FINANCE DIRECTOR'S REPORT FOR 2020

Balance sheet - fixed assets

Realisable freehold assets are the two Ogley Cottages No.271 and No.272 where the whole of infilled Lock 1 runs across their front gardens at the Lichfield Canal summit on the eastern outskirts of Brownhills. Whilst depreciated in the accounts to £465,150, their market value is estimated to be about £540,000. Both are jointly subject to a legal mortgage to the Charity Bank to secure the loan shown under Liabilities, initially towards the canal tunnel under Birmingham Road in 2007 and increased in 2018 to contribute to the Tunnel Vision Fund for extending that tunnel under the adjacent railway, delayed by Staffordshire County Council from 2018 for reasons beyond the Trust's control.

Unrealisable areas of land donated by District and County Councils brought the number of canal site possessions to seventeen at a historic cost of £165,686. Outside the Trust's possession, over 25 years there have also been 12 areas of donated land and structures built by or for LHCRT at a historic cost of £2,413,963 but do not have a realisable value due to their dedicated locations.

Owned plant had a depreciated value of at £1,386 despite the machinery returning good value due to well organised regular maintenance. Additionally, with thanks to Plant Director, Steve Webster, substantial high-value items of his privately-owned plant have been made available for Trust work.

£1,000 capital is held in the (non-charitable) subsidiary Retail Trading Co.

Balance sheet - current assets

The only debtor is the subsidiary company stock and cash of £974.

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.

Payments of £35,280 due for planned invoices from the Social Investment Business Group grant awarded for Summerhill in 2015 remain in reserve pending planning decisions on Department for Transport land surrounding the M6Toll aqueduct.

The ongoing David Suchet Tunnel Vision Appeal has raised a gross income of £613,000 before related costs, well short of £1,000,000 target set by SCC in 2016 but still serves as a measure for match funding needed towards grants for the much higher anticipated cost of those proposed works under the Cross-City railway line.

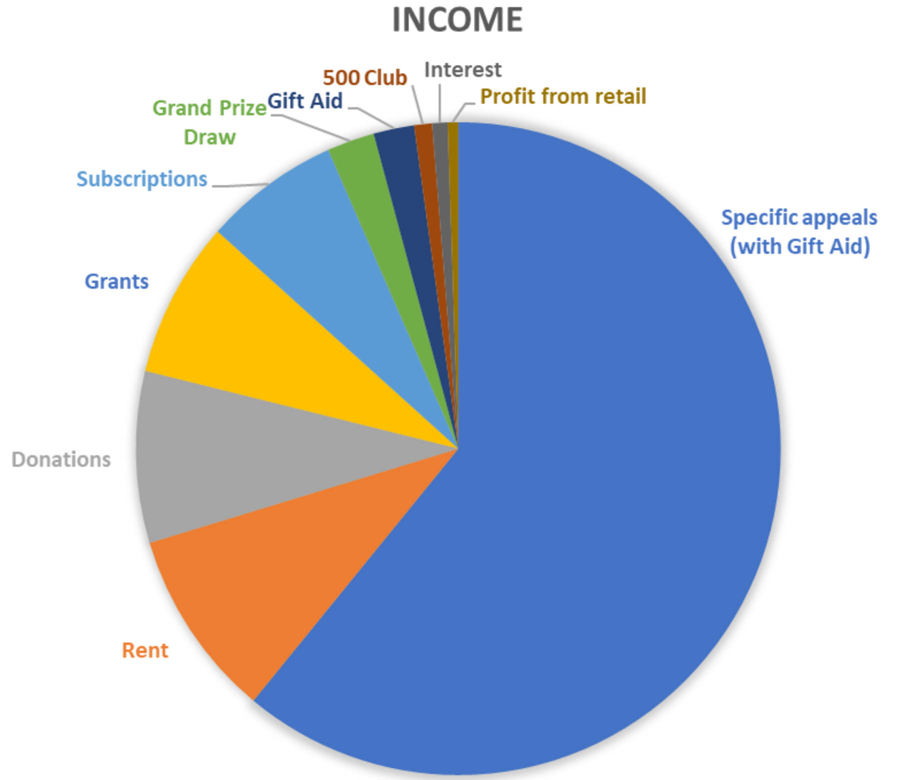
Balance sheet – liabilities

Reserved funds of £35,280 remain available from the SIB grant for outstanding planned work on the Summerhill section.

The Charity Bank mortgage loan, increased to £375,500 in 2018 repayable over 25 years secured by legal charges on Ogley Cottages No.271 and 272, had reduced to £355,695, serving as an investment to attract further funding for the Lichfield Canal tunnel project noted above.

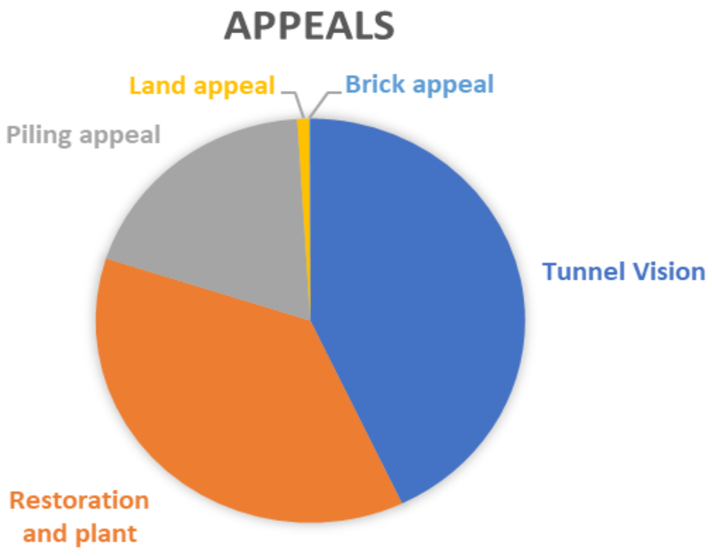
Income and expenditure account – income

Membership subscriptions and donations produced £12,882 (Trust + Marketing), supplemented with voluntary donations of £3,752 by 32% of members for which we are always grateful. This makes the average amount of £15.23 per paying member, considered better than increasing the fees to all members and maybe falling short of this value. The average cost of servicing all members was £2.55 per head which was down to 21.6% of basic subscriptions.



Donations continued to flow into established funds as appeals ran their course with donors from home and abroad responding to global promotion on YouTube from 2019.

A successful new initiative in April was the sponsored 20-20 Piling Appeal which raised nearly £22,000 with donors acknowledged by having specified names embossed on metal tags fixed on sections of piling.



Marketing and Retail suffered income reduction to nearly £15,000, (2019 £17,310 excluding Huddlesford event) due to Covid restrictions on events.

Income and expenditure account - expenditure

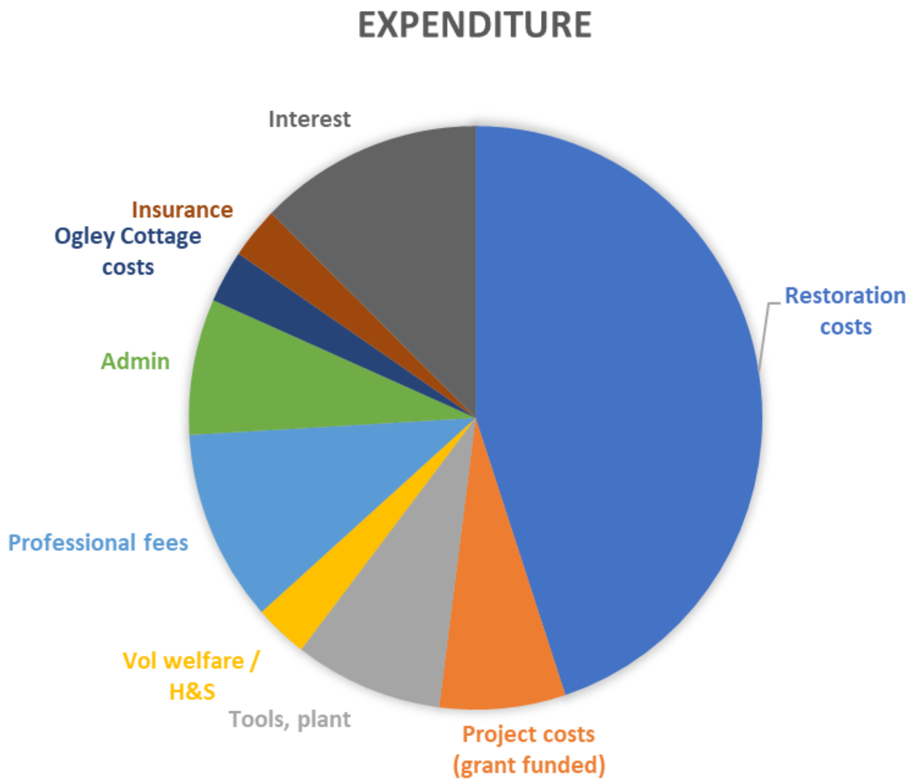
At Hatherton, £7,561 residual balance was paid to Stantec (UK) Ltd for their comprehensive Water Supply Study funded by a £10,000 Community Infrastructure Levy grant from Cannock Chase Council. Also donated by Cannock Chase Council is a 500m section of original canal including Lock 5 at Wedges Mills, south of the A5 by Bridgtown.

The Trust is responsible for occasional maintenance and overseeing the approved drainage outfall to enter the Wyrley Brook which Severn Trent Water had diverted off their adjacent land into in this section after the canal had been abandoned.

The Lichfield Canal continues to be the main focus of restoration work where Trust and some visiting volunteer teams made substantial progress despite COVID-19 compulsory health restrictions. Structures at Fosseway Heath came closer to completion and extended into the new diversion in “Zone A” beside Falkland Road donated by Staffordshire County Council. Some 85metres of new channel was excavated, lined with concrete, block walls and sponsored steel piling. By Tamworth Road, a revised City Council 40-year Lease allowed for extending Gallows Wharf at London Road through Gallows Reach towards Cricket Lane with provision for a footbridge over the canal to maintain the public connection with Longbridge Road.

Both Ogley Cottages incurred maintenance costs, retaining satisfactory tenants managed by two separate local letting agents.

Labour, management and administration costs were underpinned by unstinting personal input from Directors, officers and volunteers. Extensive negotiations necessitating determined effort took place both “behind the scenes” and “on the ground” to defend the Trust’s position against bureaucratic developments with a variety of demanding planning issues and impact of construction works.



Conclusion

Dedicated application by Trust and visiting volunteer teams through difficult times still resulted in achievements producing vital changes for public benefit, evidenced by structured volunteer time records, converted by value to £655,144 for the year.

R. O. WILLIAMS, Finance Director

LICHFIELD & HATHERTON CANALS RESTORATION TRUST LIMITED

MANAGEMENT BALANCE SHEET

AS AT 31 December 2020

		Unrestricted	Restricted	Totals	31 December 2019	
F I X E D A S S E T S		£	£	£	£	£
Freehold Ogley Cottages 271 & 272 (depreciated @ 2% pa)	OC	465,150			476,520	
17 areas of freehold land at cost (not depreciated)		165,686			165,686	
Plant & Machinery (over £1,000 per item, depreciated)		1,386			3,124	
Investment in subsidiary company shares (+ assets below)		1,000		633,222	1,000	646,330
C U R R E N T A S S E T S						
Debtors						
Net assets available from subsidiary company (+ capital above)		974			1,287	
Net Group VAT receivable / payable		0			0	
(2019: SCC, LCC, Waitrose community grants debtors)		0		974	5,986	7,273
Restricted funds on special deposit:						
Lichfield Canal, special funding + Brick Appeal			857		957	
20-20 Piling Appeal Fund, net of expenditure			1,059			
Land & Property Fund (donated), net of expenditure	LF		9,226		1,013	
Restoration & Plant Fund (donated), net of expenditure	RF		[378]		188]	
+ Page legacy for lock paddle gear	RF		[2,756]		2,756]	
+ Willey Lock naming fund	RF		[1,500]		1,500]	
David Suchet, Tunnel Vision Fund, gross income	TV		{ 604,995 }		555,409 }	
less tunnel design and funding fees			{ -42,795 }		-42,795 }	
SIB "Summerhill" grant deferred expenditure	SIB		35,280	613,256	37,465	556,493
Designated funds on deposit:						
David Suchet, Tunnel Vision Fund	TV	8,000			2,014	
Land & Property Fund (Trust allocation)	LF	1,322			725	
Cannock Council - Hatherton Canal Water Supply Study balance		1,134			8,695	
Severn Trent Water; fish replacement		5,000				
Restoration & Plant Fund, (Trust allocation)	RF	1,000			1,000	
Restoration Fund; Site budget balance		199			36	
500 Club Capital Fund (50% of income in the year)		1,644		18,299	1,578	14,048
Unrestricted funds:						
Trust funds for general purposes		974		974	274	274
Other bank acccounts						
Unity Trust Bank, Trust current a/c		7,254			1,373	
Funds in hand or in course of collection		0		7,254		1,373
Unity Trust Bank, Marketing current a/c and in hand		426		426		594
Total assets before liabilities		661,149	613,256	1,274,405		1,226,385
L I A B I L I T I E S:						
SIB grant payments reserve	SIB		-35,280	-35,280		-37,465
Loan reduction falling due within one year						
The Charity Bank Ltd; Mortgage loan on Ogley Cottage	OC	-9,945			-8,760	
Loan outstanding after one year						
The Charity Bank Ltd; Mortgage loan on Ogley Cottage	OC	-345,750		-355,695	-356,216	-364,976
T O T A L N E T R E S O U R C E S		305,454	577,976	£883,430		£823,944
R E S E R V E S:		Unrestricted	Restricted			
Income & Expenditure Account				£883,430		£823,944
NOTES: STW - CRT fish supply to be acquired		-5,000				
(2019 Stantec Ltd, Cannock Water Supply Study payable in 2020)						(8,694.61)
Retail Trading Co. C/A at Unity Trust Bank & due				£398		£851
Retail Trading Co. Stock of goods for sale (at cost)				£1,576		£1,441
Cumulative Trust Expenditure from start in 1990 to 2020.				£3,753,034		£3,516,861
including 12 areas of donated land or canal structures built by or for L&H not having realisable value.				£2,413,963		£2,390,963
Notional value of donated management and labour time				£655,144		£460,485

LICHFIELD & HATHERTON CANALS RESTORATION TRUST LIMITED

MANAGEMENT INCOME & EXPENDITURE ACCOUNT

for the period from 1 January 2020 to 31 December 2020

		2020			2019	
I N C O M E		Unrestricted	Restricted	Totals	£	£
Subscriptions from members (excl. Marketing below)	M	9,908		9,908		8,374
Donations	M	*Trust + Mktg - cost*	*7,749*		*Tust+Mktg - cost 5,969*	
Received with subscriptions	+	3,752	*11,501*		4,188 *10,157*	
Other (excl. Marketing collections below)		7,613		11,365	6,127	10,315
Income generated by Marketing and Retail Trading						
Trust & Public events		76			12,418	
Membership subscriptions via social media	M	2,974			2,880	
500 Club Capital Fund (net of prizes paid out)		1,698			1,662	
Grand Prize Draw		4,496			7,854	
Donations, Sponsorship, Advertisements & Trust collections		4,637			9,395	
Brick Appeal			100		420	
Net profit from Retail Trading subsidiary company	P	996		14,977	1,286	35,915
Rent, tax, interest, etc.		*Mrktg + Retail - cost*	*12,829*		*net profit 28,872*	
Ogley Cottages rent	OC	17,745			15,349	
Gift Aid tax reclaim (other than specific Funds)		3,857			4,204	
Bank credit interest		1,458			2,500	
Wayleave for electricity line pole at Darnford		13		23,073	13	22,066
SUB-TOTAL REGULAR INCOME				59,323		76,670
Specific Appeals and Grants						
Land & Property Fund (incl. Gift Aid tax)			1,024		1,013	
Restoration & Plant Fund (incl. Gift Aid tax)		5,382	37,307		21,440	
David Suchet ---> **Tunnel Vision Fund** (inc. Gift Aid tax)			49,585		54,553	
20-20 Piling Appeal (inc. Gift Aid tax)			21,977			
Special income: SevernTrent fish; City Council CIL; SSW 'Pebble'			14,674		16,000	
(2019: SCC, LCC, Waitrose community grants debtors)				129,949	5,986	98,992
TOTAL INCOME	*in*	64,605	124,667	189,272		175,662
E X P E N D I T U R E		Unrestricted	Restricted			
Restoration costs						
Lichfield Canal; Summerhill *(SIB grant adjustment)*		0			0	
Tamworth Road; Gallows Wharf/Reach (non LCC CIL in 112)		6,492	5,000		1,713	
Fosseway Heath & Falkland Road		17,924	15,000		36,889	
Hatherton Canal - Stantec Water Supply Study			7,561		1,304	
Volunteer welfare; H&S		3,482			4,033	
Tools, Plant, Machinery, Training		9,686		-65,145	11,249	-55,188
Administrative costs						
Professional fees and costs *(2019 inc.CAJA Lottery bid fee)*		12,326			17,858	
(2019 Crowd Legal Fund re LDC planning)					-13,153	
Ogley Cottages costs (incl. nominal Insurance)	OC	3,364		*(C-I ratio 19.0%)*	9,869 *(64.3%)*	
Membership and magazine administration	M	5,133		*(C-I ratio 39.8%)*	5,285 *(47.0%)*	
Direct cost of Marketing activity (ex 500 Club prizes)	P	2,148		*(C-I ratio 14.3%)*	7,043 *(19.6%)*	
Direct cost of Funding Appeals *(Lottery bid fee to CAJA Ltd 2019)*		0			15,000	
General administration		1,435]			2,596	
Insurance premium (ex Ogley Cottages - nominal)		3,314]		(27,720)	4,138	(48,636)
Project costs, grant funded						
LCC Gallow s Reach in City Council C.I.Levy grant		8,213				
				(8,213)		0.00
Surplus before interest & depreciation				88,194		71,838
Finance charge						
Interest paid on Charity Bank loan in Tunnel Vision Fund		14,600		-14,600		-16,630
TOTAL EXPENDITURE	*out*	-88,117	-27,561		-120,454	
NET FUNDS MOVEMENT ON TRUST ACTIVITIES		-23,512	97,106	73,594		55,208
less Depreciation of property and plant		Unrestricted	Restricted	-14,108		-16,024
SURPLUS FOR THE YEAR				59,486		39,184
Retained Surplus brought forward				823,944		784,760
Retained Surplus carried forward				£883,430		£823,944