

# Financial Statements Canal & River Trading CIC

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For the year ended 31 March 2014



Registered number: 08069602

## Company Information

<b>Directors</b>	SC Mills QP Pickford S Pullinger (appointed 19 September 2013) PM Ridal RER Evans (resigned 31 May 2013)
<b>Company secretary</b>	Prism Cosec Limited
<b>Registered number</b>	08069602
<b>Registered office</b>	First Floor North Station House 500 Elder Gate Milton Keynes Buckinghamshire MK9 1BB
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Bankers</b>	NatWest Bank PLC PO Box 12258 1 Princes Street London EC2R 8PB

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## **Directors' Report**

**For the year ended 31 March 2014**

The directors present their report and the financial statements for the year ended 31 March 2014

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations. The company has taken the small companies exemption set out in the Companies Act 2006 section 414B not to prepare a strategic report.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- 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.

### **Principal activities**

Canal & River Trading CIC (Community Interest Company) was incorporated on 15 May 2012 and is a wholly owned subsidiary of the Canal & River Trust. The Company's objects are to provide benefit to the general public in the UK, in particular (but not without limitation) those who visit or use inland waterways for navigation, leisure or recreation. The principal activity of the Company is to invest in long term property developments as well as carrying out other trading activities to create profit surpluses which can then be donated to the Canal & River Trust (registered company number 7807276), a charity registered by the Charity Commission in England & Wales.

### **Business review**

During the year wider economic conditions continued to improve with the UK commercial property market recording a 13.3% total return for the year according to the Investment Property Databank (IPD). The company benefitted from rising values with £213,000 profit from property disposals and overages – an 18% margin on sales. Joint Venture prospects also improved notably in H2O Urban LLP where schemes at Northwich and Docklands delivered profits and a £390,000 interim dividend was received. In ISIS Waterside Regeneration LP, development activity has continued apace with residential schemes in progress at Brentford in west London and in Islington Wharf Manchester with prospects for strong profits in the 2014/15 financial year.

The company benefitted from a royalty arrangement with a major UK retailer to use CRT's name and logo providing funds of £43,785. This was part of a tripartite commercial participation agreement along with the Trust.

The company resolved to make a gift of £1.5m for the year to the Canal and River Trust funded from available distributable reserves. This is significant increase over the preceding year (£101,000) and reflects the commitment of the company to the delivery of the objective of providing public benefit to visitors and users of the inland waterways.

## Directors' Report (continued)

In 2012/13, on 2 July 2012 the Company received a £37,131,045 contribution of net assets from its parent, Canal & River Trust, via a statutory transfer (The British Waterways Board (Transfer of Functions) Order 2012). The fair value of net assets received was as follows

	£
Investment property	3,748,625
Investments in joint ventures	6,038
Debtors due within one year	60,933
Loans to joint ventures	33,519,475
Cash	59,925
Creditors	(263,951)
<b>Value of contribution</b>	<b>37,131,045</b>

### Directors

The directors who served during the period were

SC Mills  
QP Pickford  
S Pullinger (appointed 19 September 2013)  
PM Ridal  
RER Evans (resigned 31 May 2013)

### Disclosure of information to auditor

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

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

### Auditor

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 26 June 2014 and signed on its behalf on 10 July 2014



SC Mills  
Director  
10 July 2014

## **Independent Auditor's Report to the Members of Canal & River Trading CIC**

We have audited the financial statements of Canal & River Trading CIC for the period ended 31 March 2014, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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

## Canal & River Trading CIC

- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

Carol Rudge (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

London

Date 10 July 2014

# Canal & River Trading CIC

## Profit and Loss Account

For the year ended 31 March 2014

		2013/14	2012/13*
	Note	£	£
<b>Turnover</b>	2	<b>362,892</b>	177,003
Cost of Sales		(92,232)	(132,167)
<b>Gross profit</b>		<b>270,660</b>	44,836
Administrative expenses		(136,086)	(130,868)
Gift aid to Canal & River Trust		(1,500,000)	(101,000)
Total administrative expenses		(1,636,086)	(231,868)
<b>Operating loss</b>	3	<b>(1,365,426)</b>	(187,032)
Net profit on sale of investment property	4	213,335	645,183
Dividend received		390,641	
Interest received		22,552	
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(738,898)</b>	458,151
Tax on profit on ordinary activities	5	-	-
<b>(Loss) / profit on ordinary activities after taxation</b>	12	<b>(738,898)</b>	458,151
Transferred from / (to) realised capital reserve	12	1,025,000	(645,183)
<b>Profit / (Loss) for period</b>		<b>286,102</b>	(187,032)

\* The comparative 2012/13 covers the period 15 May 2012 to 31 March 2013

The notes on pages 11 to 16 form part of these financial statements



## Statement of Total Recognised Gains and Losses

For the year ended 31 March 2014

	2013/14	2012/13*
	£	£
<b>(Deficit) / profit for the financial period</b>	<b>(738,898)</b>	458,151
Unrealised (deficit) / surplus on revaluation of investment properties	(39,123)	138,200
<b>Total recognised gains and losses relating to the Period</b>	<b>(778,021)</b>	596,351

\* The comparative period 2012/13 covers the period 15 May 2012 to 31 March 2013

The notes on pages 11 to 15 form part of these financial statements

## Balance Sheet

As at 31 March 2014

		31 March 2014	31 March 2013
	Note	£	£
<b>Fixed assets</b>			
Investment property	6	4,637,500	5,071,000
Investments in joint ventures	7	6,038	6,038
		<u>4,643,538</u>	<u>5,077,038</u>
<b>Current assets</b>			
Debtors amounts falling due within one year	8	229,544	150,082
Debtors amounts falling due after more than one year	8	27,363,505	30,119,475
Cash at bank and in hand		7,384,366	3,998,570
		<u>34,977,415</u>	<u>34,268,127</u>
<b>Creditors:</b> amounts falling due within one year	9	<u>(1,546,577)</u>	<u>(492,769)</u>
<b>Net current assets</b>		<u>33,430,838</u>	<u>33,775,358</u>
<b>Total assets less current liabilities</b>		<u>38,074,376</u>	<u>38,852,396</u>
<b>Creditors:</b> amounts falling due after more than one year	10	<u>(125,000)</u>	<u>(125,000)</u>
<b>Net assets</b>		<u>37,949,375</u>	<u>38,727,396</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000,000	1,000,000
<b>Reserves</b>			
Revaluation reserve	12	98,877	138,200
Realised capital reserve	12	45,383	645,183
Capital contribution reserve	12	36,706,045	37,131,045
Profit and loss account	12	99,070	(187,032)
<b>Shareholders' funds</b>		<u>37,949,375</u>	<u>38,727,396</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board on 26 June 2014 and were signed on its behalf on 10 July 2014

SC Mills, Director



# Notes to the Financial Statements

For the year ended 31 March 2014

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

### 1.2 Going concern

The company has a strong net asset position. The directors are of the opinion that there are no material uncertainties and that the company has adequate resources to continue for the foreseeable future. On this basis the going concern basis has been adopted in preparing the financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

### 1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

### 1.4 Turnover

Income is included in the Profit and loss when the company 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.

Investment income includes rental income from investment property leased out under an operating lease and is recognised in the Profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as a reduction of rental income. The cost of the incentive is allocated over the lease term or a shorter period ending on a date from which it is expected the prevailing market rental will be payable. Incentives are provided to customers in various forms such as rent free periods or funding towards property fit out costs and are usually offered on signing a new contract. Where such incentives are provided the fair value of the incentive is deferred and recognised in line with this accounting policy.

Revenue in respect of the disposal of investment properties is generally recognised when title passes on completion of a sale or when substantially all the risks & rewards of ownership pass to the lessee under a finance lease.

### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

### 1.6 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

## Canal & River Trading CIC

### 2 Turnover

	2013/14	2012/13
	£	£
Trading income	43,785	-
Investment income	319,107	177,003
	<u>362,892</u>	<u>177,003</u>

### 3. Operating loss

The operating loss is stated after charging

	2013/14	2012/13
	£	£
Auditors' remuneration	5,000	15,000
Amounts gift aided to parent company	1,500,000	101,000
	<u></u>	<u></u>

During the year, no director received any emoluments

### 4. Exceptional items

	2013/14	2012/13
	£	£
Profit on disposal of investment property	213,335	645,183
	<u></u>	<u></u>

## Canal & River Trading CIC

### 5. Taxation

	2013/14	2012/13
	£	£
UK corporation tax charge on profit for the period	-	-

#### Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 23%. The differences are explained below

	2013/14	2012/13
	£	£
(Loss) / profit on ordinary activities before tax	(738,898)	458,151
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 24%)	(169,946)	109,956

#### Effects of:

Property disposals differences between accounts and tax basis	17,532	(145,848)
Partnership interest	49,097	(11,781)
Losses (utilised)/ carried forward unrecognised	103,317	47,673
<b>Current tax charge for the year (see note above)</b>	-	-

The company has carried forward losses of £8.8m (2013 £8.4m) on which deferred tax has not been recognised. The losses relate to the company's interest in a limited partnership and can only be offset against future trading profits from the relevant partnership.

### 6. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
<b>Valuation</b>			
At 1 April 2013	3,846,000	1,225,000	5,071,000
Additions at cost	30,623	-	30,623
Disposals	(425,000)	-	(425,000)
Surplus/ (deficit) on revaluation	90,877	(130,000)	(39,123)
<b>At 31 March 2014</b>	<b>3,542,500</b>	<b>1,095,000</b>	<b>4,637,500</b>

The 2014 valuations were made by GVA Grimley Ltd, a regulated firm of Chartered Surveyors, on an open market value for existing use basis. The 2013 valuations were made by Gerald Eve LLP, a regulated firm of Chartered Surveyors, on an open market value for existing use basis.

## Canal & River Trading CIC

### 7. Investments in joint ventures

	Investment in joint ventures £
<b>Cost or valuation</b>	
At 1 April 2013	6,038
Additions at cost	-
Disposals	-
<b>At 31 March 2014</b>	<b>6,038</b>

The following information relates to those joint ventures undertakings of the company at the year-end whose results or financial position, in the opinion of the Directors, principally affect the figures of the company. All joint ventures of the company are unlisted and are registered and operate in the United Kingdom.

Name	Accounting period	Holding	Principal activity
Isis Waterside Regeneration LP	31/12/2013	50%	Property development
City Road Basin Ltd	31/12/2013	49%	Property development
H2O Urban LLP	31/12/2013	49%	Property development
Paddington Basin Business Barges Ltd	31/12/2013	49%	Office management

Whilst Canal and River Trading CIC retains a 49% shareholding or initial partnership capital in some joint ventures, the voting rights and profit share is 50/50.

### 8. Debtors

	31 March 2014	31 March 2013
	£	£
<b>Amounts falling due after more than one year</b>		
Amounts owed by joint venture undertakings in which the company has a participating interest	27,363,505	30,119,475
<b>Amounts falling due within one year</b>		
Trade debtors	117,540	18,625
Other debtors	112,004	131,457
	<b>27,593,049</b>	<b>30,269,557</b>

## Canal & River Trading CIC

### 9. Creditors: Amounts falling due within one year

	31 March 2014	31 March 2013
	£	£
Trade creditors	25,445	485
Amounts owed to group undertakings	1,380,349	136,121
Option fees received from joint venture undertakings	40,688	61,688
Other creditors	100,095	294,475
	<u>1,546,577</u>	<u>492,769</u>

### 10. Creditors: Amounts falling due after more than one year

	31 March 2014	31 March 2013
	£	£
Other creditors	<u>125,000</u>	<u>125,000</u>

### 11. Called up share capital

	31 March 2014	31 March 2013
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
1,000,000 Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## Canal & River Trading CIC

### 12. Reserves

	Realised capital reserve	Revaluation reserve	Capital contribution reserve	Profit and loss account	Total
	£	£	£	£	£
At 1 April 2013	645,183	138,200	37,131,045	(187,032)	37,727,396
Profit for the period	-	-	-	(738,898)	(738,898)
Deficit on revaluation of investment property	-	(39,123)	-	-	(39,123)
Transfer between reserves	(600,000)	-	(425,000)	1,025,000	-
Movement on other reserves	200	(200)	-	-	-
<b>At 31 March 2014</b>	<b>45,383</b>	<b>98,877</b>	<b>36,706,045</b>	<b>99,070</b>	<b>36,949,375</b>

The realised capital reserve comprises realised net gains and losses on disposal of investment property and investments in joint ventures

The capital contribution reserve arises from the contribution of net assets from the parent, Canal & River Trust, via a statutory transfer, *The British Waterways Board (Transfer of Functions) Order 2012* which took place on 2 July 2012 and is described in the Directors' Report on page 4. This reserve is redeemed by the passing of cash or other assets back to the shareholder, i.e. the parent, Canal & River Trust.

### 13. Capital commitments

At 31 March 2014, the company had no capital commitments (31 March 2013 Nil)

### 14. Controlling party

The company is a wholly owned subsidiary undertaking of Canal & River Trust, by virtue of its shareholding, which is the controlling party incorporated in the United Kingdom.

The company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The largest and smallest group of undertakings for which the group accounts have been drawn up is headed by Canal & River Trust.

Copies of the consolidated financial statements for Canal & River Trust are available from First Floor North Station House, 500 Elder Gate, Milton Keynes, Buckinghamshire MK9 1BB.



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# CIC 34

## Community Interest Company Report

For official use  
(Please leave blank)

Please  
complete in  
typescript, or  
in bold black  
capitals.

Company Name in  
full

Canal & River Trading CIC

Company Number

08069602

Year Ending

31 March 2014

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

### PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a fair and accurate description of how they have benefited the community, or section of the community, which the company is intended to serve.

Canal & River Trading CIC was incorporated on 15 May 2012 and is a wholly owned subsidiary of the Canal & River Trust. The Company's objects are to provide benefit to the general public in the UK, in particular (but not without limitation) those who visit or use the inland waterways for navigation, leisure or recreation.

The principal activity of the Company is to invest in long term property developments that are all adjacent to and complementary to the waterways, to create profit surpluses which can be donated to the Canal & River trust (registered company number 7807276), a charity registered by the Charity Commission in England & Wales.

During the year ended 31 March 2014 the company was able to gift £1,500,000 to the Canal & River Trust to help the charity further its charitable aims. Further details can be found in the financial statements of the CIC for the period.

(If applicable, please just state "A social audit report covering these points is attached").

(Please continue on separate continuation sheet if necessary)

**PART 2 – CONSULTATION WITH STAKEHOLDERS** – Please indicate who the company's stakeholders are, how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear

There has been extensive consultation with the company's stakeholders, the Trustees of the parent, Canal & River Trust

*(If applicable, please just state "A social audit report covering these points is attached")*

**PART 3 – DIRECTORS' REMUNERATION** – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes) If no remuneration was received you must state that "no remuneration was received" below

No remuneration was received

**PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION** – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that "no transfer of assets other than for full consideration has been made" below

No transfer of assets other than for full consideration has been made

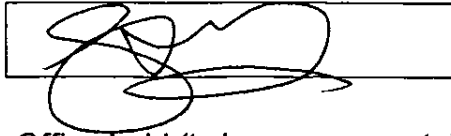
*(Please continue on separate continuation sheet if necessary)*

**(N.B. Please enclose a cheque for £15 payable to Companies House)**

## PART 5 – SIGNATORY

**The original report must be signed by a director or secretary of the company**

Signed



Date

Office held (tick as appropriate) ☒ Director ☐ Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Stuart Mills	
Canal & River Trust	
Station House, 500 Elder Gate, Milton Krynnes	
MK9 1BB	Telephone
DX Number	DX Exchange

**When you have completed and signed the form, please send it to the Registrar of Companies at:**

*For companies registered in England and Wales:* Companies House, Crown Way, Cardiff, CF14 3UZ  
DX 33050 Cardiff

*For companies registered in Scotland:* Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139  
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

*For companies registered in Northern Ireland:* Companies House, 2nd Floor, The Linenhall, 32-38  
Linenhall Street, Belfast, BT2 8BG