

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 28 FEBRUARY 2021**

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Nigel Jefferies Anthony Sellwood K V Welch Eamonn McGurk Philip Marshall Ralph Barber Edward Helps Deborah Barber
<b>Secretary</b>	P Marshall
<b>Charity number</b>	1010721
<b>Company number</b>	02704407
<b>Registered office</b>	Beaumont House 172 Southgate Street Gloucester GL1 2EZ
<b>Independent examiner</b>	Griffiths Marshall Beaumont House 172 Southgate Street Gloucester GL1 2EZ

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# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## CONTENTS

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	<b>Page</b>
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

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# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 28 FEBRUARY 2021**

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The Trustees present their report and financial statements for the year ended 28 February 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**

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 site based groups and committees responsible for sales and other commercial activities. 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.

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

Ralph Barber  
Nigel Jefferies  
Phillip Marshall  
Edward Helps  
Eamonn McGurk  
Tony Sellwood  
Keith Vaughan Welch  
Deborah Barber

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 28 FEBRUARY 2021

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### **Chairman's Report:**

A month into the year we went into Lockdown due to the Covid-19 pandemic. All the promotional events we had planned to attend throughout the year were cancelled. Our own Social events were also cancelled as well as our own event in Newent at the end of the year. We went virtual with our AGM in June. It was good to see so many attending and gave people a chance to attend from further afield.

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

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 the local 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 look forward to sharing it at shows once out of lock down.

The Wharf House Company operation having changed from a directly managed to a leased operation (now The Lock Keepers and The Moorings), the lockdown has affected our tenants. As the country opens further, we wish them well 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 work 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 few years of some negative comments. The sharing of ideas and use of social media with Facebook, YouTube and Twitter now being used for interaction is seen as a positive.

Looking further forward, like every other person and organisation the Covid 19 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 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 value of the volunteer work that we have recorded adds up to around £155,841 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 YEAR ENDED 28 FEBRUARY 2021

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### Charitable activities and achievements

With the Covid-19 lock down 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:** We were able to hire two reed boats in this year. One uses a cutting device to cut the reeds underwater, and another uses a rake on the front to collect and move the reeds from the water. A couple of days work proved to be greatly beneficial for the canal in this part of the park. Feedback from the public walking by was very positive.

**Kymin:** Ongoing site maintenance carried out. Installation of bird boxes supplied by a volunteer as well as regular mowing and the removing of 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.

**Adjoining Yarkhill:** The team have gained access to the site next to Yarkhill and have been clearing the site when Covid-19 restrictions have allowed the team to work.

**Ledbury:** In the summer of 2020 a number of us attended a virtual appeal for the development of Site about a mixed-use development including the erection of up to 625 new homes (including affordable housing), up to 2.9 hectares of B1 employment land, a canal corridor, public open space (including a linear park), The appeal result was announced after the period of this report. For completeness the decision was for the development to go ahead and support for the canal in land and money was also awarded.

**Dymock:** The pump that tops up the water levels in the winding pool stopped working and the team have worked several solutions that are developing into a more flexible approach to keep the water to the right level in the pond.

**Oxenhall:** As with all sites we had restricted access due to Covid-19. We also lost our long-term site leader Brian Fox who over the years had been a Trustee, Volunteer and a great supporter of the trust. His knowledge of the canal and the Oxenhall site will be a great loss. His surveying career in the Ordnance Survey helped us immensely with the details of the levels of the canal.

**Newent:** Longer term investigations are still underway to start the process of obtaining planning permission and grants for the Station project with the inclined plane employed to carry the canal over the road from Newent to Dymock.

**Malswick:** An application for planning permission to build this section was submitted in October but withdrawn in January due to additional environmental considerations and requirements. The planning application was re-submitted in April 2021. Other preparation work was undertaken on site as well as building out the workshop area behind Malswick House and ensuring the wood store was kept full.

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

**Over:** The land slippage at Vineyard Hill - the area has been 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 YEAR ENDED 28 FEBRUARY 2021

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**Heritage Boats:** The boats continue to be worked on. Mr Maysey was lifted out of the water. A survey was completed, and repairs are now underway. With the Covid-19 restrictions the work has been slow. The superstructure will be replaced, and the outboard motor given a full-service.

**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 be changed due to underground pipes. We are getting the paperwork aligned ready to apply for planning permission,

**Llanthony:** The smaller property was re-let immediately following extensive refurbishment in Spring 2020. In February 2021 the tenants in the other, larger property left and that is in the process of being re-let.

**Membership:** Sadly, we lose a few members each year but we gained 23 new ones - the overall figure decreased slightly to 1180. We missed being able to get out to shows and events which is a good source of new members, clearly an impact due to Covid-19. 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, proof-readers, layout and delivery. We have also had items used in national newsprint from the Wharfinger and our published walks leaflets have been selling well.

**Website:** This is constantly running behind the scenes. Queries are passed to the relevant Trust member for a response. Apart from the new layout and look, extra features such as payment of membership and donations can now be done online.

**Sales & Promotion:** With Covid-19, no shows were attended and we had also cancel our own Winter Bazaar which was to be held in Newent last year.

**Socials:** Went the same way as the Sales and Promotion due to Covid-19. As we move out of Lockdown, we hope we can restart them at the Royal Oak and see friends, members, and supporters of the trust to hear talks on a range of subjects from both paid speakers and our own members.

**Grand Holiday Draw** raised £1,300 – lower than usual as we did not hold any Open Days. Our gratitude goes to those who donate all the prizes.

### **Financial review, Achievements and Performance**

The Trust group's financial position again strengthened during the year, showing a combined surplus of £43k compared with £26k the year before. This is on the back of increased rents although donations and legacies are down. Expenditure on sites amounted to £29k being spent (compared with £27k in the previous year) of which £16k was on the site at Malswick. The combination of the results removes any confusion that might arise with inter-company interest, which is not related to current operations.

The results of The Wharf House Co Ltd showed a profit of £13k for the year before inter-company interest (compared with a loss of £35k in 2020), with rents at a similar level to 2020 but costs dramatically reduced by more than £22k. This business has been affected by Coronavirus to the extent of at least £7.5k cash although the opportunities lost are unquantifiable but probably not insignificant. The company has been able to start repaying debt in a small way and it is expected that, subject to Coronavirus, this process will gain momentum in the current year which will provide liquidity to the Trust.

With the sale of the property in Dymock in April 2021 (after the end of the year in question) for £260k large amounts of debt has been repaid. Part of this was a requirement of the bank and part was to reduce exposure to high interest charges.

**THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST  
LIMITED**

**TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
*FOR THE YEAR ENDED 28 FEBRUARY 2021***

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**Ralph Barber**  
Trustee  
Dated: 19 May 2021

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

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I report on the financial statements of the H&G CT for the year ended 28 February 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 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: 19 May 2021

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b><u>Income from:</u></b>					
Donations and legacies	3	30,063	21,411	51,474	84,819
Other trading activities	4	55,286	-	55,286	38,449
Investments	5	45,376	-	45,376	12,665
<b>Total income</b>		130,725	21,411	152,136	135,933
<b><u>Expenditure on:</u></b>					
Raising funds	6	12,199	-	12,199	10,666
Charitable activities	7	56,278	8,667	64,945	50,770
<b>Total resources expended</b>		68,477	8,667	77,144	61,436
<b>Net incoming resources before transfers</b>		62,248	12,744	74,992	74,497
Gross transfers between funds		(788)	788	-	-
<b>Net income for the year/ Net movement in funds</b>		61,460	13,532	74,992	74,497
Fund balances at 1 March 2020		736,585	36,830	773,415	698,918
<b>Fund balances at 28 February 2021</b>		798,045	50,362	848,407	773,415

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 28 FEBRUARY 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		499,363		497,896
<b>Current assets</b>					
Stocks	12	522		595	
Debtors	13	568,496		513,537	
Cash at bank and in hand		47,086		40,882	
			<u>616,104</u>		<u>555,014</u>
<b>Creditors: amounts falling due within one year</b>	15	(120,489)		(93,043)	
Net current assets			<u>495,615</u>		<u>461,971</u>
<b>Total assets less current liabilities</b>			<u>994,978</u>		<u>959,867</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(146,571)		(186,452)
<b>Net assets</b>			<u>848,407</u>		<u>773,415</u>
<b>Income funds</b>					
Restricted funds	17		50,362		36,830
Unrestricted funds			798,045		736,585
			<u>848,407</u>		<u>773,415</u>

# **THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED**

## **BALANCE SHEET (CONTINUED)**

***AS AT 28 FEBRUARY 2021***

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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 28 February 2021.

The directors 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 19 May 2021

Philip Marshall  
**Trustee**

**Company Registration No. 02704407**

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21		(28,891)		(110,009)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(5,400)		(560)	
Investment income received		45,376		12,665	
<b>Net cash generated from investing activities</b>			39,976		12,105
<b>Financing activities</b>					
Proceeds of new bank loans		-		65,000	
Repayment of bank loans		(4,881)		(14,417)	
<b>Net cash (used in)/generated from financing activities</b>			(4,881)		50,583
<b>Net increase/(decrease) in cash and cash equivalents</b>			6,204		(47,321)
Cash and cash equivalents at beginning of year			40,882		88,203
<b>Cash and cash equivalents at end of year</b>			47,086		40,882

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

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### 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 28 FEBRUARY 2021**

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### 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 28 FEBRUARY 2021

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### 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 28 FEBRUARY 2021**

### 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 2021	Total 2020
	£	£	£	£
Membership Subscriptions	7,663	-	7,663	8,445
Donations - Cash at Events	100	-	100	337
Donations - General	4,470	-	4,470	20,322
Tax on Gift Aid Reclaimed	1,830	-	1,830	3,286
Oxenhall Covenants	-	791	791	733
Dymock Covenants	-	1,708	1,708	1,407
Over Covenants	-	5,545	5,545	5,426
Hereford Covenants	-	5,956	5,956	7,257
Donations - Land Fund	-	2,411	2,411	12,606
Radcliffe Trust		5,000	5,000	
Legacies	16,000	-	16,000	25,000
	<u>30,063</u>	<u>21,411</u>	<u>51,474</u>	<u>84,819</u>
<b>For the year ended 28 February 2021</b>	<u>30,063</u>	<u>21,411</u>	<u>51,474</u>	<u>84,819</u>
	<u>69,073</u>	<u>15,746</u>		
<b>For the year ended 29 February 2020</b>	<u>69,073</u>	<u>15,746</u>		

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

### 4 Other trading activities

	2021	2020
	£	£
Social events & donations	244	578
Rental income (Llanthony)	27,195	15,700
Rental income (Dymock)	4,250	3,150
Rental income (Hereford)	11,167	9,500
Rental income (Newent site)	4,225	2,450
Boat rental	171	191
Advertisement signs	1,809	1,872
Advertising - Wharfinger	2,502	2,277
Sales	2,453	1,297
Draws	1,270	1,434
	<u>55,286</u>	<u>38,449</u>

### 5 Investments

	2021	2020
	£	£
Interest receivable from The Wharf House Co Ltd	45,376	12,665
	<u>45,376</u>	<u>12,665</u>

### 6 Raising funds

	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Wharfinger and leaflets	7,331	7,403
Stocks for events	73	1,041
Support costs (note 8)	4,795	2,222
	<u>12,199</u>	<u>10,666</u>
Fundraising and publicity	12,199	10,666
	<u>12,199</u>	<u>10,666</u>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

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### 7 Charitable activities

	2021 £	2020 £
Site costs	27,596	18,629
Property Maintenance costs	3,542	8,498
Health, Safety & Welfare	1,870	2,839
RBS Loan Interest	10,562	9,991
	<u>43,570</u>	<u>39,957</u>
Share of support costs (see note 8)	19,182	8,889
Share of governance costs (see note 8)	2,193	1,924
	<u>64,945</u>	<u>50,770</u>
<b>Analysis by fund</b>		
Unrestricted funds	56,278	50,770
Restricted funds	8,667	-
	<u>64,945</u>	<u>50,770</u>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

8 Support costs	Support costs £	Governance costs £	2021 £	2020 £	Basis of allocation
Depreciation	3,933	-	3,933	2,806	20/80% Fund/CA
Insurance	5,141	-	5,141	3,765	20/80% Fund/CA
Administration	3,128	-	3,128	211	20/80% Fund/CA
Repairs & Maintenance	4,895	-	4,895	1,651	20/80% Fund/CA
Travelling	-	-	-	37	20/80% Fund/CA
Legal & Professional	6,488	-	6,488	1,980	20/80% Fund/CA
Light & Heat	392	-	392	9	20/80% Fund/CA
Rates	-	-	-	652	20/80% Fund/CA
Independent Examiner's fees	-	1,905	1,905	1,701	Governance
Trustees Indemnity Insurance	-	288	288	223	Usage
	<u>23,977</u>	<u>2,193</u>	<u>26,170</u>	<u>13,035</u>	
Analysed between					
Fundraising	4,795	-	4,795	2,222	
Charitable activities	19,182	2,193	21,375	10,813	
	<u>23,977</u>	<u>2,193</u>	<u>26,170</u>	<u>13,035</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

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	-	-

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

### 11 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 March 2020	492,296	55,514	7,456	555,266
Additions	-	5,400	-	5,400
	<u>492,296</u>	<u>60,914</u>	<u>7,456</u>	<u>560,666</u>
At 28 February 2021	492,296	60,914	7,456	560,666
	<u>492,296</u>	<u>60,914</u>	<u>7,456</u>	<u>560,666</u>
<b>Depreciation and impairment</b>				
At 1 March 2020	-	50,264	7,106	57,370
Depreciation charged in the year	-	3,829	104	3,933
	<u>-</u>	<u>54,093</u>	<u>7,210</u>	<u>61,303</u>
At 28 February 2021	-	54,093	7,210	61,303
	<u>-</u>	<u>54,093</u>	<u>7,210</u>	<u>61,303</u>
<b>Carrying amount</b>				
At 28 February 2021	492,296	6,821	246	499,363
	<u>492,296</u>	<u>6,821</u>	<u>246</u>	<u>499,363</u>
At 29 February 2020	492,296	2,242	350	497,896
	<u>492,296</u>	<u>2,242</u>	<u>350</u>	<u>497,896</u>

### 12 Stocks

	2021	2020
	£	£
Raw materials and consumables	522	595
	<u>522</u>	<u>595</u>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

13 Debtors	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	-	12,271
Other debtors	-	3,286
Prepayments and accrued income	4,373	2,607
	<u>4,373</u>	<u>18,164</u>
	<u>4,373</u>	<u>18,164</u>
	2021	2020
	£	£
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	564,123	495,373
	<u>564,123</u>	<u>495,373</u>
<b>Total debtors</b>	<u>568,496</u>	<u>513,537</u>

14 Loans and overdrafts	2021	2020
	£	£
Bank loans	225,959	230,840
	<u>225,959</u>	<u>230,840</u>
Payable within one year	79,388	79,388
Payable after one year	146,571	151,452
	<u>146,571</u>	<u>151,452</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.

15 Creditors: amounts falling due within one year		2021	2020
	Notes	£	£
Bank loans	14	79,388	79,388
Trade creditors		55	8,457
Other creditors		35,730	-
Accruals and deferred income		5,316	5,198
		<u>120,489</u>	<u>93,043</u>
		<u>120,489</u>	<u>93,043</u>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

### 16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	14	146,571	151,452
Other creditors		-	35,000
		<u>146,571</u>	<u>186,452</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:

	Balance at 1 March 2020	Incoming resources	Resources expended	Funded by the Trust	Transfers	Balance at 28 February 2021
	£	£	£	£	£	£
Perpetual Endowment	2,000	-	-	-	5,000	7,000
Land Fund	7,840	2,411	-	-	(5,000)	5,251
Mill Barn	26,990	-	-	-	-	26,990
Oxenhall Covenants	-	791	(990)	199	-	-
Dymock Covenants	-	1,708	(2,297)	589	-	-
Hereford Covenants	-	5,956	(2,000)	-	-	3,956
Over Covenants	-	5,545	(3,380)	-	-	2,165
Radcliffe Trust	-	5,000	-	-	-	5,000
	<u>36,830</u>	<u>21,411</u>	<u>(8,667)</u>	<u>788</u>	<u>-</u>	<u>50,362</u>

### 18 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 28 February 2021 are represented by:			
Tangible assets	499,363	-	499,363
Current assets/(liabilities)	445,253	50,362	495,615
Long term liabilities	(146,571)	-	(146,571)
	<u>798,045</u>	<u>50,362</u>	<u>848,407</u>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2021

#### 19 Related party transactions

As at 29 February 2021 the charity is owed £564,123 (2020 - £495,373) from The Wharf House Company Limited as an intercompany loan. In the period the Trust charged interest on the loan of £45,376 (2020 - £12,665).

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

#### 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 28 February 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	(31,847)	(376,144)

#### 21 Cash generated from operations

	2021 £	2020 £
Surplus for the year	74,992	74,497
Adjustments for:		
Investment income recognised in statement of financial activities	(45,376)	(12,665)
Depreciation and impairment of tangible fixed assets	3,933	2,806
Movements in working capital:		
Decrease in stocks	73	14
(Increase) in debtors	(54,959)	(170,178)
(Decrease) in creditors	(7,554)	(4,483)
<b>Cash absorbed by operations</b>	<b>(28,891)</b>	<b>(110,009)</b>

# THE HEREFORDSHIRE AND GLOUCESTERSHIRE CANAL TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

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### 22 Analysis of changes in net (debt)/funds

	At 1 March 2020	Cash flows	At 28 February 2021
	£	£	£
Cash at bank and in hand	40,882	6,204	47,086
Loans falling due within one year	(79,388)	-	(79,388)
Loans falling due after more than one year	(151,452)	4,881	(146,571)
	<u>(189,958)</u>	<u>11,085</u>	<u>(178,873)</u>