Registered number: 02456172
Charity number: 702429

Lichfield and Hatherton Canals Restoration Trust Limited

Trustees' Report and Financial Statements

For the year ended 31 December 2018

DAINS
ACCOUNTANTS

Lichfield and Hatherton Canals Restoration Trust Limited
(A company limited by guarantee)

Contents

Reference and Administrative Details of the Company, its Trustees and Advisers
For the year ended 31 December 2018

Trustees	G Eland (resigned 13 November 2018) P H Buck R O Williams P J Hancock H J Bryan C M Bull C M Howles S J Szulc L H Walker J N March
Company registered number	02456172
Charity registered number	702429
Registered office	Island House Moor Road Chesham Buckinghamshire HP5 1WA
Company secretary	P J O'Connor
President	E Wood
Accountants	Dains LLP 15 Colmore Row Birmingham B3 2BH

Chair's Statement
For the year ended 31 December 2018

The chair presents her statement for the period.

2018 was a year of extremes: of the weather and of our successes and challenges. The extreme cold of the early months was replaced with extreme heat of the summer. The year saw notable highs of our achievements and worrying lows for our plans.

The "Beast from the East" was at its worst just when we had scheduled relocation of the 11 culvert sections from Great Wyrley to Darnford Moors but the indomitable spirits of our volunteers saw the job accomplished and £92,000 worth of concrete saved. In preparation for "the big lift" volunteers had continued to move, if not heaven, certainly earth through the winter months to make sure the huge crane would be on a sufficiently safe base to lift these monsters to their new storage. Kind support from the adjacent Golf Club was very much appreciated.

Then the Summer's enduring heat and drought saw our volunteers carrying on regardless, using their ingenuity to create towable bowsers, drinking lots of water and ensuring that the plants on Rose Willow and at Gallows Wharf (the Trust's showpieces for Lichfield in Bloom) were watered daily and survived in full glory for the July Heart of England judging day after which a second Gold was awarded.

Also in July the Trust celebrated its 30th birthday attracting good publicity from MP Michael Fabricant's attendance at the Trust's stand at Lichfield's Cars in the Park event. This event saw the first outing of our refurbished SMART van/trailer (Sales, Media and Retail Trade) completely refitted and made fit for purpose by one of our longstanding and multi skilled volunteers.

The SMART was also out at other events attracting interest and publicity and also providing opportunities to sell raffle tickets. The ticket price had doubled – and a record take for the annual raffle resulted when it was drawn at the popular Autumn Show, which proved to be another record breaker. Other events through the year included the annual Quiz, attendance at various boat shows and community shows.

Another great success for our income through the year was sale and siting of memorial benches constructed by the same volunteer who converted the SMART van. We are truly so fortunate in having such dedicated and multi skilled regular volunteers and we are also fortunate in having a reputation that regularly brings us parties of corporate volunteers and youth groups.

But this also poses challenges for us in that the pace of work needs financing. If we were a commercial organisation we would be doing the job in order to get the money in; we are not a commercial organisation: we have to get the money first in order to do the job!

While we successfully completed the Peoples Local Postcode Lottery grant work of £18,500 by the due date of mid July the work at Fosseway, undertaken by our regular volunteers and corporate and youth groups, has cost much more. Finding funding schemes with criteria for which the Trust's activities fit is becoming quite difficult, as is the management time and skill fit to apply for them.

Management time and skill fit has also been diverted by having to battle with bureaucracy. Our Director responsible for communications devoted much time along with her expertise to ensure that the Trust is GDPR compliant. The Environment Agency, Staffs County Council, Network Rail, HS2 and Lichfield District Council's Planning Department have needed considerable Trustees' and Officers' time and energy throughout the year. Of these, from September we have had to fight a planning application for a large housing development presented without funding provision for the necessary connecting canal bridge. The Trust considered the threat so serious it engaged a barrister with a national reputation for planning law whose opinion supported that of our officers – that approval would contravene planning law. The battle on this "worrying low" continues.

On the plus side of "highs and lows" though the other bureaucratic battles seem to have quietened, but required many hours to so do, and we are not absolutely assured of resolution.

Chair's Statement
For the year ended 31 December 2018

Further on the plus side, we know that we are transforming derelict land into valuable community spaces; we know that we are involving not only our regular volunteers but also a number of youth groups and corporate groups in the work that we do to the benefit of our community, its wildlife and biodiversity and ultimately for the economic benefit deriving from increased tourism. So, the indomitable spirit continues!

Name C M Bull
Chair

Date 5 June 2019

Financial review
For the year ended 31 December 2018

BALANCE SHEET

FIXED ASSETS

Following receipt of a substantial legacy from our late Chairman, Brian Kingshott, it became possible in January 2018 to complete the purchase of Ogley Cottage No.271, adding to the main realisable freehold assets with No.272, which now include the whole of infilled Lock 1 at the head of the Lichfield Canal, depreciated in the accounts to £487,890. Both are jointly subject to a restructured legal mortgage to the Charity Bank to secure the loan shown under Liabilities towards the canal tunnel under Birmingham Road (2007) and contributing to the Tunnel Vision Appeal Fund to extend the tunnel under the adjacent railway.

Eight areas of canal-related land are held at a historic cost of £165,686 and the total depreciated value of owned plant stands at £7,778 despite the machinery retaining its working value due to better organised regular maintenance. The Trust holds £1,000 of shares in its wholly owned subsidiary Retail Trading Company.

CURRENT ASSETS

The only debtor is the wholly-owned Retail Trading subsidiary company, stock and cash. Bank balances follow the Trust's Reserves Policy as "restricted", "designated" and "unrestricted", such funds being held for purchase of Land and Property, Plant and Restoration work, and administration whereby Trust Directors consider the need to build up funds for projected expenditure. Outstanding payments of £38,371 will become due for planned invoices against the Social Investment Business Group grant awarded for Summerhill in 2015. Following a national promotion campaign, by the end of 2018 the David Suchet Tunnel Vision Appeal had retained £481,061, net of £27,795 planning outlay, from about 800 donors throughout the UK. Against this is a contingent liability estimated to be £1,000,000 by Staffordshire County Council to extend the canal tunnel from Birmingham Road under the Cross-City railway line after the Lichfield Southern Bypass is connected to London Road by 2020. Further negotiations and fund-raising will continue towards achieving construction of the canal tunnel to avoid it being delayed to some time in the future.

LIABILITIES

As noted above, reserved funds of £38,371 remain payable from the SIB grant for outstanding supplies to support ongoing planned activity. The revised mortgage loan on improved terms, secured by Ogley Cottages No.271 and 272, stood at £373,396 repayable over 25 years (or earlier without penalty) as an investment in the Lichfield tunnel project.

INCOME

Membership subscriptions increased slightly (Trust + Marketing), supplemented with voluntary donations by 42% of members adding 40% to the basic income for which we are most grateful. This makes the average amount of £16.00 per paying member, which is considered better than increasing the fees to all members and maybe falling short of this value with the average cost of servicing all members at £2.77 per head.

Donations continued to flow into ongoing funds at a steady rate as appeals ran their course. Marketing and Retail activities generated a gross income of £23,441, reflecting the efforts of the volunteers promoting sales.

EXPENDITURE

No cost was incurred by the Trust in assisting Canal & River Trust with maintenance of their watered section of the Hatherton Canal but a close watch is kept on the route for any housing and other potential developments. The long-running transfer of ownership of the 500m section at Wedges Mills from Cannock Council was finally completed, but brought the need to challenge and resolve boundary encroachment from new industrial warehousing in Bridgtown.

The Lichfield Canal continues to be the main focus of restoration work where an ever-increasing number of Trust and visiting volunteer teams made substantial progress on several sites: Summerhill; Fosseway Heath with the benefit of a Postcode Local Trust grant of £18,500 from 2017; Gallows Wharf project by London Road with S.C.C. Community Fund grant of £1,850. At Darnford Lane, 11 concrete canal sections had to be relocated at short notice from storage in Great Wyrley, placing an unbudgeted £20,000 burden on funds in advance of future use. Both Ogley Cottages incurred administrative and maintenance costs to attract satisfactory tenants, managed by a local Letting Agent.

Management and administration costs were underpinned by immeasurable personal input from the Directors and Officers. Extensive high level negotiations with untiring support and some expensive professional fees took place "behind the scenes" to uphold the Trust's position against adverse proposals for several new housing developments beside the canal route south of Lichfield and issues involving water management.

CONCLUSION

Intense volunteer achievements on the ground produced yet another massive change through the year. The Heritage Towpath Trail in Lichfield is particularly popular with users. As ever, the accounts do not reveal the massive benefit from unpaid time, office work and efforts contributed by Directors and Officers running the Trust, and the volunteer teams carrying out the work to such a high standard, all at a recorded time valuation of £653,000 for the year.

R. O. WILLIAMS
Finance Director

Date: 5 June 2019

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of Lichfield and Hatherton Canals Restoration Trust Limited (the company and the group) for the year ended 31 December 2018. The Trustees confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

a. Policies and objectives

The principal objective and activity of the Company is the promotion of the restoration of the Hatherton Branch of the Staffordshire and Worcestershire Canal and the Wyrley and Essington Canal from the Ogley Junction to Huddlesford Junction including the provision of new routes where restoration is impractical.

The Trustees have the day to day running of the charity, assisted by the officers focusing on specific subjects.

b. Public Benefit

The Trustees of the charity are aware of the Charity Commission's guidance on public benefit and this now forms part of the Induction Pack for new Trustees.

The Public Benefit provided by the Charity include:
- conserving the environment
- preserving a beautiful landscape
- developing an amenity available to all

The beneficiaries are all members of the public and local community. Further details can be found in the Chairman's statement and the Operating and financial review.

Achievements and performance

a. Review of Transactions and Financial Position

Details of the transactions, which disclose a deficit for the year of £3,161 (2017 - surplus £348,521) and financial position are fully set out in the Statement of Financial Activities, Balance Sheet and Notes on pages 12 to 30.

Monies have been invested during the year, in accordance with the powers available to the Trustees. The Company's assets are available and adequate to fulfil its obligations.

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Reserves policy

The Trustees have examined the charity's requirements for reserves in light of the main risks to the organisation.

It is the Trustee's policy to maintain sufficient reserves to finance the day to day running of the charity for a period of approximately 12 months. The unrestricted reserves of the group at 31 December 2018 amounted to £257,151 (2017 - £355,655) and will be sufficient to support the charity in the immediate future.

The Trustees have reviewed the major internal and external risks to which the charity is exposed and systems have been established to mitigate those risks. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

Structure, governance and management

a. Constitution

The company and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association 1 December 1989.

The company and the group is constituted under a Memorandum of Association and is a registered charity number 702429.

It is registered as a charity with the Charity Commission. Anyone over the age of 18 can be a member of the company and there are 1,917 members, each of whom agree to contribute, whilst being a member or for a period of twelve months folowing ceasing to be a member, an amount not exceeding £1 in the event of the charity winding up.

b. Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

c. Risk management

The Trustees have assessed the major risks to which the company and the group is exposed, in particular those related to the operations and finances of the company and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Members' liability

The Members of the company and the group guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of the charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year can be seen on the reference and administrative page of these financial statements.

The Trust has made indemnity provisions for the benefit of the Directors which remain in force at the date of this report.

Organisation

The board of Trustees comprises not less than 5 and not more than 15 members unless otherwise determined by a General Meeting. The board ministers the charity, it meets at least 12 times per year and maintains a regular flow of information.

Risk Assessment

The major risks to which the Charity is exposed have been identified and reviewed by the Trustees, and systems established to mitigate those risks. The Trustees have a risk management strategy which comprises:
- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified by the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

Trustees' responsibilities statement

The Trustees (who are also directors of Lichfield and Hatherton Canals Restoration Trust Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

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

This report was approved by the Trustees, on 5 June 2019 and signed on their behalf by:

C M Bull
Chair

Independent Examiner's Report to the Trustees of Lichfield and Hatherton Canals Restoration Trust Limited (the 'group')

I report to the charity Trustees on my examination of the consolidated accounts of the group comprising the Lichfield and Hatherton Canals Restoration Trust Limited ('the parent charity') and its subsidiary undertakings for the year ended 31 December 2018.

This report is made solely to the company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the parent company and the company's Trustees as a body, for my work or for this report.

Responsibilities and Basis of Report

As the Trustees of the parent company (and its directors for the purposes of company law) you are responsible for the preparation of the consolidated accounts of the group in accordance with the requirements of the Companies Act 2006 ('the 2006 Act') and you have chosen to prepare consolidated accounts for the group. You are satisfied that the accounts of both parent company and the group are not required by either company or charity law to be audited and have chosen instead to have an independent examination.

Having satisfied myself that the consolidated accounts are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the group's accounts carried out under section 152 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 152(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no option as to whether the consolidated accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent Examiner's Statement

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the parent company and its subsidiaries as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed: Dated: 5 June 2019

Andrew Morris FCA

Dains LLP

Chartered Accountants

Birmingham

Consolidated Statement of Financial Activities
(Incorporating Income and Expenditure Account)
For the year ended 31 December 2018

	Note	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	3	**118,123**	**47,230**	**165,353**	477,346
Other trading activities	4	-	**2,979**	**2,979**	2,347
Investments	5	-	**13,581**	**13,581**	9,956
Total income		**118,123**	**63,790**	**181,913**	489,649
Expenditure on:					
Raising funds	4,6	-	**8,796**	**8,796**	2,000
Charitable activities	7,8	**49,417**	**126,861**	**176,278**	139,128
Total expenditure		**49,417**	**135,657**	**185,074**	141,128
Net income / (expenditure) before transfers		**68,706**	**(71,867)**	**(3,161)**	348,521
Transfers between Funds	16	**26,637**	**(26,637)**	-	-
Net income / (expenditure) before other recognised gains and losses		**95,343**	**(98,504)**	**(3,161)**	348,521
Net movement in funds		**95,343**	**(98,504)**	**(3,161)**	348,521
Reconciliation of funds:					
Total funds brought forward		**431,466**	**355,655**	**787,121**	438,600
Total funds carried forward		**526,809**	**257,151**	**783,960**	787,121

The notes on pages 16 to 30 form part of these financial statements.

Lichfield and Hatherton Canals Restoration Trust Limited
(A company limited by guarantee)
Registered number: 02456172

Consolidated Balance Sheet
As at 31 December 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	10		**661,354**		431,793
Current assets					
Stocks	12	**1,620**		1,626	
Cash at bank and in hand		**533,553**		581,940	
		535,173		583,566	
Creditors: amounts falling due within one year	14	**(47,591)**		(49,518)	
Net current assets			**487,582**		534,048
Total assets less current liabilities			**1,148,936**		965,841
Creditors: amounts falling due after more than one year	15		**(364,976)**		(178,720)
Net assets			**783,960**		787,121
Charity Funds					
Restricted funds	16		**526,809**		431,466
Unrestricted funds	16		**257,151**		355,655
Total funds			**783,960**		787,121

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees 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 financial statements were approved and authorised for issue by the Trustees on 5 June 2019 and signed on their behalf, by:

C M Bull

C M Bull
Chair

The notes on pages 16 to 30 form part of these financial statements.

Lichfield and Hatherton Canals Restoration Trust Limited
(A company limited by guarantee)
Registered number: 02456172

Company Balance Sheet
As at 31 December 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	10		**661,354**		431,793
Investments	11		**1,000**		1,000
			662,354		432,793
Current assets					
Debtors	13	**1,422**		786	
Cash at bank		**532,751**		581,779	
		534,173		582,565	
Creditors: amounts falling due within one year	14	**(47,591)**		(49,517)	
Net current assets			**486,582**		533,048
Total assets less current liabilities			**1,148,936**		965,841
Creditors: amounts falling due after more than one year	15		**(364,976)**		(178,720)
Net assets			**783,960**		787,121
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C M Bull

C M Bull
Chair

The notes on pages 16 to 30 form part of these financial statements.

Lichfield and Hatherton Canals Restoration Trust Limited
(A company limited by guarantee)

Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	**16,919**	364,650
Cash flows from investing activities:			
Interest and rents from investments		**13,582**	9,956
Purchase of tangible fixed assets		**(252,000)**	(33,021)
Interest paid		**(12,511)**	(11,545)
Net cash used in investing activities		**(250,929)**	(34,610)
Cash flows from financing activities:			
Repayments of borrowings		**(8,806)**	(8,528)
Cash inflows from new borrowing		**194,429**	-
Net cash provided by/(used in) financing activities		**185,623**	(8,528)
Change in cash and cash equivalents in the year		**(48,387)**	321,512
Cash and cash equivalents brought forward		**581,940**	260,428
Cash and cash equivalents carried forward	19	**533,553**	581,940

The notes on pages 16 to 30 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Lichfield and Hatherton Canals Restoration Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1. Accounting Policies (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1. Accounting Policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Depreciation charges are allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's charitable operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.6 Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

1.7 Basis of consolidation

The financial statements consolidate the accounts of Lichfield and Hatherton Canals Restoration Trust Limited and its subsidiary undertaking ('subsidiary').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £(3,161) (2017: £348,521).

1.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the consolidated statement of financial activities incorporating income and expenditure account.

1. Accounting Policies (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	50 years straight line
Plant and machinery	-	4 years straight line
Fixtures and fittings	-	10 years straight line

1.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Interest receivable

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

1.12 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.13 Cash at Bank and in hand

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

1.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2. Judgements and key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

3. Income from donations and legacies

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	**118,123**	**47,230**	**165,353**	477,346
Total 2017	409,106	68,240	477,346	

4. Trading activities

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Turnover	-	**2,979**	**2,979**	2,347
Fundraising trading expenses				
Cost of sales and administration expenses	-	**1,557**	**1,557**	560
Net income from trading activities	-	**1,422**	**1,422**	1,787

In 2017, of the total income from trading activities, £2,347 was to unrestricted funds.

5. Investment income

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rent receivable	-	**12,019**	**12,019**	9,095
Interest receivable	-	**1,562**	**1,562**	861
	-	**13,581**	**13,581**	9,956
Total 2017	-	9,956	9,956	

6. Investment management costs

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Ogley cottage fees and costs	-	**7,239**	**7,239**	1,440
Total 2017	-	1,440	1,440	

7. Analysis of expenditure on charitable activities

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lichfield canal costs	**38,602**	-	**38,602**	3,825
Canal restoration expenses	**10,815**	**46,839**	**57,654**	78,849
Interest payable	-	**12,511**	**12,511**	11,545
Insurance	-	**2,622**	**2,622**	2,887
Depreciation	-	**22,439**	**22,439**	16,741
Administration costs	-	**11,683**	**11,683**	2,035
Marketing costs	-	**3,533**	**3,533**	6,956
Membership & magazine costs	-	**5,074**	**5,074**	4,642
	49,417	**104,701**	**154,118**	127,480
Total 2017	82,675	44,805	127,480	

8. Governance costs

	Restricted funds 2018 £	**Unrestricted funds 2018 £**	**Total funds 2018 £**	Total funds 2017 £
Independent examiners fees	**-**	**800**	**800**	800
Legal and professional services	**-**	**21,360**	**21,360**	10,848
	-	**22,160**	**22,160**	11,648

In 2017, of the total expenditure on governance costs, £1,969 was to unrestricted funds and £9,679 was to restricted funds.

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	**22,439**	16,741
Independent examiners fees	**800**	800

During the year, no Trustees received any remuneration (2017 - £NIL).
During the year, no Trustees received any benefits in kind (2017 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

10. Tangible fixed assets

Group and Company	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2018	**482,186**	**61,971**	**10,090**	**554,247**
Additions	**252,000**	**-**	**-**	**252,000**
At 31 December 2018	**734,186**	**61,971**	**10,090**	**806,247**
Depreciation				
At 1 January 2018	**69,240**	**43,124**	**10,090**	**122,454**
Charge for the year	**11,370**	**11,069**	**-**	**22,439**
At 31 December 2018	**80,610**	**54,193**	**10,090**	**144,893**
Net book value				
At 31 December 2018	**653,576**	**7,778**	**-**	**661,354**
At 31 December 2017	412,946	18,847	-	431,793

11. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	**1,000**

Company investments at cost comprise:

	2018 £	2017 £
Group	**1,000**	1,000

The parent company holds the whole of the equity share capital of the Lichfield & Hatherton Canals Retail Trading Ltd, a company incorporated in England and Wales. Its principal activity is to carry out the trading activities of the charity.

12. Stocks

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Finished goods and goods for resale	**1,620**	1,626	**-**	-

13. Debtors

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Amounts owed by group undertakings	**-**	-	**1,422**	786

The amount due from the subsidary undertaking represents the gift aid payment together with normal commercial recharges.

14. Creditors: Amounts falling due within one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loan	**8,420**	9,053	**8,420**	9,053
Other creditors	**800**	801	**800**	800
Accruals and deferred income	**38,371**	39,664	**38,371**	39,664
	47,591	49,518	**47,591**	49,517

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Bank loan	**364,976**	178,720	**364,976**	178,720

The bank loan is secured via legal charges over the freehold property dated 19 September 2006 and 21 September 2018.

16. Statement of funds

Statement of funds - current year

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
Designated funds					
Club 500 Capital Fund	1,464	262	(21)	-	1,705
Club 500 Prize Reserve	283	-	(283)	-	-
Land and Property Fund	80,097	-	(78,775)	-	1,322
Restoration and Site budget	97	-	(4)	-	93
Tunnel Vision Fund	60,000	-	(33,366)	(26,634)	-
Restoration & plant fund	-	-	-	1,000	1,000
	141,941	262	(112,449)	(25,634)	4,120
General funds					
General Funds	213,714	63,528	(23,208)	(1,003)	253,031
Total Unrestricted funds	355,655	63,790	(135,657)	(26,637)	257,151
Restricted funds					
Land and Property Fund	18,819	2,113	(19,115)	-	1,817
Restoration and Plant Fund	4,190	11,534	(11,893)	-	3,831
Tunnel Vision Fund	352,199	102,228	-	26,634	481,061
Brick Appeal	80	398	(478)	-	-
Funds Deposit	1,726	-	-	3	1,729
SIB "Summerhill" Grant	39,664	-	(1,293)	-	38,371
Postcode Local Trust	14,788	-	(14,788)	-	-
SC Community fund	-	1,850	(1,850)	-	-
	431,466	118,123	(49,417)	26,637	526,809
Total of funds	787,121	181,913	(185,074)	-	783,960

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
Designated funds					
Club 500 Capital Fund	1,416	1,496	(1,448)	-	1,464
Club 500 Prize Reserve	283	-	-	-	283
Land and Property Fund	322	106,776	(27,001)	-	80,097
Restoration and Site budget	346	-	(249)	-	97
Tunnel Vision Fund	-	60,000	-	-	60,000
	2,367	168,272	(28,698)	-	141,941
General funds					
General Funds	180,956	60,545	(27,787)	-	213,714
Total Unrestricted funds	183,323	228,817	(56,485)	-	355,655
Restricted funds					
Land and Property Fund	20,407	2,015	(3,603)	-	18,819
Restoration and Plant Fund	4,936	50,783	(51,529)	-	4,190
Tunnel Vision Fund	162,985	189,214	-	-	352,199
Brick Appeal	440	320	(680)	-	80
Funds Deposit	1,726	-	-	-	1,726
SIB "Summerhill" Grant	41,783	-	(2,119)	-	39,664
Midland Expressway Limited	23,000	-	(23,000)	-	-
Postcode Local Trust	-	18,500	(3,712)	-	14,788
SCC Community Fund Grant	-	1,850	(1,850)	-	-
	255,277	262,682	(86,493)	-	431,466
Total of funds	438,600	491,499	(142,978)	-	787,121

Summary of Designated Funds

Club 500

50% of subscriptions to the Trust's "500 Club" are distributed to its members through a quarterly draw, the remaining 50% being retained for capital expenditure on restoration work.

Land and Property Fund

See details under restricted funds

16. Statement of funds (continued)

Restoration and Site budget

See details under restricted funds

Tunnel Vision Fund

See details under restricted funds

Restoration & plant fund

The fund holds money donated for general restoration works and use of operating plant for those works. It is not expected to accumulate any large reserves except temporarily after receipt of any large gifts or legacies or in preparation for financing a specific project.

Summary of Restricted Funds

Land and Property Fund

This fund is money held for the purchase, lease or licence of land or property for the canal and associated expenses. It is intended to build up a long term resource to meet future opportunities as they arise.

Restoration and Site budget

The fund holds money allocated for general restoration works and use of operating plant for those works.

Tunnel Vision Fund

A new objective started in 2014 as the "David Suchet Tunnel Vision Appeal" towards the cost of installing canal tunnels under major rail and road crossings which is expected to be strongly promoted with a high target through 2017 to 2020.

Brick Appeal

This fund is money donated for the purchase of bricks for restoration work. Expenditure relates closely to income and it is not anticipated that any large reserves will be accumulated in this fund.

Funds deposit

Accumulated fund to provide a deposit in support of any particular grant application..

SIB "Summerhill" Grant

Social Investment Business Group grant of £336,000 accepted 29th December 2014 for Lichfield Canal Summerhill' project against payments and invoices for planned development. The transfer out of this fund relates to costs which had been incurred on the project before the creation of the fund.

Postcode Local Trust

Grant funding of £18,500 awarded over 12 months from July 2017 for a project on Lichfield Canal land at Fosseway Heath to install in preparation for future navigational work a circuit of paths with board walks, wetland, and wildlife provision for public benefit. It dovetails with Staffordshire's plan to recreate rare lowland heathland as an important stepping stone to improving biodiversity.

Summary of funds - current year

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
Designated funds	141,941	262	(112,449)	(25,634)	4,120
General funds	213,714	63,528	(23,208)	(1,003)	253,031
	355,655	63,790	(135,657)	(26,637)	257,151
Restricted funds	431,466	118,123	(49,417)	26,637	526,809
	787,121	181,913	(185,074)	-	783,960

Summary of funds - prior year

	Balance at 1 January 2017 £	Income £	Expenditure £	Balance at 31 December 2017 £
Designated funds	2,367	168,272	(28,698)	141,941
General funds	180,956	60,545	(27,787)	213,714
	183,323	228,817	(56,485)	355,655
Restricted funds	255,277	262,682	(86,493)	431,466
	438,600	491,499	(142,978)	787,121

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	661,354	661,354
Current assets	526,809	8,364	535,173
Creditors due within one year	-	(47,591)	(47,591)
Creditors due in more than one year	-	(364,976)	(364,976)
	526,809	257,151	783,960

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	431,793	431,793
Current assets	431,466	152,100	583,566
Creditors due within one year	-	(49,518)	(49,518)
Creditors due in more than one year	-	(178,720)	(178,720)
	431,466	355,655	787,121

18. Reconciliation of net movement in funds to net cash flow from operating activities

	Group	
	2018 **£**	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	**(3,161)**	348,521
Adjustment for:		
Depreciation charges	**22,439**	16,741
Interest paid	**12,511**	11,545
Interest and rents from investments	**(13,582)**	(9,956)
Decrease/(Increase) in Stock	**6**	(82)
Decrease in creditors	**(1,294)**	(2,119)
Net cash provided by operating activities	**16,919**	364,650

19. Analysis of cash and cash equivalents

	Group	
	2018 **£**	2017 £
Cash in hand	**533,553**	581,940
Total	**533,553**	581,940

20. Principal subsidiaries

Lichfield & Hatherton Canals Retail Trading Ltd

Subsidiary name	Lichfield & Hatherton Canals Retail Trading Ltd
Company registration number	03686837
Basis of control	Ownership of shares
Equity shareholding %	100%
Total assets as at 31 December 2018	£ 2,422
Total liabilities as at 31 December 2018	£ (1,422)
Total equity as at 31 December 2018	£ 1,000
Turnover for the year ended 31 December 2018	£ 2,979
Expenditure for the year ended 31 December 2018	£ (1,557)
Profit for the year ended 31 December 2018	£ 1,422