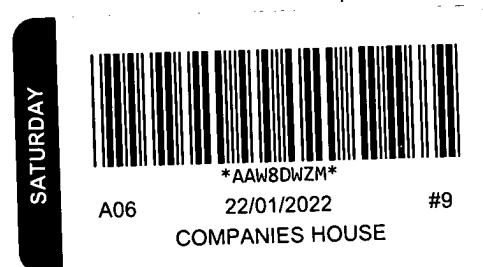


# Financial Statements

## Canal & River Trading CIC

---

**For the year ended 31 March 2021**



**Registered number: 08069602**

## **Company Information**

**Directors**

SC Mills  
T Deards  
S Dainty  
J Bywater

**Registered number**

08069602

**Registered office**

National Waterways Museum Ellesmere Port  
South Pier Road  
Ellesmere Port  
Cheshire  
CH65 4FW

**Independent auditor**

BDO LLP  
Two Snowhill  
Birmingham  
B4 6GA

**Bankers**

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

# Contents

	Page
<b>Directors' report</b>	<b>4 – 5</b>
<b>Independent auditor's report</b>	<b>6 - 7</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 20</b>

# **Directors' Report**

For the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

## **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 £1.5m (+43%) 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 despite challenges arising from the pandemic. H20 Urban (No.2) LLP continued towards practical completion of the pre let hotel in Rickmansworth with profits recognised on a percentage completion basis. In addition, a site with planning permission was sold in the year, releasing profit on disposal. In Waterside Places Limited Partnership, revenue in the year came primarily from developments at Tottenham Hale (London), Brentford (London) and Islington Wharf (Manchester). Construction continued on the Hale Wharf development in Tottenham Hale, with the recognition of revenue in line with the percentage of completion on the Private Rental Sector block (which has been forward sold). Profits were principally from the Tottenham Hale development, offsetting this is a provision against remediation costs on the Islington Wharf phase 1 development

## Directors' Report (continued)

The Company partner loans to our Joint Ventures decreased by £1.5m during the year. This was principally due to loan drawdowns from Waterside places, offset by a removal of the Icknield Port Loop LLP balance due to our interest in the Joint venture being sold in the financial year.

The Company paid a gift of £4.6m 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 1.8 page 13) and adjusted for changes in net assets.

### Directors

The directors who served during the year were:

SC Mills  
QP Pickford (resigned 19 May 2021)  
T Deards  
S Dainty  
J Bywater (appointed 19 May 2021)


### 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 14 October 2021.



Steven M Dainty  
Director  
On behalf of the board  
14 October 2021

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

## **Opinion on the 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 2021 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.

We have audited the financial statements of Canal & River Trading CIC ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, the Balance Sheet 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).

## **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Independence*

We remain independent of the Company in accordance with the ethical requirements 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.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

## **Other Companies Act 2006 reporting**

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.

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**

As explained more fully in the Directors' Responsibilities Statement, 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.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, the Audit and Risk Committee and the directors. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with, Companies Act 2006, UK GAAP and tax legislation.

In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for

instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

#### Audit response to risks identified

- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of management, internal audit and the directors;
- We reviewed the serious incident log submitted to the Audit and Risk Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the valuation of investments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

*Kyla Bellingall*

A11A18013DD84AC

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor  
Birmingham

Date: 14 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Statement of comprehensive income

For the year ended 31 March 2021

		2020/21	2019/20
	Note	£	£
<b>Turnover</b>	2	<b>4,887,119</b>	3,415,187
Cost of Sales		(215,488)	(332,103)
<b>Gross profit</b>		<b>4,671,631</b>	3,083,084
Administrative expenses		(256,838)	(58,223)
<b>Operating profit</b>	3	<b>4,414,793</b>	3,024,861
Net profit on sale of investment property		219,176	359,245
Dividend received		-	237,266
Interest received		55,845	59,176
(Impairment)/Reversal of impairment of amounts owed by Joint venture undertakings		(536,313)	2,692,884
Unrealised surplus/(deficit) on revaluation of investment properties		138,013	(127,946)
<b>Profit on ordinary activities before taxation</b>		<b>4,291,514</b>	6,245,486
Tax charge on ordinary activities	4	-	-
<b>Profit after taxation</b>		<b>4,291,514</b>	6,245,486

The notes on pages 11 to 20 form part of these financial statements.

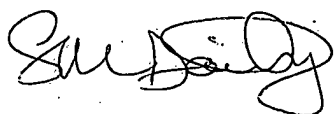
# Balance Sheet

As at 31 March 2021

		31 March 2021	31 March 2020 (Restated)
	Note	£	£
<b>Fixed assets</b>			
Investment property	5	2,997,006	7,157,699
Investments in joint ventures	6	6,039	6,039
		<u>3,003,045</u>	<u>7,163,738</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	178,123	522,718
Debtors: amounts falling due after more than one year	8	28,125,247	25,423,423
Cash at bank and in hand		9,626,157	7,603,314
		<u>37,929,527</u>	<u>33,549,455</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,532,914)</u>	<u>(1,059,055)</u>
<b>Net current assets</b>		<u>35,396,613</u>	<u>32,490,400</u>
<b>Total assets less current liabilities</b>		<u>38,399,658</u>	<u>39,654,138</u>
<b>Creditors: amounts falling due after more than one year</b>	10	-	(914,498)
<b>Provision for tax</b>	11	-	-
<b>Net assets</b>		<u>38,399,658</u>	<u>38,739,640</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,000,000	1,000,000
Reserves:			
Capital contribution reserve	13	32,351,910	36,936,527
Profit and loss account	13	5,047,748	803,113
<b>Shareholders' funds</b>		<u>38,399,658</u>	<u>38,739,640</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 14 October 2021.



**Steven M Dainty**

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

The notes on pages 11 to 20 form part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 31 March 2020 (as previously stated)	1,000,000	36,761,527	563,566	38,325,093
Prior year adjustment	-	175,000	239,547	414,547
At 1 April 2020 (restated)	1,000,000	36,936,527	803,113	38,739,640
Profit for the year	-	-	4,291,514	4,291,514
Reserves Transfer	-	(4,584,617)	4,584,617	-
Gift Aid donation to parent	-	-	(4,631,496)	(4,631,496)
<b>At 31 March 2021</b>	<b>1,000,000</b>	<b>32,351,910</b>	<b>5,047,748</b>	<b>38,399,658</b>

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2019	1,000,000	38,102,584	3,422,438	42,525,022
Prior year adjustment (Note 17)	-	175,000	199,147	374,147
At 1 April 2019 (restated)	1,000,000	38,277,584	3,621,585	42,899,169
Profit for the year (restated)	-	-	6,285,886	6,285,886
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)
<b>At 31 March 2020 (restated)</b>	<b>1,000,000</b>	<b>36,936,527</b>	<b>803,113</b>	<b>38,739,640</b>

Further details on each reserve can be seen in note 13.

The notes on pages 11 to 20 form part of these financial statements.

# **Notes to the Financial Statements**

For the year ended 31 March 2021

## **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.

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. Based on the properties on hand, judgement has been made as to extent the deferred tax asset would be utilised and therefore, the deferred tax asset has only been recognised to the extent that it is probable it would be applied to offset the deferred tax liability (or other qualifying future taxable profits) in line with FRS102 para.29.7.

### **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 £38,399,658 (2020 (restated) - £38,739,640) and Cash at Bank and in Hand of £9,626,157 (2020 - £7,603,314). 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. An impairment review of the company's investment in Joint Venture Partnerships - which included a stress test on individual development appraisals - has not identified any impairment.

## 1. Accounting policies (continued)

The Directors acknowledge that there is risk surrounding both the quantum and timing of key cash inflows and outflows included in forecasts to 31 December 2022. 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 forecast period. 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 31 December 2022 and performed an assessment which considers a period of at least 12 months from this date of approval. The current cash flow forecast prior to any stress testing demonstrates that the company can operate within its existing funding arrangements. Whilst there is significant headroom in the cash forecast for any changes to the outflows of cash to joint ventures, the company also has an available loan agreement with the Canal and River Trust which enables the company to borrow £10m on demand if required. The directors are therefore satisfied that the company accounts are prepared on a going concern basis.

### 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 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. Accounting policies (continued)

#### 1.6 Investments in joint ventures

Investments in joint ventures are held as fixed assets and 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 company accounts for disposals of investment properties upon completion of sale or when the sale is unconditional.

#### 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.

#### 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. The Company's deferred tax assets are only recognised to the extent that it is probable that it will be recovered against deferred tax liabilities or other qualifying future taxable profits. The net deferred tax position is disclosed within Provisions for Tax. The total available deferred tax asset at 31 March 2021 is £400.7k and £161.3k has been recognised. Without offset, the deferred tax liability as at 31 March 2021 is £161.3k.

## Canal & River Trading CIC

### 2. Turnover

	2020/21	2019/20
	£	£
Net proceeds from People's Postcode Lottery	4,590,450	2,917,470
Investment income	296,669	395,292
Standedge wedding income	-	102,425
	<b>4,887,119</b>	<b>3,415,187</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:

	2020/21	2019/20
	£	£
Ticket value	14,345,157	9,117,098
Prize fund	(5,723,148)	(3,634,707)
Management fee	(4,031,559)	(2,564,920)
<b>Net lottery income in the year</b>	<b>4,590,450</b>	<b>2,917,471</b>

### 3. Operating profit

The operating profit is stated after charging:

	2020/21	2019/20
	£	£
Auditors' remuneration	5,700	5,000

During the year, no director received any emoluments (2019/20: £Nil).

There were no staff employed during the year (2019/20: None)

### 4. Taxation

	2020/21	2019/20
	£	£
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	-	-
	<b>-</b>	<b>-</b>

## Canal & River Trading CIC

### 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:

	2020/21	2019/20
	£	£
Profit on ordinary activities before tax	4,291,514	6,245,486
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019/20: 19%)	815,388	1,186,642
<b>Effects of:</b>		
Fixed asset differences	(156,379)	(84,018)
Expenses not deductible for tax purposes	114,735	40,072
Income not taxable for tax purposes	(205,245)	(45,081)
Chargeable gains/(losses)	314,624	116,678
Donation to parent made under gift aid scheme in equity	(883,123)	(1,214,293)
<b>Total current tax charge for the year</b>	<b>-</b>	<b>-</b>

### 5. Investment property

	Freehold investment property	Long term leasehold investment property	Total
	£	£	£
<b>Valuation</b>			
At 1 April 2020	6,113,693	809,006	6,922,699
Prior year adjustment	235,000	-	235,000
At 1 April 2020 (restated)	6,348,693	809,006	7,157,699
Additions at cost	-	179,987	179,987
Disposals	(4,478,693)	-	(4,478,693)
(Deficit)/surplus on revaluation	(32,000)	170,013	138,013
<b>At 31 March 2021</b>	<b>1,838,000</b>	<b>1,159,006</b>	<b>2,997,006</b>



## Canal & River Trading CIC

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 93% of the properties by value as at 31 March 2021. 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.

### 6. Investments in joint ventures

	Investment in joint ventures £
<b>Cost</b>	
<b>At 1 April 2020 and 31 March 2021</b>	<b>6,039</b>

The following information relates to those joint venture 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	31/12/2020	50%	Property development
City Road Basin Limited	31/12/2020	49%	Property development
H2O Urban (No.2) LLP	31/12/2020	49%	Property development
Paddington Basin Business Barges Limited	31/12/2020	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.

On 21 January 2021 the investment in Icknield Port Loop LLP was sold at nil gain/loss.

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

	31 March 2021	31 March 2020
	£	£
Trade debtors	33,768	58,533
Other debtors	144,355	464,185
	<b>178,123</b>	<b>522,718</b>

## Canal & River Trading CIC

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

	31 March 2021	31 March 2020
	£	£
Other Debtors > 1 year	4,172,717	-
Amounts owed by joint venture undertakings in which the Company has a participating interest	23,952,530	25,423,423
	<u>28,125,247</u>	<u>25,423,423</u>

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 2021	31 March 2020 (restated)
	£	£
Trade creditors	5,785	1,093
Amounts due to group undertakings	2,464,422	981,251
Other creditors	62,707	76,711
	<u>2,532,914</u>	<u>1,059,055</u>

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

	31 March 2021	31 March 2020
	£	£
Other creditors	-	35,000
Amounts due to joint venture undertakings	-	879,498
	<u>-</u>	<u>914,498</u>

## Canal & River Trading CIC

### 11. Provision for tax

	Deferred taxation £
At 1 April 2020	-
Origination and reversal of timing differences:	
Deferred tax asset	(161,311)
Deferred tax liability	161,311
At 31 March 2021	-

### 12. Called up share capital

	31 March 2021	31 March 2020
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
1,000,000 Ordinary Shares of £1 each	1,000,000	1,000,000

### 13. 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.

Funds related to the unrealised element of the reversal of impairment of amounts owed by Joint Ventures recognised in the Capital contribution reserve in previous years have been transferred to the Profit and loss reserve in the year. Both the Capital contribution reserve and the Profit and loss reserve are distributable reserves. The transfer is made to provide clearer reporting.

### 14. Capital commitments

At 31 March 2021, the Company had no capital commitments (31 March 2020: £Nil).

## 15. 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 2021	31 March 2020
	£	£
Within one year	57,445	87,981
Within two to five years	1,408	50,967
In more than five years	-	-
	<u>58,853</u>	<u>138,948</u>

## 16. 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.

## Canal & River Trading CIC

### 17. Prior Year Adjustment

During the current financial year, it was noted that a property owned by Canal & River Trading CIC since 2 July 2012 had been recognised as being held by Canal & River Trust. The property was transferred over to Canal & River Trading CIC along with income and expenditure in relation to prior periods.

	At 31 March 2020	Adjustment	At 31 March 2020 (restated) £
<b>Balance Sheet</b>			
<b>Net Assets</b>			
Freehold Investment Property	6,922,699	235,000	7,157,699
Amounts due to group undertakings	(1,160,798)	179,547	(981,251)
	<b>5,761,901</b>	<b>414,547</b>	<b>6,176,448</b>

	At 1 April 2019	Adjustment	At 1 April 2019 (restated)
<b>Statement of Changes in Equity</b>			
Capital Contribution reserve	38,102,584	175,000	38,277,584
Profit & Loss Account	3,422,438	199,147	3,621,585
	<b>41,525,022</b>	<b>374,147</b>	<b>41,899,169</b>

	At 31 March 2020	Adjustment	At 31 March 2020 (restated)
<b>Capital Contribution reserve</b>	36,761,527	175,000	36,936,527
<b>Profit &amp; Loss Account</b>	563,566	239,547	803,113
	<b>37,325,093</b>	<b>414,547</b>	<b>37,739,640</b>

# 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**

31/03/2021

*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 2021, the company was able to gift £4.6m 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

10/1/22

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

National Waterways Museum Ellesmere Port, South Pier Road, Ellesmere Port, Cheshire CH65 4FW

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)**