

Company number: 00612245

Charity number: 212342

The Inland Waterways Association

Report and financial statements

For the year ended 31 December 2021



**INLAND
WATERWAYS**
ASSOCIATION

The Inland Waterways Association

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The Inland Waterways Association

Reference and administrative information

For the year ended 31 December 2021

Company number 00612245
Country of incorporation United Kingdom

Charity number 212342
Country of registration England & Wales

Registered office and operational address

The Inland Waterways Association
Island House
Moor Road
Chesham
Buckinghamshire
HP5 1WA

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Rt Hon Sir Robert Atkins	
Richard Barnes	(until March 2022)
John Butler	
David Chapman	
Nicholas Dybeck	
Leslie Etheridge	(from May 2022)
Susan O'Hare	
Nicola Schiessel Harvey	(until September 2021)
Rebecca Hughes	(from September 2021)
Paul Rodgers	(until April 2022)
Ian Sesnan	(until January 2022)
Hannah Sterritt	(from September 2021)
Roger Stocker	(until September 2021)
Helen Whitehouse	(until September 2021)
Alison Woodhams	(until January 2022)

Company Secretary Genevieve Wilson

The Inland Waterways Association

Reference and administrative information

For the year ended 31 December 2021

Key management personnel	Phil Hornsey	Chief Executive (from February 2021 until April 2022)
	Jonathan Smith	Chief Executive (from May 2022)
	Tracy Higgin	Administration Manager
	Alison Smedley	Campaigns & Public Affairs Manager
	Eileen Holland	Finance Manager – job share (until September 2021)
	Genevieve Wilson	Finance Manager (job share until September 2021; sole Finance Manager from this date)
	Alicen Stenner	Marketing Manager (until January 2021)
	Gemma Bolton	Acting Marketing Manager (from February 2021 until February 2022)
	Joanne Mass	Marketing Manager (from February 2022 until April 2022)
	Jenny Morris	Volunteer & Restoration Hub Coordinator
	Anthony Comber	General Manager, Essex Waterways Ltd (from March 2021)
	Steve Cottis	Navigation Manager, Essex Waterways Ltd (until February 2021)
Bankers	Barclays Bank PLC 8 Market Place Kettering NN16 OAX	
Investment advisers	Quilter Cheviot Senator House 85 Queen Victoria Street London EC4V 4AB	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108–114 Golden Lane London EC1Y 0TL	

The trustees present their report and the audited financial statements for the year ended 31 December 2021.

Reference and administrative information set out on pages 1 and 2 form part of this report. The financial statements comply with current statutory requirements, the articles of association, the requirements of a directors' report as required under company law and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

IWA's Board of Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Who we are

The Inland Waterways Association (IWA) is a charity governed and run by volunteers and supported by a small team of employees. We are the only independent, national charity dedicated to supporting and regenerating Britain's navigable rivers and canals as places for leisure, living and business.

Founded in 1946, IWA celebrated the 75th anniversary of its founding in 2021. We believe that the nation's waterways and surrounding environments are for everyone to enjoy, and we both campaign and take direct action to protect their continued existence.

IWA is a membership organisation comprising both individual and corporate members. The former include waterways experts, enthusiasts and members of the general public, and the latter include waterways-related businesses, charitable societies and groups interested in restoration and regeneration. We are an association in the true sense of the word, and by joining IWA our members help support and regenerate the nation's waterways, for the benefit of all, both now and into the future.

Why we exist

The Inland Waterways Association was founded in 1946 in response to the very real risk that continued neglect of our historic waterways network would see a precious national asset lost forever.

It is only possible to walk or boat along many waterways now because of the tireless campaigning work of IWA and its volunteers over the last 75 years, with over 500 miles of derelict waterways brought back to life. But however well maintained they may appear, our waterways continue to

remain under considerable threat – from urban development, inadequate funding, lack of protection, loss of skills and knowledge, over-commercialisation and climate change.

How we operate

Britain's waterways form a vast, open-air network of working canals and navigable rivers, connecting city and countryside, alive with boats and enjoyed by millions. IWA is dedicated to providing ongoing protection to this network, as well as supporting the regeneration of another 500 miles of currently derelict waterways.

The canals and rivers of England, Wales and Scotland are managed and maintained by a variety of navigation authorities. IWA works closely with these authorities to influence policy and decision-making, whilst constructively challenging them to work in the best interest of the waterways and their users.

We also work with other waterway groups, and a wide range of national and local authorities, voluntary, private and public sector organisations. In 2005, IWA's subsidiary company, Essex Waterways Ltd, became a navigation authority itself when it took over management of the Chelmer & Blackwater Navigation. The waterway is now run on a not-for-profit basis, and is a thriving asset for the benefit of the local community.

IWA also actively encourages waterways restoration, providing advice, guidance and hands-on, practical support to local restoration groups. Our Restoration Hub champions waterways restoration and provides restoration groups with access to the collective knowledge and skills of IWA staff and our active volunteer base, including planning and engineering professionals. These skills include those of IWA's Waterway Recovery Group (WRG) which is well-known in the sector and has a long-established reputation of practical waterway regeneration. WRG organises a yearly programme of highly popular, week-long waterway restoration holidays, training for volunteers around the country and carrying out work parties on most weekends through regional groups.

IWA's staff team is supported at every level by an active, committed and valued network of volunteers. These includes our local branches, who organise work parties, hold events, monitor and challenge planning applications that might be detrimental to the waterways, arrange waterside walks and tours, and liaise with many local groups and societies with common interests. IWA also benefits from advisory and operational groups, who work at a national level to support and implement our strategic objectives.

IWA relies on the support of our members, donors and volunteers, as well as income from grant-making bodies and commercial activities to make our waterways better. Membership income is put towards IWA's campaigning and restoration expenditure but covers just 20% of our costs. This leaves the remainder to be covered by donations, gifts in wills, grants and income from IWA's investments.

What we want to achieve

Draft high-level strategic objectives, 2022–2027

1. To be recognised as the organisation that shapes the national agenda for navigable waterways.
2. To inspire more people to use, appreciate and care for their local waterways.
3. To support the transformation of 500 more miles of waterways into places for leisure, living and business.
4. To establish waterways as a key asset for the environment and a way to mitigate and adapt to the climate emergency.
5. To operate as one team across the charity, working together to achieve our objectives.

These objectives will focus our efforts, enable better decision-making around our key activities and priorities, and allow us to communicate our ambitions in a clear way across the organisation and to external stakeholders.

Statement of Public Benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

2021 – a year in summary

Despite the gradual scaling back of Covid-19 restrictions in 2021, many of our activities as a charity continued to be affected by the impact of successive lockdowns and the uncertainty around future planning, especially in the first half of the year. This impact was felt most for our hands-on volunteering activities and in-person events, resulting in the scaling back of our extremely popular Canal Camp programme and the cancellation of our iconic IWA Canalway Cavalcade multi-day event in Little Venice, London.

Despite this, we continued to support and deliver a considerable number of activities and achievements in 2021. Here are some of the main highlights of the year:

Trustees' annual report

For the year ended 31 December 2021

January

Following on from a period of lockdown in which the general public had rediscovered and appreciated their local waterways in new ways, it was appropriate that the first meeting of the All-Party Parliamentary Group for the Waterways, for which IWA provides the secretariat, was all about the importance of sufficiently funding rivers and canals.

We also announced four new IWA Silver Propeller Challenge locations, including Coventry Basin and the Kelpies. Eight crews have successfully completed the challenge, despite restrictions in 2020 and 2021. This challenge continues to encourage people to explore corners of the waterways where greater boating activity will encourage future regeneration.

February

We looked back on IWA's proud, 75-year legacy of campaigning for the waterways. Our 75th Anniversary Auction, hosted by celebrity auctioneer Charles Hanson, generated over £6,000 for IWA and brought some unique waterways memorabilia onto the market for the first time in many years.

IWA also launched the Waterways Watch initiative, a publicly accessible online reporting tool designed to help create a better picture of the issues that affect our country's canals and rivers, including problems accessing or moving along towpaths, issues caused by a lack of dredging and problems with navigation due to overgrown vegetation.

March

After a decade-long IWA campaign, the government announced that red diesel could continue to be used in boats – news very much welcomed by boat owners, boatyards and waterway-based fuel suppliers. The announcement also confirmed that all commercial boat operating industries would be able to continue to use red diesel – great news for the inland waterways freight movement and its wider aim of getting more traffic off the roads.

April

We worked hard to bring green boating to the forefront in with the launch of IWA's Green Boating Guide. This includes practical information on how diesel-powered boats can be more than 90% carbon-neutral and looks forward to the future of boating on the inland waterways. As part of this project, we continue to push for more charging points, more dredging, tax relief for biofuels and further research into future technologies.

May

Although it could not take place physically due to Covid restrictions, we celebrated IWA Canalway Cavalcade with a digital festival encouraging supporters to share their memories of the event.

June

Our unique waterways directory update revealed a new landmark number of 7,000 miles of British waterways. Of these, 5,000 miles are navigable today whilst the other 2,000 miles are either derelict or under restoration. This was as a result of further research on Scottish waterways, improved

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For the year ended 31 December 2021

coverage of former routes of river navigations and the inclusion of more branches of the Grand Union Canal in the London area.

July

Our Waterway Recovery Group's Canal Camps were back out digging. Our hard-working volunteers boosted the work of restorations on the Derby Canal, the River Waveney, Shrewsbury & Newport Canals and the Montgomery Canal. Given the important requirement to create and implement additional Covid-safe working practices, this was a particularly impressive achievement.

We also saw the fruits of our campaigning with the announcement of the reopening of the Thames under Hammersmith Bridge in London to river traffic.

August

We were delighted to catch up once again with our members, supporters and volunteers in person. This began with the return of the Crick Boat Show, with IWA hosting a display stand on the quayside, and continued just a few days later with the return of IWA's Festival of Water, held in Worcester at Perdiswell Park. Originally planned for 2020, and made possible by a fantastic group of IWA volunteers, the Festival proved a fitting celebration of the meeting between Tom Rolt and Robert Aickman that saw the founding of IWA 75 years ago.

Also in August, IWA volunteers and the River Foss Society re-opened Castle Mills Lock in York, giving access once again to the River Foss from the River Ouse in the city centre, with a new formal agreement with City of York Council allowing IWA volunteers to operate the lock.

September

This was a busy month for campaigning and especially for plans to save Aberdulais Aqueduct, a Scheduled Ancient Monument on the Tennant Canal. The aqueduct is in a poor state following flood events that caused significant damage to the structure, with a survey needed to get a better idea of the scale of the repair work and potential cost implications. Following a successful application for a CADW grant, the structure has now been surveyed by a specialist in creative conservation of historic buildings and structures.

In another significant victory for the waterways, the Uttoxeter Canal in Staffordshire saw off a planning application that would have blocked the restoration. Campaigning from IWA and the Caldon & Uttoxeter Canals Trust garnered significant support, including from actor and IWA Vice President, Sir David Suchet.

October

We launched a campaign to save waterways heritage. As well as celebrating the rich, living heritage of the waterways, our campaign video highlighted the risks to it. Supporters shared photos of hidden waterways heritage, celebrating some of the less well-known canal and river heritage such as mile posts and rope marks. Off the back of the campaign, IWA launched a financial appeal to support IWA's future work in this area, which to date has raised over £17,000.

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IWA also hosted the annual Waterway Restoration Conference, an event organised jointly with the Canal & River Trust. Over 80 key figures from the restoration world joined us online, including keynote speakers, to look at how the waterways sector can work together in a greener way.

November

We were delighted to hear that Bridgwater Docks would receive funding from the government's Towns Fund, and that the Montgomery Canal restoration would receive funding from the government's Levelling Up Fund. IWA's local Branches have both campaigned for this funding, and we look forward to the positives that the regenerated waterways will bring to local people.

As COP26 got underway in Glasgow, IWA celebrated the success of our trial in boats of Hydrotreated Vegetable Oil (HVO), a fuel that is more than 90% carbon neutral. In the trial, HVO was used for propulsion, domestic use and heating in a cross-section of the existing fleet on the inland waterways network, including boats with relatively modern diesel engines as well as older, more traditional engines and even a few historic vessels. The feedback was overwhelmingly positive, demonstrating that HVO is indeed a viable alternative to diesel fuel, as well as being a straight drop-in replacement compatible with fuel that is already in a boat's tank.

December

Ending the year on a positive note, we received the fantastic news that Shardlow had been awarded Inland Heritage Port status, following IWA's support of its application to the Maritime Heritage Trust earlier in the year. Close to where the Trent & Mersey Canal joins the River Trent, Shardlow is thought to be England's earliest most complete surviving example of an inland canal port.

A thank you to IWA volunteers, supporters and staff

IWA would not exist without the generosity of our members and donors, and the successes outlined above would not be achieved without the incredible commitment of our volunteers and staff. By supporting us through membership subscriptions or donations, or by contributing time through volunteering, these individuals ensure our organisation can continue to do such valuable work to support, protect and regenerate the nation's navigable rivers and canals, for everyone to enjoy.

Due to the effects of the Covid-19 pandemic and subsequent lockdowns on our grassroots activity, this year we took the decision not to proceed with our national volunteer awards. Nevertheless, we would like to record our heartfelt thanks to all volunteers, and for the unfailing support of waterway groups, corporate members and other bodies in our sector, for their amazing contribution to the work of IWA and our subsidiary company, Essex Waterways Ltd, during this unprecedented time.

Plans and Strategy for 2022

In the year of the 75th anniversary of IWA's founding, we set out to make significant progress towards our ambition to be a contemporary organisation that is an effective guardian of the nation's navigable rivers and canals, with aims and objectives that are both relevant in the modern world and engaging for current and future generations of supporters and members.

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To achieve this, in 2021 IWA's Board of Trustees and senior management team identified an ambitious but necessary programme of strategic projects to be undertaken. These will be a key focus for IWA in 2022 and include:

- **Financial Review and Sustainability Plan** – a full review of IWA's financial status and the development of a plan for a sustainable, balanced operational budget for the charity. This project was delegated to a specially constituted Financial Planning Group (FPG) and a plan was proposed to, and agreed by, IWA's Finance Committee and Board of Trustees in August 2021.
- **Role and Purpose Review** – a project to ensure clarity around why IWA exists and what we're here to do, ensuring the charity maintains its relevance and appeal to new and existing audiences going forward, and has the best chance of being a well-supported and sustainable organisation into the future. This project was carried out by the CEO and a specially constituted steering group in the first part of 2022.
- **High-level Strategic Objectives** – a project to define IWA's goals, the actions that will achieve them, and the metrics that will allow us to track our progress. These objectives will set clear boundaries to IWA's areas of focus, enable better decision-making around our key activities and priorities, and allow us to communicate our ambitions in a clear way across the organisation and to external stakeholders. This project was delegated to the CEO and a draft set of objectives produced in early 2022.
- **IWA Committees Review** – a project to ensure IWA's advisory groups are structured to meet the strategic and operational requirements of the charity, with clear objectives, terms of reference and reporting frameworks. This project is managed by IWA's Deputy Chairs and a number of steering groups in each of the existing committee areas.
- **Hybrid Operations Team Framework** – a project to ensure IWA has the right levels of professional expertise in key operational areas of the organisation to adopt new business practices, and adapt to a rapidly changing charity sector, to provide better service to its members, branches and stakeholders, and to ensure that staff and volunteer turnover does not disrupt essential organisational activities. This involves transitioning to a new 'hybrid' staff and volunteer framework, as commonly utilised by other charities. A newly recruited Volunteers Manager will be key to rolling this out during 2022.
- **IWA Promotion & Engagement Review** – a project to ensure IWA explores, identifies, adopts and delivers the most effective methods of engaging with both new and prospective members and supporters, across all channels, from social media to digital and print communications to in-person engagement at events, measured in terms of both meaningful interactions and cost-effectiveness. To take into account the latest IWA strategic positioning, this project would follow on from the Role and Purpose Review and High-level Strategic Objectives setting in 2022.
- **Campaigns Strategy Review** – a project to ensure that IWA has a suite of contemporary, consumer-focused campaigns that both retain and attract new members and funding, can be

visibly seen to achieve tangible outcomes, and actively contribute to IWA's financial objectives. To take into account the latest IWA strategic positioning, this project would follow on from the Role and Purpose Review and High-level Strategic Objectives setting in 2022.

- **Fundraising Focus** – a project to ensure that IWA takes meaningful steps to being a more financially sustainable organisation by developing an 'always fundraising' approach to its marketing and engagement activities, at both a national and local level. To take into account the latest IWA strategic positioning, this project would follow on from the Role and Purpose Review and High-level Strategic Objectives setting in 2022.

Financial review

The main sources of income are subscriptions, legacies and donations. Our subsidiary Essex Waterways Limited runs the Chelmer and Blackwater Navigation on a standalone basis. Its income comes mainly from mooring fees, with growing revenue streams in canoe licences and boat trips. Both IWA and Essex Waterways Ltd have the benefit of very significant voluntary commitment.

Uncertainties around Covid-19 and its associated restrictions on activities continued during 2021, limiting or delaying until the latter part of the year some of IWA's practical restoration work and events, reducing both income and related expenditure. Restricted-use legacy receipts were significant and by the year end, the investment portfolio boasted a healthy gain.

Principal funding sources

The Association's principal funding sources for 2021 were:

	Unrestricted £	Restricted £
Subscriptions from members	332,840	–
Donations	32,303	73,349
Grant Income	8,028	59,564
Legacies	99,791	221,880
Investment income	32,061	–

Other income is shown in notes 3–5 of the financial statements.

Legacies

The Inland Waterways Association is very grateful for twelve bequests during the year totalling £321,671. Without this generosity it would not be possible for the Association to make the significant contribution it does to protecting and restoring the inland waterways. Our grateful thanks go to:

Julia Bastian
Barbara Catherine Blossom
Malcolm Braine
John Cadisch
George Eaves
David Goodwin
Walter Higgs
Joyce Keep
Alan Loasby
Penelope Main
Janet McFarling
John Villers

Total net incoming resources for the group available during 2021 were £1,770,221 (2020: £1,409,909). This enabled expenditure of £1,743,480 (2020: £1,723,186). Combined with the gain on investments of £89,285 this increased the total funds carried forward to £2,658,408.

Fundraising

IWA donors can be assured that we comply with the regulatory standards for fundraising. We are registered with the Fundraising Regulator, we are committed to their Fundraising Promise and we adhere to the Code of Fundraising Practice.

Expenditure on charitable activity was £927,088 in 2021 which includes £790,070 on our campaigns to protect the waterways. Roughly 36% of this was funded by membership subscriptions, 7% from grant income and a further 22% of it was raised through donations and unrestricted legacies. The £221,880 of restricted legacies were received near the end year and so are carried forward for future activity. Essex Waterways Limited made an operating profit of £94,187 and its trading income was £745,684. There was some trading activity, sales of goods, in Inland Waterways Enterprises Limited in 2021, which resulted in an operating profit of £30,690, all gifted up to its parent, IWA, from income of £42,864.

As part of IWA's 75th anniversary celebrations, an online fundraising auction was held. It was hosted by celebrity auctioneer Charles Hanson and generated £4,450 of net income for the charity. A fundraising appeal on the theme of waterways heritage was held near the end of the year, in place of the annual raffle, and has, to date, raised over £17,000, with donations still being received.

Members continued to renew and sign up to the charity through our website.

Fundraising communications posted or emailed to individual members or supporters are small in number but include annual information about our 500 Club. When supporters and volunteers register for our working holiday canal camps or purchase moorings or camping pitches for our Festivals we ask if a donation could be made alongside the booking. We do not make our supporter lists available to third parties and we do not send direct email or postal communications on behalf of third parties. Our vulnerable person's policy is available on our online Volunteer Hub.

Our complaints policy is also outlined on our online Volunteer Hub and explains how an individual can complain. We received no complaints about our fundraising activities in the 2021 financial year.

Grants

The Association offers sincere thanks to the following organisations which have provided grant funds or long-standing contracts to enable and support the charity's campaigning work as well as the waterways project activities of our subsidiary Essex Waterways:

The Arnold Clark Community Fund
Environment Agency
Essex County Council
Heart of Bucks
Heritage Lottery Fund
Hinkley Point C Community Fund
Historic England
Kusuma Trust
M J Camp Charitable Trust
Northumbrian Water
One Chelmsford (Business Improvement District)
Richard Cadbury Charitable Trust
Somerset West and Taunton Council
Southend Borough Council (Covid Recovery Fund)

Investment performance

The Association's investments showed a net gain of £89,285 during the year, from a portfolio value of £1,442,914 at 31 December 2021, £1,489,025 at 31 December 2020 and a drawdown in the year. The Association's investments were managed by Quilter Cheviot.

A full list of the investments held is provided to members of the Investment Working Group, which reports to Finance Committee, every three months, with interim valuations. The value of listed investments was £1,430,799 at 31 December 2021 and £1,409,842 at 31 December 2020 (see financial statements note 16). Investment income amounted to £32,061 (2020: £35,832). The portfolio is judged against an agreed benchmark and given the current market volatility the trustees were satisfied with the performance during the year. The Investment Working Group meets with the investment managers at least twice a year and will continue to monitor closely the performance against the benchmark for the forthcoming year.

Key policies

Investment policy

1. Introduction

The overall financial objective is:

- For restricted and designated funds, shorter-term, invested emphasising certainty of value.
- For general funds, longer-term, invested to support the reserve policy.

2. Investment objective is

- To produce best financial return within an acceptable level of risk.
- To produce a total return of at least CPI plus 3.5% over the long term.

3. Risk

- Inflation risk mitigated through investment in real assets.
- Capital volatility can be tolerated if consistent with expectations.
- Diversification of assets required, with a maximum concentration risk of 10% in any one investment.
- There shall be no investment in futures, forwards, options, swaps, hedge funds, cryptocurrencies and other derivatives.
- Sterling base currency.
- Minimum A- credit rating for deposit (other than company bankers) taking institution, maximum £170,000 cash deposit per counterparty.
- Bond exposure should be focused on investment grade issuers.

4. Liquidity

- Minimum 90% in assets realisable within 3 months.
- Minimum 2% in cash/near cash.

5. Time Horizon

- Restricted and designated funds < 3 years.
- Free reserve > 3years.

6. Ethical Policy

- Invested in line with the Association's aims and giving due consideration to ESG factors.

7. Management, Reporting and Monitoring

- The trustees have delegated decision making to the Investment Working Group (IWG).
- Investment management is delegated to an investment manager.
- IWG monitors the investment manager.
- Performance is monitored against agreed market benchmarks and the investment objective of CPI +3.5% over the long term.

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For the year ended 31 December 2021

8. Approval and Review

- Effective from 7th April 2022.
- Reviewed annually.

Principal risks and uncertainties

Maintaining a regular review of risk is one of trustees' key duties.

A designated trustee working group was set up in 2020 to carry out a thorough review and update of Risk Management. An updated policy and process was put in place, and a new Risk Register created. This has been continually reviewed, including, most recently, a simplified, reformatted and much more readable version.

The current top risks identified are:

- Unfilled vacancies in senior positions as a result of poor succession planning. Lack of capacity owing to staff shortages.
- Lack of resilience in IWA's IT infrastructure. IWA's IT security breached. Failure to comply with the General Data Protection Regulations (GDPR). Failure to achieve overall IT security.
- Lack of performance against agreed financial objectives through membership and other external income sources, exacerbated by over-dependence on core income sources and lack of budgetary control, means IWA is unable to fulfil its charitable objects.
- Failure to recognise changing trends and opportunities affecting the waterways sector, potentially impacting on long-term membership growth and campaigning influence.

The recently appointed CEO and Chair are developing strategies to be agreed by trustees to deal with the most important issues as quickly as possible. A number of actions have already been implemented.

The risks listed above are the most immediate and significant, but there are of course others. IWA's Risk Register is subject to continuous review by a dedicated working group, and other factors which are being carefully monitored at present include:

- Accurate, timely and relevant reporting to IWA Trustees.
- Providing a positive working environment and culture for staff, thus avoiding high staff turnover and non-compliance with employment legislation.
- Good internal communication between staff and volunteers, avoiding operational differences, confusion and failure to perform effectively.
- Health and Safety issues generally, involving staff, volunteers and the general public. This involves keeping our training and competence requirements up to date, providing written guidance where appropriate and carrying out site specific risk assessments for all activities.
- Compliance with charity law and the requirements of the Charity Commission.
- Compliance with the legal requirements applicable to any organisation, including matters such as GDPR as well as the more obvious financial regulations.

Trustees' annual report

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- Maintaining and presenting a clear, unique and compelling strategic proposition to keep IWA in the forefront of the waterways movement.
- Developing a governance structure that aligns with both our strategic objectives and our members' expectations.
- Maintaining all relevant and necessary insurance cover.
- The potential for changes in Government policy leading to unfavourable grant funding environments and affecting sources of income.

Reserves policy and going concern

Reserves policy

The Association's unrestricted funds comprise the following:

- The General Fund, representing the accumulated surplus on unrestricted funds, is available for use in furtherance of the charitable objectives of the Association.
- The Regions' and Branches' Fund, is designated fund and represents resources held to enable each region and branch to carry out its activities within the scope permitted by the Articles of Association and the byelaws.
- Other designated funds, which comprise larger unrestricted legacies and donations that have been allocated for specific purposes by the Board.

Restricted funds represent monies that are administered in accordance with the instructions or intentions of the donors.

In order to avoid inflating the Association's restricted reserves, when expenditure fulfils the criteria of a restricted fund it should be taken from the relevant restricted fund, rather than from General Funds. Similarly, funds held by each branch at the end of each year should not exceed £2,000, or twice the branch's average annual expenditure over the past three years, whichever is the higher, unless the funds have been allocated for a specific purpose. Such allocations should not exceed a period of 12 months without an annual resolution approved by the Finance Committee. Committed funds should be current, i.e. likely to be spent within 3 years and if not spent should be reassigned. If the branch funds have been raised for a specific purpose they should be transferred to a restricted fund.

The Association's income may vary from year to year due to unforeseen changes, for example in the value of investments, in membership income and in the value of donations and legacies received. Similarly, its expenditure can change, for example due to needs for major urgent expenditure on campaigning, on waterway restoration or for legal advice or legal action. The Association therefore holds reserves that enable it to continue its activities whenever the need arises and irrespective of any financial or operational difficulty the Association may be experiencing at the time.

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For the year ended 31 December 2021

The charity's free reserves equate to the General Fund less the funds invested in fixed assets and less the value of any commitments made from the General Fund. Trustees have decided that the lower limit for IWA's reserves should be set at £350,000, and have asked the Finance Committee to monitor reserves closely, and to suggest remedial action if they fall below £600,000. Calculation of the lower limit was made with reference to listed risks. It also equates to 4 to 5 months of operating costs.

Total funds held by the group at 31 December 2021 were £2,658,408. Of this, £1,314,904 was restricted, including £343,000 relating to a property held by the charity for residential rental but which may not be sold. £155,330 was designated for the use of the branches, £256,262 designated for other purposes, leaving £931,912 of unrestricted funds. The free reserves of the charity at the same date were £563,264. In addition to commitments already given, trustees have planned an excess of expenditure over income for unrestricted funds of £288,133 in 2022.

A full review of the reserves policy is required and this will be actioned now that the Risk Register has been reviewed. The actions recommended by the new CEO have already reduced costs and further savings are planned for future years. The minimum level of reserves is still considered adequate.

Going concern statement

The Association has a range of income streams to fund its charitable work, some stable and regular, others fluctuating from year to year. As well as increasing the organisation's reach, this range of activities spreads the risk of reductions in income.

The trustees have carried out a detailed assessment of the organisation's going concern status. Projections of the financial position and cashflow of general funds have been tested through scenarios where areas of higher risk, such as investment value, inflation, membership income, legacy income and fundraising, cause deterioration in financial performance in 2022 and/or 2023. The Board and its Finance Committee reviewed and challenged the assessment, with the final paper and their conclusions documented.

The directors of Essex Waterways Ltd have similarly carried out an assessment for the subsidiary. Their scenarios particularly tested the impact of a jump in inflation and the cost of living crisis and high, sudden maintenance expenditure in the event of the failure of a navigation asset.

The assessments concluded that the group would be able to meet its liabilities as they fall due for at least the twelve months from the date the annual accounts are approved. In the case of particularly severe and sustained falls in the value of investments, additional mitigating actions have been identified.

To be successful in negotiating base and downside scenarios, the IWA Board and executive must remain committed to the actions now in play to address its long standing deficit budgets. The financial planning work carried out and agreed in 2021 resulted in a multi-year plan to address

IWA's historic deficit budgets. It recognised that three years was a realistic timeframe in which to design and implement the changes needing to be made and that the free reserves position would get worse, temporarily falling below the policy minimum, before it would get better in order to do this. An additional legacy gift and IWA capitalising on opportunities that have since arisen will now help protect the levels of free reserves sooner.

However, it is now the large, sustained falls in the value of investments resulting from world events that are the most impactful and unpredictable financial risk to IWA. Although recoverable, the timing of recovery is uncertain, likely beyond the end of 2022, and so are likely to cause IWA's free reserves to fall below the policy minimum threshold during the next year. In the case of the size of the fall and the delay to recovery impacting unrestricted cash needs, the Board, Finance Committee and the executive are clear on mitigating actions to both relieve general funds and reduce cash needs.

2022 events to date of financial impact to IWA are referenced in note 29 'Post Balance Sheet Events'.

Structure, governance and management

Organisation

The Board of Trustees consists of eight members. Trustees held eleven formal Board meetings during 2021.

There are four principal committees of the Board of Trustees:

- Finance Committee
- Navigation Committee
- Waterway Recovery Group

Each of these committees usually meets four to six times per annum. In addition, waterway restoration programmes are supported by IWA's Restoration Hub and advisory panel.

There is also a range of other sub-committees, working groups and advisory panels, including Remuneration Committee, reporting directly to trustees or reporting to other parts of the Association.

A chief executive is appointed by the trustees to manage the day-to-day operations of the charity. They work closely with a Senior Management Group, comprising the Chair and Deputy Chairs of the Board, the National Treasurer and the Chair of Waterway Recovery Group. To facilitate effective operations, the chief executive has the delegated authority, within the terms of delegation approved by the trustees, for operational matters including finance and employment.

Trustee remuneration and insurance

No trustee received any remuneration in respect of services to the Association, other than reimbursement of expenses incurred in providing such services. A premium in respect of trustee indemnity insurance for members of the trustee board of £1,429 including Insurance Premium Tax was paid during the year (2020: £1,429).

Remuneration policy for key management personnel

A Remuneration Committee, comprising the chair of Finance Committee, the national chair and two other members appointed annually by trustees, reviews the remuneration of senior employees. The remuneration package for the chief executive and other senior staff is based on recommendations provided to the committee by the chief executive, or the national chair in respect of the chief executive, and takes into consideration current market conditions for the functions and performance of the relevant employees.

Governing documents

The Inland Waterways Association is a charitable company limited by guarantee, incorporated on 2 October 1958. It is governed by its Articles of Association dated 2 October 1958 and subsequent amendments, the most recent of which was approved at the AGM on 24 September 2016. The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. The Articles now include the former Memorandum of Association.

IWA registered as a charity on 17 December 1962 and remains registered with the Charity Commission. Each member agrees to contribute £1 in the event of the charity winding up.

Related parties and relationships with other organisations

The Inland Waterways Association has three subsidiary companies:

- Essex Waterways Limited, which began trading in November 2005, manages the Chelmer & Blackwater Navigation. The Company enjoys the support of Chelmsford City Council, Essex County Council, Northumbrian Water and Maldon District Council. It is a member of the Association of Inland Navigation Authorities.
- Inland Waterways Enterprises Limited began trading in August 2017 to undertake certain commercial activities to support IWA. It was dormant in 2020 but resumed trading in 2021.
- Waterway Recovery Group Ltd is dormant.

The boards of all three companies are appointed by IWA's trustees.

The charity and its subsidiary companies have no contractual arrangements with any other party that materially affect the management of the Association or the subsidiary companies. It is the Association's policy to work closely with all other inland waterway interests, including navigation authorities, local and national government and its agencies, private and public landowners, commercial boating and other waterside businesses, voluntary organisations and others to promote the conservation, use, maintenance, restoration and appropriate development of the inland waterways.

The Inland Waterways Association nominates appropriate members to serve as trustees/directors on the Boards of a number of inland waterway related charities, and appoints representatives to attend the governing meetings of a number of other organisations and bodies. These appointments are individually approved by trustees for fixed periods, with appointees usually being eligible for reappointment.

Appointment of trustees

From 2020, the trustee recruitment process is based on a skills audit and is carried out by a panel. The panel's 2021 recommendations were put to the AGM for approval by the membership. Terms of office are usually for three years with a maximum of four consecutive terms before a three-year break must be taken. The appointment of trustees is staggered over a three-year period. All trustees are members of the Association. No trustee appointments are made by outside bodies.

Trustee induction and training

New trustees are provided with a list of documents for recommended study and invited to attend induction sessions where they are given introductions to the activities of each team, as well as time speaking directly with the staff at Chesham office. New trustees are also provided with informal guidance from existing trustees.

Statement of responsibilities of the trustees

The trustees (who are also directors of The Inland Waterways Association for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2021 was 10,970 (2020: 11,387). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 16 July 2022 and signed on their behalf by

Leslie Etheridge
National Chair

Independent auditor's report

To the members of

The Inland Waterways Association

Opinion

We have audited the financial statements of Inland Waterways Association (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;

Independent auditor's report

To the members of

The Inland Waterways Association

- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable

Independent auditor's report

To the members of

The Inland Waterways Association

company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

16 September 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

The Inland Waterways Association

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations, legacies and subscriptions	2	464,934	295,229	760,163	527,047	11,202	538,249
Charitable activities	3	34,277	70,790	105,067	120,684	58,658	179,342
Other trading activities	4	846,003	1,319	847,322	645,317	2,832	648,149
Investments	5	57,669	–	57,669	44,169	–	44,169
Total income		1,402,883	367,338	1,770,221	1,337,217	72,692	1,409,909
Expenditure on:							
Raising funds	6	807,410	8,982	816,392	779,156	25,335	804,491
Charitable activities							
Campaign and restoration costs	6	701,349	88,721	790,070	729,851	48,974	778,825
Membership support costs	6	127,588	38	127,626	135,638	1,590	137,228
Public meetings and other activities	6	9,389	3	9,392	2,639	3	2,642
Total expenditure		1,645,736	97,744	1,743,480	1,647,284	75,902	1,723,186
Net income / (expenditure) before net gains / (losses) on investments		(242,853)	269,594	26,741	(310,067)	(3,210)	(313,277)
Net gains / (losses) on investments	16	89,285	–	89,285	31,057	–	31,057
Net income / (expenditure) for the year	8	(153,568)	269,594	116,026	(279,010)	(3,210)	(282,220)
Transfers between funds		3,302	(3,302)	–	(30,000)	30,000	–
Net income / (expenditure) before other recognised gains and losses		(150,266)	266,292	116,026	(309,010)	26,790	(282,220)
Gains / (losses) on revaluation of fixed assets		–	–	–	–	–	–
Net movement in funds		(150,266)	266,292	116,026	(309,010)	26,790	(282,220)
Reconciliation of funds:							
Total funds brought forward		1,493,770	1,048,612	2,542,382	1,802,780	1,021,822	2,824,602
Total funds carried forward		1,343,504	1,314,904	2,658,408	1,493,770	1,048,612	2,542,382

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 25 to the financial statements.

The Inland Waterways Association

Balance sheet

Company no. 00612245

As at 31 December 2021

	Note	Group 2021 £	2020 £	Charity 2021 £	2020 £
Fixed assets:					
Intangible assets	13	76,302	74,200	76,302	74,200
Tangible assets	14	325,360	219,866	3,796	10,075
Investment properties	15	343,000	343,000	343,000	343,000
Investments	16	1,442,914	1,489,025	1,474,871	1,538,514
		2,187,576	2,126,091	1,897,969	1,965,789
Current assets:					
Stock	19	10,529	6,574	10,529	6,574
Debtors	20	253,980	144,613	194,119	101,140
Cash at bank and in hand		493,337	569,427	402,533	428,084
		757,846	720,614	607,181	535,798
Liabilities:					
Creditors: amounts falling due within one year	21	(257,500)	(267,628)	(155,621)	(130,517)
Net current assets		500,346	452,986	451,560	405,281
Total assets less current liabilities		2,687,922	2,579,077	2,349,529	2,371,070
Creditors: amounts falling due after one year	23	(29,514)	(36,695)	(5,222)	(6,903)
Total net assets		2,658,408	2,542,382	2,344,307	2,364,167
The funds of the charity:	24				
Restricted income funds		1,314,904	1,048,612	1,273,914	1,012,879
Unrestricted income funds:					
Designated funds		411,592	368,956	411,593	368,956
Revaluation reserve		10,690	10,690	-	-
General funds		921,222	1,114,124	658,800	982,332
Total unrestricted funds		1,343,504	1,493,770	1,070,393	1,351,288
Total charity funds		2,658,408	2,542,382	2,344,307	2,364,167

Approved by the trustees on 16th July 2022 and signed on their behalf by

Les Etheridge
National Chair

John Butler
National Treasurer

The Inland Waterways Association

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		116,026		(282,220)	
Amortisation charges		12,382		2,660	
Depreciation charges		47,411		56,798	
Gains on investments		(89,285)		(31,057)	
Dividends, interest and rent from investments		(56,575)		(42,635)	
Increase in stocks		(3,955)		967	
Increase in debtors		(109,367)		408,918	
Decrease in creditors		(11,809)		46,778	
Net cash provided by operating activities			(95,172)		160,209
Cash flows from investing activities:					
Bank interest received		97		1,587	
Investment income received		57,572		42,582	
Purchase of fixed asset investments		(323,635)		(197,477)	
Purchase of additions to investment property		–		(30,000)	
Purchase of intangible fixed assets		(14,484)		(25,214)	
Purchase of tangible fixed assets		(152,905)		(13,360)	
Proceeds from sale of fixed asset investments		391,963		200,625	
Net cash used in investing activities			(41,392)		(21,257)
Cash flows from financing activities:					
Loan repayment including interest		(6,594)		(7,034)	
Net cash used in financing activities			(6,594)		(7,034)
Change in cash and cash equivalents in the year			(143,158)		131,918
Cash and cash equivalents at the beginning of the year			648,610		516,692
Cash and cash equivalents at the end of the year			505,452		648,610
Analysis of cash and cash equivalents and of net debt					
	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £	
Cash at bank and in hand	569,427	(76,090)	–	493,337	
Investment cash	79,183	(67,068)	–	12,115	
Total cash and cash equivalents	648,610	(143,158)	–	505,452	

1 Accounting policies

a) Statutory information

Inland Waterways Association is a charitable company limited by guarantee and is incorporated in England & Wales.

The registered office address is Island House, Moor Road, Chesham, HP5 1WA.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements 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. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees have carried out a detailed assessment of the organisation's going concern status. Projections of the financial position and cashflow of unrestricted funds have been tested through scenarios where areas of higher risk, such as investment valuation, inflation, membership income, legacy income and fundraising, cause deterioration in financial performance in 2022 and/or 2023. The Board and its Finance Committee reviewed and challenged the assessment, with the final paper and conclusions documented.

As a result of the above, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1 Accounting policies (continued)

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the dates on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of campaigning and restoration activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

- | | |
|--|-----|
| ● Raising funds | 47% |
| ● Campaign and restoration costs | 45% |
| ● Membership support costs | 7% |
| ● Public meetings and other activities | 1% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Intangible fixed assets

Intangible fixed assets are amortised to write off the cost, less estimated residual value over their estimated useful lives on a straight line basis as follows:

- | | |
|---------------|-----------|
| ● IT software | 3–7 years |
| ● Website | 4 years |

1 Accounting policies (continued)

n) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Computer equipment	3 to 4 years
● Plant and equipment	3 to 10 years
● Motor vehicles	4 years
● Trip boats	6 to 20 years
● Buildings and leasehold improvements	10 years

o) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

p) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

q) Investments in subsidiaries

Investments in subsidiaries are at cost.

r) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

s) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Accounting policies (continued)

t) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

u) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

v) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	32,303	73,349	105,652	21,308	15,774	37,082
Legacies	99,791	221,880	321,671	165,551	(4,572)	160,979
Membership subscriptions	332,840	–	332,840	340,188	–	340,188
	<u>464,934</u>	<u>295,229</u>	<u>760,163</u>	<u>527,047</u>	<u>11,202</u>	<u>538,249</u>

IWA has been notified of legacies with an estimated value of £341,574 (2020: £232,000) which have not been included in income for the year ended 31 December 2021, because either probate has not been received or IWA is not satisfied that the amount receivable can be reliably measured.

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Publications income	1,555	–	1,555	1,844	–	1,844
Public meetings and other activities	7,820	–	7,820	2,798	–	2,798
Grant income	8,028	59,564	67,592	91,838	58,658	150,496
Fundraising	16,874	11,226	28,100	24,204	–	24,204
	<u>34,277</u>	<u>70,790</u>	<u>105,067</u>	<u>120,684</u>	<u>58,658</u>	<u>179,342</u>

Restricted grant income includes grant proceeds from Historic England to fund specific waterway restoration activities by the Restoration Hub, Heritage Lottery Fund to facilitate guidance, training and digital resource programmes relevant to waterway restorations, the Southend Borough Council SEBCOR programme to boost businesses suffering the impacts of Covid-19 restrictions and One Chelmsford contribution towards the purchase of a boat with which to deliver public boat trips in Chelmsford.

4 Income from other trading activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Navigation management income	735,020	–	735,020	568,012	–	568,012
Charitable trading	5,983	–	5,983	3,696	–	3,696
Other events and activities	105,000	1,319	106,319	73,609	2,832	76,441
	<u>846,003</u>	<u>1,319</u>	<u>847,322</u>	<u>645,317</u>	<u>2,832</u>	<u>648,149</u>

5 Income from investments

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Rental income	25,511	–	25,511	6,750	–	6,750
Bank interest	97	–	97	1,587	–	1,587
Income from quoted investments	32,061	–	32,061	35,832	–	35,832
	<u>57,669</u>	<u>–</u>	<u>57,669</u>	<u>44,169</u>	<u>–</u>	<u>44,169</u>

All income from investments is unrestricted.

The Inland Waterways Association

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For the year ended 31 December 2021

6a Analysis of expenditure (current year)

	Charitable activities				Governance costs £	Support costs £	2021 Total £	2020 Total £
	Raising funds £	Campaign and restoration costs £	Membership support costs £	Public meetings and other activities £				
Staff costs (Note 9)	369,006	369,079	74,707	–	26,159	105,313	944,264	894,431
Building and infrastructure costs	3,187	66,122	16,850	–	6,037	24,307	116,503	114,503
Meeting, travel and officers' expenses	–	2,395	–	–	–	–	2,395	3,188
Donations and grants	–	53,000	–	–	–	–	53,000	91,241
Work Party costs	–	9,080	–	–	–	–	9,080	4,526
WRG restoration costs	–	55,602	–	–	–	–	55,602	47,336
Branch and region magazines, printing, advertising expense	–	–	–	–	–	–	–	19,405
Campaign costs	–	41,583	–	–	–	–	41,583	7,606
Other direct costs	2,330	37,518	–	–	–	–	39,848	66,614
Restoration Hub	–	26,110	–	–	–	–	26,110	7,962
Membership and recruitment	–	31,829	21,326	–	–	–	53,155	16,154
Public meetings and other activities	–	–	–	8,307	–	–	8,307	2,265
Depreciation and amortisation	38,991	6,485	–	–	–	14,271	59,747	59,458
Investment management costs	9,401	–	–	–	–	–	9,401	8,957
Investment interest	6,594	–	–	–	–	–	6,594	6,768
Navigation management costs	253,488	–	–	–	–	–	253,488	323,492
Charitable trading	922	–	–	–	–	–	922	657
Other events and activities	38,165	–	–	–	–	–	38,165	14,592
Audit fees	–	–	–	–	19,813	–	19,813	29,535
Legal and professional services	–	–	–	–	–	4,074	4,074	1,967
Trustee indemnity insurance costs	–	–	–	–	1,429	–	1,429	1,429
AGM and other meeting costs	–	–	–	–	–	–	–	1,100
	722,084	698,803	112,883	8,307	53,438	147,965	1,743,480	1,723,186
Support costs	69,285	67,052	10,831	797	–	(147,965)	–	–
Governance costs	25,023	24,215	3,912	288	(53,438)	–	–	–
Total expenditure 2021	816,392	790,070	127,626	9,392	–	–	1,743,480	
Total expenditure 2020	804,491	778,825	137,228	2,642	–	–		1,723,186

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For the year ended 31 December 2021

6a Analysis of expenditure (prior year)

	Charitable activities						
	Raising funds	Campaign and restoration costs	Membership support costs	Public meetings and other activities	Governance costs	Support costs	2020 Total
	£	£	£	£	£	£	£
Staff costs (Note 9)	301,335	331,214	85,088	–	39,522	137,272	894,431
Building and infrastructure costs	5,037	62,516	16,402	–	6,829	23,719	114,503
Meeting, travel and officers' expenses	–	3,188	–	–	–	–	3,188
Donations and grants	–	91,241	–	–	–	–	91,241
Work Party costs	–	4,526	–	–	–	–	4,526
WRG restoration costs	–	47,336	–	–	–	–	47,336
Branch and region magazines, printing, advertising expense	–	19,405	–	–	–	–	19,405
Campaign costs	–	7,606	–	–	–	–	7,606
Other direct costs	–	66,614	–	–	–	–	66,614
Restoration Hub	–	7,962	–	–	–	–	7,962
Membership and recruitment	–	–	16,154	–	–	–	16,154
Public meetings and other activities	–	–	–	2,265	–	–	2,265
Depreciation and amortisation	28,845	25,973	–	–	–	4,640	59,458
Investment management costs	8,957	–	–	–	–	–	8,957
Investment interest	6,768	–	–	–	–	–	6,768
Navigation management costs	323,492	–	–	–	–	–	323,492
Charitable trading	657	–	–	–	–	–	657
Other events and activities	14,592	–	–	–	–	–	14,592
Audit fees	–	–	–	–	29,535	–	29,535
Legal and professional services	–	–	–	–	–	1,967	1,967
Trustee indemnity insurance costs	–	–	–	–	1,429	–	1,429
AGM and other meeting costs	–	98	–	–	1,002	–	1,100
	689,683	667,679	117,644	2,265	78,317	167,598	1,723,186
Support costs	78,245	75,749	13,347	257	–	(167,598)	–
Governance costs	36,563	35,397	6,237	120	(78,317)	–	–
Total expenditure 2020	804,491	778,825	137,228	2,642	–	–	1,723,186

The Inland Waterways Association

Notes to the financial statements

For the year ended 31 December 2021

7a Grant making (current year)

	Grants to institutions £	2021 £
Cost		
Stover Canal Trust reconstruction of crane at Ventiford Basin	11,500	11,500
Christopher Power Prize to Buckingham Canal Society	1,000	1,000
Contribution to Lancaster Canal Restoration Partnership project management and running costs	2,500	2,500
The Susan Trust restoration of historic lighter	15,000	15,000
Swansea Canal Society Coed Park Slipway project	6,164	6,164
Wilts & Berks Canal Trust Shrivenham Canal Park project	2,940	2,940
Ashby Canal Association canal path	6,202	6,202
Small donations made by branches to local causes	7,356	7,356
At the end of the year	52,662	52,662

The grant payment to Stover Canal Trust was awarded from the new South West Inland Waterways Regeneration Fund, in response to the Fund's first invitation to local groups to bid for funds towards projects that fulfil its objectives.

The grant to The Susan Trust, a restoration project local to the Chelmer and Blackwater navigation, was made from the Chelmer and Blackwater Designated Fund.

The grant payments to Swansea Canal Society, Wilts & Berks Canal Trust and Ashby Canal Association were made from the Waterways In Progress Fund, which waterways groups were invited to bid for in 2019, to run projects that promote the benefit of restoration schemes.

7b Grant making (prior year)

	Grants to institutions £	2020 £
Cost		
Contribution towards rebuilding School House Bridge, Montgomery	70,000	70,000
Contribution towards Sculptor at Canal Museum Stoke Bruerne	575	575
Contribution towards Derbyshire County Council Waterways Project	756	756
Small donations made by branches to local causes	19,448	19,448
At the end of the year	90,779	90,779

The grants to the Canal Museum, Northampton Arm Canal and Crusader Community Boating were made from funds bequeathed to IWA from the late John Faulkner in 2016.

The donations and grants figure in note 6b includes National Restoration Appeal project costs not issued as a grant payment so not included in the list above.

8 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation and amortisation	59,793	59,458
Operating lease rentals	65,289	62,692
Auditor's remuneration (excluding VAT):		
Audit	19,700	18,750
Other services	2,100	1,650

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries, wages and related costs	824,929	782,985
Social security costs	66,234	62,204
Employer's contribution to defined contribution pension schemes	53,101	49,242
	944,264	894,431

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
£60,000 – £69,999	1	–

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £367,884 (2020: £367,137).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

The members of the Board of Trustees receive no remuneration for their services. During the year 2 (2020: 8) members were reimbursed travel and incidental expenses incurred in respect of their services to the Group totalling £521 (2020: £2,393). Included in creditors at the year end is £nil (2020: £229) owed to Trustees for their expenses. The premium for trustee indemnity insurance for members of the Board of Trustees was £1,429 (2020: £1,429).

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 45 (2020: 40).

11 Related party transactions

During the year the company purchased goods (net of VAT) totalling £18,518 (2020: £4,262) from Chandler Material Supplies Limited, a company controlled by family members related to Roy Chandler, a director of Essex Waterways Limited. The balance due to Chandler Material Supplies Limited as at 31 December 2021 was £1,201 (2020: £61). All transactions were undertaken on a commercial arm's length basis.

Included within donations and grants expenditure is £15,000 (2020: £nil) awarded by the Inland Waterways Association to The Susan Trust, a charity of which Roy Chandler, a director of Essex Waterways Limited, is a trustee.

Aggregate donations from related parties were £441 (2020: £102).

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

13 Intangible fixed assets

	IT software and website	Total
Group and Charity Cost	£	£
At the start of the year	76,860	76,860
Additions in year	14,484	14,484
Disposals in year	–	–
At the end of the year	91,344	91,344
Amortisation		
At the start of the year	2,660	2,660
Charge for the year	12,382	12,382
Eliminated on disposal	–	–
At the end of the year	15,042	15,042
Net book value		
At the end of the year	76,302	76,302
At the start of the year	74,200	74,200

All of the Charity's fixed assets are held for charitable purposes.

14 Tangible fixed assets

	Buildings and leasehold improvements	Computer equipment	Plant and equipment	Motor vehicles	Total
Group Cost	£	£	£	£	£
At the start of the year	16,489	14,401	497,085	182,097	710,072
Additions in year	16,554	–	133,023	3,328	152,905
Disposals in year	–	–	(961)	–	(961)
At the end of the year	33,043	14,401	629,147	185,425	862,016
Depreciation					
At the start of the year	10,528	12,633	290,934	176,111	490,206
Charge for the year	3,365	1,488	35,888	6,670	47,411
Eliminated on disposal	–	–	(961)	–	(961)
At the end of the year	13,893	14,121	325,861	182,781	536,656
Net book value					
At the end of the year	19,150	280	303,286	2,644	325,360
At the start of the year	5,961	1,768	206,151	5,986	219,866

	Computer equipment	Plant and equipment	Motor vehicles	Total
Charity Cost	£	£	£	£
At the start of the year	14,401	102,622	164,393	281,416
Additions in year	–	2,096	–	2,096
Disposals in year	–	–	–	–
At the end of the year	14,401	104,718	164,393	283,512
Depreciation				
At the start of the year	12,633	100,301	158,407	271,341
Charge for the year	1,488	901	5,986	8,375
Eliminated on disposal	–	–	–	–
At the end of the year	14,121	101,202	164,393	279,716
Net book value				
At the end of the year	280	3,516	–	3,796
At the start of the year	1,768	2,321	5,986	10,075

All of the Charity's fixed assets are held for charitable purposes.

15 Investment properties

	2021 £	2020 £
Group and charity		
Fair value at the start of the year	343,000	313,000
Additions	–	30,000
Disposals	–	–
Revaluation during the year	–	–
	<u>343,000</u>	<u>343,000</u>
Fair value at the end of the year		
	<u>343,000</u>	<u>343,000</u>

A professional valuation carried out by Berrys, property advisors, reported a value of £375,000 at 31 December 2021.

As the property cannot be sold, the professional valuation is assessed on the basis of the right to receive rental income. A tenancy contract was in place at 31 December 2021, achieving a rental in line with that assumed in the valuation.

The movement in value is immaterial to these accounts, so has not been updated this year.

16 Investments

	2021 £	2020 £
Fair value at the start of the year	1,409,842	1,381,933
Additions at cost	323,635	197,477
Disposal proceeds	(391,963)	(200,625)
Net gain / (loss) on change in fair value	89,285	31,057
	<u>1,430,799</u>	<u>1,409,842</u>
Cash held by investment advisors pending reinvestment	12,115	79,183
	<u>1,442,914</u>	<u>1,489,025</u>

Investments comprise:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Listed investments	1,430,797	1,409,840	1,430,799	1,409,842
Other investments	2	2	–	–
Loan to Essex Waterways Ltd	–	–	31,953	49,485
Cash deposits	12,115	79,183	12,115	79,183
Shares in subsidiary companies	–	–	4	4
	<u>1,442,914</u>	<u>1,489,025</u>	<u>1,474,871</u>	<u>1,538,514</u>

The loan to Essex Waterways Limited is secured by a fixed and floating charge over all the assets of the company, an interest rate of Barclays bank's base rate plus 3% is repayable annually. Capital repayments coincide with the depreciation of the fixed assets held by the borrower.

Name

Wholly owned subsidiaries of the charity:
Essex Waterways Limited
Inland Waterways Enterprises Ltd
Waterway Recovery Group Ltd

Business activity

Manages the Chelmer & Blackwater Navigation
Undertakes shop and event trading; dormant, non trading, in 2020
Dormant – non trading

17 Subsidiary undertaking

The Charity owns the whole of the issued ordinary share capital of Inland Waterways Enterprises Limited, company number 10382346 and Essex Waterways Limited, company number 05545459. Each company is registered in England and details of their activities are given in note 16. The subsidiaries are used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities.

A summary of the results of Essex Waterways Limited is shown below:

	2021 £	2020 £
Turnover	745,684	688,907
Cost of sales	(86,166)	(188,418)
Gross profit/(loss)	659,518	500,489
Operating costs	(524,556)	(434,952)
Administrative expenses	(11,206)	(12,106)
Management charge payable to parent undertaking	(27,250)	(27,250)
Profit/(loss) on ordinary activities before interest and taxation	96,506	26,181
Interest receivable and similar income	51	1,219
Interest payable	(1,094)	(1,534)
Interest payable to parent undertaking	(1,276)	(1,947)
Profit / (loss) on ordinary activities before taxation	94,187	23,919
Taxation on profit on ordinary activities	-	-
Profit / (loss) for the financial year	94,187	23,919
Retained earnings		
Total retained earnings brought forward	144,381	170,462
Profit / (loss) for the financial year	94,187	23,919
Distribution under Gift Aid to parent charity	-	(50,000)
Total retained earnings carried forward	238,568	144,381
The aggregate of the assets, liabilities and reserves was:		
Assets	474,660	394,600
Liabilities	(225,401)	(239,528)
Reserves	249,259	155,072

Essex Waterways Limited's total reserves of £249,259 include a £10,690 revaluation reserve and £1 share capital, as well as its retained earnings.

The subsidiary owed its parent £36,088 (2020: £46,803) at year end, comprising a long term loan of £31,953 (2020: £49,485) and recharges of £4,135 (2020: (£2,682)).

Inland Waterways Enterprises Limited (IWEL) started trading activities in 2017. It generated a profit of £30,690, from revenue of £42,864 and costs of £12,174 (2020: dormant). The profit of IWEL was gifted up to the Association.

18 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2021 £	2020 £
Gross income	1,119,113	831,323
Result for the year	10,830	(254,854)

19 Stock

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Goods for resale	10,529	6,574	10,529	6,574
	10,529	6,574	10,529	6,574

20 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	50,226	15,523	237	78
Taxation and social security	–	–	2,437	–
Other debtors, accrued income and prepayments	203,754	129,090	191,445	101,062
	253,980	144,613	194,119	101,140

21 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	69,200	50,902	49,642	27,263
Taxation and social security	20,673	23,465	–	14,320
Life membership account	1,690	2,050	1,690	2,050
Other creditors	104,298	130,378	63,461	73,350
Victoria Loan payments due	5,500	5,500	–	–
Amounts due to associated undertakings	–	–	32,378	2,682
Deferred income (note 22)	56,139	55,333	8,450	10,852
	257,500	267,628	155,621	130,517

At the balance sheet date, IWA held funds on behalf of Lancaster Canal Regeneration Partnership (LRCP) in a separate bank account amounting to £16,362 (2020: £16,362). These funds have not been accounted for as assets or liabilities of the IWA.

22 Deferred income (group)

Deferred income at year end comprises income received in advance for waterways events due to be held in 2022, annual canoe licence fees paid in advance, trip boat hire booked in advance, some mooring income paid in advance and some small grants awarded for future year activities.

	2021	2020
	£	£
Balance at the beginning of the year	55,333	35,830
Amount released to income in the year	(115,786)	(25,249)
Amount deferred in the year	116,592	44,752
Balance at the end of the year	56,139	55,333

23 Creditors: amounts falling due after one year

Life Membership & Victoria Loan account

The balance on the life membership & Victoria Loan account will be applied as follows:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Life membership	5,222	6,903	5,222	6,903
Loan for trip boat Victoria	24,292	29,792	–	–
	29,514	36,695	5,222	6,903
Repayable in greater than 5 years	1,071	4,203	1,071	1,912

The life membership subscriptions due after five years fall as follows:

2027	566
2028	285
2029	173
2030	47

The purchase of Trip Boat Victoria was part funded by a loan of £55,000, which is repayable over 10 years with an interest rate of base rate plus 3%. The annual capital repayment is £5,500p.a, except in 2027 where it will be £2,292.

24a Analysis of net assets between funds (current year)

Group	General unrestricted	Designated	Restricted	Total funds
	£	£	£	£
Intangible fixed assets	76,302	–	–	76,302
Tangible fixed assets	291,210	–	34,150	325,360
Investment properties	–	–	343,000	343,000
Investments	248,898	256,262	937,754	1,442,914
Net current assets	345,016	155,330	–	500,346
Long term liabilities	(29,514)	–	–	(29,514)
Net assets at 31 December 2021	931,912	411,592	1,314,904	2,658,408

24b Analysis of net assets between funds (prior year)

Group	General unrestricted	Designated	Restricted	Restated total funds
	£	£	£	£
Intangible fixed assets	74,200	–	–	74,200
Tangible fixed assets	219,866	–	–	219,866
Investment properties	–	–	343,000	343,000
Investments	716,367	164,022	608,636	1,489,025
Net current assets	151,076	204,934	96,976	452,986
Long term liabilities	(36,695)	–	–	(36,695)
Net assets at 31 December 2020	1,124,814	368,956	1,048,612	2,542,382

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25a Movements in funds (current year)

Group	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2021 £
Restricted funds:					
Charles Hadfield Fund	5,856	-	-	-	5,856
Lancashire Canals Fund	96	-	-	-	96
The Christopher Power Award Fund	6,385	-	(1,000)	-	5,385
The New Power Family Award Fund	23,603	-	-	-	23,603
Research & Studies Fund	5,923	-	(2,222)	-	3,701
Waterway Recovery Group Fund	146,913	22,656	(31,512)	(5,963)	132,094
Frederick Woodman Fund	3	-	-	-	3
J Faulkner Fund	31,164	-	-	-	31,164
Keith Ayling Legacy Fund	1,376	-	-	-	1,376
Averil Dobson Legacy Fund	306,612	-	(2,500)	-	304,112
Mary Jackson Legacy Boat House Fund	343,000	-	-	-	343,000
Alison Spooner Legacy Fund	140,468	-	-	-	140,468
Kenneth Todd Legacy Fund	1,000	-	-	-	1,000
Historic England Fund	3,413	22,025	(21,391)	-	4,047
Heritage Lottery Fund	(4,570)	14,515	(9,945)	-	-
Essex Waterways Ltd Trip Boat Grant	23,140	-	(1,286)	-	21,854
Essex Waterways Ltd City Boat Grant	-	12,000	(833)	-	11,167
Environment Agency	10,616	-	(5,753)	-	4,863
South West Inland Waterways Regenera	-	55,739	(11,500)	-	44,239
David Goodwin Legacy Fund	-	99,256	-	-	99,256
John Alan Cadisch Legacy Fund	-	88,123	-	-	88,123
Walter Edward Higgs Legacy Fund	-	34,500	-	-	34,500
Restoration Hub	-	7,500	-	-	7,500
Other Grants	3,614	11,024	(9,802)	2,661	7,497
Total restricted funds	1,048,612	367,338	(97,744)	(3,302)	1,314,904
Unrestricted funds:					
Funds held by Regions and Branches	154,934	29,166	(26,109)	(2,661)	155,330
Chelmer & Blackwater Number 2 Fund	63,904	-	-	-	63,904
Chelmer & Blackwater Number 3 Fund	50,000	-	(42,454)	-	7,546
Tony Harrison legacy	118	-	-	-	118
Waterways in Progress	100,000	-	(15,306)	-	84,694
Loan facility to EWL	-	-	-	100,000	100,000
Total designated funds	368,956	29,166	(83,869)	97,339	411,592
Revaluation reserve	10,690	-	-	-	10,690
General funds	1,114,124	1,463,002	(1,561,867)	(94,037)	921,222
Total unrestricted funds	1,493,770	1,492,168	(1,645,736)	3,302	1,343,504
Total funds	2,542,382	1,859,506	(1,743,480)	-	2,658,408

The narrative to explain the purpose of each fund is given at the foot of the note below.

The Inland Waterways Association

Notes to the financial statements

For the year ended 31 December 2021

25b Movements in funds (prior year)

Group	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 December 2020 £
Restricted funds:					
Charles Hadfield Fund	5,856	-	-	-	5,856
Lancashire Canals Fund	96	-	-	-	96
The Christopher Power Award Fund	6,385	-	-	-	6,385
The New Power Family Award Fund	23,603	-	-	-	23,603
Research & Studies Fund	5,923	-	-	-	5,923
Waterway Recovery Group Fund	147,998	16,606	(17,691)	-	146,913
Frederick Woodman Fund	3	-	-	-	3
J Faulkner Fund	31,939	-	(775)	-	31,164
Keith Ayling Legacy Fund	132	2,000	(756)	-	1,376
Averil Dobson Legacy Fund	306,612	-	-	-	306,612
Mary Jackson Legacy Boat House Fund	313,000	-	-	30,000	343,000
Alison Spooner Legacy Fund	146,040	(5,572)	-	-	140,468
Kenneth Todd Legacy Fund	-	1,000	-	-	1,000
Historic England Fund	4,222	20,020	(20,829)	-	3,413
Heritage Lottery Fund	2,345	-	(6,915)	-	(4,570)
Essex Waterways Ltd Trip Boat Grant	24,426	-	(1,286)	-	23,140
Environment Agency	-	15,000	(4,384)	-	10,616
Other Grants	3,242	23,638	(23,266)	-	3,614
Total restricted funds	1,021,822	72,692	(75,902)	30,000	1,048,612
Unrestricted funds:					
Funds held by Regions and Branches	162,554	22,779	(30,399)	-	154,934
Chelmer & Blackwater Number 2 Fund	63,904	-	-	-	63,904
Chelmer & Blackwater Number 3 Fund	-	-	-	50,000	50,000
Tony Harrison legacy	70,118	-	(70,000)	-	118
Waterways in Progress	-	-	-	100,000	100,000
Total designated funds	296,576	22,779	(100,399)	150,000	368,956
Revaluation reserve	10,690	-	-	-	10,690
General funds	1,495,514	1,345,495	(1,546,885)	(180,000)	1,114,124
Total unrestricted funds	1,802,780	1,368,274	(1,647,284)	(30,000)	1,493,770
Total funds	2,824,602	1,440,966	(1,723,186)	-	2,542,382

Purposes of restricted funds

The Charles Hadfield Fund was a bequest to assist the Association's campaign to promote inland shipping.

The Lancashire Canals Fund was created from a bequest for the upkeep of Lancashire Canals.

The Christopher Power Award Fund was a bequest to provide an annual financial award for the most significant contribution to waterway restoration.

The New Power Family Award Fund was established to fund waterways restoration, particularly new projects.

The Research and Studies Fund represents donations to assist with structural restoration reports.

The Waterway Recovery Group Fund comprises donations, bequests, grants and funds raised by supporters to further the work of the Waterway Recovery Group. Transfers from this fund to general funds in the year relate to expenditure that should have been made from the restricted fund in the prior year.

The Frederick Charles Woodman Fund was established to fund restoration work on the Grantham Canal.

The John Faulkner Fund was created from a part of a bequest and is for the upkeep and improvement of Northamptonshire Waterways.

The Keith Ayling Legacy Fund is used to help fund the Derbyshire County Council Waterways Officer.

The Averil Dobson Legacy Fund will be used towards the restoration of The Lancaster Canal (particularly the Northern Reaches).

The Mary Jackson Boat House was a bequest from which the charity may generate residential rental income for general funds. It is treated as an investment property in the accounts and may not be sold.

The Alison Spooner Legacy Fund was a bequest to be used towards the Restoration Fund for the Cotswold Canals.

The Kenneth Todd Legacy Fund was a bequest to be used towards the Cumbria project.

The Historic England Fund comprises grant proceeds from Historic England to fund specific waterway restoration activities by the Restoration Hub.

The Heritage Lottery Fund is grant proceeds from Heritage Lottery Fund enabling Restoration Hub to facilitate guidance, training and digital resource programmes that will enhance the future of waterway restorations.

Essex Waterways Trip Boat was a grant provided by European LEADER Funds via The Rural Community Council of Essex for the purchase of a Trip Boat to be used to benefit the community on the Chelmer & Blackwater Navigation.

The Environment Agency grant funds the Fisheries Improvement Project, being the construction of fishing landing stages on the Chelmer & Blackwater Navigation.

Funding for the Essex Waterways City Boat was provided by One Chelmsford towards the purchase of a boat, and the set up of the River Boat Rides project in Chelmsford.

The South West Inland Waterways Regeneration Fund has been established to provide small grants for waterway regeneration in the South West.

The David Goodwin Legacy Fund is a bequest to be used for the purpose of restoration or maintenance of one or more specific canals or waterways.

The John Alan Cadisch Legacy Fund is a bequest to the Waterway Recovery Group to be used for canal restoration projects.

The Walter Edward Higgs Legacy Fund is a bequest to the Waterway Recovery Group.

Purposes of designated funds

Income raised and expenditure spent by regions and branches are designated against those regions and branches.

Occasionally grants are received by branches for restricted purposes and these are transferred to restricted funds.

The Chelmer and Blackwater Number 2 Fund was established to assist with works on the Chelmer & Blackwater Navigation.

The Chelmer and Blackwater Number 3 Fund was established to further assist with repairs and refurbishments on the Chelmer & Blackwater Navigation.

The Tony Harrison legacy fund was established to fund a number of waterways projects across the network. These projects were on the Montgomery Canal, the River Stour, the Cromford Canal and the Pocklington Canal.

The Waterways in Progress Fund will pay grants awarded in response to IWA's invitation to waterways groups in 2019 to bid for funding to run projects that promote the benefit of restoration schemes. The fund comprises unrestricted legacy income previously bequeathed to IWA.

A loan facility to Essex Waterways Limited has been agreed by the Inland Waterways Association, in case of large investment expenditure requirements or to give the subsidiary certainty in testing times; to be provided under market conditions. The total potential balance of £100,000 was transferred from the parent's general funds into designated funds during the year.

26 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Less than one year	35,000	35,000	4,112	4,112
One to five years	8,750	43,750	4,112	8,225
	43,750	78,750	8,224	12,337

27 Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods

	Property	
	2021	2020
	£	£
Less than one year	27,120	6,102
	27,120	6,102

28 Capital commitments

At the balance sheet date, the charity had committed to:

	2021	2020
	£	£
Waterway restoration and development projects	218,589	116,117
Branch and region waterway projects	20,269	32,435
Improvements to the Chelmer & Blackwater Navigation	71,225	1,694
Development of internal systems	5,243	11,435
Office contracts	18,220	40,308
Loans to canal societies	-	-
	333,546	201,989

29 Post balance sheet events

Despite the UK seeing its highest peak in Covid-19 virus cases and hospitalisations in January 2022, resulting from the introduction of the Omicron variant in late 2021, it and many other countries were able to relax restrictions on daily life that had been in place to limit spread of the virus early in 2022. Inflation rose sharply in the first half of 2022, initially influenced by rapid increases in the price of gas. On 24th February 2022, Russia invaded Ukraine, bringing a war to European soil, still ongoing at the time of signing these accounts, along with impacts to global food and fuel supply. The markets have been significantly disrupted and IWA's investment portfolio has suffered a large fall as a consequence, its value being £1,304,198 at 29th July 2022.

30 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.