

Charity Registration No. 1010721

Company Registration No. 02704407 (England and Wales)

**THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST
LIMITED**

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Nigel Jefferies	
	Anthony Sellwood	(Appointed 19 March 2019)
	K V Welch	
	Eamonn McGurk	
	Philip Marshall	
	Ralph Barber	
	Edward Helps	(Appointed 19 March 2019)
	Deborah Barber	(Appointed 19 March 2019)
Secretary	P Marshall	
Charity number	1010721	
Company number	02704407	
Registered office	Beaumont House 172 Southgate Street Gloucester GL1 2EZ	
Independent examiner	Griffiths Marshall Beaumont House 172 Southgate Street Gloucester GL1 2EZ	

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

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THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 29 FEBRUARY 2020

The Trustees present their report and financial statements for the year ended 29 February 2020. A non-profit distributing company no. 2704407, formed in April 1992, and a registered charity no. 1010721, which replaced the Herefordshire and Gloucestershire Canal Society launched in 1983.

Governing document

The charity is constituted as a limited company, limited by guarantee as defined in the Companies Act 2006, and as such is governed by its Memorandum and Articles of Association.

Organisational structure

The charity is run by a team of volunteers who pay an annual membership fee. It is managed by the Trustees who meet each month and are supported by regional based groups and a committee responsible for sales. The board appoint trustees to run The Wharf House Co. Ltd. The Articles of Association allow for up to 10 trustees to be appointed but does allow for the co-option of 2 more to cover special projects. One third of the trustees stand down annually by rotation but can apply for re-election. Potential new trustees are elected at the AGM or are co-opted during the year, but they must stand for formal election at the next AGM. When new Trustees are appointed, they are introduced to the work of the Trust and provided with the information they need to fulfil their roles, which includes information about trustees and charity law.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are put in place to reduce risks of fraud error or unsafe acts

The Board of Trustees is aware of the general guidance issued by the Charity Commission on public benefit. The Trustees have regard to this guidance and consider the activities of the charity have been carried out demonstrably for the public benefit and this applies also to their plans for future action. The charitable objects are defined as rebuilding a sustainable canal between Hereford and Gloucester. Several Trustees have undertaken training in Charity law and Governance within the last year.

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Ralph Barber
Roger Holmes (resigned 10 April 2019)
Nigel Jefferies
John Kilpatrick (resigned 10 December 2019)
Phillip Marshall
Edward Helps (appointed 19 March 2019)
Eamonn McGurk
Tony Sellwood (appointed 19 March 2019)
Keith Vaughan Welch
Deborah Barber (appointed 19 March 2019)

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 29 FEBRUARY 2020

Chairman's Report:

A challenging year for the Trust with several changes within the board and key volunteers but overall positive with solid work having been undertaken to stabilise Wharf House Co Ltd which is now trading profitably, and many actions have been put in place as foundations for future canal restoration. The board has lost many years of canal trust experience that has had to be picked up by new members of the board. The trustees are continuing to develop the skills for the future, attending workshops and other training that is available from suitable organisations. Our volunteers are also attending training events. My thanks go to all Trustees and Volunteers for their ongoing support and involvement in the Trust.

A strategy review was started and remains ongoing. This has brought together a number of groups looking at sections of the canal. A team in Hereford are looking at the start of the canal and discussion and work is occurring with the local council on a number of sites in Hereford city and further afield in Herefordshire. An engineering team has looked at the crossing of a major road in Newent. After many discussions an inclined plane solution is now under development with the track going through the original station. The railway line was originally built on the old canal – thus we now bring a mixture of different heritage to the restoration. A team at Over are looking at the development of the site working with the local residents and the new lessee of the Wharf House. The site will be more multifunctional for the Canal Trust, the Model Boaters and Sailing for the Disabled who already use the site, and seeing if the site can be developed further for other water users.

The change to the Wharf House Company operation from a directly managed to a leased operation (now The Lock Keepers and The Mooring Post). This has had some difficulties which have been overcome and we look forward to a profitable relationship for the Trust.

One of the keys to a solid restoration is the involvement of others - councils, locals, all types of groups. A lot of involvement has occurred to continue to ensure the canal route is protected and supported by all. Many positive comments have been received about the change in direction the trust is now taking, after a number of years of some negative comments. The sharing of ideas and use of social media with Facebook and Twitter now being used for interaction is seen as a positive.

Looking further forward, like every other person and organisation Covid 19 coronavirus is having its effect on the Trust. Work has slowed down but volunteers continue to progress matters where they can.

In both Trust and Wharf House Ltd significant efforts have been made to let the portfolio of property assets to secure a longer term income stream, which has involved some spending to bring the property to commercial requirements.

Objectives and activities:

The trust espouses the following core values: -

Restoring, enhancing, and protecting the canal for all

Integrating the canal corridor as a sustainable resource into the life of the communities along its route

Endeavouring to complete the work in partnership with all other interested parties.

Interested Parties

This reporting period we have engaged with the Neighbourhood Plans under development in Dymock and Newent. We have been involved in their open days; and Trustees are part of their steering groups. We are also working with other charity organisations to share the work we are doing and supporting our objectives.

Voluntary help and gifts in kind

The volunteers form a critical part of the trust, not just in restoring the canal but also maintaining the restored sections and promoting widely through local and national events. All these aspects have continued throughout the year in question and are set to expand.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 29 FEBRUARY 2020

Risks to the Charity

The Land & Environment Team continues to negotiate new sites and to rejuvenate former sites with developers and landowners at various places along the line of the canal - including locations in Hereford and Ledbury. These can take years to conclude but we continue with an on-going diverse portfolio of negotiations so that a flow of announcements can realistically be expected over the coming years. The Trustees expect to provide a level of central support to new sites as and when they arise.

Reserves Policy

The charity aims to hold projected funds that at least cover the normal operating costs of the Charity for 12 months.

Charitable activities and achievements

Aylestone Park: *Ongoing work to maintain the site for all. Reed clearing done by volunteers as well as the local Aylestone Park Association.*

Burcott Road: Ongoing tree pruning and maintenance of the site.

Kymin: Ongoing site maintenance carried out. Several working parties with both volunteers and corporations getting involved in mowing, hedge trimming and removing assorted trees that had fallen in the storms. The site is very popular with local walkers.

Yarkhill: Regular maintenance and vegetation clearance continued on this stretch of canal.

Dymock: The pump that tops up the water levels in the winding pool stopped working and is in the process of being replaced (work currently hampered by Covid 19 situation).

Oxenhall: As well as routine maintenance plans to repair the wing walls below the lock were reinstated and are on course to be completed. Work was done to cut the hedge by the permissive path and during that time a leaning tree that was preventing access to Lock Cottage was removed.

Newent: *Longer term investigations have been undertaken to start the process of obtaining planning permission and grants for the Station project. It has been decided that the high embankment under earlier plans was not practicable and instead an inclined plane will be employed to carry the canal over the road from Newent to Dymock.*

Malswick: The new 32 tonne bridge and all works associated with it were completed and the team has moved on towards obtaining planning permission to build this section. The work here has allowed the land to be transferred and the legal transfer of the land is with solicitors. An application for planning permission to build this section is being prepared. The team undertook various work in the year to facilitate construction. A swing bridge that was formerly in Somerset was brought to near the site in preparation for its renovation and eventual placement on the site.

Moat: Routine maintenance involving regular mowing of the grassy areas continued to be the focus of work here. The 'wilder' areas occasionally needed some intervention in order to enhance the habitats that have been created.

Over: A meeting was held with Heritage England with a view to resolving the issue of the land slippage at Vineyard Hill. That area has been pegged out to enable monitoring to check whether the bank is stabilised and there is a plan to improve the ability to get boats along the section of canal at the bottom of the hill. Ongoing maintenance occupied the team, including the clearance of weeds.

Heritage Boats: The boats continue to be worked on. Mr Maysey was lifted out of the water. A survey was done and is now undergoing repairs. The super structure will be replaced, and the outboard motor given a full service including cam belt replacement.

Llanthony: Following the departure of a tenant from one property significant repair work has been necessary. This was completed after the year-end and it is expected that the property will be re-let in early Spring.

Membership: 43 new members during the financial year to Feb 2019 and 24 in 2020 year which was lower than in some earlier years. Sadly, we lose a few each year too so the overall figure has decreased slightly to 1239. We thank members for their generosity with all their donations.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 29 FEBRUARY 2020*

The Wharfinger: Its high standard has been maintained thanks to many volunteer hours given by writers, photographers, editors, proof-readers, layout and delivery. The Wharfinger was, for many years, delivered by hand around the two counties but we have now moved to a more efficient way and it comes directly from the printers – thanks to all those who delivered in the past. We have also had items used in national newsprint from the Wharfinger and our published walks have been covered by a leading Waterways magazine this year.

Website: This is constantly running behind the scenes. Queries are passed to the relevant Trust member for a response. The webmaster and web team spent a great deal of time in the planning of the new website which was released in February 2020. Apart from the new layout and look, extra features such as payment of membership and donations can now be done online.

Sales & Promotion: several shows were attended, including Braunston and Droitwich. With more volunteers we would like to attend more local events to promote the H & G. The Winter Bazaar brightened up Ledbury in November.

Socials: we continue to meet at the Royal Oak and between 30-40 usually attend to hear talks on a range of subjects from both paid speakers and our own members. The sale of books and jigsaws at the socials continues to add to the Trust's income.

Grand Holiday Draw raised £1.4k – lower than usual as we did not hold any Open Days. Our gratitude goes to those who donate all the prizes

The value of the volunteer work that we have recorded adds up to around £106,551, but we know this does not reflect all the time dedicated to the business of H&GCT by our hardworking volunteers.

Financial review, Achievements and Performance

The Trust's financial position again strengthened during the year, showing a useful surplus of £67k, with a further £16k donated for restricted activities. This is on the back of a continued rental stream and donations and legacies. Some £4k of this surplus was spent on works at the Malswick site that will soon enable land for the canal to be transferred to the Trust. It was decided to sell a property in order to fund the losses incurred in the past, but no sale has yet occurred. In the present situation it is uncertain when that sale can be made, and until that sale is made borrowing costs are higher than they should be.

The results of The Wharf House Co Ltd showed a loss of £48k for the year. While this is disappointing the whole of this loss occurred in the first quarter as a result of the costs of closing Malswick House and (principally) the run-off of trading at The Wharf House prior to it being leased out. However, the company has traded profitably since the first quarter. Subject to the impact of coronavirus this is expected to continue, and it should produce useful support for the Trust in future.

Ralph Barber

Trustee

Dated: 5 May 2020

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

I report on the financial statements of the H&G CT for the year ended 29 February 2020, which are set out on pages 6 to 21.

Respective responsibilities of Trustees and examiner

The H&G CT's Trustees, who are also the directors of The Herefordshire and Gloucestershire Canal Trust Limited for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- (i) examine the financial statements under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

Under Part 16 of the Companies Act 2006 the charity is taking advantage of its exception from have an audit.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - (ii) to prepare financial statements which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Griffiths Marshall
Beaumont House
172 Southgate Street
Gloucester
GL1 2EZ

Dated: 5 May 2020

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Income from:</u>					
Donations and legacies	3	69,073	15,746	84,819	41,005
Other trading activities	4	38,449	-	38,449	57,404
Investments	5	12,665	-	12,665	4,596
Total income		120,187	15,746	135,933	103,005
<u>Expenditure on:</u>					
Raising funds	6	10,666	-	10,666	10,494
Charitable activities	7	50,770	-	50,770	37,831
Total resources expended		61,436	-	61,436	48,325
Net incoming resources before transfers		58,751	15,746	74,497	54,680
Gross transfers between funds		8,286	(8,286)	-	-
Net income for the year/ Net movement in funds		67,037	7,460	74,497	54,680
Fund balances at 1 March 2019		669,548	29,370	698,918	644,238
Fund balances at 29 February 2020		736,585	36,830	773,415	698,918

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

BALANCE SHEET

AS AT 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		497,896		500,142
Current assets					
Stocks	12	595		609	
Debtors	13	513,537		343,359	
Cash at bank and in hand		40,882		88,203	
		<u>555,014</u>		<u>432,171</u>	
Creditors: amounts falling due within one year	15	<u>(93,043)</u>		<u>(17,526)</u>	
Net current assets			461,971		414,645
Total assets less current liabilities			<u>959,867</u>		<u>914,787</u>
Creditors: amounts falling due after more than one year	16		(186,452)		(215,869)
Net assets			<u><u>773,415</u></u>		<u><u>698,918</u></u>
Income funds					
Restricted funds	17		36,830		29,370
Unrestricted funds			736,585		669,548
			<u><u>773,415</u></u>		<u><u>698,918</u></u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

BALANCE SHEET (CONTINUED)

AS AT 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 29 February 2020.

The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 5 May 2020

Philip Marshall
Trustee

Company Registration No. 02704407

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(110,009)		59,277
Investing activities					
Purchase of tangible fixed assets		(560)		(29,377)	
Interest received		12,665		4,596	
Net cash generated from/(used in) investing activities			12,105		(24,781)
Financing activities					
Proceeds of new bank loans		65,000		-	
Repayment of bank loans		(14,417)		(14,233)	
Net cash generated from/(used in) financing activities			50,583		(14,233)
Net (decrease)/increase in cash and cash equivalents			(47,321)		20,263
Cash and cash equivalents at beginning of year			88,203		67,940
Cash and cash equivalents at end of year			40,882		88,203

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

Company information

The Herefordshire and Gloucestershire Canal Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Beaumont House, 172 Southgate Street, Gloucester, GL1 2EZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the H&G CT's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The H&G CT is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the H&G CT. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the H&G CT has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the H&G CT.

1.4 Incoming resources

Income is recognised when the H&G CT is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the H&G CT has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the H&G CT has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	Nil
Plant and machinery	20% on cost
Fixtures, fittings & equipment	10% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the H&G CT reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The H&G CT has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the H&G CT's balance sheet when the H&G CT becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the H&G CT's contractual obligations expire or are discharged or cancelled.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

2 Critical accounting estimates and judgements

In the application of the H&G CT's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Membership Subscriptions	8,445	-	8,445	8,259
Donations - Cash at Events	337	-	337	1,095
Donations - General	19,322	1,000	20,322	3,988
Tax on Gift Aid Reclaimed	3,286	-	3,286	-
Oxenhall Covenants	-	733	733	672
Dymock Covenants	-	1,407	1,407	-
Over Covenants	-	5,426	5,426	-
Hereford Covenants	7,257	-	7,257	1,069
Donations - Land Fund	-	12,606	12,606	2,702
Legacies	25,000	-	25,000	23,220
For the year ended 28 February 2020	69,073	15,746	84,819	41,005
For the year ended 28 February 2019	14,411	26,594		41,005

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

4 Other trading activities

	2020	2019
	£	£
Social events & donations	578	1,146
Over Fishing	-	125
Rental income (Llanthony)	15,700	23,380
Rental income (Dymock)	3,150	10,500
Rental income (Hereford)	9,500	10,088
Rental income (Newent site)	2,450	4,535
Boat rental	191	-
Advertisement signs	1,872	114
Advertising - Wharfinger	2,277	4,700
Sales	1,297	1,122
Draws	1,435	1,694
	<u>38,449</u>	<u>57,404</u>
Total for the year ended 28 February 2020	38,449	57,404
	<u><u>38,449</u></u>	<u><u>57,404</u></u>
For the year ended 28 February 2019		57,404
		<u><u>57,404</u></u>

5 Investments

	Unrestricted funds	Total
	2020	2019
	£	£
Interest receivable	12,665	4,596
	<u>12,665</u>	<u>4,596</u>

6 Raising funds

	2020	2019
	£	£
<u>Fundraising and publicity</u>		
Seeking donations, grants and legacies	7,403	5,857
Staging fundraising events	1,041	1,167
Support costs	2,222	3,470
	<u>10,666</u>	<u>10,494</u>
Fundraising and publicity	10,666	10,494
	<u>10,666</u>	<u>10,494</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

7 Charitable activities

	2020 £	2019 £
Unrestricted site costs	18,629	3,493
Llanthony cottage expenses	8,498	5,425
Health, Safety & Welfare	2,839	4,067
RBS Loan Interest	9,991	6,741
	<u>39,957</u>	<u>19,726</u>
Share of support costs (see note 8)	8,889	13,878
Share of governance costs (see note 8)	1,924	4,227
	<u>50,770</u>	<u>37,831</u>
Analysis by fund		
Unrestricted funds	<u>50,770</u>	<u>37,831</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

8 Support costs

	Support costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Depreciation	2,806	-	2,806	2,806	20/80% Fund/CA
Insurance	3,765	-	3,765	9,253	20/80% Fund/CA
Administration	211	-	211	2,611	20/80% Fund/CA
Rent	-	-	-	102	20/80% Fund/CA
Repairs & Maintenance	1,651	-	1,651	926	20/80% Fund/CA
Computer Costs	-	-	-	1,650	20/80% Fund/CA
Travelling	37	-	37	-	20/80% Fund/CA
Legal & Professional	1,980	-	1,980	-	20/80% Fund/CA
Light & Heat	9	-	9	-	20/80% Fund/CA
Rates	652	-	652	-	20/80% Fund/CA
Audit fees	-	1,701	1,701	2,540	Governance
Companies House Fee	-	-	-	13	Usage
Trustees Indemnity Insurance	-	223	223	1,674	Usage
	<u>11,111</u>	<u>1,924</u>	<u>13,035</u>	<u>21,575</u>	
Analysed between					
Fundraising	2,222	-	2,222	3,470	
Charitable activities	8,889	1,924	10,813	18,105	
	<u>11,111</u>	<u>1,924</u>	<u>13,035</u>	<u>21,575</u>	

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the H&G CT during the year. Expenses are reimbursed to Trustees and officers as appropriate and when requested but the amounts involved are not material.

10 Employees

There were no employees during the year.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 March 2019	491,736	47,834	7,456	7,680	554,706
Additions	560	-	-	-	560
At 29 February 2020	492,296	47,834	7,456	7,680	555,266
Depreciation and impairment					
At 1 March 2019	-	44,426	7,002	3,136	54,564
Depreciation charged in the year	-	1,166	104	1,536	2,806
At 29 February 2020	-	45,592	7,106	4,672	57,370
Carrying amount					
At 29 February 2020	492,296	2,242	350	3,008	497,896
At 28 February 2019	491,736	3,512	350	4,544	500,142

12 Stocks

	2020 £	2019 £
Raw materials and consumables	595	609

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

13 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	12,271	-
Other debtors	3,286	-
Prepayments and accrued income	2,607	-
	<u>18,164</u>	<u>-</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	<u>495,373</u>	<u>343,359</u>
Total debtors	<u>513,537</u>	<u>343,359</u>

14 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>230,840</u>	<u>180,257</u>
Payable within one year	79,388	14,388
Payable after one year	<u>151,452</u>	<u>165,869</u>

The long-term loans are secured by fixed charges over the land and property. There are also floating charges held over all of the charity assets.

15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	14	79,388	14,388
Trade creditors		8,457	-
Accruals and deferred income		5,198	3,138
		<u>93,043</u>	<u>17,526</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	14	151,452	165,869
Other creditors		35,000	50,000
		<u>186,452</u>	<u>215,869</u>

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds		
	Balance at 1 March 2019	Incoming resources	Resources expended
	£	£	£
Mr Simpson	1,000	1,000	-
Land Fund	-	12,605	(4,765)
Mill Barn	26,990	-	-
Oxenhall/Newent project	1,380	2,140	(3,520)
	<u>29,370</u>	<u>15,745</u>	<u>(8,285)</u>
	<u>29,370</u>	<u>15,745</u>	<u>36,830</u>

18 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 29 February 2020 are represented by:			
Tangible assets	497,896	-	497,896
Current assets/(liabilities)	425,141	36,830	461,971
Long term liabilities	(186,452)	-	(186,452)
	<u>736,585</u>	<u>36,830</u>	<u>773,415</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 29 FEBRUARY 2020

19 Related party transactions

As at 29 February 2020 the charity is owed £495,373 (2019 - £343,359) from The Wharf House Company Limited as an intercompany loan.

H&G CT Ltd owns The Wharf House (TWH) Co Ltd which takes responsibility for: repaying loans for purchase of Malswick House (MH); H&G CT work between Over and Barber's Bridge (Leadon Valley project) and adjacent to MH; funding of H&G CT's Legal & Project Development Team (L&PDT).

20 Subsidiaries

These financial statements are separate H&G CT financial statements at 29 February 2020.

Details of the H&G CT's subsidiaries at 29 February 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
The Wharf House Co Ltd		Property rental	Ordinary £1	100.00	

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
The Wharf House Co Ltd	(48,491)	(344,297)

21 Cash generated from operations

	2020 £	2019 £
Surplus for the year	74,497	54,680
Adjustments for:		
Investment income recognised in statement of financial activities	(12,665)	(4,596)
Depreciation and impairment of tangible fixed assets	2,806	2,806
Movements in working capital:		
Decrease in stocks	14	68
(Increase)/decrease in debtors	(170,178)	543
(Decrease)/increase in creditors	(4,483)	5,776
Cash (absorbed by)/generated from operations	(110,009)	59,277

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

22 Analysis of changes in net (debt)/funds

	At 1 March 2019	Cash flows	At 29 February 2020
	£	£	£
Cash at bank and in hand	88,203	(47,321)	40,882
Loans falling due within one year	(14,388)	(65,000)	(79,388)
Loans falling due after more than one year	(165,869)	14,417	(151,452)
	<u>(92,054)</u>	<u>(97,904)</u>	<u>(189,958)</u>