

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 PERIOD ENDED 31 DECEMBER 2021

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Nigel Jefferies K V Welch Eamonn McGurk Philip Marshall Ralph Barber Edward Helps Deborah Barber Richard Appleton (Appointed 18 August 2021) Robert Moreland (Appointed 23 June 2021)
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

CONTENTS

	Page
Trustees' report	1 - 5
Independent examiner's report	6
Statement of financial activities	7
Balance sheet	8 - 9
Statement of cash flows	10
Notes to the financial statements	11 - 22

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE PERIOD ENDED 31 DECEMBER 2021

The Trustees present their report and financial statements for the period ended 31 December 2021. 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

A team of volunteers runs the charity. Managed by the Trustees who meet regularly, supported by site-based groups of volunteers and committees responsible for promotion and other commercial activities. The board appoint trustees to run The Wharf House Co. Ltd. The Articles of Association allow for up to ten trustees to be in place but does allow for the co-option of two more to cover special projects. One third of the trustees stand down annually by rotation but can apply for re-election. Potential new trustees can be 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 join, they are 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.

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

Ralph Barber
Nigel Jefferies
Philip Marshall
Edward Helps
Eamonn McGurk
Anthony Sellwood
Keith Vaughan Welch
Deborah Barber
Robert Moreland
Richard Appleton

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE PERIOD ENDED 31 DECEMBER 2021

Chairman's Report:

As the Covid-19 pandemic continued it made it a difficult year. All the promotional events we had planned to attend throughout the year faced changes, but we did manage to get out on the road in the summer. Our own social events were also cancelled until later in the year and again we went virtual with our AGM in June.

My thanks go to all Trustees and Volunteers for their ongoing support and involvement in the Trust.

This is a shortened report, ten months, as we have changed our financial year to align with the yearly calendar.

An ongoing strategy review continues. This has further 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 Herefordshire Council on several sites in Hereford city and further afield in Herefordshire.

The concept of an inclined plane for Newent continues in model form and we managed to present this at the IWA event in August that gained lots of interest from the national canal press as well.

The Wharf House Company operation having changed from a directly managed to a leased operation (now The Lock Keepers and The Moorings) the lockdown continued to affect our tenants. Just before the end of the year, Malswick House also reopened as a pub managed under the same arrangement as the Lock Keepers. We wish both organisations well as lockdown lifts and all gets back to normal.

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

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

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 further with the Neighbourhood Plans under development in Newent via Zoom meetings due to Covid-19.

Voluntary help and gifts in kind

The volunteers form a critical part of the Trust, not just in restoring the canal but also in maintaining the restored sections and promoting it widely through local and national events. All these aspects have continued throughout the year in question and are set to expand. The value of the volunteer work that we have recorded adds up to around £118,672, but we know this does not reflect all the time dedicated to the business of H&GCT by all our hardworking volunteers.

Risks to the Charity

The Trust 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.

Reserves Policy

The charity aims to hold funds that are at least anticipated to cover the normal operating costs for 12 months.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE PERIOD ENDED 31 DECEMBER 2021

Charitable activities and achievements

With the ongoing restrictions due to Covid-19 site work was a challenge through out the year.

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

Holmer: A lot has happened with Holmer, which has been reported in the press over the years. We are currently in discussions with the current landowner supported by Herefordshire Council with a view to agreeing a transfer of the land on the canal corridor.

Aylestone Park: The reed boats reported in last years report were well worth the expense and we will look at doing the same in the new year.

Kymin: Ongoing site maintenance continued. Several trees that came down in storms continued to create work for the volunteers. To help those who would like to volunteer but who work in the week we are meeting at weekends on this site. The site is extremely popular with local walkers.

Yarkhill: Regular maintenance and vegetation clearance continued to keep the volunteers busy on this stretch of canal.

Adjoining Yarkhill: The team have gained access to the site next to Yarkhill and have done an excellent job of clearing the site. Unfortunately, we are finding that a number of landowners are happy to let us work sites but are not allowing the general public onto the site.

Ledbury: As reported in the last annual report the decision for the development of 625 houses and a number of factory units was given the go ahead and support for the canal in land and money was also awarded. Discussions are underway with the developer and Herefordshire Council to agree a way forward.

Dymock: The pump replaced last year is working well with ongoing monitoring to ensure the water levels in the winding pool are correct.

Oxenhall: As reported last year we lost the site leader and during the Covid restrictions we had many Zoom calls to agree a way forward with the team and a new site leader has taken on the role and is getting to know the site well.

Newent: Whilst not a lot has happened on site, we now have a model of the proposed inclined plane that proved to be a good discussion point at the IWA show in August and was very successful at Newent Fayre event.

Malswick: We finally got planning permission in November. A very frustrating slow process for the team who did a fantastic job of getting all the work done. This included obtaining over one hundred documents to get this past the planning authority. It is going to be a busy year coming up to turn open fields into six hundred metres of canal.

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

Over: Regarding the land slippage at Vineyard Hill - the area is pegged out and continues to be monitored. 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 by the boats that we used at Aylestone Park.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE PERIOD ENDED 31 DECEMBER 2021

Heritage Boats: The boats continue to be worked on. Mr Maysey was lifted out of the water last year. Repairs are now underway and with the Covid-19 restrictions the work has been slow. The superstructure was replaced and extra work was required when a volunteer discovered the steps did not do what they should do, new steps now in place.

Apart from the existing users of the basin, the model boaters and the Sailing4Disabled, we have had new users. We have had the fire brigade practicing their boating skills, the Scouts made some boats and tested them in the basin and a local paddleboarding business is running sessions.

Mill Barn: As reported in editions of the Wharfinger throughout the year we are continuing to work this forward. We have a design; the original planned location has had to change due to underground pipes. We are getting the paperwork aligned ready to apply for planning permission.

Llanthony: Both properties are let, and the lock basin has had a couple of visits for volunteers to keep the Wysis Way footpath open, that runs through the lock.

Membership: Sadly, we lose members each year, and this year the overall figure decreased to 1114. We missed being able to get out to shows in the early part of the year. The events at the end of the year brought in several new members, who are also getting involved in work on the sites. We thank members for their generosity with all their donations.

The Wharfinger: Its high standard has been maintained thanks to many volunteer hours given by writers, photographers, editors, proofreaders, layout and delivery.

Walks Leaflets: These have been selling well.

Website: This is constantly running behind the scenes. Queries are passed to the relevant Trust member for a response.

Sales & Promotion: As mentioned above we managed to get to a couple of shows at the end of the year. We have plans to attend many shows next year.

Socials: Went the same way as the Sales and Promotion due to Covid-19. We did get a social in the later part of the year. A full calendar has been worked for the year to come. We will continue to go to the Royal Oak, unfortunately we are having to move to a Thursday in the New Year (2022). We are also looking at remote connection for people who are unable to attend the evening.

Grand Holiday Draw raised £1,746 which was very good as no tickets sold at Open Days. Our gratitude goes to those who donated all the prizes.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE PERIOD ENDED 31 DECEMBER 2021

Financial review, Achievements and Performance

During this shortened 10 month financial period the companies showed a combined surplus of £47k compared with £43k for the previous 12 month accounts. The position therefore continued to strengthen. As in the previous year the results are combined to avoid confusing matters with the inter-company interest charges.

The main source of funds remains the rental stream. For the Trust rentals totalled £37k, which compares well with the £46.8k in the year to 28 February 2021, especially in view of the loss of income of £4k in Dymock as a result of the need to sell the property there. In cash terms rental income since 2018 has remained broadly static in spite of the loss of income from Dymock, which in ye 2018 and 2019 amounted to more than £10k. For Wharf House Co Ltd rentals totalled £37.5k compared with £28.7k for the 12 months to 28/2/2021, £28.1k in ye 28/2/20 and nothing before that. During the latest period about £5k was lost because of Covid. Since both properties are now let on long-term leases and providing full rents can be achieved (with no hiccups from Covid or other issues), in a full year significantly more rent will be received.

Overall, other income has dropped, entirely as a result of a reduction in legacies by £15k.

Expenditure at sites has increased slightly to £31k (for a 10 month period), and will be expected to rise significantly in the current year as a result of work at Malswick.

Overhead costs for the Trust include a book profit of £30k on the sale of the house at Dymock, the main object of that (which was achieved) being to realise cash.

Wharf House Co Ltd costs continue to reduce, this period being at £13k compared with £15k for the full previous year. In future in the absence of unexpected events/costs they should not be more than £3k in a full year.

The Balance Sheets of both companies continue to strengthen. From the sale of the house at Dymock, our solicitors withheld £30k to settle a possible overage claim. Since it is hoped that the eventual settlement will be for much less than the amount withheld, there may be a useful injection of cash in the present financial year.

Ralph Barber

Trustee

Dated: 28 April 2022

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 period ended 31 December 2021, which are set out on pages 7 to 22.

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 period 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: 28 April 2022

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2021

		Unrestricted funds	Restricted funds	Dec Total 2021	Feb Total 2021
	Notes	£	£	£	£
<u>Income from:</u>					
Donations and legacies	3	14,876	14,614	29,490	51,474
Other trading activities	4	45,683	-	45,683	55,286
Investments	5	29,836	23	29,859	45,376
Total income		<u>90,395</u>	<u>14,637</u>	<u>105,032</u>	<u>152,136</u>
<u>Expenditure on:</u>					
Raising funds	6	12,796	-	12,796	12,199
Charitable activities	7	67,343	8,888	76,231	64,945
Total resources expended		<u>80,139</u>	<u>8,888</u>	<u>89,027</u>	<u>77,144</u>
Net gains/(losses) on investments	11	30,087	-	30,087	-
Net incoming resources before transfers		<u>40,343</u>	<u>5,749</u>	<u>46,092</u>	<u>74,992</u>
Gross transfers between funds		(107)	107	-	-
Net income for the year/ Net movement in funds		<u>40,236</u>	<u>5,856</u>	<u>46,092</u>	<u>74,992</u>
Fund balances at 1 March 2021		<u>798,044</u>	<u>50,360</u>	<u>848,404</u>	<u>773,415</u>
Fund balances at 31 December 2021		<u><u>838,280</u></u>	<u><u>56,216</u></u>	<u><u>894,496</u></u>	<u><u>848,407</u></u>

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 31 DECEMBER 2021

	Notes	£	Dec 2021 £	£	Feb 2021 £
Fixed assets					
Tangible assets	12		265,124		499,363
Current assets					
Stocks	13	405		522	
Debtors	14	661,905		568,496	
Cash at bank and in hand		122,104		47,086	
		<u>784,414</u>		<u>616,104</u>	
Creditors: amounts falling due within one year	16	<u>(21,447)</u>		<u>(120,489)</u>	
Net current assets			<u>762,967</u>		<u>495,615</u>
Total assets less current liabilities			<u>1,028,091</u>		<u>994,978</u>
Creditors: amounts falling due after more than one year	17		<u>(133,595)</u>		<u>(146,571)</u>
Net assets			<u><u>894,496</u></u>		<u><u>848,407</u></u>
Income funds					
Restricted funds	18		56,216		50,362
Unrestricted funds			838,280		798,045
			<u>894,496</u>		<u>848,407</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the period ended 31 December 2021.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the period 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 28 April 2022

Philip Marshall
Trustee

Company Registration No. 02704407

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Dec 2021 £	£	Feb 2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(136,945)		(28,891)
Investing activities					
Purchase of tangible fixed assets		-		(5,400)	
Proceeds on disposal of tangible fixed assets		229,913		-	
Proceeds on disposal of investment property		30,087		-	
Investment income received		29,859		45,376	
Net cash generated from investing activities			289,859		39,976
Financing activities					
Proceeds of new bank loans		-		65,000	
Repayment of bank loans		(77,896)		(69,881)	
Net cash used in financing activities			(77,896)		(4,881)
Net increase in cash and cash equivalents			75,018		6,204
Cash and cash equivalents at beginning of period			47,086		40,882
Cash and cash equivalents at end of period			122,104		47,086

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

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. Interest received on restricted funds is apportioned on a pro-rata basis.

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 PERIOD ENDED 31 DECEMBER 2021

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

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.

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.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total Dec 2021	Total Feb 2021
	£	£	£	£
Membership Subscriptions	6,583	-	6,583	7,663
Donations - Cash at Events	-	-	-	100
Donations - General	5,264	-	5,264	4,470
Tax on Gift Aid Reclaimed	2,029	-	2,029	1,830
Oxenhall Covenants	-	683	683	791
Dymock Covenants	-	1,363	1,363	1,708
Over Covenants	-	4,500	4,500	5,545
Hereford Covenants	-	2,884	2,884	5,956
Donations - Land Fund	-	2,183	2,183	2,411
Perpetual Endowment	-	3,000	3,000	-
Radcliffe Trust	-	-	-	5,000
Legacies	1,000	-	1,000	16,000
	<u>14,876</u>	<u>14,613</u>	<u>29,489</u>	<u>51,474</u>
For the period ended 31 December 2021	<u>14,876</u>	<u>14,613</u>	<u>29,489</u>	<u>51,474</u>
	<u>30,063</u>	<u>21,411</u>		
For the period ended 28 February 2021	<u>30,063</u>	<u>21,411</u>		

4 Other trading activities

	Dec 2021	Feb 2021
	£	£
Social events & donations	566	244
Rental income (Llanthony)	16,900	27,195
Rental income (Dymock)	-	4,250
Rental income (Hereford)	11,750	11,167
Rental income (Newent site)	8,500	4,225
Boat rental	195	171
Advertisement signs	1,721	1,808
Advertising - Wharfinger	820	2,502
Sales	3,446	2,453
Draws	1,786	1,270
	<u>45,683</u>	<u>55,286</u>
	<u>45,683</u>	<u>55,286</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

5 Investments

	Unrestricted 2021 £	Restricted 2021 £	Dec 2021 £	Feb 2021 £
Interest receivable from The Wharf House Co Ltd	29,833	-	29,859	45,376
Bank interest	3	23	26	-
	<u>29,836</u>	<u>23</u>	<u>29,859</u>	<u>45,376</u>
For the period ended 31 December 2021	<u>29,836</u>	<u>23</u>	<u>29,859</u>	<u>45,376</u>
For the period ended 28 February 2021	<u>45,376</u>	<u>-</u>		<u>45,376</u>

6 Raising funds

	Dec 2021 £	Feb 2021 £
<u>Fundraising and publicity</u>		
Wharfinger and leaflets	4,011	7,331
Stocks for events	173	73
Support costs (note 8)	8,612	4,795
	<u>12,796</u>	<u>12,199</u>
Fundraising and publicity	12,796	12,199
	<u>12,796</u>	<u>12,199</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

7 Charitable activities

	Dec 2021 £	Feb 2021 £
Site costs	30,894	27,596
Property Maintenance costs	1,970	3,542
Health, Safety & Welfare	1,049	1,870
RBS Loan Interest	6,129	10,562
	<u>40,042</u>	<u>43,570</u>
Share of support costs (see note 8)	34,449	19,182
Share of governance costs (see note 8)	1,740	2,193
	<u>76,231</u>	<u>64,945</u>
Analysis by fund		
Unrestricted funds	67,343	56,278
Restricted funds	8,888	8,667
	<u>76,231</u>	<u>64,945</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

8 Support costs

	Support costs	Governance costs	Dec 2021	Feb 2021	Basis of allocation
	£	£	£	£	
Depreciation	4,326	-	4,326	3,933	20/80% Fund/CA
Insurance	6,212	-	6,212	5,141	20/80% Fund/CA
Administration	6,905	-	6,905	3,128	20/80% Fund/CA
Repairs & Maintenance	3,797	-	3,797	4,895	20/80% Fund/CA
Legal & Professional	21,821	-	21,821	6,488	20/80% Fund/CA
Light & Heat	-	-	-	392	20/80% Fund/CA
Independent Examiner's fees	-	1,740	1,740	1,905	Governance
Trustees Indemnity Insurance	-	-	-	288	Usage
	<u>43,061</u>	<u>1,740</u>	<u>44,801</u>	<u>26,170</u>	
Analysed between					
Fundraising	8,612	-	8,612	4,795	
Charitable activities	34,449	1,740	36,189	21,375	
	<u>43,061</u>	<u>1,740</u>	<u>44,801</u>	<u>26,170</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 period. Expenses are reimbursed to Trustees and officers as appropriate and when requested but the amounts involved are not material.

10 Employees

	Dec 2021	Feb 2021
	Number	Number
Total	-	-

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

11 Net gains/(losses) on investments

	Dec 2021	Feb 2021
	£	£
Gain/(loss) on sale of properties	30,087	-

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 March 2021	492,296	60,914	7,456	560,666
Disposals	(229,913)	-	-	(229,913)
At 31 December 2021	262,383	60,914	7,456	330,753
Depreciation and impairment				
At 1 March 2021	-	54,093	7,210	61,303
Depreciation charged in the period	-	4,184	142	4,326
At 31 December 2021	-	58,277	7,352	65,629
Carrying amount				
At 31 December 2021	262,383	2,637	104	265,124
At 28 February 2021	492,296	6,821	246	499,363

13 Stocks

	Dec 2021	Feb 2021
	£	£
Raw materials and consumables	405	522

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

14 Debtors	Dec 2021 £	Feb 2021 £
Amounts falling due within one year:		
Other debtors	30,000	-
Prepayments and accrued income	-	4,373
	<u>30,000</u>	<u>4,373</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	631,905	564,123
	<u>661,905</u>	<u>568,496</u>
Total debtors	<u>661,905</u>	<u>568,496</u>

15 Loans and overdrafts	Dec 2021 £	Feb 2021 £
Bank loans	148,063	225,959
Payable within one year	14,468	79,388
Payable after one year	133,595	146,571
	<u>148,063</u>	<u>225,959</u>
	<u>14,468</u>	<u>79,388</u>
	<u>133,595</u>	<u>146,571</u>

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

16 Creditors: amounts falling due within one year	Notes	Dec 2021 £	Feb 2021 £
Bank loans	15	14,468	79,388
Trade creditors		11	55
Other creditors		-	35,730
Accruals and deferred income		6,968	5,316
		<u>21,447</u>	<u>120,489</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due after more than one year

	Notes	2021 £	2021 £
Bank loans	15	133,595	146,571

18 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:

	Balance at 1 March 2021	Incoming resources	Resources expended	Interest on funds	Funded by Trust	Balance at 31 December 2021
	£	£	£	£	£	£
Perpetual Endowment	7,000	3,000	-	3	-	10,003
Land Fund	5,251	2,183	(7,436)	2	-	-
Mill Barn	26,990	-	-	12	-	27,002
Oxenhall Covenants	-	683	(790)	-	107	-
Dymock Covenants	-	1,363	(663)	-	-	700
Hereford Covenants	3,956	2,885	-	1	-	6,842
Over Covenants	2,165	4,500	-	2	-	6,667
Radcliffe Trust	5,000	-	-	2	-	5,002
	<u>50,360</u>	<u>14,614</u>	<u>(8,889)</u>	<u>22</u>	<u>107</u>	<u>56,216</u>

19 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 December 2021 are represented by:			
Tangible assets	265,124	-	265,124
Current assets/(liabilities)	706,751	56,216	762,967
Long term liabilities	(133,595)	-	(133,595)
	<u>838,280</u>	<u>56,216</u>	<u>894,496</u>

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

20 Related party transactions

As at 31 December 2021 the charity is owed £631,905 (2021 - £564,123) from The Wharf House Company Limited as an intercompany loan. In the period the Trust charged interest on the loan of £29,833 (2021 - 45,376)

H&G CT Ltd owns The Wharf House (TWH) Co Ltd which takes responsibility for: repaying loans for purchase of Malswick House.

21 Subsidiaries

These financial statements are separate H&G CT financial statements at 31 December 2021.

Details of the H&G CT's subsidiaries at 31 December 2021 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	988	(375,156)

22 Cash generated from operations

	Dec 2021	Feb 2021
	£	£
Surplus for the period	46,092	74,992
Adjustments for:		
Investment income recognised in statement of financial activities	(29,859)	(45,376)
Gain on disposal of investment property	(30,087)	-
Depreciation and impairment of tangible fixed assets	4,326	3,933
Movements in working capital:		
Decrease in stocks	117	73
(Increase) in debtors	(93,412)	(54,959)
(Decrease) in creditors	(34,122)	(7,554)
Cash absorbed by operations	(136,945)	(28,891)

THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

23 Analysis of changes in net (debt)/funds

	At 1 March 2021	Cash flows	At 31 December 2021
	£	£	£
Cash at bank and in hand	47,086	75,018	122,104
Loans falling due within one year	(79,388)	64,920	(14,468)
Loans falling due after more than one year	(146,571)	12,976	(133,595)
	<u>(178,873)</u>	<u>152,914</u>	<u>(25,959)</u>