

Charity Registration No. 1010721

Company Registration No. 02704407 (England and Wales)

**HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD  
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2018**

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

Nigel Jefferies  
Margaret Jones  
David Penny  
Caroline Jones (Appointed 9 August 2017)  
K V Welch (Appointed 8 August 2017)  
Roger Holmes (Appointed 11 December 2017)  
Eamonn McGurk (Appointed 11 December 2017)  
Philip Marshall (Appointed 18 October 2018)  
Ralph Barber (Appointed 18 October 2018)  
John Kilpatrick (Appointed 18 October 2018)

### Secretary

Dr C Buffery

### Charity number

1010721

### Company number

02704407

### Registered office

The Wharf House  
Horseshoe Drive  
Over  
Gloucester  
GL2 8DB

### Independent examiner

Griffiths Marshall  
Beaumont House  
172 Southgate Street  
Gloucester  
GL1 2EZ

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# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

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# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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The Trustees present their report and financial statements for the year ended 28 February 2018. 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 subscription. It is managed by the council of management made up of the Trustees who meet each month and are supported by regionally based restoration groups and committees responsible for finance, sales and The Wharf House. The Articles of Association allow 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 shall stand down annually in rotation, but can apply for re-election. Potential new trustees are elected at the AGM or are co-opted during the year but they have to stand for formal election at the next AGM. When new Trustees are appointed they are given an introduction 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 in place to reduce risk 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:**

Paul Hart (December 2017 - January 2018 - Deceased)  
Roger Holmes (appointed December 2017)  
Nigel Jefferies  
Caroline Jones (Co-opted August 2017, elected December 2017)  
Margaret Jone  
John Kilpatrick (resigned August 2017)  
Janice Lyall (appointed March 2017 - resigned August 2017)  
Eamonn McGurk (appointed December 2017)  
Cliff Penny (Resigned December 2017)  
David Penny  
John Pritchard (resigned April 2018)  
Tony Sellwood (appointed December 2017)  
Keith Vaughan Welch (co-opted August 2017, elected December 2017)

John Kilpatrick and Janice Lyall were note deemed directors until a policy changes in August 2017.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

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

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

During 2017 the former Council of Management reformed itself into a Board of Trustees and, with agreement of the membership, rewrote and modernized its Memorandum and Articles of Association to reflect the requirements of the latest Charities Act and Companies Act, and to reflect modern communication methods. This has been seen as a positive move within our sector and, imitation being seen as the greatest form of flattery, has been used by at least one other Trust as the basis to revise their Constitution.

Incidents elsewhere within the sector has drawn the Trust's attention to ensure that it manages its health & safety in a professional manner and as an interim measure it has engaged the services of a local professional body, The Hereford & Gloucester Construction Safety Association, to help with this improvement work although in the longer term it is looking towards the membership for people with suitable qualifications (ISOH or NEBOSH) who are willing to help.

H&G CT's Legal & Project Development Team continues to work on land acquisition and major reconstruction work has commenced in the Malswick area; this is in its early stages at the moment, and has come about as a consequence of an arrangement whereby the Trust has acquired the land on the basis of a number of preparatory works being completed. Hence, as this is presently on private land, we trust that you will respect the interests of the land owners

### **Objectives and activities:**

H&G CT 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 it;
- endeavoring to work in partnership with all other interested parties;

### **Voluntary help and gifts in kind**

The volunteers form a critical part of the trust not just restoring the canal but also maintaining those sections that have been restored and its wider promotion through both local and national events. All these aspects have continued through the year in question and are set to expand considerably

### **Risks to the Charity**

The L&PDT, financed by the TWH, continues to negotiate new sites with developers and landowners at various sites along the line of the canal including Hereford, Ledbury and elsewhere, 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. Looking forward it is the intent to provide a level of central support to new sites from L&PDT staff.

### **Reserves Policy**

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

### **Internal and external factors**

The overall performance of The Wharf House Company LTD has not improved from 2017 however a net trading loss was generated again this year. The Wharf House currently has net liabilities.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

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

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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### **Legal & Project Development Team (L&PDT):**

The L&PDT's primary focus of the last few years has been to deliver a five year land bank. During the year in question, we have successfully achieved that, and are constantly seeking to add to it. Now the focus is just as much on the delivery of the projects that will take place on the acquired land. This ranges from straight canal restoration at Malswick, to delivering Newent Station. There is no chance of any shortage of volunteer work for years to come!

The now well-established team at Malswick is focused on the conditional works of the river bridges and other work on the farm which all form part of the land purchase agreement. Looking forward 2019 will see the team move onto several other bridges over streams, a new swing bridge off the B4215 and ¾ mile of Canal restoration directly alongside the road, with a new lock to follow. Above all, this delivers a very high profile site directly alongside the main road and directly accessible from Malswick House.

Newent Station site, aqueduct, and the staircase of locks has seen a team expand to include a local architect, and more detailed proposals will come forward in 2019 for a very large scheme here. We now have over a mile at this site in our ownership and hugely interesting and diverse projects to bring forward. This is likely to lead to bidding for a Heritage Lottery Fund development grant to help us take forward the entire site for much larger funding.

Alongside this, the L&PDT, based at The Wharf House, negotiates, manages, and grows our diverse income streams delivering some £55k a year into the Canal Trust from the property portfolio we have acquired. This is not just from renting our properties, but also spare land at Newent and Hereford where signs on fences and covenants bring us an income. This meaningful and growing income, makes the H&G Canal Trust very resilient, and sets us apart from other canal charities.

### **Charitable activities and achievements:**

**Aylestone Park:** The Hereford Roving Team has finished erecting a post and rail fence with rabbit wire around the spill weir.

**Burcott Road:** In the autumn 25 scouts from the 10th Hereford Scout Troop with support of our own volunteers tackled the task of clearing brambles and undergrowth from the site.

**Kymin:** Maintenance was carried out during the winter, including tidying the length of the towpath and removing logs from a fallen tree branch.

**Yarkhill:** Regular maintenance and vegetation clearance continued on this stretch of canal. Plans were made for a machine cut of the canal banks and bed vegetation.

**Dymock:** In the autumn a team of volunteers descended on Dymock Pool to give it a good tidy before winter. The banks of the pool were strimmed, as were the weeds around the trees on the bank edges. The gravel footpath in front of the houses had the weeds removed. We have now resolved the problems with the bore hole pump the pool is filling and the site now looks very picturesque. A wide range of wildlife is now arriving at the area and is being enjoyed by local residents.

**Oxenhall / Newent:** As well as routine maintenance, the main effort this year has been repairing one wing wall of the old railway bridge which involved working off scaffolding. Plans to move on to repair the wing walls below the lock were abandoned when the acquisition of land at Malswick, which involved repairs to old bridges, was announced. Volunteers with the necessary skills went there and the rest remained here to continue routine maintenance. Three large trees by the old station were felled as they were deemed to be unsafe.

**Malswick:** Work started in earnest on the Malswick project at the beginning of August 2017. Two teams were set up to carry out extensive repairs to two small brick bridges which cross Ell Brook. After a three month interruption due to bad weather and flooding, the bridges were finally completed in June 2018. During the wet spring, when it was not possible to work on the bridges, the volunteers started to clear the East and West woodlands to enable surveying to be carried out in the autumn. Meanwhile in the background, the design for the new 32 Tonne capacity bridge was being developed and the appropriate consents for its construction were being obtained.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

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

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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**Moat:** Work included the profiling of the middle section of the canal and the removal of the east dam. Routine maintenance involving regular mowing of the grassy areas has become an easier task with the purchase of the Grillo mower in the autumn. The 'wilder' areas occasionally needed some intervention in order to enhance the habitats that have been created.

**Over:** Work was carried out to reinforce the bank at the back of the overflow weir to protect against water erosion. This was completed by anchoring geotextile fabric with concrete to the weir base, and a thin layer of top soil over the fabric for a mix of flowers

**Heritage Boats:** Mister Maysey's outboard engine was removed for routine service. Alder continued to run each week, ensuring the navigation channel through the landslip section of Vineyard Hill. Renton's engine failure resulted in re-plumbing the fuel supply pipework and fuel tank replacement with a modern smaller plastic tank and the cabin given a repaint. Bosley: the inside of the cabin has been re-clad, and the front window glass replaced after it was broken by vandalism. Susan E: was weather-proofed and improvements made to its stability.

**Llanthony:** Routine maintenance is carried out here by a contractor.

**Membership:** We gained 74 new members during the year this is up on last year. Sadly though, it is inevitable that we lose a few each year too, so the overall figure has decreased slightly to 1338. We thank members for their generosity and those who donated to the Land Fund, and Mill Barn Appeal.

**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 has been hand-delivered in many villages and areas of Hereford and Gloucester – a saving on postage and adding to volunteers' hours.

**Website:** This is constantly running behind the scenes. Queries are passed to the relevant Trust member for a response. The webmaster and web team are spending a great deal of time in the planning of a new website which will be installed in the future.

**Sales:** We flew the flag at Braunston Historic Boat Rally and a number of local events including Dymock Music, Ledbury Community Day and Hellen's Garden Festival.

**Over Festival 2017:** Around 35 volunteers came together each day, plus weeks of planning and preparation created a weekend to remember.

**Oxenhall Open Day:** Around 12 volunteers welcomed visitors to the Oxenhall and Newent sites and offered refreshments

**Winter Bazaar:** Planning, refreshments and running the event gave a lovely seasonal boost to the end of the year.

**Social Evenings:** These continue to attract an average of 30 attending and paid speakers are balanced with members to cover many topics. Sales of books here and at events is around £180 this year.

**Grand Holiday Draw:** This raised c £2200 and as the prizes are donated it brought a handsome profit.

The value of the volunteer work that we have recorded, add up to around £150,000, but we know this does not reflect all the time dedicated to the business of H&GCT by our hard working volunteers.

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

The year saw consolidation of all sites with the objective of closing off outstanding works in preparation for resources being required for new sites.

In addition to maintenance of current sites, H&G CT seeks opportunities for new sites.

- At Aylestone the Canal will be tidied up and widened by some 2m.
- At Newent, preparation for rebuilding the Station and constructing the embankment will continue.
- At Over, the retaining wall and bicycle shelter will be completed, and a start made on Mill Barn.
- At Malswick, the new section of the canal and related works will be delivered.
- New land acquisitions will continue to be announced at the earliest opportunity.

**K V Welch**

Chairman

Dated: 27 November 2018

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# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

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I report on the financial statements of the H&G CT for the year ended 28 February 2018, 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 Herefordshire & Gloucestershire Canal Trust Ltd 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: 27 November 2018

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Donations and legacies	3	36,280	30,106	66,386	125,570
Other trading activities	4	62,138	-	62,138	53,004
Investments	5	4,036	-	4,036	95
<b>Total income</b>		<u>102,454</u>	<u>30,106</u>	<u>132,560</u>	<u>178,669</u>
<b><u>Expenditure on:</u></b>					
Raising funds	6	10,179	-	10,179	20,767
Charitable activities	7	54,483	-	54,483	46,453
<b>Total resources expended</b>		<u>64,662</u>	<u>-</u>	<u>64,662</u>	<u>67,220</u>
Net gains/(losses) on investments	11	(200,000)	-	(200,000)	-
<b>Net movement in funds</b>		<u>(162,208)</u>	<u>30,106</u>	<u>(132,102)</u>	<u>111,449</u>
Fund balances at 1 March 2017		<u>775,340</u>	<u>1,000</u>	<u>776,340</u>	<u>664,891</u>
<b>Fund balances at 28 February 2018</b>		<u><u>613,132</u></u>	<u><u>31,106</u></u>	<u><u>644,238</u></u>	<u><u>776,340</u></u>

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

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## BALANCE SHEET

AS AT 28 FEBRUARY 2018

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	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	12	473,571		451,245	
Investments	13	-		100,000	
		<u>473,571</u>		<u>551,245</u>	
<b>Current assets</b>					
Stocks	15	677		1,165	
Debtors	16	343,902		380,552	
Cash at bank and in hand		67,940		98,656	
		<u>412,519</u>		<u>480,373</u>	
<b>Creditors: amounts falling due within one year</b>	18	(16,750)		(15,861)	
Net current assets		<u>395,769</u>		<u>464,512</u>	
<b>Total assets less current liabilities</b>		<u>869,340</u>		<u>1,015,757</u>	
<b>Creditors: amounts falling due after more than one year</b>	19	(225,102)		(239,417)	
<b>Net assets</b>		<u><u>644,238</u></u>		<u><u>776,340</u></u>	
<b>Income funds</b>					
Restricted funds	20	31,106		1,000	
Unrestricted funds		613,132		775,340	
		<u>644,238</u>		<u>776,340</u>	

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## BALANCE SHEET (CONTINUED)

**AS AT 28 FEBRUARY 2018**

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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 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

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.

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

The accounts were approved by the Trustees on 27 November 2018

K V Welch  
**Trustee**

**Company Registration No. 02704407**

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2018

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	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24		9,948		119,578
<b>Investing activities</b>					
Purchase of tangible fixed assets		(30,312)		(41,900)	
Interest received		4,036		95	
<b>Net cash used in investing activities</b>			(26,276)		(41,805)
<b>Financing activities</b>					
Repayment of bank loans		(14,388)		(14,913)	
<b>Net cash used in financing activities</b>			(14,388)		(14,913)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(30,716)		62,860
Cash and cash equivalents at beginning of year			98,656		35,796
<b>Cash and cash equivalents at end of year</b>			67,940		98,656
<b>Relating to:</b>					
Cash at bank and in hand			67,940		98,656

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# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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### 1 Accounting policies

#### Company information

Herefordshire & Gloucestershire Canal Trust Ltd is a private company limited by guarantee incorporated in England and Wales. The registered office is The Wharf House, Horseshoe Drive, Over, Gloucester, GL2 8DB.

#### 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 unless the funds have been designated for other purposes.

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.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

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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	

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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the H&G CT. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 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.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

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### 1 Accounting policies

(Continued)

#### 1.9 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.

#### 1.10 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.

#### 1.11 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.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 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 2018	Total 2017
	£	£	£	£
Membership Subscriptions	10,220	-	10,220	9,719
Donations - Cash at Events	-	-	-	461
Donations - General	14,363	-	14,363	61,948
Tax on Gift Aid Reclaimed	7,493	-	7,493	11,814
Oxenhall Covenants	-	708	708	645
Dymock Covenants	1,940	-	1,940	1,272
Dymock Initial 1.5% Payments	-	-	-	23,979
Hereford Covenants	2,264	-	2,264	3,721
TWH Co Ltd Loan Interest	-	-	-	4,251
Donations -Braunston Marina	-	-	-	200
Donations - Land Fund	-	2,408	2,408	1,275
Donations - Mill Barn	-	26,990	26,990	3,285
Donations - IWA for Mill Barn	-	-	-	500
Donations - 225 Appeal	-	-	-	2,500
	<u>36,280</u>	<u>30,106</u>	<u>66,386</u>	<u>125,570</u>
<b>For the year ended 28 February 2017</b>	<u>119,865</u>	<u>5,705</u>		<u>125,570</u>

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 4 Other trading activities

	2018	2017
	£	£
Social events, talks & walks	5,162	1,155
Income from sites	-	4,451
Rental income (Llanthony)	22,065	14,674
Rental income (Dymock)	10,813	9,382
Rental income (Newton site)	9,500	8,583
Rental income (Newent site)	2,088	
Over festival	5,617	4,336
Advertisement signs	1,648	1,398
Advertising - Wharfinger	2,296	3,132
Sales	2,950	3,469
Draws	-	2,424
<b>Total for the year ended 28 February 2018</b>	<b>62,138</b>	<b>53,004</b>
<b>For the year ended 28 February 2017</b>		<b>53,004</b>

### 5 Investments

	2018	2017
	£	£
Interest receivable	4,036	95

### 6 Raising funds

	2018	2017
	£	£
<u>Fundraising and publicity</u>		
Seeking donations, grants and legacies	4,214	6,247
Staging fundraising events	2,523	9,574
Support costs	3,442	4,946
Fundraising and publicity	10,179	20,767
	10,179	20,767

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

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### 7 Charitable activities

	2018 £	2017 £
Oxenhall/Newent Site	-	3,359
Mill Barn	-	3,785
Unrestricted site costs	14,515	7,724
Health, Safety & Welfare	1,229	1,050
Legal Fees	14,915	3,407
RBS Loan Interest	6,862	6,055
	<hr/>	<hr/>
	37,521	25,380
Share of support costs (see note 8)	13,766	18,223
Share of governance costs (see note 8)	3,196	2,850
	<hr/>	<hr/>
	54,483	46,453
	<hr/>	<hr/>
<b>Analysis by fund</b>		
Unrestricted funds	54,483	39,309
Restricted funds	-	7,144
	<hr/>	<hr/>
	54,483	46,453
	<hr/>	<hr/>

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 8 Support costs

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Depreciation	7,986	-	7,986	6,201	20/80% Fund/CA
Insurance	8,792	-	8,792	8,230	20/80% Fund/CA
Administration	430	-	430	8,738	20/80% Fund/CA
Audit fees	-	1,480	1,480	1,400	Governance
Companies House Fee	-	13	13	13	Usage
Trustees Indemnity Insurance	-	1,703	1,703	1,091	Usage
Support Costs	-	-	-	346	Usage
	<u>17,208</u>	<u>3,196</u>	<u>20,404</u>	<u>26,019</u>	
Analysed between					
Fundraising	3,442	-	3,442	4,946	
Charitable activities	13,766	3,196	16,962	21,073	
	<u>17,208</u>	<u>3,196</u>	<u>20,404</u>	<u>26,019</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.

### 11 Net gains/(losses) on investments

	2018	2017
	£	£
Impairment of investment	(100,000)	-
Provision against inter-company balance	(100,000)	-
	<u>(200,000)</u>	<u>-</u>

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 12 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 March 2017	445,555	42,006	7,456	-	495,017
Additions	16,804	5,828	-	7,680	30,312
At 28 February 2018	462,359	47,834	7,456	7,680	525,329
<b>Depreciation and impairment</b>					
At 1 March 2017	-	37,151	6,621	-	43,772
Depreciation charged in the year	-	6,005	381	1,600	7,986
At 28 February 2018	-	43,156	7,002	1,600	51,758
<b>Carrying amount</b>					
At 28 February 2018	462,359	4,678	454	6,080	473,571
At 28 February 2017	445,555	4,855	835	-	451,245

### 13 Fixed asset investments

	Other investments
<b>Cost or valuation</b>	
At 1 March 2017	100,000
Valuation changes	(100,000)
At 28 February 2018	-
<b>Carrying amount</b>	
At 28 February 2018	-
At 28 February 2017	100,000

	Notes	2018 £	2017 £
Other investments comprise:			
Investments in subsidiaries	23	-	100,000

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

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<b>14</b>	<b>Financial instruments</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	336,930	375,434
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	241,852	255,278
		<u>          </u>	<u>          </u>
<b>15</b>	<b>Stocks</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Raw materials and consumables	677	1,165
		<u>          </u>	<u>          </u>
<b>16</b>	<b>Debtors</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>		
	Other debtors	-	305
	Prepayments and accrued income	6,972	5,118
		<u>          </u>	<u>          </u>
		6,972	5,423
		<u>          </u>	<u>          </u>
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Amounts falling due after more than one year:</b>		
	Amounts due from subsidiary undertakings	336,930	375,129
		<u>          </u>	<u>          </u>
	<b>Total debtors</b>	<b>343,902</b>	<b>380,552</b>
		<u>          </u>	<u>          </u>
<b>17</b>	<b>Loans and overdrafts</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Bank loans	194,490	208,878
		<u>          </u>	<u>          </u>
	Payable within one year	14,388	14,461
	Payable after one year	180,102	194,417
		<u>          </u>	<u>          </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.

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 18 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans	17	14,388	14,461
Accruals and deferred income		2,362	1,400
		<u>16,750</u>	<u>15,861</u>

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

	Notes	2018 £	2017 £
Bank loans	17	180,102	194,417
Other creditors		45,000	45,000
		<u>225,102</u>	<u>239,417</u>

### 20 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 28 February 2018 £
	Balance at 1 March 2017 £	Incoming resources £	Resources expended £	
Land Fund	-	2,408	-	2,408
Mill Barn Construction Fund	-	26,990	-	26,990
Oxenhall/Newent Project Fund	-	708	-	708
Mr Simpson Fund	1,000	-	-	1,000
	<u>1,000</u>	<u>30,106</u>	<u>-</u>	<u>31,106</u>

### 21 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 28 February 2018 are represented by:			
Tangible assets	473,571	-	473,571
Investments	100,000	-	100,000
Current assets/(liabilities)	466,914	31,106	498,020
Non current liabilities	(225,102)	-	(225,102)
	<u>815,383</u>	<u>31,106</u>	<u>846,489</u>

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2018

### 22 Related party transactions

As at 28 February 2018 the charity is owed £336,930 (2017 - £375,128) 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). Intercompany transactions in 2017-18 include: MH loan interest £4,036; transfer of income for tasks falling to TWH Co Ltd for action (Mill Barn £3,785).

### 23 Subsidiaries

These financial statements are separate H&G CT financial statements at 28 February 2017.

Details of the H&G CT's subsidiaries at 28 February 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
The Wharf House Co Ltd		Restaurant	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	(100,121)	(237,995)

### 24 Cash generated from operations

	2018 £	2017 £
(Deficit)/surplus for the year	(132,102)	111,449
Adjustments for:		
Investment income recognised in statement of financial activities	(4,036)	(95)
Impairment of investment	100,000	-
Provision against inter-company balance	100,000	-
Depreciation and impairment of tangible fixed assets	7,986	6,201
Movements in working capital:		
Decrease in stocks	488	630
(Increase)/decrease in debtors	(63,350)	9,459
Increase/(decrease) in creditors	962	(8,066)
<b>Cash generated from operations</b>	<b>9,948</b>	<b>119,578</b>

# HEREFORDSHIRE & GLOUCESTERSHIRE CANAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2018

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

	At 1 March 2017	Cash flows	At 28 February 2018
	£	£	£
Cash at bank and in hand	98,656	(30,716)	67,940
Loans falling due within one year	(14,461)	73	(14,388)
Loans falling due after more than one year	(194,417)	14,315	(180,102)
	<u>(110,222)</u>	<u>(16,328)</u>	<u>(126,550)</u>