

**THE COTSWOLD CANALS TRUST**  
**GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

Company number: 01207787

Charity number: 269721

**THE COTSWOLD CANALS TRUST**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009**

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**THE COTSWOLD CANALS TRUST**  
**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009**

The Trust Council submits its 34th Annual Report to the members of the Trust

**1. LEGAL AND ADMINISTRATIVE**

- Governing document: Memorandum & Articles of Association.
- Company limited by guarantee no: 1207787.
- Registered charity no: 269721.
- Registered office: Island House, Moor Road, Chesham, HP5 1NZ
- Administration office: 44 Black Jack Street, Cirencester, Gloucestershire, GL7 2AA
- Bankers: Barclays Bank, Gloucester.
- Auditors: Little & Co., 45 Park Road, Gloucester GL1 1LP
- Wholly owned subsidiaries: Cotswold Canals Trust (Trading) Limited, Brimscombe Port Developments Ltd, Hope Lock Developments Ltd, Capel Mill Developments Ltd and Gough's Orchard Developments Ltd.
- Principal activity: the promotion and restoration of the Stroudwater Navigation and the Thames & Severn Canal.

**2. AIMS AND OBJECTIVES**

The Cotswold Canals Trust's aims are:-

- To promote for the benefit of the community the reopening of the Cotswold Canals
- To promote the restoration of the two waterways to give a balance between the needs of navigation, development, recreation, heritage, landscape conservation, wildlife and natural habitats
- To promote the use of all the towpath as the Thames and Severn Way
- To achieve restoration of the Cotswold Canals as a navigable route from Saul Junction to the River Thames.

Full restoration by the Cotswold Canals Partnership will be phased dependent upon major funding. The Trust as a member of the Partnership will be donating to the matched funding. It will, however, be seeking to seize every opportunity to restore and raise funds to do so, on sections not within designated schemes.

**3. TRUST COUNCIL**

The Cotswold Canals Trust is both a charity and a limited company limited by guarantee. Trust Council members fulfil the dual roles of Trustees of the charity and Directors of the Limited Company.

The following have served as Trust Council members during the financial year ended 31st March, 2009:

Chairman:	Elizabeth Payne
Vice Chairman:	Vacancy
Treasurer:	Jack Telling

Richard Attwood, Ken Bailey, Steve Court, Tony Crook (retired August 2008), Clive Field, Keith Harding, Keith Lloyd, Des Pinnock ISO, Michael Reynolds, Patrick Underwood (retired May 2008), Tony Robinson (co-opted December 2008).

Appointment of Trust Council Members

There are two main factors considered when seeking additional or replacement members of the Trust Council. Firstly, to strengthen a particular representation of a geographical region of the Cotswold Canals; secondly to consider what skills and expertise that member is able to contribute. Currently there are four vacancies, including someone with expertise in fundraising.

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All candidates are made aware of the duties and responsibilities of the post and furnished with all relevant documentation before formal acceptance.

There have been no contracts, during the year, in which a Trust Council Member has had a personal interest.

**4. MEETINGS**

Council, which manages the business of the Trust, meets monthly.

Directors of the Cotswold Canals Trust (Trading) Limited meet quarterly and are responsible for trading activities such as sale of goods, boat trips & festivals.

The Works Action Group (WAG) meets monthly and discusses issues and projects associated with volunteer work concerned with a) physical restoration b) maintenance of structures and towpaths c) health & safety.

The Project Management Group also meets monthly to discuss technical, project planning and project management issues.

Following a review of the Trust's structure, by Council, in January 2008 it was agreed that there should be a move towards a more committee based management structure. As a result the Executive Committee has been disbanded and replaced by a Finance & General Purposes Committee. A Communications Group also meets to monitor and improve the Trust's corporate image through its website, displays, exhibitions, brochures & leaflets etc.

Individual Trust members attend numerous meetings with local authorities and many other organisations.

The Cotswold Canals Trust has a Western Branch and an Eastern Branch with regular monthly meetings. The main emphasis of these meetings is to keep members up to date with the latest developments, and to consult members on future projects.

Working parties take place within geographical areas known as Western, Summit and Eastern.

**5. MEMBERSHIP**

An increasing membership is vital to the success of the restoration as it demonstrates commitment to the project locally, nationally and even internationally. Trust membership at year end was 5341, a net increase of 31 over the previous year. Many of these new members are recruited by the dedicated band of volunteers who staff the Trust's travelling Roadshow, throughout the year and at the Heritage Centre and various boating events.

Membership is administered, on a voluntary basis, by Des Pinnock who devotes a great deal of time to this vital task.

**6. DAY TO DAY MANAGEMENT & ADMINISTRATION**

Jack Telling (Treasurer) is Company Secretary.

Mr. Neville Nelder continues to act as Honorary Strategic Planning Consultant and represents the Trust on various committees.

Ken Burgin has worked tirelessly in his role as part-time Chief Executive to facilitate the restoration and on helping to salvage the Heritage Lottery funded project

Karen Grainger is employed as a part-time administrator and Linda Amery supports the Trading Company with their sales and book-keeping.

**THE COTSWOLD CANALS TRUST**  
**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

**7. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company Law requires the Directors to prepare financial statements for each financial year which will give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare financial statements on an ongoing concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Directors are responsible for:

- keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company;
- ensuring that the financial statements comply with the Companies Act 1985;
- safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Identification of major risks**

All work of the Cotswold Canals Trust, with the exception of the Chief Executive and two part time Administrators, is undertaken by volunteers. It is in the physical work associated with the maintenance or reconstruction that exposure to risk can be greatest.

One of the Trust Council Members acts as a consultant for all health and safety matters. The Trust finances training and certification to update his previous qualifications. Method statements and risks assessments are in place for all work carried out by volunteers where relevant.

**8. VICE PRESIDENTS**

Mr. Geoffrey Clifton-Brown MP, Mr. Chris Coburn MBE, Mr. David Drew MP, Dr. David Fletcher CBE, Mr. Peter Gadsden, and the Rt. Hon. Sir Richard Needham continue to hold the office of Vice President. The Trust thanks them for their active and encouraging support.

**9. MAJOR GRANTS AND DONATIONS**

The Trust wishes to record its thanks for grants received from North Wiltshire and Stroud District Councils for works in their respective areas. These grants constitute a significant contribution to the Trust's core funding.

The Trust is also grateful to the following:

- Charitable Trusts and Companies who have made grants and donations
- Local and national businesses that have continued to assist the Trust by giving equipment, materials and services, or made them available on favourable terms.
- Businesses who advertise in the quarterly edition of 'The Trow'

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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

**10. RESERVES POLICY**

The Reserves of a charity are that part of a charity's income funds that is freely available for its general purposes. This excludes Restricted Funds (funds donated for a specific purpose).

The Balance Sheet of the Group on 31st March 2009 shows Total Funds of £619,766 of which £126,256 is Restricted.

The Group's Reserves are thus £493,510 which comprises:

General Fund	£176,861
Designated Fund	£316,649

Designated Funds are funds which the Trust Council has earmarked for particular projects.

It is the Trust's policy that for every £1 that is contributed the Trust will aim to ensure that it is matched at least five times by the Trust's partners and others.

The Trust is aware of the need to:

- a. Secure the viability of the Trust beyond the immediate future.
- b. Absorb any setbacks and to take advantage of change and opportunities.

The Trust's Annual Budget incorporates planned expenditure matched by forecast income in respect of the day to day activities. The Trust believes, however, that it is prudent to keep a Reserve of £10,000 in the General Fund to cover any unforeseen expenditure and/or shortfall in income. This applies particularly to the Trust's responsibilities as an employer, minor restoration projects and the publication and distribution of the Trust's magazine 'The Trow'.

Any General Fund in excess of the £10,000 Reserve may, from time to time, be designated to take account of unforeseen opportunities.

The Trust Council will review its Reserves Policy once a year and will do its best to ensure that reserves are maintained at the agreed level.

**11. THE TRUST'S ROLE WITHIN THE RESTORATION PARTNERSHIP**

The Cotswold Canals Partnership comprises a large number of organisations including all the local authorities along the line of the canal, the Environment Agency, The Waterways Trust, the Inland Waterways Association and the Cotswold Canals Trust.

Over the course of the year, the Trust played a pivotal role in recovering the Phase 1A project following the withdrawal of British Waterways as both lead partner and as a member of the Partnership in February 2008. Working with Stroud District Council, it has been possible to put the Phase 1A project back on a sound footing with SDC formally voting to become the Lead Partner for Phase 1A on 16th December 2008. Paul Coupe, a Chartered Engineer with many years of waterway experience, has subsequently been appointed as Project Manager by SDC.

The Trust is very grateful to the Heritage Lottery Fund, the South West Regional Development Agency and the other funders who kept faith with the project whilst a new way ahead was developed.

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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

As part of this process and to help fill the funding gap caused by BW's departure, the Trust enlarged its commitment from its already increased commitment of £500,000 to the Phase 1A project to £800,000. Much of this increase will need to be raised as the overall project proceeds and it is the intention to raise money and sponsorship against specific items such as lock gates or structures such as bridges or locks. The Trust has also agreed to provide volunteer and financial input to help maintain the canal once the restoration is complete.

Ken Burgin, Elizabeth Payne and Neville Nelder attend the main Cotswold Canals Project Board meetings which are chaired by Roger Hanbury of The Waterways Trust with Bruce Hall as his deputy. They also attend the Eastern and Western Canals Consultative Groups which inform local parish and town council and representatives of other interested groups of progress and issues relating to the canal. Elizabeth Payne chairs the Eastern Canals Consultative Group Meeting.

In certain areas, the canal or its prospective route has been infilled with material which is contaminated. Hitherto, it had been possible to obtain Landfill Tax Exemptions for projects cleaning up messes left by previous tipping activities but the Government announced that no further exemptions would be granted after an application deadline of 30th November 2008 with a further deadline of March 2012 for the excavation and tipping of such material. In the absence of a Lead Partner (at that time), the Trust decided to set up four subsidiary Development Companies to apply for tax exemptions covering Brimscombe Port, Gough's Orchard, Hope Lock and Capel Mill. The applications have been acknowledged but the Trust is still waiting for confirmation that these exemptions, which could save the project a very large amount of money, have been granted.

Another key step at the end of the period was the formation of the Stroud Valleys Canal Company. This has been formed to hold the land interests of the project and to manage the canal following its restoration. It is a Company Limited by Guarantee and a Registered Charity and also has VAT registration. Its Members are Stroud District Council, Gloucestershire County Council, the Company of Proprietors of the Stroudwater Navigation and the Cotswold Canals Trust. Our Chief Executive is a Director of SVCC representing the Trust.

On March 31st, SVCC became the owner of the eastern part of Brimscombe Port, which was bought from BW, and also took over the lease on the Stroudwater Canal. It is expected to become the owner of the rest of Brimscombe Port and the western end of the T&S Canal by the end of the year.

Our Chief Executive is the primary contact between the Trust and Paul Coupe, the Project Manager, and has attended many meetings involving a wide range of opportunities and issues. Other Trust volunteers are also involved with a variety of Phase 1A projects and are helping to make things happen on the ground now as well as helping to prepare the way for future projects. SDC are in the process of building their team to provide the capacity to fully restore the canal between the Ocean and Brimscombe Port and progress over the next 2 or 3 years should be impressive.

The Trust itself is effectively the Lead Partner in Phases 2 & 3 and Tony Robinson joined Trust Council as Development Director - Eastern Thames & Severn. He has been active in meeting many of the landowners in that area as well as being involved in advanced project planning and negotiations. He also attends the Eastern Canals Consultative Group meetings.

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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

**12. PROMOTING THE CANALS**

The Trust is most grateful to the three national Waterway magazines, Towpath Talk and the local media for the constant coverage which this waterway now receives.

Despite the cancellation of the loss making 2007 Saul Canal Festival & Folk on the Water because of flooding Council agreed that the Trust would underwrite a similar Festival in 2008. Once again the weather was unkind and heavy rain made conditions difficult. Nevertheless it was a very enjoyable occasion and despite lower than anticipated attendance and ever rising costs the Festival yielded a profit of £10,200.

Council reviewed the future of the Festival and concluded that the risk to Trust funds in underwriting future Festivals was too great and that there would be no Festival in 2009.

11 successive Saul Festivals have not only promoted the restoration of the Cotswold Canals but have raised a total of £150,000 for restoration projects. Originally the brainchild of Neil Ritchie the Festival developed year by year and under Clive Field's direction, in more recent years, became an important regional event employing 200 Trust volunteers.

The "Roadshow" or Sales and Promotions Team under its manager Mike Slade, has continued to attend many events around the country. This requires the support of many volunteers who give up their time to publicise the Trust as well as earning funds towards the restoration. A new Quartermaster is now in place. Thank you to Shirley Easto for volunteering for this important task.

The main organ of communication for the Trust continues to be its quarterly and award-winning publication "The Trow" which is edited by David Jowett. It is distributed to all members and over 400 complimentary copies are sent to local councillors and businesses.

David Pagett continues to develop ENews the Trust's electronic newsletter system which is designed to supplement "The Trow". It is timely, interesting and informative and the number of email addresses recorded on the mailing list has grown to a figure of over 1,600.

Under the management of Clive Field the Saul Heritage Centre has continued to attract an increasing number of visitors. 14,226 were recorded during the year. The centre has a dedicated team of volunteers and plays a valuable role in providing displays which interpret the historical significance of the Gloucester & Sharpness and Cotswold Canals. It is also a valuable source of membership recruitment.

The Trust and Trading Company jointly agreed to finance the refurbishment of the Centre supplemented by donations from British Waterways, Stroud District Council and Land & Water. The refurbishment included a new interpretation panel, improved retail display fittings together with internal and external decoration. The majority of the work was undertaken by Trust volunteers.

**13. VOLUNTEER INVOLVEMENT THROUGHOUT THE YEAR**

**The Role of Volunteers**

The operation of the Cotswold Canals Trust is overwhelmingly through volunteer input, with the exception of a part-time Chief Executive and part-time Administrator. This input ranged from strategic planning and operation to physical maintenance and restoration work on the canals with a large volunteer force also engaged in promotion of the canals, membership recruitment, sales, boat trips and the 2008 Saul Canal Festival.

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**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

Since the withdrawal of BW from the Partnership highly skilled professionals have continued to volunteer to assist with the design and implementation of the restoration.

In geographical terms the volunteer presence is apparent from Saul to Inglesham

**Western Depot at Easington**

Volunteers, under the leadership of Roger Wells, perform an important role keeping the Trust's plant and equipment in safe working order for use along the whole of the Cotswold Canals, when required they also manufacture parts to improve the operation of equipment.

**Phase 1A and 1B**

Keeping the towpath in a good walkable condition is an important way of making sure that local people know that work is happening; this can only be achieved by our volunteers constantly cutting back the vegetation and reacting to the reports from the team of lengths persons.

**Volunteer Training**

Training remains an increasingly important aspect of the Trust's Activities. The Trust finances appropriate training courses for volunteers. This year there was a particular emphasis on training trip boat steerers. The Maritime & Coastguard Agency were tasked by HM Government with monitoring national Training & Certification for Small Passenger Boat Operations on UK Inland Waterways. The MCA's response was that all such steerers should qualify for a Boatmasters Licence Tier 2. It was realised that this qualification was not entirely appropriate and would be a costly exercise that could have resulted in many operations ceasing to exist. Dr Roger Squires of the IWA took the common sense approach and designed a scheme appropriate to Inland Waterways Trip Boats. He worked with the CCT's Clive Field on the formatting and certification for the scheme. The result is The IWA Certificate of Boat Management. It ensures trip boats on UK's inland waterways are operated & managed to the highest safety standards.

The scheme was approved by the Maritime & Coastguard Agency in August 2008. The Cotswold Canals Trust own trip boat Operational Best Practice & Safety Procedures Manual is being held as an exemplar for other organisations who adopt the scheme.

A training scheme is also being implemented, for work party volunteers to record skills in the use of equipment; this will meet the requirements of the Trust's insurance.

**14. RESTORATION PROJECTS**

**14.1 PHASE 1A**

**Gough's Orchard Lock**

The restoration of Gough's Orchard Lock was originally envisaged as a Waterway Recovery Group project under British Waterways and CCT volunteers assisted with the clearance of the infilled canal upstream of the lock. The Trust took over some of the logistical management of the project in 2008 including applying for planning permission and the organisation of the excavation of the top end of the lock last summer. This was followed by a WRG camp and a series of weekend working parties resulting in the substantial restoration of the head walls and dismantling of defective brickwork in the main chamber on the towpath side. Work has continued in 2009 with the recent excavation of about 2000 tonnes of infill from on and within the rest of the lock chamber and a 4 week long WRG camp.

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**Brimscombe Port Walls**

Led by the Waterways Trust and British Waterways, and assisted by volunteers from the Cotswold Canals Trust, Nelson Trust and Leyhill Open Prison, the historic perimeter wall at Brimscombe Port has been restored to its former glory. Local residents, people who use the towpath and children from Brimscombe Primary School all lent a hand with the restoration process. The project was funded by a £80,000 grant from ITV's People's Millions Lottery Programme. The project includes Brimscombe Interactive which enables computer users to explore the Port past and present. Visit [www.cotswoldcanalsproject.org/brimscombe](http://www.cotswoldcanalsproject.org/brimscombe)

**Stantons & Bagpath Bridges**

Trust volunteers have carried out work on Bagpath and Stanton's bridges on the T&S Canal east of Stroud. This work has involved clearing vegetation and improvements to paths and tracks. Future work is expected to involve repairs to the brickwork.

**Upper Mills Bridge**

Upper Mills Bridge was seen as a major obstacle to Phase 1A as BW believed that it was not possible to provide a fixed bridge and this was a requirement of the adjacent industrial estate.

The Trust revisited the issue and concluded that a fixed bridge was possible by moving the canal alignment slightly northwards to ease the gradient into the industrial estate. Agreement in principle was obtained at an early date with the adjoining landowners on the north side of the canal.

This project is moving forward, now with SDC involvement, and is likely to be the next major Phase 1A project.

A submission for planning consent was made this June, followed by a period of clarification and additional work required by the planners at Stroud. A requirement of the landowners is that the cycle path shall be rerouted onto the towpath east of Upper Mills, and this scheme is now being developed.

**Dredging Kit Refurbishment Project**

The Trust's dredging kit is being refurbished and upgraded by a skilled team of volunteers, under the leadership of Alan Jones, in preparation for making a useful contribution to the large amount of dredging that will be needed within the Phase 1A project.

We will be looking for teams of volunteers to become trained so that the plant is used as much as possible.

**14.2 PHASES 2 & 3 (BRIMSCOMBE PORT TO INGLESHAM)**

Volunteers work on the summit pound and in the Latton and Eysey areas on a regular basis to restore sections of the canal and to keep the towpath in good condition.

**Chalford Round House Dredging**

Classed as a flood prevention scheme, work to clear the adjacent pound took place in February/March this year, and the Trust manufactured and installed a new paddle for the sluice at Ballinger's Lock. The £46,000 project was funded principally by Gloucestershire County Council, with contributions from Stroud District Council and a prominent local businessman. The project to clear the canal, under the leadership of Neville Nelder, was well-received locally and achieved some good publicity for all concerned.

**THE COTSWOLD CANALS TRUST**  
**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> March 2009 (continued)**

**Ruck's Bridge**

Work has continued at Rucks Bridge by a small but dedicated team which usually meets on selected Wednesdays. The main progress this year has been the virtual rebuilding of the channel walls leading into, and passing under, the bridge.

**Eisey Lock**

Major inroads have been made in the restoration of Eisey Lock. Two weeks of Dig Deep work camps in 2008 saw the removal of silt and damaged brickwork in the main lock chamber as well as significant progress in restoring the head and tail walls of the lock.

Work has continued over a series of weekend working parties and major brickwork repairs to the main chamber walls are now under way.

This work, and that at Rucks Bridge, under the leadership of Jon Pontefract, is on land leased to the Trust by The Co-operative Group and partially financed by annual contributions from Tarmac who are quarrying gravel at Eisey. There is no public access to this site and visits should be arranged through the Trust.

**Latton Permissive Footpath**

This new path follows the planned route of the future restored canal between Latton village and the resumption of the towpath towards Eisey. Consent has been obtained from the landowner – The Co-operative Group – to use their land for a path, and Latton Parish supported the proposal. In order to promote awareness of the path and canal route, Trust volunteers have devised a circular route based on Cricklade, making use of the Thames Trail from Eisey. A leaflet is being produced and distributed, the aim being to implement the project in early August 2009. Cricklade Town Council has agreed to contribute to an information panel in the Town; the remainder is being funded by CCT.

**15. AUDITORS**

Little & Co of Gloucester have been appointed Auditors to the Trust & Trading Company.

**16. SUMMARY**

The past year has been one which will stand out in the history of the Trust. We are enormously indebted to all those members, friends, and the wider waterways world who have believed in the value of the restoration and supported us through a difficult and testing time.

The emphasis during the past year has been focussed on revitalising the restoration of the 1A section, which has had a successful outcome. However, work has continued along the whole length of the canal due to the dedication of many of our members who have organised and joined in with work parties, sales & promotion, running trip boats and fund raising for which Trust Council is very grateful.

We can look forward to the coming year with confidence that the work on the canal will have a high profile and that much progress will be achieved. However, this all costs money and we must endeavour to maintain our policy that every penny raised will be spent wisely, often to provide leverage in obtaining funding from other sources, for every £1 we contribute to a project, we seek to have it matched by at least five times that amount by others.

This report was approved by the Trust Council on 5 August 2009

**Elizabeth Payne**  
Chairman

## **REPORT OF THE INDEPENDENT AUDITORS**

### **TO THE MEMBERS OF THE COTSWOLD CANALS TRUST**

We have audited the financial statements of the Cotswold Canals Trust for the year ended 31 March 2009, which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein and the Financial reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the organisation's members as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the organisation's members those matters that 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 organisation's members as a body, for our audit work, for this report or for the opinions that we have formed.

#### **Respective responsibilities of trustees and auditor**

The Trustees' (who are also the directors of the Cotswold Canals Trust for the purposes of company law) responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities. Our responsibility is to audit the financial statement in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, whether in our opinion, the Trustees' Report is consistent with the financial statements. In addition, we report to you, if in our opinion the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Accounting (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS (Continued)**

**TO THE MEMBERS OF THE COTSWOLD CANALS TRUST**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice Applicable to Smaller Entities, of the state of affairs of the charitable company and the group as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Trustees' Report is consistent with the financial statements.

**LITTLE & COMPANY**

**Chartered Accountants and Registered Auditors**

**Gloucester**

**28 September 2009**

**THE COTSWOLD CANALS TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(including Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	Unrestricted General Fund £	Designated Fund £	Restricted Funds £	2009 Total Funds £	2008 Total Funds £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income						
Grants, gifts and donations	3	39,869	24,150	21,286	85,305	102,480
Membership subscriptions		33,396	-	-	33,396	31,380
Tax on gift aid income		-	9,741	-	9,741	14,524
Activities for generating funds:						
Commercial trading operations	4					
Saul Canal Festival		-	146,405	-	146,405	38,286
Other trading activities		-	48,077	-	48,077	43,805
Advertising income		6,384	-	-	6,384	6,255
Investment income		22,668	-	-	22,668	25,757
<b>Total incoming resources</b>		<b>102,317</b>	<b>228,373</b>	<b>21,286</b>	<b>351,976</b>	<b>262,487</b>
<b>Resources expended</b>						
Costs of generating funds:						
Publications and promotional	5a	21,367	3,564	12,040	36,971	26,404
Commercial trading operations						
Saul Canal Festival		-	136,188	-	136,188	55,087
Other trading activities		-	36,432	-	36,432	32,974
Charitable activities						
Restoration costs	5b	13,078	-	22,557	35,635	79,531
Restoration support costs	5c	61,255	-	-	61,255	35,230
Governance costs	5d	6,099	-	-	6,099	4,465
<b>Total resources expended</b>		<b>101,799</b>	<b>176,184</b>	<b>34,597</b>	<b>312,580</b>	<b>233,691</b>
<b>Net Incoming/(outgoing) funds for the year before transfers</b>		<b>518</b>	<b>52,189</b>	<b>(13,311)</b>	<b>39,396</b>	<b>28,796</b>
Transfers		(75)	-	75	-	-
<b>Net Incoming/(outgoing) funds for the year after transfers</b>		<b>443</b>	<b>52,189</b>	<b>(13,236)</b>	<b>39,396</b>	<b>28,796</b>
<b>Funds brought forward</b>		<b>176,418</b>	<b>264,460</b>	<b>139,492</b>	<b>580,370</b>	<b>551,574</b>
<b>Funds carried forward</b>	10	<b>176,861</b>	<b>316,649</b>	<b>126,256</b>	<b>619,766</b>	<b>580,370</b>

## THE COTSWOLD CANALS TRUST

### CONSOLIDATED BALANCE SHEET AT 31 MARCH 2009

		2009		2008	
	Notes	Charity £	Group £	Charity £	Group £
<b>FIXED ASSETS</b>					
Tangible assets	6	8,726	23,332	11,913	30,425
Investments	7	9	-	1	-
		<u>8,735</u>	<u>23,332</u>	<u>11,914</u>	<u>30,425</u>
<b>CURRENT ASSETS</b>					
Stocks		1,250	9,533	970	16,387
Debtors	8	62,016	12,534	75,033	45,378
Cash at bank and in hand		559,357	589,454	503,847	529,368
		<u>622,623</u>	<u>611,521</u>	<u>579,850</u>	<u>591,133</u>
<b>CREDITORS:</b> Amounts falling due within one year	9	<u>(11,592)</u>	<u>(15,087)</u>	<u>(5,424)</u>	<u>(41,188)</u>
<b>NET CURRENT ASSETS</b>		<u>611,031</u>	<u>596,434</u>	<u>574,426</u>	<u>549,945</u>
<b>TOTAL NET ASSETS</b>		<u><u>619,766</u></u>	<u><u>619,766</u></u>	<u><u>586,340</u></u>	<u><u>580,370</u></u>
<b>FUNDS</b>					
	10				
Unrestricted funds					
General fund		176,861	176,861	176,418	176,418
Designated fund	11	316,649	316,649	270,430	264,460
Restricted funds					
	12	126,256	126,256	139,492	139,492
		<u>619,766</u>	<u>619,766</u>	<u>586,340</u>	<u>580,370</u>

The accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies, and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Approved by the Directors/Trustees on 5 August 2009; and signed on their behalf by:

Mrs E Payne  
Chairman

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**1. ACCOUNTING POLICIES**

**a. Basis of accounting**

The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP 2005).

**b. Consolidation**

The charity has a wholly owned trading subsidiary company, Cotswold Canals Trust (Trading) Limited and four non trading subsidiary companies. Consolidated accounts have been prepared in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities” with comparative figures for the previous year.

**c. Income**

Members’ subscriptions and donations are recognised in the accounts in the year of receipt. Life memberships are included in full, and no income is treated as deferred to a later period. Other income is accounted for on an accruals basis so far it is prudent to do so.

**d. Restricted income**

Certain grants, legacies or donations are received subject to specific conditions imposed by the donor, or are made in response to a special appeal. Accordingly, these restricted funds are separately identified in the balance sheet until the expenditure is incurred. Restricted funds are then released on the basis of specific project costs plus an attributable proportion of administrative expenses and depreciation. Where the conditions mean that the grant may become repayable, it is shown as a liability (“deferred income”) in the balance sheet, and is credited to the income and Expenditure Account when the related expenditure is incurred. A liability arising from an obligation to release funds for a specific project is recognised when consideration for the expenditure has passed and an invoice has been received.

**e. Designated income**

Designated income is that set aside by the directors out of general funds for specific purposes.

**f. Donated assets**

Incoming resources in the form of donated assets (such as equipment, restoration materials or goods for resale) are included in the income and expenditure account as soon as they are received, at a reasonable estimate of their open market value provided either by the donor or by the Trust.

**g. Donated services**

Services provided by volunteers cannot be accurately quantified and are therefore not recognised in these financial statements. Assistance provided free of charge by outside parties is not included in the Income and Expenditure Account, but is separately disclosed if the value can be established.

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**h. Resources expended**

Expenditure is recorded on the accruals basis.

- Publication and promotional expenditure represents costs incurred in publicising the Trust's work and raising funds.
- Restoration costs represent the actual cost of work on the restoration and upkeep of the canals.
- Support costs are the costs of the general administration of the Trust, including maintaining and staffing the office in Cirencester, and the reimbursement of travelling expenses to those engaged on the Trust's work. They are allocated 100% to restoration support.
- Governance costs are those costs incurred in the governance of the charity and its assets and are primarily associated with administrative, constitutional and statutory requirements.

**i. Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and Machinery – 20% to 25% on cost

Office Equipment - 33.3% on cost

No depreciation is provided on freehold land.

**j. Stocks**

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

**k. Taxation**

As a registered charity, the Trust is generally exempt from Corporation Tax in connection with its direct charitable purpose, but not from VAT. The cost of irrecoverable value added tax is included within the expense item to which it relates.

**l. Going concern**

The accounts are prepared on the going concern basis the directors having considered the commitments of the charity and the charity's ability to meet those commitments for a period of one year from the date of signing of the accounts.

**2. NET INCOMING FUNDS**

Net incoming funds are stated after charging

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Depreciation – owned assets	4,244	5,638
Auditors remuneration	<u>4,374</u>	<u>4,465</u>

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**3. GRANTS, GIFTS AND DONATIONS**

Donor	Purpose	Unrestricted Funds		Restricted	Total
		General	Designated	Funds	Funds
		£	£	£	£
Heritage Lottery Fund	Oral History Project	-	-	832	832
Gloucestershire County Council	Hydrogeneration scheme	-	-	446	446
Tarmac Ltd - Section 106	Eysey Restoration	-	-	5,000	5,000
IWA (estate of Elsie May Watson)	Goughs Orchard Lock	-	-	15,008	15,008
Stroud District Council	General funding	18,000	-	-	18,000
North Wiltshire District Council	General funding	550	-	-	550
CCT membership	Restoration fund	-	14,360	-	14,360
Raffle	Restoration fund	-	8,028	-	8,028
Companies, Clubs and individuals	General donations and legacies	21,319	1,762	-	23,081
		<b>39,869</b>	<b>24,150</b>	<b>21,286</b>	<b>85,305</b>

**4. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY**

The wholly owned trading subsidiary, Cotswold Canals Trust (Trading) Limited, which is incorporated in the UK, pays all its profits to the charity by deed of covenant. The Cotswold Canals Trust (Trading) Limited sell canal related goods, provides canal boat trips and holds fundraising activities, primarily the Saul Canal Festival. The charity owns the entire issued share capital of 1 ordinary £1 share.

A summary of the results is shown below.

**Cotswold Canals Trust (Trading) Limited**  
**Summary Profit and Loss Account - year ended 31 March 2009**

	2009	2008
	£	£
Turnover	194,482	82,091
Cost of sales	159,620	74,954
Gross profit	34,862	7,137
Overheads	(13,000)	(13,107)
Net profit	21,862	(5,970)
Amount covenanted to the Cotswold Canals Trust	(15,892)	-
Retained in subsidiary	5,970	(5,970)

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**5. TOTAL RESOURCES EXPENDED**

	Unrestricted			2009	2008
	General	Designated	Restricted	Total	Total
	£	£	£	£	£
<b>a) Publications and promotional</b>					
Trow magazine costs	11,048	-	-	11,048	10,757
Promotional expenses	3,206	-	-	3,206	3,524
Raffle prizes and costs	836	3,564	-	4,400	4,889
Membership booklet	4,105	-	-	4,105	1,135
Saul VIP reception	1,129	-	-	1,129	-
Latton/Eysey interpretation	1,043	-	-	1,043	-
Wallbridge/Ryeford Oral History Project	-	-	12,040	12,040	6,099
	<b>21,367</b>	<b>3,564</b>	<b>12,040</b>	<b>36,971</b>	<b>26,404</b>
<b>b) Restoration costs</b>					
Goughs Orchard Lock	866	-	15,008	15,874	-
Phase 1B	-	-	-	-	50,000
Eysey Lock	-	-	7,103	7,103	-
Dudbridge Hydrogeneration scheme	-	-	446	446	13,771
Western team - materials and expenses	3,504	-	-	3,504	2,151
Eastern team - materials and expenses	1,185	-	-	1,185	793
WRG camps	1,075	-	-	1,075	972
Other projects	2,401	-	-	2,401	6,774
Depreciation	4,047	-	-	4,047	5,070
	<b>13,078</b>	<b>-</b>	<b>22,557</b>	<b>35,635</b>	<b>79,531</b>
<b>c) Restoration support costs</b>					
Wages and salaries	36,612	-	-	36,612	12,740
Land Rover expenses	1,067	-	-	1,067	1,280
Heritage centre costs	915	-	-	915	1,679
Training, health and safety	2,130	-	-	2,130	2,277
Office rent and rates	3,833	-	-	3,833	3,348
Office telephone	621	-	-	621	912
Insurance	4,734	-	-	4,734	4,201
Travelling expenses	3,783	-	-	3,783	1,156
Office stationery, postage & miscellaneous	7,363	-	-	7,363	7,069
Depreciation of office equipment	197	-	-	197	568
	<b>61,255</b>	<b>-</b>	<b>-</b>	<b>61,255</b>	<b>35,230</b>
<b>d) Governance costs</b>					
Auditors remuneration	4,374	-	-	4,374	4,465
Legal and professional fees	1,725	-	-	1,725	-
	<b>6,099</b>	<b>-</b>	<b>-</b>	<b>6,099</b>	<b>4,465</b>

None of the Trustees received any remuneration during the year.

Number of paid employees - administration

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**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**6. TANGIBLE FIXED ASSETS**  
**FOR CHARITABLE PURPOSES**

	<b>Freehold Land £</b>	<b>Plant &amp; Equipment £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>GROUP</b>				
<b>Cost or valuation</b>				
At 1 April 2008	1,230	132,339	6,664	140,233
Additions	-	1,057	-	1,057
Disposals	-	-	-	-
At 31 March 2009	1,230	133,396	6,664	141,290
<b>Depreciation</b>				
At 1 April 2008	230	103,111	6,467	109,808
Charge for the year	-	7,953	197	8,150
On Disposals	-	-	-	-
At 31 March 2009	230	111,064	6,664	117,958
<b>Net Book Value</b>				
At 31 March 2009	1,000	22,332	-	23,332
At 31 March 2008	1,000	29,228	197	30,425
<b>CHARITY</b>				
<b>Cost or valuation</b>				
At 1 April 2008	1,230	89,652	6,664	97,546
Additions	-	1,057	-	1,057
Disposals	-	-	-	-
At 31 March 2009	1,230	90,709	6,664	98,603
<b>Depreciation</b>				
At 1 April 2008	230	78,936	6,467	85,633
Charge for the year	-	4,047	197	4,244
On Disposals	-	-	-	-
At 31 March 2009	230	82,983	6,664	89,877
<b>Net Book Value</b>				
At 31 March 2009	1,000	7,726	-	8,726
At 31 March 2008	1,000	10,716	197	11,913

Freehold land represents land at Puck Mill and was professionally valued in 2004 at £1,000. The directors are not aware that the value will have altered materially since that time.

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**7. FIXED ASSET INVESTMENT (charity)**

Investment in subsidiaries at cost  
 At 31 March 2009

	Shares £	Loan £	Total £
Cotswold Canals Trust (Trading) Limited	1	32,454	32,455
Goughs Orchard Development Limited	2	-	2
Capel Mill Development Limited	2	-	2
Hope Lock Development Limited	2	-	2
Brimscombe Port Development Limited	2	-	2
	<hr/> 9	<hr/> 32,454	<hr/> 32,463 <hr/>

The loan to Cotswold Canals Trust (Trading) Limited is unsecured, is repayable at variable amounts and interest is charged at 1% above base pa.

During the year the company incorporated four new subsidiary companies. These companies have applied for certificates of exemption from land-fill tax but are not otherwise trading.

The company also has a 25% share in the Stroud Valleys Canal Company, a company limited by guarantee incorporated on 26 March 2009. The purpose of this company is to acquire and hold land along the length of the canal. On 31 March 2008 the company acquired land at Brimscombe Port for £1.5M with a grant from the South West Regional Development Agency. These figures are not incorporated within the consolidated group accounts of the Cotswold Canals Trust as no accounts are currently available from the Stroud Valleys Canal Company.

**8. DEBTORS**

	2009		2008	
	Charity £	Group £	Charity £	Group £
Gift aid due	9,454	9,454	14,245	14,245
Grants due	-	-	14,108	14,108
Amounts due from subsidiary	49,482	-	43,090	-
Prepayments and accrued income	3,080	3,080	3,590	17,025
	<hr/> 62,016	<hr/> 12,534	<hr/> 75,033	<hr/> 45,378 <hr/>

**9. CREDITORS:** Amounts falling due within one year

	2009		2008	
	Charity £	Group £	Charity £	Group £
Trade creditors	6,419	8,051	459	459
Accruals and deferred income	5,173	7,036	4,965	40,729
	<hr/> 11,592	<hr/> 15,087	<hr/> 5,424	<hr/> 41,188 <hr/>

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE CONSOLIDATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**10. FUNDS**

	Unrestricted			Total Funds £
	General Fund £	Designated Fund £	Restricted Funds £	
<b>GROUP</b>				
Group and Charity funds at 1 April 2008	176,418	264,460	139,492	580,370
Incoming resources for the period	102,317	228,373	21,286	351,976
Outgoing resources for the period	(101,799)	(176,184)	(34,597)	(312,580)
Group funds at 31 March 2009	176,936	316,649	126,181	619,766
<b>Represented by</b>				
Tangible fixed assets	23,332	-	-	23,332
Net current assets	153,604	316,649	126,181	596,434
	176,936	316,649	126,181	619,766

**11. DESIGNATED FUND**

The designated fund represents funds set aside by the directors specifically for restoration work on the canals. It includes funds raised from the commercial trading activities of Cotswold Canals Trust (Trading) Limited, the members' restoration appeal and the Christmas raffle.

**12. RESTRICTED FUNDS**

The funds of the charity include restricted funds comprising the following unexpended balances of grants to be applied to specific purposes:

Purpose	Movement on funds				Balance at 31 March 2009 £
	Balance at 1 April 2008 £	Incoming Resources £	Outgoing Resources £	Transfers	
Whitminster Lock	71,888	-	-	-	71,888
Section 106 funding	25,000	-	-	-	25,000
Bonds Mill					
Eysey Restoration	5,226	5,000	(7,103)	-	3,123
Ocean Accommodation Bridge	26,065			-	26,065
Local Heritage Initiative	11,133	832	(12,040)	75	-
Hydrogeneration scheme	-	446	(446)	-	-
Walk Bridge	180	-	-	-	180
Goughs Orchard Lock	-	15,008	(15,008)	-	-
	139,492	21,286	(34,597)	75	126,256

All restricted funds represent money donated or raised for restoration work in specific areas of the canals.

**THE COTSWOLD CANALS TRUST**  
**NOTES TO THE GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**13. TRANSACTIONS WITH DIRECTORS**

During the year the trust reimbursed to nine of its directors expenses totalling £3,966 (2008-£5,699) in respect of mileage allowances, restoration costs, postage, stationery and telephone.

**14. OTHER FINANCIAL COMMITMENTS**

The trust has resolved to commit £800,000 over the next three years towards the total funding package of £25 million assembled on behalf of the Cotswold Canals Partnership for the full restoration of the canal between the Ocean at Stonehouse through to Brimscombe Port. Furthermore the trust has committed to provide an annual maintenance contribution of £40,000 per annum once the restoration is complete.

The trust had the following commitments under operating leases falling due in the next year:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Lease on Land East of Valley Lock	1	1
Land at Eysey	1	-
Office in Cirencester	2,550	2,550
Heritage centre	125	125
	<hr/>	<hr/>

**15. CONTINGENT LIABILITIES**

There is a possibility that the Trust will be liable for maintenance costs associated with the Pike Bridge structure but it is probable that the maintenance liability will be resolved in the long term as part of the overall restoration and ongoing maintenance of the canal.

**16. MEMBERS' LIABILITY**

The liability of the members is limited by guarantee to a maximum of £1 per adult member.

**17. FURTHER NOTE**

In common with many businesses of this size and nature, we use our auditors to assist with the preparation of the financial statements.