

Charity Registration No. 504481

Company Registration No 1226321
(England & Wales)

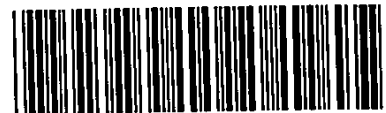
BLACK COUNTRY LIVING MUSEUM

Black Country Living Museum Trust

Annual Report & Accounts

for the period ended 31 December 2011

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Black Country Living Museum Trust

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Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011

The Directors & Trustees present their Annual Report & Accounts for the shortened (nine month) financial period ended 31 December 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', March 2005

Reference & Administrative Information

Patron: HRH The Duke of Gloucester KG GCVO

Directors & Trustees: A David Owen OBE
A Graham Dean
Anthony F George MBE TD DL
Anthony Harris¹
Elias Mattu²
Jane A Lodge
John H Hughes (Chairman)
Linda Horton³
Melvyn Mottram⁴
Michael S Williams
Timothy Wright⁴

Chief Executive (Museum Director): Andrew Lovett

Hon. Company Secretary: John Polychronakis LLB

Charity Registration Number: 504481

Company Registration Number: 1226321

Principal Address & Registered Office: Black Country Living Museum
Tipton Road
Dudley
DY1 4SQ
West Midlands

Statutory Auditors: CK Audit
No 4 Castle Court 2
Castlegate Way
Dudley
DY1 4RH

Principal Bankers: Barclays Bank plc
47 High Street
Dudley
DY1 1PN

¹nominated by Walsall Borough Council, ²nominated by Wolverhampton Borough Council, ³nominated by Sandwell Borough Council, ⁴nominated by Dudley Borough Council

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Principal Solicitor:

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55 Colmore Row
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Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Chairman's Foreword

My foreword reflects on the successes as well as the challenges of the second year of our new strategy, a strategy built in support of our educational charitable purposes, with learning and people at its heart. It is therefore, a strategy that has put the experience of visitors and the creative use of our collections centre stage - ahead of constructing new buildings - alongside improved care for the existing historic assets at the Museum's 26 acre open-air site, whilst developing new partnerships.

As a postscript to 2011 and a start to 2012, the Museum received – with the award of *Designation* - a welcome boost to its reputation and standing, as well as recognition of all that has been achieved since its modest beginnings in the 1970s. It will be understood that it doesn't come much better than receiving national recognition for your efforts, accorded to the Museum with the award of *Designation* in February 2012 by a panel of experts appointed by Arts Council England (ACE). *Designation* recognises the quality and national significance of collections held by regional museums, and since its introduction by the Minister for Culture, Media & Sport, Chris Smith, in 1997, it has been awarded to only a select few, in fact only about 4% or just over 100 museum services. In the words of ACE, *Designation* is a mark of distinction, an accolade, celebrating unique collections of national and international importance and a vital component of England's cultural identity. ACE goes on to say that Designated collections are iconic, authentic and of the finest quality, resourced with sophisticated expert management, and set in aspirational and creative organisations. It is a hugely competitive and exacting independent examination of a collection's quality and significance, as well as a museum's commitment to putting learning and people at the nucleus of its vision.

The award of *Designation* therefore, is an enormous step forward for this Museum, not only recognising the strength of our entire collection, but an endorsement of how we are developing our own distinctive style of engaging people – our visitors - creatively in history. Even in testing economic times, when we are having to adapt to difficult and uncertain trading conditions, used wisely, it will further help us to fulfil the Museum's potential, and greatly strengthen our pre-eminent role in the museums sector in the Black Country region. In short, it amounts to an endorsement of the Museum's strategic vision.

The Museum sits at the foot of Castle Hill, a 200 hectare, mostly brown-field site on the Museum's southern and western boundary. This large area has enormous regeneration potential for leisure use, capable of helping to change perceptions of Dudley and the region by developing a tourism offer of which all can be proud. It goes without saying that attractive enhancements to the close neighbourhood of the Museum are to be welcomed and help to support increased visitor attendance. After a decade or more of uncertainty, it was hugely encouraging therefore, when Dudley Metropolitan Borough Council took a fresh look at Castle Hill and adopted a partnership approach including the three visitor attractions of the Museum, Dudley Canal & Limestone Caverns and Dudley Zoo. On the back of this new approach, the development of Castle Hill was awarded £4.5m of European funding in October to create shared visitor facilities, part fund Dudley's new archive facility and act as a catalyst to private-sector investments.

The Museum is home to the only full-size working replica of the world's first successful steam engine, Thomas Newcomen's Atmospheric Steam Engine, originally dating from 1712 and evidently built just a mile away from where the replica stands today.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

In 2012 we will be celebrating the engine's 300th anniversary, and in preparation, we initiated a successful fundraising campaign to support a £100,000 programme of refurbishment. Despite being a replica, this steam engine is arguably the Museum's most important exhibit, given the fundamental impact of the original, first in creating what became known as the Black Country and then on accelerating industrialisation across the world. The importance of the engine lay in its capability to address a simple need, to pump water from mines, allowing the economic extraction of coal and iron ore from greater depths. It may have been a simple need, but the impact of Thomas Newcomen was both magnificent and genuinely historic and the Museum is delighted to be playing a major part in recognising his achievements.

Looking after our Newcomen engine is but one example of a greater focus and necessarily more planned approach to caring for all the varied features of the Museum's large open-air site, and has been a feature of the period in review. Such work doesn't have the excitement or cachet of embarking on new projects, but it is, nevertheless, a hugely important part of managing our 26 acre estate. It also reflects the responsibility we have to future generations of visitors and ourselves, to look after the 150 major buildings, structures and features that make up the site and establish the Museum as one of the five pre-eminent open-air museums in the United Kingdom.

This review has also seen the Museum become more outward looking, with the creation of a number of new partnerships to help us achieve our objectives. Major partnerships developed during the review period – mostly in the delivery of our new learning programmes – include Keele University, National Youth Theatre, Dudley College, Midlands Actors Theatre, Royal Society of Chemistry, Royal Academy of Engineering, Staffordshire County Council and Lord Lieutenant, Arts & Humanities Research Council, Centre for West Midlands History at the University of Birmingham, University of Wolverhampton, and the Association of European Open Air Museums. Many of these organisations have also partnered the Museum in funding applications, reinforcing academic integrity and boosting the depth and reach of the outcomes. I am delighted with the rapid progress that has been made to enrich the landscape of our partnership working. It is a welcome and emerging characteristic of the Museum and its impact is evident in this review.

Last year we set ourselves a goal to review our fundraising activities to inform getting in place a new development (fundraising) strategy. We achieved this goal. Perhaps the most important part of the new fundraising strategy was to remind ourselves and everyone else with an interest in the Museum, that we are an educational charity. And therefore, we exist for the benefit of people, using our superb collections to inspire our audiences about the significance of the Black Country story. This is requiring us to demonstrate a different kind of value, not only as an expert collector and steward of old buildings and 'things', but as a dynamic outlet for enjoyable learning. So whilst we will in the future further develop the historic 'capital' assets of the Museum, our current priority is to fund our charitable programmes and the resources we need to engage our visitors creatively in history.

I reported in last year's review that 2010 had been a record-breaking year for visitor attendance – buoyed by more domestic tourism – but with consumer confidence continuing at a low ebb, we were beginning to see signs in the early part of 2011 that visitor attendance was being affected. As 2011 progressed, this proved to be the case. For the 2011 calendar year, we welcomed 298,965 visitors, compared to 307,845 during 2010, a fall of 2.9% and representative of the results seen in national surveys of charging visitor attractions undertaken by Visit England.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

In addition to the reduction in visitor numbers, there was a significant fall of some £202,000 in the profits of the Museum's trading subsidiary, due to the lower visitor attendance and lower levels of spending on site in both our retail shops and food&drink outlets. Trading results were also impacted by the implementation of the planned investment in new staff posts designed to provide benefits in future years. Overall, as set out in more detail in the financial review contained at page 21, the loss of £60,342 at the trading surplus level compared with a profit of £442,145 in the same nine month period of the previous year.

As a self-funded museum (charging for visitor admission) this meant taking action to improve revenues and reduce non-essential expenditure and changing other plans which has had a significant effect on determining the Museum's budget for 2012, with no growth in visitor attendance forecast. Inevitably and given the continuing uncertainty of the economic outlook, we shall continue to maintain a close focus on visitor attendance and our spending, as 2012 progresses. If necessary, further appropriate action will be taken to prevent a repeat of the financial losses experienced in this review period to ensure the long-term sustainability of the Museum.

However, despite a lower level of visitor attendance and the continuing uncertainty and challenges of the economic outlook, this review demonstrates the great strides that the Museum has made during 2011 with enhancing the service and experiences provided for our visitors.

As ever, I am indebted to my fellow Trustees and those who serve on the Museum's Development Trust, as well as the directors of our trading company and the Museum Director and his team, for their continued support, commitment and encouragement.

Finally, I would like to acknowledge the support of all our donors and funders and to express my very grateful thanks for their commitment to the Museum. Without them, the Museum could not reach as many people as it does or achieve all the things that it wants to achieve for its visitors.

John H Hughes Chairman

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Chief Executive's (Museum Director) Foreword

The Board of Trustees of the Museum has met four times during the period of this review and at each meeting I have reported on all those items, developments and snippets of news that often don't require a report in their own right. I've just checked back and at the last Trustee meeting my report ran to 16 pages – a fairly typical length these days. This isn't a case of trying to impress by the weight of paper, but a simple measure of how active and dynamic the Museum has become across a broad portfolio of themes. It reveals also just how many opportunities we are now pursuing, often in partnership with others. During the period of this review, the Museum has necessarily become more complex, as prospects are taken-up or explored, the new staff teams from different professions work together, partnerships fostered and new activities for our visitors tested, developed, set aside or given the go-ahead. You could say – to use an engineering analogy - that the Museum has become an organisation of many more moving parts. It is exciting, fulfilling and great to witness and be part of. This annual review is further evidence of the Museum's new found vibrancy, even in the face of challenging economics.

I am especially pleased with the progress that has been made to develop the Museum's learning programmes (both at our main site as well as our satellite museum at Willenhall Locksmith's House), including our emerging courses for adult learners. This has meant establishing new links with the likes of Dudley College, University of Birmingham and the Arts & Humanities Research Council. Work has also continued apace to ensure our engagement with schools delivers more ambitious learning outcomes. We want to truly differentiate between the needs of the Key Stages as well as different learning abilities, be more challenging for pupils and more relevant to the curriculum. Getting this right is a big and important challenge for the Museum, as an educational charity, and one which presents a fabulous opportunity for the Museum to lead the field and provide exceptional learning experiences.

As mentioned earlier in the Chairman's foreword, we need to acknowledge that 2011 was a difficult trading period, with the critical headline numbers for visitor attendance and earned income (both from admissions and secondary spending) a good deal lower than we would have wanted. This heralded the always unwelcome process of identifying in-year savings and seeing how untested changes can deliver more revenue. However, even though the economic headwinds weren't, unlike 2010, blowing beneficially, we still managed, very successfully, to attract, delight and inform almost 300,000 visitors, adapt our spending plans without too much fuss, improve our management of the Museum, and tackle chronic issues to bring about massive improvements to our food&drink offer and retail experience. However, while recognising and accepting that achieving popularity is very important to us and a major validation of what we do, it is by no means the only outcome we aspire to.

I am also delighted that we have been able, with the appointment of Carolyn Pugh as our new Director of Development and by adopting a new and exceptionally well thought out development strategy, to move forward again positively with fundraising. It has been particularly important for us to re-introduce the Museum, articulating a compelling case for support, to win over and in some cases, win back, hearts and minds. These months have been time well spent getting our strategy in place. Next year we will do our best to deliver its ambitions.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

From October 2011, Arts Council England assumed the duties previously the responsibility of the Museums, Archives & Libraries Council and has already identified 16 major museum services across England to receive funds from a refreshed Renaissance programme over the next three years. The details of further funding streams, including significant targeted funds to support Designated museums, are due to be announced in early/mid 2012 and the Museum will not be shy about taking the opportunity to apply for its share of these funds, previously out of its reach. In this respect the award of *Designation* is both welcome and very timely.

During the whole of this period under review, we have been unable to operate our trolley buses, following the all too familiar theft of overhead cables in the winter of 2011. Thankfully, reinstatement works are now well advanced, and services will be resumed before Easter 2012.

Looking ahead to 2012, we have been cautious about consumer confidence and how this is likely to affect the Museum's trading performance and have adapted our plans accordingly. However, we are confident that we can protect the changes already made, not least to the new management and staffing structures, and are well placed to continue to make the changes necessary, as well making the most of new opportunities, to fulfil the Museum's potential. A critical part of realising this potential lies in going beyond simply being a purveyor of nostalgia, with history seen as a safe haven in a fast changing world, to creating engagement with audiences where history is not a retreat, but a catalyst.

We are also very enthusiastic about the positive impact of welcoming the Olympic Torch Relay to the Museum during the summer of 2012, our involvement (with steam narrow boat President) in the Queen's Diamond Jubilee Thames Pageant in June, our new web site, events programme and greater co-operation with the marketing activity of the City of Birmingham.

It is a pleasure, as I conclude my foreword to this review, to thank the staff teams across the Museum and to express my gratitude for their hard work, as well as to the Trustees, directors of the trading company and all volunteers, for what they have achieved and contributed. Thank you.

Andrew Lovett Chief Executive (Museum Director)

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Structure, Governance, Management and Public Benefit

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 registered a change of name 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 Arts Council England, as well as being Designated for the quality and national significance of its collections. 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 period of this review were

A David Owen OBE	
A Graham Dean	
Ann Shackleton	(Resigned 18 May 2011)
Anthony F George MBE TD DL	
Anthony Harris	
Elias Mattu	(Appointed 18 May 2011)
Jane A Lodge	
John H Hughes	
Leslie Jones	(Resigned 29 June 2011)
Linda Horton	(Appointed 18 May 2011)
Melvyn Mottram	
Michael S Williams	
Stephen Morley	(Retired 29 September 2011)
Stephen Simpkins	(Appointed 15/12/10 and resigned 18/05/11)
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 someone that one of the four councils believes would make a valuable contribution to the governance of the Museum.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Trustee Induction and Training

New trustees are provided with a wide range of information, 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 and address, 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 four times during this shortened review period to consider and monitor the progress and performance of the Museum, to authorise and control expenditure plans 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 & 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 Locksmith's House, a small satellite museum at Willenhall, seven miles from the main site) 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 03026731). 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. The directors of the Enterprise Company, who meet at least four times a year, are drawn from the Trustees of the Museum and from outside the Museum. The Museum Director is also the Chief Executive of the Enterprise Company.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

The Black Country (Living) Museum Development Trust (Charity No 1109345) was established in 1975 – at the same time, but as a separate body to the Museum, and very successfully led the fundraising in support of the first phases of the building programme. However, as the Museum grew in size and complexity and fundraising became necessarily integrated into the governance and management of the Museum, the role of the Development Trust has gradually changed over time and now it supports in an informal way, rather than leading the Museum's fundraising.

Partnerships and Stakeholders

The Museum works with a number of partners and stakeholders 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 (steam narrow boat and part of the National Historic Fleet), Mine and Steam Teams, Friends of Willenhall Locksmith's House, and the "Green Team", who do much to keep our gardens and open spaces in good order and free of litter. 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, reflecting their long-standing links with the Museum, especially during the campaigning of the late 1960s that helped bring the Museum into existence. The Museum also maintains membership of a number of organisations, the major ones being International Council of Museums, Museums Association, Association of Independent Museums, Association of European Open Air 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 fourteen of the region's leading independent visitor destinations.

The Museum maintains an important relationship with Dudley Council, despite receiving notification during this review period that their annual funding to the Museum of c£70,000 will be withdrawn in 2013, due to a squeeze on its own funding. The Council has provided funding since the early days of the Museum and the decision, whilst not unexpected, was very disappointing. The Council owns the majority of the freehold of the Museum site, leased to the Museum until 2075. The Museum is working closely with the Council to achieve the development of Dudley's new Archive & Local History Centre (due to open in late 2013) on land adjacent to the Museum. The Museum is also a partner, together with the Council, New Heritage Regeneration Ltd (NHRL), Dudley Zoological Gardens and Dudley Canal Trust, in the regeneration of Castle Hill, a 200 hectare, brown-field site adjoining the Museum. Led by NHRL, private sector investment is also being sought to fulfil the development ambitions, which aim to offer new visitor facilities, attract more visitors and support the development of Dudley's tourism offer.

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 ongoing 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 are strengthened by a comprehensive set of Financial Regulations.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

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Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Reserves Policy

It is the policy of the Museum that ideally, 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 period of this review. This policy is kept under review to reflect changing circumstances. Currently, the Museum is managing its finances so as not to reduce its cash balances below £300,000.

Investment Policy

The Museum takes advantage of short term cash flow surpluses by placing funds with regulated financial institutions approved by the Trustees. 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 its 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 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.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

The Museum's entire collections are *Designated* by Arts Council England, recognising their quality and national significance. 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, chiefly spanning the period 1800-1950.

For people today, living in the age of globalisation, the internet, 'smart' phones with multiple 'apps' and 'twitter', the Museum can be shown to have considerable value as a resource for learning of all kinds. This is of fundamental importance to the Museum as an educational charity.

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.

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 2011 – 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 the Charities Act 2011, 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 its major achievements, performance and activities.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

In summary, the Museum identifies the benefits to the public that arise from its aims, as

- providing opportunities for enjoyable and stimulating learning for the general public (c300,000 each year and over 7.5m since it opened) 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,
- providing tailored guided tours and other developing programmes and resources for 67,000 region-wide school and college-age children and students, supported by almost 8,000 teachers, from over 1,200 separate schools and colleges, including 126 overseas school groups,
- caring for and developing its collections, including some 61,000 objects and 150 buildings, features and other structures, of historical interest and significance and making them physically and intellectually accessible, to the greatest feasible extent, to the general public,
- 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 of the Black Country,
- publishing and widely disseminating to the public, information about the Black Country; via the Museum's website (receiving 460,000 visits annually), and by responding to 555 public enquires to our curatorial enquiry service,
- maintaining daily, all-year-round public access to its facilities and services,
- providing diverse opportunities for volunteering (currently over 160 active volunteers),
- supporting and strengthening the Black Country's identity and sense of place,
- providing a venue for community lectures (about the Black Country), serving approximately 1,500 people each year,
- providing access to the Locksmith's House and its collections, numbering some 6,000 items, for booked schools, as well as the general public with occasional open-days and special events,
- and in providing these public benefits, the Museum supports the five generic learning outcomes identified by the former 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 fairly evenly split between C2DE (53%) and ABC1 (47%) (source in venue visitor survey 2011). More needs to be done to attract larger audiences from black and ethnic minorities, which currently account for 10% of the Museum's total audience, despite some notably high minority ethnic group densities within 10 miles of the Museum

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Providing loans of objects to other museums is an important part of any museum's public benefit. During the period of this review, the Museum was delighted to make the following significant loans from its permanent accessioned collection:

June – September	metal working artefacts and photographs Wolverhampton Art Gallery, as part of the exhibition, 'Home of Metal 'From Iron Ore to Grind Core'
July – September	objects of Sandwell provenance Sandwell Council for the Sandwell Arts Festival
July	1930 Sunbeam Solo motorcycle, and 1936 Wolf motorcycle, Wearwell Cycle Co Ltd Wolverhampton College for the event 'Science of Speed'
August – November	a selection of Kenrick door furniture and saucepans Bilston Craft Gallery for the exhibition 'Reverberations'
August	a timeline of mining and a small number of illustrative objects Dudley Library
October	women chainmakers' tools and products Women's Library, London to feature as part of their new temporary exhibition, 'All work and low pay the story of women and work'

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 unreasonably prevent wide public access to the Museum. Discounted rates are provided for people over the age of 60, students, essential carers, families, young people and unwaged visitors. All groups (of 15+) 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 a comprehensive access guide is available via the Museum's website.

Major Achievements, Performance and Activities

The Museum set itself a number of objectives for the period of this review and beyond:

(1) To maintain visitor attendance in excess of 300,000

This review covers a shortened accounting reference period of nine months. For comparison purposes, visitor attendance for the full twelve months of 2011 was 298,965 and 296,491 for the twelve months to 31 March 2012. Given the economic headwinds, the Museum is pleased that it came within 1% of achieving its target visitor attendance.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

- (2) **To finalise plans and identify funding to support a major re-development of the Museum's Rolfe Street visitor centre**

In the face of reduced levels of earned income during the period under review and the need to husband its resources accordingly, the Museum decided to put on hold the development of the Rolfe Street visitor centre. It remains a high priority and further preparatory works will be undertaken during 2012.

- (3) **To adopt and implement a new Communications & Marketing strategy**

The Museum was unable to appoint to the vacant post of Director of Communications & Marketing, and a new strategy was not developed. It remains a high priority and as an objective, it will be carried forward for completion during 2012.

- (4) **To adopt and implement a new Development (fundraising) strategy**

Following the appointment of Carolyn Pugh, as Director of Development, the Board of the Museum adopted a new three year Development strategy at its meeting on 24 November 2011. The new strategy included an implementation plan which started in earnest from the beginning of January 2012.

- (5) **To submit an application for Designation to Arts Council England**

The Museum submitted its application on 21 September 2011 and was thrilled to receive notification of the award of Designation for the Museum's entire collection on 14 February 2012, recognising its quality and national significance. In receiving Designation, the Museum joins a select group of museums across the UK to be recognised by Arts Council England in this way.

- (6) **To make a positive contribution to the on-going discussions concerning the future development of Castle Hill, an extensive area of development land, immediately adjacent to the Museum**

The Museum is a partner, along with Dudley Council, the Zoological Gardens and Dudley Canal Trust, in the development of Castle Hill. The Museum was delighted to be able to support the development of the Council's new Archive & Local History Centre (opening in late 2013) on the Castle Hill site and is now working closely with the Council to exploit the synergies that exist between the new facility and the Museum. The Museum was also delighted to play a full and active part in securing significant European funding for Castle Hill, and its important land ownership in the area means it will continue to be an active and supportive stakeholder to ensure the best possible improvements.

- (7) **To adopt and implement a new ICT strategy**

With the development of a new web site for the Museum taking priority, getting in place a new ICT strategy had to take a back seat during 2011. ICT is critical to a number of Museum operations – not least visitor admissions and retail – and adopting a new strategy together with identifying the necessary funding, remains a priority for the coming period.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

(8) To finalise plans for the best future use of the Museum's newly acquired land and buildings

In July 2011 the Board of the Museum concluded discussions with a private foundation which would have seen the development of a complementary, but separate museum on the adjoining premises. However, by mutual agreement it was accepted that these plans were not viable and were set aside. Half of the new premises continue to be leased to a private tenant on a short-term agreement, and the Museum aims to finalise its plans for the long-term use of the whole site during 2012.

(9) To develop and embed new formal and informal learning programmes and formats, to develop our own distinctive style of engaging people creatively in history

A great deal of progress has been made with achieving this objective as evidenced throughout this report. Further work is being progressed, often in partnership with local, regional and national organisations.

(10) To develop a new, improved facility, as the Museum's major food&drink outlet

In November 2011 the outlying and very dated Canalside café was closed to the public, and a new, much improved facility opened for visitors on 12 December in the main auditorium of the Museum's iconic Workers' Institute, together with the introduction of a greatly enhanced menu offer and new staffing teams.

(11) To have completed the identified refurbishment work on the Newcomen Atmospheric Steam Engine, in time for its 300th anniversary in 2012

A condition survey was received in May 2011, identifying c£100,000 of essential works. Refurbishment work began in August and is due for completion by June 2012 in readiness for celebratory events commencing in July. 100% of the necessary funds have been raised from external sources.

(12) To have made appropriate new appointments to the Board of Trustees

A selection and appointment process will now begin during the second quarter of 2012.

(13) To improve and greatly increase the product range and profitability of the Museum shop

In December 2011 a new Retail Strategy was adopted, and since the appointment of a new Retail & Admissions Manager in May 2011, the product range in the shop has increased and developed significantly, taking inspiration from the Museum's collections and open-air site, to create a retail experience unique to the Museum. The impact of these and other changes will start to be evident during 2012.

(14) To get in place reliable benchmark data so that we can start to measure and reduce the Museum's impact on the environment

Reducing the Museum's impact on the environment continues to be an identified priority and this objective is being carried forward into 2012.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

(15) To continue to strengthen existing partnerships and to create new strategic alliances, and to develop the Museum's regional role and presence

The progress made against this objective is evident throughout this report and will continue to distinguish the Museum's new outlook and way of working. The recent award of Designation by Arts Council England was also important in increasing the Museum's regional and national presence, as is much of the preparatory fundraising work that has now begun. Opportunities to work more closely with Arts Council England to increase the Museum's regional role will be pursued in the coming period.

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 period of this review that we are proud of, include

- the continued success of our major winter events programme, including traditional Christmas evenings, Bonfire Nights, Night at the Museum, Halloween and the ever-popular Santa Hunts
- our collaboration with the National Youth Theatre, culminating in two performances of the specially commissioned and site-specific piece, *White City Black Country*, exploring the region's connections with the 1948 London Olympic Games
- enhancing the Museum's reputation and profile as a location for the filming of major costume drama
- re-enacting the historic events of near-by Cradley Heath, with performances and events celebrating the women chain makers' strike of 1910, led by the charismatic campaigner, Mary Macarthur
- collaborating with the region's leading daily paper, *Express&Star* and well-known regional historian, Professor Carl Chin MBE, to launch The Living History Awards, a new prize for schools
- maintaining our position in the Top 10 charging cultural attractions in the West Midlands
- awards during the review period included
 - Beacon Radio, Best Family Attraction
 - Group Travel Awards, Highly Commended
 - TripAdvisor, Certificate of Excellence

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Future Plans and Objectives

For the period ahead, the Museum has identified the following specific objectives, in support of the Museum's strategic objectives set out earlier in this report

- (1) To have identified funding for the development of a new Learning & Resources Centre
- (2) To adopt a new Communications & Marketing strategy
- (3) To have made appropriate new appointments to the Board of Trustees, and to oversee new appointments to the Board of the Museum's subsidiary trading company
- (4) To strengthen the Museum's financial position, including by maintaining annual visitor attendance of 300,000
- (5) To have in place reliable benchmark data so that the Museum can start to measure and reduce the Museum's impact on the environment
- (6) To adopt and identify funding in support of a new ICT strategy
- (7) To finalise plans for the future use of the Museum's land and buildings fronting Tipton Road
- (8) To launch a new web site
- (9) To launch a new individual membership scheme and to attract 300 members during 2012
- (10) To conclude a new management agreement with Dudley Canal Trust (Trips) Ltd
- (11) To continue to improve the Museum's systems of risk management
- (12) To have submitted a successful bid to host the Annual Conference of the Association of European Open Air Museums in 2017
- (13) To have agreed a complementary working relationship with the new Dudley Archives & Local History Centre
- (14) To have in place a new, 'industry' compliant, collections management system
- (15) To enhance and develop management and supervisory capability by undertaking a comprehensive training programme
- (16) To adopt a Human Resources Strategy to ensure the recruitment, development, reward and retention of the best quality staff
- (17) To have identified the Museum's next major 'historic' development

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

Significant Grants and Donations

The Museum wishes to acknowledge and thank the following organisations for their generous financial support of the Museum during the period of this review

Dudley Metropolitan Borough Council
Veolia Environmental Trust
Cory Environmental Trust in Britain
Owen Family Trust
29th May 1961 Charitable Trust
Edward Cadbury Charitable Trust
The Friends of the Black Country Living Museum
The Idlewild Trust
Birmingham Common Good Trust
The Chatwin Trust
The P & C Hickinbotham Charitable Trust
The CB & HH Taylor 1984 Trust
Salamander Charitable Trust
The Black Country Society

Of the restricted grants and donations received, the following projects were supported during the period of this review: Folkes Park, The Oldbury Buildings, Refurbishment of the Newcomen Steam Engine, Restoration of books in the Keith Gale Library, and the publication of a collection of papers and articles celebrating 300 years of the Newcomen Steam Engine

Acquisitions

Collections lie at the core of any museum. It is the collection which defines the museum, and underpins its identity and purpose. The Museum develops its collections through purchases, gifts, bequests, or occasionally with time-limited loans, and when doing so takes into account a number of criteria including, an item's provenance, subject matter and date. In broad terms, the Museum develops its collection to reflect the distinctive industrial character of the region, principally during the period 1800-1950. During the period of this review, the Museum has developed its collection by acquiring the following significant objects:

- Colin Giles laundry iron collection – 746 Black Country manufactured irons, plus stands
- Collection of two Mamod miniature steam engines, manufactured at Brierley Hill
- Collection of nine trade catalogues for Black Country firms, including Joseph Sankey of Bilston (1891), J & J Siddons of West Bromwich (1937) and C. E. Firmstone of Stourbridge, manufacturers of galvanised buckets, (1896)
- Edward Perry of Wolverhampton trade catalogue (1860)
- Cast iron fire grate by Bullock & Co of West Bromwich (c. 1830)

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

- Bible from Darby Hand Providence Chapel, presented on 1 February 1899 to a member of the men's adult bible class
- Wall clock retailed by Corke & Son of Wolverhampton (purchased with a grant from The Friends of the Museum)
- Tools and materials, c 1910-1940, belonging to a Wolverhampton painter and sign writer Includes a reference book of sign writer's lettering styles, tools such as a mixing palette and graining roller, and an example of gold leaf lettering on glass
- Enamel advertising sign for Palethorpes 'Royal Cambridge' sausages Palethorpes moved to Dudley from Birmingham in 1873, and operated a factory at Dudley Port, Tipton, from 1892.
- A collection of 29 samples of oddwork manufactured or sold at Messrs Connop Ltd of Cradley Heath
- Woodbine cigarette vending machine, originally from Wrights Lane, Oldhill

Financial Review

The financial activities of the Museum for the period under review and the financial position at the Balance Sheet date are set out in the accounts. At its meeting on 26 May 2011, the Board of the Museum resolved to change the Museum's Accounting Reference Date (ARD), from 31 March to 31 December, with effect from 31 December 2011. The effect of this change was to shorten the current (2011) accounting reference period to nine months, between 1 April 2011 and 31 December 2011. In the Accounts contained at pages 26 to 48 of this report, the results for the nine month period are compared with the full-year results to 31 March 2011.

As with most charities, the Museum looks to manage within a balanced budget - as has been set for 2012 at the trading surplus level - 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, to service any commercial loans and underwrite ongoing sustainability.

The financial statements show that turnover (excluding trading sales of £1,308,936) in the period was reduced to £2,176,364 (April to December 2010 £2,260,610). Donated profits from the Museum's trading subsidiary were reduced to £170,933 (April to December 2010 £372,971) due to lower visitor attendance and less spending by visitors on site. The planned investment in staffing, following a management and staffing reorganisation last year, is expected to provide benefits in future years. The results of the actuarial review of the defined benefit pension scheme led to increased pension charges. Principally as a result of the above factors, the Museum sustained a trading loss of £60,342 (April to December 2010 trading surplus £442,145) before depreciation charges, restricted donations/investment and the pension adjustment recognised in the FRS17 disclosure at Note 23. Overall there were Net Outgoing Resources of £627,354 (March 2011 Incoming Resources £126,839) after depreciation charges of £275,940, actuarial losses of £298,000 (March 2011 gains of £393,000) and one-off costs.

Black Country Living Museum Trust

Trustees' Report for the period ended 31 December 2011 (continued)

The Group Net Worth stands at £8,719,260 (March 2011 £9,346,614) Restricted Funds stand at £7,210,014 (March 2011 £7,325,488) and Unrestricted Funds at £1,509,246 (March 2011 £2,021,126) comprised of Designated Funds of £2,353,935 (March 2011 £2,439,065), General Funds of £446,311 (March 2011 £597,061) and Pension Reserve (deficit) of (£1,291,000), (March 2011 deficit of £1,015,000) The Museum was once again pleased to receive funding from Dudley Metropolitan Borough Council, which made an unrestricted grant of £69,600 (March 2011 £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 period

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

J.H. Hughes

Dated

26 April 2012

Black Country Living Museum Trust

Statement of Trustees' Responsibilities in Respect of the Accounts for the period ended 31 December 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 set out in the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities',
- 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

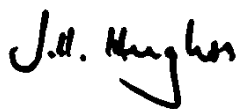
In so far as the Trustees are aware

- 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. 26 April 2012.

Black Country Living Museum Trust

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

We have audited the accounts of Black Country Living Museum Trust for the period ended 31 December 2011 which comprises 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 23, 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.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

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 December 2011 and the incoming resources and application of resources of the Group for the period then ended,
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,

Black Country Living Museum Trust

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

- 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 period 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
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 *26 April 2012*

Black Country Living Museum Trust

Statement of Financial Activities including Income and Expenditure Account for the period ended 31 December 2011

	Notes	Unrestricted Funds £	Restricted Funds £	9 months to December 2011 £	Year ended March 2011 £
Incoming Resources					
Incoming resources from voluntary income					
Donated Admissions	2	1,056,360	-	1,056,360	1,243,963
Grants receivable	3	69,600	-	69,600	69,600
Charitable Donations	3	1,051	62,693	63,744	238,343
Incoming resources from generated funds					
Income from subsidiary trading company	4	1,308,936	-	1,308,936	1,567,887
Parking, concessions and filming rights	5	101,348	-	101,348	108,918
Investment income	6	10,960	-	10,960	2,614
Incoming resources from charitable activities					
Admission to the Museum	2	1,120,004	-	1,120,004	1,293,480
Other incoming resources	7	122,585	-	122,585	71,077
Total Incoming Resources		3,790,844	62,693	3,853,537	4,595,882
Resources Expended					
Costs of generating voluntary income					
Fundraising and publicity costs	8	392,459	-	392,459	419,393
Costs of generating funds.					
Trading costs	8	1,066,309	-	1,066,309	1,158,641
Total cost of generating funds		1,458,768	-	1,458,768	1,578,034
Net Incoming Resources		2,332,076	62,693	2,394,769	3,017,848
Charitable expenditure					
Charitable activities	8	2,381,657	178,167	2,559,824	3,047,852
Governance costs	8	164,299	-	164,299	236,157
Total charitable expenditure		2,545,956	178,167	2,724,123	3,284,009
Total Resources Expended		4,004,724	178,167	4,182,891	4,862,043
Net movement in funds (excluding other recognised gains and losses)		(213,880)	(115,474)	(329,354)	(266,161)
Other recognised gains and losses					
Actuarial gain (loss) on defined benefit pension scheme	23	(298,000)	-	(298,000)	393,000
Net Movement in Funds		(511,880)	-	(627,354)	126,839
Fund Balances at 1 April 2011		2,021,126	7,325,488	9,346,614	9,219,775
Fund Balances at 31 December 2011		1,509,246	7,210,014	8,719,260	9,346,614

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 December 2011

	Notes	December 2011		March 2011	
		£	£	£	£
Fixed Assets					
Tangible assets	11		5,132,454		5,323,508
Heritage assets	12		4,717,737		4,780,641
			<u>9,850,191</u>		<u>10,104,149</u>
Current Assets					
Stocks of goods for resale		64,929		72,142	
Debtors	14	171,262		103,844	
Cash at bank and in hand		789,404		1,258,439	
		<u>1,025,595</u>		<u>1,434,425</u>	
Creditors amounts falling due within one year	15	(460,898)		(752,536)	
Net current assets			<u>564,697</u>		<u>681,889</u>
Total assets less current liabilities			<u>10,414,888</u>		<u>10,786,038</u>
Creditors amounts falling due after more than one year	16		(404,628)		(424,424)
Net Assets (excluding pension liability)	19		<u>10,010,260</u>		<u>10,361,614</u>
Defined benefit pension liability	23		(1,291,000)		(1,015,000)
Net Assets	19		<u><u>8,719,260</u></u>		<u><u>9,346,614</u></u>
Represented By					
Restricted funds	17		7,210,014		7,325,488
Unrestricted funds					
Designated funds	18	2,353,935		2,439,065	
General funds		446,311		597,061	
Pension reserve	23	(1,291,000)		(1,015,000)	
			<u>1,509,246</u>		<u>2,021,126</u>
			<u><u>8,719,260</u></u>		<u><u>9,346,614</u></u>

The accounts were approved by the Board of Trustees of the Museum on 26 April 2012

John H Hughes Chairman

J. H. Hughes

Black Country Living Museum Trust

Parent (Museum) Balance Sheet as at 31 December 2011

	Notes	December 2011		March 2011	
		£	£	£	£
Fixed Assets					
Tangible assets	11	5,101,327		5,303,584	
Heritage assets	12	4,717,737		4,780,641	
Investments	13	1,000		1,000	
		<u>9,820,064</u>		<u>10,085,225</u>	
Current Assets					
Debtors	14	248,756	96,059		
Cash at bank and in hand		706,612	1,189,720		
		<u>955,368</u>	<u>1,285,779</u>		
Creditors amounts falling due within one year	15	(361,249)	(585,667)		
Net current assets		<u>594,119</u>		<u>700,112</u>	
Total assets less current liabilities		<u>10,414,183</u>		<u>10,785,337</u>	
Creditors amounts falling due after more than one year	16	(404,628)		(424,424)	
Defined benefit pension liability	23	(1,291,000)		(1,015,000)	
Net Assets		<u>8,718,555</u>		<u>9,345,913</u>	
Represented By					
Restricted funds	17	7,210,014		7,325,488	
Unrestricted funds					
Designated funds	18	2,353,935	2,439,065		
General funds		445,606	596,360		
Pension reserve	23	(1,291,000)	(1,015,000)		
		<u>1,525,541</u>		<u>2,020,425</u>	
		<u>8,718,555</u>		<u>9,345,913</u>	

The accounts were approved by the Board of Trustees of the Museum on 26 April 2012

John H Hughes Chairman

J.H. Hughes

Black Country Living Museum Trust

Consolidated Cash Flow Statement for the period ended 31 December 2011

	Notes	9 months to December 2011 £	Year ended March 2011 £
Net cash (outflow) / inflow from operating activities	20	(438,217)	230,523
Investment income		<u>10,960</u>	<u>2,614</u>
Net cash inflow from returns on investments and servicing of finance		10,960	2,614
Capital expenditure			
Payments to acquire tangible fixed assets		<u>(21,982)</u>	<u>(226,846)</u>
Net cash (outflow) / inflow from capital expenditure		(21,982)	(226,846)
Net cash outflow before financing		(449,239)	6,291
Financing			
Long term bank loan		<u>(19,796)</u>	<u>(25,801)</u>
Net cash (outflow) from financing		(19,796)	(25,801)
Decrease in cash	21	(469,035)	(19,510)

The notes on pages 30 to 48 form part of these accounts

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 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) Regulations 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 period ended 31 December 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 period ended 31 December 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 much of the remaining period of the lease of the Museum site.

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 (who act as guarantor), when the Museum was first established in September 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 period ended 31 December 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 period

The expected return on pension plan assets is based on an assessment made at the beginning of the period 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 period. 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 23

After 31 March 2011, the Museum 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 Funds and Reserves Accounting

The Museum maintains four types of funds and 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 23)
-

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 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 Change to Accounting Reference Date

At its meeting on 26 May 2011, the Board of the Museum resolved to change the Museum's Accounting Reference Date (ARD), from 31 March to 31 December, with effect from 31 December 2011. The effect of this change was to shorten the current (2011) accounting reference period to nine months, between 1 April 2011 and 31 December 2011. Changing the ARD to be conterminous with the calendar year makes prior year comparisons easier and removes the distorting effects of a variable Easter holiday. The change of Accounting Reference Date was notified to the Register of Companies in accordance with section 392 of the Companies Act 2006.

2 Admissions

Admissions (excluding trading sales) are stated net of value added tax and discounts

	December 2011 £	March 2011 £
Admission fees donated to the Museum	844,444	963,828
Gift Aid from donated admission fees ¹	211,916	280,135
	<u>1,056,360</u>	<u>1,243,963</u>
Admission to the Museum	1,120,004	1,293,480
	<u>2,176,364</u>	<u>2,537,443</u>
Visitor attendance (number) ²	<u>262,936</u>	<u>311,847</u>

¹ Gift Aid is a well established scheme run by the Government that allows charities like the Museum to benefit from the tax already paid by visitors. The Museum receives 25p from the Government for every pound donated in support of the Museum.

² For comparison purposes, visitor attendance for the full twelve months of 2011 was 298,965, and for the twelve months ending 31 March 2012, 296,491.

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

3 Grants Receivable and Charitable Donations

	December 2011	March 2011
	£	£
Grants Receivable (from Dudley MB Council)	69,600	69,600
Restricted Funds		
Cory Environmental Trust in Britain	13,111	-
Veolia Environmental Trust	28,545	-
29 th May 1961 Charitable Trust	5,000	-
Owen Family Trust	5,000	5,000
Edward Cadbury Charitable Trust	2,500	-
The Friends of the Black Country Living Museum	2,000	-
The Idlewild Trust	2,000	-
Birmingham Common Good Trust	1,500	-
The Chatwin Trust	500	-
The P & C Hickinbotham Charitable Trust	500	-
The CB & HH Taylor 1984 Trust	500	-
Salamander Charitable Trust	500	-
The Black Country Society	500	-
The British Motorcycle Charitable Trust	-	135,000
Charles Hayward Foundation	-	30,000
Trade Union Congress and its affiliated unions	-	52,722
Other restricted donations	537	1,000
	62,693	223,722
Unrestricted Funds (Sundry Donations)	1,051	14,621
	63,744	238,343

During the period of this review Restricted Funds were provided for the following projects

Folkes Park Cory Environmental Trust in Britain The Oldbury Buildings
Veolia Environmental Trust

Newcomen Steam Engine Refurbishment 29th May 1961 Charitable Trust,
Edward Cadbury Charitable Trust, The Chatwin Trust, The Friends of the Black Country
Living Museum, The Idlewild Trust, The P & C Hickinbotham Charitable Trust, The CB & HH
Taylor 1984 Trust, The Owen Family Trust, and Salamander Charitable Trust

Newcomen Steam Engine Publication The Black Country Society
Keith Gale Archive Birmingham Common Good Trust

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

4 Net Income from the Museum's Subsidiary Trading Company

The Museum (Parent) controls a 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 the Black Country Living Museum. The trading company donates its taxable profit to the Museum. A summary of the results is set out below. Separate audited accounts will be filed with the Registrar of Companies.

	December 2011 £	March 2011 £
Profit and Loss Account		
Turnover	1,308,936	1,567,887
Cost of sales	(1,049,182)	(1,134,664)
Gross profit	259,754	433,223
Administrative expenses excluding recharges from Parent	(18,667)	(19,455)
Operating profit	241,087	413,768
Investment income	-	149
Other operating income	19,846	20,760
Profit before Group charge and donation to Parent	260,933	434,677
Recharge from Parent	(90,000)	(120,000)
Donation of profit to Parent	(170,933)	(314,677)
Profit for year before and after taxation	-	-

5 Parking Charges, Filming Rights and Licensed Concessions

	December 2011 £	March 2011 £
Parking charges	65,385	66,617
Licensed concessions	32,323	33,451
Filming rights	3,640	8,850
	<u>101,348</u>	<u>108,918</u>

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

6 Investment Income

	December 2011 £	March 2011 £
Interest received	10,960	2,614
	<u>10,960</u>	<u>2,614</u>

7 Other Incoming Resources

	December 2011 £	March 2011 £
Settlement of insurance claim	15,000	15,000
Commercial rent	30,000	56,077
Rebate from South Staffordshire Water plc	77,265	-
Other	320	-
	<u>122,585</u>	<u>71,077</u>

8 Total Resources Expended

	Staff costs £	Depreciation and Impairment £	Other costs £	Total December 2011 £	Total March 2011 £
Cost of generating funds					
Trading costs	483,452	7,183	575,674	1,066,309	1,158,641
Fundraising and publicity	110,114	-	282,345	392,459	419,393
Total cost of generating funds	<u>593,566</u>	<u>7,183</u>	<u>858,019</u>	<u>1,458,768</u>	<u>1,578,034</u>
Charitable expenditure					
Charitable activities	1,474,890	268,757	816,177	2,559,824	3,047,852
Governance costs ¹	108,903	-	55,396	164,299	236,157
Total charitable expenditure	<u>1,583,793</u>	<u>268,757</u>	<u>871,573</u>	<u>2,724,123</u>	<u>3,284,009</u>
Total resources expended	<u>2,177,359</u>	<u>275,940</u>	<u>1,729,592</u>	<u>4,182,891</u>	<u>4,862,043</u>

¹ Governance costs include payments to the auditors of £5,600 (March 2011 £4,500) for audit fees. The auditors also received payments of £7,858 (March 2011 £3,000) for other services. Other services include payroll processing fees.

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Museum during the period of this review. Expenses totalling £nil were paid to the Trustees (March 2011 £nil).

10 Employees

The average monthly number of employees during the period was

	December 2011 (number)	March 2011 (number)
Direct charitable activities	115	127
Leadership, Management and Administration	34	24
	149	151

Employment costs

	December 2011 £	March 2011 £
Wages and salaries	1,961,342	2,099,773
Social security costs	113,275	120,697
Other pension costs	102,742	157,000
	2,177,359	2,377,470

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

	December 2011 (number)	March 2011 (number)
£60,001 – £70,000	-	1
£70,001 – £80,000	1	-
	1	1

During the period, the Museum paid expenses relating to the Chief Executive's lease car costs totalling £7,500. Since the period end, a payment schedule has been agreed and the amount is due to be reimbursed to the Museum over an agreed period with interest being charged on the agreed expense.

Details of the Museum's defined benefit pension provision are provided at Note 23.

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

11 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 2011	937,597	5,066,023	984,589	67,839	7,056,048
Additions	-	-	21,982	-	21,982
At 31 December 2011	937,597	5,066,023	1,006,571	67,839	7,078,030
Depreciation					
At 1 April 2011	30,087	1,035,079	622,288	45,086	1,732,540
Charge for the period	12,066	63,432	130,392	7,146	213,036
At 31 December 2011	42,153	1,098,511	752,680	52,232	1,945,576
Net book value					
At 31 December 2011	895,444	3,967,512	253,891	15,607	5,132,454
At 31 March 2011	907,510	4,030,944	362,301	22,753	5,323,508

Fixed Assets include fixtures and fittings and motor vehicles with a cost of £63,328 (March 2011 £44,942) and a net book value of £31,128 (March 2011 £19,926) owned by the subsidiary undertaking, Black Country Living Museum Enterprises Limited

Freehold land and buildings include land (being the Museum's overflow car park fronting Tipton Road and the footprint of the Locksmith's House, Willenhall) with a net book value of £133,258 that is not depreciated

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

(b) Site Development

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

12 Heritage Assets

Cost	£
At 1 April 2011	5,018,130
Additions at cost	-
At 31 December 2011	-
Depreciation	
At 1 April 2011	237,489
Charge for the period	62,904
At 31 December 2011	300,393
Net book value	
At 31 December 2011	4,717,737
At 31 March 2011	4,780,641

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

13 Fixed Asset Investments

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

The Companies Act 2006 requires the Museum to disclose any holdings which amount to more than 20% of a company's issued shares. The Museum holds 100% of the issued Ordinary Shares of Black Country Living Museum Enterprises Limited. This wholly-owned subsidiary undertakes on-site trading to support the charitable activities of the Museum, as further described in this Annual Report.

14 Debtors

	Group December 2011 £	March 2011 £	Parent December 2011 £	March 2011 £
Owed by Group undertakings	-	-	80,734	-
Other debtors	117,508	75,853	115,530	69,336
Prepayments and accrued income	53,754	27,991	52,492	26,723
	171,262	103,844	248,756	96,059

15 Creditors, amounts falling due within one year

	Group December 2011 £	March 2011 £	Parent December 2011 £	March 2011 £
Bank loan	27,000	27,000	27,000	27,000
Trade creditors	193,518	228,820	125,712	150,182
Owed to Group undertakings	-	-	-	1,623
Taxes and social security costs	62,706	10,780	44,301	-
Other creditors and accruals	177,674	485,936	164,236	406,862
	460,898	752,536	361,249	585,667

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

16 Creditors amounts falling due after more than one year

	December 2011 £	March 2011 £
Bank Loan ¹	<u>404,628</u>	<u>424,424</u>
Analysis of loan		
Not wholly repayable within 5 years	431,628	451,424
Included in the current liabilities	(27,000)	(27,000)
	<u>404,628</u>	<u>424,424</u>
Loan maturity analysis		
Debt due in one year or less	27,000	27,000
In more than one year, but not more than 2 years	28,000	28,000
In more than 2 years, but not more than 5 years	90,000	90,000
In more than 5 years	286,628	306,424
	<u>431,628</u>	<u>451,424</u>

¹ 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 the Museum's subsidiary trading company, Black Country Living Museum Enterprises Limited

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

17 Restricted Funds (Movement in Funds)

	Balance at 1 April 2011 £	Incoming Funds £	Resources Expended £	Balance at 31 December 2011 £
Operational Fixed Assets	348,681	-	-	348,681
Exhibition (Hall Two)	156,274	-	(57,547)	98,727
Rolfe Street Development	2,781,156	-	(43,011)	2,738,145
The Locksmith's House	149,841	-	(1,500)	148,341
Moving the Black Country ¹	821,702	-	(12,191)	809,511
	4,257,654		(114,249)	4,143,405
Heritage Assets				
Workers' Institute	1,793,747	-	(23,609)	1,770,138
Folkes Park	228,289	13,111	(3,078)	238,322
Old Birmingham Road	424,940	28,545	(7,774)	445,711
Hobbs Fish & Chip Shop	485,908	-	(6,396)	479,512
	2,932,884	41,656	(40,857)	2,933,683
Other				
Purchase of freehold property	124,950	-	(1,914)	123,036
Newcomen Refurbishment	10,000	21,037	(21,147)	9,890
	134,950	21,037	23,061	132,926
	7,325,488	62,693	(178,167)	7,210,014

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

18 Designated Funds (Movement in Funds)

	Balance at 1 April 2011 £	New £	Utilised £	Balance at 31 December 2011 £
Refurbishment programme	87,470	15,000	(78,800)	23,670
Future developments	500,000	-	-	500,000
Heritage Assets	1,851,595	-	(21,330)	1,830,265
	2,439,065	15,000	(100,130)	2,353,935

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

19 Analysis of Net Assets between Funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2011 are represented by			
Tangible fixed assets	3,206,182	6,644,009	9,850,191
Current assets	459,590	566,005	1,025,595
Creditors amounts falling due within one year	(460,898)	-	(460,898)
Creditors amounts falling due after more than one year	(404,628)	-	(404,628)
Defined benefit pension liability	(1,291,000)	-	(1,291,000)
	<u>1,509,246</u>	<u>7,210,014</u>	<u>8,719,260</u>

20 Net Cash Inflow from Operating Activities

	December 2011 £	March 2011 £
Reconciliation to changes in resources		
Changes in resources before revaluations	(329,354)	(266,161)
Investment income	(10,960)	(2,614)
Depreciation of tangible fixed assets	275,940	365,454
Decrease/(increase) in stocks	7,213	(10,147)
Decrease/(increase) in debtors	(67,418)	71,055
(Decrease)/increase in creditors	(291,638)	(5,064)
Pension scheme non cash movements	(22,000)	78,000
	<u>(438,217)</u>	<u>230,523</u>

21 Reconciliation of Net Cash Flow to Movement in Net Funds

	December 2011 £	March 2011 £
Decrease in cash	(469,035)	(19,510)
Long term bank loan	19,796	25,801
Movement in net funds	<u>(449,239)</u>	<u>6,291</u>
Net funds at 1 April 2011	807,015	800,724
Net funds at 31 December 2011	<u>357,776</u>	<u>807,015</u>

Black Country Living Museum Trust

Notes to the Accounts for the period ended 31 December 2011 (continued)

22 Analysis of Net Cash less Debt

	At 1 April 2011	Cash flow	Non-cash changes	At 31 December 2011
	£	£	£	£
Cash at bank and in hand	1,258,439	(469,035)	-	789,404
Debt due within one year	(27,000)	-	-	(27,000)
Debt due after one year	(424,424)	19,796	-	(404,628)
	807,015	(449,239)	-	357,776

23 Pension Scheme and Other Post-Retirement Benefit Commitments

Defined Contribution

	December 2011	March 2011
	£	£
Contributions payable by the Museum for the period	2,742	-

Employee Benefit Obligations

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 £1,291,000 (March 2011: £1,015,000). 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 in this note to the accounts 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 period ended 31 December 2011 (continued)

Employee Benefit Obligations (Defined Benefit Pension Plans)

The amounts recognised in the Balance Sheet are as follows:

	December 2011 £	March 2011 £
Present value of funded obligations	4,392,000	4,010,000
Fair value of plan assets	(3,101,000)	(2,995,000)
Defined Benefit Pension Liability	<u>1,291,000</u>	<u>1,015,000</u>

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

	December 2011 £	March 2011 £
Included in staff costs within total resources expended		
Current service cost	88,000	127,000
Past service cost	-	30,000
	<u>88,000</u>	<u>157,000</u>

Net pension finance costs included within total resources expended

Interest on obligation	165,000	234,000
Expected return on pension scheme assets	(153,000)	(194,000)
	<u>12,000</u>	<u>40,000</u>
Total Pension Costs	<u>100,000</u>	<u>197,000</u>
Actual return on plan assets	<u>37,000</u>	<u>188,000</u>

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Notes to the Accounts for the period ended 31 December 2011 (continued)

Included with other recognised gains and losses:

	December 2011	March 2011
	£	£
Actual return less expected return on pension scheme assets	(116,000)	(6,000)
Experience gains and losses arising on scheme liabilities	(182,000)	399,000
	<u>(298,000)</u>	<u>393,000</u>

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

	December 2011	March 2011
	£	£
Opening defined benefit obligation	4,010,000	4,126,000
Current service cost	88,000	127,000
Interest cost	165,000	234,000
Contributions by scheme participants	29,000	37,000
Past service cost	-	30,000
Actuarial losses (gains)	182,000	(399,000)
Benefits paid	(82,000)	(145,000)
	<u>4,392,000</u>	<u>4,010,000</u>

Changes in fair value of plan assets are as follows:

	December 2011	March 2011
	£	£
Opening fair value of plan assets	2,995,000	2,796,000
Expected return	153,000	194,000
Actuarial gains	(116,000)	(6,000)
Contributions by employer	122,000	119,000
Contributions from scheme participants	29,000	37,000
Benefits paid	(82,000)	(145,000)
	<u>3,101,000</u>	<u>2,995,000</u>

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Notes to the Accounts for the period ended 31 December 2011 (continued)

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

	December 2011	March 2011
Discount rate at 31 December 2011	4.75%	5.50%
Future salary increases	4.25%	4.75%
Future pension increases	2.50%	3.00%

Amounts for the current and previous period are as follows:

	December 2011 £	March 2011 £
Defined benefit obligation	(4,392,000)	(4,010,000)
Plan assets	3,101,000	2,995,000
Surplus/(deficit)	<u>(1,291,000)</u>	<u>(1,015,000)</u>
Experience adjustments on plan liabilities	(182,000)	399,000
Experience adjustments on plan assets	(116,000)	(6,000)

24 Related Party Transactions

Museum Trustee, A David Owen, is also a Trustee of The Owen Family Trust, which provided a restricted donation of £5,000 (March 2011 £5,000) during the period of this review in support of the refurbishment of the Newcomen Steam Engine. Trustees Timothy Wright and Leslie Jones are also elected councillors of Dudley Council which provided the Museum with an unrestricted grant of £69,600 (March 2011 £69,600) during the period of this review. Councillor Leslie Jones resigned as a Trustee of the Museum on 29 June 2011, following his election to the Leadership of Dudley Council.

25 Capital Commitments

	December 2011 £	March 2011 £
At 31 December 2011 the Museum had capital commitments as follows		
Restoration of the Newcomen Steam Engine ¹	<u>15,000</u>	-

¹Since the period end, the Museum has secured external funding to meet this capital commitment in full.

This is the final page of the Museum's Annual Report & Accounts, 31 December 2011.



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