

Charity Registration No. 1166460

Company Registration No. 09784120 (England and Wales)

DUDLEY CANAL AND TUNNEL TRUST
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

DUDLEY CANAL AND TUNNEL TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C A Bennett	
	D M Caunt	
	AA Hazeldine	
	R I Langford	
	W J Luesley	
	P T Smith	
	J Deacon	(Appointed 1 January 2020)
	D Powell	(Appointed 6 April 2021)
	L Bradshaw	(Appointed 6 April 2021)
Charity number	1166460	
Company number	09784120	
Principal address	501 Birmingham New Road Dudley West Midlands DY1 4SB	
Independent examiner	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH	
Solicitors	Higgs & Sons 3 Waterfront Business Park Brierley Hill West Midlands DY5 1LX	

DUDLEY CANAL AND TUNNEL TRUST

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DUDLEY CANAL AND TUNNEL TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees present their report and financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company 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) (effective 1 January 2019)".

Objectives and activities

The principle activity of the charity is the advancement of education for the public benefit, on the history, social history, heritage, economy, geology, geography, archaeology, architecture and other features of the Dudley canal tunnels, inland waterways, mines and its working boards; and the protection, preservation, conservation, maintenance, repair, improvement and development, to a navigable standard, of the Dudley canal tunnels, inland waterways, mines and working boats for the use and benefit of the public.

The strategies employed to achieve the charity's objectives are to:

- Develop an ambitious and forward-looking heritage attraction that celebrates its past achievements whilst looking to grow its infrastructure, develop its offer, reach a wider audience and be a vibrant part of the local community where it is situated.
- Offer opportunities for a broad range of people to become involved and engaged with the history of the tunnels, caverns, waterways and local area. This will be through offering boat trips into the tunnels on open water along with exhibitions and workshops, displays, events, talks, audio visual displays and hands on opportunities.
- Provide employment and volunteer opportunities and work with local community groups and networks and make our resources available to help them deliver their goals.
- Develop and deliver great quality formal and informal education activities for all ages. Become better known for our insight and creative use of our history, our resources, stories and our staff to produce specialist interpretive programs as well as family friendly and curriculum supporting workshops.
- Preserve the Caverns, Tunnels, Mines and Waterways under our care to the highest level. Developing specialist knowledge and approaches to this and sharing knowledge with the wider sector as best practice. Developing a stringent health and safety approach that ensures the safety of all who visit and work within the premises.
- To raise income through our activities to ensure we stay a viable and sustainable business and can further invest in the business. This can be done by selling trip tickets, commercial trade, promoting donations, gift aid and fundraising for our activities.
- To develop mutually supportive partnerships, project work and build relationships which adds to our offer, promotes what is so special about the area and help upskill our workforce, volunteers, operating approaches and activities.
- To raise the profile and awareness of the Trust and ensure all see us as an engaging, productive and professional organisation and heritage attraction. To operate with entrepreneurial flair and creativity and to trade ethically and fairly in all we do.
- To put the visitor at the heart of everything we do.

Public benefit

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

DUDLEY CANAL AND TUNNEL TRUST

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

We entered 2020 on the back of a very poor trading year for the Trust, which had seen significant unforeseen closures and costs incurred. This trading result had necessitated the need for a Radical Profit Improvement Plan, RADPIP, which was produced from a roots and branch review of all trading and operations within the Trust. Plans therefore were already in place to implement extensive cost saving measures and extend the business trading year and grow the offer, all against the backdrop of the impact BREXIT was likely to have on our operations.

Little did we know that by March 2020 we would be facing the biggest and long term challenge the Trust has ever experienced.

Covid 19 Pandemic

Sadly, the Trust was forced to close its doors to visitors on 19th March 2020 following government advice, just prior to the national lockdown on 23rd March 2020. The far-reaching impact of this on the Trust quickly became apparent in terms of loss of trading and the protection of a historic site which could become vulnerable to vandalism, environmental changes and the loss of daily monitoring and upkeep.

Staff were concerned for the site and also, understandably, the protection of their jobs and loss of their skills. Decision making for the Senior Managers was difficult due to there being little understanding on how long lockdowns and restrictions were likely to be and the initial slow and often confusing information and instruction from the Government.

A review of potential redundancies was produced, and initial works begun to set this process in place. Pay and hour cuts, changes to roles and responsibilities and the suspension of agreed pay rises had already been implemented throughout the management team due to RADPIP. Thankfully, the Government Job Retention Scheme (Furlough) was implemented before this process was completed and though there were a small number of redundancies, the rest of the staff, including the CEO, were furloughed and the Chairman and Treasurer of the Trust look over its initial management at this period.

At the time of writing this report we have now been operating under Covid-19 restrictions for 455 days, many of these requiring us to stay closed resulting in zero trading for us. Though we have done everything we can to support ourselves during this period, releasing our reserves, selling property and assets and negotiating with suppliers, we must acknowledge the incredible financial support we have received through tax-payer support via a range of organisations.

Heritage Fund Emergency Grant - £45,000

Paid staff to prepare site for reopening. Worked with professional business advisor. Purchased site safety, social distancing and prevention of transmission equipment and materials. Marketing, home and virtual working equipment, paid essential bills and brought in new staff roles for enhanced daily cleaning and visitor engagement.

Culture Recovery 2020 - £154,900

Support for staff wages, essential costs paid, new site interpretation, use of outdoor spaces, brought in professional services such as education and catering consultants, digital artists and photographers/videographers. Supported business model changes, recruitment of new trustees, boat maintenance and dry dock costs, site presentation and safety adaptations and rebrand of offer.

The second part of the grant, of £154,900, was awarded in 2021 following approval that the first half had been appropriately spent.

DUDLEY CANAL AND TUNNEL TRUST

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Historic England Commissioning Grant - £48,000

Full 3d scan of the system, FE modelling, new interpretation and engagement, forward approach analysis and report.

Culture Recovery 2021 - £154,900

Support for staff wages, essential costs paid, improved on site storage and event management, integrated CRM system, domestic tourism marketing plan, consultant proposal roll out.

Job Retention Scheme - £131,000

Support to furlough jobs and retain positions.

Financial support at this level has given us peace of mind and allowed us to protect the most jobs, pay our suppliers, many who are locally based businesses and adapt and add to our offer rather than just survive. We have taken full advantage of this and used closed times to do essential maintenance on site, improve its use and presentation and ensure of the 15 weeks we could open in 2020 that we offered a site that was fully compliant, safe for all to visit and work in and that also protected our community. We were especially pleased to receive the VisitEngland Good to Go quality mark for our efforts in this area as well as the positive visitor comments which came in through Facebook, Google Reviews and Trip Advisor.

It was a great disappointment therefore, despite rethinking the operations of the Christmas boats that we could not deliver them due to Dudley classed as Tier 3 in November – forcing the closure of all indoor attractions. Though our customers were very understanding of why we had to cancel the event – having to reimburse the sold-out offer had an impact on our year end financial performance and level of comfort going into 2021 as we did not know when we would be able to reopen to the public.

Governance

Despite the challenges of 2020 we were able to recruit and sign-up new Trustees and Directors to join both our main board and Enterprises. The new supporters bring skills and experience in boating, finances, performance and Geotech as well as diversifying the makeup of our board in terms of age and representation. They have already begun to help us develop our offer and operational approach.

Due to the rapid changes of the business approach due to the many covid restrictions and requirements – the decision was taken by the Board to meet virtually and monthly to ensure and maintain ongoing and extensive communication with the Chief Executive. This has worked well and will be reviewed as part of a mixed approach to meetings once the restrictions are all lifted.

The 2020 Annual General Meeting did not go ahead as a “in-person” meeting due to social distancing requirements and the desire to protect the health and well-being of all. So, within the parameters of our Articles of Association a written report was produced and circulated to all members, this was also placed on the Trust's website. A headline recap of 2020 will be included in the 2021 Annual General Meeting.

DUDLEY CANAL AND TUNNEL TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Charitable Aims

Despite the challenges of the pandemic the Trust was able to continue with its work to care for and preserve the unique caverns, tunnels, abandoned mines and waterways which sit under the heart of Dudley. A full 3d survey of the system was started using cutting edge technology and equipment. This follows on from a very successful pilot which had been undertaken in 2019.

In April 2020 we were also able to celebrate the news that the application for the Black Country UNESCO Geo Park had been successful. We will be working with the Keeper of Geology to raise the profile of this amazing achievement and recognition.

Due to the pandemic we saw trips and school bookings severely reduced but using digital media we were able to keep communication lines open and produce some great online learning offers which were offered free and through our Facebook page use archive material to showcase the history and importance of the Trust and the environment in which it operates. Over 200 digital sessions for Chit Chat, Tunnel Tots and service users were provided along with a daily "special interest" Facebook post.

The success of many of the grant applications came from the recognition of the funders as to the cultural importance of the environment in which we operate and care for as well as the long history of the Trust and the uniqueness of its formation.

Our Offer

For 2020 we had to adapt to restrictions and closures in terms of our main offers, particularly as the caverns are classed as an indoor attraction.

To maintain the required social distancing our boat seating was divided into pods which could seat a family group up to 4 people. Though this worked very well in terms of safety it did mean capacity was cut by 50% and so our pricing also had to be adjusted to suit the pod approach.

Due to support from the grants work began on a new Hurst Cavern Display, we added a new Limestone Cycle interpretation to the towpath, a Little Skippers Play Park offering "Learn through Play" opportunities has been added to the site and the Legger Suite Function Room has had a makeover to make it a more bookable and attractive space.

An historic boat orientation area has been set up to showcase our boats whilst they are on site and new period signage has been added to the adjacent Black Country Museum to provide improved way finder signage.

We have extended the use of the outside areas with additional seating, opening the towpath up for increased visitor access and developed a Towpath Theatre performance space which we will offer to local organisations when restrictions are lifted.

We were able to bring back open water trips on Electra but sadly we are still not able to offer our popular dining cruises on Vic Smallshire.

Our catering offer through Gongoozler has worked well, the balcony in particular has been a really useful refreshment area. We have also benefitted from our indoor spaces being conducive to social distancing which allowed us to introduce plenty of space and one-way routes throughout.

Despite initially holding on to many corporate bookings such as business meetings, weddings and celebrations, towards the end of 2020 these all cancelled as restrictions continued to hit the hospitality industry hard. We have however managed to keep our relationships with the organisers and are ready when we can to welcome them back on site.

DUDLEY CANAL AND TUNNEL TRUST

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Staff and Volunteers

2020 saw us awarded the Queen's Award for Voluntary Services which was a phenomenal achievement. This is the equivalent of an MBE and so we are all proud of this. Sadly, plans to fully celebrate this are on hold, but not forgotten.

Our staff and volunteers have been brilliant in helping us get through this difficult year. All have rolled up their sleeves and helped us get the site ready to reopen, they have all had to learn new ways and approaches to working, to maintain safety and all looked out for each other, especially for those who have had to isolate or were furloughed and had to stay away from the site.

Financial review

Review of financial position

Total income for the year amounted to £537,939 (2019 £512,614). Total expenditure amounted to £414,243 (2019 £569,238). This resulted in a net surplus for the year of £123,696 (2019 net deficit £56,624)

Reserves policy

Our unrestricted funds are freely available to spend on any of the charity's purposes in delivering our aims and keeping our business sustainable. Restricted funds and tangible fixed assets do not form part of our reserves. They are in place to protect the charity and its operations during down turns in business or other major occurrence to ensure it can continue to protect and preserve the unique environment in its care and engage the public with its historic importance. Reserves are also used to support new projects and activities which the Trust has identified as part of its business development and planning.

The Trust aims to maintain a minimum of £170,000 as reserves. This is calculated by reviewing previous year's trading and identifying the three highest expenditure months for essential non-discretionary spending. As the 2020 trading year was exceptional (due to restrictions imposed by the pandemic) the minimum reserves figure remains unchanged, as based upon 2019 trading. Where funds exceed this amount by more than £50,000 the Trust will review the reserve policy and either amend it or identify a way of using the funds to support the charity's objectives. Where funds fall below this amount the Trust will review a "Zero Level" approach, identifying the associated risks and mitigating them, building back reserves and diversifying the funding base.

Our readily available reserves are currently £134,049, which is below our policy. However, we have an expected income in the region of £100,000 from Dudley Canal Trust, due from an asset sale. The Dudley Canal Trust also hold reserves for use by ourselves, currently £9,174.86.

To assist with the maintenance of the caverns, mines and canals in the area of our operations, there is a Maintenance Fund held along with Dudley Metropolitan Borough Council and Canal & River Trust. This Fund is not shown in our accounts, and is currently in the region of £600,000.

Risk management

The trustees have reviewed the major risks to which the charity is exposed and confirm that systems have been established to mitigate those risks. Particular attention has focused on non-financial risks arising from fire, health and safety of staff, trippers and audiences. A key element in the management of financial risk is the ongoing commitment to gain an increasing number of visitors by offering deals through various mediums, together with attending various community events.

DUDLEY CANAL AND TUNNEL TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Governing document and constitution

The company is limited by guarantee and hence there is no share capital.

Dudley Canal and Tunnel Trust is governed by its Memorandum and Articles of Association dated 18 September 2015. It is a registered charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

C A Bennett	
D M Caunt	
AA Hazeldine	
R W Jones	(Resigned 15 January 2020)
R I Langford	
W J Luesley	
P T Smith	
J Deacon	(Appointed 1 January 2020)
D Powell	(Appointed 6 April 2021)
L Bradshaw	(Appointed 6 April 2021)

Trustees' Indemnity

The charity has Trustees' indemnity insurance in place.

Organisational structure

The board of trustees, who meet bi-monthly administer the charity. A Chief Executive is appointed by the trustees to manage the day to day operations of the charity and attend the bi-monthly board meetings to present the Chief Executive's report on the day to day running of the business.

A Finance and HR Manager looks after the Trusts finances and supports the Chief Executive on all HR issues. A Heritage Engagement Officer is responsible for the Trusts education offer as well as its volunteer programme. The Operations manager looks after the boat trips and health and safety requirements. All report to the Chief Executive.

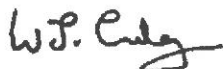
Induction and training of new trustees

New trustees are briefed by the management regarding the operations and their legal obligations under charity and company law. They are also given a tunnel tour to obtain a better understanding of the company history and operations.

Related parties

The charity has a wholly-owned subsidiary, Dudley Canal and Tunnel Trust Enterprises Limited, a limited company whose purpose is to raise monies through commercial enterprise with the aim of profit making so that these profits may be gifted to Dudley Canal and Tunnel Trust to support their charitable purposes.

The trustees' report was approved by the Board of Trustees.



W J Luesley

Trustee

Dated: 20 September 2021

DUDLEY CANAL AND TUNNEL TRUST

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF DUDLEY CANAL AND TUNNEL TRUST

I report to the trustees on my examination of the financial statements of Dudley Canal and Tunnel Trust (the charitable company) for the year ended 31 December 2020.

Responsibilities and basis of report

As the trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charitable company 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 charitable company's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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

- 1 accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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 financial statements 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 financial statements to be reached.


Wendy Davies FCA

No 4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

Dated: 20 September 2021

DUDLEY CANAL AND TUNNEL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
<u>Income and endowments from:</u>							
Donations and legacies	3	367,633	45,000	412,633	207,632	5,483	213,115
Charitable activities	4	104,381	-	104,381	295,252	-	295,252
Other income	5	20,925	-	20,925	4,247	-	4,247
Total income		492,939	45,000	537,939	507,131	5,483	512,614
<u>Expenditure on:</u>							
Charitable activities	6	366,422	47,821	414,243	568,576	662	569,238
Net income/(expenditure) for the year/ Net movement in funds		126,517	(2,821)	123,696	(61,445)	4,821	(56,624)
Fund balances at 1 January 2020		7,532	4,821	12,353	68,977	-	68,977
Fund balances at 31 December 2020		134,049	2,000	136,049	7,532	4,821	12,353

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

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

DUDLEY CANAL AND TUNNEL TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		44,576		62,164
Investments	11		1		1
			<u>44,577</u>		<u>62,165</u>
Current assets					
Debtors	12	27,964		11,624	
Cash at bank and in hand		99,128		25,633	
		<u>127,092</u>		<u>37,257</u>	
Creditors: amounts falling due within one year	13	(35,620)		(87,069)	
Net current assets/(liabilities)			<u>91,472</u>		<u>(49,812)</u>
Total assets less current liabilities			<u>136,049</u>		<u>12,353</u>
Income funds					
Restricted funds	14		2,000		4,821
Unrestricted funds			134,049		7,532
			<u>136,049</u>		<u>12,353</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2020.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 20 September 2021

P. T. Smith

P T Smith
Trustee

Company Registration No. 09784120

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

Dudley Canal and Tunnel Trust is a charitable company incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is 501 Birmingham New Road, Dudley, West Midlands DY1 4SB.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company 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) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

The charitable company has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. 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 charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charitable company 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 charitable company 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 charitable company 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.

No amount is included in the financial statements for volunteer time in line with SORP (FRS102).

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Grants are included in incoming resources when they are receivable. Performance related grants are deferred and released after any performance conditions are met.

1.5 Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that a settlement will be required and the amount of the obligation can be measured reliably.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters.

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:

Leasehold buildings	10% straight line
Boats and equipment	20% reducing balance and at varying rates on cost
Office furniture and equipment	20% reducing balance
Motor vehicles	20% reducing balance

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 charitable company. 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 charitable company 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).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

The charitable company 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 charitable company's balance sheet when the charitable company 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 charitable company's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Critical accounting estimates and judgements

In the application of the charitable company'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	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	81,654	-	81,654	207,632	2,500	210,132
Grants received	285,979	45,000	330,979	-	2,983	2,983
	<u>367,633</u>	<u>45,000</u>	<u>412,633</u>	<u>207,632</u>	<u>5,483</u>	<u>213,115</u>
Donations and gifts						
Donations	6,019	-	6,019	11,286	2,500	13,786
Donations from Dudley Canal Trust	50,413	-	50,413	116,873	-	116,873
Donation from Dudley Canal Trust (Trips) Limited	659	-	659	2,861	-	2,861
Gift aid	23,063	-	23,063	37,122	-	37,122
Gift aid from subsidiary	1,500	-	1,500	39,490	-	39,490
	<u>81,654</u>	<u>-</u>	<u>81,654</u>	<u>207,632</u>	<u>2,500</u>	<u>210,132</u>

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Donations and legacies

(Continued)

Grants receivable for core activities

Culture recovery grant	154,900	-	154,900	-	-	-
Furlough grant	130,590	-	130,590	-	-	-
Heritage fund emergency grant	-	45,000	45,000	-	-	-
Other	489	-	489	-	2,983	2,983
	<u>285,979</u>	<u>45,000</u>	<u>330,979</u>	<u>-</u>	<u>2,983</u>	<u>2,983</u>

4 Charitable activities

	2020 £	2019 £
Boat income (including rally)	97,302	267,520
Workshop income	3,235	20,424
Admissions and booking fees	2,858	6,009
Membership subscriptions	986	1,299
	<u>104,381</u>	<u>295,252</u>

5 Other income

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Net gain on disposal of tangible fixed assets	1,618	-
Other income	19,300	-
Bank interest and booking fees	7	4
Rental income	-	4,243
	<u>20,925</u>	<u>4,247</u>

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Charitable activities

	2020 £	2019 £
Staff costs	210,959	221,001
Depreciation and impairment	11,733	13,629
Electric, gas, telephone and water	31,642	50,273
Professional fees	20,109	19,487
Maintenance and upkeep	23,707	27,258
Marketing advertising and PR	17,666	17,903
Service contracts	3,991	9,975
Heritage activities	281	2,746
Health and safety	416	1,004
Consumables	1,191	2,141
Volunteer expenses	405	606
Activities and events	166	274
Accommodation recharge to Enterprise	(40,000)	(40,000)
Commission	10,382	39,506
Rent rates and insurance	10,983	59,281
	<u>303,631</u>	<u>425,084</u>
Share of support costs (see note 7)	102,933	121,480
Share of governance costs (see note 7)	7,679	22,674
	<u>414,243</u>	<u>569,238</u>
Analysis by fund		
Unrestricted funds	366,422	568,576
Restricted funds	47,821	662
	<u>414,243</u>	<u>569,238</u>

Rent, rates and insurance for 2020 includes rent paid to Dudley Canal Trust (Trips) Limited amounting to nil (2019 - £46,000).

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	67,890	-	67,890	81,808	-	81,808
Depreciation	2,056	-	2,056	2,604	-	2,604
Service costs	17,836	-	17,836	20,898	-	20,898
Directors expenses	936	-	936	2,625	-	2,625
Motor travel and entertaining	54	-	54	2,166	-	2,166
Legal and professional fees	8,004	-	8,004	413	-	413
Sundries	-	-	-	960	-	960
Bank charges	6,157	-	6,157	10,006	-	10,006
Legal and professional	-	2,861	2,861	-	14,467	14,467
Accountancy and payroll services	-	3,568	3,568	-	6,957	6,957
Independent examination fee	-	1,250	1,250	-	1,250	1,250
	<u>102,933</u>	<u>7,679</u>	<u>110,612</u>	<u>121,480</u>	<u>22,674</u>	<u>144,154</u>
Analysed between Charitable activities	<u>102,933</u>	<u>7,679</u>	<u>110,612</u>	<u>121,480</u>	<u>22,674</u>	<u>144,154</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

9 Employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administration	7	7
Operational	15	17
Total	<u>22</u>	<u>24</u>

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Employees

(Continued)

Employment costs	2020 £	2019 £
Wages and salaries	260,199	281,090
Social security costs	14,007	19,180
Other pension costs	4,643	2,539
	<u>278,849</u>	<u>302,809</u>

There were no employees whose annual remuneration was £60,000 or more.

10 Tangible fixed assets

	Leasehold buildings	Boats and equipment	Office furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2020	300	219,776	33,014	6,499	259,589
Disposals	-	(5,000)	-	-	(5,000)
At 31 December 2020	<u>300</u>	<u>214,776</u>	<u>33,014</u>	<u>6,499</u>	<u>254,589</u>
Depreciation and impairment					
At 1 January 2020	33	164,095	26,797	6,499	197,424
Depreciation charged in the year	30	11,733	2,026	-	13,789
Eliminated in respect of disposals	-	(1,200)	-	-	(1,200)
At 31 December 2020	<u>63</u>	<u>174,628</u>	<u>28,823</u>	<u>6,499</u>	<u>210,013</u>
Carrying amount					
At 31 December 2020	<u>237</u>	<u>40,148</u>	<u>4,191</u>	<u>-</u>	<u>44,576</u>
At 31 December 2019	<u>267</u>	<u>55,680</u>	<u>6,217</u>	<u>-</u>	<u>62,164</u>

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets (Continued)

11 Fixed asset investments

	Other Investments
Cost or valuation	
At 1 January 2020 & 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	1

	Notes	2020 £	2019 £
Other investments comprise:			
Investments in subsidiaries	17	1	1

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	-	3,066
Amounts owed by subsidiary undertakings	18,655	-
Other debtors	7,990	-
Prepayments and accrued income	1,319	8,558
	<u>27,964</u>	<u>11,624</u>

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	3,999	7,279
Trade creditors	5,295	9,460
Amounts owed to subsidiary undertakings	-	48,147
Other creditors	19,439	16,973
Accruals and deferred income	6,887	5,210
	<u>35,620</u>	<u>87,069</u>

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 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			Movement in funds		Balance at 31 December 2020
	Incoming resources	Resources expended	Balance at January 2020	Incoming resources	Resources expended	
	£	£	£	£	£	£
British museum	1,983	(662)	1,321	-	(1,321)	-
Art connect	1,000	-	1,000	-	(1,000)	-
Richardson foundation	2,500	-	2,500	-	(500)	2,000
Heritage grant	-	-	-	45,000	(45,000)	-
	<u>5,483</u>	<u>(662)</u>	<u>4,821</u>	<u>45,000</u>	<u>(47,821)</u>	<u>2,000</u>

15 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 31 December 2020 are represented by:						
Tangible assets	44,576	-	44,576	62,164	-	62,164
Investments	1	-	1	1	-	1
Current assets/ (liabilities)	89,472	2,000	91,472	(54,633)	4,821	(49,812)
	<u>134,049</u>	<u>2,000</u>	<u>136,049</u>	<u>7,532</u>	<u>4,821</u>	<u>12,353</u>

16 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>48,719</u>	<u>52,261</u>

The Trust considers its key management personnel to be the Chief Executive.

DUDLEY CANAL AND TUNNEL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Related party transactions

(Continued)

Transactions with related parties

During the year the charitable company entered into the following transactions with related parties:

	Sale of asset	
	2020	2019
	£	£
Trustee	5,500	-

At 31st December 2020 amounts owed to Dudley Canal Trust (Trips) Limited was £14,406 (2019 £12,426). This is included in other creditors.

17 Subsidiaries

These financial statements are separate charitable company financial statements for Dudley Canal and Tunnel Trust.

Details of the charitable company subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dudley Canal Trust Enterprises Limited	England and Wales	Preservation and development of the Dudley Canal Network	Ordinary	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
	£	£
Dudley Canal Trust Enterprises Limited	22,965	30,685

