
Annual Report
& Accounts
2017/2018

**Scottish
Canals**

British Waterways Annual Report & Accounts 2017/2018

Accounts presented to the Scottish Parliament pursuant to section 24 (3) of the Transport Act 1962 as amended by The [British Waterways Board \(Transfer of Functions\) Order 2012](#), article 2(2) and paragraph 15 of Schedule 2 and article 5(1) and paragraph 3 of Schedule 4.

The Annual Report which is required to be presented to the Scottish Parliament pursuant to section 27 (8c) of the Transport Act 1962 as amended by The British Waterways Board (Transfer of Functions) Order 2012, paragraph 17(5) of Schedule 2 will be published separately.

SG/2018/131

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CONTENTS

	Page(s)
Directors' Report	4
Strategic Report	5-11
Corporate Governance Statement	12-15
Directors' Remuneration Report	16-18
Independent Auditor's Report	19-21
Accounting Information	22-51
Direction by the Scottish Ministers	53-54

Directors' Report

Directors

The following directors have held office since 1 April 2017:

Non-executive directors & members of the board

Andrew Thin	(Chairman)
Tanya Castell	(Vice Chair)
Martin Latimer	
Deborah Benson	
Cathie Bankier	
Steve Dunlop	(Chief Executive Officer, resigned 20 May 2018)

Executive directors (non-board members)

Katie Hughes
Claire Lithgow
Richard Millar

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The accounts are prepared in accordance with International Financial Reporting Standards as determined by the Scottish Ministers. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the organisation and of the surplus or deficit of the organisation for that period. This is the responsibility of the Board. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with the relevant sections of the Companies Act 2006. They are also responsible for taking reasonable steps to safeguard the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Future developments and employees

Details of future developments and employees are detailed within the Strategic Report.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the organisation's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the organisation's auditors are aware of that information.

On behalf of the Board

N Christie
Secretary to the Board
28 June 2018

Strategic Report

Principal activities and review of the business

Scottish Canals is the organisation which manages and develops Scotland's canals, together with a number of associated land and property assets. Historically, its purpose was as a key part of Scotland's transport network, however, over time, and in particular in recent years it has transformed in to what is now a more diversified and cross-sector organisation which contributes significantly to Scotland's tourism and regeneration economy through its focus on nodal destination development. The principal activities of Scottish Canals in the financial year are broadly categorised as tourism and placemaking activities, the provision of canal moorings and licences, rental of land, rental of property and retail and leisure services. These are the key revenue generating activities of the organisation.

Scottish Canals, which is the operating name of the British Waterways Board, has operated as a standalone public body in Scotland since July 2012. The British Waterways Board was established by the Transport Act 1962 and is responsible to Scottish Ministers. It is sponsored through Transport Scotland, an agency of the Scottish Government. Scottish Canals receives Grant-In-Aid funding from the Scottish Government which helps it make a valuable contribution to the delivery of Scottish Government's strategic objectives as set out in the National Performance Framework.

Scottish Canals' core statutory duties and its statutory responsibility for operating and maintaining the waterways for which the British Waterways Board are the navigation authority are as set out in the Transport Act 1962. The Transport Act 1968, which classified the nationalised inland waterways in use at that time in Scotland, England and Wales as either commercial, cruising or remainder, sets out a statutory obligation to maintain the navigation of the waterways.

Scottish Canals operate and manage the five canals in Scotland: the Forth & Clyde, Union and Monkland Canals in the Lowlands, the Crinan Canal in Argyll, and the Caledonian Canal in the Highlands. Certain stretches and elements of the canals are classed as Scheduled Ancient Monuments. The Caledonian and Crinan Canals are classified as commercial waterways and the Forth & Clyde and Union Canals are classified as cruising waterways. The Monkland canal is a remainder canal.

Scottish Canals stimulates economic regeneration and drives tourism activity in key nodal locations across the canal network of Scotland to deliver public value and build its financial sustainability, through working with a range of partners across the public, private and third sectors, collectively raising awareness of the contribution that the inland waterways make to Scotland's economic, social and environmental prosperity.

Scottish Canals holds a clear vision of 'Safeguarding our heritage, building our future'. This is supported by the strategic themes of increasing financial sustainability, growing public value and empowering and motivating people, as articulated within its Corporate Plan 2017-2020. These strategic themes underpin the aims and objectives which are articulated in its annual business plans, including the key aim of generating income that can be reinvested back into the canal network to protect the unique and important industrial heritage entrusted to its care.

Principal risks and uncertainties

There are a number of risks and uncertainties that could impact on both the reputation and performance of Scottish Canals. Therefore, it is important that Scottish Canals has in place appropriate measures to mitigate these. The approach to risk management that has been adopted by Scottish Canals is set out within the Corporate Governance Statement and reflects best practice and the guidance published by the Scottish Government.

There are four risks of critical significance that the directors consider should be highlighted within this report.

Although Scottish Canals receives a contribution towards the operation of the canals network from Scottish Government through Grant-In-Aid funding and levels of self-earned income continue to grow year on year the primary concern of the directors is that the total value of these sums when combined with current levels of investment, are insufficient to sustain the asset maintenance requirements of the canal infrastructure in the medium to long term if current projections are correct.

This is the principal risk to the organisation and hence the primary focus for on-going discussions with Transport Scotland and Scottish Government. The directors remain fully focused on mitigating consequential risks - which are increasingly likely to be by way of availability of service provision, service alteration or service re-design – while at all times remaining focused on ensuring the health and safety of employees, contractors and the general public.

The directors also consider the effective management of working capital to be a significant financial risk to Scottish Canals. With the deployment of non-Grant-In-Aid funds into revenue generating assets and the requirement to front fund third party funded projects, the pressure on short to medium term cash flow is becoming increasingly significant. The directors do however believe that there are currently sufficient measures in place to manage this risk.

As an asset based business whose assets, by their historic nature and their environment, are technically in a steady state of decline, Scottish Canals recognises this as a key risk. The directors believe that the organisation has done relatively well in recent times to manage and mitigate the impact of this asset decline. However, the rate of decline has been exacerbated considerably in recent years by the effects of climate change and increased usage. Like other public asset based organisations, a backlog of under investment in asset maintenance and replacement has built up and therefore, asset failure is an ever present and continually increasing risk which could have a significant impact on both public safety and regional economies.

Scottish Canals is currently managing significant people-related risk as it undertakes the recruitment of a number of new non-executive directors and a new Chief Executive. These posts are critical in terms of delivering the strategic aims and objectives of the current corporate plan, in shaping the future strategic direction of the organisation and in empowering and motivating staff, stakeholders and partners. The directors believe that this risk is currently being well managed through robust recruitment processes which are being supported, as appropriate, with skilled and experienced professional advisors.

Analysis of development and performance

2017/18 was Scottish Canals' fifth full financial year since becoming a stand-alone public body. Scottish Canals continued its evolution, developing further from the previous cross-border organisation and cementing its position as a stand-alone Scottish public body that is a driver of regeneration and tourism along the canal network. At the forefront of its endeavours remained the aim to deliver its vision of 'Safeguarding our heritage, building our future'. A vision which clearly articulates the organisation's ambitions to improve the lives of the people who live, work and do business along Scotland's canals.

This year, Scottish Canals has successfully delivered on the targets it set out in its 2017/18 business plan, which was developed to deliver the objectives in relation to increasing financial sustainability, growing public value and empowering and motivating people, as articulated in the Corporate Plan.

The Financial Strategy was reviewed and updated by the Board during the year, to ensure that the strategic aim to create a financially sustainable organisation remains clearly at the forefront of corporate objectives. A refresh of the Asset Management Strategy and strategic asset management plan has provided further clarity on the significant backlog that the organisation is dealing with and the consequential impact of years of under investment in historic assets. Together, in conjunction with the current Investment Strategy, these will continue to inform the requests to Scottish Government for future investment and funding.

As the drive for financial sustainability continues, Scottish Canals has further developed its plans to stimulate demand for a range of water and land-based activities, both on and along the canals. It has continued to focus on the delivery of nodal developments and to develop new products and services which people choose to buy and which generate income that can be reinvested to help preserve the canals for future generations to enjoy.

A programme of activities helped create vibrancy at nodal destinations. This included the return of Red Bull and their Neptune's Steps event to Maryhill in Glasgow, the first Glasgow Canal Festival at Applecross Street, the launch of the canal theatre project and the fifteenth birthday party for the Falkirk Wheel. HM The Queen officially opened the canal extension named in her honour at the Helix Park in July, at a celebration attended by the local community which garnered national and international media

attention. The creation of the BHive activity hub at Bowling harbour and significant investment in the new Caledonian Canal Centre at Fort Augustus, which is scheduled to open in early 2018/19, will help to create even more opportunities for visitors to enjoy the canals.

Through the leverage of third party funding, £750k of repairs across the towpath network were undertaken this year. This work delivers not only the strategic aims and objectives of those partners who have provided funding but also helps to maintain the assets, drive visitor footfall to nodal destinations, ensure accessibility, promote active travel and provide wider public value. The success of Regeneration Capital Grant Fund applications this year will see projects at South Kessock Outdoor Social Hub, Sighthill Enterprise Wharf and Lock 16 Canalside Community Hub come to fruition in the years ahead.

Scottish Canals has also worked with its partners this year to take forward the regeneration and development of the canals to open them up not only to individuals, but also to business and commercial opportunities. Through a joint venture vehicle, Bigg Regeneration Limited Partnership, Scottish Canals has now successfully built new for sale homes on the banks of the canal at Maryhill delivering significant regeneration benefits in North Glasgow and has created a platform for the wider area to be developed for the local community and existing and new businesses while stimulating the for sale housing market in the area and establishing a track record for this type of development.

Work continued this year on the Dundas Hill project in North Glasgow. Scottish Canals secured City Deal funding to undertake site remediation and infrastructure works. This is the key to future development of the site which will unlock placemaking opportunities in the area.

Significant investment was made this year to increase the lifespan of the historic Ness Weir on the Caledonian Canal which raises the level of Loch Ness by over one metre. The Thomas Telford-designed weir, which sits at the mouth of Loch Dochfour and the River Ness near Inverness was reinforced with 10,000 metres of steel piling to strengthen the structure and safeguard it for future generations. The 200-year-old pier at Ardrishaig on the Crinan Canal has also seen major investment this year through a project which aims to bring the structure back into use following a partial collapse. The damaged section of the pier, which sits at the mouth of Loch Gilp has been rebuilt and reinforced in order to reopen for freight use. The pier is a key asset for timber hauliers in the region, with around 30,000 tonnes of freight passing through the harbour each year.

As Scottish Canals continues the journey of its digital evolution, it was delighted to be selected by Scottish Government to act as a cyber-catalyst under the Public Sector Action Plan on Cyber Resilience. As part of this project, the initial focus has been in two key areas: namely supporting the Scottish Government and other cyber catalysts to identify key challenges that the public sector faces in raising its cyber resilience, with a view to identifying common solutions; and supporting the Scottish Government, the National Cyber Resilience Leaders' Board, the National Cyber Security Centre and other key partners to inform the development of a Scottish Public Sector Cyber Resilience Framework.

The introduction of family friendly Wi-Fi at the Falkirk Wheel, the launch of Google street view which allows Scottish Canals to showcase some of the more hard-to-reach places along the canal network as well as the sights known the world over and the adoption of the Neatebox tool to support customers with disabilities have all been steps in the digital journey this year.

In summary, in 2017/18 Scottish Canals has continued its hugely successful journey in creating a new form of public entrepreneurialism that significantly grows the value which the heritage assets that are Scotland's canals deliver for the people of Scotland.

Key performance indicators (KPIs)

Scottish Canals employs a comprehensive suite of key performance indicators (KPIs) across all areas of the organisation which have been developed to help measure and manage performance in the delivery of individual, operational, commercial, corporate and strategic aims and objectives. Scottish Canals is fully committed to promoting best practices amongst employees, contractors, suppliers, customers and partners and seek suppliers, contractors and partners with standards consistent with its own, which can be measured and managed through relevant KPIs.

KPIs are employed as a tool to improve the key measures that help to drive the performance and delivery of the organisation and as it continues to grow and evolve, KPIs will be used to help identify process issues that need to be addressed. Scottish Canals publishes internally those KPIs which are directly relevant to stakeholders in each area of the organisation and uses these internal KPIs to drive continuous improvement and Best Value.

Strategic, operational and financial targets were set out in the 2017/18 business plan and the KPIs reported to the Board were determined in line with key objectives of the Scottish Government's National Performance Framework.

The current corporate health and safety action plan is underpinned by local health and safety action plans and a related suite of KPIs which monitors RIDDOR, (incidents requiring reporting under injuries, diseases and dangerous occurrences regulations) lost time injury and near misses and continues to be a useful tool as Scottish Canals remains committed to investing in protecting the health, safety and wellbeing of staff, customers and partners.

During 2017/18, the Board and executive management team focused on revenue, operating expenditure and the targeted surplus for reinvestment as the primary financial KPIs. The % occupancy rates, portfolio performance yield and value of the share in joint ventures were the key performance measures for the estates and commercial activities of the organisation, whilst in terms of corporate reputation, there was close monitoring of media reach, online activity and customer and staff engagement to evaluate performance. KPI reporting is undertaken formally on a monthly basis by the executive management team and quarterly by exception to the Board.

The KPIs in relation to operational services, asset failures and unplanned closures have become increasingly critical this year, as the challenges of significant under-investment over a sustained period of time have increased the operational pressures on canal assets. Strategically, Scottish Canals' approach to asset management and the system to prioritise and programme investment was refined during the year and the results of this work remain the subject of ongoing discussions with Transport Scotland.

Scottish Canals' contribution to the delivery of Scottish Government objectives is cross-cutting, encompassing significant elements of seven key national outcomes. Scottish Canals also contribute directly to no less than fourteen national indicators. As at the financial year end, the full suite of KPIs, as reported to the Board, comprised these twenty-one measures and in relation to the targets set out in the 2017-18 business plan contribution has been ranked as red, amber or green. Twenty measures were ranked as green, with the remaining ranked as amber. This is in relation to Scottish Canals' contribution to increasing natural capital through managing the canal environs in a manner designed to further enhance biodiversity along the canals.

Of these KPIs all were achieved or in the process of being achieved. Those in the process of being achieved have not had a significant detrimental impact on the contribution to the Scottish Government's objectives or organisational performance. The internal reporting system for operational and departmental KPIs has been mainstreamed over the course of the year and the executive management team is of the opinion that the performance management framework that is in place provides an effective control and reporting mechanism which allows for significant issues to be escalated to the Board as and when appropriate.

Environmental matters

The canals of Scotland are part of a working, living waterway network, used for navigation, regeneration, tourism and general recreation. Responding to emerging environmental challenges, reducing our impact and enhancing the environment in its widest sense is integral to what Scottish Canals does now and to our future success. Scottish Canals' Environment Strategy, now in its third year, sets out how we intend to deliver sustainable benefits across a range of environmental themes in the period 2015-25 for our customers, the canal network and the wider environment.

In support of the ambition to be acknowledged as an expert in achieving the most sustainable integration of the competing needs and uses of the waterways, Scottish Canals' policies, procedures and systems are under regular review to ensure that environmental practices and performance reflect any changes in business circumstances, relevant legal requirements and stakeholder expectation.

Scottish Canals remains committed to integrating the needs of those who visit and use the network with the actions needed to conserve canalside wildlife and habitats and while complying with legislation and regulation to consistently achieving good practice and continually improving its environmental performance. During 2017/18, there has been continued careful management of environmental impact, including reducing the use of non-renewable resources, minimising waste, conserving water resources, promoting biodiversity and the prevention of pollution.

There were no significant environmental pollution events on land, air or water in 2017/18 and the Scottish Environment Protection Agency (SEPA) assessed Scottish Canals' water use licence compliance performance as good or excellent for all five canals and our waste water treatment sites.

Scottish Canals is included in the Scottish Climate Change Adaptation Programme as a body responsible for the delivery of the objective 'to understand the effects of climate change and their impacts on buildings and infrastructure networks'.

In line with the ambitious targets of the recently published Scottish Government's Climate Change Plan, Third Report on Proposals and Policies 2018-2032 (RPP3), Scottish Canals installed its first electric vehicle charging points on its estate this year. Funded by the Energy Saving Trust, these contribute directly to the Scottish Government's aim to decarbonise travel. To complement this, a vehicle fleet review is now underway with the aim to reduce our future business travel emissions through the use of Ultra Low Emission and Electric vehicles.

As part of Scottish Canals' adaptation to Climate Change, it is undertaking SEPA's River Basin Management Planning process and Flood Risk Management Process. Scottish Canals also continues to promote the canal network for sustainable urban drainage system (SUDS) projects. During the year, the North Glasgow Integrated Water Management System, an innovative flood alleviation system for the canal and north of the city of Glasgow was designed and procured and is expected to start construction in 2018.

Employees

As at 31 March 2018, the workforce of Scottish Canals was comprised as follows:

	Total	Board*	Executive Directors*	Senior Managers
Female	69	3	2	4
Male	169	3	2	8
	238	6	4	12

*includes Chief Executive Officer

Scottish Canals is fully committed to continually improving its performance in relation to health, safety and wellbeing. This commitment is underlined by a strategy and action plan to put policies into practice on a day-to-day basis. The health and safety policy is reviewed annually by the Board. Through an extensive programme of ongoing safety awareness campaigns, safety briefings and training, awareness of health and safety continues to be supported and embedded among employees and partners. Scottish Canals also recognise the importance of health and safety commitments, not only to employees, but also to contractors, volunteers and visitors and this is underpinned through local and national health and safety committees and associated action plans.

Following the consultation in relation to the provision of an auto enrolment compliant defined contribution pension scheme that closed at the end of April 2017, a new scheme was launched in August for all eligible employees.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data at the following link www.scottishcanals.co.uk

Requirements for the data to be disclosed within the annual report and accounts was unclear at the time of issue. The Cabinet Office published supporting guidance on 2 June 2018 which has clarified the data should be disclosed. Due to the timing of this confirmation, we were unable to collate reliable data to publish within the 2017/18 annual report and accounts therefore we will publish from 2018/19 onwards.

Equality, diversity and inclusiveness

Scottish Canals strongly believes in equality of opportunity and has put in place policies and procedures to ensure continuous improvement from the bankside to the boardroom. Scottish Canals fully recognises its legal responsibilities, particularly in respect of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. In the Organisational Development Strategy the aim of becoming known as an employer committed to promoting equality, diversity and inclusiveness is clearly set out.

This commitment has been evidenced through the achievement of accreditations including recognition as a Disability Confident Employer through the achievement Investors in Diversity accreditation.

Scottish Canals has worked closely with partners to open up employment, training and development opportunities for all members of the communities through which the canals pass. During the year this has included veterans groups, educational establishments, prisons and young offenders' institutions. We share the Healthy Working Lives belief that a healthier workforce really does make for a healthier business and continue to offer practical information and advice to help improve health and safety and the wellbeing of everyone who works for Scottish Canals.

Scottish Canals maintained its Living Wage accredited employer status during 2017/18 and a new auto enrolment compliant defined contribution pension scheme was launched, clearly demonstrating the commitment it has made to fair pay and rewards for staff.

Results

Scottish Canals delivered another strong underlying full year performance in 2017/18, both financially and operationally, in challenging circumstances and this is testament to the drive and commitment of employees across the organisation.

The results for the year are set out on pages 22 to 51.

Scottish Canals recorded total comprehensive income for the year of £285,000 (2017: £672,000) and a surplus for the year before tax of £35,000 (2017: £1,047,000). This surplus before tax includes a share of profit from investments of £486,000 and a gain on revaluation of £160,000. This surplus will be reinvested to help safeguard the future of the canals of Scotland.

Grant-In-Aid (GIA) funding received from Scottish Government was £12.4 million (2017: £10 million), split as £8.1 million of revenue GIA and £4.3 million of capital GIA. This revenue GIA amounts to 46% of the total recorded revenue (2017: 41%).

In summary, 2017/18 has been another successful and highly productive year that continued to showcase the breadth and scale of Scottish Canals' activity coupled with the continuing innovation, enthusiasm and skills of the team. It was a year in which Scottish Canals demonstrated sound business practices, strong management, its commitment to continuous improvement and the delivery of best value. Collectively, this has ensured that Scottish Canals, with the right support, remains well-placed to deliver its ambitious plans for the future, delivering against its corporate plan and contributing to the delivery of the National Performance Indicators outcomes of the Scottish Government.

Future developments

The ambitious aims and objectives for the year ahead are articulated in the 2018/19 business plan, which is derived from the Scottish Canals Corporate Plan 2017-2020 and sets out how the organisation will deliver against its core strategic aims of increasing financial sustainability, growing public value and empowering and motivating people.

The future developments, performance and success of Scottish Canals will be largely determined by the drive and determination of staff, the success of partnerships and commercial ventures and the

continued support of its shareholder, the Scottish Government, as it strengthens its ability to continue to invest in the future of Scotland's canal network.

At the start of the year, the Board will be focused on recruiting new non-executive directors and a new Chief Executive who will build on the successes to date and continue leading the organisation to towards a financially sustainable future which delivers more public value for the many as well as the few and empowers and motivates the people who work for and do business, volunteer or partner with Scottish Canals.

The new Board and executive management team will be well placed to make informed spending decisions with regards to the retained surplus for reinvestment into the new financial year and through the continuation of effective partnership working, which has been clearly demonstrated by the commitment to the communities through which the canals flow, the aims and ambitions of Scottish Canals for the future of Scotland's canals will come to fruition.

Policy and practice on payment of creditors

Scottish Canals' policy is to pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with contractual terms and conditions.

**N Christie
Secretary to the Board
28 June 2018**

Corporate Governance Statement

The Board has a collective responsibility for maintaining a sound system of corporate governance and internal control that supports the achievement of Scottish Canals' policies, aims and objectives whilst safeguarding public funds and assets.

As Accountable Officer, I am personally responsible for the duties specifically assigned to me including:

- ensuring the propriety and regularity of Scottish Canals' finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that the resources of Scottish Canals are used economically, efficiently and effectively and that appropriate arrangements are in place to secure Best Value;
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual (SPFM);
- signing the annual accounts and associated governance statements;
- ensuring that the executive directors have completed satisfactory assurance statements.

In addition, I have a statutory duty to obtain written authority from the Chair of the Board before taking any action which he considers would be inconsistent with the proper performance of the Accountable Officer functions.

Governance Framework

Throughout the financial year, Scottish Canals operated under an organisational structure with clearly defined lines of authority and accountability as set out in the ***Scottish Canals Corporate and Operational Governance Arrangements*** to provide:

- assurance to the Scottish Government that Scottish Canals has in place an effective governance system, accountable to Scottish Ministers.
- transparency of the roles and responsibilities of the Board, Audit & Risk Committee and executive team to demonstrate a shared governance agenda across Scottish Canals to contribute to the achievement of the Scottish Government's Economic Strategy and National Performance Framework.
- assurance that the Board is focussed on ensuring effective strategic leadership.
- assurance that there is a fully empowered executive management team within Scottish Canals, able to maximise productivity within a robust strategic framework.

As at the year end, the Board comprised five non-executive members, including the Chair and the Vice Chair, and the Chief Executive. It held eight Board meetings during the financial year to review Scottish Canals' operational and financial performance compared to plan, business strategy and risk management as well as high level review and scrutiny of health and safety issues.

Scottish Canals maintains an ongoing dialogue at all levels within Scottish Government. The Board meets the Minister for Transport and the Islands annually to review key business results and future plans. The Chair and Chief Executive Officer meet with officials from the Scottish Government to discuss a range of business issues and members of the executive team meet Scottish Government officials on a regular basis.

Reporting to the Board are the executive directors who have responsibility for the management of Scottish Canals, and the Audit & Risk Committee which scrutinises certain areas of activity in greater depth and makes recommendations to the Board as detailed below.

Audit & Risk Committee

The Audit & Risk Committee is chaired by Tanya Castell, a non-executive member with financial services background and extensive risk and regulatory expertise. Deborah Benson is the other non-executive member.

In accordance with the good practice guidance of the Scottish Government's Audit Committee Handbook, the Committee reviews the financial report of Scottish Canals and considers the results of the Auditor's opinion and review of the financial controls. It meets with management and with internal and external auditors to review the effectiveness of internal controls and business risk management.

Board and Committee

Attendance by members at the Board and the Audit & Risk Committee for the financial year to 31 March 2018 is shown in the table below. The figure in brackets indicates the number of meetings that the non-executive director was eligible to attend.

Name	Board		Audit & Risk Committee	
	Held	Attended	Held	Attended
Andrew Thin	8	8 (8)	-	-
Tanya Castell	8	7 (8)	4	4 (4)
Steve Dunlop ¹	8	8 (8)	4	4
Martin Latimer	8	8 (8)	-	-
Deborah Benson	8	8 (8)	4	4 (4)
Cathie Bankier	8	5 (8)	-	-
David Watt ²	-	-	4	4 (4)
Jim Barton ²	-	-	4	3 (4)

¹Chief Executive Officer. Not a member of the Audit & Risk Committee but attends meetings with other staff members.

²Independent non-executive members of the Audit & Risk Committee and not Board members

Board and Committee performance

Formal annual evaluation processes are in place for all Board members including the Chair. Induction and training is provided for non-executive Board members.

Compliance

Throughout the financial year and up to the date of approval of the Annual Report and Accounts, Scottish Canals complied with the Framework Document, the accountability and governance framework, including delegated financial authority limits, issued by Scottish Ministers in June 2013 (as amended by an addendum issued in January 2015) to contribute to the Scottish Government's primary purpose of increasing sustainable economic growth. In addition, Scottish Canals complied with the Scottish Public Finance Manual (SPFM) which sets out the relevant statutory, parliamentary and administrative requirements, unless amended by the Framework Document.

Code of Conduct

Scottish Canals has in place a Code of Conduct for Board members, as approved by the Scottish Ministers. In compliance with the Ethical Standards in Public Life, etc. (Scotland) Act 2000, Scottish Canals' Code of Conduct for Board members is published on our website, together with the Board members' Register of Interests.

<https://www.scottishcanals.co.uk/corporate/about-us/meet-the-board/board-code-of-conduct>

Risk and Internal Control

Internal control framework

As at the year end, a suite of documents appropriate for the size of Scottish Canals, covering operational management for all areas of the business were in place and remain so up to the date of approval of the Annual Report and Accounts. There is strong commitment to continuous improvement to address document development, revision, compliance monitoring and internal audit methods and requirements going forward.

Approach to risk management

The SPFM requires all public bodies to maintain a risk management system which complies with its guidelines. Scottish Canals has a risk management strategy, policy and processes framed in accordance with the Scottish Government's document "Our Approach to Risk Management". The system of internal control that has been adopted is designed to manage rather than eliminate the risk of failure to achieve Scottish Canals' aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

During the year, Scottish Canals reviewed and revised its corporate risk reporting framework. Further, significant work was undertaken to determine risk appetite statements with the intention that these be utilised across the organisation in the risk evaluation process. By the year end, expanded risk register templates were in use to record and monitor risks at a project, departmental, functional and corporate level.

The risk management system includes processes for the identification, evaluation and mitigation of risk in accordance with Scottish Canals' Statement of Risk Policy and Appetite which indicates the parameters within which Scottish Canals would want to conduct its activities and specifies the amount of risk it is willing to accept in the pursuit of its long term objectives, as set out within its Corporate Plan. Review and reporting of risk is undertaken at corporate, director, departmental and project level. Each identified risk has a designated owner and actions are taken to manage the risk accordingly. As new or changed risks emerge they are identified, evaluated, reviewed for alignment with the corporate and business plan and escalated to the appropriate level. When escalated to the executive team, risks together with an action plan to mitigate, come under further detailed scrutiny. All corporate level risks are actively managed, reviewed and updated by the executive team on a quarterly basis and reported to the Audit & Risk Committee and the Board on at least a quarterly basis or as deemed appropriate.

Internal Audit

Scottish Canals employs the services of independent auditors, Audit Glasgow, to report on the adequacy and effectiveness of Scottish Canals' system of internal control together with recommendations for improvement. The work of the internal auditors is informed by an analysis of the risk to which Scottish Canals is exposed. An Internal Audit Plan is agreed with the executive team, the Audit & Risk Committee and the Board.

Audit Glasgow, the appointed Internal Auditors, has undertaken six assurance reviews this year as part of a programme of work agreed. In addition, Audit Glasgow has undertaken 2 additional pieces of work in relation to the hire of boats and business continuity planning. Based on the reviews undertaken during the period, Audit Glasgow has provided the following annual statement of assurance:

Scottish Canals has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

As part of our reviews, we have identified improvements to the internal control environment, which have been accepted by management. We will monitor the implementation of these improvements through future follow up audits.

Based on the audit work undertaken and the assurances provided by the Executive Team it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2017/18 within Scottish Canals.

Management advise that following the receipt of each internal audit report and recommendations, they take appropriate actions to address any significant weaknesses identified and with a clearly demonstrated commitment to mitigate any weaknesses found and to build a robust control environment, we believe that the organisation becomes both stronger and more effective in the delivery of its key outputs.

External Audit

The Auditor General for Scotland is responsible to the Scottish Parliament for securing the audit of the financial statements of Scottish Canals. Grant Thornton UK LLP was appointed by the Auditor General for Scotland as the external auditors for Scottish Canals for the year ended 31 March 2018 in accordance with Section 24(2) of the Transport Act 1962.

Data losses

There were no reported incidents of unauthorised exposure or loss of data during the financial year.

Public Services Reform (Scotland) Act 2010

In accordance with the Public Services Reform (Scotland) Act 2010, Scottish Canals will publish the information on expenditure and certain other matters as required on the Scottish Canals' website (www.scottishcanals.co.uk) following the publication of the Annual Report and Accounts 2017/18 in July 2018.

Conclusion

As Accountable Officer I can confirm that I am fully content with the effectiveness of Scottish Canals' existing arrangements to ensure appropriate standards of corporate governance and effective risk management.

.....
Catherine Topley
Accountable Officer
28 June 2018

Directors' Remuneration Report (Unaudited)

The terms of Board members' appointments are determined by Scottish Ministers and for the non-executive members they are for a fixed term of three years. These contracts are terminable by the members upon serving three months written notice. The emoluments of Board members are determined by the Scottish Ministers.

With the exception of the chief executive, who is a member of the Board, the executive directors report to the Board but are not Board members. They have the responsibility for the management of the organisation and the development of the business strategy and policies, subject to approval and general oversight by the Board.

Remuneration policy

The Board's remit is to ensure that the remuneration policy and packages offered by Scottish Canals are sufficient, taking into account Scottish Canals' financial position and the wider remuneration context across the organisation as it aims to attract, retain and motivate a high quality team of executive directors who are capable of delivering the strategic goals and objectives of the organisation.

Pay and benefits

Basic salaries are normally reviewed annually (on 1 July) and increases are determined by reference to comparative information, taking into account the executive director's contribution to the organisation during the preceding year. A discretionary feature of the remuneration package is performance related pay which may be awarded annually by reference to corporate and personal performance during the year. Such payments are normally awarded on 1 July of the year following that in respect of which they were awarded. No payments were made for the financial year ending 31 March 2018, in accordance with the Scottish Government policy on public sector pay in Scotland which applies to Scottish Canals. 2017/18 saw a one-year pay settlement, in line with Scottish Government Public Sector Pay Policy. Executive directors are entitled to a company car, or an allowance in lieu of this, and private medical insurance.

Pensions

Executive directors who satisfied the eligibility criterion, participated in the Waterways Pension Fund, a defined benefit pension scheme, until it closed to future accrual in September 2016. Thereafter, they participated in the Local Government Pension Scheme via the Strathclyde Pension Fund (SPF) which also provides a pension on a defined benefit basis. Those who did not meet the criterion for the Waterways Pension Fund and did not join the SPF scheme are eligible to join a defined contribution scheme – this flexible retirement plan is currently provided by Scottish Widows.

External appointments for executive directors

The Board recognises that executive directors may be invited to become non-executive directors of other companies unconnected with Scottish Canals' activities and that such appointments can broaden their knowledge and experience to the benefit of Scottish Canals. Providing that it does not impact on their executive duties, directors are generally allowed to have one such appointment and retain any resulting fees. In addition, executive directors may also serve as a non-executive director of joint venture companies. In these circumstances, fees are not generally payable to executive directors as activities of this nature are deemed part of their normal Scottish Canals responsibilities.

Directors' Remuneration Report (Audited)

The information provided below in respect of Scottish Canals' Board members complies with the provision of section 412 of the Companies Act 2006, as required by the Scottish Ministers.

	Date of expiry of term	Contracted time (days) commitment during the year	Gross salary 2018 £	Gross salary 2017 £	Taxable benefits 2018 £	Taxable benefits 2017 £	Total (excl pension) 2018 £	Total (excl pension) 2017 £
Andrew Thin	31/03/20	up to 42	14,070	14,070	-	-	14,070	14,070
Tanya Castell	01/07/18	up to 20	4,800	4,800	-	-	4,800	4,800
Martin Latimer	01/07/18	up to 20	4,800	4,800	-	-	4,800	4,800
Cathie Bankier ¹	30/06/18	up to 20	4,800	4,800	-	-	4,800	4,800
Deborah Benson ¹	30/06/18	up to 20	4,800	4,800	-	-	4,800	4,800
Steve Dunlop ²	-	-	138,914	137,539	11,330	10,865	150,244	148,404
Katie Hughes	-	-	89,115	88,232	8,699	8,767	97,814	96,999
Claire Lithgow	-	-	84,921	84,080	8,745	8,814	93,666	92,894
Richard Millar	-	-	84,459	87,607	10,776	10,201	95,235	97,808
Total			430,679	430,728	39,550	38,647	470,229	469,375

¹Appointed 1 July 2015

²Steve Dunlop was a member of the Board and the Chief Executive Officer until his resignation on 20 May 2018

Non-executive Directors, excluding the Chair, are remunerated at a daily rate of £240. The Chair is remunerated at a daily rate of £335. Non-executive Directors' contracts of engagement run from July to June, out-with the financial year (April to March).

Comparison of Chief Executive Officer remuneration to employee remuneration

	Percentage change in salary from prior year	Percentage change in taxable benefits from prior year
Chief Executive Officer	1%	4%
All employees	2%	10%

Accrued pension

			Accrued total pension(pa) as at year end		Value of pensions input amount during year	
			2018 £	2017 £	2018 £	2017 £
Steve Dunlop	06/08/1961	06/08/2028	27,812	25,903	41,600	70,260
Katie Hughes	11/06/1973	11/06/2040	11,024	9,224	27,500	24,304
Richard Millar	18/11/1972	18/11/2039	23,715	21,915	37,074	74,024

The value of pensions input amounts shown above relates to defined benefit schemes only. In the current year, amounts accrued and inputted relate to the Strathclyde Pension Fund (2017 – amounts related to the Strathclyde Pension Fund and the Waterways Pension Fund).

Pension payments made in respect of defined contributions schemes are as follows

	2018 £	2017 £
Claire Lithgow	11,859	11,771

N Christie
Secretary to the Board
28 June 2018

Independent auditor's report to Scottish Canals, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Canals for the year ended 31 March 2018 under the Transport Act 1962. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity for the Year 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Transport Act 1962 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Transport Act 1962 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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 body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council'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 basis of accounting

- 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 use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its 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.

Responsibilities of the board members for the financial statements

As explained more fully in the Statement of Members' Responsibilities, the board members are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the board members

determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body'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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to achieve 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 the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual report and accounts

The board members are responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Directors' Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts 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.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The board members are responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

- In our opinion, the audited part of the Directors' Remuneration Report has been properly prepared in accordance with the Transport Act 1962 and directions made thereunder by the Scottish Ministers.
- In our opinion, based on the work undertaken in the course of the audit

- the information given in the Board Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the directions made under the Transport Act 1962 by the Scottish Ministers; and
- the information given in the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

- We are required by the Auditor General for Scotland to report to you if, in our opinion:
- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Directors' Remuneration Report are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.
- We have nothing to report in respect of these matters.

Joanne Brown, for and on behalf of Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

29 June 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 31 MARCH 2018

	Note	2018 £000	2017 £000
Revenue	2	9,383	11,672
Government grant	3	8,100	8,000
Total revenue		17,483	19,672
Operating expenditure	4	(17,813)	(19,843)
Pension re-measurement – service cost		(284)	(303)
Operating deficit		(614)	(474)
Share of profits on investments	10	486	534
Gain on revaluation of investment properties	9	160	955
Surplus before finance and taxation charges		10	1,015
Finance income	6	3	32
Surplus before taxation		35	1,047
Taxation	7	(32)	(46)
Surplus for continuing operations after taxation		3	1,001
Statement of other comprehensive income			
Surplus for the year		3	1,001
Items that may not be reclassified to the statement of comprehensive income:			
Pension re-measurements		250	(412)
Deferred tax on pension re-measurements		(43)	83
Total comprehensive income for the year		210	672

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	8	55,234	49,832
Investment property	9	17,343	17,238
Investments	10	5,941	5,455
Trade and other receivables	12	443	418
Deferred tax asset	7	12	147
Total non-current assets		78,973	73,090
Current assets			
Inventories	11	2,732	2,411
Trade and other receivables	12	1,466	4,032
Cash and cash equivalents		1,839	3,750
Total current assets		6,037	10,193
Total assets		85,010	83,283
Current liabilities			
Trade and other payables	13	3,639	7,967
Total current liabilities		3,639	7,967
Non-current liabilities			
Pension and other post retirement benefits	15	771	715
Deferred capital income	16	27,548	21,759
Total non-current liabilities		28,319	22,474
Total liabilities		31,958	30,441
Net assets		53,052	52,842
Capital and reserves			
Capital contribution		1,549	1,549
Donated assets reserve		19,394	19,606
Retained earnings		32,109	31,687
Total equity		53,052	52,842

Approved and authorised for issue by the Board.

Andrew Thin (Chairman)
28 June 2018

Catherine Topley (Accountable Officer)
28 June 2018

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	2018 £000	2017 £000	2017 £000
Surplus before taxation		35		1,047
Adjustment for:				
Finance income	(25)		(32)	
Share of profits	(486)		(534)	
Gain on revaluation of investment property	(160)		(955)	
Depreciation	1,312		1,134	
Pension re-measurement service cost	306		303	
Loss/(profit) on sale of non-current assets	67		(198)	
		1,104		(282)
Operating surplus before movements in working capital		1,049		765
Movements in working capital				
Increase in inventories	(321)		(2,333)	
Decrease/(increase) in receivables	2,398		(1,372)	
Release of capital income	(767)		(647)	
(Decrease)/increase in payables	(2,452)		718	
		(1,142)		(3,634)
Movement in cash from operations		(93)		(2,869)
Interest received		-		8
Taxation paid		-		(24)
Net cash flows from operating activities		(93)		(2,885)
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(8,711)		(3,608)	
Payments to acquire investment property	(27)		(175)	
Proceeds from disposal of non-current assets	-		236	
Dividends from associates and joint ventures	-		120	
Net cash flows from investing activities		(8,738)		(3,427)
Cash flows from financing activities				
Capital income received	6,920		3,489	
Net cash flows from financing activities		6,920		3,489
Net decrease in cash and cash equivalents		(1,911)		(2,823)
Cash and cash equivalents at beginning of year		3,750		6,573
Cash and cash equivalents at end of the year		1,839		3,750

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

	Retained earnings						Total
	Realised capital reserve	Investment property revaluation reserve	Revenue reserve	Total retained earnings	Capital contribution	Donated assets reserve	
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016	9,811	7,144	13,848	30,803	1,549	19,818	52,170
Surplus for the year after tax	-	-	1,001	1,001	-	-	1,001
Pension re-measurements net of deferred tax	-	-	(329)	(329)	-	-	(329)
Net transfer between reserves:							
Gain on revaluation	-	955	(955)	-	-	-	-
Donated assets movement	-	-	212	212	-	(212)	-
Property revaluation movement	-	(38)	38	-	-	-	-
Balance at 31 March 2017	9,811	8,061	13,815	31,687	1,549	19,606	52,842

The realised capital reserve includes the value of profits arising from the sale of property and other property rights and the realisation of property revaluation gains of previous years, net of corporation tax. The investment property revaluation reserve includes unrealised gains on investment property, net of deferred tax. The revenue reserves are all other net gains and losses not recognised elsewhere. Capital contributions in 2011/12 were from DEFRA to enable British Waterways to repay National Loans Fund loans. The donated assets reserve reflects assets received in excess of project contributions made.

	Retained earnings						Total
	Realised capital reserve	Investment property revaluation reserve	Revenue reserve	Total retained earnings	Capital contribution	Donated assets reserve	
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	9,811	8,061	13,815	31,687	1,549	19,606	52,842
Surplus for the year after tax	-	-	3	3	-	-	3
Pension re-measurements net of deferred tax	-	-	207	207	-	-	207
Net transfer between reserves:							
Gain on revaluation	-	160	(160)	-	-	-	-
Donated assets movement	-	-	212	212	-	(212)	-
Balance at 31 March 2018	9,811	8,221	14,077	32,109	1,549	19,394	53,052

NOTES RELATING TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation and accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). Under Section 24(1) (b) of the Transport Act 1962, Scottish Canals is required to prepare an annual Statement of Accounts in such form and containing such particulars as the Scottish Ministers, from time to time direct. No Accounts Direction has been issued for the year ended 31 March 2018. The Direction issued in the year to 31 March 2015 remains applicable. Therefore, the principles applied in previous Accounts Directions have been applied in the current year. Retail sales and purchases are included up to and including the final working day of the financial year, being 29 March (2017 – 31 March).

The following issued IFRSs and interpretations were in issue but have not been adopted by the organisation in these financial statements:

Effective for annual accounting periods beginning on or after 1 January 2018

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Clarifications to IFRS 15 'Revenue from Contracts with Customers'
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IAS 40)
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 1
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IAS 28

Effective for annual accounting periods beginning on or after 1 January 2019

- IFRS 16 – Leases
- IFRIC 23 - Uncertainty over Income Tax Treatments (not yet endorsed for use in the EU)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 (not yet endorsed for use in the EU)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – IFRS 3, IFRS 11, IAS 12, IAS 23 (not yet endorsed for use in the EU)
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 (not yet endorsed for use in the EU)

Effective for annual accounting periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in IFRS Standards (not yet endorsed for use in the EU)

Effective for annual accounting periods beginning on or after 1 January 2021

- IFRS 17 – Insurance Contracts (not yet endorsed for use in the EU)

The adoption of these Standards and Interpretations will impact future accounting periods. The Directors consider that the proposed changes do not affect the current financial statements.

The Directors consider no consolidation is required on the basis of materiality.

Interests in joint ventures and associates

The organisation has a number of contractual arrangements with other parties that represent joint ventures. These joint ventures are established through an interest in a company, partnership or other entity (a jointly controlled entity). IFRS 11 and IAS 28 require a joint venturer to recognise an investment and to account for that investment using the equity method. The notes to the accounts disclose the

names of joint ventures, the nature of the business and details of the shares held by Scottish Canals. The organisation's interest in its associates and joint ventures, being those entities over which it has significant influence, are accounted for using the equity method of accounting.

Investment in subsidiaries

Non-current asset investments are stated at cost.

Impairment

The carrying values of Scottish Canals' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and its value in use. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

Property, plant and equipment

a) Operational property

Waterways, reservoirs and towing paths were written off in the capital reconstruction on 1 January 1969 resulting from the Transport Act 1968.

Land, buildings, and structures capitalised are:

- i. Purchases of land and the construction and major improvement of buildings.
- ii. Additional assets and improvements to existing assets of Scottish Canals.

Expenditure on repairs and renewals is charged to the income statement as it arises.

b) Property, plant and equipment

All expenditure on additions, improvements and replacements is capitalised.

Property, plant and equipment are stated at cost, net of depreciation and any provision for permanent diminution in value. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value (if any), of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	40 years
Public artworks	Between 60 and 100 years
Waterways, reservoirs and towpaths	Between 15 and 120 years
Leasehold land and buildings	Over the term of the lease
Maintenance craft and floating plant	Between 5 and 25 years
Other plant and machinery	Between 3 and 10 years
Vehicles	5 years

Where relevant, asset lives are determined on the basis of component parts, as set out within the contractor's specification documents.

Investment properties

Investment properties are classified as being held for long-term investment to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs, and thereafter are stated at fair value, which reflects market conditions at the balance sheet date. The investment property portfolio includes land and buildings which are mature investments let at open market rents and also those which have potential for capital appreciation driven through wider regeneration activity and the planning process. No depreciation is charged on investment properties. Investment properties are valued by independent, professionally certified valuers. Values are scrutinised by the executive directors following professional valuation.

Included within investment properties are moorings. Moorings are valued by the income they generate, determined by an earnings multiplier applied that returns an appropriate yield commensurate to the current market.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by end of owner-occupation, commencement of owner-occupation or where the asset meets the criteria for classification as held for sale i.e. immediately available for sale in its present condition, a programme for sale has been initiated and it is highly probable that a sale will occur within one year.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from Scottish Canals and no more future economic benefits are expected.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement in the period of retirement or disposal. Profit or loss on retirement or disposal is calculated with reference to the opening (preceding year end) book asset value.

Leased property, plant and equipment

Organisation as a lessee

All leases where substantially all the risks and rewards incidental to legal ownership of the asset have not been transferred by the lessor are classified as operating leases. Rentals payable are charged in the income statement on a straight line basis over the lease term.

Organisation as a lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the organisation transfers substantially all the risks and rewards incidental to legal ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

Grant of long lease over investment property

Scottish Canals has a statutory responsibility to maintain an interest in the future use of any land that is disposed of having issue onto or bordering the waterways. In situations where such disposals occur, the substance of the transaction is that the organisation effectively disposes of its interest, but retains a reversionary interest, and reflects the resultant profit / loss at the point of the disposal. Grants of long leasehold interests in land that transfer substantially all the risks and rewards of ownership are accounted as a sale of a finance lease with the proceeds and profit recognised on completion.

Inventories

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Work-in-progress comprises land for development and includes all direct costs of production and the appropriate proportion of production overheads. Work-in-progress includes all contracted works undertaken by the organisation's suppliers at valuation.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

Revenue

The organisation recognises revenue on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the organisation. Revenue is measured by reference to the fair value of consideration received or receivable by the organisation for

goods supplied and services provided, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of the risk incidental to ownership to the customer.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the organisation and its business partners are reviewed to determine each party's respective role in the transaction. Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgement. This may involve estimating the fair value of consideration before it is received. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense.

a) Sale of goods

Revenues from the sale of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the organisation.

- i. Property sales. Revenue is generally recognised when title passes on completion of sales.
- ii. Water sales. Sales of water supplied from our waterway network under a water sales agreement allow access to a continuous supply of water over the period contracted. These are invoiced in arrears and revenue is accrued on a straight line basis on the assumption that water is used at a constant rate.
- iii. Retail sales. Sales of goods from our waterway visitor centres are recognised on a point of sale basis.
- iv. Other sales of goods. These include equipment for boaters such as lock and sanitary station keys, information booklets and other waterway related items. These are recognised either on a point of sale basis or an accruals basis depending on revenue class.

b) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date. Stage of completion is measured by reference to the assessment of a suitably qualified expert as to the progress of the contracted work. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

- i. Property rents. Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore recognised on the same, straight-line basis. Incentives are provided to customers in various forms such as rent free periods or funding towards property fit-out costs and are usually offered on signing a new contract. Where such incentives are provided, the fair value of the incentive is deferred and recognised in line with this accounting policy.
- ii. Boat licences and mooring permits. These are invoiced in advance and revenue is recognised on an accruals basis over the term of the licence or permit.
- iii. Wayleaves and easements. This is income received from third parties in return for access to Scottish Canals' land, for example underground pipes. These agreements are for fixed time periods and revenue is recognised on a straight line basis over the term of the agreement.
- iv. Maintenance agreements. This is income received from third parties (such as a local authority) to maintain an area of the waterway network. The revenue is recognised on a straight line basis over the term of the agreement reflecting the assumption that maintenance is performed at a constant rate over the term of the agreement. Improvements are capitalised when the conditions of IAS 16 are met.

- v. Other income from third parties. This is income towards restoring and improving the waterways network. Revenue is recognised in proportion to the staged completion of the work being funded.
- vi. Other income from services. These are recognised either at the time of provision of the service or on an accruals basis depending on the type of revenue.

c) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

d) Dividends

Revenue is recognised when the organisation's right to receive payment is established.

Government grants

Government grants of a revenue nature are credited to the income statement when the conditions for the receipt of the grant have been complied with and there is a reasonable assurance that the grant will be received. Grants received are split between capital and revenue, with capital amounts deferred and released to the income statement over the expected useful lives of the assets concerned. Grants received attributable to investment properties are deducted from the asset carrying value.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items taken directly to equity. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The organisation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the organisation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is provided on the full difference between the original cost of investment properties and their carrying amounts at the reporting date taking into account deductions and allowances which would apply if the properties concerned were to be sold.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited directly in equity or in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in equity or other comprehensive income accordingly.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current and deferred tax assets against current and deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the organisation intends to settle its current tax assets and liabilities on a net basis.

Employee benefits

a) Defined benefit pension scheme

Scottish Canals participates in the Waterways Pension Fund, a funded defined benefit scheme that was open to all staff that commenced employment with British Waterways before 31 March 2011. Following the British Waterways Board (Transfer of Functions) Order 2012, British Waterways ceased to be the Principal Employer, but Scottish Canals remains a participating employer in the Fund. In the prior year, the Waterways Pension Fund (WPF) closed to future accrual.

Scottish Canals has been relieved indefinitely from any obligation to make deficit repair contributions for the Scottish Canals' share of the deficit on the British Waterways Pension Fund shown in an Actuary's interim valuation of the British Waterways Pension Fund as at Completion of the transfer of non-Scottish operations to Canal & River Trust. Scottish Canals shall be liable to make a fair share and proportionate contribution, as determined by the Scheme Actuary from time to time, towards any deficit that exceeds the valuation deficit as at Completion, between one triennial valuation and the next, commencing from the valuation carried out as at 31 March 2016.

Following the closure to future accrual of the WPF, Scottish Canals thereafter participated in the Local Government Pension Scheme via the Strathclyde Pension Fund (SPF). This Fund also provides a pension on a defined benefit basis. Those who did not meet the criterion for the Waterways Pension Fund did not join the SPF scheme.

In accordance with IAS 19 Employee Benefits, the service cost of pension provision relating to the period, together with the cost of any change in benefits relating to past service, is charged to the income statement. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the organisation's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are also included in the income statement. The finance income and charges included in the income statement for the pension scheme are calculated by assuming an estimated rate of return on the assets held by the scheme.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet. Any difference between the expected return on assets and that actually achieved is recognised in the statement of comprehensive income along with differences which arise from experience or assumption changes in the period in which they occur. Further information on the defined benefit pension arrangements is set out in Note 15 to the accounts.

b) Defined contribution pension plan

Scottish Canals participates in a defined contribution pension plan for employees that commenced employment after 31 March 2011. Scottish Canals pays contributions to Scottish Widows who administers the pension insurance plan. Scottish Canals has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Equity

Scottish Canals, as a public body, has neither share capital or share premium within its equity. The equity of the organisation comprises a number of individual reserves, the nature and purpose of each of which is outlined in the Statement of Changes in Equity.

Financial instruments

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are loans and receivables initially recognised at fair value and subsequently at amortised cost using the effective interest method. This represents the invoiced amounts, less adjustments for estimated revenue deductions such as rebates and cash discounts. Doubtful trade receivables provisions are established based upon the difference between the recognised value and the present value of estimated future cashflows with the estimated loss recognised in the income statement. When a trade receivable becomes uncollectible, it is written off against the doubtful trade receivables provisions.

c) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value which represent the invoiced amounts, less adjustment for estimated revenue deductions and subsequently measured at amortised cost.

d) Deferred consideration

Where British Waterways entered into a significant sale of assets or rights with deferred consideration terms, the fair value amount receivable is recognised in the income statement at the point of legal completion.

Provisions

A provision is recognised in the balance sheet when the organisation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the estimated value of the expenditure expected to be required to settle the obligation at the end of the relevant period.

Critical accounting estimates

The preparation of financial statements requires the organisation to make estimates and assumptions that affect the application of policies and reported amounts. Estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

a) Investment property valuations

The organisation uses the valuation performed by its external valuers as the fair value of its investment properties as at 31 March. The valuation is based upon assumptions including future rental income,

anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. The valuations are reviewed in the light of current market conditions each year. A summary of the results of this process is given in Note 9 to these accounts.

b) Unagreed rent reviews

Where the rent review date has passed, and the revised annual rent has not been agreed, rent is accrued from the date of the rent review based upon an estimation of the revised annual rent. The estimate is derived from knowledge of market rents for comparable properties.

c) Deferred tax

In calculating the deferred tax on the difference between the original cost of investment properties and their carrying amounts at the reporting date (see taxation policy above), the tax base cost has been calculated using historical external valuation data.

d) Post-retirement benefits

The determination of the pension cost and defined benefit obligation of the organisation's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. See Note 15 for further details.

Judgements made in the process of applying accounting policies

The organisation's significant accounting policies are stated above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity and judgement involved in their application and their impact on the financial statements.

a) Revenue recognition

Scottish Canals often receives payments for right of access to its water space and surrounding areas which are classed as either revenue receipts or lease premiums accounted for in accordance with IAS 17, depending upon the circumstances of the particular agreement. For example, a contract that does not place any obligation to provide services to the third party in respect of the income received would be accounted as revenue on receipt, whereas a contract that is for a fixed period of time over which Scottish Canals will provide services is a lease premium accounted for over the period of the lease. Grant Income received is deferred and released over the economic life of the asset. Judgement is exercised in reviewing such contracts to ensure that the correct accounting is applied.

b) Investment properties

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by end of owner-occupation, commencement of owner-occupation or where the asset meets the criteria for classification as a non-current asset held for sale in accordance with IFRS 5 i.e. immediately available for sale in its present condition, a programme for sale has been initiated and it is highly probable that a sale will occur within one year. Judgement is required in assessing the evidence of owner-occupation, with Directors assessing any properties that may have changed use in the period or have been highlighted by external valuers.

c) Disposal of long leaseholds

Scottish Canals has preferred to grant long leasehold interests over its freeholds rather than make outright freehold sales in order to create covenanted obligations over waterside land use. Each grant of a long leasehold interest in land has been reviewed to ensure that substantially all the risks and rewards of ownership are transferred to the purchaser to enable the disposal to be classified as a disposal under a finance lease.

d) Work-in-progress

The organisation is required to judge when there is sufficient objective evidence to require the impairment of work-in-progress. It does this on the basis of a robust project appraisal throughout the life-cycle of each constituent aspect of the project.

e) Joint ventures and associates

A measured judgement has been required in assessing the carrying values of Scottish Canals' investments in joint ventures and associates. Judgement is required in determining the fair value which has been evaluated based on recent accounts, access to joint venture board papers and discussions with our partners. Investment properties within joint ventures are valued by external valuers at fair value.

2 REVENUE

Revenue disclosed in the income statement as analysed in accordance with IAS 18:

Operating revenue	2018	2017
	£000	£000
Sale of goods		
Water and utility sales	1,339	1,340
Retail sales	2,596	2,459
Rendering services		
Property rents	990	962
Wayleaves and easements	204	113
Moorings	667	613
Boat licences	518	471
Funding from third parties towards waterway maintenance and repair	917	3,881
Capital grant release	767	647
Third party recharges	606	624
Other income from services	779	562
	9,383	11,672

3 GRANTS RECEIVABLE FROM CENTRAL GOVERNMENT

Grants receivable	2018	2017
	£000	£000
Grants receivable from the Scottish Government comprises:		
Grant in aid	12,395	10,000
Deferral of Capital Grant in aid	(4,295)	(2,000)
	8,100	8,000

4 EXPENDITURE

Operating expenditure in the year is analysed as follows:	2018	2017
	£000	£000
Major infrastructure works	1,787	2,034
Core waterway	7,458	7,213
Regeneration	1,192	4,253
Corporate affairs	328	397
Falkirk Wheel	1,456	1,259
Property and estates	1,584	1,068
Corporate and support services	4,008	3,619
Operating expenditure	17,813	19,843

Operating expenditure includes:	2018	2017
	£000	£000
Depreciation of property, plant and equipment	1,312	1,134
Loss/(profit) on sale of non-current assets	67	(198)
Operating lease expenses	751	818
Directors' remuneration	470	469
Fees payable to the organisation's auditor for the audit of the financial statements	37	33

5 STAFF COSTS

(a) The average number of persons employed during the year was:

	2018	2017
	Number	Number
Total employed	274	275
Full-time equivalent	238	244

Scottish Canals employs seasonal staff during the period March – October each year.

(b) Total employment costs

	2018	2017
	£000	£000
Wages and salaries	7,344	6,889
Social security costs	688	655
Defined benefit pension contributions	568	640
Defined contribution pension contributions	208	152
Total employment costs	8,808	8,336

Included within total employment costs is £200,000 (2017: £220,000) accrued for annual leave entitlement at 31 March 2018.

6 FINANCE INCOME

	2018	2017
	£000	£000
Finance income		
Bank interest receivable	-	8
Other interest receivable	25	24
IAS19 Defined benefit pension scheme interest	(22)	
Total finance income	3	32

7 TAXATION

	2018	2017
	£000	£000
Tax		
Current tax	41	77
Adjustment for prior years	(101)	33
Deferred tax	92	(64)
	32	46

Corporation tax is calculated at 19% (2017: 20%) of the assessable profits for the year.

The total charge for the year can be reconciled to the surplus per the income statement as follows:

	2018	2017
	£000	£000
Surplus for the financial year before tax	35	1,047
Tax at the UK corporate tax rate of 19% (2017: 20%)	7	209
Tax effect of expenses that are not deductible in determining taxable profits	215	188
Income not taxable	(150)	(365)
UK property business	55	-
Chargeable losses	-	(3)
Taxable Income	26	-
Effect of tax rate change in deferred tax balances	(11)	24
Adjustment for prior years	(110)	(7)
Total tax	32	46

Deferred Tax

	Accelerated tax depreciation £000	Revaluation of land & buildings rolled over gains £000	Retirement benefit obligations £000	Tax losses £000	Other short term differences £000	Total £000
At 1 April 2017	117		(122)	(139)	(3)	(147)
Current year	138	30	(58)	-	3	113
Prior year	68	-	-	(76)	-	(9)
Rate change	(14)	(3)	6	-	-	(12)
Charge to equity	-	-	43	-	-	43
At 31 March 2018	308	27	(131)	(216)	(1)	(12)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £000	2017 £000
Deferred tax liabilities	532	505
Deferred tax assets	(505)	(505)
	27	-

At the balance sheet date, the organisation has unrecognised tax losses carried forward of £Nil (2017: £Nil).

8 PROPERTY, PLANT AND EQUIPMENT

	Operational freehold land, buildings and structures £000	Craft, vehicles, plant and equipment £000	Public artworks £000	Assets under construction £000	Total £000
Cost					
At 1 April 2016	39,496	4,649	6,104	1,471	51,720
Additions	505	866	-	3,448	4,819
Transfer	1,483	122	-	(1,272)	333
Disposal	-	(171)	-	-	(171)
At 31 March 2017	41,484	5,466	6,104	3,647	56,701
Depreciation					
At 1 April 2016	3,214	2,568	122	-	5,904
On disposal	-	(169)	-	-	(169)
Charge for year	737	335	62	-	1,134
At 31 March 2017	3,951	2,734	184	-	6,869
Net book value					
At 31 March 2017	37,533	2,732	5,920	3,647	49,832

	Operational freehold land, buildings and structures £000	Craft, vehicles, plant and equipment £000	Public artworks £000	Assets under construction £000	Total £000
Cost					
At 1 April 2017	41,484	5,466	6,104	3,647	56,701
Additions	1,197	414	-	5,088	6,699
Transfer	3,006	528	-	(3,466)	68
Disposal	-	(104)	-	-	(104)
At 31 March 2018	45,687	6,304	6,104	5,269	63,364
Depreciation					
At 1 April 2017	3,951	2,734	184	-	6,869
Transfer	(14)	-	-	-	(14)
On disposal	-	(37)	-	-	(37)
Charge for year	805	446	61	-	1,312
At 31 March 2018	4,742	3,143	245	-	8,130
Net book value					
At 31 March 2018	40,945	3,161	5,859	5,269	55,234

9 INVESTMENT PROPERTY

	Freehold land, buildings and structures £000
Valuation	
At 1 April 2016	16,479
Transfer to property, plant and equipment	(333)
Additions	175
Disposals	(38)
Revaluation	955
At 31 March 2017	17,238
At 1 April 2017	17,238
Transfer to property, plant and equipment	(82)
Additions	27
Revaluation	160
At 31 March 2018	17,343

In the income statement, the organisation has recognised £1,657,000 (2017: £1,575,000) of rental and moorings income from investment properties.

The net book value of investment properties at the year end comprises:

	2018 £000	2017 £000
Historical cost	9,122	9,177
Revaluation surpluses	8,221	8,061
	17,343	17,238

Scottish Canals' investment properties are valued at fair value. Under IFRS 13 *Fair Value Measurement* the assets are defined as level 3 i.e. inputs for the asset or liability that are not based on observable market data (i.e. unobservable market inputs).

The following sets out the valuation techniques used in the determination of fair values within level 3 including the key unobservable inputs and the relationship between that to fair value.

Investment properties were valued as at 31 March 2018 and 31 March 2017 on the basis of market value, by reference to recent market evidence of transactions for similar properties in accordance with the requirements of the International Valuation Standards and IFRS. The valuations are based on the information as to the title and tenure of each property and the leases and agreements granted as provided by Scottish Canals. In the year ended 31 March 2018 all professional valuations for investment properties were performed by Cushman & Wakefield.

The valuation approach for residential properties uses Registers of Scotland data which is observable. For non-residential properties there is no recognised index which can be applied to secondary and tertiary areas within Scotland and, as such, the valuer used their market knowledge and expertise. The higher the expected vacancy rate, the lower the fair value.

Included within investment properties are moorings. Moorings are valued by the income they generate, determined by an earnings multiplier applied that returns an appropriate yield commensurate to the current market. The higher the multiplier, the higher the fair value. The valuer changed the multiplier from 5.8 to 5.75 in 2016/17 after considering sustainability of the growth and longer term plans from changes in charging policy. The multiplier is unchanged for 2017/18.

10 INVESTMENTS

SUBSIDIARIES

The organisation has 1 ordinary share of £1, a 100% shareholding, in BWB (General Partner) Limited, an investment company registered in Scotland. The profit for the year ended 31 March 2018 amounted to £20,582 (2017: £19,156). At 31 March 2018, BWB (General Partner) Limited had net assets of £88,260 (2017: £67,678). The registered office of BWB (General Partner) Limited is Canal House, 1 Applecross Street, Glasgow, G4 9SP.

ASSOCIATES

	2018	2017
Investments in associates:	£000	£000
At 1 April	5,455	5,041
Share of profits	486	534
Disposals	-	(120)
At 31 March	5,941	5,455

The organisation has a 49% interest in Bigg Regeneration Limited Partnership, a property rental entity registered in Scotland. The profit for the year ended 31 December 2017 amounted to £1,290,757 (2016: £537,000). At 31 December 2017 the entity had partners' interests of £11,124,167 (2016: £9,833,410). The registered office of Bigg Regeneration Limited Partnership is Canal House, 1 Applecross Street, Glasgow, G4 9SP.

BWB (General Partner) Limited has 50 Ordinary B shares, a 50% shareholding, in Bigg Regeneration (General Partner) Limited, the general partner of Bigg Regeneration Limited Partnership. Bigg Regeneration (General Partner) Limited is registered in Scotland. The loss for the year ended 31 December 2017 amounted to £Nil (2016: £Nil). At 31 December 2017 Bigg Regeneration (General Partner) Limited had net assets of £94 (2016: £94). The registered office of Bigg Regeneration (General Partner) Limited is Canal House, 1 Applecross Street, Glasgow, G4 9SP.

The organisation has 49 Ordinary B shares, a 49% shareholding, in Edinburgh Quay Limited, a property development company registered in Scotland. The profit for the year ended 31 December 2017 amounted to £1,640 (2016: £192,054). At 31 December 2017, Edinburgh Quay Limited had net assets of £623,087 (2016: £621,447). The registered office of Edinburgh Quay Limited is Miller House, 2 Lochside View, Edinburgh Park, EH12 9DH.

11 INVENTORIES

	2018	2017
	£000	£000
Consumables	14	16
Finished goods and goods for resale	71	82
Work-in-progress	2,647	2,313
	2,732	2,411

12 TRADE AND OTHER RECEIVABLES

(a) Current

	2018	2017
	£000	£000
Trade receivables	619	1,004
Less: provision for impairment of trade receivables	(86)	(101)
Prepayments and accrued income	514	2,045
Value added tax	419	1,084
	1,466	4,032

(b) Non-current

	2018	2017
	£000	£000
Deferred consideration agreements	443	418
	443	418

The following trade receivables balances are past due but not impaired:

	31-60 days £000	61-90 days £000	Over 90 days £000
Trade receivables	157	19	84

Credit risk in respect of receivables is limited, due to the organisation's customer base being large and diverse. Our historical experience of collecting receivables, supported by the level of defaults, is that the credit risk is low across all trade receivables. We do not consider fair values to be significantly different from their carrying values. Balances are considered for impairment on an individual basis and by reference to the extent they become overdue. The maximum credit risk exposure at the reporting date is £3,419,000 (2017: £7,912,000) being the sum of cash and cash equivalents and trade and other receivables, excluding prepayments. The fair values are not materially different to carrying values.

13 TRADE AND OTHER PAYABLES

	2018	2017
	£000	£000
Trade payables	940	3,484
Taxation and social security	239	289
Accruals	1,225	2,785
Deferred income	1,178	1,362
Other payables	57	47
	3,639	7,967

14 OPERATING LEASES

Operating lease agreements where the organisation is lessee

The organisation has entered into commercial leases on certain properties, motor vehicles and items of machinery. Future minimum rentals payable under non-cancellable operating leases are as follows:

Leasehold properties

	2018	2017
	£000	£000
Not later than one year	50	49
After one year but not more than five years	102	188
	152	237

Leasehold plant and equipment

	2018	2017
	£000	£000
Not later than one year	260	427
After one year but not more than five years	166	430
After five years	54	62
	480	919

15 PENSION AND OTHER POST - RETIREMENT BENEFITS

	2018	2017
	£000	£000
Fair value of assets - LGPS	1,151	398
Fair value of assets- Waterways	6,037	6,166
Net defined benefit liability	7,188	7,564
Present value of funded liabilities – LGPS	(1,512)	(535)
Present value of funded liabilities – Waterways	(6,447)	(6,744)
Total present value of funded liabilities	(7,959)	(7,279)
Net defined benefit liability recognized on statement of Financial position	(771)	(715)

Employee Retirement Benefits

Defined Benefit

Scottish Canals participates in a defined benefit pension arrangement called the Waterways Pension Fund. In the prior year, the Waterways Pension Fund (WPF) closed to future accrual. Scottish Canals thereafter participated in the Local Government Pension Scheme via the Strathclyde Pension Fund (SPF) that also provides a pension on a defined benefit basis. Those who did not meet the criterion for the Waterways Pension Fund did not join the SPF scheme.

The WPF and the SPF (the Funds) are subject to the Statutory Funding Objective under the Pensions Act 2004. Valuations of the Funds are carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, Scottish Canals must agree with the trustees of the Funds the contributions payable to address any shortfall against the Statutory Funding Objective and contributions to pay for future accrual of benefits. The Statutory Funding Objective does not currently impact the recognition of the Funds in these accounts.

The WPF is managed by an independent Trustee Company. The directors of the Trustee Companies are appointed in part by the participating employers and in part from elections by members of the Fund. Trustee Directors have responsibility for obtaining valuations of the Fund, administering benefit payments and investing the Fund's assets. Trustee Directors delegate some of these functions to its professional advisers where appropriate.

The SPF is managed by an independent Committee and meets alongside the Pension Fund Board to take account of all stakeholder interests. The Board's constitution is in line with regulation 6(7) of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015.

The Funds expose the organisation to a number of risks:

- Investment risk. The Funds hold investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Funds' liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Funds hold assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the Funds are linked to inflation. Although the Funds' assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.
- Mortality risk. In the event that members live longer than assumed, a deficit will emerge in the Funds.

There were no plan amendments, curtailments or settlements during the year.

Explanation of amounts in the financial statements

Amounts recognised in Statement of Comprehensive Income	LGPS		Waterways	
	2018 £000	2017 £000	2018 £000	2017 £000
Current service cost	860	478	-	339
Administration cost	-	-	92	108
Total Service Cost	860	478	92	447
Interest cost on defined benefit obligation	28	3	172	193
Interest on assets	(21)	(2)	(157)	(195)
Net interest cost / (income) (Note 6)	7	1	15	(2)

Total Service Cost recognised	2018 £000	2017 £000
Current service costs (including admin) - LGPS	860	478
Current service costs (including admin) - Waterways	92	507
Total Service Cost	952	985
Less contributions – LGPS	(572)	(299)
Less contributions – Waterways	(96)	(382)
Net IAS 19 adjustment	284	302

Amounts recognised in Other Comprehensive Income	LGPS		Waterways	
	2018 £000	2017 £000	2018 £000	2017 £000
Changes in financial assumptions	39	30	(114)	1,222
Return on assets excluding amounts included in net interest	2	13	(44)	623
Change in demographic assumptions	(20)	-	(109)	(38)
Other experience	50	-	-	-
Total actuarial remeasurements through OCI	71	43	(267)	1,807

Reconciliation of assets and liabilities

Change in assets	LGPS		Waterways	
	2018 £000	2017 £000	2018 £000	2017 £000
Fair value of assets at the start of the period	398	-	6,166	5,350
Interest on assets	21	2	157	195
Employer contributions	572	299	96	322
Expenses	-	-	(92)	(108)
Contributions by Fund participants	162	84	-	12
Benefits paid (inc administration costs)	(4)	-	(246)	(228)
Actuarial adjustments	2	13	(44)	623
Fair value of assets at the year end	1,151	398	6,037	6,166

Change in liabilities	LGPS		Waterways	
	2018 £000	2017 £000	2018 £000	2017 £000
Liabilities at the start of the period	535	-	6,744	5,200
Current service cost	860	478	-	339
Contributions by Fund participants	162	84	-	12
Interest cost on defined benefit obligation	28	3	172	193
Benefits paid	(4)	-	(246)	(228)
Experience (gain)/loss on liabilities	(50)	-	-	44
Changes to demographic assumptions	20	-	(109)	(38)
Changes to financial assumptions	(39)	(30)	(114)	1,222
Liabilities at the end of the year	1,512	535	6,447	6,744

Assets

The major categories of assets as a percentage of total assets are as follows:

Asset category	LGPS	Waterways
Equities	38%	43%
Property	12%	11%
Investment funds	47%	-
Diversified growth	-	8%
Infrastructure	-	3%
Bonds	-	32%
Cash and cash equivalents	3%	3%
Total	100%	100%

Actuarial Assumptions

The principal assumptions used to calculate the Waterways Pension Fund's liabilities include:

Assumption	2018	2017
Pension increase rate	2.15% pa	2.25% pa
Salary increase rate	N/A	2.75% pa
Discount rate	2.60% pa	2.60% pa
Male (female) life expectancy at age 65 for current 63 year old	22.6 (24.9)	23.0 (25.4)
Male (female) life expectancy at age 63 for current 43 year old	24.1 (26.5)	24.7 (27.3)
Cash commutation	25% of pension	25% of pension
Mortality	108% of S2PMA (males), 104% of S2PFA (females) CMI 2017 model, long-term trend rate 1.25%, smoothing factor 7.5	108% of S2PMA (males), 104% of S2PFA (females) CMI 2015 model, long-term trend rate 1.25%

The principal assumptions used to calculate the Strathclyde Pension Fund's liabilities include:

Assumption	2018	2017
Pension increase rate	2.3% pa	2.4% pa
Salary increase rate	3.5% pa	4.4% pa
Discount rate	2.7% pa	2.7% pa
Male (female) life expectancy at age 65 (current)	21.4 (23.7)	22.1 (23.6)
Male (female) life expectancy at age 65 (future) for current 45 year old	23.4 (25.8)	24.8 (26.2)
Cash commutation	50% of pension of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service	50% of pension of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service
Mortality	Based on the Fund's VitaCurves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% pa for males and 1.25% pa for females	Based on the Fund's VitaCurves with improvements in line with the CMI 2012 model with an allowance for smoothing of recent mortality experience and long term rates of 1.5% pa for males and 1.25% pa for females

Sensitivity of the liabilities – Waterways Pension Fund

Adjustments to assumptions	Approximate effect on liabilities £000
Discount rate	
Plus 0.50%	(526)
Minus 0.50%	593
Inflation	
Plus 0.50%	569
Minus 0.50%	(517)
Rate of mortality	
Long-term trend rate increased from 1.25% pa to 1.50% pa	64

Sensitivity of the liabilities – Strathclyde Pension Fund

Adjustments to assumptions	Approximate effect on liabilities £000
Discount rate	
Minus 0.50%	202
Pension increase rate	
Plus 0.50%	201

The above sensitivities are approximate and show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. The sensitivities shown are for the Funds' active membership as a whole, rather than the members employed by the organisation.

The directors have elected to separate the actuarial assumptions of both funds on the grounds that Scottish Canals is an immaterial constituent of the Strathclyde Pension Fund.

Effect of the Funds on the organisation's future cashflows

The organisation is required to agree a Schedule of Contributions with the Trustees of the Funds following a valuation that must be carried out at least once every three years.

In the event that the next valuations reveal a larger deficit than expected the organisation may be required to increase contributions above those set out in the existing Schedule of Contributions, and above those expected to be agreed under the Schedule of Contributions. Conversely, if the position is better than expected then contributions may be reduced.

Expected contributions in the year to 31 March 2019 are approximately £747,000.

The weighted average duration of the defined benefit obligation for the Funds (based on the IAS 19 assumptions at 31 March 2018) is around 18 years for the Waterways Pension Fund and 24 years for the Strathclyde Pension Fund.

The organisation was party to a Deed of Accession to enable The Scottish Waterways Trust to participate in the Waterways Pension fund, signed in October 2012. This applied to the then current employees (4) who were able to participate in this scheme. The Fund is now closed to new members. The organisation has also provided a Deed of Guarantee in respect of the pension members of The Scottish Waterways Trust to guarantee the liabilities to the Fund of the members of The Scottish Waterways Trust.

Defined Contribution

For employees who commenced employment after 31 March 2011, the organisation operates a defined contribution pension plan.

The defined contribution plan is a pension plan under which the organisation pays fixed contributions to Scottish Widows. The organisation has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The amount of employer contributions is disclosed in Note 5.

There were no material amounts owing or prepaid at 31 March 2018.

Other Post Retirement Benefits

Under the terms of the 1962 Transport Act, employees transferring from the British Transport Commission to successor bodies were entitled to retain their reduced cost travel benefits. Successor bodies, including British Waterways trading as Scottish Canals, were made responsible for procuring the benefits on their behalf.

16 DEFERRED CAPITAL INCOME

	2018 £000	2017 £000
Balance at 1 April		
Government grants	15,858	14,651
Other	5,901	4,496
	21,759	19,147
Received during the year		
Government grants	4,295	2,000
Other	2,456	1,610
Transfer to current liabilities		
Government grants – transfer to current liabilities	(134)	(282)
Other – transfer to current liabilities	(62)	(69)
Released to income statement		
Government grants	(536)	(511)
Other	(230)	(136)
Balance at 31 March	27,548	21,759
Comprise:		
Government grants	19,483	15,858
Other	8,065	5,901
	27,548	21,759

17 FINANCIAL INSTRUMENTS

Details of Scottish Canals' statutory and financial framework are set out on page 32. Scottish Canals, as a public body, is not exposed to the degree of financial risk faced by other business entities due to restrictions on borrowing.

Scottish Canals has powers to invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change by the risks facing Scottish Canals in undertaking its activities. Scottish Canals is not exposed to risks from currency fluctuations as business is conducted solely in Sterling.

Liquidity risk

Liquidity risk is defined as the risk that the organisation could not be able to settle or meet its obligations on time or at a reasonable price. Liquidity and funding risks, related processes and policies are overseen by management. Scottish Canals manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations. Management monitors the organisation's net liquidity position through rolling forecasts on the basis of expected cash flows. The organisation's cash and cash equivalents are held with major regulated financial institutions.

Scottish Canals maintains short term liquidity by judicious management of its cash deposits. Scottish Canals is not exposed to significant liquidity risk due to ongoing government funding and the ability to release cash as necessary from current assets.

Interest rate risk

The main risk arising from Scottish Canals' financial instruments is interest rate risk.

The vast majority of the financial assets held by Scottish Canals are cash equivalents and Trade and other receivables (Note 12), and the fair value is not materially different to carrying amount. Scottish Canals disposed of the Whisky Bond property in 2012. The agreed sale price is payable seven years after the sale date with the agreed sale price rising by RPI each year. This asset has been stated at fair value, with changes in value year on year being accounted for through the Statement of Comprehensive Income.

The financial liabilities held by Scottish Canals are trade and other payables (Note 13), and the fair value of these liabilities is not materially different from carrying values.

Credit risk

The credit risk in cash and cash equivalents is limited because the treasury investment policy has been defined as being restricted to counterparties that are specific UK registered banks which have Standard & Poor's long term ratings of at least 'A-'. These policies are continually monitored and updated for the prevailing market conditions and follow guidance from Scottish Government. The organisation has no significant concentration of credit risk from its customers as exposure is spread over a large number of entities.

Capital Management

Scottish Canals is not permitted to receive long term borrowings.

Financial assets and liabilities

2017		Floating interest rate £000	Fixed interest rate			Non interest bearing £000	Total £000
	Note		< 1 year £000	2 - 5 years £000	> 5 years £000		
Financial assets – loans and receivables							
Trade and other receivables (excl prepayments) - amortised cost	12	-	-	-	-	3,744	3,744
Asset at fair value	12	418	-	-	-	-	418
Cash and cash equivalents (amortised cost)		1,431	-	-	-	2,319	3,750
Total financial assets		1,849	-	-	-	6,063	7,912

Financial liabilities at amortised cost

Trade and other payables (excl deferred income)	13	-	-	-	-	6,605	6,605
Total financial liabilities		-	-	-	-	6,605	6,605

2018

2018		Floating interest rate £000	Fixed interest rate			Non interest bearing £000	Total £000
	Note		< 1 year £000	2 - 5 years £000	> 5 years £000		
Financial assets – loans and receivables							
Trade and receivables (excl prepayments) - amortised cost	12	-	-	-	-	1,137	1,137
Asset at fair value	12	443	-	-	-	-	443
Cash and cash equivalents (amortised cost)		576	-	-	-	1,263	1,839
Total financial assets		1,019	-	-	-	2,400	3,419
Financial liabilities at amortised cost							
Trade and other payables (excl deferred income)	13	-	-	-	-	2,521	2,521
Total financial liabilities		-	-	-	-	2,521	2,521

18 RELATED PARTY TRANSACTIONS

The organisation has a 49% interest in Bigg Regeneration Limited Partnership. During the year, the organisation received a share of profits from Bigg Regeneration Limited Partnership of £476,000 (2017: £442,000).

The organisation has a 49% interest in Edinburgh Quay Limited. During the year, the organisation received a share of profits from Edinburgh Quay Limited of £10,000 (2017: £92,000). During the year, the organisation received a dividend of £Nil (2017: £120,000) from Edinburgh Quay Limited.

The Director of Finance and the Head of Legal services are Trustees of Millennium Link Trust. During the year, the organisation incurred rental charges of £204,000 (2017: £113,000) to Millennium Link Trust and sold goods and services totalling £204,000 (2017: £113,000) to Millennium Link Trust.



BRITISH WATERWAYS BOARD (operating as Scottish Canals)

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 24 of the Transport Act 1962 hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2015 and each financial year thereafter shall be prepared by The British Waterways Board, operating as Scottish Canals and shall comprise:
 - (a) Board Members' report;
 - (b) and for each of the Group (British Waterways and its subsidiaries) and for the Company (British Waterways Board) a:
 - Statement of Comprehensive Income for the period;
 - Statement of Financial Position;
 - Statement of Changes in Equity for the period;
 - Statement of Cash Flows;
 - Notes to the accounts.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, cash flows for the financial year, and of the state of affairs as at the end of the financial year. The annual accounts shall also, where applicable, comply with:
 - International Financial Reporting Standards (IFRS) as adopted by the European Union;
 - the accounting and disclosure requirements of companies legislation currently in force; and
 - any additional disclosure or accounting requirements that HM Treasury may issue from time to time in respect of public corporations' accounts.
4. The Statement of Financial Position shall be prepared under the historical cost convention modified by revaluation of investment properties.
5. The annual accounts shall include the information set out in schedule 1 to this Direction.
6. This Direction shall be reproduced as an appendix to the statement of accounts.



JOHN NICHOLLS

On behalf of the Scottish Ministers

Dated 23 January 2015

Schedule 1

The Board Members' Report

The Board Members' Report shall contain the information which the Companies Act 2006 requires to be disclosed in the directors' report and shall include a brief history of British Waterways;

The Annual Accounts

The Annual Accounts will disclose:

- the turnover and other operating income and costs analysed between British Waterways' subsidiary companies and British Waterways' share of joint ventures and associates;
- rents receivable for the year analysed as rents from investment property and rents from other property;
- interests during the year in other transport undertakings and other trade investments;
- government grants received during the year reconciled to income from grant shown in the Statement of Comprehensive Income;
- information about British Waterways' borrowing powers including (if relevant) details of any loans at the year end, including details of maturity dates and interest rates;
- a Directors' Remuneration Report.