



Financial statements British Waterways Marinas Limited

For the Year Ended 31 March 2010



Company No. 4930453

Officers and professional advisers

Company registration number	4930453
Registered office	64 Clarendon Road Watford Herts WD17 1DA
Directors	D Newton C Warren J A Sharman P M Ridal B Casey D Bramhall
Secretary	Prism Cosec Limited
Bankers	National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8PH
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN

Contents

Report of the directors	3 - 5
Report of the independent auditor	6 - 7
Accounting policies	8 - 10
Profit and loss account	11
Balance sheet	12
Notes to the financial statements	13 - 20

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2010

Principal activities and business review

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

Our key performance indicators of return on average capital employed of 12.0% (2009 – 10.7%) and the moorings occupancy at 81% (2008 - 84%) were slightly behind target for the year but remain encouraging in the current economic environment

We are pleased to report this years results and are encouraged that the business continues to grow given the current economic climate. Our pre tax profit of £976k for the year to 31 March 2010 represents a return of 12.0% on the average capital invested in our business throughout the year and we have managed to deliver returns to our holding company, British Waterways, of £1.7m from this profit, plus rents and service level agreement charges. In the year our revenue grew by £41k (0.6%) and pre tax profits by £175k (21.7%) against the same period last year.

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

	2010 £	2009 £
Moorings	4,330,933	4,056,962
Retail	1,073,840	1,213,369
New Boat Sales	-	14,724
Boat Management Fees	314,642	338,144
Brokerage Fees	248,206	237,797
Repairs, Lifting and Hardstanding	192,873	282,528
Other Income	630,261	605,681
	<u>6,790,575</u>	<u>6,749,205</u>

Currently we manage a total of 2982 moorings across the 18 sites from which we operate. Our current occupancy of 81% remains strong but we hope that we can attract new customers to occupy the moorings that we have developed, and as a result increase this occupancy level.

In the prevailing economic climate, we continue to monitor closely the performance in the retail and boat repair sectors of our business. We are also assessing any weakening of demand in the increasingly competitive market for our core mooring product.

As a wholly owned subsidiary of British Waterways we will continue to monitor our mutual relationship which is subject to regular review from the Fair Trade Committee of the Board of British Waterways, established to ensure there is no cross-subsidy between ourselves and our holding company or any other unlawful competitive advantage arising from that relationship. We seek to ensure that at all times we operate in accordance with generally accepted best business practice, particularly in the field of Fair Trading with regard to both companies and customers.

Report of the directors (continued)

BWML now employs some 74 full time equivalent staff throughout the group. Our staff remain a key factor in the effective performance of our business and help to deliver the continued growth of our business. The skill, dedication and perseverance shown by all is a credit to them and the Directors of BWML would like to thank them greatly for their continuing efforts without which the company would not continue to prosper.

Results and dividends

The profit for the year, after taxation, amounted to £687,659. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company uses various financial instruments that include cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk.

Liquidity risk

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. BWML funding where necessary is via share capital issue to its holding company British Waterways (BW). Such investments by BW are made in accordance with its corporate hurdle rate and business objectives.

Interest rate risk

The company is not permitted to utilise bank or other borrowings and as a result the directors do not consider the company's exposure to interest rate risk to be material.

Credit risk

In order to manage credit risk, the directors have instituted a process at each of its marina sites of review of all debtors by the marina manager on a two weekly basis. Individual customer accounts are also subject to review and action where necessary by the credit controller on a regular basis with reference to debt ageing and collection history.

Directors

The directors who served the company during the year were as follows:

D Newton
C Warren
J A Sharman
P M Ridal
B Casey (Appointed 13/01/2010)
D Bramhall (Appointed 19/03/2010)

No director held any interests in shares of the company during the year. P M Ridal is also an executive director of the parent company British Waterways Board.

Report of the directors (continued)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

In so far as the directors are aware

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

Auditor

Grant Thornton UK LLP offers itself for reappointment in accordance with the Companies Act 2006

ON BEHALF OF THE BOARD

D Newton
Director

D. Newton
27th May, 2010.

Report of the independent auditor to the members of British Waterways Marinas Limited

We have audited the financial statements of British Waterways Marinas Limited for the year ended 31 March 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 2 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

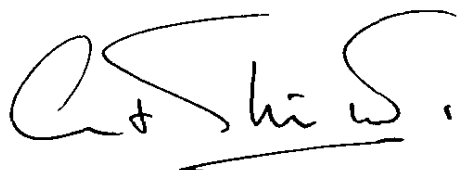
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of British Waterways Marinas Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Timothy Lincoln Senior Statutory Auditor
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

LEEDS

15 June 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

Cash flow statement

The company is a wholly owned subsidiary of British Waterways, a public corporation, and is included in the consolidated financial statements of British Waterways which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996)

Related parties transactions

Although the company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the British Waterways group, it has elected to do so in note 15 of these financial statements

Turnover

Revenue is measured by reference to the fair value of consideration received or receivable by the company for goods supplied and services provided excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer as follows

a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on a point of sale basis

b) Rendering of services

- i) Mooring permits
These are invoiced in advance and revenue is recognised on an accruals basis over the term of the permit
- ii) Property Rents
Revenue is generally invoiced monthly or quarterly in advance and recognised over the term of the rent agreement on a straight line basis
- iii) Boat Management Fees
Fees are invoiced monthly in arrears upon completion of the service, at which point revenue is recognised
- iv) Brokerage Fees
Revenue is recognised on the transfer of title to the buyer of the craft
- v) Repairs and Lifting
Charges for these services are rendered at the completion of the service

Accounting policies (continued)

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised and classified as an asset on the Balance Sheet. Amortisation is not provided in respect of goodwill as the useful economic life is deemed to be indefinite. This judgement is primarily made on the grounds that intangibles are held under a lease with a term in excess of 20 years, or where the company or its parent company, British Waterways, own the freehold. The board members consider that the departure from the statutory accounting rules is necessary to provide a true and fair view and to comply with FRS 10.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings and structures	40 years
Long leases	The unexpired lease term
Pontoons	25 years
Vessels	25 years
Other plant including cranes and hoists	10 years
Operational vehicles, computer and office equipment	5 years

No depreciation is provided on freehold land.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company participates in the pension scheme of its parent company, British Waterways. The scheme is a centrally administered funded defined benefit scheme.

It is not possible for the scheme to identify the company's share of the underlying assets and liabilities of the scheme and hence, in accordance with FRS 17, contributions to the scheme are accounted for as though it was a defined contribution scheme.

Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	6,790,575	6,749,205
Other operating charges	2	(5,811,708)	(5,957,892)
Operating profit	3	978,867	791,313
Interest receivable		–	14,895
Interest payable and similar charges	6	(157)	(2,535)
Profit on ordinary activities before taxation		978,710	803,673
Tax on profit on ordinary activities	7	(291,051)	(239,030)
Profit for the financial year	18	687,659	564,643

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

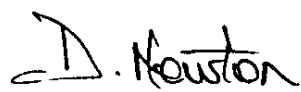
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	8	1,494,999	1,494,999
Tangible assets	9	6,979,115	6,606,584
		<u>8,474,114</u>	<u>8,101,583</u>
Current assets			
Stocks	10	362,115	417,846
Debtors	11	2,485,543	2,607,543
Cash at bank and in hand		1,549,621	1,096,807
		<u>4,397,279</u>	<u>4,122,196</u>
Creditors' amounts falling due within one year	12	<u>(4,218,844)</u>	<u>(4,331,387)</u>
Net current assets/(liabilities)		<u>178,435</u>	<u>(209,191)</u>
Total assets less current liabilities		<u>8,652,549</u>	<u>7,892,392</u>
Provisions for liabilities			
Deferred taxation	13	<u>(291,543)</u>	<u>(219,045)</u>
		<u>8,361,006</u>	<u>7,673,347</u>
Capital and reserves			
Called-up equity share capital	16	1,616	1,616
Share premium account	17	6,159,384	6,159,384
Profit and loss account	18	2,200,006	1,512,347
Shareholders' funds	19	<u>8,361,006</u>	<u>7,673,347</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

D Newton
Director


27th May, 2010.

Company Registration Number 4930453

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company, all arising in the UK

2 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>5,811,708</u>	<u>5,957,892</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of owned fixed assets	305,966	265,282
Profit on disposal of fixed assets	–	(6,797)
Auditor's remuneration		
Audit fees	14,700	13,750
Operating lease costs		
- Plant and equipment	13,927	15,794
- Other	<u>765,398</u>	<u>710,951</u>

Notes to the financial statements (continued)

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Full time	62	54
Part time	27	23
	<u>89</u>	<u>77</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	1,627,882	1,733,012
Social security costs	124,090	135,038
Other pension costs	164,072	142,256
	<u>1,916,044</u>	<u>2,010,306</u>

British Waterways Marinas Limited employees participate in the British Waterways Defined Benefit Pension Scheme

It is not possible for the scheme to identify the Company's share of the underlying assets and liabilities of the scheme and hence, in accordance with FRS17, contributions to the scheme are accounted for as though it was a defined contribution scheme

The British Waterways Defined Benefit Pension Scheme is subject to triennial independent valuation. The last such valuation was at 31st March 2007, which revealed a scheme deficit of £38.5m

A plan has been put in place for the funding of this deficit and the impacts of this plan on the company are

Employer contributions were set at the rate of 14% of pensionable pay for the year to 31 March 2010 and this rate will be ongoing

Deficit contributions will be made by the company. These have been set at £14k per annum from 2005/6 until 2014/15. Payments from 1 April 2009 were increased by cumulative price inflation plus 1.5% p.a. and this increase will continue.

The pension cost charge represents contributions payable by the company to the fund and amounted to £164,072. This charge includes an accrual for the payment of the estimated proportion of the group pension scheme deficit relating to BWML employees.

Notes to the financial statements (continued)

5 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Remuneration receivable	<u>205,926</u>	<u>182,030</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2010 No	2009 No
Defined benefit schemes	<u>3</u>	<u>2</u>

6 Interest payable and similar charges

	2010 £	2009 £
Other similar charges payable	<u>157</u>	<u>2,535</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	219,027	180,149
Over/under provision in prior year	<u>(474)</u>	<u>5,127</u>
Total current tax	<u>218,553</u>	<u>185,276</u>
Deferred tax		
Origination and reversal of timing differences	75,543	53,754
Over/under provision in prior year	<u>(3,045)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>291,051</u>	<u>239,030</u>

Notes to the financial statements (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>978,710</u>	<u>803,673</u>
Profit on ordinary activities by rate of tax	274,039	225,028
Expenses not deductible for tax purposes	20,531	21,517
Capital allowances for period in excess of depreciation	(75,543)	(66,396)
Adjustments to tax charge in respect of previous periods	(474)	5,127
Total current tax (note 7(a))	<u>218,553</u>	<u>185,276</u>

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2009 and 31 March 2010	<u>1,494,999</u>
Amortisation	
At 1 April 2009 and 31 March 2010	<u>—</u>
Net book value	
At 31 March 2010	<u>1,494,999</u>
At 31 March 2009	<u>1,494,999</u>

Notes to the financial statements (continued)

9 Tangible fixed assets

	Freehold land, buildings and structures £	Leasehold land and buildings £	Craft, plant and equipment £	Total £
Cost				
At 1 April 2009	793,411	2,892,301	3,675,528	7,361,240
Additions	7,054	374,723	296,720	678,497
At 31 March 2010	<u>800,465</u>	<u>3,267,024</u>	<u>3,972,248</u>	<u>8,039,737</u>
Depreciation				
At 1 April 2009	23,055	180,076	551,525	754,656
Charge for the year	14,381	63,662	227,923	305,966
At 31 March 2010	<u>37,436</u>	<u>243,738</u>	<u>779,448</u>	<u>1,060,622</u>
Net book value				
At 31 March 2010	<u>763,029</u>	<u>3,023,286</u>	<u>3,192,800</u>	<u>6,979,115</u>
At 31 March 2009	<u>770,356</u>	<u>2,712,225</u>	<u>3,124,003</u>	<u>6,606,584</u>

10 Stocks

	2010 £	2009 £
Finished goods	<u>362,115</u>	<u>417,846</u>

11 Debtors

	2010 £	2009 £
Trade debtors	2,158,331	2,093,613
Other debtors	93,421	55,274
Prepayments and accrued income	233,791	458,656
	<u>2,485,543</u>	<u>2,607,543</u>

Notes to the financial statements (continued)

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	29,364	281,218
Amounts owed to group undertakings	474,811	392,499
Corporation tax	96,027	99,633
Other taxation	2,771	2,970
Other creditors	300,523	167,487
Accruals and deferred income	3,315,348	3,387,580
	<u>4,218,844</u>	<u>4,331,387</u>

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Provision brought forward	219,045	165,291
Profit and loss account movement arising during the year	72,498	53,754
Provision carried forward	<u>291,543</u>	<u>219,045</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	<u>291,543</u>	<u>219,045</u>

14 Commitments under operating leases

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	-	23,947	-	29,529
After more than 5 years	755,376	-	697,215	-
	<u>755,376</u>	<u>23,947</u>	<u>697,215</u>	<u>29,529</u>

Notes to the financial statements (continued)

15 Related party transactions

For the year ended 31 March 2010, the business paid rent totalling £688,989 (2009 £638,965) and service level agreement charges totalling £65,183 (2009 £68,331) to British Waterways (parent undertaking). The business also received commissions for the sale of craft licences on behalf of British Waterways totalling £11,292 (2009 £14,134).

16 Share capital

Authorised share capital

	2010 £	2009 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid

	2010 No	£	2009 No	£
1,616 Ordinary shares of £1 each	<u>1,616</u>	<u>1,616</u>	<u>1,616</u>	<u>1,616</u>

17 Share premium account

There was no movement on the share premium account during the financial year.

18 Profit and loss account

	2010 £	2009 £
Balance brought forward	1,512,347	947,704
Profit for the financial year	<u>687,659</u>	<u>564,643</u>
Balance carried forward	<u>2,200,006</u>	<u>1,512,347</u>

19 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	687,659	564,643
Opening shareholders' funds	<u>7,673,347</u>	<u>7,108,704</u>
Closing shareholders' funds	<u>8,361,006</u>	<u>7,673,347</u>

Notes to the financial statements (continued)

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £111,470 (2009 - £64,695)

21 Ultimate parent company

The ultimate parent company for which group financial statements are prepared is British Waterways, a public corporation. A copy of the financial statements of the parent undertaking can be obtained from British Waterways, 64 Clarendon Road, Watford, Herts, WD17 1DA