing in its widest sense.

To help us to maintain rigour in our approach and to ensure we actively draw on best practice from across different sectors, we have recently established an External Reference Group comprising leading experts in the field to act as a "critical friend" as we develop our work.



GOVERNANCE

CHARITABLE PURPOSE

The Canal & River Trust (the "Trust") has responsibility to care for England and Wales' 200-year-old waterways, holding them in trust for the nation forever. This responsibility includes 2,000 miles of navigable canals and rivers, together with bridges, tunnels, aqueducts, docks and reservoirs, along with museums and archive collections.

The Trust undertakes a wide range of activities, all of which aim to further its charitable purposes for the public benefit, and the strategy to achieve the Trust's charitable purpose can best be expressed in our vision to "living waterways that transform places and enrich lives". A review of the main activities, achievements and benefits of the year ended 31 March 2016 can be found on pages 4 to 29.

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. Further details on our strategy for the future, setting out what we want to achieve over the next ten years can be found on page 44.

“
£148m
spent on our
charitable activities”

CORPORATE STRUCTURE

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 19 marinas across England & Wales offering customers a comprehensive range of boat services. Canal & River Trading CIC is a community interest company that carries out trading and investment activities. The main activities are in property development, investing in joint ventures and operating attractions. Profits arising in the subsidiaries are donated to the Trust. A summary of all the Trust's subsidiaries and results appears in note 12 in these accounts.

CORPORATE GOVERNANCE

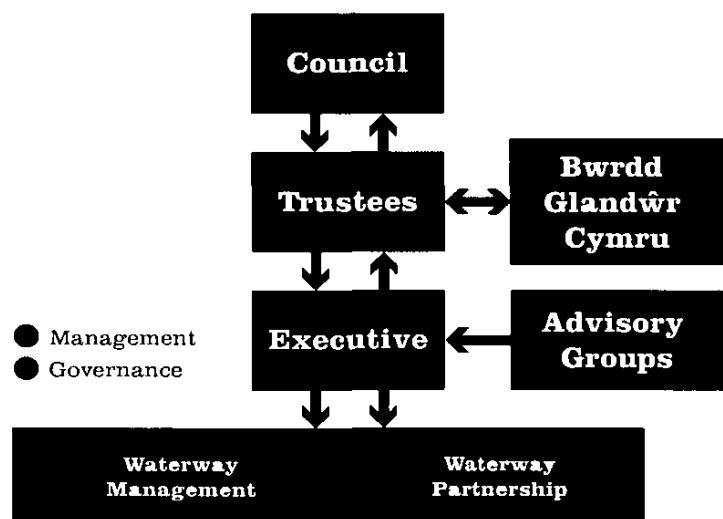
Excellent governance is a crucial ingredient of effective civil society organisations. From its inception, the Canal & River Trust has paid great attention to ensuring that we have the highest standard of governance. We consulted widely and sought advice on the structure of our governance; we have invested appropriately in our governance processes; we strive to ensure all meetings add value and we expect the highest standards of governance behaviours.

Our governance is quite complex because we are a multifaceted organisation delivering multiple objectives for a wide range of stakeholders. That means we all have to invest time in understanding our governance arrangements and making them work well. To this end we have also committed ourselves to important codes of governance practice, in particular The Board of Trustees has committed itself to the Seven Principles of Public Life and takes cognisance of "Good Governance – a Code for the Voluntary and Community Sector".

The principal governing body of a charity such as the Canal & River Trust is the board of trustees. It is the board of trustees that is required to report to the Charity Commission. Because the charity is also a company, the trustees are also its company directors.

The Trust has been compliant with best practice on corporate governance standards throughout the year. The following statements explain how the principles of the Good Governance Code have been applied.

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 40 reflects the wide appeal of the waterways and includes a mix of elected and nominated individuals together with the eleven Partnership chairs. Members are listed on page 104.

The Council meets twice a year. At the September 2015 meeting the Council topics included the Waterways Ombudsman Scheme, Angling on the Trust's waters and how the Trust uses the planning system to protect and enhance the waterways and their environs. The Council agreed detailed revisions to the Trust Rules. This was Tony Hales's last meeting and the Council thanked him for his enormous contribution to the success of the Trust. At the conclusion of the meeting he handed over to Allan Leighton as the new Chair of Council.

The March 2016 meeting was the first for the new Council following elections held at the end of 2015, and renewal of the nominated members. The meeting included an element of induction for new members whom for the first time included representatives of the Friends of the Trust and volunteers. Topics considered included an update on the impact of the winter flooding on the Trust, a financial review of the year and the business plan, and an overview of fundraising and marketing.

All meetings include an update briefing from the chief executive followed by questions and answers.

A third of Trustees are required to retire each year and may be reappointed for a second term. No trustee may serve more than two terms continuously, except for the chair who may serve three terms. 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.

“
68,817
volunteer days
during the year”

At the Annual General Meeting of the Trust (a meeting of Council) in September 2015, the following trustees were reappointed following their retirement by rotation

Manish Chande
Frances Done
Steve Shine

Tony Hales retired as a trustee and chairman on 23 September 2015 and at the close of the meeting, Allan Leighton, as the incoming chairman of Trustees, took over the Chair of Council

Steve Shine retired as a trustee on 19 January 2016

At a meeting of the Board in May 2016, Nigel Annett was appointed as a Trustee with effect from 1 June 2016 and his nomination will be submitted to the AGM in September

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

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

The following served on the Appointments Committee during the period

Trustees

Lynne Berry (Chair)
Jane Cotton
Tony Hales (to 23/9/15)
Allan Leighton (from 19/11/15)

Council Members

Clive Henderson (to 8/3/16)
Mark Penny
Phillip Prettyman (from 17/3/16)
Alison Ward

2 Board of Trustees – operation and membership

The 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 Allan Leighton who took over the position from Tony Hales CBE, who retired as a Trustee on 23 September 2015. Further details of the relationships between the Board of Trustees, the Council, Partnerships, Management and Committees can be found on page 49 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 102.

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 this has been comprehensively reviewed in 2015, with a revised Schedule formally adopted at the November 2015 Board meeting. This Schedule also defined more clearly those matters delegated to Board of Trustee committees. Terms of Reference for all of the Trustee committees were agreed at the May 2016 Trustee Board meeting to ensure consistency in governance arrangements throughout the Trust. 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 chairman undertakes appraisals of individual trustee performance and the vice chairman appraises the chairman. The Board meets without the chairman present at least once a year to consider the appraisal of his performance.

Audit and Risk Committee

The following trustees served on the Audit and Risk Committee during the period

Lynne Berry
John Dodwell
Frances Done (Chair)
Tom Franklin
Steve Shine (to 19/1/16)

The Committee shall normally comprise at least 4 trustees. The trustees are satisfied that at least one member of the Audit and Risk Committee has significant, recent and relevant financial experience. The Committee has written terms of reference, which have been reviewed and improved during the period. The Committee has reviewed its own performance during the year. The Committee meets at least three times a year. By invitation the chief executive attends the meetings, together with the finance director, general counsel and the head of audit & risk, and the external auditors. The Committee also meets both the external auditors and the head of audit & risk privately.

The Committee considers and make recommendations to the Board on the effectiveness of the Trust's governance, and internal control framework, with specific focus on the Trusts' risk management framework. Elsewhere in the Trustees' Report and Accounts, there is an explanation of the Trust's approach to risk management and the responsibilities of the trustees.

The Audit and Risk Committee is responsible for making recommendations to the Board of Trustees regarding the appointment of the external auditor. In June 2015 the Committee recommended Grant Thornton UK LLP were appointed as external auditors. Grant Thornton UK LLP were appointed at the Annual General Meeting in September 2015.

The Audit and Risk Committee agreed in advance the external audit strategy and monitors the performance of the external auditors. In addition, the 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 are required to be approved by the Audit and Risk Committee. Details of the external auditors' fees are given in note 4 to the accounts.

In addition to reviewing the financial results and accounting policies, the Audit and Risk Committee reviews the draft Trustees' Annual Report and Accounts before submission to the Board and receives the external auditors report.

The Committee approves the Internal Audit Charter, Strategy and annual plan, and ensures the Internal Audit function is adequately resourced. It receives regular reports on the performance of internal audit, together with summary audit findings.

During the year the Audit and Risk Committee took appropriate steps, and gathered a broad range of assurance, to satisfy themselves that the systems of governance, internal control and risk management was being adequately managed within the Trust. The areas covered include:

- The scheme of delegation matters reserved for the Board of Trustees, and the terms of reference for Board Committees
- Refinements made to the Trust's risk management framework, including risk escalation and acceptance
- Compliance with data protection legislation, and a review of the security within specific financial systems
- Effectiveness of Internal and External Audit
- Effectiveness of the Audit and Risk Committee
- The adequacy of the Trust's arrangements for prevent and detect fraud and corruption
- The adequacy of arrangements to help and protect employees, volunteers and contractors to "blow the whistle" if they identify anything wrong
- Compliance with relevant standard for asset management
- Project management arrangements for operational efficiency

“total reserve funds increased by £76m to £735m”

With effect from 1 April 2016 the Trust has partially outsourced its Internal Audit function to RSM Risk Assurance Services LLP. The Head of Audit & Risk remains an employee of the Trust.

Investment Committee

The following served on the Investment Committee during the period

Trustees

Manish Chande (Chair)
John Dodwell
Tony Hales (to 23/9/15)
Allan Leighton
Simon Thurley

Voluntary members

John Bywater
Keith Tilson

The Committee shall normally comprise at least 3 trustees and the Committee can co-opt external voluntary members 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.

During the year, the Investment Committee oversaw the continuing implementation of the new Investment Strategy for the Trust including 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 selected external investment manager, Partners Capital, has invested £100m on behalf of the Trust in non-property investments towards the overall objective of around 20% diversification away from property in a 3 to 5 year time horizon.

Partners Capital have also established tailored low-risk / high-liquidity investment products which provide superior returns on surplus cash to bank deposit rates which remain at historic lows. £10m of General fund balances were invested in a General Fund Liquidity account during the year.

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

Remuneration Committee

The following trustees served on the Remuneration Committee during the period

Jane Cotton (Chair until 22/9/15)
Tom Franklin
Ben Gordon (from 20/5/15 and Chair from 23/9/15)
Tony Hales (to 23/9/15)
Steve Shine (to 19/1/16)

The Committee shall normally comprise at least 3 trustees and has as its main task the oversight of the remuneration policies for the Trust, with particular focus on the remuneration of the executive directors including the chief executive.

**“£720m
invested in
property, joint
ventures and
diversified
income funds”**

**“we now have
more than
15,000
Friends, people who
generously support
us with their
monthly donation”**

In particular the Remuneration Committee determines

- the remuneration and terms of service, including any performance related pay scheme and pension arrangement of the Executive Directors. It reviews performance accordingly and approves the total annual payments made under such scheme,
- the total annual or periodic pay award for all Trust staff, and
- the annual or periodic bonus pool, if any, for staff below Executive Directors

The Committee 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 third sector. The Committee continues to be satisfied that the levels of executive director pay are appropriate to the responsibilities of the posts concerned.

Information on chief executive, executive director and senior management remuneration is given in note 6 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 only bonus payment awarded by the Remuneration Committee in 2015/16 to the executive directors was to the property director, in line with the contractual link of his remuneration to the Trust's performance against the wider property market.

The chief executive, the finance director and the head of HR attend the Remuneration Committee meetings by invitation to present recommendations and provide support to the Committee, they also update the Remuneration Committee on matters regarding senior level recruitment, leadership development, succession planning and reward but have no input into decisions affecting their own remuneration.

Remuneration policy

The Trust recognises the importance of being transparent and accountable in all aspects of its work including how staff are recognised and rewarded. The Trust's pay policy seeks to ensure that we can attract, motivate and retain the right staff, with the right skills to enable us to deliver our strategy and policies. Pay for all roles are informed by the Trust's charitable status as well as the likely source of potential candidates for a particular sector of the Trust taking into consideration the affordability over the longer term.

The Trust adopts a total "reward approach" where we consider everything that staff may perceive of value, recognising that our people are not motivated or attracted solely by pay.

We will remunerate all staff at the Living Wage or higher although apprentices will be remunerated at the national minimum wage for apprentices to reflect the value of the training that they are receiving.

Fundraising Committee

The following trustees served on the Fundraising Committee during the period

Jane Cotton (Chair)
Lynne Berry (to 23/9/15)
John Dodwell
Ben Gordon (from 23/9/15)
Tony Hales (to 23/9/15)

The Committee shall normally comprise at least 3 trustees and provides assurance and recommendations to the Trust on the effectiveness and appropriateness of its fundraising programme and policies, encompassing both voluntary and statutory fundraising

In particular, it has responsibilities relating to

- The review of up to date fundraising policies and strategies, and ethical standards to ensure that they remain fit for purpose as the charity evolves
- The Trust's position with regard to regulatory bodies such as the Professional Fundraising Regulatory Authority and the Fundraising Standards Board, advising the Executive in these and other areas that affect the public perception of both us and the charitable sector as a whole
- Monitoring the use of restricted and designated funds
- Ensuring that the charity's business planning and strategy development process delivers suitable philanthropic propositions to enable successful fundraising

Nominations Committee

The following trustees served on the Nominations Committee during the period

Lynne Berry (Chair)
Jane Cotton
Tom Franklin
Tony Hales (to 23/9/15)
Simon Thurley

The Committee shall normally comprise at least 3 trustees and 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)

3 Partnerships

The eleven Partnerships, each aligned to the operational waterway management units form the third component in the governance of the Trust

Each Partnership has on average ten members and includes the relevant waterway manager. 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

Each Partnership has completed the development of their Vision, priorities and Action Plans for their Partnership. The Plans are available on the website. Their visions and priorities have been incorporated in the Trust's Vision, strategic goals and business plan

“16.4m
people visited our
canals and rivers
during the year”

At a local level each Partnership is playing a key role in reaching out to communities, businesses, local politicians including MPs and the academic sector, forging new relationships and encouraging financial and practical support for the Trust including volunteering and waterway adoptions, bringing new people to the waterways from all age groups and backgrounds

The chair and deputy chair carry out performance 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 104 to 105

4 Bwrdd Glandŵr Cymru

A new Bwrdd Glandŵr Cymru (BGC) chaired by a trustee, Lynne Berry, has been set up to strengthen the main Board of Trustees' links with Wales. Appointments to the new Board are made by the Joint Appointments Committee and are drawn from all spheres of civil society in Wales. BGC takes a strategic perspective in developing the Trust's work in Wales working closely with the North Wales & Borders and South Wales & Severn Waterway Partnerships. The new Board met for the first time in September 2015. Members of BGC are listed on page 104

5 The Waterways Ombudsman Scheme

An independent Waterways Ombudsman is available to consider complaints against the Trust (and its subsidiaries) that are not resolved through its own internal complaints procedure. It is a non-statutory scheme funded by the Trust. 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 previous Waterways Ombudsman Committee, 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

The current Waterways Ombudsman Committee comprises five members. Three of the members are entirely independent, including the newly elected chair Steve Harriot, appointed as chair in Feb 2015. A trustee (currently Tom Franklin) and an employee of the Trust (Jackie Lewis, general counsel) are the other two members of the Committee

More information on the work of the Ombudsman can be found on the Waterways Ombudsman's website

Principal Risks and Uncertainties

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

The Trust operates within a moderate overall risk range which recognises the inherent age, condition and health and safety issues which prevail as well as the stage of development of this relatively new charity. The lowest risk tolerance relates to safety and compliance objectives, including employee, volunteer and public health and safety, with a higher risk tolerance for its investment return objectives

During the year all major risks were managed with no significant adverse impact. Enhanced risk assessment, documentation and reporting for the corporate risk register has been implemented through the year

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

When assessing risks the trustees and executives consider the financial, reputational and service impact of each risk alongside the likelihood of the risk occurring. The most significant risks include

- Safety of customers, contractors, employees and volunteers on the waterways and the general public who can freely access our network. To reduce this risk, the Trust maintains a high standard of safety processes including training, work procedures, signage and communication, and the regular inspection and maintenance of assets
- The condition of our waterway assets, many of which were constructed as far back as the eighteenth century, may deteriorate over time, resulting in damage to those assets and their surrounding environment. We manage this risk through inspection, assessment and regular maintenance and remedial works, including the prioritisation of those assets where failure would have the most significant consequences. Assessments in accordance with the Trust's environment and heritage codes of practice are applied to all works undertaken for the purpose of ensuring that the Trust continues to meet its public environmental and heritage obligations
- Climate change has increased the severity, frequency, duration and extent of extreme weather events and the resulting periods of drought and flood can adversely impact on our waterway assets. We mitigate this by active water management to ensure appropriate levels of water are available to our waterway network so that the network is available for public use and any risk of flood is minimised. We also operate emergency response plans, particularly in the case of flooding as demonstrated by the Trust's response to the Boxing Day floods
- Changes to legislation and regulation can create risks to our resources and operational requirements. A current example is the proposed introduction of water abstraction licences which could lead to restrictions on the quantity of water the Trust is allowed to abstract. We mitigate these types of risk by regular and constructive dialogue with legislators including Defra
- The financial sustainability of the Trust is a risk which is managed by operating diverse income sources and by careful management of our investment assets, including the continuing diversification of the Trust's investment portfolio away from pure property investment to provide some measure of risk protection. In addition we have taken steps towards the closure of the final salary pension scheme in order to reduce the risk of future pension fund liabilities
- It still remains the Government's ambition to transfer the Environment Agency's (the "EA") responsibility for navigation of the rivers to the Trust, subject to affordability and approval by the Trust's Board and the Minister. Taking on the 620 miles of EA-managed river navigations creates a risk for the Trust which we are jointly managing with the EA by establishing a joint working group to explore different options for running the navigations
- Changes to the organisation or to personnel in the Trust can create risks arising from loss of knowledge, consistency or failure to maximise the many and varied skills of our staff. The Trust manages these risks by applying staff development and training and, at an individual level with regular performance appraisals and personal development plans reflecting the continued priorities of the Trust. In particular this year the Trust has carried out a major programme of staff engagement, and has committed to promoting a positive culture in the Trust with emphasis on developing better internal communication, the removal of bureaucratic or redundant processes, and the promotion of better team working

Information and communication

The chief executive submits a rolling three year Business Plan, detailed annual budgets and key performance indicators (with targets) to support the Trust's 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.

Trustees' Responsibilities Statement

The trustees (who are also directors of Canal & River Trust for the purposes of company law) are responsible for preparing the Trustees' 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), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 (FRS 102),
- 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.

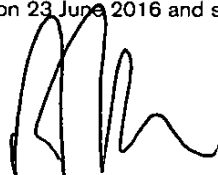
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 23 June 2016 and signed on their behalf by



A Leighton
Chairman
4 July 2016

“190m
income during
2015/16 **”**

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

We have audited the financial statements of Canal & River Trust for the year ended 31 March 2015 which comprise the consolidated statement of financial activities, the consolidated income and expenditure account, the group and parent charitable company balance sheets, the consolidated statement of cash flows and 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 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 pages 58 to 59, 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 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 group's and parent charitable company's affairs as at 31 March 2016 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' Annual 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's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Carol Rudge

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London
4 July 2016

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2016

These accounts have been prepared under a new accounting standard, Charities SORP (FRS 102). In accordance with this standard the comparative year 2014/15 has been restated where appropriate. Further details can be found in note 26 to these accounts.

	Note	Unrestricted funds	Restricted Funds		Income	2015/16 £m	2014/15 £m
		£m	Subsidiaries £m	Other £m	Funds £m		
Income and endowments from							
Voluntary income							
Donations and legacies					2.5	2.5	1.6
Defra grant funding		49.6		-		49.6	39.0
Other trading activities							
Leisure boating		35.8	6.6			42.4	40.9
Utilities		26.3				26.3	26.1
Investment and property income		32.2	9.8			42.0	44.8
Charitable activities							
Waterway infrastructure income		7.4				7.4	6.1
Waterway regeneration and restoration		11.9		-	0.4	12.3	11.7
Museums and attractions		1.2		-		1.2	1.2
Share of net income from joint ventures	12		5.1	-		5.1	4.3
Other income		0.6	-	0.3		0.9	7.5
Total income	3	165.0	21.5	0.3	2.9	189.7	183.2
Expenditure on raising funds							
Voluntary income		(3.6)		-		(3.6)	(2.7)
Leisure boating		(11.4)	(5.6)			(17.0)	(15.5)
Utilities		(2.8)		-		(2.8)	(2.5)
Investment management		(7.2)	(5.2)	(3.6)		(16.0)	(17.2)
Total expenditure on raising funds	4	(25.0)	(10.8)	(3.6)	-	(39.4)	(37.9)
Net income available for charitable activities		140.0	10.7	(3.3)	2.9	150.3	145.3
Expenditure on charitable activities							
Waterway infrastructure maintenance and repairs		(125.2)			(2.5)	(127.7)	(118.9)
Waterway regeneration and restoration		(16.3)			(0.3)	(16.6)	(15.1)
Museums and attractions		(4.1)			(0.1)	(4.2)	(3.8)
Grants to other organisations						-	(0.2)
Total expenditure on charitable activities	4	(145.6)	-	-	(2.9)	(148.5)	(138.0)
Total expenditure	4	(170.6)	(10.8)	(3.6)	(2.9)	(187.9)	(175.9)
Net income / (expenditure) before gains and losses on investments		(5.6)	10.7	(3.3)	-	1.8	7.3
Realised gains on disposal of investment assets			1.0	8.4		9.4	38.5
Unrealised gains/(losses) on revaluation of investment assets	10,11	(0.4)	15.1	13.7		28.4	39.4
Net income / (expenditure)		(6.0)	26.8	18.8	-	39.6	85.2
Transfers between funds	18	7.8	(10.5)	2.7		-	
Other Recognised Gains and Losses							
Actuarial gains/(losses) on defined benefit pension schemes	21			36.8		36.8	(21.1)
Taxation charge			(0.1)			(0.1)	(0.1)
Net movement in funds	18	1.8	16.2	58.3	-	76.3	64.0
Fund balances at 1 April 2015	18	30.1	21.2	605.7	1.4	658.4	594.4
Fund balances at 31 March 2016	18	31.9	37.4	664.0	1.4	734.7	658.4

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

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	2015/16	2014/15
	£m	£m
Income		
Donations and legacies	2.5	1.6
Defra grant funding	49.6	39.0
Leisure boating and utilities	62.1	60.7
Investment and property income	32.2	31.4
Income from charitable activities	20.9	19
Other income	0.6	7.5
Total income	167.9	159.2
Expenditure		
On raising funds	(25.0)	(24.3)
On charitable activities	(143.5)	(138.0)
Total expenditure	(173.5)	(162.3)
Net income and expenditure before transfers	(5.6)	(3.1)
Transfer from the protected endowment fund	7.8	12.8
Net income and expenditure after transfers	2.2	9.7

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

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

All amounts relate to continuing activities.

The accompanying notes form part of these financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	Group	Canal & River Trust
		31 March 2016	31 March 2015
		£m	£m
Fixed assets			
Tangible assets	8	79.5	79.2
Heritage assets	9	-	-
Investments			
Property	10	580.0	522.9
Diversified investment funds	11	120.0	93.4
Subsidiaries	12	-	-
Net assets in joint ventures	12	19.8	27.2
		799.3	722.7
Debtors Amounts falling due after one year	14	-	8.6
Current assets			
Stock	13	1.3	1.3
Debtors	14	50.6	43.0
Investments	1	6.0	6.3
Cash at bank and in hand		30.0	52.5
		87.9	103.1
Current liabilities			
Creditors Amounts falling due within one year	15	(79.3)	(67.2)
Net current assets/(liabilities)		8.6	35.9
Total assets less current liabilities		807.9	767.2
Creditors Amounts falling due after one year	15	(17.1)	(14.9)
Provisions for liabilities	17	(4.7)	(5.7)
Net assets excluding pension fund (liability)/asset		786.1	746.6
Pension fund (liability)/asset	21	(51.4)	(88.2)
Net assets including pension fund (liability)/asset		734.7	658.4
Funds			
Unrestricted funds			
General fund		23.5	23.3
Designated fund		8.4	6.8
Restricted funds			
Protected endowment funds		701.4	626.9
Voluntary income funds		1.4	1.4
Total funds	18	734.7	658.4

Approved and authorised for issue by the Board of Trustees on 23 June 2016 and signed on their behalf by



Allan Leighton
Chair
4 July 2016

Company number 7807276

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	2015/16	2015/16	2014/15	2014/15
	£m	£m	£m	£m
Net cash used in operating activities		(53.9)		(46.8)
Cash flows from investing activities				
Net Interest received	0.3		1.9	
Rental proceeds from property and investments	49.5		45.8	
Purchase of tangible fixed assets	(6.2)		(4.6)	
Purchase of investment property	(40.9)		(42.5)	
Proceeds from sale of tangible fixed assets	0.8		0.2	
Proceeds from sale of investment property	44.8		99.7	
Net investment in diversified funds	(31.4)		(85.8)	
Receipts from diversified funds	2.2		-	
Repayment of loans made to joint ventures	11.7		4.0	
Dividends from joint ventures	0.8		0.6	
Net cash provided by investing activities		31.1		19.3
Cash flows from financing activities				
Repayment of loan note	-		31.5	
Withdrawals/(Payments) into short term deposits	0.3		(0.4)	
Revolving credit facility arrangement fees	-		(0.2)	
Net cash provided by financing activities		0.3		30.9
Change in cash and cash equivalents in the year		(22.5)		3.4
Cash and cash equivalents at 1 April		52.5		49.1
Cash and cash equivalents at 31 March		30.0		52.5

The accompanying notes form part of these financial statements

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

	2015/16	2015/16	2014/15	2014/15
	£m	£m	£m	£m
Net income		39.6		85.2
Adjustments for				
Realised gains on the disposal of fixed assets	(9.4)		(38.5)	
Unrealised gains and losses on revaluation of investment assets	(23.4)		(39.4)	
Net finance expense	5.1		2.8	
Rents from property and investments	(47.8)		(48.3)	
Share of net income from joint ventures	(5.1)		(4.3)	
Depreciation	5.2		5.1	
Taxation	(0.1)		(0.1)	
Diversified funds investment return: dividends received	(1.9)		-	
(Gain)/Loss on sale of tangible fixed assets	(0.8)		0.7	
Difference between payments to defined benefit pension scheme and amount charged to expenditure	(5.5)		(5.8)	
		(68.2)		(127.8)
(Increase) in stock		7.3		(0.2)
(Increase) in debtors		(17.1)		(4.9)
Increase in creditors		12.8		3.3
(Decrease) in provisions		(1.0)		(2.4)
Net cash used in operating activities		(53.9)		(46.8)

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

	At 1 April 2015	Cash flows	At 31 March 2016
	£m	£m	£m
Cash at bank and in hand	52.5	(22.5)	30.0
Current asset investments	6.3	(0.3)	6.0
Loan from Port of London Properties Ltd (note 15)	(12.9)	-	(12.9)
Net funds	45.9	(22.8)	23.1

NOTES RELATING TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of preparation

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

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

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

These financial statements for the year ended 31 March 2016 are the first financial statements that comply with FRS 102 and Charities SORP (FRS 102). The date of transition is 1 April 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening funds for the comparative period are explained in note 26.

The Trust meets the definition of a public benefit entity under FRS 102. As described further within the Governance section of the Trustees report on page 48, it is a Charity registered with the Charity Commission in England and Wales, and a Company limited by Guarantee.

The Trust's activities, together with factors likely to affect its future development, performance and financial position, and commentary on its financial activities and its cash flows, are set out in the Trustees report (including Strategic Report) on pages 4 to 47 and elsewhere in the financial statements.

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

Significant judgements and key sources of estimation uncertainty

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

a) Revenue recognition

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

b) Accounting for defined benefit pension scheme

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

c) Joint ventures

Significant judgement has been required in assessing the carrying values of the Trust's loans in joint ventures. Judgement is required in determining the fair value which has been evaluated based on recent accounts, access to joint venture board papers and discussions with our partners.

d) Useful economic lives of operational fixed assets

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

Basis of consolidation

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

The consolidated financial statements incorporate the financial statements of the Trust and its subsidiaries for the year ended 31 March 2016 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 FRS 102, section 9.13 *'Consolidated and Separate Financial Statements'*. The financial statements of all Group companies are prepared using consistent accounting policies.

Fund accounting

Reserve policies are set out on page 39 of the Trustees' report and in note 18 to these accounts. Reserves are either unrestricted or restricted funds.

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

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

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

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

The Protected Endowment Fund includes the net value of any unrealised revaluation surpluses that have arisen on the endowment since the transfer and the net value of funds held in reserve for waterway infrastructure asset dowries where such funds have been invested into assets contained within the Protected Endowment. The £49.9m asset dowry reserve, which in previous years was accounted as a separate reserve within the Protected Endowment Fund, has been merged with the overall Protected Endowment Fund and will be treated in exactly the same way. This change has been made as it is considered that this treatment more accurately reflects the nature of this reserve.

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

Voluntary income received of less than £20,000, unless part of a larger project, is reported in aggregate. Where voluntary income is applied a final review of the allocation of expenditure is performed after a project or contract has been completed which can give rise to a transfer between funds to ensure that the donor promise is fulfilled (see page 90 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 trading activities

a) Voluntary income

- i) Donation income is recognised when received, except where fundraising campaigns are based around a specific event date, in which case the accruals basis is used.
- ii) Donations towards the Friends of the Canal & River Trust scheme are recognised on receipt.
- iii) Entitlement to legacy income is considered to be on the earlier of the date of receipt of finalised estate accounts, the date of payment or where there is sufficient evidence to provide the necessary probability that the legacy will be received and the value is measurable with sufficient reliability. This is defined as the point when the executor has notified the Trust that there is an intention to make a distribution from finalised estate accounts.
- iv) Gifts in kind for use by the Trust are included in the accounts at their estimated value at the date of receipt. This is on the basis of the amount the Trust would have been willing to pay to obtain equivalent facilities on the open market. A corresponding amount is then recognised in expenditure in the period of receipt.
- v) Donated services and facilities (excluding volunteer time which is not monetised) are included as 'Voluntary income' at their estimated value to the Trust when received. This is on the same basis as 'gifts in kind' above. A corresponding amount is recognised in expenditure in the period of receipt.
- vi) Income from Gift Aid is recognised on the earlier of receipt or submission of a claim to HM Revenue & Customs.

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

c) Income from trading activities

- i) Boat licences and mooring permits are invoiced in advance and income is recognised on an accruals basis over the term of the licence or permit, with amounts relating to future periods shown as deferred income.
- ii) Income from marinas subsidiary British Waterways Marinas Limited ("BWML") includes income from mooring permits at marina operations, retail sales from chandlery and property rents. All income in BWML is accounted for in accordance with these group accounting policies, with particular reference to mooring permits and property rental income.
- iii) 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.

d) Investment and property income

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

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

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

- ii) Income from diversified investments includes dividend and interest payments distributed from investment funds and is recognised in the period in which it is earned. See also the accounting policy for diversified investment funds below.
- iii) Interest income derived from financing arrangements (deferred payment for goods or services provided) is recognised in the SoFA using a market rate of interest or where this is unspecified the rate of interest for a similar debt instrument. Interest income on other types of basic debt instruments is recognised using the effective interest rate which discounts all future cash flows back to the carrying value of the instrument.

Incoming resources from charitable activities

- a) Maintenance agreements and other waterway related income is income received from third parties (such as a local authority) to maintain an area of the waterway network. The revenue is recognised on a straight line basis over the term of the agreement reflecting the assumption that maintenance is performed at a constant rate over the term of the agreement.
- b) Waterway regeneration and restoration income contributing towards restoring and improving the waterways network is generally accounted for as a contract for services and income is recognised as unrestricted income in the SoFA to the extent that the service has been delivered. In the balance sheet any amounts received in advance are treated as deferred income creditors and amounts due but not paid are accrued income debtors. Revenue is recognised in proportion to the stage of completion of the work in accordance with relevant funding agreements.

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

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

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. Expenditure is recognised when a constructive or legal obligation is created, where outflows are probable and can be reliably measured. Irrecoverable VAT is either charged to the appropriate heading or it is capitalised as appropriate.

The consolidated SoFA defines expenditure in two specific categories:

- Expenditure on raising funds
- Charitable activities

Expenditure on raising funds

- a) Expenditure on raising 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) Expenditure on trading activities (leisure boating and utilities) for raising funds include the direct costs of generating income from boat licences, moorings, utility wayleaves and easements, water sales and retail.
- c) Investment management costs include the costs of generating income from the Trust's property investments, such as rents and service charges and the Partners Capital investment management fees.

Charitable activities

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

Governance costs

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

Support costs

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

Interests in joint ventures

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

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

Investment in subsidiaries in the Trust's company only accounts

The investment in Canal & River Pension Investments LP is shown at fair value, on the basis it represents a non-basic financial instrument.

All other investments are stated at cost less impairment.

Impairment

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

Tangible fixed assets

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

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

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

Heritage assets

The Trust has two classes of heritage assets:

a) Waterways infrastructure

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

- to operate and manage the Infrastructure Property for public benefit, use and enjoyment including navigation, walking on towpaths, and for recreation or other leisure-time pursuits of the public in the interest of their health and social welfare,
- to protect and conserve, for public benefit, sites, objects and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with the Infrastructure Property, and
- for public benefit, the conservation, protection and improvement of the natural environment and landscape of the Infrastructure Property.

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

b) Waterway museum artefacts collections and archives

The Trust maintains over 15,000 heritage artefacts in its collection and over 100,000 archive records of the construction and operation of the historic waterways. These items are held for display to the public or in secure storage facilities. The Trust does not consider that reliable cost or valuation information could be obtained for the vast majority of items in the collection and archives and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefit derived by the Trust and the users of the accounts. This is because of the diverse nature 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 9 to the accounts.

Investment properties

Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Valuations are carried out on an annual basis. Independent professionally qualified surveyors carried out a valuation of all properties in March 2014. For the valuation at 31 March 2015 and 31 March 2016, independent professionally qualified surveyors valued 90% of the properties by value. The remaining 10% were valued by qualified surveyors employed by the Trust.

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

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

Diversified investments

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

Leased property, plant and equipment

a) Group as a lessee

The group has entered into leases for tangible fixed assets. All leases to the Group are leases where substantially all the risks and rewards incidental to 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. In order for a long lease to be treated as a disposal it would be usual for the lease term to be for the major part of the economic life of the property (typically more than 50 years) and at the inception of the lease the present value of minimum lease payments would amount to substantially all of the fair value of the leased property.

d) Lease incentives

The value of lease incentives is recognised on a straight-line basis over the lease term. This is defined as per the 'investment income' accounting policy above.

Stock

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

Debtors

Trade and other debtors are recognised at the settlement amount due, less any provision for bad or doubtful amounts. Such provisions are specific, and applied in a consistent manner based on a debts aging and other factors affecting potential recoverability.

Cash and Cash Equivalents

Cash, for the purpose of the cash flow statement, represents balances on hand, and those on deposits where notice period for withdrawal is three months or less from inception. Such balances are subject to insignificant risk of changes in value, and are readily convertible.

Current asset investments

In accordance with FRS 102 – section 7.2, current asset investments are short-term deposits of liquid funds (ie cash) for terms where the notice period for withdrawal is more than three months but less than one year on date of acquisition. They are measured at their fair value.

Creditors

Trade and other creditors are recognised at transaction price due, after allowing for any trade discounts.

Deferred income represents invoices raised and cash receipts for which income recognition criteria is not yet met, and will be satisfied in future accounting periods. Such amounts are not discounted.

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.

To the extent that taxation does arise in the Canal & River Trust, its subsidiaries and joint venture companies, it is accounted in accordance with FRS 102 section 29 'Income Tax'.

Other financial instruments

The Trust has considered FRS 102 sections 11 and 12, identifying and classifying financial instruments as 'basic' and 'other'. There are two 'other' financial instruments.

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

An interest rate cap shown as a financial asset within current asset investments. This instrument is measured at fair value, with movements in valuation shown as investment income/investment management expenditure as applicable. The basis for determining this valuation uses a quoted market price for the instrument.

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) and the Scottish Waterways Trust. In accordance with the terms of the transfer from British Waterways, Scottish Canals is liable to make a fair share and proportionate contribution, as determined by the scheme actuary from time to time, towards any deficit that exceeds the valuation deficit as at the transfer date of 2 July 2012. Any future recovery of deficit attributable to Scottish Canals is under a contractual arrangement with the Trust and is separate from the Trustees of the defined benefit scheme.

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

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

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

The Scheme's interest in the partnership is included in the valuation of the Scheme in Canal & River Trust's company balance sheet. The assumptions required for accounting purposes, under FRS 102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions, and as a result, under FRS 102, the Scheme valuation may result in a surplus position. A pension fund asset will be recognised in accordance with IFRIC 14 as under the Scheme trust deed and rules, the Trust has an unconditional right to its share of any surplus following the winding up of the Scheme.

b) Defined contribution scheme

Pension contributions are charged to the SoFA as incurred

c) Other employee benefits

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

Provisions

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

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

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

2 COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Changes to the Charities SORP (FRS 102) require the disclosure of comparative SoFA information on a fund specific basis, such that each column presented for current period has an associated comparative. This information is given below, allowing for the restatements noted within note 26

	Note	Unrestricted funds	Restricted Funds		Income	2014/15
			Restricted Endowment Fund			
			Subsidiaries	Other	Funds	
		£m	£m	£m	£m	£m
Income and endowments from						
Voluntary income						
Donations and legacies		0.1			1.5	1.6
Defra grant funding		39.0				39.0
Other Trading Activities						
Leisure boating		34.6	6.3			40.9
Utilities		26.1				26.1
Investment income		31.4	13.4			44.8
Waterway infrastructure income		6.1				6.1
Waterway regeneration and restoration		11.3			0.4	11.7
Museums and attractions		1.2				1.2
Share of net income from joint ventures	12		4.3			4.3
Other income		7.5				7.5
Total income	3	157.3	24.0	-	1.9	183.2
Expenditure on raising funds						
Voluntary income		(2.7)				(2.7)
Leisure boating		(10.2)	(5.3)			(15.5)
Utilities		(2.5)				(2.5)
Investment management		(8.9)	(4.9)	(3.4)		(17.2)
Total expenditure on raising funds	4	(24.3)	(10.2)	(3.4)	-	(37.9)
Net income available for charitable activities		133.0	13.8	(3.4)	1.9	145.3
Expenditure on charitable activities						
Waterway infrastructure maintenance and repairs		(117.5)			(1.4)	(118.9)
Waterway regeneration and restoration		(15.0)			(0.1)	(15.1)
Museums and attractions		(3.7)			(0.1)	(3.8)
Grants to other organisations			-		(0.2)	(0.2)
Total expenditure on charitable activities	4	(136.2)	-	-	(1.8)	(138.0)
Total expenditure	4	(160.5)	(10.2)	(3.4)	(1.8)	(175.9)
Net income / (expenditure) before gains and losses on investments		(3.2)	13.8	(3.4)	0.1	7.3
Realised gains on disposal of investment assets			6.3	32.2		38.5
Unrealised gains/(losses) on revaluation of investment assets		0.7	14.9	23.8		39.4
Net income / (expenditure)		(2.5)	35.0	52.6	0.1	85.2
Transfers between funds	18	11.5	(15.9)	4.4		-
Other Recognised Gains and Losses						
Actuarial gains/(losses) on defined benefit pension schemes				(21.1)		(21.1)
Taxation charge			(0.1)	-		(0.1)
Total return on diversified investment funds applied		1.3		(1.3)		-
Net movement in funds	18	10.3	19.0	34.6	0.1	64.0
Fund balances at 1 April 2014	18	19.8	2.2	571.1	1.3	594.4
Fund balances at 31 March 2015	18	30.1	21.2	605.7	1.4	658.4

3 TOTAL INCOME

	2015/16	2014/15
	£m	£m
Total income includes		
Donations and legacies		
General donations to the Trust	24	15
Gifts in kind	0.1	0.1
Donations and legacies	25	16
Defra grant funding	49.6	39.0
Leisure boating	34.9	33.8
Gross income from marnas operated by BWML	7.5	7.1
Leisure boating	42.4	40.9
Utilities	26.3	26.1
Investment property	32.0	37.4
Interest receivable	0.3	0.3
Premiums earned by Canal & River Reinsurance Ltd	1.1	1.3
Other investment income including wayleaves	5.8	4.8
Dividend income from diversified funds	1.9	1.0
Investment and property income	42.0	44.8
Income from charitable activities	20.9	19.0
Other income	0.9	7.5
Share of net income from joint ventures	5.1	4.3
Total Income	189.7	183.2

* In 2014/15, other income includes a one-off receipt of £7.5M from a contractual right associated with our property interests in the London Docklands area

4 TOTAL EXPENDITURE

	Direct Costs	Support Costs	2015/16	2014/15
	£m	£m	£m	£m
a) Expenditure on raising funds				
Voluntary income	2.6	1.0	3.6	2.7
Leisure boating	14.6	2.4	17.0	15.5
Utilities	1.8	1.0	2.8	2.5
Investment management costs	12.6	3.4	16.0	17.2
Total expenditure on raising funds	31.6	7.8	39.4	37.9
b) Expenditure on charitable activities				
Waterway infrastructure maintenance & repairs	115.3	12.4	127.7	118.9
Waterway regeneration and restoration	14.7	1.9	16.6	15.1
Museums and attractions	3.5	0.7	4.2	3.8
Grants to other organisations			0	0.2
Charitable activities	133.5	15.0	148.5	138.0

Auditor's fees and expenses include the following

	2015/16	2014/15
	£000	£000
Fees payable to the auditors of Canal & River Trust		
in respect of the charity audit*	216	154
in respect of subsidiary audits**	28	64
Other non audit services		
in respect of taxation compliance	46	37
in respect of other assurance reports		3
in respect of other services		1
Total fees payable to auditor	290	259

* Audit fees in respect of the charity audit in 2015/16 includes £25,000 for additional accounting advice, including support for the change in accounting standards to FRS 102. A further £29,000 was accounted in the year in respect of the 2014/15 audit

** Audit fees in respect of subsidiary audits accounted in 2014/15 includes £32,500 in respect of the 2013/14 audit

5 SUPPORT COSTS

	Governance	Offices	Finance & IT	Human Resources	Management & Other	2015/16	2014/15
	£m	£m	£m	£m	£m	£m	£m
Voluntary income	-	0.1	0.4	-	0.5	1.0	0.9
Leisure boating and moorings	0.2	0.3	1.1	0.1	0.7	2.4	2.3
Utility income and water sales	0.1	0.1	0.4	-	0.4	1.0	1.0
Investment management costs	0.2	0.1	1.6	0.1	1.4	3.4	3.2
Waterway infrastructure maintenance & repairs	0.6	1.9	5.3	1.0	3.6	12.4	11.0
Waterway regeneration and restoration	0.1	0.1	0.5	0.1	1.1	1.9	1.7
Museums and attractions	-	0.1	0.3	-	0.3	0.7	0.7
Total support costs	1.2	2.7	9.6	1.3	8.0	22.8	20.8

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

6 EMPLOYEE COSTS

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

Trustee expenses include the reimbursement by the Trust of costs incurred by its trustees in carrying out their duties and similar payments made by the Trust direct to third parties on their behalf. During the year the total amount reimbursed and paid to third parties was £19,897 (2015: £12,709). These expenses were for travel, subsistence and accommodation incurred by 11 trustees (2015: 12).

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

	Group	
	2015/16	2014/15
	Number	Number
Generating voluntary income	13	11
Generating income from leisure boating and utilities	193	185
Investment management	33	36
Waterway infrastructure maintenance and repair	1,146	1,115
Waterway regeneration and restoration	31	31
Museums and attractions	49	50
Governance	6	6
Support functions	184	170
Total number of persons	1,660	1,604

Total employment costs were

	Group	
	2015/16	2014/15
	£m	£m
Wages and salaries	51.4	48.5
Car cash allowances	2.1	0.8
Social security costs	4.3	4.1
Defined benefit pension costs (see note 21)	6.0	4.6
Defined contribution pension costs	0.9	0.6
Total employment costs	64.7	58.6

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

6 EMPLOYEE COSTS (CONTINUED)

In 2014/15 the Trust closed the company car scheme and introduced car allowances for those employees in positions that qualified for a car. As each company car contract ends the employee starts to receive a taxable monthly car allowance. The company car scheme operating costs are not disclosed in the table above but these were £1.0m in 2015/16 (2015: £2.2m). When taken together with car allowances the total cost of the car scheme during the year were £3.1m (2015: £3.0m).

During the year, £870k (2015: £228k) was paid in respect of redundancy and other termination costs and these are included above. Termination costs are calculated in accordance with the Trust's employment stability policy and provision is made for any redundancy or termination costs on completion of the consultation.

The average number of persons employed during the year on a full-time equivalent basis was 1,660 (2015: 1,604). The number of employees whose gross remuneration (including redundancy) and taxable benefits¹ but not employer pension costs who exceeded £60,000 and fell within the following ranges were:

	2015/16	2014/15 Restated ²
£60,000 - £70,000	35	30
£70,001 - £80,000	22	20
£80,001 - £90,000	8	5
£90,001 - £100,000	8	7
£100,001 - £110,000	1	2
£110,001 - £120,000	4	1
£120,001 - £130,000	1	3
£130,001 - £140,000	3	2
£150,001 - £160,000	3	1
£170,001 - £180,000	1	-
£180,001 - £190,000	1	2
£190,001 - £200,000	-	1
£200,001 - £210,000	1	1
£210,001 - £220,000	1	-

72 (2015: 67) higher paid employees are accruing retirement benefits under the Waterways Pension Fund defined benefit scheme. Contributions from the Trust to the defined contribution pension scheme in respect of 16 (2015: 5) higher paid employees amounted to £93k (2015: £28k).

Key management personnel

The key management personnel are the Trustees and the Executive team (listed on page 108). The total employee benefits (including pension) paid to key management personnel was £1.6m (2015: £1.4m).

The remuneration during the year for Richard Parry, chief executive, comprised a salary of £188,600 (including car allowance of £9,768) and benefits in kind of £1,247, totalling £189,847. The value of employer contributions during the year to the Canal & River Trust defined contribution pension scheme was £10,730.

There was one employee whose remuneration (excluding redundancies) during the year was higher than the chief executive.

Stuart Mills, property director, received a salary of £171,824 (including car cash allowance), performance related pay of £32,655 reflecting the strong performance of our property portfolio in the year ended 31 March 2015, and benefits in kind of £2,682, totalling £207,161. The value of the pension input amount during the year to the Waterways Pension Fund defined benefit scheme, after deduction of employee contributions, was £41,668.

¹ Salaries are adjusted for staff benefits received through salary sacrifice arrangements.

² The number of employees in each range in 2014/15 has been restated to exclude salary sacrifice deductions.

7 TAXATION

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

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

Charged to Statement of Financial Activities

	Group	
	2015/16	2014/15
Tax	£m	£m
Current tax	(0.1)	(0.1)

Corporation tax is calculated at 20% (2015: 21%) of the assessable profits for the period

The total tax charge for the period can be reconciled to net income / (expenditure) before gains and losses on investments as follows

	Group	
	2015/16	2014/15
	£m	£m
Net income before gains and losses on investments	1.3	7.3
Tax charge at the UK corporate tax rate of 20% (2015: 21%)	(0.4)	(1.5)
Tax effect of expenses that are not deductible in determining taxable profits	(0.1)	(0.1)
Charitable income/expenses exempt from tax	0.4	0.8
Losses carried forward	-	0.7
Total tax charge	(0.1)	(0.1)

Corporation tax creditor

	At 1 April 2015	(Repaid) / paid	Current year tax movement	Carried forward at 31 March 2016
	£m	£m	£m	£m
Group				
Corporation tax	0.1	(0.1)	0.1	0.1
Canal & River Trust				
Corporation tax	-	-	-	-

Value added tax

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

8 TANGIBLE FIXED ASSETS

Group	Operational land and buildings		Boats, vehicles, plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	£m
Cost				
At 1 April 2015	47.4	5.3	40.4	93.1
Additions	1.0	0.3	4.9	6.2
Disposals	(0.1)	(0.2)	(0.7)	(1.0)
At 31 March 2016	48.3	5.4	44.6	98.3
Depreciation				
At 1 April 2015	2.2	0.5	11.2	13.9
Provision for the period	0.8	0.2	4.2	5.2
Disposals	(0.1)	-	(0.2)	(0.3)
At 31 March 2016	2.9	0.7	15.2	18.8
Net book value				
At 31 March 2015	45.2	4.8	29.2	79.2
At 31 March 2016	45.4	4.7	29.4	79.5

Canal & River Trust	Operational land and buildings		Boats, vehicles, plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	£m
Cost				
At 1 April 2015	27.5	0.4	34.5	62.4
Additions	1.0	0.2	4.3	5.5
Disposals	(0.1)	(0.2)	(0.4)	(0.7)
At 31 March 2016	28.4	0.4	38.4	67.2
Depreciation				
At 1 April 2015	2.0	0.1	10.0	12.1
Provision for the period	0.6	-	3.7	4.3
Disposals	(0.1)	-	(0.1)	(0.2)
At 31 March 2016	2.5	0.1	13.6	16.2
Net book value				
At 31 March 2015	25.5	0.3	24.5	50.3
At 31 March 2016	25.9	0.3	24.8	51.0

9 HERITAGE ASSETS

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

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

Land & buildings – the canals and rivers comprised within the Waterways Infrastructure Trust

The Canal & River Trust is the guardian of 2,000 miles of historic waterways across England and Wales. Many of our waterways were built at the height of the industrial revolution and are home to over 2,700 listed structures and 49 scheduled ancient monuments.

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

Asset description	Length / number	
	31 March 2016	31 March 2015
Canals	1,571 miles	1,571 miles
Rivers	342 miles	342 miles
Feeders	118 miles	118 miles
Towpaths	1,956 miles	1,956 miles
Aqueducts	336	336
Bridges – Accommodation	1,656	1,656
Bridges – Public Road (1)	874	875
Bridges – Turnover (1)	450	446
Culverts (2)	1,939	1,931
Major cuttings (3)	821	850
Major embankments	749	749
Docks	13	13
Dry docks	25	25
Permitted waste sites	23	23
Locks	1,583	1,583
Pumping stations (4)	76	74
Reservoirs	73	73
Sluices	509	508
Stop/Safety/Flood Gates (5)	68	67
Tunnels	55	55
Canal weirs	660	659
River weirs	129	129
Weir-ed locks	85	84
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	2,701	2,694
Scheduled ancient monuments	49	49
Sites of Special Scientific Interest (SSSI's)	63	63

9 HERITAGE ASSETS (CONTINUED)

- (1) Bridges – the changes are generally due to reclassification of ownership or bridge type during 2015/16
 (2) Culverts – the changes are due to increased focus to identify possible new culverts and agree ownership during 2015/16
 (3) Cuttings and embankments – the changes in numbers are generally due to changes in definition and re-measurement of assets that are managed as principal assets
 (4) Pumping Stations – the increase is due to an ongoing review of standalone pumping stations and those housed in operational buildings
 (5) Stop/Safety/Flood gates – the increase during the year results from review of those that are required for operational use

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

Museum artefact collections and archives

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

10 INVESTMENT PROPERTY

	Group			Canal & River Trust		
	Freehold	Leasehold	Total	Freehold	Leasehold	Total
	£m	£m	£m	£m	£m	£m
Carrying value (fair value)						
At 1 April 2015	509.4	13.5	522.9	339.8	12.6	352.4
Additions	29.5	11.4	40.9	28.8	11.4	40.2
Disposals	(16.1)	(0.7)	(16.8)	(16.1)	(0.7)	(16.8)
Revaluation	32.7	0.3	33.0	20.9	0.3	21.2
At 31 March 2016	555.5	24.5	580.0	373.4	23.6	397.0

Investment properties are valued annually and included at valuation on an open market basis. GVA Grimley Ltd, a regulated firm of Chartered Surveyors, carried out a valuation of 90% of the properties by value. The remaining 10% were valued by qualified surveyors employed by the Trust.

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

11 DIVERSIFIED INVESTMENT FUNDS

(a) Movement on diversified income funds

Group & Canal & River Trust		
	2015/16	2014/15
	£m	£m
At 1 April 2015	93.4	-
Additions	32.0	86.0
Withdrawals	(2.2)	-
Dividend income	1.9	1.0
Investment management costs	(0.6)	(0.3)
Revaluation (loss)/gain	(4.5)	6.7
At 31 March 2016	120.0	93.4

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

Group & Canal & River Trust					
	Endowment	Unapplied total return	Total Investment from Endowment	Unrestricted Funds	Total Funds
	£m	£m	£m	£m	£m
At 1 April 2015					
Trust for investment	80.0	-	80.0	6.7	86.7
Unapplied total return	-	4.5	4.5	2.2	6.7
	80.0	4.5	84.5	8.9	93.4
Movements in reporting period					
Additions to investment funds	20.0	-	20.0	12.0	32.0
Investment return - dividends	-	1.9	1.9	-	1.9
Investment return - realised and unrealised gains	-	(4.3)	(4.3)	(0.2)	(4.5)
Less - Investment management costs	-	(0.6)	(0.6)	-	(0.6)
Withdrawals	-	-	-	(2.2)	(2.2)
	20.0	(3.0)	17.0	9.6	26.6
Total return applied to income	-	(1.9)	(1.9)	1.9	-
Net movement in reporting period	20.0	(4.9)	15.1	11.5	26.6
At 31 March 2016					
Trust for investment	100.0	-	100.0	20.4	120.4
Unapplied total return	-	(0.4)	(0.4)	-	(0.4)
	100.0	(0.4)	99.6	20.4	120.0

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

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

Partners Capital have also invested a further £10m of surplus cash from the General Fund and £8m from the Pension Accumulation Designated Fund (see note 18) into separate investment funds

11 DIVERSIFIED INVESTMENT FUNDS (CONTINUED)

(c) Disclosure of asset classes within diversified income funds

	Group & Canal & River Trust	
	2015/16	2014/15
	£m	£m
Multi-asset funds	62.3	39.6
Bonds	32.2	19.6
Global equities	13.1	12.5
Private Equity Funds	11.2	4.3
Cash	1.2	17.4
At 31 March 2016	120.0	93.4

12 INVESTMENTS

SUBSIDIARIES

CANAL & RIVER TRUST	2015/16	2014/15
Investments in subsidiaries	£m	£m
At 1 April	145.4	143.5
Fair value adjustment for investment in Canal & River Pension Investments LP	7.0	1.9
At 31 March	152.4	145.4

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 Mannas 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 102, section 9 'Consolidated and Separate Financial Statements'. In accordance with FRS 102, the investment is shown at fair value on the basis that the investment in this entity is a non-basic financial instrument.
- 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.
- 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. The undertakings and assets of The Waterways Trust were transferred to Canal & River Trust on 1 April 2013. These subsidiaries did not trade during the year ended 31 March 2016.

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.

12 INVESTMENTS (CONTINUED)

2015/16

The contribution of subsidiary companies to the Trust's funds in the period to 31 March 2016 was as follows

	Income	Expenditure	Net income before other recognised gains and losses*	Net assets at 31 March 2016
	£m	£m	£m	£m
Canal & River Trading CIC	0.3	(0.3)	-	42.2
British Waterways Marinas Ltd	7.5	(6.9)	0.6	12.4
Canal & River Pension Investments LP	8.5	(5.0)	3.5	189.9
Canal & River Pension Partner Ltd	-	-	-	25.9
Canal & River Reinsurance Limited	1.2	-	1.2	3.8
Other minor subsidiaries	0.1	(0.1)	-	(1.4)
	17.6	12.3	5.3	272.8

* Amount shown is before gift aided donations to parent

2014/15

The contribution of subsidiary companies to the Trust's funds in the period to 31 March 2015 was as follows

	Income	Expenditure	Net income before other recognised gains and losses*	Net assets at 31 March 2015
	£m	£m	£m	£m
Canal & River Trading CIC	0.4	(0.3)	0.1	37.1
British Waterways Marinas Ltd	7.1	(6.2)	0.9	12.5
Canal & River Pension Investments LP	12.5	(5.0)	7.5	175.4
Canal & River Pension Partner Ltd	-	-	-	23.7
Canal & River Reinsurance Limited	1.3	(0.3)	1.0	3.0
Other minor subsidiaries	-	0.4	0.4	(1.4)
	21.3	(11.4)	9.9	250.3

* Amount shown is before gift aided donations to parent

JOINT VENTURES

GROUP	2015/16	2014/15
Investments in joint ventures	£m	£m
At 1 April	27.2	27.5
Loans made	-	0.7
Loans repaid	(11.7)	(4.7)
Share of net income	5.1	4.3
Dividends paid	(0.8)	(0.6)
At 31 March	19.8	27.2

12 INVESTMENTS (CONTINUED)

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

	31 March 2016	31 March 2015
	£m	£m
Fixed assets	0.1	0.1
Current assets	25.8	38.2
Share of gross assets	25.9	38.3
Current liabilities	(6.1)	(11.1)
Share of gross liabilities	(6.1)	(11.1)
Share of net assets	19.8	27.2

Included in the above table are capital loans to the joint ventures totalling £21.5m of which £18.1m is in respect of Isis Waterside Regeneration LP

The Group's share of incoming resources from joint ventures was £27.9m (2015: £18.8m) and share of resources expended was £22.8m (2015: £14.5m). 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.

The profit and loss for the year ended 31 March 2016 is calculated based on accounts prepared by the joint ventures and where the accounting period is not coterminous with the 31 March, adjusted using management accounts. The profit and loss for the year of each joint venture based on their accounts made up to the dates indicated was as follows:

	Accounting period ended	Profit for the year*	Equity interest held**	Main activity
		£m	%	
Joint ventures				
Isis Waterside Regeneration LP	31 December 2015	3.2	49.5%	Property development
City Road Basin Ltd	31 December 2015	-	49%	Property development
H2O Urban LLP	31 December 2015	1.4	50%	Property development
Paddington Basin Business Barges Ltd	31 December 2015	-	49%	Office management
Icknield Port Loop LLP	31 March 2016	-	50%	Property development

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

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

13 STOCKS

	Group		Canal & River Trust	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£m	£m	£m	£m
Raw materials	0.9	0.9	0.9	0.9
Finished goods and goods for resale	0.4	0.4	0.2	0.2
	1.3	1.3	1.1	1.1

14 DEBTORS

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£m	£m	£m	£m
Trade debtors	30.9	19.5	28.7	17.2
Gift aid and dividends receivable from subsidiaries	-	-	8.3	15.8
Other amounts owed from Group undertakings	-	-	1.0	2.2
Prepayments and accrued income	17.6	13.2	11.2	6.4
Deferred consideration agreements	-	9.0	-	9.0
Corporation tax	-	0.1	-	0.1
Value added tax	1.6	0.7	2.0	0.7
Other debtors	0.5	0.5	0.3	0.1
	50.6	43.0	51.5	51.5

Trade debtors at 31 March 2016 includes an invoice for £10m grant funding from Defra in respect of the first quarter of 2016/17 which was issued prior to the year end. See also note 15 Creditors below

There was a deferred consideration agreement in place with Travis Perkins for land sold to them in 2010 in Paddington, London. The deferred sum of £9m was secured and attracted a coupon of 7.2% p.a. This outstanding amount was received in full during the year ended 31 March 2016.

Amounts falling due after more than one year	Group		Canal & River Trust	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£m	£m	£m	£m
Deferred consideration agreements	-	8.6	-	8.6
	-	8.6	-	8.6

During 2014/15 property was sold to Canary Wharf Group PLC on deferred payment terms including interest at 7%. The outstanding debt of £8.6m was due for payment to the Trust no later than 30 September 2018. This amount was received in full during the year ended 31 March 2016.

15 CREDITORS

Amounts falling due within one year	Group		Canal & River Trust	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£m	£m	£m	£m
Trade creditors	14.4	12.0	13.9	11.6
Taxation and social security	0.2	0.2	0.2	0.2
Amounts owed to other Group companies	-	-	0.2	0.3
Accruals	14.2	16.3	11.4	13.2
Deferred income (Note 16)	43.1	34.0	43.4	29.9
Other creditors	2.4	4.7	2.7	4.2
	74.3	67.2	71.8	59.4

Deferred income at 31 March 2016 includes an invoice for £10m grant funding in respect of the first quarter of 2016/17 from Defra which was issued prior to the year end. See also note 14 above.

15 CREDITORS (CONTINUED)

Amounts falling due after more than one year	Group		Canal & River Trust	
	31 Mar 16	31 Mar 15	31 Mar 16	31 Mar 15
	£m	£m	£m	£m
Loan from Port of London Properties Ltd	12.9	12.9	12.9	12.9
Deferred income (Note 16)	3.6	1.5	3.6	1.5
Other creditors	0.6	0.5	1.0	0.9
	17.1	14.9	17.5	15.3

There are no creditors falling due after more than five years (2015 £nil)

The £12.9m loan from Port of London Properties Ltd is at a floating rate of interest being 1% above the Bank of England base rate. For this reason, it is deemed to represent a basic financial instrument under the conditions specified by FRS 102, section 11.9 'Basic financial instruments,' and is measured using the amortised cost model.

The loan was unsecured as at 31 March 2016. On 14 April 2016 the Trust provided 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. There was no interest rate hedging in place in the joint ventures at 31 March 2016. At 31 March 2016, Group share of total bank borrowings in joint ventures was £0.8m (2015 £11.9m).

16 DEFERRED INCOME

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

Group	At 1 April 2015	Released	Deferred	At 31 March 2016
	£m	£m	£m	£m
Rental income in advance	12.5	(12.4)	16.1	16.2
Boat licenses in advance	10.7	(10.7)	10.4	10.4
Moorings in advance	7.5	(6.4)	6.3	7.4
Defra grant received in advance	-	-	10.0	10.0
Other deferred income	4.8	(4.5)	7.4	7.7
Total current and long term	35.5	(34.0)	50.2	51.7

Canal & River Trust	At 1 April 2015	Released	Deferred	At 31 March 2016
	£m	£m	£m	£m
Rental income in advance	11.2	(11.1)	14.5	14.6
Boat licenses in advance	10.7	(10.7)	10.4	10.4
Moorings in advance	4.7	(3.6)	3.4	4.5
Defra grant received in advance	-	-	10.0	10.0
Other deferred income	4.8	(4.5)	7.2	7.5
Total current and long term	31.4	(29.9)	45.5	47.0

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

17 PROVISIONS FOR LIABILITIES

Group	At 1 April 2015	Paid	Charged	Released	At 31 March 2016
	£m	£m	£m	£m	£m
Personal injury claims	1.6	(0.2)	0.6	(0.8)	1.2
Third party contractual claims	0.4	(0.1)	0.3	(0.1)	0.5
Canal & River Reinsurance	3.0	(0.7)	0.8	(0.9)	2.2
Other provisions	0.7	(0.2)	0.4	(0.1)	0.8
	5.7	(1.2)	2.1	(1.9)	4.7

Canal & River Trust	At 1 April 2015	Paid	Charged	Released	At 31 March 2016
	£m	£m	£m	£m	£m
Personal injury claims	1.6	(0.2)	0.6	(0.8)	1.2
Third party contractual claims	0.4	(0.1)	0.3	(0.1)	0.5
Other provisions	0.7	(0.3)	0.4	(0.1)	0.7
	2.7	(0.6)	1.3	(1.0)	2.4

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

Personal injury claims

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

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.

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.

18 MOVEMENT IN FUNDS

Group	Unrestricted Funds		Restricted Funds			
			*Transfer between Funds			
	General Fund	Designated Funds	Subsidiaries	Other	Restricted Income Funds	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2015	23.3	6.8	21.2	605.7	1.4	658.4
Net income	(5.6)	(0.4)	26.8	18.8	-	39.6
Gift aid receivable and dividends from subsidiaries*	10.5	-	(10.5)	-	-	-
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-
PFP contribution to Pension Fund**	(5.0)	-	-	5.0	-	-
Pension Fund current service cost in excess of contributions*	2.3	-	-	(2.3)	-	-
Taxation charge	-	-	(0.1)	-	-	(0.1)
Actuarial gains on defined benefit pension schemes	-	-	-	36.8	-	36.8
As at 31 March 2016	23.5	8.4	37.4	664.0	1.4	734.7

Canal & River Trust	Unrestricted Funds		Restricted Funds			
			Transfer between Funds			
	General Fund	Designated Funds	Subsidiaries	Other	Restricted Income Funds	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2015	23.1	6.8	-	620.7	1.4	652.0
Net income	(5.7)	(0.4)	-	32.4	-	26.3
Gift aid receivable and dividends from subsidiaries*	10.5	-	-	-	-	10.5
Transfer to Pension Accumulation Reserve*	(2.0)	2.0	-	-	-	-
PFP contribution to Pension Fund**	(5.0)	-	-	5.0	-	-
Pension Fund current service cost in excess of contributions*	2.3	-	-	(2.3)	-	-
Actuarial gains on defined benefit pension schemes	-	-	-	38.3	-	38.3
As at 31 March 2016	23.2	8.4	-	694.1	1.4	727.1

* See description of 'Transfers between funds' below

** Pension Funding Partnership (PFP) see note 21

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

18 MOVEMENT IN FUNDS (CONTINUED)

Endowment Fund

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

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

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.

Pension Accumulation Designated Fund

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

Restricted Income Fund

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

Transfers between funds

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

18 MOVEMENT IN FUNDS (CONTINUED)

Restricted Income Funds

Fund Name	Balance 1 April 2015	Transfers and Acquisitions	Incoming Resources	Resources Expended	Balance 31 March 2016
	£000	£000	£000	£000	£000
Canal & River Trust					
Friends Fund	548	(87)	1,202	(1,355)	308
Specific Project Funds					
<i>Canal & River Trust funds</i>					
Coast to Coast Canoe Trail	199	-	237	(168)	268
Tring Pumping Station Restoration	-	-	100	-	100
Community Adoption Rochdale and Huddersfield	130	-	6	(38)	98
Gloucester Museum Development	-	55	100	(100)	55
Dance on Water	-	-	50	-	50
Hedgerow Action Plan	115	-	-	(66)	49
Memorial Benches	49	-	12	(21)	40
Corridor for Nature Explorers	-	-	36	-	36
London Moorings Improvements	-	-	25	-	25
Impact Measurement Framework	-	-	25	-	25
Community Adoption Birmingham	-	57	-	(34)	23
Heritage boat "Ferret" restoration	24	-	-	(6)	18
Historic Boat Collection	-	-	26	(11)	15
Living Waterways Awards 2015	-	-	42	(33)	9
Arts Council Funding Pennine	(18)	-	311	(284)	9
Stratford 2 Stratford	15	-	38	(45)	8
Canal Water Transfer Study	-	-	77	(69)	8
Flood Repairs Appeal	-	-	132	(132)	-
The Line Arts Project	11	-	180	(191)	-
Mossdale Window on the World	-	-	51	(51)	-
BIG Lottery Burnley	-	-	46	(46)	-
Brindley's Brainwaves	-	-	50	(50)	-
Other Specific Project Funds	292	(25)	68	(131)	204
<i>Funds transferred from The Waterways Trust</i>					
Cotswold Appeal	46	-	7	-	53
Lancaster Northern Reaches	19	-	-	-	19
Keeping History Afloat	-	-	30	(28)	2
Total Group	1,430	-	2,851	(2,859)	1,422

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. Canal & River Trust funds are transferred to the relevant project on completion of the specified works or project outcomes.

Restricted funds with a balance of less than £20,000 are shown in one aggregate total as "Other Specific Project Funds". In 2015/16 there were 60 (2015-84) separate funds within this total.

Friends Fund

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

19 ANALYSIS OF NET ASSETS BY FUND

Net assets are analysed between funds as follows

Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 31 March 2016	Total 31 March 2015
	£m	£m	£m	£m	£m
Tangible fixed assets	25 0	-	54 5	79 5	79 2
Investments	20 4	-	699 4	719 8	643 5
Debtors – amounts falling due after one year	-	-	-	-	8 6
Net current assets	(6 9)	1 4	14 1	8 6	35 9
Creditors – amounts falling due after more than one year	(4 1)	-	(13 0)	(17 1)	(14 9)
Provisions	(2 4)	-	(2 3)	(4 7)	(5 7)
Pension liability	(0 1)	-	(51 3)	(51 4)	(88 2)
Total net assets	31 9	1 4	701 4	734 7	658 4

Canal & River Trust	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 31 March 2016	Total 31 March 2015
	£m	£m	£m	£m	£m
Tangible fixed assets	25 0	-	26 0	51 0	50 3
Investments	20 9	-	648 5	669 4	591 2
Debtors – amounts falling due after one year	-	-	-	-	8 6
Net current (liabilities / assets)	(7 2)	1 4	(7 0)	(12 8)	21 7
Creditors – amounts falling due after more than one year	(4 6)	-	(12 9)	(17 5)	(15 3)
Provisions	(2 4)	-	-	(2 4)	(2 7)
Pension asset / (liability)	(0 1)	-	39 5	39 4	(1 8)
Total net assets	31 6	1 4	694 1	727 1	652 0

20. OPERATING LEASE COMMITMENTS

Operating lease agreements where the Group is lessee

The total of future minimum rentals payable under non-cancellable operating leases are as follows

	Group		Canal & River Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£m	£m	£m	£m
Leasehold properties				
Within one year	1 2	1 2	1 1	1 1
Within two to five years	4 4	4 7	4 0	4 3
In more than five years	123 6	116 1	118 8	107 5
	134 2	122 0	123 9	112 9

During the period £1 3m (2015 £1 5m) was charged to the SoFA in respect of leasehold property rentals

20 OPERATING LEASE COMMITMENTS (CONTINUED)

	Group		Canal & River Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£m	£m	£m	£m
Leasehold plant and equipment				
Within one year	1.2	1.1	1.2	1.1
Within two to five years	0.6	1.3	0.6	1.3
In more than five years	-	-	-	-
	1.8	2.4	1.8	2.4

During the period £2.6m (2015: £2.1m) was charged to the SoFA in respect of leasehold plant and equipment

Operating lease agreements where the Group is lessor

The total of future minimum rentals receivable under non-cancellable rental agreements are as follows

	Group		Canal & River Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£m	£m	£m	£m
Investment Properties				
Within one year	30.7	30.0	22.7	22.8
Within two to five years	117.5	114.4	86.2	83.0
In more than five years	3,434.1	3,467.3	1,974.7	2,000.1
	3,582.3	3,611.7	2,083.6	2,105.9

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

21 PENSION AND OTHER POST – RETIREMENT BENEFITS

	Group		Canal & River Trust	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£m	£m	£m	£m
(a) Defined benefit pension fund (deficit) / surplus	(51.3)	(87.9)	39.5	(1.5)
(c) Other post-retirement benefits	(0.1)	(0.3)	(0.1)	(0.3)
Employee benefits	(51.4)	(88.2)	39.4	(1.8)

(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. The Trust announced its proposal to close the WPF to future benefit accrual from 30 September 2016. Following an extensive consultation period which closed on 29 January 2016, the decision to close the scheme to future accrual was confirmed.

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.

21 PENSION AND OTHER POST – RETIREMENT BENEFITS (CONTINUED)

The contribution rates for future service accrual were reviewed by the Scheme actuary as part of the 2013 triennial valuation and were increased by 2%. This increase was shared between the active members and the employer at 15% (previously 14%) for the employer and 8% (previously 7%) for the employee. These rates took effect from 1 August 2014. The Trust 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 and ongoing contributions will be agreed by the Trust and the Trustees of the WPF by 30 June 2017.

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 2016 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 £51.3m in the Group accounts. The Scheme's interest in the partnership is included in the valuation of the Scheme in Canal & River Trust's company balance sheet. The assumptions required for accounting purposes, under FRS 102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions, and as a result, under FRS 102, the Scheme valuation shows a surplus position at 31 March 2016. The pension fund asset has been recognised in accordance with IFRIC 14 as under the WPF trust deed and rules, the Trust has an unconditional right to its share of any surplus following the winding up of the WPF.

The valuation of the Scheme used for FRS 102, section 28 'Retirement benefits' disclosures has been based on the most recent actuarial valuation of the WPF at 31 March 2013 and updated to 31 March 2016 by independent qualified actuaries from KPMG LLP. The Trust has incorporated 100% of the liabilities of the Scheme, as the liability for any deficit arising in respect of other participating employers is either immaterial to the accounts or is dealt with by contractual arrangements outside the Scheme.

The key assumptions used are as follows:

	31 March 2016	31 March 2015
Discount rate	3.6%	3.4%
Rate of increase in salaries	2.05%	2.0%
Rate of increase for majority of pensions in payment and deferred pensions*	2.05%	2.3%
Rate of CPI inflation	2.05%	2.3%
Tax free cash	Members are assumed to take 25% 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)	105% of S1PMA (males) 110% of S1PFA (females)
	CMI 2015 model, long-term rate of improvements 1.25%	CMI 2014 model, long-term rate of improvements 1.25%

21 PENSION AND OTHER POST – RETIREMENT BENEFITS (CONTINUED)

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

	31 March 2016	31 March 2015
Male currently aged 43	25 4	25 5
Female currently aged 43	27 5	27 7
Male currently aged 63	23 6	23 7
Female currently aged 63	25 6	25 7

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

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

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 1.8%
Rate of inflation	Increase/decrease by 0.1%	Increase/decrease by 1.4%
Rate of salary growth	Increase/decrease by 0.1%	Increase/decrease by 0.3%
Rate of mortality	Change long-term improvement rate to 1.5% pa	Increase by 1.4%
Commutation rate	Decrease amount of cash commuted to 18%	Increase by 0.9%

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

	Group	
	Year to 31 March 2016	Year to 31 March 2015
	£m	£m
Current service cost	(6 0)	(4 6)
Current service costs funded by member contributions	(1 9)	(1 9)
Interest cost	(16 7)	(19 6)
Interest on assets	13 8	16 5
Amount charged within net income	(10 8)	(9 6)
Actuarial gains / (losses)	36 8	(21 1)
Amount charged within net movement in funds	26 0	(30 7)

Amounts recognised in the balance sheet at 31 March 2016

	Group		Canal & River Trust	
	2015/16	2014/15	2015/16	2014/15
	£m	£m	£m	£m
Equities	169 2	169 7	169 3	169 7
Index linked gilts	45 4	47 1	45 7	47 1
Corporate bonds	94 5	91 6	94 9	91 6
Property funds	47 0	43 9	47 2	43 9
Diversified growth funds	34 5	39 9	34 8	39 9
Investment in property interest in Canal & River Pension Investments LP	-	-	93 3	88 9
Other growth assets	11 4	7 0	10 3	7 0
Cash	3 7	9 7	1 0	7 2
Total fair value of assets	405 7	408 9	496 5	495 3
Present value of scheme liabilities	(457 0)	(496 8)	(457 0)	(496 8)
(Deficit) / surplus in the scheme	(51 3)	(87 9)	39 5	(1 5)

21 PENSION AND OTHER POST – RETIREMENT BENEFITS (CONTINUED)

The actual return on the Scheme's assets during the period was a £4.4m gain (2015: £51.7m gain) for the Group and a £8.8m gain (2015: £56.2m gain) for the Trust

FRS 102 requires all Scheme assets to be valued at fair value for accounting purposes. As at 31 March 2016, the fair value of the Scheme's investment in the partnership was £93.3m (2015: £88.9m). The valuation assumptions required for accounting purposes, under FRS 102 differ from the assumptions used for the Scheme's Technical Provisions funding assumptions, and as a result, under FRS 102, the Scheme valuation shows a surplus position at 31 March 2016 in the Canal & River Trust company balance sheet.

Changes in scheme assets

	Group		Canal & River Trust	
	2015/16	2014/15	2015/16	2014/15
	£m	£m	£m	£m
At 1 April	408.9	361.9	495.3	443.8
Interest on scheme assets	13.8	16.5	16.7	20.3
Principal employer contributions	8.7	8.8	8.7	8.8
Member contributions	1.9	2.0	1.9	2.0
Benefits paid and expenses	(18.2)	(15.5)	(18.2)	(15.5)
Actuarial (loss) / gain	(9.4)	35.2	(7.9)	35.9
At 31 March	405.7	408.9	496.5	495.3

Changes in scheme liabilities

	Group & Canal & River Trust	
	2015/16	2014/15
	£m	£m
At 1 April	(496.8)	(429.8)
Current service cost	(6.0)	(4.6)
Current service costs funded by member contributions	(1.9)	(2.0)
Interest cost	(16.7)	(19.6)
Benefits paid and expenses	18.2	15.5
Actuarial gain / (loss)	46.2	(56.3)
At 31 March	(457.0)	(496.8)

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

	Group		Canal & River Trust	
	2015/16	2014/15	2015/16	2014/15
	£m	£m	£m	£m
At 1 April	(87.9)	(67.9)	(1.5)	14.0
Expenses recognised in SoFA	(10.8)	(9.6)	(7.9)	(5.8)
Contributions	10.6	10.7	10.6	10.7
Actuarial gain / (loss) recognised in SoFA	36.8	(21.1)	38.3	(20.4)
At 31 March	(51.3)	(87.9)	39.5	(1.5)

(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 (net of salary sacrifice contributions) is disclosed in note 6 in these accounts. There were no material amounts owing or prepaid at 31 March 2016.

21 PENSION AND OTHER POST – RETIREMENT BENEFITS (CONTINUED)

(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 151 (2015: 192) 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 2016 by independent qualified actuaries using discount rates consistent with those required for pension liabilities under FRS 102.

Movement in provision during the period	Group & Canal & River Trust	
	2015/16	2014/15
	£000	£000
Provision at 1 April	(245)	(263)
Expenses recognised in SoFA	(8)	(12)
Contributions	16	26
Actuarial gain recognised in SoFA	89	4
Provision at 31 March	(148)	(245)

22 CAPITAL COMMITMENTS

Capital expenditure for which the Trust had contracted at 31 March 2016 was £0.8m (2015: £0.5m) of which £nil (2015: £nil) is in respect of future expenditure for the purchase, construction, development and enhancement of investment property. These commitments fall due within one year.

23 CONTINGENT LIABILITIES

Contingent liabilities arising from third party claims, valued at £0.5m (2015: £0.4m), are not included in the balance sheet as it is not considered likely that the amounts will fall due for payment.

24 POST BALANCE SHEET EVENTS

There were no post balance sheet events requiring disclosure.

25 RELATED PARTY TRANSACTIONS

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

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

Service	Investment fund and relationship	Investment made during 2015/16	Investment value at 31 March 2016	Fees earned in 2015/16	Beneficiary
Investment management	Partners Capital Master Portfolio C invested into Clearbell Core Property Real Estate Fund	£0.8m	£1.5m	£10,300 (thereof accrued NIL)	Clearbell Core Property Real Estate Fund
Participation in the investment advisory committee and joint venture partner	Partners Phoenix II fund invested in Project Monza in which one of the three joint venture partners is Clearbell Capital LLP	£0.2m	£1.0m	£15,900 (thereof accrued NIL)	Project Monza

Related party transactions of the above nature are permitted under Article 4.4.3 of the Trust's Articles. As previously stated in the 2014/15 accounts, the Board are aware of these transactions, formally noted them at its meeting on the 18 June 2015 and agreed to their continuation.

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

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

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

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

Transactions with joint ventures	Amount receivable during the period to 31 March 2016 £m	Amount receivable / (payable) at 31 March 2016 £m
Property sales and investment activity with joint ventures	1.5	1.1
Other significant transactions with joint ventures	0.1	-
	1.6	1.1

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

26 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

Group

In preparing the accounts, the trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102), the restatement of comparative items was required

Two areas have been identified whereby restatement is appropriate to achieve a true and fair view in line with the updates to applicable frameworks. Both of these impact the general (unrestricted) fund of the group

A liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave

As referenced in the accounting policies, the group is also now required to distinguish between 'basic' and 'other' financial instruments. The category of 'other' financial instruments contains a requirement to value these at fair value. During 2014/15, the Trust took out an interest rate cap – accounting for only the arrangement fee as an expense during the year, in line with SORP 2005. The restated balance sheet recognises an additional £0.2m asset, being the fair value of this cap as at 31 March 2015.

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net movement in funds (per the SoFA) is provided

	General fund	Total funds
	£m	£m
Balance prior to restatement at 31 March 2015	24.9	660.0
Opening annual leave accrual at 1 April 2014	(1.4)	(1.4)
Increase in annual leave accrual during 2014/15	(0.4)	(0.4)
Reinstate fair value of interest rate cap	0.2	0.2
Restated balance at 31 March 2015	23.3	658.4

	General fund	Total funds
	£m	£m
Net movement in funds prior to restatement at 31 March 2015	10.5	64.2
Increase in annual leave accrual during 2014/15	(0.4)	(0.4)
Reinstate fair value of interest rate cap	0.2	0.2
Restated net movement in funds at 31 March 2015	10.3	64.0

In addition to the adjustments described above, the Group has also undertaken classification adjustments which have restated comparative balances without affecting overall funds as at transition date.

Changes to the accounting for defined benefit pension schemes resulted in the following classification amendments

	2014/15 SoFA as Restated	2014/15 Previous Balance
	£m	£m
Expected return on pension assets (investment and property income)	-	1.6
Interest charge on pension liabilities (investment management expenses)	(3.1)	-
Actuarial gains and losses on defined benefit pension scheme	(21.1)	(25.8)
Overall impact on SoFA (Net income available for charitable activities)	24.2	24.2

These changes arise from the requirement to use a constant discount rate when assessing return on pension assets and the interest charge on pension liabilities. As there is no overall impact on the pension deficit, the additional charges within the income and expenditure section of the SoFA are offset by a reduced actuarial loss in 'other recognised gains and losses'. These changes impact the protected endowment fund.

26 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE (CONTINUED)

Canal and River Trust

The following adjustments affect the entity accounts only, as they are eliminated at group level

The Trust's investment in Canal & River Pension Investments LP ("SLP"), described further in note 21, is deemed to represent a non-basic financial instrument. Because of this, the investment is shown at fair value, having previously been recognised at historic cost of £33m. This impacts the protected endowment fund within the Trust as follows

	Protected Endowment Fund	Total funds
	£m	£m
Balance prior to restatement at 31 March 2015	586.2	619.1
Opening fair value increase to investment in SLP	32.6	32.6
Increase in fair value to investment in SLP during 2014/15	1.9	1.9
Annual leave accrual and interest rate cap described above	-	(1.6)
Restated balance at 31 March 2015	620.7	652.0

A classification adjustment has also been made which does not affect the overall funds brought forward. Tangible fixed assets with a net book value of £10.1m have been transferred to investment property as at the transition date. On this date, their net book value is considered to be materially similar to their fair value.

This transfer represents the freehold property and associated equipment leased internally to BWML. These continue to be presented as tangible fixed assets at group level, but changes to definitions within FRS 102 have seen these fall into the classification of investment property within the Trust's entity-only accounts. This has the following impact on the brought forward balances within tangible fixed assets and investment properties

	Balance Sheet As Restated	Previous Balance
	£m	£m
Tangible fixed assets – cost brought forward at 1 April 2015	62.4	72.7
Tangible fixed assets – depreciation brought forward at 1 April 2015	12.1	12.3
Investment properties – carrying value brought forward at 1 April 2015	352.4	342.3

These properties were considered to have a fair value of £13.4m as at 31 March 2016, and an unrealised revaluation gain reflecting this is included within the entity's net income figure in note 18. The transfer and fair value gain relate solely to the protected endowment fund.

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 19 marinas across the UK
Charities SORP (FRS 102)	Accounts	<i>Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) (effective 1 January 2015)</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

Term	Where used	Explanation
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 exists for emergency retention of water or to protect property from flooding, including tidal fluctuations
Turnover bridge	Assets	Gets its name because it was where the horse towing the canal boat could change sides of the canal towpath without unhitching the rope
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

Lynne is a member of the Audit and Risk Committee, Joint Council & Trustees Appointments Committee, and the Nominations Committee. Lynne is chair of Bwrdd Glandŵr Cymru. Lynne is chair of Breast Cancer Now and the Commission on the Voluntary Sector and Ageing, Professor at Cass Business School, and sits on the FT's NED Advisory Board. Previous appointments include CEO of WRVS, the General Social Care Council, the Equal Opportunities Commission and the Family Welfare Association, CEO of the Charity Commission. Government appointments have included the Office of Civil Society Advisory Board and several Better Regulation Task Forces. Lynne is a board member of the International Women's Forum and co-founder of Women in Public Policy.

Manish Chande

Manish is a partner of Clearbell Capital LLP, a private real estate fund management and advisory business specialising in UK property investment, development and asset management. He has over 30 years of real estate experience and is involved in all aspects of the business. Manish co-founded Mountgrange Investment Management in 2007 and was the CEO of Mountgrange Capital, a private property investment and development group from 2002. He was previously a board director at Land Securities plc, CEO of Trillium, a pioneering sale and lease-back property business, and CEO of Imry, a publicly quoted property investment and development company. Manish originally trained as a chartered accountant at Midgley Snelling & Co between 1975 and 1980 and worked at Deloitte, Haskins & Sells in London from 1980 to 1985. Manish has been a member of the Institute of Chartered Accountants in England and Wales since 1980. In 2008 he was elected a fellow of the Royal Institution of Chartered Surveyors. He was a Commissioner of English Heritage between 2003 and 2011. In 2007, Manish was appointed a Trustee of The London Clinic and in 2012 he was appointed a Trustee of Canal & River Trust.

Jane Cotton

Jane is Chair of the Fundraising Committee and a member of the Remuneration and the Appointments Committees. She was human resources director and a deputy chief executive of Oxfam for 15 years until December 2014. Prior to this, she worked in Departments of Transport and Environment in both policy and human resources roles. In the 1990s, she was resources director of the Charity Commission and human resources director of the Department of Environment, Transport and the Regions. She brings particular expertise in organisational development and change management, volunteering, fundraising and charity governance. In addition to her Trustee role at Canal & River Trust, she is a Trustee of WWF UK and of Bucks, Berks and Oxfordshire Wildlife Trust and a member of the Alumni Advisory Board of Cambridge University.

John Dodwell

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

Frances Done CBE

Frances is chair of the Audit and Risk Committee. She was chair of the Youth Justice Board for England and Wales for six years until January 2014. A chartered accountant for 38 years, Frances worked for KPMG before becoming director of finance and then chief executive of Rochdale Metropolitan Borough Council. She has also been chief executive of Manchester 2002 Ltd – the company responsible for organising the successful Manchester Commonwealth Games. Subsequently, she held the post of managing director for Local Government, Housing and Criminal Justice at the Audit Commission with responsibility for the Commission's audit and inspection work in relation to local government in England. After leaving the Audit Commission, Frances was interim director general of the Royal British Legion. Frances was also chair of The Waterways Trust from 2003–2012 when it merged with Canal & River Trust.

Tom Franklin

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

Ben Gordon

Ben is a non-executive director of Britvic plc and of St Ives plc. He is also on the Board of Powerleague Ltd. Previously he was Chief Executive of Mothercare plc for nine years and SVP and Managing Director of the Disney Store, Europe and Asia-Pacific. Prior to that he had senior management positions in WHSmith plc and L'Oréal SA in the UK, USA and France. Ben has an MBA from INSEAD and is a Member of the Institution of Civil Engineers.

Tony Hales CBE (chair until Sept '15)

Formerly chairman of British Waterways, Tony is also chair of the Old Royal Naval College, Greenwich and 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.

Allan Leighton, Chairman (from Sept '15)

Allan was recently appointed chair of the Co-operative Group. He is also chair of Pace plc, Entertainment One plc, Matalan Ltd, and Deputy Chairman of Pandora AS. He is a patron of Breast Cancer Care and a keen canal runner. He was formerly CEO of Asda plc, chairman of the Royal Mail and holds a number of non-executive chairmanships including Lastminute.com and BSkyB. He was also chairman of Race for Opportunity and an Ambassador for Prince Charles in Business in the Community. Allan attended the Advanced Management Programme at Harvard and has Honorary Degrees from Cranfield and an Honorary Fellowship from the University of Lancashire.

Steve Shine OBE (until Jan '16)

Steve is chairman of a number of businesses, including Anesco Ltd and Solar Ltd, he is also a member of Veolia's advisory Board, recently been the interim CEO of Veolia Water. Steve was previously 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 of 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 in 2011.

Council (as at 31 March 2016)

In addition to the members listed below, the twelve Partnership chairs also sit on Council.

Nominated Representatives

Ruth Hall	Bwrdd Glandŵr Cymru (Welsh Board)
Richard Atkinson	British Canoeing Chartered
Jim Lamb	Institution of Water & Environmental Management (CIWEM)
Charles Trotman	Country Land & Business Association
Matt Mallinder	Cyclists Touring Club (CTC)
Neil Edwards	Inland Waterways Association (IWA)
John Yates	Institute of Historic Building Conservation
Councillor Jim Harker	Local Government Association (LGA)
Peter Brown	Railway & Canal Historical Society
David Gibson	Ramblers Association
David Kent	The Angling Trust
Paul Wilkinson	The Wildlife Trusts
Alison Ward	Welsh Local Government (SOLACE)

Dr Simon Thurley CBE

Simon is a member of the Investments Committee. He is an historian specialising in English architectural history and has written many books and presented television programmes on the subject. Formerly chief executive of English Heritage, previous posts also include Curator of the Historic Royal Palaces and Director of the Museum of London.

Co-Opted Members

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

Elected Members

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

Partnerships (as at 31 March 2016)

Bwrdd Glandŵr Cymru	Lynne Berry (Chair)
	Ruth Hall
	Carys Howell
	Peter Ogden
	Helen Paterson
	Duncan Smith
	Paul Thomas
	Philip Thomas
Central Shires	Charlotte Atkins (Chair)
	Will Chapman
	Brian Hull
	Beryl McDowall
	John Mills
	Andy Oughton
	Geoff Reynolds
	Ian Wykes
East Midlands	Danny Brennan (Chair)
	Matthew Easter
	Valerie Holt
	Chris Page
	David Pullen
	Shirley Rogers
	Robin Stonebridge
	Amanda Turner
	Andy Wilkinson
	Glyn Williams
Kennet & Avon	Katherine Wilson
	Rob Dean
	Emma Fearnley
	Terry Fell
	John Inman
	Alistair Millington
	Ken Oliver
	Tamsin Phipps (Chair)
London	Richard Watson
	Judith Adams
	Terry Ariss
	Sacha Austin
	Angela Clarke
	Jim Crooks
	Sir Brian Fender (Chair)
	Paul Foreman
	Tobias Govaert
	Roger James
	Beth Kennedy
	Dermot O'Brien
	Dominic Pinto
	Michael Polledri
	Geraldene Wharton
	Ray Whitehouse
Manchester & Pennine	Tayo Adebowale
	Ian Banks
	Keith Barnes
	Graham Birch
	Ray Butler
	Chris Findley
	Julian Holder

	Kate Hughes
	Walter Menzies (Chair)
	Keith Sexton
	Nigel Stevens
	Jon Stopp
	Iain Taylor
North East	Jeannie Beadle
	Hilary Brooke
	Chris Hawkesworth
	Jon Kendall
	Emily Lindsay
	David Lowe
	Mark Penny (Chair)
	Trevor Roberts
North Wales & Borders	Peter Scott
	Caroline Thorogood
	Campbell Boyle
	Mike Carter
	Sue Cawson
	Belinda Davenport
	Gillian Edwards
	Brenda Harvey (Chair)
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	Sara Mogel
	Alan Platt
	Nicola Said
	Barry Stamp
	John Yates
	Richard Atkinson
	Peter Jordan
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	Bob Pointing (Chair)
	Peter Rowlinson
	Dave Smallshaw
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	Ann Davies
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	Stephen Burt
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	Len Cresswell
	Graham Fisher
	Yvonne Gilligan
	Ewan Hamnett
	Peter Mathews CMG (Chair)
	Ben Seal
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Arts on the Waterways	Ian Banks
	Tamsin Dillon
	Claire Doherty
	Mark Dunhill
	Deirdre Figueiredo
	Manick Govinder
	Marianne McNamara
	Judith Palmer
	Megan Piper
	Jonathan Watkins (Chair)
	Sarah Weir
Angling	Rod Bracey
	Tony Campbell
	John Castle
	Peter Fieldhouse
	John Johnson
	David Kent (Chair)
	Dick Pilkinton
	John Sutton
Environment	Rafid Al Khaddar
	Mike Dobson
	Colin Fenn
	Rob Jarman
	Allison Jean
	Bruce Lascelles
	Arlin Rickard
Freight	Mike Garratt
	Mark Grimshaw-Smith
	James Hookham
	David Lowe
	Heather McLaughlin
	David Quarmby (chair)
	Ian Wainwright
Heritage	Peter Brown
	Sir Neil Cossons (Chair)
	Harriet Devlin
	Philip Grover
	Edward Holland
	Stephen Hughes
	Keith Falconer
	Jane Kennedy
	Laurence Newman
	John Yates

Navigation	John Baylis
	Malcom Blundell
	Michael Carter (Chair)
	Sue Cawson
	Kevin East
	David Fletcher
	Ian Harrison
	Nigel Stevens
Mooring & Licensing	Mike Annan (chair)
	Paul Le Blique
	Beryl McDowall
	Gren Messham
	Tim Parker
	Mark Tizard
	Alison Tuck
	Diane Warner
	Dave Williams
	Lee Wilshire
	Samantha Worrall
Volunteering	Mike Elliott
	Gennie Dearman
	Dominic Higgins
	Alex Nicholson Evans
	Mike Palmer
	Jon Stopp
Youth Engagement	Jamie Agombar
	Jon Boagey
	Danny Brennan
	Liam Burns
	Chloe Donovan (Chair)
	Fiona Ellison

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

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Philip Ridal, Finance Director and Company Secretary (to June 2015)

Ian Rogers, Director Customer Services and Operations

Simon Salem, Marketing & Fundraising Director (to June 2015)

Julie Sharman, Executive Head Asset Management and Delivery (from December 2015)

The Trust's Advisors

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City of London Office

PO Box 122581

Princes Street

London

EC2R 8PA

Independent auditors

Grant Thornton UK LLP

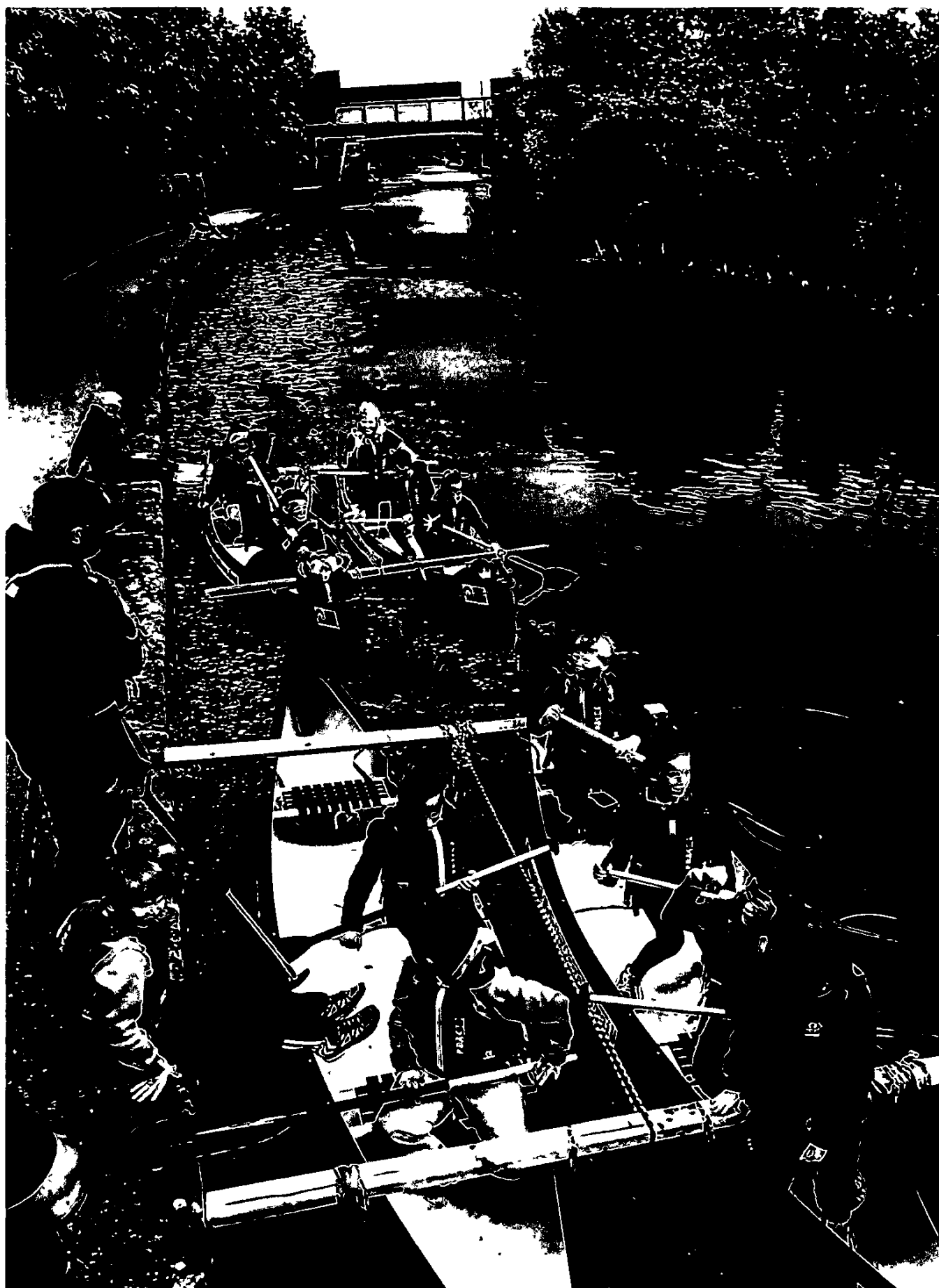
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Canal & River Trust

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

T: 0303 040 4040

E: customer.services@canalandrivertrust.org.uk

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