

Charity Registration No 504481

Company Registration No 1226321
(England and Wales)

BLACK COUNTRY LIVING MUSEUM



Black Country Living Museum Trust
Annual Report & Accounts
for the year ended 31 March 2011

Black Country Living Museum Trust

Contents

	Page
Reference & Administrative Information	2
Trustees' Report	3-17
Chairman's Forward	3-5
Chief Executive's (Museum Director) Forward	6-7
Structure, Governance and Management	8
Governing Document	8
Directors & Trustees	8
Recruitment and Appointment of Trustees	8
Trustee Induction and Training	9
Organisational Structure	9
Related Parties	10
Risk Management	10
Reserves Policy	10
Investment Policy	10
Vision, Mission and Strategic Objectives	11
Demonstrating and Reporting on the Museum's Public Benefit	12-13
Major Achievements, Performance and Activities	14-16
Future Plans and Objectives	16-17
Financial Review	17
Statement of Trustees' Responsibilities	18
Independent Auditors' Report	19-20
Statement of Financial Activities	21
Balance Sheets	22-23
Consolidated Cash Flow Statement	24
Notes to the Accounts	25-42

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011

The Directors & Trustees present their Annual Report & Accounts for the year ended 31 March 2011

The Accounts have been prepared in accordance with the accounting policies set out in Note 1 to the Accounts and comply with the charity's governing document, applicable law and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', issued in March 2005

Reference & Administrative Information

Directors & Trustees:	A Graham Dean Anthony F George MBE TD DL Anthony Harris* Linda Horton* John H Hughes (Chairman) Jane A Lodge Elias Mattu* Stephen Morley Melvyn Mottram* A David Owen OBE Michael S Williams Timothy Wright*
Chief Executive (Museum Director):	Andrew Lovett
Company Secretary:	John Polychronakis LLB
Charity Number:	504481
Company Number:	1226321
Principal Address & Registered Office:	Black Country Living Museum Tipton Road Dudley DY1 4SQ West Midlands
Auditors:	CK Audit No 4 Castle Court 2 Castlegate Way Dudley DY1 4RH West Midlands
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(*nominated by the four Metropolitan Borough Councils of the Black Country)

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Chairman's Forward

I am pleased to report that this year has been one of considerable achievement and development for the Black Country Living Museum. We could have reasonably expected – during a time of continuing recession and more limited family budgets - a poor year, insofar as the Museum's visitor attendance was concerned, but not a bit of it. Attendance reached record levels, at just short of 312,000, up 1.6% on 2009/10, and was frustratingly set to achieve even higher levels if the unprecedented severe early snows hadn't arrived. The ensuing disruption forced us to cancel two of our ever-popular Christmas evenings, despite Herculean efforts by many staff and volunteers to clear our 26 acre open-air site and car parks.

At a time of recession and uncertainty, the enjoyable learning, new experiences and a certain familiarity that museums are able to offer, can be especially important to achieving a healthy and stimulating balance in people's lives. Experience shows that the Black Country Living Museum is no exception. The record attendance we saw last year suggests that this is very much the case and that the Museum is successfully developing its offering to meet a substantial need.

We can also be heartened by the key findings of last summer's survey of visitors which showed that 90.7% of visitors would recommend the Museum (2009 87.6%), that 86.5% of visitors would visit again (2009 79.3%), and that for 90.4% of visitors we had met or exceeded their expectations (2009 89.5%). However, we can't afford to be complacent, and whilst these percentages reflect the quality of the Museum, we want to do even better. Our vision remains to be nationally recognised and admired as a pre-eminent open-air museum in the UK. The trust that is placed in us and the positive relationship that exists with our visitors is not taken for granted, but is actively valued, earned and needs to be continually renewed. This is thrown into sharp focus when our surveys tell us that almost 27% of visitors place 'value for money' at the top of their essentials list, closely followed by what we have to offer and the quality of our customer service.

For the first time last year we tried to measure, more precisely, the impact of what we do as an educational charity, by asking our visitors whether their visit to the Museum had inspired them to learn more about the story of the Black Country (77% said yes), and the extent to which their knowledge and/or appreciation of the Black Country had improved or a lapsed interest rekindled (82.5% said it had). These are essential outcomes to measure as part of demonstrating the Museum's public benefit, and especially important because almost 40% of our visitors have little or no knowledge of the Black Country. We can be encouraged by what we are achieving.

In July last year, I was thrilled to welcome, on a beautiful day, well over 300 invited guests to the official opening of our four new shops set in the 1930s, the Oldbury Buildings, on the Museum's Old Birmingham Road. It was most pleasing to welcome representatives from many of the trusts and foundations that supported us with funding, including The Patrick Trust, British Motorcycle Charitable Trust, Charles Hayward Foundation, Douglas Turner Trust, Garfield Weston Foundation, Owen Family Trust, and Veolia Environmental Trust. It was also very special to welcome, for the first time together, the mayors of all four of the boroughs of the Black Country.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Although we will continue to develop historic features and buildings at the Museum, the opening last July marked the completion of the last major reconstruction of historic buildings currently planned for the next few years, and for that reason, it was particularly poignant. We do, however, now have an unparalleled portfolio of historic buildings at the Museum thanks to our many supporters over time, including the Heritage Lottery Fund and the European Regional Development Fund.

Following the publication, in March 2010, of our new strategy, *Forging Stronger Links*, we have put enjoyable and distinctive learning at the heart of what we do and want to achieve in the future. This represents a major repositioning of the Museum's brand, and through creative, smart working, supported by the most skilful marketing, commercial performance and up-dated management practices, there is no reason why learning and entertainment can't forge a formidable and attractive proposition for our visitors, and with it, sustainable success for the Museum.

On a lighter note, in the recent publication of the Ordnance Survey's up-dated Landranger Sheet 139, the OS bravely identified The Black Country, putting the area, quite literally, on the map for the first time ever. Wisely though, the OS decided against plotting a boundary for this famously indistinct region of the West Midlands, but we were delighted, nevertheless, to see the Black Country being given official recognition, albeit almost 180 years after the first attributed use of the name¹. In much the same way that we welcomed the Ordnance Survey's recognition, it was with a wry smile that we also noted that the Black Country Living Museum was considered the only destination in the whole of the West Midlands worth visiting, according to the latest edition of Lonely Planet's Travel Guide to the UK.

The last twelve months have certainly been a period of significant change and development for the Museum and for the dedicated team of staff and volunteers who work here. We made major changes to our management and staffing structures during the autumn/winter of 2010/11 to make sure we had in place a strengthened team that could deliver our ambitions and new objectives. I want to pay tribute to all staff for their continued commitment and hard work, as well as taking this opportunity to welcome our new staff to a much-changed Museum team. We have also been busy developing the much-valued relationship we have with our volunteer groups, so that our joint efforts are fully focused on the enjoyment and experience of our visitors.

I want to thank all those organisations, including Dudley Metropolitan Borough Council and The Friends of the Museum, for their continued support of the Museum, and the many thousands of individual visitors, young and old, who choose to spend their time and money with us, especially those that come to see us two and three times a year. A particularly big thank you to those visitors who chose to donate their admission fee to the Museum, allowing us most importantly to claim over a quarter of a million pounds in Gift Aid to support the Museum's charitable activities and programmes.

¹ First use of the phrase, *Black Country*, attributed to Julian Charles Young, 1834 (source OED)

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

As I conclude this forward to our 2010/11 Annual Report & Accounts, we have, regrettably, had the expected confirmation that the replica Titanic anchor – currently resplendent outside the Museum and representing the very best of Black Country skills, and much enjoyed by our visitors since October, will be moving, a few miles away, to its final home in Netherton. It will be missed.

It is widely acknowledged that domestic visitor destinations, including museums and galleries (especially those that are free) actually benefited in 2010 from certain aspects of the economic downturn, fuelled by fewer overseas visits and a greater number of day trips – the so called 'staycation' phenomenon. However, there are signs, in the early part of 2011 that some of the effects of the recession (including lower high street sales) and only a slow recovery from it, are starting to have an adverse impact on charging visitor destinations, including the Museum. Although visitor attendance, in the first six months of the calendar year, 2011, are in-line with last year, there are currently signs that this is changing and that visitor spend is also reducing. Appropriate actions will be taken where necessary to protect ongoing trading results and the charitable activities of the Museum.

I want to finish by thanking my fellow Trustees and colleagues on the Museum Boards for their continued support, commitment and encouragement.

John H Hughes Chairman

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Chief Executive's (Museum Director) Forward

Why should people care about this Museum? What is it that we do, beyond the preservation of a lot of old 'things', that is relevant and therefore, valuable to people now – at least 60 years after the industrial heyday of the Black Country ended? These are fundamental questions. The requirement, given renewed prominence by recent changes in charity legislation, to clearly demonstrate that the aims of the Museum (an educational charity) are for the public benefit, means our answers must be especially smart. Our answers need to be smarter still when these questions are posed by the potential audience which I have on my mind – those people who live more than a couple of hours away, in Nottinghamshire or Somerset and who are therefore, much less likely to know about us and in-turn, the valuable contribution we are capable of making to their lives.

The Museum's proposition goes beyond instructing our visitors about the Black Country. For us, that isn't enough, even if that instruction is entertaining. So rather than indifferent instructors, we take pride in being persuasive educators, interpreters of history and storytellers. That is our priority now. However, we need to go further to develop programmes and formats and our own style of engaging people creatively in history. For example, we want to show how political, social and economic changes affecting people (in the Black Country) were reflected in changes in manufacturing, housing, diet, education, health, transport, religious beliefs and their way of life. Ours is a story that reveals the best of the human character and has meaning for everyone, irrespective of where you're from. This is how we will use our collections and united expertise to present ideas, enlighten and develop powers of insight, perception and appreciation in our visitors. In other words, fulfil the Museum's potential.

In the Museum's new strategy, *Forging Stronger Links*, we said, "*our mission is rooted in the value of learning, and especially the value of enjoyable and distinctive learning about the past, and our collective dependence on our past to better appreciate the present and to be better placed to understand and positively influence our futures*". By these efforts and especially at this new stage in the Museum's development, I want us to have an increasingly positive, enjoyable and inspiring influence on people – of all ages - how they live and take control of their own lives, who they are and in-turn, how they contribute (even in the smallest way) to a better society and tackling the challenges of the modern world.

These are far from being abstract discussion points. They are hugely important practical issues for the Museum, which will, if we get our approach right, see enormous benefit from being more relevant to a local and regional audience (not least schools and colleges) where increasingly nostalgia needs to be replaced as memories fade and generations are lost, and to that more remote audience, at the forefront of my mind, which currently has insufficient awareness of the Museum and/or little appetite to visit.

As a pretty large, independent charitable museum, with only a modest reliance on public funds, the future sustainability of our business model is underpinned by high and growing attendances, and our future development ambitions on articulating a clearly defined and compelling "case for support". So being relevant, being engaging and being valuable – to people, has never been more important to us. We must not forget that the Museum operates in a very competitive environment, where the choice of how to spend time is almost infinite.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Through a massive collective effort, over a span of time reaching back almost 35 years, a fabulous and authentically rich open-air stage has been created, on which we are now starting to develop our own new style and approach to engaging people in history. We have saved things – large buildings and many thousands of small objects, and will continue to do so. This will add to the inspiring scenery of the stage, and always with our full attention on how we can use the power of real things to illustrate the stories we have to tell, and in doing so, make our collections relevant to today.

On the broader front of the museums' sector, the Museums, Libraries & Archives Council (MLA) is about to disappear and soon Arts Council England will subsume its valuable role. I want to take this opportunity to pay tribute to the MLA and the positive work it has done in supporting museums across the country, while welcoming ACE – an organisation I know well and increasingly admire – to its much broader portfolio. The MLA has, in particular, played an important role in demonstrating the true significance of learning through their framework, *Inspiring Learning for All*. This provides not only a toolkit for museums, libraries and archives to improve performance and measure outcomes, but highlights the wider benefits of learning by aligning what museums can offer with other national strategies, not least the National Curriculum.

In-line with Financial Reporting Standard 17, 'Retirement Benefits', this year's Accounts include an important change in our accounting policies, with the inclusion, for the first time, of detailed information and costs relating to the on-going financial obligations associated with the Museum's defined benefit pension scheme.

As we review and sign-off on last year, and despite the continued economic problems we all face, we look forward with excitement to the 300th anniversary of the Newcomen Steam Engine in 2012 and the celebrations that are being planned, centred on the Museum's very own full size replica of this remarkable piece of Black Country engineering and the immensely important part it played in the industrial revolution and therefore, all our lives.

I also want, in this forward, to thank the Museum's staff, volunteers and Board of Trustees for their support, loyalty and hard work over the last 12 months - nothing could have been achieved without them. The evident success of the Museum over the last 12 months – highlighted in this report – bears witness to the effectiveness of our teams. Everyone with an interest in the Museum can be extremely proud that it continues to be the third most visited open-air museum in the whole of the United Kingdom, and note that one of those is free to visit.

At the beginning of the second decade of the 21st century, we recognise the need for what has been called a 'third place', a place which is neither work nor home, where people can engage in a stimulating, intellectual and physical environment and where the boundaries between learning and leisure, education and entertainment are blurred, where people are excited and have fun, and on occasions, challenged. Such a place very much includes the Black Country Living Museum.

Andrew Lovett Chief Executive (Museum Director)

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Structure, Governance and Management

Governing Document

Black Country Living Museum Trust is a company limited by guarantee, without share capital and governed by its Memorandum and Articles of Association dated 15 September 1975 as amended by special resolutions dated 15 December 1983, 21 July 2005 and 24 September 2009. The company's Certificate of Incorporation (name change) was validated on 10 December 2009. The company was registered as a charity with the Charity Commission on 10 October 1975. The Museum is fully Accredited by the Museums, Libraries & Archives Council. Throughout this Annual Report the charitable company is referred to as "the Museum".

Directors & Trustees

The directors of the Museum for the purposes of company law are also its trustees for the purposes of charity law and throughout this report are collectively referred to as "the Trustees". The Trustees are also the sole members of the charitable company. Those Trustees who served during the year were

A Graham Dean	
Anthony F George MBE TD DL	
Anthony Harris	
Matthew Holdcroft	(Resigned 15 December 2010)
Linda Horton	(Appointed 18 May 2011)
John H Hughes (Chairman)	
Leslie Jones	(Resigned 29 June 2011)
Jane A Lodge	
Elias Mattu	(Appointed 18 May 2011)
Stephen Morley	
Melvyn Mottram	
A David Owen OBE	
Ann Shackleton	(Resigned 18 May 2011)
Stephen Simpkins	(Appointed 15/12/10 and resigned 18/05/11)
Michael S Williams	
Timothy Wright	(Appointed 29 June 2011)

Recruitment and Appointment of Trustees

The governing document allows for two classes of trustees: ordinary and nominated. Ordinary trustees are appointed on the basis of their experience, skills and empathy with the Museum's vision, including an appreciation for social and industrial history. Going forward, the appointment of ordinary trustees will be undertaken following an open, public recruitment process, to give best chance to attracting a broad range of skills. Prospective trustees are invited to apply, explaining how they fulfil the requirements of the role, and are interviewed by a panel of existing Trustees, who make recommendations to the Board.

Nominated trustees are appointed by, but not representatives of, the metropolitan borough councils of the Black Country: Dudley, Walsall, Sandwell and Wolverhampton. Apart from Dudley Council, which may nominate two trustees, each of the councils may nominate one trustee. A nominated trustee does not necessarily have to be an elected councillor, and could as easily be anyone who a council feels would make a valuable contribution to the Museum.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Trustee Induction and Training

New trustees are provided with a wide range of information about the Museum, including the Charity Commission's publication, *The Essential Trustee* and have an induction meeting with the Museum's Director and other senior staff. They are also provided with a copy of the Museum's *Becoming a Trustee of the Museum*, which sets out the duties and responsibilities of being a trustee and the contribution they are expected to make during their term of office. The Museum also has in place a Trustee Development Programme which addresses a wide range of general topics relevant to being a trustee, eg governance and charity law, as well as topics covering more specialist subjects such as the Museum's Code of Ethics, and collections management. All Trustees are given membership of the Museums Association to keep them informed about developments and important issues affecting the museums sector. The Board has recently agreed a framework to assess, on an annual basis, its effectiveness as the Museum's governing body. An annual self-assessment programme is also being developed, to inform an individual review of each Trustee by the Chair of the Board.

Organisational Structure

The Museum is governed by a board which has powers to conduct all the affairs of the charity. The Board met six times during the year to consider and monitor the progress and performance of the Museum, to authorise and control expenditure and consider policy and significant developments.

The Board has put in place such committee structures as it considers necessary to properly and effectively govern and regulate the affairs of the Museum, including an Audit Committee, Project and Capital Expenditure Approval Committee, Treasury Management Committee and a Remuneration Committee.

The Museum Director, who is also its Chief Executive, manages and develops the Museum with his senior staff and is accountable and reports to the Board and its Chair.

The Museum's Director & Chief Executive is supported by a senior management team comprising the posts of Director of Finance & Administration, Director of Collections, Learning & Research, Director of Development, and Director of Communications & Marketing.

The Museum is owned and operated by the charitable company, including the employment of all staff. Non-charitable activities, including retailing and catering for visitors, are undertaken on behalf of the Museum by Black Country [Living] Museum Enterprises Limited (Company Registration No 3026731). The Enterprise Company is a wholly-owned subsidiary of the Black Country Living Museum Trust – its immediate and ultimate parent undertaking and controlling party. The Trust therefore, is the sole member of the Enterprise Company. The Enterprise Company was incorporated on 27 February 1995 in order to protect the charitable status of the Museum Trust and to have in place the most tax-efficient company arrangements, whilst allowing the Museum to benefit from the proceeds of commercial enterprise through an annual donation of profits from the Enterprise Company to the Museum.

In addition, the Black Country [Living] Museum Development Trust (Charity No 1109345) was originally established in 1975 to focus on project-led capital fundraising. However, the future role of the Development Trust is currently under review, and changes are expected to be implemented due to the changing nature of the modern fundraising environment.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Related Parties

The Museum works with a number of other related parties to achieve its objectives, including volunteer groups, the principal volunteer groups being The Friends of the Museum, Transport Group, Motor Vehicle Volunteers, The Friends of President (the Museum's steam narrow boat and registered as part of the National Historic Fleet), Friends of Willenhall Locksmith's House, and the "Green Team", who do much to keep our gardens in good order. The Museum also works closely with Dudley Canal Trust (Trips) Ltd and Marston Wolverhampton Heritage Trust.

A representative from The Black Country Society and The Friends of the Museum are invited to observe meetings of the Board of the Museum. The Museum also maintains membership of a number of organisations, the major ones being International Council of Museums, Museums Association, Association of Independent Museums, Newcomen Society, Inland Waterways Association, Association of Industrial Archaeology and the Midlands Federation of Museums. The Museum is also a member of Heart of England Attractions – a group which represents the interests of the fourteen leading visitor destinations in the West Midlands.

The Museum also maintains a close and important relationship with Dudley Council. The Council provides the Museum with an annual unrestricted grant as a contribution to support its running costs and owns the majority of the freehold of the Museum site, leased to the Museum Trust. The Museum is also working closely with Dudley Council to achieve the development of Dudley's new Archive & Local History Centre, on land adjacent to the Museum site.

Risk Management

Risk is defined as "any action or event that may have an adverse impact on the achievement of business objectives or prevent making the most of opportunities." The Museum acknowledges the risks inherent in its 'business', and is committed to managing risks that pose a significant threat to the achievement of its business objectives and financial health. Although the Trustees have assessed the major risks to which the Museum is exposed and can confirm that systems are in place to enable regular reports to be produced in order that steps can be taken to reduce, transfer or eliminate risks, a process of review is on-going to ensure that robust management systems are in place, appropriate to the needs of the Museum, and that a Risk Register is up dated and regularly reviewed and acted upon. The Museum's risk management processes have recently been further strengthened by the compilation of new and comprehensive Financial Regulations.

Reserves Policy

It is the policy of the Museum that at least 10% of the average of the last three years' turnover should be maintained as reserves in unrestricted funds. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Museum's current activities while consideration is given to ways in which additional funds may be raised and planned activities renewed. This level of reserves has been maintained throughout the year. This policy is kept under review to reflect changing circumstances.

Investment Policy

The Museum currently has £500,000 on a year long deposit with the Yorkshire Bank, due to mature in January 2012. Other investments take advantage of short term cash flow surpluses by placing funds with regulated financial institutions approved by the Trustees.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

It is not the policy of the Museum to delegate investment management to an agent of the charity in making investment decisions, including those related to permanent endowment, the Treasury Management Committee, acting on behalf of the Board, has due regard to Charity Commission guidance, *Investment of Charitable Funds Basic Principles*, the Charities Act 1993 and the Trustee Act 2000

Vision, Mission and Strategic Objectives

Within the overarching legally stated aims (as a registered educational charity) of preserving objects of historical interest and making them accessible to the public in a museum, the Museum expresses its modern-day vision as, *to be nationally recognised and admired as a pre-eminent open-air museum in the United Kingdom*. To make this vision real, the Museum has developed its mission, *to engage hearts and minds through the best use of its collections to inspire the widest possible audience about the story of the Black Country – the world's first industrial landscape*

The Museum's current strategic objectives are to

- develop the Museum as a visitor destination of the highest quality – of the highest historical authenticity – creating experiences for a large and diverse audience, supported by customer service that always exceeds expectations,
- develop the Museum as an admired centre of excellence for enjoyable formal and informal learning,
- maintain and strengthen the Museum's sustainability and financial independence,
- establish accomplished management practices and develop and reward the best people

The Museum's vision, mission and strategic objectives reflect the full significance of the Museum and its collections which are rooted in regional identity. The Museum grew out of community pressure in the late 1960s (with the first land purchased in 1973) to ensure that the culture and traditions of the Black Country might be preserved and over forty years on it has accumulated a wide range of material – from entire buildings down to pots and pans – which records and exemplifies the particular contribution of the Black Country to the origins of the Industrial Revolution and also the impact of industrialisation on the regional landscape and society. The Museum now holds a resource of considerable value, for authenticating the sense of regional identity and also for placing the full historical and cultural significance of the Black Country in a national context. Buildings, machines and other 'things' hold stories which attest to the national and international significance of the Black Country.

For people today, living in the age of the internet, 'smart' phones and tablet personal computers, the Museum can be shown to have considerable value as a resource for learning of all kinds which is of fundamental importance to the Museum as an educational charity

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

It is through the completeness and coherence of the reconstructed site, therefore, that the Museum has established itself as the 'last word' on the Black Country, a reference point for anyone today needing confirmation of – or searching for – Black Country identity. In some histories, the role of the Black Country has been subsumed in the concept of 'Birmingham and the Midlands Hardware District' – a term coined in the mid-nineteenth century. Today, outside the Midlands, there are many who see the entire region as a 'Greater Birmingham' and so, the true significance of the Black Country to national life as a distinct region with its distinctive character, culture and traditions is sometimes eclipsed. Here the Museum has played a prominent role in helping to place it on the map as a place apart from Birmingham and the rest of the West Midlands, and in this context, the Museum is proud of its prominent and effective regional role.

Demonstrating and Reporting on the Museum's Public Benefit

As a charity, the Trustees recognise their legal duty to report on the Museum's public benefit in their Annual Report, as part of a requirement – given fresh emphasis by the Charities Act 2006 – to clearly demonstrate that the aims of the charity are for the public benefit. In setting out, in this Annual Report, how the charity currently meets this requirement and is reflected in its future plans, the Trustees assert that the charity is compliant with the requirements of section 4 of the Charities Act 2006, having due regard for the public benefit guidance published by the Charity Commission, *Charities and Public Benefit January 2008*, and *The Advancement of Education for the Public Benefit, December 2008*.

It is noted that this guidance sets out two principles of public benefit: firstly, that there must be an identifiable benefit or benefits, and secondly, that the benefit(s) must be to the public, or a section of the public. It is also noted that the benefit(s) must relate to the aims of the charity and that they should not be unreasonably restricted by reason of cost or eligibility to membership, for example.

We acknowledge and accept that there exists a kind of covenant between charities and society: charities bring public benefit and, in their turn, are accorded high levels of trust and confidence, as well as the benefits of charitable status. We welcome the more explicit reporting of public benefit and how it is aligned with the objects of the charity, and believe that this will indeed help maintain and grow public trust in the activities of the charitable sector, not least the charitable activities of the Black Country Living Museum.

The Museum gives expression to the accomplishment of public benefit throughout this Annual Report and especially when reporting below on this year's major achievements, performance and activities. However, in summary, the Museum identifies the benefits to the public that arise from its aims, as

- (a) providing opportunities for enjoyable and stimulating learning for the general public (in excess of 300,000 each year) about the special significance of the Black Country – its people and its landscape and the major part it played in the development of an industrialised world, in a unique and authentic environment,
- (b) providing tailored guided tours and other developing programmes and resources for some 70,000 region-wide school and college-age children and students, from over 1,000 separate schools and colleges, including 50 overseas school groups,

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

- (c) preserving objects, including some 61,000 artefacts and at least 80 buildings, features and other structures, of historical interest and significance and making them physically and intellectually accessible to the general public in a 26 acre open-air museum in an otherwise heavily urbanised environment,
- (d) making accessible to researchers and students, its important collections of some 6,000 books, 7,600 photographs and at least 1,500 other important items of archive ephemera, and in so doing, adding to the collective knowledge, understanding and expertise on the Black Country,
- (e) publishing and widely disseminating to the public, information about the Black Country, via the Museum's website, and in response to over 1,100 public enquires to our curatorial enquiry service,
- (f) maintaining access to its facilities and services all-year-round, typically for 49 hours each week,
- (g) providing diverse opportunities for volunteering (currently over 160 active volunteers),
- (h) supporting and strengthening the Black Country's identity and sense of place,
- (i) providing a venue for community lectures (about the Black Country), serving approximately 1,500 people each year,
- (j) and in providing these public benefits, the Museum supports the five generic learning outcomes identified by the Museums, Libraries & Archives Council, which show the positive impact of the public's interaction with museums, on their knowledge and understanding, skills, attitudes and values, enjoyment, inspiration and creativity, and action, behaviour and progression

In contrast to many museums, this Museum can be applauded for successfully breaking down some of the barriers that so often act as a deterrent to attracting a broad socio-demographic audience to museums, with the Museum's visitors evenly split between C2DE (52%) and ABC1 (48%) (source in venue visitor surveys 2009 and 2010) More needs to be done to attract larger audiences from black and ethnic minorities, which currently account for just 10% of the Museum's total audience

The Museum is engaged with widespread promotional activity, although 79% of the Museum's visitors (on day trips) live within a travelling time of two hours or less The Museum charges for admission and as well as undertaking regular benchmarking to retain its reputation for value, offers a range of discounted rates and concessions in order that these charges do not prevent wide public access to the Museum Discounted rates are provided for people over the age of 60, students, essential carers, families and young people All groups (of 10+) receive significantly discounted rates Although the Museum has created the conditions of the 19th and 20th Centuries, using original buildings and other features and often reflecting their original streetscape, with changes in level and uneven surfaces, great attention has been paid to ensuring good physical access To this end, many adjustments have been made to provide level access and adapted transport and freely available wheelchairs are provided to serve visitors with restricted mobility Other adapted facilities and services are provided at the Museum, and an access guide is available via the Museum's website

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

Major Achievements, Performance and Activities

At the beginning of this year in review, the Museum set itself nine major objectives

These were

- (1) To determine and implement changes to its management and staffing structures to support the Museum's new Strategic Plan**

In response to the demands of the Museum's new Strategic Plan (agreed in March 2010) the Trustees approved significant changes to its management and staffing structures at the beginning of September. The changes, which resulted in seven redundancies, were implemented by the end of October, and over the course of six months, a number of internal and external appointments were made to complete the restructure.

- (2) To achieve visitor attendance of 305,000**

Visitor attendance for the year achieved 311,847 – a little over 2% ahead of target

- (3) To open, on time and within budget, the reconstructed four Oldbury Buildings on the Museum's Old Birmingham Road**

The Oldbury Buildings, comprising Humphrey Brothers, Building & Decorators, Hartill & Sons, Motorcycle Dealers, Alfred Preedy & Sons, Tobacconist, and James Gipton, Radio Sales & Repairs, together with some domestic interiors, were opened to the public on 16 July 2010 by Professor Carl Chinn MBE, of the University of Birmingham. The £725,000 project was on time and on budget and has proved extremely popular with Museum visitors.

- (4) To maintain the Museum's financial position by achieving its revenue estimates for 2010/11**

The Museum necessarily incurred a number of one-off costs this year, largely as a result of implementing new management and staffing structures. However, the Museum achieved a small trading surplus of £10,000 (budget £51,600) before certain accounting adjustments, mainly for depreciation charges of £365,453, as well as additional pension costs recognised in the FRS17 disclosure at Note 21. Further details are contained in the Accounts and the Financial Review, forming part of this Annual Report.

- (5) To have determined the Museum's future occupational pension provision**

The Trustees reviewed the Museum's defined benefit, pension provision during the year and concluded that, due to its potential for unsustainably high, volatile and uncontrollable costs, the scheme would close to new entrants. Existing pension benefits to staff currently in membership were protected, while an alternative, defined contribution pension scheme was established with Friends Provident for those staff without pension benefits and to meet the Museum's statutory obligations, under auto-enrolment legislation, being introduced from 2012.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

(6) To have commenced a review of the future role of the Black Country [Living] Museum Development Trust

The Director & Chief Executive commenced a review of the Black Country [Living] Museum Development Trust, established in 1975 to support the capital funding requirements of the Museum during its original building phase. Final recommendations will be made in November 2011, to the Trustees of both the Museum and its partner organisation, the Black Country [Living] Museum Trust, as part of a widespread review of fundraising.

(7) To have determined the future best use of newly acquired land and buildings

In November 2009, the Trustees concluded the purchase of 0.92 hectares of land and buildings immediately adjacent to the Museum's north-eastern boundary, with a view to exploiting its potential, either to expand the public 'offer' or to support operational issues, such as providing valuable collections storage. As a first and beneficial step, a short-term lease renewal was granted in November 2010, to the Museum's tenant on the site. Other options, in support of the Museum's charitable objectives, will be explored during the coming year.

(8) To have concluded discussions with Dudley Council to determine a location for the Council's new Archives & Local History Centre

Following extensive ground exploration works on land leased to the Museum, and forming part of its car park, Dudley Metropolitan Council decided against developing its new Archives & Local History Centre on the Museum site, and has subsequently secured an alternative, better suited and more cost-effective location, immediately to the south of the Museum. Subject to planning permission, works are expected to commence in the autumn of 2011.

(9) To have reviewed the future composition, necessary strengths and recruitment processes for the Board of Trustees and to have agreed a trustee 'job description'

In September 2010, the Trustees recognised the benefits of broadening the range of skills around the Boardroom table, to include professional backgrounds in education, museums/culture/arts, fundraising and communications, and that at least one of these figures may, usefully, have a national profile. The Trustees also approved a new 'job description' for future trustees, and that future recruitment should be open and transparent, including the use of public advertisements.

Beyond the continuing successful operation of the Museum and the many amazing things that we do, day-in, day-out, other significant achievements during the year that we are proud of, include

- providing a wonderful (albeit temporary) home to the life-size replica of the Black Country-made, Titanic anchor,
- establishing a representative body for the staff, the Staff Consultative Forum,
- creating a positive and mutually beneficial relationship with the National Youth Theatre,

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

- the piloting of Key Stage 2 schools projects to enhance our learning credentials and impact,
- increasing and improving our food offer by opening our new outdoor café, Hobbs Courtyard,
- the continued success of our major winter events, including Christmas Evenings, Bonfire Night, Night at the Museum, Halloween and the hugely popular Santa Hunts,
- establishing more in-depth links with the Centre for West Midlands History at the University of Birmingham, University of Wolverhampton, Dudley College, The Black Country Society, and the community of international open-air museums,
- putting in place a revised Acquisitions & Disposal Policy, as part of a refreshed Collections Management Plan,
- awards in 2010 included
 - (i) finalist for the Group Travel Awards (Best Group Attraction, long visit)
 - (ii) highly commended for UK Coach Operator Awards (Most Coach-friendly Historic Site)
 - (iii) silver awards for Heart of England Excellence in Tourism Awards (Regional Culture, and one-off Annual Event of the Year)

Future Plans and Objectives

For the period ahead, the Trustees have identified the following major objectives, all of which support the Museum's strategic objectives set out earlier in this report

- (a) To maintain visitor attendance in excess of 300,000,
- (b) To finalise plans and identify funding, to support a major re-development of the Museum's Rolfe Street Complex,
- (c) To adopt and implement a new Communications & Marketing Strategy,
- (d) To adopt and implement a new Development (fundraising) Strategy,
- (e) To adopt and implement a new ICT Strategy,
- (f) To finalise plans for the best future use of the Museum's new land and buildings,
- (g) To develop and embed new formal and informal learning programmes and formats, to develop our own distinctive style of engaging people creatively in history,
- (h) To develop a new, improved facility, as the Museum's major food & drink outlet,
- (i) To have completed the identified work on the Newcomen Steam Engine in time for its 300th anniversary in 2012,

Black Country Living Museum Trust

Trustees' Report for the year ended 31 March 2011 (continued)

- (j) To make a positive contribution to the on-going discussions concerning the future development of Castle Hill (an extensive area of development land mainly in the ownership of Dudley Council, immediately adjacent to the Museum),
- (k) To improve and greatly increase the product range and profitability of the Museum Shop,
- (l) To get in place reliable benchmark data so that we can start to measure and reduce the Museum's impact on the environment,
- (m) To submit an application for Designation to the Museums, Libraries & Archives Council,
- (n) To continue to strengthen existing partnerships and to create new strategic alliances, and to develop the Museum's regional role and presence,
- (o) To have made appropriate new appointments to the Board of Trustees

Financial Review

The financial activities of the Museum for the year under review and the financial position at the Balance Sheet date are set out in the Accounts. As with most charities, the Museum looks to manage within a balanced budget whilst delivering its charitable objectives, and also to build and sustain an appropriate level of reserves. The Museum does not have a conventional profit motive, but looks to make surpluses to reinvest back into its charitable activities to further its public benefit and to service any commercial loans.

The financial statements show that turnover (excluding trading sales of £1,567,887) in the year rose by almost 2% to £2,570,894 (2010 £2,522,699). Donated profits from the Museum's trading subsidiary rose by almost 8% to £314,677 (2010 £292,340). The Museum's 'trading' surplus was £10,143 before depreciation charges, restricted donations and the additional pension costs recognised in the FRS17 disclosure at Note 21, but after one-off costs of c£200,000 associated with the management and staffing restructuring. Net Incoming Resources were £126,839 (2010 Outgoing Resources £283,305) after depreciation charges of £365,453, actuarial gains of £393,000 (2010 loss of £383,000) and one-off costs.

The Group Net Worth stands at £9,346,614 (2010 £9,219,775). Restricted Funds stand at £7,325,488 (2010 £7,364,246) and Unrestricted Funds at £2,021,126 (2010 £1,855,529) comprised of Designated Funds of £2,439,065 (2010 £2,436,234), General Funds of £597,061 (2010 £749,295) and Pension Reserve (deficit) of (£1,015,000), (2010 deficit of £1,330,000). The Museum was delighted to once again receive funding from Dudley Metropolitan Borough Council, who made an unrestricted grant of £69,600 (2010 £69,600). The Museum receives considerable support from many volunteers, both individuals and associated groups whose time and value cannot be included in the Statement of Financial Activities. However, the Museum estimates that the value of the volunteer time was worth at least £250,000 in the review year.

The Trustees are satisfied with the results as set out in the Accounts of this report.

On behalf of the Trustees

John H Hughes Chairman

Dated

J.H. Hughes
28 July 2011

Black Country Living Museum Trust

Statement of Trustees' Responsibilities in Respect of the Accounts for the year ended 31 March 2011

The Trustees, who are also the directors of Black Country Living Museum Trust for the purpose of company law, are responsible for preparing the Annual Report & Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities' Statement of Recommended Practice (SORP),
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that these accounts comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

On behalf of the Trustees

John H Hughes Chairman

Dated 28th July 2011

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 March 2011

We have audited the accounts of Black Country Living Museum Trust for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Trustees and Auditors

As described on page 18, the Trustees, who are also the directors of Black Country Living Museum Trust for the purpose of company law, are responsible for preparing the Annual Report & Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for satisfying themselves that the Museum's Accounts give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We report to you our opinion as to whether the accounts have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 and give a true and fair view. We also report to you whether in our opinion the information given in the Annual Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and whether the accounting policies are appropriate to the Museum's circumstances, consistently applied and adequately disclosed.

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 March 2011 (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion

- the accounts give a true and fair view of the state of the affairs of the Museum and the Group as at 31 March 2011 and the incoming resources and application of resources of the Group for the year then ended,
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the accounts have been prepared in accordance with the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Wendy Davies (Senior Statutory Auditor)
For and on behalf of CK Audit
Chartered Accountants & Statutory Auditor
No 4 Castle Court 2
Castlegate Way
Dudley
DY1 4RH
West Midlands

Dated 28 July 2011

Black Country Living Museum Trust

Statement of Financial Activities including Income and Expenditure Account for the year ended 31 March 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Incoming Resources					
Incoming resources from generated funds'					
Income from trading activities	4	1,567,887	-	1,567,887	1,491,997
Interest received		2,614	-	2,614	1,434
Incoming resources from charitable activities:					
Turnover (admissions and licensed concessions)	2	2,570,894	-	2,570,894	2,522,699
Grants receivable	3	69,600	223,722	293,322	457,290
Donations and sundry fees		90,088	-	90,088	59,760
Other incoming resources	5	71,077	-	71,077	15,000
Total Incoming Resources		4,372,160	223,722	4,595,882	4,548,180
Resources Expended					
Costs of generating funds					
Trading costs		1,158,641	-	1,158,641	1,074,804
Fundraising and publicity costs		419,393	-	419,393	455,522
Total cost of generating funds		1,578,034	-	1,578,034	1,530,326
Net Incoming Resources		2,794,126	223,722	3,017,848	3,017,854
Charitable expenditure					
Charitable activities		2,785,372	262,480	3,047,852	2,703,547
Governance costs		236,157	-	236,157	214,612
Total charitable expenditure		3,021,529	262,480	3,284,009	2,918,159
Total Resources Expended	6	4,599,563	262,480	4,862,043	4,448,485
Net movement in funds (excluding other recognised gains and losses)		(227,403)	(38,758)	(266,161)	99,695
Other recognised gains and losses. Actuarial gain (loss) on defined benefit pension scheme	1 10	393,000		393,000	(383,000)
Net Movement in Funds		165,597	(38,758)	126,839	(283,305)
Fund Balances at 1 April 2010.					
As originally reported		3,185,529	7,364,246	10,549,775	10,380,080
Prior year adjustment	1 10	(1,330,000)		(1,330,000)	(877,000)
Restated as at 1 April 2010		1,855,529	7,364,246	9,219,775	9,503,080
Fund Balances at 31 March 2011		2,021,126	7,325,488	9,346,614	9,219,775

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

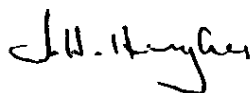
Black Country Living Museum Trust

Group (Consolidated) Balance Sheet as at 31 March 2011

	Notes	£	2011 £	£	2010 £
Fixed Assets					
Tangible assets	9		5,323,508		5,557,499
Heritage assets	10		4,780,641		4,685,258
			<u>10,104,149</u>		<u>10,242,757</u>
Current Assets					
Stocks of goods for resale		72,142		61,995	
Debtors	12	103,844		174,899	
Cash at bank and in hand		1,258,439		1,277,949	
		<u>1,434,425</u>		<u>1,514,843</u>	
Creditors amounts falling due within one year	13	(752,536)		(762,100)	
Net current assets			<u>681,889</u>		<u>752,743</u>
Total assets less current liabilities			<u>10,786,038</u>		<u>10,995,500</u>
Creditors amounts falling due after more than one year	14	(424,424)		(445,725)	
Net Assets (excluding pension liability)	17		<u>10,361,614</u>		<u>10,549,775</u>
Defined benefit pension liability	21	(1,015,000)		(1,330,000)	
Net Assets	17		<u><u>9,346,614</u></u>		<u><u>9,219,775</u></u>
Represented By.					
Restricted funds	15		7,325,488		7,364,246
Unrestricted funds					
Designated funds	16	2,439,065		2,436,234	
General funds		597,061		749,295	
Pension reserve	21	(1,015,000)		(1,330,000)	
			<u>2,021,126</u>		<u>1,855,529</u>
			<u><u>9,346,614</u></u>		<u><u>9,219,775</u></u>

The accounts were approved by the Board of Trustees of the Museum on 28 July 2011

John H Hughes Chairman



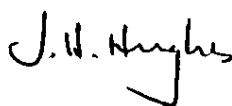
Black Country Living Museum Trust

Parent (Museum) Balance Sheet as at 31 March 2011

	Notes	£	2011 £	£	2010 £
Fixed Assets					
Tangible assets	9		5,303,584		5,551,961
Heritage assets	10		4,780,641		4,685,258
Investments	11		1,000		1,000
			<u>10,085,225</u>		<u>10,238,219</u>
Current Assets					
Debtors	12	96,059		626,569	
Cash at bank and in hand		1,189,720		771,000	
		<u>1,285,779</u>		<u>1,397,569</u>	
Creditors amounts falling due within one year	13	(585,667)		(640,990)	
			<u>700,112</u>		<u>756,579</u>
Net current assets					
			<u>10,785,337</u>		<u>10,994,798</u>
Total assets less current liabilities					
Creditors amounts falling due after more than one year	14		(424,424)		(445,725)
Defined benefit pension liability	21		(1,015,000)		(1,330,000)
			<u>9,345,913</u>		<u>9,219,073</u>
Net Assets					
Represented By					
Restricted funds	15		7,325,488		7,364,246
Unrestricted funds					
Designated funds	16	2,439,065		2,436,234	
General funds		596,360		748,593	
Pension reserve	21	(1,015,000)		(1,330,000)	
			<u>2,020,425</u>		<u>1,854,827</u>
			<u>9,345,913</u>		<u>9,219,073</u>

The accounts were approved by the Board of Trustees of the Museum on 28 July 2011

John H Hughes Chairman



Black Country Living Museum Trust

Consolidated Cash Flow Statement for the year ended 31 March 2011

		2011	2010
	Notes	£	£
Net cash inflow from operating activities	18	230,523	555,145
Investment income		2,614	1,434
Net cash inflow from returns on investments and servicing of finance		2,614	1,434
Capital expenditure			
Payments to acquire tangible fixed assets		(226,846)	(1,188,228)
Net cash outflow from capital expenditure		(226,846)	(1,188,228)
Net cash outflow before financing		6,291	(631,649)
Financing			
Long term bank loan		(25,801)	477,225
Net cash (outflow) / inflow from financing		(25,801)	477,225
Decrease in cash	19	(19,510)	(154,424)

The notes on pages 25 to 42 form part of these accounts

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011

1 Accounting Policies

1.1 Basis of Preparation

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Museum and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis

The Museum has availed itself of paragraph 4(1) of Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008 and adapted the Companies Act formats to reflect the special nature of the Museum's activities. No separate SOFA has been presented for the Museum alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice (SORP)

1.2 Incoming Resources

All grants and voluntary income are accounted for gross when receivable if they are capable of financial measurement. This includes gifts in kind, included at estimated valuation

Grants in respect of capital expenditure are credited to restricted funds and released to the funds in the Statement of Financial Activities over the expected useful lives of their relevant assets

Grants of a revenue nature receivable by the Museum are accounted for in the period to which they relate

Income from commercial trading activities is recognised as earned. Trading income represents income from a variety of retail activities on the Museum site, exclusive of VAT

Investment income is recognised on a receivable basis

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

1.3 Resources Expended

Direct charitable expenditure includes the direct costs and depreciation related to activities undertaken by the Museum

Support costs comprise service costs incurred centrally in support of projects undertaken

Governance costs are all costs incurred in the governance of the Museum and include audit fees and costs related to the strategic management of the Museum

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and support costs, being those costs of an indirect nature necessary to support them

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out centrally. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements

1.4 Tangible Fixed Assets and Depreciation

(a) Operational

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold land	not depreciated
Freehold buildings	over 50 years
Expenditure on long leasehold property	over 40 to 60 years
Fixtures, fittings, plant and equipment	over 4 to 10 years
Motor vehicles	over 6 years

(b) Site Development

Site development activities and restoration of exhibits do not have a useful life extending beyond the period in which they are undertaken and the costs are therefore, written off as incurred. Any grants relating to these activities are shown within incoming resources

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

(c) Heritage Assets

Expenditure on assets of historical, artistic or scientific importance that are held to advance preservation, conservation and educational objectives of the Museum is capitalised as incurred. Where such assets have a finite economic life, depreciation will be provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected economic life. Expenditure on historic buildings is written off over the remaining period of the Museum site lease.

1.5 Stock and Work in Progress

Work in progress is valued at the lower of cost and net realisable value.

1.6 Pensions

The Museum is an admitted body as part of the West Midlands Pension Fund (WMPF). The WMPF was set up under the Superannuation Act 1972 for UK-wide local government employees. The permanent staff of the Museum (although not local government employees) became eligible for membership, under the auspices of Dudley Metropolitan Borough Council, when the Museum was first established in 1975. The WMPF provides a pension scheme for certain employees of the Museum, based on final pensionable pay. It is constituted as a trust fund whose assets are held and managed separately from those of the Museum. Contributions are determined by a qualified actuary and are charged to the Statement of Financial Activities so as to spread the cost of the pensions provided over the average service lives of the employees.

The regular cost is attributed to the individual years using the projected unit credit method. Variations in cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining service lives of employees in proportion to expected payroll costs.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Statement of Financial Activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and it is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year

The expected return on pension plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the Statement of Financial Activities as other finance income or expense

Actuarial gains and losses are recognised in full in the Statement of Financial Activities in the period in which they occur. The defined benefit pension liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market value. The value of a net pension benefit is restricted to the sum of any unrecognised past service costs and the present value of any amount the Museum expected to recover by way of refunds from the plan or reductions in future contributions

In line with the requirements of Financial Reporting Standard 17 'Retirement Benefits' the Museum's defined benefit pension scheme liability and related costs are included in these financial statements. Further information is contained in Note 21. This represents a change in previous accounting policy (ref Note 1 10)

Since 1 April 2011, the Museum has closed the defined benefit pension scheme to new entrants and instead has now made available a separate defined contribution pension scheme provided by Friends Provident for existing staff who do not have other pension provision, as well as for new employees

1.7 Fund/Reserve Accounting

The Museum maintains four types of funds/reserves as follows

- (i) Restricted funds include grants from local authorities and similar bodies in connection with the cost of the Museum's original operational fixed assets, which have been credited to this reserve. The depreciation of the related assets is recovered from this reserve
 - (ii) Unrestricted funds represent funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Museum. Such funds may be held in order to finance both working capital and capital investment
 - (iii) Designated funds represent funds that have been set aside by the Trustees for particular purposes. The aim and use of such funds is set out in the notes to the financial statements
 - (iv) Pension reserve, associated with the obligations associated with the Museum's defined benefit pension scheme (ref Note 21)
-

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

1.8 Recognition of Liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events

1.9 Related Party Transactions

Black Country Living Museum Trust is the 'parent company' within a group that prepares consolidated financial statements. The Museum has taken advantage of the exemption from disclosing transactions with group entities under the terms of Financial Reporting Standard 8 'Related Party Transactions'.

1.10 Prior Year Adjustment

The Museum has adopted Financial Reporting Standard 17 'Retirement Benefits' to record pension costs and the related defined benefit pension scheme commitments. The pension scheme deficit at 31 March 2010 of £1,330,000 has been recognised as a prior year adjustment.

The prior year adjustment results in an increase in the net pension cost (including finance charges) recorded for the year ended 31 March 2010 of £70,000. For the year ended 31 March 2011, the net pension cost including pension charges has increased by £78,000. This is included in Charitable Expenditure (charitable activities).

In addition, actuarial gains of £393,000 (2010 loss of £383,000) have been recognised in the Statement of Financial Activities.

2 Turnover

Turnover (excluding trading sales) is stated net of value added tax and discounts

	2011	2010
	£	£
Admission to the Museum	2,537,443	2,506,896
Licensed Concessions at Museum	33,451	15,803
	2,570,894	2,522,699
Visitor Attendance (number)	311,847	307,014

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

3 Grants Receivable

	2011 £	2010 £
Unrestricted Funds		
Dudley Metropolitan Borough Council	69,600	69,600
	69,600	69,600
Restricted Funds		
Cory Environmental Trust in Britain	-	43,904
The Patrick Trust	-	127,500
Veolia Environmental Trust	-	104,005
Garfield Weston Foundation	-	50,000
Lord Austin Trust	-	10,000
Owen Family Trust	5,000	5,000
The British Motorcycle Charitable Trust	135,000	-
Charles Hayward Foundation	30,000	-
Other	53,722	47,281
	223,722	387,690
	293,322	457,290

Restricted funds were provided for the following projects

The British Motorcycle Charitable Trust – Bradburn and Wedge Garage and Hartill & Sons, Motorcycle Dealership, Charles Hayward Foundation – The Oldbury Buildings on Old Birmingham Road, Owen Family Trust – Newcomen Engine refurbishment

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

4 Net Income from Activities of subsidiary Trading Company

The Museum has a wholly owned trading subsidiary which is incorporated in the UK. The subsidiary undertaking, Black Country [Living] Museum Enterprises Limited (Company Registration No 3026731) operates the ancillary commercial activities connected to the activities of Black Country Living Museum. The company donates its taxable profit to Black Country Living Museum Trust. A summary of the results is set out below. Separate audited accounts will be filed with the Registrar of Companies.

	2011 £	2010 £
Profit and Loss Account		
Turnover	1,567,887	1,491,997
Cost of sales	(1,134,664)	(1,062,547)
Gross profit	433,223	429,450
Administration expenses excluding recharges from Parent	(19,455)	(17,552)
Operating profit	413,768	411,898
Investment income	149	442
Other operating income	20,760	-
Profit before Group charge and donation to Parent	434,677	412,340
Recharge from Parent	(120,000)	(120,000)
Donation of profit to Parent	(314,677)	(292,340)
Profit for year before and after taxation	-	-

5 Other Incoming Resources

	Total 2011 £	Total 2010 £
Rent received	56,077	15,000
Insurance claim/settlement	15,000	-
	71,077	15,000

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

6 Total Resources Expended

	Staff costs £	Depreciation and Impairment £	Other costs £	Total 2011 £	Total 2010 £
Costs of generating funds					
Trading costs	487,915	6,641	664,085	1,158,641	1,074,804
Fundraising and publicity	119,816	-	299,577	419,393	455,522
Total cost of generating funds	607,731	6,641	963,662	1,578,034	1,530,326
Charitable expenditure:					
Charitable activities	1,672,529	358,812	1,016,511	3,047,852	2,703,547
Governance costs	136,553	-	99,604	236,157	214,612
Total charitable expenditure	1,809,082	358,812	1,116,115	3,284,009	2,918,159
Total resources expended	2,416,813	365,453	2,079,777	4,862,043	4,448,485

Governance costs include payments to the auditors of £4,500 (2010 £4,000) for audit fees. The auditors also received payments of £3,000 (2010 £19,000) for other services. Other services include advice relating to a VAT compound interest claim.

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Museum during the year. Expenses totalling £nil were paid to Trustees during the year (2010 £nil).

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

8 Employees

The average monthly number of employees during the year was

	2011 (number)	2010 (number)
Direct charitable activities	127	126
Management and Administration of the Museum	<u>24</u>	<u>32</u>
	<u>151</u>	<u>158</u>

Employment costs	2011 £	2010 £
Wages and salaries	2,099,773	1,952,874
Social security costs	120,697	112,727
Other pension costs	<u>157,000</u>	<u>95,238</u>
	<u>2,377,470</u>	<u>2,160,839</u>

The number of employees with annual emoluments of £60,000 or more were (being the Museum Director & Chief Executive)

	2011 (number)	2010 (number)
£70,001 – £80,000	1	1
£80,001 – £90,000	-	1
	<u>1</u>	<u>2</u>

Details of the Museum's defined benefit pension provision are provided at Note 21

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

9 Tangible Fixed Assets - Group

(a) Operational Assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2010	931,428	5,066,023	943,166	67,839	7,008,456
Additions	6,169	-	41,423	-	47,592
At 31 March 2011	937,597	5,066,023	984,589	67,839	7,056,048
Depreciation					
At 1 April 2010	14,000	950,502	450,975	35,480	1,450,957
Charge for the year	16,087	84,577	171,313	9,606	281,583
At 31 March 2011	30,087	1,035,079	622,288	45,086	1,732,540
Net book value					
At 31 March 2011	907,510	4,030,944	362,301	22,753	5,323,508
At 31 March 2010	917,428	4,115,521	492,191	32,359	5,557,499

Fixed Assets include fixtures and fittings and motor vehicles with a cost of £44,942 (2010 £23,913) and a net book value of £19,926 (2010 £5,538) owned by the subsidiary undertaking, Black Country [Living] Museum Enterprises Limited

Freehold land and buildings include land with a net book value of £133,258 that is not depreciated

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

(b) Site Development

Cost	£	£
At 1 April 2010	5,407,855	
Additions	-	
At 31 March 2011		5,407,855
Grant contributions towards cost		
At 1 April 2010	(4,598,022)	
Received in the year	-	
At 31 March 2011		(4,598,022)
Balance funded from revenue		
At 1 April 2010	(809,833)	
Funded in the year	-	
At 31 March 2011		(809,833)
Net book value		-

10 Heritage Assets

Cost	£
At 1 April 2010	4,838,876
Additions at cost	179,254
At 31 March 2011	5,018,130
Depreciation	
At 1 April 2010	153,618
Charge for the year	83,871
At 31 March 2011	237,489
Net book value	
At 31 March 2011	4,780,641
At 31 March 2010	4,685,258

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

11 Fixed Asset Investments

	£
Market value at 1 April 2010 and at 31 March 2011	1,000
Historical cost	
At 31 March 2010 and at 31 March 2011	<u>1,000</u>

Holdings of more than 20%

The Museum holds 100% of the issued Ordinary Shares of Black Country [Living] Museum Enterprises Limited. This subsidiary company trades to support the charitable activities of Black Country Living Museum Trust, as further described in this Annual Report.

12 Debtors

	Group 2011 £	2010 £	Parent 2011 £	2010 £
Amounts owed by Group undertakings	-	-	-	467,988
Other debtors	75,853	168,551	69,336	154,297
Prepayments and accrued income	27,991	6,348	26,723	4,284
	<u>103,844</u>	<u>174,899</u>	<u>96,059</u>	<u>626,569</u>

13 Creditors: amounts falling due within one year

	Group 2011 £	2010 £	Parent 2011 £	2010 £
Bank loan	27,000	31,500	27,000	31,500
Trade creditors	228,820	294,425	150,182	266,796
Amount owed to Group undertakings	-	-	1,623	-
Taxes and social security costs	10,780	16,242	-	-
Other creditors and accruals	485,936	419,933	406,862	342,694
	<u>752,536</u>	<u>762,100</u>	<u>585,667</u>	<u>640,990</u>

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

14 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank Loan	<u>424,424</u>	<u>445,725</u>
Analysis of loan		
Not wholly repayable within five years	451,424	477,225
Included in the current liabilities	(27,000)	(31,500)
	<u>424,424</u>	<u>445,725</u>
Loan maturity analysis		
Debt due in one year or less	27,000	31,500
In more than one year, but not more than two years	28,000	31,815
In more than two years, but not more than five years	90,000	95,445
In more than five years	306,424	318,465
	<u>451,424</u>	<u>477,225</u>

The bank loan is secured by a legal charge over the Museum's freehold land at Tipton Road, Dudley (Title No WM414023) and an unlimited guarantee from Black Country [Living] Museum Enterprises Limited

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

15 Restricted Funds (Movement in Funds)

	Balance at 1 April 2010 £	Incoming Funds £	Resources Expended £	Balance at 31 March 2011 £
Operational Fixed Assets	348,681	-	-	348,681
Exhibition (Hall Two)	233,912	-	(77,638)	156,274
Rolfe Street Development	2,838,504	-	(57,348)	2,781,156
The Locksmith's House	152,841	-	(3,000)	149,841
Moving the Black Country ¹	802,959	35,000	(16,257)	821,702
Heritage Assets				
Workers' Institute	1,825,225	-	(31,478)	1,793,747
Folkes Park	230,371	1,000	(3,082)	228,289
Old Birmingham Road	304,816	130,000	(9,876)	424,940
Hobbs Fish & Chip Shop	494,437	-	(8,529)	485,908
Other				
Chainmakers' Festival	-	52,722	(52,722)	-
Purchase of freehold land and buildings	127,500	-	(2,550)	124,950
Newcomen Steam Engine refurbishment	5,000	5,000	-	10,000
	7,364,246	223,722	(262,480)	7,325,488

¹The project name given to a series of developments at the Museum

16 Designated Funds (Movement in Funds)

	Balance at 1 April 2010 £	New £	Utilised £	Balance at 31 March 2011 £
Refurbishment programme	102,942	15,000	(30,472)	87,470
Future developments	500,000	-	-	500,000
Heritage Assets	1,833,292	48,254	(29,951)	1,851,595
	2,436,234	63,254	(60,423)	2,439,065

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

17 Analysis of Net Assets between Funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2011 are represented by			
Tangible fixed assets	3,344,776	6,759,373	10,104,149
Current assets	868,310	566,115	1,434,425
Creditors amounts falling due within one year	(752,536)	-	(752,536)
Creditors amounts falling due after more than one year	(424,424)	-	(424,424)
Defined benefit pension liability	(1,015,000)	-	(1,015,000)
	2,021,126	7,325,488	9,346,614

18 Net Cash Inflow from Operating Activities

	2011 £	2010 £
Reconciliation to changes in resources		
Changes in resources before revaluations	(266,161)	99,695
Investment income	(2,614)	(1,434)
Depreciation of tangible fixed assets	365,454	335,971
Decrease/(increase) in stocks	(10,147)	27,165
Decrease/(increase) in debtors	71,055	197,487
(Decrease)/increase in creditors	(5,064)	(173,739)
Pension scheme non cash movements	78,000	70,000
	230,523	555,145

19 Reconciliation of Net Cash Flow to Movement in Net Funds

	2011 £	2010 £
Decrease in cash	(19,510)	(154,424)
Long term bank loan	25,801	(477,225)
Movement in net funds	6,291	(631,649)
Net funds at 1 April 2010	800,724	1,432,373
Net funds at 31 March 2011	807,015	800,724

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

20 Analysis of Net Cash less Debt

	At 1 April 2010	Cash flow	Non- cash changes	At 31 March 2011
	£	£	£	£
Cash at bank and in hand	1,277,949	(19,510)	-	1,258,439
Debt due within one year	(31,500)	-	4,500	(27,000)
Debt due after one year	(445,725)	25,801	(4,500)	(424,424)
	800,724	6,291	-	807,015

21 Pension Scheme and Financial Reporting Standard 17, 'Retirement Benefits'

The Museum is one of 180 organisations that participate in the West Midlands Pension Fund (WMPF) providing benefits based on final pensionable pay to certain members of Museum staff. The Trustees closed the scheme to new entrants with effect from 31 March 2011. This statutory scheme is administered by Wolverhampton City Council, on behalf of the participating organisations, in accordance with the Local Government Pension Scheme Regulations 1997. The assets of the fund are held and managed separately from those of the Museum.

An actuarial valuation of the fund was carried out in accordance with the Regulations as at 31 March 2010.

The key Financial Reporting Standard 17 assumptions used for the WMPF are set out below, along with the fair value of assets, the present value of the FRS17 liabilities and the deficit of assets below the FRS17 liabilities (which equals the gross pension liability). The liability at the period end was £1,015,000 (2010 £1,330,000). It is important to note that the liability represented by this value (being based on actuarial assumptions) will alter in response to changes to the future funding and structure of the pension scheme (as well as to economic and investment market conditions) and does not crystallize in the short or medium term.

The tables that follow set out the key Financial Reporting Standard 17 assumptions used for the defined benefit pension scheme.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

Employee Benefit Obligations (Defined Benefit Pension Plans)

The amounts recognised in the Balance Sheet are as follows:

	2011 £	2010 £
Present value of funded obligations	4,010,000	4,126,000
Fair value of plan assets	(2,995,000)	(2,796,000)
Defined Benefit Pension Liability	<u>1,015,000</u>	<u>1,330,000</u>

The total pension costs recognised in the Statement of Financial Activities are as follows:

	2011 £	2010 £
Included in staff costs within total resources expended		
Current service cost	127,000	97,000
Past service cost	30,000	-
	<u>157,000</u>	<u>97,000</u>

Net pension finance costs included within total resources expended

Interest on obligation	234,000	203,000
Expected return on pension scheme assets	(194,000)	(133,000)
	<u>40,000</u>	<u>70,000</u>

Total Pension Costs	<u>197,000</u>	<u>167,000</u>
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Actual return on plan assets	<u>188,000</u>	<u>638,000</u>
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Included with other recognised gains and losses:

	2011 £	2010 £
Actual return less expected return on pension scheme assets	(6,000)	505,000
Experience gains and losses arising on scheme liabilities	399,000	(888,000)
	<u>393,000</u>	<u>(383,000)</u>

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 March 2011 (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2011 £	2010 £
Opening defined benefit obligation	4,126,000	2,766,000
Current service cost	127,000	97,000
Interest cost	234,000	203,000
Contributions by scheme participants	37,000	41,000
Past service cost	30,000	-
Actuarial losses (gains)	(399,000)	888,000
Benefits paid	(145,000)	131,000
	<u>4,010,000</u>	<u>4,126,000</u>

Changes in fair value of plan assets are as follows:

	2011 £	2010 £
Opening fair value of plan assets	2,796,000	1,889,000
Expected return	194,000	133,000
Actuarial gains	(6,000)	505,000
Contributions by employer	119,000	97,000
Contributions from scheme participants	37,000	41,000
Benefits paid	(145,000)	131,000
	<u>2,995,000</u>	<u>2,796,000</u>

Principal actuarial assumptions at the Balance Sheet date
(expressed as weighted averages):

	2011	2010
Discount rate at 31 March 2011	5.50%	5.65%
Future salary increases	4.75%	5.35%
Future pension increases	3.00%	3.60%

Amounts for the current and previous period are as follows:

	2011 £	2010 £
Defined benefit obligation	(4,010,000)	(4,126,000)
Plan assets	2,995,000	2,796,000
Surplus/ (deficit)	<u>(1,015,000)</u>	<u>(1,330,000)</u>
Experience adjustments on plan liabilities	399,000	(888,000)
Experience adjustments on plan assets	(6,000)	505,000

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