

# Financial Statements

## Canal & River Trading CLC

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**For the year ended 31 March 2020**



**Registered number: 08069602**

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## Canal & River Trading CIC

### Company Information

#### Directors

SC Mills  
QP Pickford  
S Kelly (resigned 25<sup>th</sup> September 2019)  
T Deards  
S Dainty (appointed 20<sup>th</sup> September 2019)

#### Company secretary

Y Salami

#### Registered number

08069602

#### Registered office

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

#### Independent auditor

BDO LLP  
Two Snowhill  
Birmingham  
B4 6GA

#### Bankers

NatWest Bank PLC  
PO Box 12258  
1 Princes Street  
London  
EC2R 8BP

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## **Canal & River Trading CIC**

# **Directors' Report**

**For the year ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

### **Directors' Responsibilities Statement**

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 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 07807276), a charity registered by the Charity Commission in England & Wales.

### **Business review**

Turnover increased by £1.1m (+45%) primarily due to higher receipts from draws in the People's Post Code lottery (PPL), income from which is gifted to Canal & River Trust to deliver its charitable activities.

Joint Venture development progressed during the year with H2O Urban (No.2) LLP continuing development on sites at Rickmansworth and Bulborne Nr Tring, paying a dividend of £0.2m to the Company. In Waterside Places Limited Partnership, developments were successfully completed and sold at Brentford Lock in west London and Islington Wharf in Manchester. Profits from these schemes are helping fund the first phase of development now underway at Hale Wharf in Tottenham, East London, which is due for completion in Summer 2021. At Icknield Port Loop LLP in Birmingham, good progress has been made in remediating the brownfield land and improving infrastructure including long sections of new waterway wall. An attractive new public park is now open within the site. Developers have completed the first two residential phases and the next phase is expected to commence in 2020/21

## **Directors' Report (continued)**

The Company partner loans to our Joint Ventures decreased by £13m during the year. This was principally due to loan repayments from Waterside Places LP as it sold schemes at Brentford and Manchester

The Company paid a gift of £10m in the year to the Canal and River Trust funded from available distributable reserves. The gifting of available profits to the Canal and River Trust reflects the commitment of the Company to the delivery of the objective of providing public benefit to visitors and users of the inland waterways.

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 balance of this contribution is reduced as investment property is sold and profits are distributed to the Canal & River Trust in accordance with the policy described in the notes to the accounts (section 1.9 page 12) and adjusted for changes in net assets.

### **Directors**

The directors who served during the year were:

S Kelly (resigned 25<sup>th</sup> September 2019)  
SC Mills  
QP Pickford  
T Deards  
S Dainty (appt 20<sup>th</sup> September 2019)

### **Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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.

The Directors' Report has been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime under the Companies Act 2006.

This report was approved by the board on 24 September 2020



Steven M Dainty  
Director  
On behalf of the board  
22 September 2020

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

## Opinion

We have audited the financial statements of Canal & River Trading CIC (the 'Company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter

We draw attention to note 1.5, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuers have advised that less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case and that in the view of the directors, this uncertainty concerns expected occupancy and risk of tenant default which is difficult to predict in the current environment. Our opinion is not modified in respect of this matter.

## Material uncertainty related to going concern

We draw attention to note 1.3 to the financial statements, which includes details on the uncertainty regarding both quantum and timing of cash inflows and cash outflows relating to the continued investments in the Joint Venture Partnerships and the Company's potential need for additional funding. As stated in note 1.3, these conditions, along with the other matters set out in note 1.3, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Financial Statements, set out on pages 2 to 17, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors for the financial statements**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
United Kingdom  
Date: 24 September 2020

# Canal & River Trading CIC

## Statement of comprehensive income

For the year ended 31 March 2020

		2019/20	2018/19
	Note	£	£
<b>Turnover</b>	2	<b>3,415,187</b>	2,348,056
<b>Cost of Sales</b>		<b>(332,103)</b>	(151,037)
<b>Gross profit</b>		<b>3,083,084</b>	2,197,019
<b>Administrative expenses</b>		<b>(58,223)</b>	(127,461)
<b>Operating profit</b>	3	<b>3,024,861</b>	2,069,558
<b>Net profit on sale of investment property</b>		<b>359,245</b>	1,747,970
<b>Dividend received</b>		<b>237,266</b>	678,000
<b>Interest received</b>		<b>59,176</b>	412
<b>Interest paid</b>		-	(73,159)
<b>Reversal of impairment of amounts owed by Joint venture undertakings</b>		<b>2,692,884</b>	1,749,287
<b>Unrealised (deficit)/surplus on revaluation of investment properties</b>		<b>(127,946)</b>	427,628
<b>Profit on ordinary activities before taxation</b>		<b>6,245,486</b>	6,599,696
<b>Tax charge on ordinary activities</b>	4	-	-
<b>Profit after taxation</b>		<b>6,245,486</b>	6,599,696

The notes on pages 11 to 19 form part of these financial statements.



## Balance Sheet

As at 31 March 2020

		31 March 2020	31 March 2019
	Note	£	£
<b>Fixed assets</b>			
Investment property	5	6,922,699	7,711,404
Investments in joint ventures	6	6,039	6,038
		<u>6,928,738</u>	<u>7,717,442</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	522,718	888,156
Debtors: amounts falling due after more than one year	8	25,423,423	39,181,538
Cash at bank and in hand		7,603,314	543,113
		<u>33,549,455</u>	<u>40,612,807</u>
Creditors: amounts falling due within one year	9	(1,238,602)	(4,859,729)
<b>Net current assets</b>		<u>32,310,853</u>	<u>35,753,078</u>
<b>Total assets less current liabilities</b>		<u>39,239,591</u>	<u>43,470,520</u>
Creditors: amounts falling due after more than one year	10	(914,498)	(945,498)
<b>Net assets</b>		<u>38,325,093</u>	<u>42,525,022</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000,000	1,000,000
Reserves:			
Revaluation reserve	12	563,566	1,141,512
Capital contribution reserve	12	36,761,527	38,102,584
Profit and loss account	12	-	2,280,926
<b>Shareholders' funds</b>		<u>38,325,093</u>	<u>42,525,022</u>

The financial statements have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime under the Companies Act 2006.

The financial statements were approved by the board on 22 September 2020.

  
Steven M Dainty

Director, on behalf of the board (Co registration number 08069602)

The notes on pages 11 to 19 form part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital £	Revaluation reserve £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2019	1,000,000	1,141,512	38,102,584	2,280,926	42,525,022
Profit for the year	-	-	-	6,245,486	6,245,486
Surplus/(deficit) on revaluation of investment property	-	(127,946)	-	127,946	-
Revaluation on disposals	-	(450,000)	450,000	-	-
Unwinding of JV loan impairment	-	-	2,692,884	(2,692,884)	-
Gift Aid donation to parent	-	-	(4,483,941)	(5,961,474)	(10,445,415)
At 31 March 2020	1,000,000	563,566	36,761,527	-	38,325,093

	Share capital £	Revaluation reserve £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2018	1,000,000	713,884	36,353,297	-	38,067,181
Profit for the year	-	-	-	6,599,696	6,599,696
Surplus on revaluation of investment property	-	427,628	-	(427,628)	-
Unwinding of JV loan impairment	-	-	1,749,287	(1,749,287)	-
Gift Aid donation to parent	-	-	-	(2,141,855)	(2,141,855)
At 31 March 2019	1,000,000	1,141,512	38,102,584	2,280,926	42,525,022

Further details on each reserve can be seen in note 12.  
The notes on pages 11 to 19 form part of these financial statements.

# **Notes to the Financial Statements**

**For the year ended 31 March 2020**

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and comply with the Financial Reporting Standard applicable to the UK and Ireland (FRS 102) (effective March 2018); and the small companies regime under the Companies Act 2006. The company takes advantage of the provisions of Part 15, section 414B for an exemption from preparation of a strategic report; and section 400 for an exemption from preparing consolidated financial statements.

### **1.2 Significant judgements and key sources of estimation uncertainty**

Significant judgement has been required in assessing the carrying values of loans to 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.

FRS102, para.29.24A has been applied to offset the deferred tax asset and deferred tax liability arising from revaluation of the Company's investment properties. The net deferred tax liability at 31 March 2020 is calculated at £5.8k. Without offset, the deferred tax liability as at 31 March 2020 is £412.0k. The Company intends to adopt tax planning to ensure that investment properties, if sold, are done in a manner and order that would enable any tax asset to be utilised. Any capital losses that are realised would not expire and can be carried forward for application against future capital gains. Any residual taxable gains arising from the sale of Company's investment properties would be sheltered through payment of gift aid to the Company's controlling party and therefore, the Directors are of the view that taxation would never be payable by the Company. Accordingly, no deferred tax liability has been recognised in the Company's accounts for the financial year ended 31 March 2020.

### **1.3 Going concern**

The company has an annual planning process including financial projections which have taken account of the current economic climate including the impact of the coronavirus pandemic. At the year end the company had net assets of £38,325,093 (2019 - £42,525,022) and Cash at Bank and in Hand of £7,603,314 (2019 - £543,113). In assessing the company's ability to operate as a going concern, the Directors have stress tested the company's forecast cashflows against a number of scenarios including a reduction in revenue and variations on the timing and quantum of investment and returns in the Joint Venture Partnerships. The current cash flow forecast prior to any stress testing demonstrates that the company can operate within its existing funding arrangements.

The company has commitments to support several Joint Venture Partnerships which are predominantly engaged in residential development. The primary risk to the company is therefore a substantial fall in the value of and demand for residential land and housing. The main consequence of this risk could include further funds needing to be advanced to partnerships in order to repay priority lenders as well as delay the repayment of partner loans and losses on eventual sale of stocks. However, all Joint Venture Partnership borrowing is on a strictly non-recourse basis to the partners which means that the company is not obliged to settle the debts of the ventures although it may choose to do so.

The UK housing market was effectively frozen during March, April and May of 2020 but has subsequently rebounded strongly, partly due to pent-up demand and also revised accommodation requirements as the population considers the longer-term impact of changing working and commuting habits triggered by the coronavirus pandemic. Coupled with Government stimulus (stamp duty holiday) and ultra-low borrowing costs, market forecasts for residential land and housing prices are not indicating a substantial fall in prices is expected. An impairment review of the company's investment in Joint Venture

## **Canal & River Trading CIC**

Partnerships - which included a stress test on individual development appraisals - has not identified any impairment.

The Directors acknowledge that there is risk surrounding both the quantum and timing of key cash inflows and outflows included in forecasts for the next 12 month period. The primary risk to cashflow is a delay in receipts from residential sales and if so loan repayments to the company would also be delayed. The main external funding commitment does not fall due for repayment within the next 12 months. The company will monitor progress in exchanging contracts for sales and can reduce other planned cash outflows and seek additional funding from Canal & River Trust if this delay seems likely. At this point in time exchange of contracts for residential units are progressing in line with plan. In addition, the cash flow forecasts contain substantial cash outflows in relation to funding the Joint Venture developments which are also subject to uncertainty regarding timing and quantum and as previously noted repayment of these loans is dependent on receipts from residential sales in Waterside Places LP. The directors consider that these risks can be managed across the portfolio of developments.

At the date of approval of these financial statements, the Directors have prepared cash flow forecasts to 30 September 2021 and performed an assessment which considers a period of at least 12 months from this date of approval. Whilst the current cash flow forecast prior to any stress testing demonstrates that the company can operate within its existing funding arrangements, the directors acknowledge that delays in cash inflows from property sales may require the re-profiling of planned cash outflows and securing additional funding from Canal and River Trust. This additional funding, whilst agreed in principle is not formally in place. Given the uncertainty regarding the timing of net cash flows relating to the continued investment in the Joint Venture Partnerships and the potential need for additional funding then the Directors acknowledge the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the company is not able to achieve its forecasts or is unable to continue as a going concern.

### **1.4 Cash flow**

The Company, being a subsidiary undertaking where 90% or more of the voting rights are contained within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS102, section 7.

### **1.5 Turnover**

Income is included in the Statement of comprehensive income 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 statement of comprehensive income 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

## Canal & River Trading CIC

### 1. Accounting policies (continued)

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.

Income received where the Company is a direct beneficiary of People's Postcode Lottery draws is recognised when the draw is held. The Company recognises the net amount due, which is the total of ticket sales less prize money and management fee. Only the net amount is included in the statement of comprehensive income as there is no ability to alter ticket prices, determine prizes or reduce the management fee. The gross amounts are disclosed in note 2.

#### 1.6 Investments in joint ventures

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

#### 1.7 Investment properties

Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Valuation movements arising from the annual revaluation exercise are included within "net gains on investment" in the SoFA.

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

As a consequence of the Coronavirus pandemic and in common with many organisations with material property valuations at 31 March 2020, the auditors in their report on pages 6 to 8, without qualifying their opinion, have included an emphasis of matter in relation to the uncertainty attaching to the valuation of investment property. Further details are also contained in note 5 to the financial statements.

#### 1.8 Reserves

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 5. This reserve is redeemed by the passing of cash or other assets back to the shareholder, i.e. the parent, Canal & River Trust.

In accordance with the Company's articles of association, Canal & River Trust are the asset-locked body specified as a potential recipient of the Company's assets. Gifts made to Canal & River Trust are made firstly from any profits of the period, secondly from any retained profits, thirdly from realised capital gains within the realised capital reserve and fourthly from the capital contribution reserve. The reserve balances are adjusted to reflect this ordering.

#### 1.9 Financial Instruments

The Company is not deemed to have any non-basic financial instruments as defined by FRS 102, section 12.

## Canal & River Trading CIC

### 1. Accounting policies (continued)

#### 1.10 Gift Aid

Gifts are paid or payable to the parent undertaking, Canal & River Trust, which is a UK charity, the charitable purpose of which is to care for England and Wales' 200 year old waterways. As a charitable entity, Canal & River Trust is exempt from corporate taxation. Canal & River Trading CIC has adopted a policy of paying all its taxable profits to the charity under gift aid. These gift aid payments are recognised as distributions through equity rather than as an expense through the statement of comprehensive income in Canal & River Trading CIC.

#### 1.11 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

### 2. Turnover

	2019/20	2018/19
	£	£
Net proceeds from People's Postcode Lottery	2,917,470	1,896,505
Investment income	395,292	451,551
Standedge wedding income	102,425	-
	<b>3,415,187</b>	<b>2,348,056</b>

#### Net Proceeds from People's Postcode Lottery

As explained within note 1, accounting policies, the Company received the proceeds of lotteries held by People's Postcode Lottery ("PPL"). The Company has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal, and so only net proceeds due to the Company are recognised in the statement of comprehensive income. The net proceeds received are analysed as follows:

	2019/20	2018/19
	£	£
Ticket value	9,117,098	5,926,578
Prize fund	(3,634,707)	(2,367,010)
Management fee	(2,564,920)	(1,663,063)
<b>Net lottery income in the year</b>	<b>2,917,471</b>	<b>1,896,505</b>

## Canal & River Trading CIC

### 3. Operating profit

The operating profit is stated after charging:

	2019/20	2018/19
	£	£
Auditors' remuneration	5,000	5,000

During the year, no director received any emoluments (2018/19: £Nil).

There were no staff employed during the year (2018/19: None)

### 4. Taxation

	2019/20	2018/19
	£	£
UK corporation tax credit on profit for the period	-	-
Prior year: Tax relief obtained on gift aid payment	-	-
-adjustments to tax charge in respect of prior periods	-	-
	-	-

#### Factors affecting tax charge for the year

The tax assessed for the period is less than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019/20	2018/19
	£	£
Profit on ordinary activities before tax	6,245,486	6,599,696
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016/17: 20%)	1,186,642	1,253,942
<b>Effects of:</b>		
Fixed asset differences	(84,018)	-
Expenses not deductible for tax purposes	40,072	75,069
Income not taxable for tax purposes	(45,081)	(542,183)
Chargeable gains/(losses)	116,678	418,178
Donation to parent made under gift aid scheme in equity	(1,214,293)	(799,010)
Movement in unrecognised deferred tax asset	-	(405,996)
<b>Total current tax charge for the year</b>	-	-

## Canal & River Trading CIC

### 5. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
<b>Valuation</b>			
At 1 April 2019	7,021,404	690,000	7,711,404
Additions at cost	17,742	101,499	119,241
Disposals	(780,000)	-	(780,000)
Surplus/(deficit) on revaluation	(145,453)	17,507	(127,946)
<b>At 31 March 2020</b>	<b>6,113,693</b>	<b>809,006</b>	<b>6,922,699</b>

Investment properties are valued annually and included at valuation on an open market basis. Avison Young, a regulated firm of Chartered Surveyors, carried out a valuation of 34% of the properties by value as at 31 March 2020. The remaining properties 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. Within these valuations, assumptions are made based on comparable yield values, taking account of where property is let, the current and reversionary rental income along with the lease terms; and where properties are vacant holding costs, market rents and lease incentives.

In light of Coronavirus, in line with guidance set out by RICS and in common with many other organisations, Avison Young issued the following 'material valuation uncertainty' note within their 31 March 2020 valuation issued to the Trustees of Canal & River Trust on 6 April 2020:

*"Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this portfolio under frequent review. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is a disclosure, not a disclaimer."*



## Canal & River Trading CIC

### 6. Investments in joint ventures

Investment  
in joint  
ventures  
£

Cost

At 31 March 2020

6,039

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
Waterside Places Limited Partnership	31/12/2019	50%	Property development
City Road Basin Limited	31/12/2019	49%	Property development
H2O Urban (No.2) LLP	31/12/2019	49%	Property development
Paddington Basin Business Barges Limited	31/12/2019	49%	Office management
Icknield Port Loop LLP	31/12/2019	25%	Property development

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. For Icknield Port Loop LLP, the profit share beneficial interest is 35.5%, however voting rights are such that decisions require unanimous approval from each of the partners.

### 7. Debtors: amounts falling due within one year

	31 March 2020	31 March 2019
	£	£
Trade debtors	58,533	179,589
Amounts due from joint venture undertakings	-	697,725
Other debtors	464,185	10,842
	<b>522,718</b>	<b>888,156</b>

## Canal & River Trading CIC

### 8. Debtors: amounts falling due after more than one year

	31 March 2020	31 March 2019
	£	£
Amounts owed by joint venture undertakings in which the Company has a participating interest	25,423,423	39,181,538

Amounts owed by joint venture undertakings in which the Company has a participating interest are partner loans which are unsecured, have no fixed repayment term and carry no coupon.

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

	31 March 2020	31 March 2019
	£	£
Trade creditors	1,093	35,716
Amounts due to group undertakings	1,160,798	4,387,477
Amounts due to joint venture undertakings	-	341,000
Other creditors	76,711	95,536
	<u>1,238,602</u>	<u>4,859,729</u>

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

	31 March 2020	31 March 2019
	£	£
Other creditors	35,000	66,000
Amounts due to joint venture undertakings	879,498	879,498
	<u>914,498</u>	<u>945,498</u>

### 11. Called up share capital

	31 March 2020	31 March 2019
	£	£
Authorised, allotted, called up and fully paid		
1,000,000 Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## Canal & River Trading CIC

### 12. Reserves

The revaluation reserve comprises unrealised gains and losses in respect of investment property following the annual valuation exercise.

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.

In accordance with the Company's articles of association, Canal & River Trust are the asset-locked body specified as a potential recipient of the Company's assets. Gifts made to Canal & River Trust are made firstly from any profits of the period, secondly from any retained profits, thirdly from realised capital gains within the realised capital reserve and fourthly from the capital contribution reserve. The reserve balances are adjusted to reflect this ordering.

### 13. Capital commitments

At 31 March 2020, the Company had no capital commitments (31 March 2019: £Nil).

### 14. Operating lease agreements where the Group is lessor

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

	31 March 2020	31 March 2019
	£	£
Within one year	87,981	62,793
Within two to five years	50,967	99,212
In more than five years	-	-
	<hr/>	<hr/>
	138,948	162,005

### 15. 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.

**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

(31/03/2020)

*The date format is required in full)*

Please ensure the company name is consistent with the company name entered on the accounts.

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.

**(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)**

**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 description of how they have benefited the community.

Canal & River Trading CIC was incorporated on 15 May 2012 and is a wholly owned subsidiary of the Canal & River Trust (registered company number 07807276 and charity number 1146792). The Company's objectives 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 as well as carrying out other trading activities to create profit surpluses which can then be donated to the Canal & River Trust.

During the year ended 31 March 2020, the company was able to gift £10m to the Canal & River Trust to help further its charitable aims. Further details can be found in the financial statements for of the Company for this 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 have been extensive consultations 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.)*

**PART 5 – SIGNATORY (Please note this must be a live signature)**

(DD/MM/YY)

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

Signed



Date

01/10/20

Please note that it is a legal requirement for the date format to be provided in full throughout the CIC34 report.

Applications will be rejected if this information is incorrect.

Office held (delete 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.

Steve Dainty

Canal & River Trust, First Floor North Station House

500 Elder Gate, Milton Keynes, MK9 1BB

Tel

DX Number

DX Exchange

**When you have completed and signed the form, please attach it to the accounts and send both forms by post 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

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