

**Charity number: CC209206**  
**Company number: 00726331**

**The Kennet & Avon Canal Trust**  
**(A company limited by guarantee)**

**Trustees' report and financial statements**

**for the year ended 31 December 2017**

**The Kennet & Avon Canal Trust**  
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**The Kennet & Avon Canal Trust**  
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**Report of the trustees (incorporating the directors' report)**  
**for the year ended 31 December 2017**

The trustees present their annual director's report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 December 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

**Objectives and activities**

As set out in its Articles of Association, the Trust seeks to:

- a) promote, facilitate, and assist in the conservation, protection and improvement of the Kennet and Avon Canal and its associated watercourses, towpaths, structures and buildings;
- b) advance the education of the public in general of the significance of the Kennet & Avon Canal and its associated structures
- c) protect and conserve, objects, sites and buildings of archaeological, architectural, engineering or historic interest on, in the vicinity of, or otherwise associated with the Kennet & Avon Canal
- d) promote and facilitate recreational use of the Kennet and Avon Canal by a wide section of the community in order to improve conditions of life for the public;

In achieving these aims the Trust will seek to encourage and develop:

- good and environmentally sustainable upkeep of the canal and its associated watercourses and footpaths by the Canal and River Trust and by other bodies with statutory responsibility so to do.
- visits to the areas served by the Kennet and Avon Canal by a wide section of the general public.
- improvement and upkeep of visitor and boater amenities along the canal.
- research and publications relating to the history of the Kennet and Avon Canal; public exhibition of historic artefacts relating to the canal; upkeep of accurate archives relating to the Kennet and Avon Canal.
- preservation and operation of historic buildings and structures along the canal together with provision of associated facilities and publications to assist public understanding of their significance.
- education projects to assist public understanding of the significance of the Kennet and Avon Canal and its associated structures by children and adults.

The Trust's achievements are heavily reliant on the contribution of the time of several hundred volunteers. Our small staff are there to support and develop the volunteer contribution. Our boats are exclusively crewed by volunteers, Crofton steaming days are entirely run by volunteers, and our events and support for canal side work are delivered by volunteers. The Trust will continue to be reliant on volunteers in the future.

Trustees, having regard to the Charity Commission's guidance on public benefit, have overseen a wide range of activities focussed on our objects and intended to provide public benefit. These include:

- Maintaining and operating the Beam Engines at Crofton; and working to ensure the future sustainability of the Crofton heritage

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- Organising a series of waterside events, open to the public, intended to promote the canal
- Assisting the Canal & River Trust in maintenance and promotion of the canal
- Undertaking projects to enhance the canal environment
- Operating our four passenger boats, enabling a wide range of the public to enjoy the canal from the water
- Initially in alliance with the Bruce Trust, and from 1<sup>st</sup> November on our own account, operating our 4 boats which are specially-designed and purpose-built for disabled, disadvantaged or elderly people
- With partners, operating our 5 cafes to provide much needed facilities for visitors to the canal.
- Through our branch structure, monitoring planning and other local proposals, engaging in these where there is need to protect the canal or pursue opportunities to enhance or promote it.

The Trust spends money on staff, buildings, equipment, maintenance and supplies to support our work to Protect, Enhance and Promote the canal. This is largely at Devizes and Crofton. Trustees and our Administrator have worked hard and successfully to keep costs down.

The accounts also identify the contribution to the Trust from its trading subsidiary Enterprise which was £53,000. The trading activities of Enterprise include the 4 passenger boats, the 5 Bruce branch boats, 5 cafes, and the Devizes retail shop.

**Achievements and Performance**

2017 was a year of hard work and significant change for the Trust. The results, represented in part by these accounts are a tribute to the dedication and drive of our volunteers and staff.

As in previous years, the value of our branch structure was demonstrated by the diversity and reach of our activities along the whole length of the waterway. Trustees were thus particularly pleased with the development of the Bruce branch, our newest, under the leadership of Branch Chairman, Paul Eames.

Our headline achievement in 2017 was securing funding of £559,300 from the National Lottery's Heritage Lottery Fund for our work at Crofton to secure the future of this historic pumping station and, in the words of the project title, tell "Our Crofton Story". The standard for bids to the HLF is high and we were pleased with the feedback from the awards committee on the high standard of the huge amount of detailed work undertaken by our project group at Crofton. In addition to the HLF award, we secured match funding from other donors of £128,273 which together with our own commitments to the project in both time and money provided the £845,000 needed to fund the project. By the end of the year, we had recruited the project manager and other contractors and staff needed to undertake the work which will take place throughout 2018 and 2019.

To secure the grant, trustees agreed an HLF requirement to assign a legal charge on Crofton to the HLF should the Trust fail in its obligations set out in the Grant Award from the HLF. Details of this charge are lodged with Companies House and available via their website.

Our second significant change in 2017 came after the Trust continued its Strategic Alliance with the Bruce Trust by managing the operation of its 4 specially designed and purpose-built boats for disabled, disadvantaged or elderly people. We achieved this through the dedicated efforts of the Bruce branch supported by hard work from our Devizes staff. The season proved very successful with holidays or days out provided for around 1000 disabled, disadvantaged or elderly people and their families. In October, trustees considered the achievements of our new branch and, judging that the alignment of the boat operation with our objectives and other activities was well demonstrated, decided that we would take ownership of the fleet and commit to running it in perpetuity.

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**for the year ended 31 December 2017**

Our established work continued at pace. The dedicated crews of our 4 passenger boats managed to sustain the number of trips and passengers carried – more than 22,500 across the fleet. The financial results were impressive and vital to supporting the running of the Trust. Our sales and service to passengers was much improved this year by both a new online ticketing system (developed at no cost by our volunteer IT manager) and a centralised bookings service provided by our staff at Devizes.

Our events continue to be popular and our Bradford on Avon branch ran a new canal side event during the year. A great deal of work goes into running a waterside festival, but these events enable us to reach many thousands of people in order to promote the canal and our work.

Our branches were vigilant in protecting the canal. We played an important role in blocking a development at Theale that we consider inappropriate; and we will continue that battle as an appeal leads to a formal inquiry.

**Financial Review**

The increased activity and the additional fundraising for Crofton means that these accounts reflect a strong year for the Trust's finances. We benefited from legacies of £157k which were especially valuable in allowing us not only to be confident about funding the Crofton work, but also to commit to other improvements and enhancements along the waterway.

Trading results for our trading subsidiary, Enterprise show that, after taking into account a £53,000 management charge to cover support from the Trust, the company returned a net loss (see note 4) of £8,991, this loss being generated solely as a result of increased depreciation charges on the 4 Bruce boats which were gifted to the group during the year. Enterprise turnover increased by 6% to £310k and net profit excluding the one off depreciation charge on acquisition would have been £16k.

Trustees consider three key funding criteria:-

- Overall cash balances have increased from a net £365k to £589k
- Unrestricted funds balances of the Trust have increased by 28% from £607k to £777k
- Overall funds of the Group have increased by 83% from £769k to £1.4m

Our cash flow position continued to improve and averaged £431k during the year and did not fall below £348k. Trustees have built reserves to support our major project at Crofton where the grant secured from HLF is only paid following completion of works and payment of invoices from our own cash funding. We have also committed £76k of our own funding to the project. These reserves will fall over the next 2 years as project expenditure is made. However, our reserves policy is that we will maintain a reserve of at least £50k to enable us to respond to a major unforeseen cost at Crofton or on one of the boats.

Restricted funds have increased from £41k to £201k (note 21).

The principal risks facing the Trust are:

- Our ability to recruit, train and motivate our small army of volunteers. This becomes more challenging as fewer people are retiring early, and it is ever more important that we recruit skilled volunteers as the tasks we undertake become more complex through regulation. Volunteer recruitment and talent spotting is a constant task for our branches.

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- Our ability to raise funds through donors, event fundraising and trading in order to carry out our most important charitable tasks. Of particular concern has been our responsibility to care for Crofton as a Grade 1 listed site. Thus, our success in 2017 with the Heritage Lottery Fund and other donors has significantly mitigated that risk in the short term.
- Serious injury or worse to one of our volunteers, passengers, hirers or visitors leading to curtailing of our activities and financial penalty. This risk is mitigated by a robust health and safety system, extensive crew and hirer training and, ultimately, by good insurance which is the Trust's largest single overhead cost.

**Plans for future periods**

The Trust's main priority in 2018 is to undertake the major capital works at Crofton and complete these fully within budget. This isn't always simple when working with a 200-year old grade one listed building. The 'Our Crofton Story' project will run until the end of 2019 and expenditure will continue until then.

A further significant task is the further development of our management of the Bruce boats. The branch continues to develop detailed strategic plans for the fleet as well as undertaking major refurbishment of one boat in 2018.

These priorities are additional to our regular work of operating our 4 passenger boats, keeping Crofton in steam through the season, running waterside events and ensuring we protect, enhance and promote the canal throughout the year.

**Structure, governance and management**

The Trust was created by memorandum on 6th June 1962. It is governed by Articles of Association that were fully revised and approved by the AGM in 2015. This document was subsequently lodged with Companies House and is now the single governing document of the charity which is a private company limited by guarantee without share capital.

Trustees have considered new requirements to declare 'Persons of Significant Control' in the Companies House register. For the Trust there are no persons of significant control. For our Enterprise trading company, the Trust has been listed as a legal entity with significant control. The declarations are available on the Companies House website.

Trustees are introduced either as a result of an offer of service, when head-hunted by existing trustees or by nomination at the AGM. They are then co-opted onto Trust Council ahead of standing for election at the following AGM. No new trustees were co-opted in 2017. Each year one third of trustees stand down or offer themselves for re-election at the AGM. Prospective trustees are invited to attend one or more meetings of the Trust Council before a discussion with the Chairman on the role they may take. There is no formal process for trustees.

There are 4 key elements to the structure of the Trust and these make decisions as follows:

- The **Trust Council** comprising the (currently) 9 trustees together with the Trust Administrator meets monthly (except August) to consider overall Trust strategy and policy, to review the management accounts, to review the Register of Spending Commitments, and to receive a report on health and safety across all Trust operations. Trust Council also receives a report from Enterprise and any branch seeking support, direction or funding for a project.
- The **Enterprise Board** made up of 4 trustees and 3 other directors meets every other month to review in more depth the financial performance of and our investment in the passenger boats, the Bruce boats, the 5 cafes and our small retail operation. The Enterprise Board also focusses on budgets, financial performance, risk management and commercial viability. The Board reports to Trust Council.

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- Our **eight branches** (Bath & Bristol, Bradford on Avon, Devizes, Crofton, Bruce, Hungerford, Newbury and Reading), are each run by a branch committee formally regarded as a sub-committee of the Trust Council and usually elected by a meeting of local members. Branches undertake the Trust's work in their area and often have practical control of a boat (or boats) or other operation. Branches submit an annual budget to Trust / Enterprise as appropriate and then have spending freedom within an approved budget.
- The **Trust Administrator** and her small staff provide a headquarters function supporting trustees, directors and branches in undertaking their work. The Administrator and her staff have a particular focus on overseeing day to day spending, undertaking payments and banking, and ensuring compliance across a range of responsibilities. The team also provide a front line point of sale and advice line for passengers and hirers.

Trustees confirm that all major risks are regularly reviewed, and that procedures and systems are in place to manage those risks to a level that the trustees consider appropriate for the size, organisation, liabilities and commitments of the Trust.

**Reference and administrative details**

The Trust's name is The Kennet and Avon Canal Trust and it is registered with Companies' House with the reference 00726331, and with the Charity Commission with the reference 209206. The Trust's trading company is called The Kennet & Avon Canal Trust (Enterprise) Limited and is registered with Companies' House under the reference 02679756. The principal and registered office for both companies is Devizes Wharf, Couch Lane, Devizes, SN10 1EB.

***Directors and trustees***

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows (those marked \* were also Directors of Enterprise):

Trustees	Mrs Lorraine Mundy *
	Mr David Copley
	Mr Robert Dean *
	Mr William Job *
	Mr Terence Mundy
	Mr Anthony Nares *
	Mr Peter Turvey
	Mr David Fearn
	Mr Mike Bailey

In addition, the following were Directors of Enterprise:

Mr Graham Day (resigned 3rd November 2017)  
Miss Deborah Robinson  
Mr David Line (appointed 16th January 2017)

Secretary	Mrs Lorraine Mundy
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**Report of the trustees (incorporating the directors' report)**  
**for the year ended 31 December 2017**

***Our advisers***

Auditors  
Compass Accountants Limited  
The Tanneries  
East Street  
Titchfield  
Hampshire  
PO14 4AR

Senior Statutory Auditor  
Kerry Lawrance FCA

Bankers  
Lloyds TSB Bank plc  
38 Market Place  
Devizes  
Wiltshire  
SN10 1JD

**Statement of trustees' responsibilities**

The trustees (who are also directors of The Kennet & Avon Canal Trust for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- 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 charitable company will continue in operation.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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for the year ended 31 December 2017**

**Statement as to disclosure of information to auditors**

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditors in connection with preparing their report, of which the group's auditors are unaware; and
- the trustees, having made enquiries of fellow directors and the group's auditors that they ought to have individually taken, have each taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

Compass Accountants Limited were appointed auditors to the charitable company and are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the board

Lorraine Mundy  
Secretary

Rob Dean CMG  
Director

Date:

Date:

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**Independent Auditor's Report to the Members and Trustees of the Kennet & Avon Canal Trust**

**Opinion**

We have audited the financial statements of the Kennet & Avon Canal Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2017, and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of our knowledge and understanding of the group and parent charitable 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 trustees 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 trustees**

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

**Kerry Lawrance FCA**

Senior Statutory Auditor

For and on behalf of Compass Accountants, Statutory Auditor

Compass Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Venture House, The Tanneries

East Street, Titchfield

Hampshire

PO14 4AR

**Date:**

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**Consolidated Statement of financial activities (incorporating the income and expenditure account)**

**For the year ended 31 December 2017**

	Notes	Unrestricted funds £	Restricted funds £	2017 Total £	Unrestricted funds £	Restricted funds £	2016 Total £
<b>Income from:</b>							
Donations and legacies	2	546,170	201,068	747,238	198,013	33,338	231,351
Commercial trading operations	4	310,361	-	310,361	292,609	-	292,609
Other trading activities	3	48,060	-	48,060	50,035	-	50,035
Other income		585	-	585	1,509	-	1,509
<b>Total income</b>		<u>905,176</u>	<u>201,068</u>	<u>1,106,244</u>	<u>542,166</u>	<u>33,338</u>	<u>575,504</u>
<b>Expenditure on:</b>							
Raising funds	5	11,507	-	11,507	13,598	-	13,598
Commercial trading operations	4	266,352	-	266,352	212,266	-	212,266
Charitable activities	6	148,505	39,093	187,598	138,607	-	138,607
<b>Total expenditure</b>		<u>426,364</u>	<u>39,093</u>	<u>465,457</u>	<u>364,471</u>	<u>-</u>	<u>364,471</u>
<b>Net income/(expenditure)</b>		<u>478,812</u>	<u>161,975</u>	<u>640,787</u>	<u>177,695</u>	<u>33,338</u>	<u>211,033</u>
Transfer between funds		1,887	(1,887)	-	832	(832)	-
<b>Net movement in funds</b>		<u>480,699</u>	<u>160,088</u>	<u>640,787</u>	<u>178,527</u>	<u>32,506</u>	<u>211,033</u>
<b>Reconciliation of funds:</b>							
Total funds brought forward		728,623	40,558	769,181	550,096	8,052	558,148
<b>Total funds carried forward</b>		<u>1,209,322</u>	<u>200,646</u>	<u>1,409,968</u>	<u>728,623</u>	<u>40,558</u>	<u>769,181</u>

The notes on pages 15 to 27 form an integral part of these financial statements.

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**Consolidated Balance Sheet**  
**as at 31 December 2017**

**Company number: 00726331**

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		773,190		418,212
<b>Current assets</b>					
Stocks	15	2,262		4,013	
Debtors	16	79,767		5,604	
Cash at bank and in hand		588,965		364,901	
		<u>670,994</u>		<u>374,518</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(28,552)</u>		<u>(20,274)</u>	
<b>Net current assets</b>			<u>642,442</u>		<u>354,244</u>
<b>Total assets less current liabilities</b>			1,415,632		772,456
<b>Creditors: amounts falling due after more than one year</b>	18		<u>(5,664)</u>		<u>(3,275)</u>
<b>Net assets</b>			<u>1,409,968</u>		<u>769,181</u>
<b>Funds</b>					
Restricted funds	19		200,646		40,558
Unrestricted funds			776,709		607,019
Charitable subsidiary funds			432,613		121,604
Total unrestricted income funds			<u>1,209,322</u>		<u>728,623</u>
<b>Total funds</b>			<u>1,409,968</u>		<u>769,181</u>

The financial statements are prepared in accordance with the provisions available to companies subject to the small companies' regime.

The financial statements were approved by the board on 12 May 2018 and signed on its behalf by

**Rob Dean CMG**  
**Director**

The notes on pages 15 to 27 form an integral part of these financial statements.

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**Balance sheet**  
**as at 31 December 2017**

	Notes	£	2017	£	2016	£
<b>Fixed assets</b>						
Tangible assets	13		279,487		234,437	
Investments	14		1,000		1,000	
			<u>280,487</u>		<u>235,437</u>	
<b>Current assets</b>						
Debtors	16	289,464		299,392		
Cash at bank and in hand		419,242		123,069		
		<u>708,706</u>		<u>422,461</u>		
<b>Creditors: amounts falling due within one year</b>	17	(11,838)		(10,321)		
<b>Net current assets</b>			696,868		412,140	
<b>Net assets</b>			<u>977,355</u>		<u>647,577</u>	
<b>Funds</b>	19					
Restricted income funds			200,646		40,558	
Unrestricted income funds			776,709		607,019	
<b>Total funds</b>			<u>977,355</u>		<u>647,577</u>	

The financial statements are prepared in accordance with the provisions available to companies subject to the small companies' regime.

The financial statements were approved by the board on 12 May 2018 and signed on its behalf by

**Rob Dean CMG**  
**Director**

The notes on pages 15 to 27 form an integral part of these financial statements.

**The Kennet & Avon Canal Trust**  
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**Cash flow statement**

**for the year ended 31 December 2017**

	<b>2017</b> <b>Charity</b> <b>£</b>	<b>2017</b> <b>Group</b> <b>£</b>	<b>2016</b> <b>Group</b> <b>£</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>	352,745	623,343	248,527
<b>Cash flows from investing activities:</b>			
Interest income	-	-	-
Purchase of fixed assets	(56,572)	(398,187)	(61,981)
<b>Net cash provided by (used in) investing activities</b>	<u>(56,572)</u>	<u>(398,187)</u>	<u>(61,981)</u>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing	-	(1,092)	(4,367)
<b>Net cash provided by (used in) financing activities</b>	<u>-</u>	<u>(1,092)</u>	<u>(4,367)</u>
<b>Increase in cash and cash equivalents in the year</b>	<u>296,173</u>	<u>224,064</u>	<u>182,179</u>
<b>Cash and cash equivalents at 1 January 2017</b>	<u>123,069</u>	<u>364,901</u>	<u>182,722</u>
<b>Cash and cash equivalents at 31 December 2017</b>	<u><u>419,242</u></u>	<u><u>588,965</u></u>	<u><u>364,901</u></u>
Net income/expenditure for the reporting period	329,778	640,787	211,033
Depreciation and impairment	11,522	43,209	23,119
Decrease/(increase) in stocks	-	1,751	960
Decrease/(increase) in debtors	9,928	(74,163)	13,282
(Decrease)/increase in creditors	1,517	11,759	133
<b>Net cash provided by (used in) operating activities</b>	<u><u>352,745</u></u>	<u><u>623,343</u></u>	<u><u>248,527</u></u>

The notes on pages 15 to 27 form an integral part of these financial statements.

**The Kennet & Avon Canal Trust**  
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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**1 Accounting policies**

**1.1. Charity information**

The Kennet & Avon Canal Trust is a private company limited by guarantee and incorporated in England and Wales. The registered office is Devizes Wharf, Couch Lane, Devizes, SN10 1EB.

The Kennet & Avon Canal Trust and its group meet the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

**1.2. Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements are presented in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

**Basis of consolidation**

The accounts of the trading subsidiary, The Kennet & Avon Canal (Enterprise) Ltd, are consolidated with the accounts of The Kennet & Avon Canal Trust in accordance with current legislation. Inter group income and expenditure is eliminated and all income and expenditure relates to external transactions only. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and section 24 of SORP 2015.

**1.3. Fund accounting**

Unrestricted funds are donations and other income received or generated by the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

**1.4. Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

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Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Grants are recognised in full in the statement of financial activities in the year to which they relate.

Subscriptions are included in the statement of financial activities when received.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

**1.5. Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Fundraising and publicity costs comprise the costs actually incurred in producing materials for promotional purposes and of raising funds through various fund raising events.

Support costs include governance costs which are costs associated with the governance arrangements of the charity and relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 8.

**1.6. Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold land	-	is not depreciated
Freehold buildings	-	2% straight line
Leasehold properties	-	5% straight line
Plant and machinery	-	25% straight line
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	20% straight line

**1.7. Stock**

Stock is valued at the lower of cost and net realisable value.

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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**1.8. Defined contribution pension schemes**

The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

**1.9. Financial Instruments**

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2. Donations**

Group and Parent

	Unrestricted funds £	Restricted funds £	2017 Total £	Unrestricted funds £	Restricted funds £	2015 Total £
Donations	340,375	92,978	433,353	56,073	33,338	89,411
HLF grants	-	53,085	53,085	-	-	-
Garfield Weston	-	50,000	50,000	-	-	-
Legacies	157,062	-	157,062	67,330	-	67,330
Grants receivable	-	-	-	500	-	500
Subscriptions	28,405	-	28,405	30,550	-	30,550
Gift Aid Reclaims	14,114	-	14,114	14,794	-	14,794
Crofton Appeal	-	5,005	5,005	18,588	-	18,588
Fundraising	6,214	-	6,214	10,178	-	10,178
	<u>546,170</u>	<u>201,068</u>	<u>747,238</u>	<u>198,013</u>	<u>33,338</u>	<u>231,351</u>

Legacies consist of £95,789 from the estate of Carol Mildred Charlton, £48,429 from Margaret Hamilton, £6,800 from Frederick Richard Murray, £5,000 from Geoffrey Grant Goldsmith, £820 from Mr Atyeo, £124 from Frederick Blampied and £100 from Rosemary Cropp.

Donations include £320,000 being the value of the 4 x boats gifted by the Bruce Trust in the year (2016: £45,000 being the value of the Lady Hilda donated by Hampshire County Council).

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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**3. Income from other trading activities**

Group and Parent

	Unrestricted funds £	2017 Total £	Unrestricted funds £	2015 Total £
Admissions	34,262	34,262	36,910	36,910
Crofton Car Park	3,020	3,020	2,893	2,893
Rent Received	10,778	10,778	10,232	10,232
	<u>48,060</u>	<u>48,060</u>	<u>50,035</u>	<u>50,035</u>

**4. Trading subsidiaries**

The charity controls the companies listed below by holding a controlling interest in the equity share capital: -

Name of subsidiary	Country of incorporation	% of equity share capital held
The Kennet & Avon Canal (Enterprise) Ltd Company number - 02679756	England & Wales	100

**The Kennet & Avon Canal (Enterprise) Ltd**

The wholly owned subsidiary, Kennet & Avon Canal Trust (Enterprise) Ltd, operates boat trips and sales of gifts and souvenirs. A summary of the trading results are shown below:

**Summary of trading results**

	2017 £	2016 £
<b>Turnover</b>	310,361	292,609
Total expenditure	(319,352)	(265,266)
<b>Net (loss)/profit for the year</b>	<u>(8,991)</u>	<u>27,343</u>
<b>Retained (loss)/profit</b>	<u>(8,991)</u>	<u>27,343</u>

The assets and liabilities of The Kennet & Avon Canal (Enterprise) Ltd were:

Assets	676,456	435,035
Liabilities	(242,843)	(312,431)
<b>Funds</b>	<u>433,613</u>	<u>122,604</u>

**The Kennet & Avon Canal Trust**  
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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**5. Expenditure on raising funds**

Group and Parent

	Unrestricted funds £	2017 Total £	Unrestricted funds £	2016 Total £
Costs of generating donations and legacies	11,507	11,507	13,598	13,598
	<u>11,507</u>	<u>11,507</u>	<u>13,598</u>	<u>13,598</u>

**6. Activities undertaken directly**

Group and Parent

**Unrestricted**

	2017 Total £	2016 Total £
Wages & Salaries	59,293	54,925
Employer's NIC	1,809	1,231
Employer's pension costs	230	212
Health & safety	5,974	2,439
Staff training	284	-
Recruitment	40	-
Rent	3,560	3,560
Rates	1,877	2,364
Coal	7,656	7,640
Boiler chemicals & lubricant	-	4,517
Light & heat	4,392	8,372
Repairs & maintenance (unrestricted)	17,349	7,719
Insurance	13,456	12,582
Computer costs	1,083	271
Hire of office equipment	617	542
Travel costs	563	190
Telephone	4,111	4,265
Other office expenses	2,195	1,739
Printing, postage & stationery	632	1,240
Depreciation (unrestricted)	11,522	10,893
Bad debts	(22)	(651)
Bank charges	1,829	2,201
Governance & support costs	10,055	12,356

**Restricted**

Repairs & maintenance (restricted)	39,093	-
	<u>187,598</u>	<u>138,607</u>

**The Kennet & Avon Canal Trust**  
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**Notes to the financial statements**  
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**7. Governance and support costs**

Group and Parent

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to governance. Governance costs and other support costs are then apportioned to charitable activities in the year. Refer to the table below for the analysis of support and governance costs.

	<b>Governance costs £</b>	<b>2017 Total £</b>	<b>Governance costs £</b>	<b>2016 Total £</b>
Accountancy fees	2,802	2,802	2,928	2,928
Auditor remuneration	4,800	4,800	4,800	4,800
Other professional costs	2,453	2,453	4,628	4,628
	<u>10,055</u>	<u>10,055</u>	<u>12,356</u>	<u>12,356</u>

**8. Net incoming resources for the year**

Parent

	<b>2017 £</b>	<b>2016 £</b>
Net incoming resources is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	11,522	10,893
Auditors' remuneration	4,800	4,800
Auditors' remuneration from non-audit work	2,802	2,928
	<u>19,124</u>	<u>18,621</u>

**9. Employees**

Parent

<b>Employment costs</b>	<b>2017 £</b>	<b>2016 £</b>
Wages and salaries	59,293	54,925
Social security costs	1,809	1,231
Pension costs	230	212
Other costs	324	-
	<u>61,656</u>	<u>56,368</u>

No employee received emoluments of more than £60,000 (2016: None).

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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**Number of employees**

The average monthly numbers of employees (including the trustees) during the year was as follows:

<b>2017</b>	<b>2016</b>
<b>Number</b>	<b>Number</b>
3	3

No trustee received remuneration during the year (2016: £NIL). No trustees were reimbursed for travel expenses (2016: £NIL).

**10. Pension costs**

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and was as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Pension charge	230	212

**11. Taxation**

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £NIL for the year ended 31 December 2017 (2016: £NIL).

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**Notes to the financial statements**  
**for the year ended 31 December 2017**

<b>12. Tangible fixed assets</b>	<b>Freehold land and buildings</b>	<b>Leasehold property</b>	<b>Assets under construction</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings and equipment</b>	<b>Boats</b>	<b>Total</b>
<u>Group</u>	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2017	229,712	65,302	202	86,942	49,707	187,000	618,865
Additions	-	-	53,799	22,064	2,324	320,000	398,187
At 31 December 2017	<u>229,712</u>	<u>65,302</u>	<u>54,001</u>	<u>109,006</u>	<u>52,031</u>	<u>507,000</u>	<u>1,017,052</u>
<b>Depreciation</b>							
At 1 January 2017	45,133	33,890	-	60,562	37,468	23,600	200,653
Charge for the year	2,654	3,265	-	9,739	2,201	25,350	43,209
At 31 December 2017	<u>47,787</u>	<u>37,155</u>	<u>-</u>	<u>70,301</u>	<u>39,669</u>	<u>48,950</u>	<u>243,862</u>
<b>Net book values</b>							
At 31 December 2017	<u>181,925</u>	<u>28,147</u>	<u>54,001</u>	<u>38,705</u>	<u>12,362</u>	<u>458,050</u>	<u>773,190</u>
At 31 December 2016	<u>184,579</u>	<u>31,412</u>	<u>202</u>	<u>26,380</u>	<u>12,239</u>	<u>163,400</u>	<u>418,212</u>

Assets under construction reflect the capital expenditure to date on the HLF project - Our Crofton Story. This asset will be depreciated on completion of the project.

<u>Parent</u>	<b>Freehold land and buildings</b>	<b>Leasehold property</b>	<b>Assets under construction</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings and equipment</b>	<b>Boats</b>	<b>Total</b>
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2017	229,712	65,302	202	26,363	49,707	-	371,286
Additions	-	-	53,799	449	2,324	-	56,572
At 31 December 2017	<u>229,712</u>	<u>65,302</u>	<u>54,001</u>	<u>26,812</u>	<u>52,031</u>	<u>-</u>	<u>427,858</u>
<b>Depreciation</b>							
At 1 January 2017	45,133	33,890	-	20,358	37,468	-	136,849
Charge for the year	2,654	3,265	-	3,403	2,200	-	11,522
At 31 December 2017	<u>47,787</u>	<u>37,155</u>	<u>-</u>	<u>23,761</u>	<u>39,668</u>	<u>-</u>	<u>148,371</u>
<b>Net book values</b>							
At 31 December 2017	<u>181,925</u>	<u>28,147</u>	<u>54,001</u>	<u>3,051</u>	<u>12,363</u>	<u>-</u>	<u>279,487</u>
At 31 December 2016	<u>184,579</u>	<u>31,412</u>	<u>202</u>	<u>6,005</u>	<u>12,239</u>	<u>-</u>	<u>234,437</u>

**The Kennet & Avon Canal Trust**  
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**Notes to the financial statements**  
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**13. Fixed asset investments**

<u>Parent</u>	Subsidiary undertakings	Total
	shares	£
	£	£
<b>Cost</b>		
At 1 January 2017 and		
At 31 December 2017	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Investments represent 100% of the issued share capital in Kennet and Avon Canal Trust (Enterprise) Limited.

**14. Stocks**

<u>Group</u>	2017	2016
	£	£
Stocks	2,262	4,013
	<u>2,262</u>	<u>4,013</u>

**15. Debtors**

<u>Group</u>	2017	2016
	£	£
Trade debtors	4,780	2,535
Other debtors	5,987	3,069
Accrued income	69,000	-
	<u>79,767</u>	<u>5,604</u>
<u><u>Parent</u></u>	2017	2016
	£	£
Trade debtors	-	190
Amounts owed by subsidiary and associated undertakings	220,464	299,202
Accrued income	69,000	-
	<u>289,464</u>	<u>299,392</u>
	<u><u>289,464</u></u>	<u><u>299,392</u></u>

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**Notes to the financial statements**  
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**16. Creditors: amounts falling due within one year**

<u>Group</u>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	3,275	4,367
Trade creditors	14,048	3,118
Other taxes and social security	749	749
Accruals	10,480	12,040
	<u>28,552</u>	<u>20,274</u>
 <u>Parent</u>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,709	632
Other taxes and social security	749	749
Accruals	7,380	8,940
	<u>11,838</u>	<u>10,321</u>

**17. Creditors: amounts falling due after more than one year**

<u>Group</u>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases	-	3,275
Deferred tax (trading subsidiary)	5,664	-
	<u>5,664</u>	<u>3,275</u>

**The Kennet & Avon Canal Trust**  
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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**18. Analysis of net assets between funds**

Group

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 December 2017 as represented by:			
Tangible fixed assets	719,189	54,001	773,190
Current assets	524,349	146,645	670,994
Current liabilities	(28,552)	-	(28,552)
Provisions	(5,664)	-	(5,664)
	<u>1,209,322</u>	<u>200,646</u>	<u>1,409,968</u>

Parent

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 December 2017 as represented by:			
Tangible fixed assets	225,486	54,001	279,487
Investment assets	1,000	-	1,000
Current assets	562,061	146,645	708,706
Current liabilities	(11,838)	-	(11,838)
	<u>776,709</u>	<u>200,646</u>	<u>977,355</u>

**19. Unrestricted funds**

	At 1 January 2017 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 December 2017 £
Unrestricted funds	607,019	594,815	(160,012)	1,887	1,043,709
Trading subsidiary	121,604	310,361	(266,352)	-	165,613
	<u>728,623</u>	<u>905,176</u>	<u>(426,364)</u>	<u>1,887</u>	<u>1,209,322</u>

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**Notes to the financial statements**  
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20. Restricted funds	At				At
	1 January 2017 £	Incoming resources £	Outgoing resources £	Transfers £	31 December 2017 £
Marina project	1,220	-	-	-	1,220
Crofton Boiler fund	34,088	5,005	(39,093)	-	-
Our Crofton Story (HLF Project) fund	5,000	194,176	-	-	199,176
Acramans Crane fund	250	-	-	-	250
Other restricted funds	-	1,887	-	(1,887)	-
	<u>40,558</u>	<u>201,068</u>	<u>(39,093)</u>	<u>(1,887)</u>	<u>200,646</u>

**Purposes of restricted funds**

The Marina Project funds were originally intended to be used towards a British Waterways funded research project into the feasibility of a marina at Foxhangers in 2004. As this is no longer a viable use for these restricted funds, it was agreed that they should be used to fund the current Canal & River Trust (formerly British Waterways) led Hens Field project.

The Crofton Boiler Fund was created following an appeal for the overhaul of the boiler at Crofton.

Crofton houses the world's oldest fully working beam engine. Our Crofton Story (HLF Project) fund was created to conserve Crofton whilst developing our interpretation, activities and visitor facilities and secure Crofton for future generations.

The Acramans Crane donation was received towards work on a heritage structure at Dundas.

Other funds include a grant to fund the repainting of the Jubilee - work undertaken by the trading subsidiary.

**21. Charges**

The Trustees of the National Heritage Memorial Fund hold a legal charge over the freehold property known as The Old Pumping Station, Crofton, Marlborough, Wiltshire, SN8 3DW.

**22. Related party transactions**

There are no related party transactions that require disclosure.

**23. Ultimate parent undertaking**

The ultimate controlling party is the Board of Trustee Directors.

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**Notes to the financial statements**  
**for the year ended 31 December 2017**

**24. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	364,901	224,064	588,965
<b>Net funds</b>	<u>364,901</u>	<u>224,064</u>	<u>588,965</u>

**25. Company limited by guarantee**

The Kennet & Avon Canal Trust is a company limited by guarantee and accordingly does not have a share capital. Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.