

Charity Registration No. 504481
Company Registration No. 1226321
(England & Wales)

BLACK COUNTRY LIVING MUSEUM

The Black Country Living Museum Trust

Annual Report & Accounts

for the year ended 31 December 2016



www.bclm.com

Black Country Living Museum Trust

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Trustees' Report for the Year Ended 31 December 2016

Reference & Administrative Information

The Trustees present their Annual Report & Accounts for the year ended 31 December 2016, including their Strategic Report, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Accounts have been prepared in accordance with the accounting policies set out in Note 1 of the Accounts and comply with the Charity's governing document, applicable law and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', 2015.

Museum Trust Established:	15 September 1975
Patron:	HRH The Duke of Gloucester KG GCVO
Trustees (Directors & Members):	Dr Paul Belford Dr Malcolm Dick Andrew Fry Nicola Harding Nick Loveland Cllr. Christine Perks ¹ Dr Matthew Tanner MBE Fiona Toye (Deputy Chair) Lowell Williams (Chair) Mike Williams
Chief Executive (Museum Director):	Andrew Lovett
Charity Registration Number:	504481
Accreditation Reference Numbers:	761 and 829
Company Registration Number:	1226321
VAT Registration Number (Group):	765321138
Principal Address & Registered Office:	Black Country Living Museum Tipton Road Dudley West Midlands DY1 4SQ United Kingdom
Independent Auditors:	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

¹Nominated by the Association of Black Country Authorities

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Trustees' Report for the Year Ended 31 December 2016

Chair's Review of the Year

BCLM: Forging Ahead

The year in review has been dominated by the long view, as we visualised, shared, garnered support for, promoted, costed, and started to secure investment for BCLM: Forging Ahead, the first phase of our masterplan for the Museum's next 40 years. As with all such ambitious plans they require the coming together of a complex matrix of investments from several different sources to make them happen, and we have worked hard this year to make the most of the opportunities we have created with our partners and potential investors. At £22.725m, BCLM: Forging Ahead is a large project – the single largest project in the history of the Museum. However, it needs to be substantial to complete our story (taking the Museum into the 1960s and the emerging cultural and ethnic diversity of that era), meet the rising demands of our business and deliver real outcomes for people, communities and heritage in an area of significant social and economic disadvantage and historically low levels of investment in the cultural 'offer'.

We have already secured the in principle support of £7.6m from the Black Country Local Enterprise Partnership, and the trading success of recent years means we are in a good position to make our own investment of £900,000 over the five year lifespan of phase one. In December, the Board of the Museum was thrilled to sign-off our Round One application for investment of £9.8m from the Heritage Lottery Fund; the outcome of which will be known in late April 2017. It is a strong application and represents an exceptional return on investment for all players of the National Lottery; not least the diverse communities of the Black Country.

Investment & Working with Arts Council England

We are also looking to the future by asking Arts Council England (ACE) to continue their investment with the Museum, as part of their National Portfolio Organisation (NPO) programme (2018/19-2021/22), with annual funding of £550,000 (8% of revenue funding). This would amount to total investment of £2.2m, of which £1.2m supports the Activity Plan of BCLM: Forging Ahead, and a great example of cross-sector funding leverage. We'll know the outcome of this application in the summer of 2017, at the same time as several other museums, many of which will be new to NPO applications, as ACE, for the first time, encourages the widest possible range of museums from across England to secure this type of 'core' support. It could mean that the number of museums in receipt of regular ACE funding rises from 21 to over 50. Our application for NPO investment follows the completion of another successful year as a Major Partner Museum (Year 2 of 3), in partnership with Culture Coventry, under the title West Midlands Museum Partnership. Our approach to ACE funding is to regard it very much as investment, not subsidy and not to rely on it for our long-term sustainability. To our mind, public sector support for the country's cultural provision is great, but those in receipt should be grateful, rather than demanding. As the Government's development agency for the arts and culture, I want to take this opportunity to acknowledge how reliable ACE is as an investor. While, sadly, the ongoing unravelling of local authority funding, including for museums and the arts, increasingly means that cash-strapped local authorities are finding it very difficult to be reliable partners.

Our Business Performance

Underpinning the Museum's continued further development – for open-air museums are always 'work in progress' – has been another successful year, with another rise, of 5.4%, in visitor attendance, to 308,457 (2015: 292,533) and a trading surplus before depreciation and one-off

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investments, of £396,956, as further set out in the Financial Review on pages 27 and 28 of this review. This level of performance allowed us to invest during the year on a wide range of priorities including supporting the development of BCLM: Forging Ahead, improving safety in the mine, the continued restoration of Tram 5, improving internet connectivity across the site, especially for visitors, and undertaking some essential repairs to our tramway. For a sprawling estate like BCLM, with many historic buildings and features, there is a constant balance between looking after what we already have, and investing in new developments to help drive visitor attendance to maintain our financial viability.

Our Role as a Civic Leader

During the year, I was delighted to see the Museum play a full role in the civic leadership of the Dudley Borough. This is something which I have always been very keen for the Museum to do, as the foremost visitor destination in the borough, a major employer with over 200 staff, and as an organisation with an increasingly potent national reputation, brand and reach. It is also a part of my professional life where my day job as the Principal of Dudley College of Technology and Chair of the Museum intersects to promote the best interests of the Black Country, and a future which offers people, young and old, the opportunity to realise their ambitions through developing skills, high academic achievement and fulfilling employment, as well as more rewarding leisure time, personal and family life.

Devolution Opportunities

As we look ahead to 2017, the new combined authority for the West Midlands will come into greater relief with the election of a new mayor on 4 May. This will be the first election for a governing body covering the entire West Midlands since 1981 and the former West Midlands County Council. This new authority, having agreed the scope of a devolution agreement with the Government in 2015, offers an opportunity for the Black Country and its current local elected authorities to play a more prominent and impactful role in the region, especially when it comes to the big decisions and the creation of jobs, improving skills, prosperity and economic growth, while still continuing to deliver local services. For our part, the Museum welcomes the creation of a new region-wide body as being better placed to take long-term strategic decisions for the benefit of the 4 million people living within the new boundary, and I look forward to us playing our part in shaping a new future.

Strengthening Our Leadership

During the year we reviewed our governance structures, and as a result strengthened the Audit Committee, including with the appointment of two independent members, Andy Holding (Finance Director at the University of Wolverhampton) as the Committee's new chair, and Dinah McLannahan, a Senior Business Consultant from NHS Improvement. We also developed further the Board through the appointment of Nick Loveland as a Trustee, who brings bags of experience from his day job as the Chief Operating Officer of the company that runs both the Symphony Hall and Town Hall in Birmingham. I was pleased we also established a new Financial Performance Scrutiny Committee, to allow added analysis, longer term planning and insight of financial matters, and appointed two additional Trustees to serve on the Board of the Museum's subsidiary trading company, by way of developing greater integration with the Museum, as well as strengthening its governance and planning for succession.

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Improving Our Links with Business

I was very pleased during the year to host a number of events we held to cultivate our links with regional businesses, trusts & foundations, higher education, political leaders and many others with an interest in supporting the Museum. We were especially pleased to launch our new Patrons membership and our new Business Partner membership; the latter with 10 members already, including Murray Hall Community Trust, H&R ChemPharm, Action for Children and Crowe Clark Whitehill.

Supporting the Spirit of Independence

In June, I was delighted to attend the national conference of the Association of Independent Museums, at the Surgeon's Hall Museums in Edinburgh, and to join a chairs' discussion with former First Minister, Henry McLeish, as well as two days of packed-out sessions focussing on the major issues facing museums. The final day of the conference was, however, rather overshadowed by the European Union referendum result and the uncertainty and unease this continues to bring. The AGM of the conference also saw our own Museum Director being voted onto the Council of AIM, a role and responsibility I know he relishes and will give his full energy, knowledge and commitment to in support of independent museums across the UK.

My Thanks & Obituaries

Sadly, 2016 saw the death of Gordon Ibbotson, long-standing volunteer and member of the Transport Group and often to be seen behind the wheel of our West Bromwich double-deck bus No. 174. In the very early part of 2017, we also lost John Harry 'Jack' Russell, former Chair of the Museum from 1988 until his retirement as a Trustee in 1999; a key period of development for the Museum. Terry Armet, a familiar sight at the Museum for almost 20 years also died, as did volunteer Chris Pugh, who lost his battle with cancer in February 2017.

I am very grateful in my second year as Chair – to my fellow trustees, including Fiona Teye, our Deputy Chair, and to those who serve as independent directors of our trading company, as well as the Museum Director and his team, for their support, commitment to the Museum and ability to deliver the ambitions we all share.

Finally, I would like to acknowledge the support of all our many donors, volunteers and funders and to express my very grateful thanks for their commitment and generosity 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. We are especially grateful to Arts Council England for their investment as a Major Partner Museum, along with our partner, Culture Coventry. Thanks to them all.

Lowell Williams Chair



Chief Executive's (Museum Director) Review of the Year

Fulfilling Our Potential

The recent death of Jack Russell at the age of 91, former Museum Chair for 11 years until 1999, is a reminder of how things – like the Museum – are developed and enhanced over time by people of the moment; people like Jack Russell, who through their energy, skills and foresight create opportunities for the next generation to take forward. In the Chair's review, Lowell Williams highlights our exciting development plans for the Museum, and how success and a very clear understanding of our 'business' has given rise to an opportunity for the current generation to fulfil the potential that exists and achieve even greater impact. For a 'business' like the Museum, it is quite a task to think big and plan years ahead, while keeping focussed on achieving the results we forecast and delivering the visitor programmes we planned for 2016. It is a sign of the strength of the Museum Team – at all levels – that both these things were achieved in parallel, to such good effect, during the period of this review.

Financial Resilience

This annual report sets out the totality of the financial results of what was another successful year for the Museum. For an organisation like the Museum – a charitable trust – the financial results combine the operational trading position generated from paying visitors to the open-air site, together with an analysis of the income and expenditure associated with restricted grants and donations received from external sources to fund discrete projects, as well as one-off investments which the Museum has chosen to undertake during the year from its own resources. Such projects and one-off investments often overlap financial years, and the financial schedules contained within this annual report therefore, simply capture a point-in-time and the various stages projects have reached. Whilst this kind of investment activity is very important for the Museum and can involve considerable financial resource, often providing longer-term benefits, it is critical to disaggregate it to understand the strengths or weaknesses of the underlying operational trading results. When this is done, another positive 'trading' year emerges, on the back of a continuing upward trajectory in visitor attendance. So, although total net income amounted to just £17,296 (2015: £701,172), the Museum's operational trading surplus (before depreciation charged to general funds, one-off investments from the Museum's own resources and other accounting adjustments) amounted to £396,956 (2015: £466,619). Within these overall figures, the Museum's subsidiary trading company had another great year, generating gross sales of £1.772m (2015: £1.669m) and a profit (before Group charges) of £567k (2015: £575k).

Continued Upward Trajectory of Visitor Attendance

Within an overall increase in visitor attendance of 5.4% on 2015, 2016 saw some small but important shifts in the mix of our main visitor categories. We saw general admissions rising 2% to 49% of the total, while free admissions (including those returning using their annual Unchained pass) fell by 2% to 19%. Educational visits also declined by 2% to 18%, while groups and those attending a ticketed event rose by 2% to 14% of the total. The fall in free admissions is of course welcome and largely down to two factors; firstly we have steadily withdrawn two-for-one offers, preferring instead to drive attendance on the strength of the 'offer' and targeted marketing, rather than discounts, and a natural reduction in the novelty of the Museum's Unchained annual pass, after its launch in 2015. The rise in groups and admission to ticketed events, comes on the back of a deliberate strategy to target the groups market and to increase the number, profile and quality of ticketed events. We feel there is scope to further increase attendance from these

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markets, especially the latter, and will continue to focus on this in 2017. It is disappointing that educational visits have continued to decline, from around 63,000 in 2014, to the current level of 53,094. Addressing this will be a significant task of 2017, including a review of the marketing currently undertaken, as well as consultation with teachers to better understand changes in the curriculum, the continued increase in academies and enhancing the Museum's educational offer.

Visitor attendance can be irregular; influenced by many things, some of which, like the weather and consumer confidence, are difficult for the Museum to counteract. However, the Museum has worked hard over recent years to embrace astute, rather than hopeful strategies, as well as adopting a break-even point which doesn't leave the Museum overly exposed to financial risk in the event that attendance doesn't reach target levels. Such strategies include improving and expanding the Museum's ticketed events programme, encouraging admission to be bought on-line, introducing the UnChained Annual Pass, sophisticated PR and location filming, improving and targeting our marketing – especially driving use of www.bclm.com and utilising social media, as well as making incremental improvements to the visitor offer and customer service. Underpinning this, as a chargeable visitor destination, is the constant need to offer value for money. And our mantra, "not just known, but wanted" is always centre stage.

Reaching Diverse Audiences

In 2015, as part of the Museum's ACE-funded Major Partner Museum investment, BCLM created an Audience Development Plan targeting two protected characteristics - BAME (Black, Asian & Minority Ethnic) and disabled. Some of the significant highlights in this area in 2016 included the creation of two Community Advisory Panels (Access and Diversity) which have been meeting monthly throughout the year and feeding into a range of Museum-wide projects; the Museum's first Festival of Light which showcased lanterns made by community groups who were inspired by the Museum's gas and electric lighting collection; and the launch of BCLM's 'Migration Stories' project which aims to capture oral history accounts of migration into the Black Country by members of the local community. Although this work is part of a long-term strategy to build community ownership, develop relationships and improve the position of BCLM within its local community, some short-term results are already being seen such as an increase in the number BAME visitors from 5%-6% of total visitor attendance.

National Picture

Although the latest quarterly report from Visit England on day-visit volumes (including visits to cultural attractions) continues to show growth; +13% YTD compared with last year, there is obviously uncertainty about levels of consumer confidence post Brexit. The Bank of England is forecasting higher levels of inflation and a slow-down in employment growth and increased unemployment. Having said all that, the Association of Leading Visitor Attractions (ALVA) points to evidence that at times of recession day visits to local attractions increase, and certainly the availability of the Museum's UnChained Annual Pass will help to achieve that. The Museum is predominantly a day-visit attraction, drawing audiences from within the 30, 60 and 90 minute drive-time catchment. In this context the potential market is very considerable, including those that are culturally active and with a high propensity to visit museums.

Enhancing Customer Service

During 2016, we implemented some targeted changes to our staffing structure to bind together more effectively all front-of-house operations to improve and create greater continuity of

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customer service, while maximising trading results. For a Museum like BCLM, with a large and diverse trading operation, mixed in with many other outlets, where costumed interpretation, rather than trading, takes centre stage, such integration is always a challenge, but nevertheless hugely important.

Maximising the Impact of Arts Council England Investment

The end of 2016 meant the Museum and its partner, Culture Coventry, was 21 months into the three-year Arts Council England-funded Major Partner Museum programme. Since April 2015, the West Midlands Museum Partnership (WMMP), BCLM has delivered a large programme of activity as one of Arts Council England's 21 Major Partner Museums. This activity includes the development of audience engagement programmes, building and developing relationships with hard to reach communities with the help of two Strategic Audience Development Managers. As well as seeing new audiences, the partners have also seen a rise in visitors travelling from further afield thanks to continuing campaigns to market each museum further than a 90 minute drivetime. The partners have seen the development within their roles of five trainees and three apprentices, all of whom will take their skills into the sector upon completion of the three year programme. A new Customer Relationship Management System has been introduced at BCLM, bringing together multiple systems into one fully integrated database, and a new Membership System has been developed at Culture Coventry. On top of this both partners have benefitted from the introduction of new retail systems. The volunteer offer at both partners has grown significantly, with 10 times more opportunities being created and offered at Culture Coventry since the programme began. The Museums and Resilience Leadership Programme, run by BCLM, has given 30 individuals from across the cultural sector the opportunity to develop the skills needed to be resilient leaders within their existing and future roles in the sector. Both partners have also made progress with understanding and measuring their environmental impact, and have developed plans to reduce it over time with the support of environmental sustainability specialists, Julie's Bicycle. During the period of this review, Arts Council England investment for the entire Major Partner Museum programme amounted to £886,000; allocated between BCLM and Culture Coventry, as further described in this review.

Government Thinking on Culture – 50 Years On

In March 2016, the Government published the first White Paper on Culture in more than 50 years and only the second ever to be published. And while the white paper didn't promise austerity-busting levels of public-sector support, its publication did acknowledge and demonstrate the importance to the UK's future economic strength of arts and culture, as one of those very distinctive home-grown 'businesses' that has global reach and the capability of setting the UK apart. This view was further reinforced by the inclusion of a review to be led by former Arts Council Chair, Sir Peter Bazalgette, into how the 'creative industries' can help underpin future prosperity by utilising and developing new technology, capitalising on intellectual property rights and growing talent pipelines, as part of the Government's draft industrial strategy. The Government's White Paper also triggered a review of museums, under the supervision of the Department for Culture, Media & Sport, and through a number of channels, including our active membership of the Association of Independent Museums, BCLM has contributed fully to the consultation, not least by advocating the case for charging admission as an essential spark to establishing an organisation-wide culture of enterprise and a responsive, two-way relationship with visitors.

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The Shared Voice of Museums – Responding to Brexit

I think it is fair to say that many people involved with leading museums in the UK (irrespective of how they voted) are concerned about the unintended consequences of Brexit on our perceived tolerance for people with different views, backgrounds and beliefs. In response to these worries, the National Museums Directors' Council (of which BCLM is a member) released a statement which, ".....pledged to continue to provide a safe and egalitarian space for all members of the communities they serve. Museums are trusted and social spaces: warm and welcoming to people of all ages and backgrounds and to visitors from all over the world. The objects in museum collections, interpreted by skilled staff, help people make sense of a confusing world, providing joy and inspiration as well as a starting point for debate. Museums have a key part to play in promoting a tolerant and diverse society and NMDC members are committed to continuing this role." The statement went on to say, "The decision to leave the European Union will not mean the end of co-operation and exchange. Indeed, the UK's national and regional museums wish to ensure that the relationships built up over many years with European partners, at both the institutional and individual level, continue over the long-term." BCLM has many connections across Europe, and indeed will be hosting the international conference of the Association of European Open Air Museums in August 2017, and will therefore, be doing its bit to maintain the UK's long tradition as an outward looking and welcoming country.

My Thanks & Final Thoughts

As ever, it has been a great privilege to lead the Museum, and I am delighted to have this opportunity to express my gratitude and respect to staff and volunteers, as well as the Board of Trustees and those who serve as independent members of our committees. Without their commitment, expertise and positive approach, the Museum wouldn't have achieved the level of success we saw in 2016, or be in such a positive position to plan our future.

The continued success we saw during 2016 was not to perpetuate the Museum for its own sake, but to achieve our charitable purpose, to make a positive difference to peoples' lives; summed-up by our mission: Inspiring Your Discovery of the Black Country. My thanks to everyone who visited during 2016, thought about visiting and vowed to try next year, took out membership, made a donation, gave us a personal item to improve our collection, raved about us to others, or simply liked us on Facebook, signed-up to our newsletter, or followed us on Twitter. However you engaged with us, your support is vital and hugely appreciated.

I conclude my review of 2016 with a quote from educationalist and inspiring thinker, Sir Ken Robinson, who said, "If you're not prepared to be wrong, you'll never come up with anything original." I would like to think, with that quote ringing in our ears, that we are prepared to take astute risks at the Museum, learn from them and always have a mind to improve. For being an entrepreneur is about energy, initiative and taking thoughtful risks and decisions, and not deriding others for having a go at something untested.



Andrew Lovett Chief Executive (Museum Director)

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Governing Document

The 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, 24 September 2009, 30 May 2013 and 29 May 2014. None of the model articles in the Companies (Model Articles) Regulations 2008 applies to the company. 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 Objects of the Charity are set out in this report. Throughout this Annual Report the company is referred to as 'the Museum, Museum Trust or the Charity'.

Trustees (Directors & Members)

The trustees of the Museum for the purposes of charity law are also its directors for the purposes of company law, and throughout this report are collectively referred to as 'the Trustees'. The Trustees are the only members of the charitable company. Those Trustees who served during the period of this review were:

Dr Paul Belford	
Dr Malcolm Dick	
Cllr. Judy Foster	(resigned 23 August 2016)
Andrew Fry	
Nicola Harding	
Nick Loveland	(appointed 28 January 2016)
Dr Matthew Tanner MBE	
Fiona Toye	(Deputy Chair w.e.f. 28 January 2016)
Lowell Williams	(Chair)
Mike Williams	

Recruitment & Appointment of Trustees

The governing document allows for two 'classes' of trustees, ordinary and nominated. All trustees are appointed on the basis of their experience, skills and empathy with the Museum's vision. The appointment of ordinary trustees is undertaken following an open, public recruitment process. Prospective trustees are interviewed by a panel of existing Trustees and the Museum Director, who make recommendations to the Board. The Association of Black Country Authorities nominates one person to serve as a trustee on the Board, albeit in a personal, rather than representative capacity. The Board recognises and accepts the need to refresh and develop the Board on a regular basis as an integral part of good governance and maintaining objectivity, including succession planning, and will make new appointments during 2017 and 2018. Trustees can serve for two terms of three years, unless the Board agrees a third consecutive term of three years. An incumbent Chair of the Board may be reappointed so as to serve three consecutive terms of three years. Any trustee who has previously served consecutive terms of three years shall be eligible for reappointment provided that there have been a break of not less than two years since the end of their last such term.

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Trustee Induction & 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 Chairman and Museum Director. New trustees 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 has developed a trustee development programme to enhance their understanding of the Museum. Trustees are kept up-to-date with bi-monthly reports, briefings and sector newsletters about relevant issues, best practice and developments affecting the museums and cultural sectors, as well as changes to charity and/or company regulation. The Board uses an annual self-assessment questionnaire to gauge its effectiveness as the Museum's governing body, to support and inform an individual discussion between each trustee and the Chair of the Board. The Board has also endorsed recent best practice guidance from the Association of Independent Museums (AIM), including their *Hallmarks of Prospering Museums*, published in June 2015, and *Golden Rules of Good Governance*.

The Board of Trustees works to ensure compliance with its legal duties to:

- (i) Act in the interests of the charity and its beneficiaries.
- (ii) Protect and safeguard the assets of the charity.
- (iii) Act with reasonable care and skill.
- (iv) Ensure the charity is accountable.

Governance Structure & Subsidiaries

The Museum is governed by a Board (with a maximum of 16 members and a minimum of 5) which has powers to conduct all the affairs of the Charity. The Board met six times (on a bi-monthly timetable) during the year to consider strategic issues, monitor the progress and performance of the Museum against budget and prior year, consider policy and significant developments and monitor organisational risks. The Charity held its AGM on 26 May 2016. The Board has put in place committee structures to effectively govern and regulate the affairs of the Museum, including an Audit Committee (with two independent members, including its Chair, Andrew Holding) and a Financial Performance Scrutiny Committee. A Project Board, with two independent members (Diane Lees, Director General, Imperial War Museums, and Tim Bryan, Head of Collections at British Motor Museum) and representatives from the Museum and partner, Culture Coventry, has also been established to steer and monitor the Arts Council-funded, Major Partner Museum Programme 2015/16–2017/18.

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, in accordance with a Scheme of Delegation approved by the Board. The Museum's Director & Chief Executive is supported by a leadership team (Key Management Personnel) currently comprising four Deputy Chief Executives with responsibility for: (1) Collections, Learning & Research; (2) Development (job share); (3) Communications & Marketing; and (4) Visitor Engagement & Operations. A larger management team meets on a regular basis to consider management and operational issues. The Charity has in place a Staff Consultative Forum, including elected Staff Representatives, which meets on a quarterly basis and in accordance with its Terms of Reference.

The Museum is owned and operated by the charitable company (including the Locksmith's House, a small museum (Accreditation ref. no. 829) in Willenhall, seven miles from the main site)

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including the employment of all staff. Non-charitable activities, including retailing, catering, location filming and business sponsorship, are undertaken on behalf of the Museum Trust 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. A licence agreement exists which sets out the terms of the relationship between the parties.

The Enterprises 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, while allowing the Museum to benefit from the proceeds of commercial enterprise through an annual donation of profits from the Enterprises Company to the Museum. The directors of the Enterprises Company, who met four times during the year, are drawn from the Museum Trust and from outside the Museum. The Company held its AGM on 29 April 2016. There are currently five directors of the Board of the Enterprises Company, including two independent directors, Richard Fletcher and Dominic Lewis-Barclay. The Museum Trust, as the sole member of the Company, is now represented at General Meetings by Museum Trustee, Nick Loveland (appointed as a director, along with Museum Trustee, Andrew Fry, on 1 July 2016). Nick Loveland is also the Chair of the Enterprises Board, taking-up this role on 1 November 2016, replacing Museum Trustee, Mike Williams, who continues to serve as a director of the Enterprises Company. The Museum Director is, by extension, also the Chief Executive of the Enterprises Company, although not a company director of it.

Remuneration Policy, Employment & Casual / Zero Hour Contracts

The Museum has a well-established median pay policy, informed by Museum-wide job evaluation and market data provided by the Hay Group in 2011. This evaluation and market data informed the Museum's current pay & grading structure, with its seven grades or tiers. The median pay policy applies to all staff at the Museum, including Key Management Personnel, although the Board reserves the right to consider the remuneration of the Chief Executive outwith this protocol. No remuneration benefits, other than those provided to all staff, are provided to Key Management Personnel. The Board of the Museum considers issues of pay on an annual basis as part of approving its annual revenue budget, and in this context any cost-of-living awards are currently implemented with effect from 1 January. Changes to regulated pay, including the National Living Wage (NLW) introduced from 1 April 2016, are made in accordance with legislation. The Museum has a policy to pay the NLW (currently £7.50 per hour) irrespective of the age of the employee, and has sought to pay this rate during the second year of Apprenticeships.

The Museum employs 220 staff: 56% of whom are female and 44% male. This total headcount includes 97 staff who work casual hours due to the nature of some work opportunities. During the year, the Museum reviewed the pattern of casual, or zero-hour contracts and where possible, introduced more part-time and / or seasonal opportunities to provide a better quality of employment, while continuing to meet the Museum's business needs, as well as the working pattern preferred by some staff. The Museum also employs a small number of staff, numbering 12, who have annualised contracted hours due to the term-time nature of their work. The working patterns of staff is an area of employment practice which will continue to be kept under review.

Trustee Indemnity

Professional liability insurance of £1m is in place through Catlin Insurance Company (UK) Ltd.

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Trustees' Report for the Year Ended 31 December 2016

Board of Trustees Attendance

The table below sets out the record of attendance for Trustees and the Chief Executive, at Board meetings during 2016.

	Date of Board Meetings						No. of Meetings	%
	28/01	31/03	26/05	28/07	29/09	24/11		
Dr Paul Belford	✓	X	✓	✓	✓	✓	5/6	83%
Dr Malcolm Dick	✓	✓	✓	X	✓	✓	5/6	83%
Cllr Judy Foster (resigned 23/08/16)	X	✓	X	✓	X	X	2/4	50%
Andrew Fry	✓	✓	✓	✓	✓	✓	6/6	100%
Nicola Harding	✓	✓	X	✓	✓	✓	5/6	83%
Nick Loveland (appointed 28/01/16)	✓	✓	✓	✓	X	✓	5/6	83%
Dr Matthew Tanner MBE	✓	✓	✓	X	X	X	3/6	50%
Fiona Toye (Deputy Chair)	✓	✓	✓	✓	✓	✓	6/6	100%
Lowell Williams (Chair)	✓	✓	✓	✓	✓	✓	6/6	100%
Mike Williams	✓	✓	✓	✓	✓	✓	6/6	100%
Andrew Lovett (Director & Chief Executive)	✓	✓	✓	✓	✓	✓	6/6	100%

Partnerships & Stakeholders

The Museum works with a number of partners and stakeholders to achieve its objectives, including a large number of volunteer groups. The principal volunteer groups being: Friends of the Museum (a founding group of the Museum); Transport Group; Collections & Archive 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 volunteers from Rockspur House and Garden Pathways, who do much to help us keep our gardens and open spaces in good order and free of litter. The Museum also works with Dudley Canal Trust (Trips) Ltd, who operate their electric narrow boat services in the tunnels and limestone caverns adjacent to the Museum; and Marston Wolverhampton Heritage Trust, who maintain their important archives, on-loan to the Museum.

The Museum also undertakes partnership working with University of Wolverhampton; University of Birmingham; Newman University; Royal Society of Chemistry; Association of Independent Museums (AIM); West Midlands Museums Group, and the Major Partner Museum Group of the Midlands; as well as The Black Country Society, a founding group of the Museum; the Design & Technology Association; and the Historic Lighting Group. The Museum is now a registered Anchor Point on the European Route of Industrial Heritage.

The Museum also maintains membership of a number of organisations; the major ones being: International Council of Museums, Museums Association (individual memberships), Association of Independent Museums, Association of European Open-Air Museums, Association of Living History,

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Trustees' Report for the Year Ended 31 December 2016

Farm and Agricultural Museums, Newcomen Society, Inland Waterways Association, Association of Industrial Archaeology, Society of Folk Life Studies, and the Midlands Federation of Museums. The Museum is a member of Heart of England Attractions – a group which represents the interests of fifteen of the region's leading independent visitor destinations, as well as the Chambers of Commerce of the Black Country and Birmingham. The Museum is a member of the Confederation of British Industry (CBI). As one of the Arts Council's 21 Major Partner Museums, the Museum is a member of the National Museums Directors' Council.

The Museum has an important relationship with Arts Council England, and from April 2015 the West Midlands Museum Partnership came into existence to deliver, with our partner Culture Coventry, the Major Partner Museum Programme 2015–2018. The Museum also maintains an important relationship with Dudley Metropolitan Borough Council and the Council's Castle Hill Partnership. The Council provided grant funding to the Museum until 2012, but now provides alternative financial support, including discretionary rate relief. The Council owns the majority of the freehold of the Museum site, leased until 2075.

Environmental Impact & Coal

In March 2016, BCLM commissioned Julie's Bicycle, a London based organisation that specialises in environmental sustainability within the arts and cultural sector, and who are funded by Arts Council England to carry out a full environmental assessment of the Museum as part of its Major Partner Museum activity. The report set out the Museum's current environmental impact showing that BCLM has a current annual Carbon Footprint of 1,091 tonnes of CO₂e (Carbon Dioxide Emissions). This equates to 4kg of CO₂e per visitor. Of the 1,091 tonnes, 55% comes from electricity and gas, 31% from coal, 9% from waste, 2% from water use and wastewater, 2% from business travel, 1% from operational vehicle use, and 0.4% from fuel used in the running collection of vehicles. With the aim of reducing its CO₂ emissions by 10% by 31 March 2018, BCLM now has a Green Group as well as an organisational Green Champion. An action plan has been drafted and work is underway to meet the 10% target by March 2018, with the continued support of Julie's Bicycle.

On behalf of the Trustees

Lowell Williams Chair

Dated: 05/5/17.



Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2016

Charitable Objects

As a registered (incorporated) charity, the legal Objects of the Museum Trust are:

- (i) the advancement of education for all by increasing and inspiring the public's understanding and appreciation of the significance and impact of the Black Country since the 18th Century on the industrialisation of the world as well as increasing the sum of knowledge of the region during this period of its history; and
- (ii) the provision, safeguarding and development of a museum and collections in the Black Country as a means of recording and exemplifying the contribution of the region since the 18th Century to the development of the modern industrialised world, for the benefit and enjoyment of the public.

Vision & Mission

The Museum's vision:-

Our staff live in the Museum to welcome you into the inspiring stories of real people, their streets and homes, work and daily lives, so you too can see, taste, feel, smell, hear and join in 300 years of Black Country history.

This vision makes real the Museum's mission of *Inspiring Your Discovery of the Black Country*.

Strategic Aims

The Museum has developed six strategic aims, as part of its Strategic Plan 2015–2020:

Strategic Aim One – Develop Our Distinctiveness and Brand

Amplify how we set ourselves apart by focussing on our own unique way of doing things to create a distinctive visitor offer, undeniably differentiating the Museum from the mainstream to build a matchless brand.

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

Strengthen and better use our Designated Collections, intensifying the spotlight on living interpretation, working demonstrations and making things, as the principal and best means of engagement, to create an emotional response from our visitors.

Strategic Aim Three – Transform the Visitor Journey

Design and build a dramatic revisioning, from beginning to end, of how visitors explore and experience our open-air site to choreograph an unrelenting and immersive visit.

Strategic Aim Four – Increase Visitor Attendance

Achieve greater resilience and underpin our long-term future by increasing visitor attendance.

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Strategic Report for the Year Ended 31 December 2016

Strategic Aim Five – Achieve National and International Impact

Broaden the appeal and value of the story of the Black Country, way beyond its regional boundaries.

Strategic Aim Six – Grow and Diversify Our Income

Further develop our culture of enterprise and self-reliance to maximise and diversify sources of revenue, making full use of our assets and resources.

There are complex inter-relationships between these objectives. They support each other, and success in one objective supports success in the others.

The Museum's Origins

The Museum grew out of community pressure and the foresight of Dudley Council, as early as 1950 and more substantially in the late 1960s (with the first land purchased in 1973 by Dudley Council) 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. In the very early days, Keith Hodgkins drew the original sketches of the site in c1972, and Richard Traves, latterly Keeper of Science & Industrial Archaeology at the Borough Council of Dudley from 1972, was an influential figure, before Ian Walden OBE was appointed as the Museum's Director in 1975. The late Desmond Halahan was the first Chair of the Board, for a period of 13 years, between 1975 and 1988. The first buildings were relocated to the site in 1976. The Museum now extends to 26 acres and is one of the largest and most-visited open-air museums in the UK, having welcomed almost 9m people since it opened; comparable with the UK's other large open-air museum sites of Beamish in County Durham; Blists Hill, Ironbridge, Shropshire; St Fagans, South Wales; and Weald & Downland, West Sussex, and indeed, amongst the many European open-air museums. The Museum opened on a permanent basis in 1978, within the same era as the UK's other large open-air museums, but almost 90 years after Skansen, Stockholm in Sweden opened in 1891 – the world's first – by museum pioneer, Arthur Hazelius. And so was born the translocation of whole buildings and structures to form a new and very distinct type of museum; often as much about expressing national identity, as saving heritage at risk. Today, even a cursory look at the map of Europe shows some 60 major open-air museums, stretching from Suzdal in Russia in the east, to the Ulster Folk Museum, north of Belfast, to the west, and as far north as Jamtli, Sweden, and ETAR, Bulgaria in the south. Not to mention the central and eastern states of America, including Colonial Williamsburg, Virginia, and Sovereign Hill, Ballarat, Victoria, Australia.

The Museum still takes inspiration from Elihu Burritt's famous description of the area, when, as the American Consul to Birmingham in 1868, he said, "The Black Country, black by day and red by night, cannot be matched for vast and varied production, by any other space of equal radius on the surface of the globe." It is the story of a turning point in Britain's national story that we continue to tell and celebrate at the Museum, while all the time striving to articulate its relevance today. We exploit the fact that people visit museums – particularly open-air museums – precisely because we aren't a classroom, but nevertheless, offer hugely valuable opportunities for learning. Our greatest responsibility is to help make sense of the world, while our greatest potential is to

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enable people, our visitors, to think about something they perhaps haven't thought about before, to gain a deeper understanding of their own place in the world.

Designated Collections

The Museum's entire collections were *Designated* by Arts Council England in February 2011, 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.

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.

Achievement of 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 particular emphasis by the Charities Act 2011 – to clearly demonstrate that the Objects of the charity are for the public benefit. In this context, the Trustees accept that being a registered charity is a privilege, not a right. 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: *Public benefit: the public benefit requirement (PB1)*; *Public benefit: running a charity (PB2)*; and *Public benefit: reporting (PB3)*.

The Trustees 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. The Museum Trust continues to welcome an explicit reporting of public benefit and how it is aligned with the Objects of the Charity, and believe that this will 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 performance against objectives and other achievements.

The Museum identifies the most significant benefits to the public that arise from its objects, as:

- providing opportunities for enjoyable and stimulating learning for the general public (currently c309,000 people each year and almost 9m people since it opened) about the

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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 formal learning programmes and resources for 53,094 (2015: 59,566) pupils and students in full-time education, supported by 7,045 teachers/support staff, in 973 groups, and including 6,042 overseas pupils and students;
- caring for and developing its accessioned collections of approximately 60,000 objects, including over 70 significant buildings, as well as many other features and other structures of historical interest and significant 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 5,149 books, 8,151 photographs and at least 2,000 other important items of archive ephemera, and in so doing, adding to the collective knowledge, understanding and appreciation of the Black Country;
- publishing and widely disseminating to the public, information about the Black Country, via the Museum's website, which received over 1m hits in 2016 (2015: 975,065);
- responding to 778 (2015: 866) public enquiries to our collections enquiry service, and resulting in additions to the collection of 703 objects (2015: 336);
- maintaining all-year round public access to its facilities and services for the equivalent of 44 weeks in the review year;
- providing diverse opportunities for volunteering for 242 people, who provided a total 28,830 volunteer hours during the year;
- supporting and strengthening the Black Country's identity and sense of place;
- providing access to the Locksmith's House, 54 New Road, Willenhall, and its collections, numbering some 6,000 items, for booked schools, as well as the general public on open-days and special events. Attendance 1,096 (2015: 994);
- and in providing these public benefits, the Museum supports the five widely accepted generic learning outcomes, 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.

With visitor attendance consistently split fairly equally across the two socio economic types (49% ABC1 and 51% C2DE according to market research results from summer 2016), BCLM has seen some success in breaking down the perceived barriers to visiting museums that often exist amongst a broad socio-demographic audience. However, a thorough audience analysis undertaken in 2016 has allowed the Museum to understand its audiences by motivation rather than purely on statistics around social grade or ethnicity. The results of this work will be fed into the Museum's Audience Development Plan, Equality Action Plan and future community engagement work to ensure that the Museum is as relevant and reflective of its local population as it can be moving forward.

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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 on the Museum's website and on arrival.

The Museum charges for admission and undertakes regular benchmarking to remain competitive and to retain its reputation for value, as well as offering a range of discounted rates and concessions in order that these charges do not reasonably prevent wide public access to the Museum. In 2016, the Museum charged an on-the-door price for adults of £16.95 (2015: £16.50). Discounted rates are provided for people over the age of 60, students, families, young people and unwaged visitors. Children under the age of 5 and essential carers are admitted free. All groups (of 15+) receive discounted rates. In 2015 the Museum introduced a new annual pass, UnChained. This provides unlimited access to the Museum (subject to certain conditions) and for the price of a standard day-ticket, offers extraordinary value, especially for visitors living within easy reach of the Museum. The Museum also offers Membership for a range of priced categories, linked to a package of benefits, including discounts and priority booking for special events.

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

- Machinery, including American and German-made GKN screw machines and Turner lathes to Drakelow Tunnels, former underground military complex, near Kidderminster, Worcestershire.
- GKN display cabinet and Nettlefolds screw show cards to Winterbourne Botanic Gardens, University of Birmingham.
- Desmodronic engine to Aston Engine Museum.
- Medical items related to Dudley Guest Hospital to Dudley Guest Development.
- Reminiscence box to the University of Worcester.

Performance Against Objectives

Under its six Strategic Aims, the Museum set itself 10 objectives for 2016:

Strategic Aim One – Develop Our Distinctiveness and Brand

- (1) To develop the Museum's Human Resources strategy, to ensure high quality leadership and management at all levels, and widespread development and support of all staff.

Due to a change in HR staffing, this is an ongoing objective for the Museum. Although a comprehensive strategy has yet to be developed, a number of important changes have been made during the year which contribute to improved leadership, management and support for staff. Notable amongst these is the implementation of a revised and strengthened structure in the Museum's Leadership Team and within Visitor Engagement & Operations, specifically to provide more support and development opportunities for what is the largest staff group. The Board has also begun to consider how a revised pay structure could enhance performance, and a more thoughtful approach to staff training is

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being developed. The Museum has also continued to develop staff consultation and information sharing methods as an important part of an emerging HR strategy.

Strategic Aim Two – Safeguard and Use Our Collections

- (2) To successfully complete an identified range of incremental site improvements.

During 2016 the following planned incremental improvements were completed or are nearing completion: Anchor Forge; windows of the Back-to-Back houses; flues to St James's School; a new external bar to the Bottle & Glass Inn; access gates to Dudley Canal; and electrical distribution board replacement to the Rolfe Street building and the Drift Mine;

- (3) To rationalise and improve the quality of collections care at the Museum's off-site storage facility to support future site developments.

The Museum applied to Arts Council England's Designation Development Fund, to progress this objective. Unfortunately, the application was unsuccessful and consequently, work to improve the Museum's off-site collections store was not possible. It remains a priority, not least in support of BCLM: Forging Ahead, the Museum's major site development project, but is subject to identifying adequate resources.

Strategic Aim Three – Transform the Visitor Journey

- (4) To submit a first round application to the Heritage Lottery Fund (Heritage Grants) and either the Black Country Local Enterprise Partnership (LEP) and/or the new West Midlands Combined Authority, to support a major development of the Museum.

On 24 November 2016, following a year-long preparation period, the Board of the Museum approved an application to the Heritage Lottery Fund (Heritage Grants) for £9.8m in support of BCLM: Forging Ahead. The application was subsequently submitted on 1 December 2016 within the HLF deadline for Round One applications. The application also included notification of investment of £7.6m, secured in principle from the Black Country Local Enterprise Partnership, from their Local Growth Fund. A decision from the HLF is expected in late April 2017.

Strategic Aim Four – Increase Visitor Attendance

- (5) To further develop the impact of the Museum's public events programme, and the quality and delivery of living interpretation.

The Museum's public events programme accounted for 9% of total visitor attendance. This represented an increase of 19% on the prior year. In-turn this contributed income of £370,746 (9.5% of the total) and 37% increase on 2015. New additions to the programme included two Peaky Blinders nights, which not only sold out within hours of going on sale, but also attracted new audiences to the Museum, with over 60% of attendees having not previously visited the Museum. The Museum also agreed a number of principles to guide its interpretation of history, and embarked upon a relationship with Black Country Touring, based in West Bromwich, to strengthen and bring new ideas to the delivery of living interpretation.

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Strategic Aim Five – Achieve National and International Impact

- (6) To successfully lead and complete, within the allocation of Arts Council England funding of £919,114, the second year of the Major Partner Museum Programme, in partnership with Culture Coventry.

The second year of the three-year MPM programme comes to a conclusion on 31 March 2017. However, the bulk of year two falls within the 2016 financial year, and the Museum, together with its partner Culture Coventry, have successfully delivered the agreed programme and associated investment schedule; reporting quarterly on the progress being made to ACE. Delivery of the MPM programme and the positive impact it makes on the partners and the wider museums sector, has been a highlight of 2016. As the lead partner, delivery of the third year of the MPM programme forms part of the Museum's objectives for 2017.

- (7) To submit an application to Arts Council England for National Portfolio funding for the period 2018/19–2021/22.

On 26 January 2017, the Board of the Museum approved an application to the Arts Council of England's NPO fund for annual investment of £550,000 (£2.2m over the four year investment period). The application was subsequently submitted by 1 February 2017, within the ACE application deadline, setting out an impactful programme of activity under the five goals of ACE, and in support of the Museum's strategic aims, including by providing significant match-funding for the Museum's major development project, BCLM: Forging Ahead.

Strategic Aim Six – Grow and Diversify Our Income

- (8) To continue to strengthen the Museum's financial position by achieving visitor attendance of at least 305,950 for the year to 31 December 2016 and a surplus, before depreciation and one-off investments, of £309,000.

The Museum welcomed 308,457 visitors during 2016; almost 1% ahead of target and 5.4% ahead of 2015. The Museum made a trading surplus before depreciation and one-off investments of £393,956. These results represent another successful year for the Museum and its all-important underlying trading position.

- (9) To maximise the benefits afforded by the recent significant investment in customer relationship management (CRM) and electronic-point-of-sale (EPOS) technology.

The first year of working with a customer relationship management system (CRM) improved the Museum's capability to understand its current audience, including how often people visit, made donations, attended events and/or gave feedback. Contact lists have grown significantly through the more intelligent capture of data, and communications such as e-newsletters and e-flyers have become more targeted. New EPOS technology has improved retail stock management and contributed to another year-on-year improvement in retail sales and the maintenance of profit margins. The use of CRM and EPOS (both supported with investment by Arts Council England) will continue to be developed and exploited during 2017 to strengthen the performance of the Museum.

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- (10) To increase the positive financial impact of business sponsorship and support.

In addition to restructuring the Museum's Development Team to focus on business sponsorship and support, the Museum launched a three-tiered benefits-led Business Partner Scheme in May 2016, as a means of building new relationships. We also hosted regular cultivation events for local businesses, continued our membership of EEF – The Manufacturer's Organisation, the CBI, and the Chambers of Commerce of both the Black Country and Birmingham. The Museum also successfully targeted sponsorship opportunities at key businesses in the Black Country, including Banks's Brewery, University of Wolverhampton and Wates Living Space. There was also a more coordinated approach to corporate hire to make the most of business sponsorship opportunities.

Other Achievements, Activities & Successes

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 include:

- Strengthening our social media engagement with more than 66,000 'likes' on Facebook (2015: 42,000) and over 11,000 followers on Twitter (2015: 8,700).
- Maintaining our position in the Top 10 charging cultural attractions in the West Midlands.
- Seeing over 1 million hits to the Museum's website www.bclm.com for the first time ever.
- The continued success of the Museum's membership scheme, now with 1,460 members.
- The sell-out success of our brand new 'Peaky Blinders Night' events, welcoming 3,600 visitors.
- Continuing to enhance the Museum's reputation and profile as a film location for costume drama and documentaries.

Awards during 2016 included:

- Black Country Chamber of Commerce: Young Person or Apprentice of the Year (Jordan Holloway, aged 19, Level 2 with Dudley College of Technology).
- Museums + Heritage: Trading & Enterprise.
- TripAdvisor, Certificate of Excellence (5th consecutive year).
- Retaining the accreditation of Quality Assured Visitor Attraction, Visit England.
- School Travel Awards: Best Museum Visit.
- What's On Readers' Awards: Best Midlands Visitor Attraction.
- What's On Readers' Awards: Best Visitor Attraction, Wolverhampton and the Black Country.

Events and activities during the year included:

Anvils & Petticoats: Women in Industry (13-21 Feb)
British Sign Language Film Festival (3-7 May)
Black Country Weekend (9-10 June)
Festival of Black Country Vehicles (24 July)
Christmas on the Homefront (3 December)

Red by Night (14 May)
1940s Weekend (16-17 July)
Page Turners (20 Jul – 4 Sep)
Peaky Blinders Nights (9-10 Sep)
Christmas Evenings (9, 10, 16, 17 Dec)

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Significant Grants & Donations

The Museum wishes to acknowledge and thank all of the organisations and individuals which have given generous financial and in-kind support during the period of this review, in particular:

Arts Council England	Marston's plc	ERA
University of Wolverhampton	Mr J H Hughes	Thomas Dudley Limited
Mr Raymond Bills	Mr M Hessey	Mr J Pease
Royal Society of Chemistry	The Wates Group	Midtherm Flue Solutions
Culture Coventry	The Grimmitt Trust	AXA Insurance (bursary)
Birmingham Common Good Trust	Salamander Trust	The Dumbreck Charity
Worcester Chimney Solution	Friends of the Black Country (Living) Museum	
The Golsoncott Foundation	Edwin John Thompson Memorial Fund	
Black Country (Living) Museum Transport Group	Friends of President	

The receipt of restricted grants and donations has enabled the Museum to carry out some major projects and programmes during 2016, as further set out at Note 6.

New Acquisitions to the Museum Collection

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 collections by acquiring a number of objects, including:

- 13 Postcards of West Bromwich (1900–1920) [2016/072]
- Glass slide of the Zeppelin Raid on Wednesbury (1916) [2016/079]
- 20 items of Chance glass and related tools (purchased with support from The Friends of the Museum) [2016/143]
- 1934 Wolverhampton-made Sunbeam Dawn car [2016/144], donated by Mr J Pease
- 2 soft toys and accessories, Walsall (1930–1940s) [2016/290]
- Miniature cast-iron Cannon bath, designed by Cannon as an exhibition piece (purchased with support from The Friends of the Museum) [2016/296]
- Ruskin teapot, made in Smethwick (1926) (purchased with support from The Friends of the Museum) [2016/298]
- RAF Barrack Hut used as a classroom at Elmfield School, Stourbridge, since 1960

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 aims and financial strength.

In 2014, the Board adopted a register of 20 key risks, with any high level risks reported to each meeting of the Board, and a policy to review the full register on an annual basis. As part of its duties, the Museum's Audit Committee has oversight of the management of key risks.

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Risk management will be reviewed during 2017, partly in response to the planned major development of the Museum over the next five years.

Primary Risks & Uncertainties

The Museum operates in a market and charges admission and in this context, the most significant risk to the business is the achievement of forecast visitor attendance and associated sales revenue. 98% of the Museum's sales revenue is derived from visitor-driven sources. The Museum's Register of Key Risks lists 20 risks, including: ineffective strategic planning and monitoring; low visitor-attendance and revenues; poor standards of customer service; inadequate health & safety management; inadequate financial planning and levels of free cash reserves; ineffective leadership and governance; poor stakeholder relationship management; inadequate collections care; and poor reputation management.

The Museum, as reported at Note 32, has a potential defined benefit pension liability of £1.349m (2015: £1.338m), although this will not crystallise in the short or medium term, and in the event of the Museum winding-up, any such continuing pension liability is underwritten by Dudley Metropolitan Borough Council, as guarantor.

Reserves Policy

The Museum Trust recognises that its reserves are that part of the Charity's unrestricted funds that are freely available to spend on any of the Charity's purposes, and that this excludes tangible fixed assets. During the year a review of this policy was undertaken by the Financial Performance Scrutiny Committee and recommended that £500,000 is a prudent level of free cash reserves. Taking account of organisational risks, this is considered adequate to allow the Museum to review its activities in the event of a significant reduction in trading revenues, or other major occurrence, so as to avoid the closure of the Museum and the resultant loss of the public benefit it provides to its beneficiaries. This level was achieved at the Group Balance sheet date (£586,126) but was not maintained through the 12 month period of this review, and additional loan resources are secured against certain freehold property to prevent cash balances falling to an unacceptable level. Continuing to build a more consistent level of free cash reserves remains a priority for the Museum. Notwithstanding the guarantor support of the local authority, any unavoidable short-term strain caused by the defined benefit pension liability, impacts on the level of Museum reserves.

Investment Policy

The Museum, when able to do so, takes advantage of short-term cash flow surpluses by placing funds with regulated financial institutions approved by the Board. It is not the policy of the Museum to delegate investment management to an agent of the Charity. In making any investment decisions, including those related to permanent endowment, the Board has due regard to Charity Commission guidance, *Investment of Charitable Funds: Basic Principles*, the Charities Act 2011 and the Trustee Act 2000.

Black Country Living Museum Enterprises Ltd (Reg. No. 3026731) – Business Review

The Museum's subsidiary trading company undertakes all non-primary-purpose trading: catering, retail, hire & hospitality, location filming and business sponsorship. The results (see Note 7) show that sales turnover increased by 6.2% to £1,772,395 (2015: £1,669,177) reflecting the increase

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2016

in visitor attendance of 5.4%. Despite this increase in turnover, the profit before Group charges was largely unchanged at £567,029 (2015: £575,324), reflecting an investment in staffing and more specifically, the management team. The result represents another very strong performance for the Museum's subsidiary trading company, and its support for the charitable activities of the Museum. The Museum's subsidiary files its own audited accounts.

Future Plans

For the year ahead and in support of the Museum's Strategic Plan (2015–2020), the Museum has identified the following major objectives and priorities:

Strategic Aim One – Develop Our Distinctiveness and Brand

- (1) To develop the Museum's Human Resources strategy, to ensure high quality leadership and management at all levels, and widespread development and support of all staff.
- (2) To work with all partners to improve the economic and place-making impact of Castle Hill and the enhanced sustainability of each visitor attraction.

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

- (3) To improve the quality of collections care and cataloguing at the Museum's off-site and on-site storage facilities to support future site developments.

Strategic Aim Three – Transform the Visitor Journey

- (4) To successfully commence (subject to a successful Round One application) the Development Phase of BCLM: Forging Ahead, in support of submitting an application to the Heritage Lottery Fund (Heritage Grants) for Round Two approval by October 2018.
- (5) To successfully conclude preparation of the full business case for Black Country Local Enterprise Partnership funding in support of BCLM: Forging Ahead.
- (6) To successfully complete, within a budget of £250,000, planned improvements to the Museum's colliery area, in accordance with the requirements of external funders, notably DCMS/Wolfson Foundation.
- (7) To work with the Black Country Local Enterprise Partnership and the new West Midlands Combined Authority to secure funding to support phase two of the Museum's 40 year Master Plan for the development of the open-air site.

Strategic Aim Four – Increase Visitor Attendance

- (8) To undertake a review of the Museum's formal educational programmes, with the objective of further improving learning outcomes and participation.

Strategic Aim Five – Achieve National and International Impact

- (9) To successfully lead and complete, within the allocation of Arts Council England funding of £914,356, the third and final year of the Major Partner Museum (MPM) programme, in
-

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2016

partnership with Culture Coventry, with allocated investment of £522,048 to BCLM, and £392,308 to Culture Coventry, in line with the funding agreement between the two partners, and with a particular focus on diversifying audiences.

- (10) To successfully conclude (subject to a successful application) all preparations and the funding agreement with Arts Council England, associated with becoming a National Portfolio Organisation from 1 April 2018.
- (11) To successfully host in August 2017 the international conference of the Association of European Open-air Museums, in partnership with Ironbridge Gorge Museums and Avoncroft Open-air Museum.

Strategic Aim Six – Grow and Diversify Our Income

- (12) To continue to strengthen the Museum's financial position and positive cash flow by achieving visitor attendance of at least 317,800 for the year to 31 December 2017 and a trading surplus, before depreciation and one-off investments, of at least £275,000.

Financial Review

The financial activities of the Museum for the year under review and the financial position at the Balance Sheet date are set out in the Accounts. The Statement of Financial Activities (SOFA) is set out at page 32 and includes both unrestricted and restricted funds. Although the level of restricted incoming funds is significant, at £996k (2015: £1.308m), accounting for 16% of all incoming resources during the year, the financial position of the Museum, now and in the future, is underpinned by the strength of its trading results as a visitor destination. In fact, unless the Museum has the strong foundation that comes from a successful visitor-trading operation, neither is it able to attract or be in a position to apply for, the restricted funds that come from trusts, foundations, public bodies or individuals to undertake particular, often one-off programmes and projects. Investors are believed to gain increased confidence in the long-term future of the Museum because of the success of its underlying trading operations. The largest such investor during 2016 was Arts Council England, through its Major Partner Museum Programme, accounting for £886,000 or 89% of all restricted incoming funds, as further explained at Note 5.

The operational trading result contributed to a cash inflow from operating activities of £190,640 (2015: £989,534). After capital expenditure of £109,485 and long-term bank loan repayments of £31,825, there was a net increase in cash of £49,330, resulting in a rise in cash at bank and in-hand as at 31 December 2016 of £877,582 (2015: £828,252).

Achieving another operational trading surplus in 2016 is a significant accomplishment for the Museum and this remains a priority in 2017 and beyond, in order to continue to establish a resilient financial position, to maintain and develop the open-air site, and to build an adequate and consistent level of free cash reserves.

The table below extracts the results from the Accounts to show the underlying operational trading result of the Museum, as distinct from the income and expenditure of Restricted Funds, and other necessary accounting adjustments.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2016

	Notes	£	%
Income:			
Admission to Museum (including donated admissions)	3	2,724,319	52%
Turnover (food&drink, hire&hospitality and retail)	7	1,772,395	34%
Events Programme	3	370,746	7%
Parking Charges	8	124,363	2%
Learning Programmes & Courses	3	42,942	1%
Business Sponsorship	8	32,600	<1%
Membership	3	22,513	<1%
On-site Location Filming	8	15,129	<1%
Licensed on-site Concessions	8	18,374	<1%
Dudley Canal Trips & advertising commission	8	18,463	<1%
Rent from leased freehold property	10	46,072	1%
Unrestricted Donations	4	4,068	<1%
Other	10	321	<1%
		5,192,305	100%
Expenditure:			
Opening and Operating the Museum	11	3,356,004	66%
Food&drink, hire&hospitality and retail	11	1,450,467	29%
Fundraising	11	123,232	2%
Developing the Museum	11	124,967	3%
		5,054,670	100%
Net Unrestricted Income (as shown in SOFA)		137,635	
Accounting Adjustments and Non-recurring Costs included in Expenditure:			
One-off Investments	11	160,852	
Depreciation charge on Unrestricted Funds	11	79,416	
Accrual (holiday pay) adjustment	11	32,053	
Actuarial adjustment (pensions)	29	<u>(13,000)</u>	
Net Trading Surplus		396,956	

The Group Net Worth at 31 December 2016 stands at £9,019,538 (December 2015: £9,026,242). Restricted Funds stand at £7,735,117 (December 2015: £7,853,706) and Unrestricted Funds at £1,284,421 (December 2015: £1,172,536) comprised of Designated Funds of £2,047,295 (December 2015: £2,081,593), General Funds of £586,126 (December 2015: £428,943) and Pension Reserve (deficit) of £1,349,000 (December 2015: deficit of £1,338,000). The Museum receives considerable support from many volunteers, whose time and value cannot be included in the Statement of Financial Activities as it cannot be easily quantified.

On behalf of the Trustees

Lowell Williams Chair



Dated: 05/5/17

Black Country Living Museum Trust

Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the profit or loss of the Charity for that period.

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 financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that these financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence 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 Charity'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

Lowell Williams Chair



Dated: 05/5/17 .

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2016

We have audited the accounts of Black Country Living Museum Trust for the year ended 31 December 2016, which comprise the Consolidated Statements of Financial Activities, the Group and Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes numbers 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 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 explained more fully on the Statement of Trustee's Responsibilities, the Trustees, who are also the directors of Black Country Living Museum Trust for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the Audit of the Accounts

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Charity's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the requirements of the Companies Act 2006.

Black Country Living Museum Trust

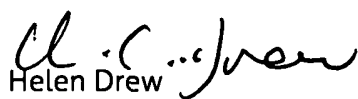
Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2016

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified material misstatements in the Strategic Report or the Directors' Report.

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
- 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.


Helen Drew
Senior Statutory Auditor

For and on behalf of:
Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Dated: 25 May 2017

Black Country Living Museum Trust

Consolidated Statement of Financial Activities including Income and Expenditure Account for the Year Ended 31 December 2016

	Notes	Unrestricted Funds £	Restricted Funds £	December 2016 £	December 2015 £
Income					
Donations and Legacies:					
Donated admissions	3	1,524,538	-	1,524,538	1,497,945
Charitable donations	4	4,068	54,197	58,265	499,495
Charitable Activities:					
Admission to the Museum	3	1,635,982	-	1,635,982	1,435,741
Major Partner Museum (Arts Council England)	5	-	886,000	886,000	664,500
Grants	6	-	55,500	55,500	155,670
Other Trading Activities:					
Subsidiary trading company (sales turnover)	7	1,772,395	-	1,772,395	1,669,177
Ancillary enterprises	8	208,929	-	208,929	202,832
Investment Income	9	1	-	1	1
Other Income	10	46,392	-	46,392	49,287
Total Income		5,192,305	995,697	6,188,002	6,174,648
Expenditure					
Raising Funds:					
Subsidiary trading company	11	1,450,467	-	1,450,467	1,319,576
Development and fundraising costs	11	123,232	-	123,232	94,360
Charitable Activities:					
Opening and operating the Museum	11	3,356,004	217,451	3,573,455	3,185,106
Developing the Museum	11	124,967	75,979	200,946	348,109
Major Partner Museum (Arts Council England)	5	-	822,606	822,606	526,325
Total Expenditure		5,054,670	1,116,036	6,170,706	5,473,476
Net Income/(Expenditure)		137,635	(120,339)	17,296	701,172
Transfers Between Funds	26	(1,750)	1,750	-	-
Other Recognised Gains and Losses:					
Actuarial gain/(loss) on defined benefit pension	32	(24,000)	-	(24,000)	168,000
Net Movement in Funds		111,885	(118,589)	(6,704)	869,172
Reconciliation of Funds:					
Total Funds brought forward 1 January 2016		1,172,536	7,853,706	9,026,242	8,157,070
Total Funds carried forward at 31 December 2016		1,284,421	7,735,117	9,019,538	9,026,242

The Statement of Financial Activities (SOFA) 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 2016

	Notes	£	December 2016 £	December 2015 £
Fixed Assets:				
Intangible assets	17		13,030	12,804
Tangible assets	17		4,843,138	4,926,546
Heritage assets	18		<u>5,108,568</u>	<u>5,215,813</u>
Total Fixed Assets			9,964,736	10,155,163
Current Assets:				
Stocks of goods for resale	20	103,458		96,203
Debtors	21	278,446		98,570
Cash at bank and in hand	31	<u>877,582</u>		<u>828,252</u>
Total Current Assets		1,259,486		1,023,025
Creditors: amount falling due within 1 year	22	<u>(576,632)</u>		<u>(502,068)</u>
Net Current Assets			<u>682,854</u>	<u>520,957</u>
Total Assets less Current Liabilities			10,647,590	10,676,120
Creditors: amount falling due after more than 1 year	23		<u>(279,052)</u>	<u>(311,878)</u>
Net Assets (excluding pension liability)			10,368,538	10,364,242
Defined benefit pension liability	32		<u>(1,349,000)</u>	<u>(1,338,000)</u>
Total Net Assets			<u>9,019,538</u>	<u>9,026,242</u>
The Funds of the Charity:				
Restricted funds			7,735,117	7,853,706
Unrestricted funds:				
Designated funds		2,047,295		2,081,593
General funds		586,126		428,943
Pension reserve		<u>(1,349,000)</u>		<u>(1,338,000)</u>
			<u>1,284,421</u>	<u>1,172,536</u>
			<u>9,019,538</u>	<u>9,026,242</u>

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 25 May 2017 and signed on behalf of the Board of Trustees:

Lowell Williams Chair



Dated: 25/5/17

Black Country Living Museum Trust

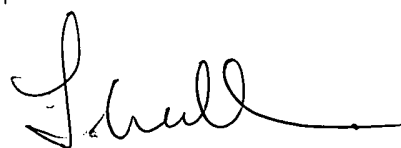
Parent (Museum) Balance Sheet as at 31 December 2016

	Notes	£	December 2016 £	December 2015 £
Fixed Assets:				
Intangible assets	17		13,030	12,804
Tangible assets	17		4,825,456	4,902,960
Heritage assets	18		5,108,568	5,215,813
Investments	19		<u>1,000</u>	<u>1,000</u>
Total Fixed Assets			9,948,054	10,132,577
Current Assets:				
Debtors	21	917,691		581,445
Cash at bank and in hand		<u>246,765</u>		<u>393,438</u>
Total Current Assets		1,164,456		974,883
Creditors: amount falling due within 1 year	22	<u>(465,625)</u>		<u>(432,045)</u>
Net Current Assets			<u>698,831</u>	<u>542,838</u>
Total Assets less Current Liabilities			10,646,885	10,675,415
Creditors: amount falling due after more than 1 year	23		(279,052)	(311,878)
Defined benefit pension liability	32		<u>(1,349,000)</u>	<u>(1,338,000)</u>
Total Net Assets			<u>9,018,833</u>	<u>9,025,537</u>
The Funds of the Charity:				
Restricted funds			7,735,117	7,853,706
Unrestricted funds:				
Designated funds		2,047,295		2,081,593
General funds		585,421		428,238
Pension reserve		<u>(1,349,000)</u>		<u>(1,338,000)</u>
			<u>1,283,716</u>	<u>1,171,831</u>
			<u>9,018,833</u>	<u>9,025,537</u>

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 25 May 2017 and signed on behalf of the Board of Trustees:

Lowell Williams Chair

Dated: 05/5/17



Black Country Living Museum Trust

Consolidated Cash Flow Statement for the Year Ended 31 December 2016

	Notes	Year ended December 2016 £	Year ended December 2015 £
Cash Flow from Operating Activities:			
Net cash flow from operating activities	29	190,640	989,534
Cash Flows from Investing Activities:			
Interest from investments		1	1
Proceeds from the sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		(109,485)	(771,213)
Net Cash Used in Investing Activities		(109,484)	(771,212)
Cash Flows from Financing Activities:			
Repayment of borrowing	30	(31,825)	(31,550)
Net Cash Used in Financing Activities		(31,825)	(31,550)
Change in Cash and Cash Equivalents in the Year		49,330	186,771
Cash and cash equivalents at the beginning of the year		828,252	641,481
Total Cash and Cash Equivalents at the End of the Year	31	877,582	828,252

The notes on pages 36-59 form part of these Accounts.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

1 Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities', issued in 2015 and Financial Reporting Standard 102 (FRS102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to give a 'true and fair' view. This departure has involved following the SORP rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The Museum meets the definition of public benefit under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Statements of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Museum and its wholly owned subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. A separate SOFA and Income and Expenditure Account for the Charity has not been presented as permitted by Section 408 of the Companies Act 2006.

1.2 Going Concern

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern and the Financial Statements are drawn up on the Going Concern basis, which assumes that the Trust will continue in operational existence for the foreseeable future.

1.3 Key Sources of Estimation Uncertainty

The key source of estimation uncertainty with a significant effect on the amounts recognised in the financial statements is summarised below:

Pension Liabilities: The Charity recognises that its liability to its defined benefit contribution scheme involves a number of estimations as disclosed in Note 32.

1.4 Income

Income from admission to the Museum (including the associated Gift Aid) is recognised on the date the ticket is purchased, except for special events when the income is recognised on the date the event takes place.

Income from charitable donations and grants, both of a capital and revenue nature, are recognised when the Charity has entitlement to the funds and it is probable that the income will be received. They are accounted for gross when receivable, including gifts in kind at estimated valuation. Donations and grants with conditions attached to them are

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

credited to restricted funds and any unspent amounts are shown on the balance sheet as restricted funds. Where the grants are of a capital nature the funds are released the funds in the Statement of Financial Activities over the expected useful lives of their relevant assets.

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.

Income from parking, location filming and concessions, and investment income is recognised on a receivable basis.

1.5 Donated Services

The Museum has a policy to engage and train suitably experienced people in volunteer roles across a number of functions including costumed interpretation and collections care; integrating them with paid staff. Some volunteer groups also provide restricted funds to support particular projects or collection purchases. The Museum has 242 active volunteers and it is estimated that they provided a total of 28,830 volunteer hours during the course of 2016. Using, for example, the standard Heritage Lottery Fund multiplier of £50 per day, per volunteer, this equates to a value of donated services of £192,200 during 2016.

1.6 Expenditure

All costs 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.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

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

Support costs are shared across more than one activity undertaken by the Museum and include governance costs, payroll administration, human resources and information technology. The basis on which these costs have been allocated is set out in Note 12.

Governance costs are all costs incurred in the governance of the Museum and include audit fees, legal fees, bank charges, loan interest and a proportion of staff costs relating to the strategic management of the Museum.

1.7 Tangible Fixed Assets and Depreciation

(a) Operational Assets

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:

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

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) Heritage Assets

Whilst regarding its Heritage Assets (in other words, with a few exceptions, its accessioned collections) as inalienable, held in perpetuity and mostly irreplaceable, in 2009 the Museum Trust chose to capitalise the few such assets for which original cost valuations were known. The reality of this is that the financial statements only include a very small number of the Museum's 60,000 items in its collection, as further reported in Note 18. Establishing valuations for the entirety of the Museum's collection is considered unrealistic, prohibitively expensive and contrary to the Museum's duty of care to the public for the long-term stewardship of culturally significant material. In some instances, Heritage Assets have been purchased with restricted or conditional grants, and the Museum is not free to dispose of them without incurring significant penalty. For the identified items, expenditure on these assets (maintained principally for their contribution to the knowledge and culture) 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 Heritage Assets is written off over much of the remaining period of the lease of the Museum site.

The Designated collections constitute a comprehensive record of industrial activity and society in the Black Country, chiefly spanning the period 1800–1950. They include four original industrial features on site, including two mine shafts, limekilns and a canal arm representing a microcosm of the classic Black Country industrial landscape. To this core over seventy buildings as well as engineering structures and items of street and canal furniture, all with regional provenance, have been relocated to the Museum.

The Museum has extensive collections of equipment, tools and manufactured articles relating to a wide range of the region's industries. Particularly strong are the holdings relating to the production of hardware, edge tools and domestic goods of cast-iron and brass. The collection of locks is the largest in Britain and is centred on the Hodson family business, now the Locksmith's House Museum at Willenhall. Other important industries represented include electrical engineering, brick making and fireclay goods, food and drink processing and chemical industries. The Museum holds the largest collection of road vehicles of Black Country manufacture in the country, including trolley buses, motor cars and thirty six motorcycles of pre-1939 vintage.

It also holds sixteen canal boats of local provenance together with a fully equipped reconstructed boat dock. Representing everyday life are large collections of domestic furnishings, retail businesses and community life.

The object collections are supported by an extensive archive including business records, trade catalogues, photographs, prints, drawings, oral history recordings and family papers much of which relates to the structures and equipment on the two sites. The Museum

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

library includes the collection of books, photographs and papers of the noted industrial historian, Keith Gale. A major programme of works (funded by the Arts Council) is well advanced to allow greater public access to the collections on-line via the Museum's website.

As part of being an Accredited Museum (as ratified by Arts Council England) the Museum manages its collections in accordance with a suite of policies, submitted to ACE and approved by the Board of the Museum. These policies cover all aspects of collections management including, care and conservation, acquisitions, disposals, access, documentation, professional standards of curation, environmental sustainability and adherence to the Code of Ethics, published by the Museums Association.

The Board of Trustees will keep its policy on the financial treatment of Heritage Assets under review, to reflect changing views on such matters in the museums sector, including changes to the recognised Code of Ethics for museums, as prepared under the auspices of the Museums Association.

1.8 Remuneration Policy

The Museum has a well-established median pay policy, informed by market data provided by The Hay Group. Annual reviews of salary are carried out and where an award is made, it is targeted at staff furthest below the median rate of pay for their role, by applying the largest percentage increase. The policy applies to all staff at the Museum, including Key Management Personnel. No additional remuneration benefits, to those provided to all other staff are provided to Key Management Personnel. The Board reserves the right to review and determine the remuneration of the Chief Executive outwith this protocol.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first-in-first-out basis. At each reporting date, stocks are assessed for impairment and impairment losses are recognised immediately.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Creditors

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.12 Financial Instruments

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Other than financial investments, the Museum Trust has only financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method.

1.13 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. This means that in the event that the Museum is wound-up, Dudley Council will be liable for any continuing defined pension liabilities, and as such, this represents a very significant level of support from the local authority. The WMPF provides a pension scheme for certain employees of the Museum, currently providing benefits based on career average revalued salary and length of service on retirement. It is constituted as a trust fund whose assets are held and managed separately from those of the Museum. Contributions are set every three years as a result of the actuarial valuation of the Fund, the last one being as at 31 March 2016 and the next one will be carried out as at 31 March 2019 and will set contributions for the period 1 April 2020 to 31 March 2023.

The value of employer's liabilities have been assessed by rolling forward the value of the liabilities calculated at the last full funding valuation using financial assumptions that comply with Financial Reporting Standard 102. The asset share has been calculated by rolling forward the assets allocated to the employer at the last full funding valuation allowing for investment returns (estimated where necessary), contributions paid into and estimated benefits paid from the fund by and in respect of the employer and its employees.

As required under FRS102, the projected unit method of valuation has been used to calculate the service cost.

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 ways of refunds from the plan or reductions in future contributions.

In line with the requirements of Financial Reporting Standard 102, the Museum's defined benefit pension scheme liability and related costs are included in these financial statements. Further information is contained in Note 32.

After 31 March 2011, the Museum closed the defined pension scheme to new entrants and made available a separate defined contribution pension scheme provide by Friends

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Life and Aegon for existing staff who do not have other pension provision, as well as for new employees. The Museum is registered with The Pensions Regulator.

Of the Museum's staff, as at 31 December 2016, 100 are in a pension scheme, including 21 in the WMPF, 78 in the auto-enrolment scheme provided by Aegon, and 1 member of staff in another defined contribution scheme.

1.14 Funds and Reserves Accounting

The Museum maintains four types of funds and reserves as follows.

- (i) Restricted funds include donations where the donor has specified the funds be set aside for a particular purpose. In addition, restricted funds also include grants from local authorities and similar bodies in connection with the cost of the Museum's original operational fixed assets and its heritage 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 obligation associated with the Museum's defined benefit pension scheme (ref. Note 32).

1.15 Related Party Transactions

Black Country Living Museum Trust is the 'parent company' within a group that prepares consolidated financial statements. Details of related party transactions between the parent company and its subsidiary are shown in Notes 7 and 21.

2 Legal Status of the Museum Trust (The Black Country Living Museum Trust)

The Museum Trust (established 15 September 1975) is a company limited by guarantee (reg. no. 1226321), without share capital and governed by its Memorandum and Articles of Association, last amended on 29 May 2014. It is also a registered charity (reg. no. 504481). The company's principal address and registered office are provided elsewhere in this report.

3 Visitor Admission to the Museum

Visitor admissions (excluding trading sales) are stated net of value added tax and discounts.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

	Unrestricted Funds December 2016 £	Unrestricted Funds December 2015 £
Donations in lieu of admission charges	1,223,100	1,198,513
Gift Aid from donated admission charges*	301,438	299,432
	1,524,538	1,497,945
Admission (Museum & Locksmith's House)	1,199,781	1,103,564
	2,724,319	2,601,509
Events Programme	370,746	270,844
Membership	22,513	20,747
Learning Programmes & Courses	42,942	40,586
	1,635,982	1,435,741
	3,160,520	2,933,686
Visitor Attendance (number)	308,457	292,533

*Gift Aid is a well-established scheme run by the UK Government which allows charities like the Museum to benefit from tax already paid by visitors. Upon making a prescribed declaration, the Museum receives 25p from the Government for every pound donated in support of the Museum, in lieu of normal admission charges.

4 Charitable Donations

	Restricted Funds December 2016 £	Restricted Funds December 2015 £
Mr Raymond Bills	6,250	-
Thomas Dudley Limited	6,000	-
Royal Society of Chemistry	3,600	3,000
Black Country (Living) Museum Transport Group	3,588	10,602
Culture Coventry	3,098	-
Friends of the Black Country (Living) Museum	2,600	10,600
AXA Insurance (bursary)	2,500	-
Edwin John Thompson Memorial Fund	2,000	2,000
Birmingham Common Good Trust	1,000	1,500
Mr J H Hughes	1,000	1,000
The Dumbreck Charity	1,000	1,000
Mr M Hessey	1,000	625
The Grimmer Trust	1,000	-
The Golsoncott Foundation	1,000	-
Dudley & South Staffs' Campaign for Real Ale	850	-
Purcell UK	500	-
Mr D Lowe	500	-
Mr & Mrs W Attwood	425	-
Mr Brian Jones	400	-
European Regional Development Fund	-	150,000
The Connie & Albert Taylor Trust	-	120,000
Cory Environmental Trust in Britain	-	50,000
Foyle Foundation	-	25,000

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Ibstock Cory Environmental Trust	-	20,000
Anonymous (unconnected) Individual Donor	-	10,000
The Pilgrim Trust	-	10,000
Friends of President	-	9,250
University of Wolverhampton	-	6,250
Owen Family Trust	-	5,000
The Idlewild Trust	-	5,000
Saintbury Trust	-	4,000
Mrs J Crane (in memory of Mr Len Crane)	-	4,000
Mr A F George MBE TD DL	-	3,125
FSW Limited	-	2,600
James Beattie Charitable Trust	-	2,500
The Lord Austin Trust	-	2,000
Central England Co-operative	-	1,770
Birmingham Museums Trust	-	1,650
Mr & Mrs D Higgs	-	1,500
Clive & Sylvia Richards Charity	-	1,500
National Historic Ships UK	-	1,000
CB & HH Taylor 1984 Trust	-	1,000
Donations in memory of Dr Chris Upton	-	600
David Field and Lesley Dickie	-	500
Bruce Ball Charitable Trust	-	500
Marston Wolverhampton Heritage Trust	-	500
Other restricted donations	15,886	18,540
	54,197	488,112

	Unrestricted Funds December 2016	Unrestricted Funds December 2015
Salamander Trust	1,500	500
The Wates Group	500	-
The Black Country Society	350	350
Marston's PLC	-	5,000
ERA	-	4,000
Mr J H Hughes	-	438
Pertemps People Development Trust	-	140
Other Unrestricted Donations	1,718	955
	4,068	11,383
Total Charitable Donations	58,265	499,495

5 West Midlands Museum Partnership (Major Partner Museum)

	December 2016	December 2015
	£	£
Arts Council England	886,000	664,500
	886,000	664,500

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

The West Midlands Museum Partnership was established, with effect from 1 April 2015, to deliver a three year programme of activity under the Arts Council's Major Partner Museum Programme (2015/16–2017/18). This national programme represents Arts Council England's (ACE) most significant investment in museums across England and involves some £22.6m each year to 21 Major Partner Museums. The partnership is led by Black Country Living Museum, which is accountable to ACE by way of a funding agreement and programme/spending plan. A legal agreement details the relationship between the Museum and its partner, Culture Coventry.

Total investment, over the three year period, amounts to £2.658m, allocated between the Museum (£1.520m) and Culture Coventry (£1.138m). The totality of the funding is treated as restricted funds. Annually, this amounts to funding of £886,000, of which £507k is allocated to the Museum and £379k to Culture Coventry. Within the review period of this report, total funding of £886,000 has been received by the Museum and £822,606 either spent by the Museum (£456,271) or transferred to Culture Coventry (£366,334), in-line with the partnership agreement. The variation in these amounts (£63,394) is due to timing differences between the receipt of funds and programme delivery. The programme funds a large range of activities as further described in this report.

6 Grants and Projects Funded

	December 2016	December 2015
	£	£
Arts Council England	55,500	95,670
Department for Culture, Media & Sport/ The Wolfson Foundation	-	60,000
	<u>55,500</u>	<u>155,670</u>

The grant income of £55,500 was all attributed to restricted funds (2015: £155,670).

During the period of this review, restricted funds of £1,000 or more were provided for the following projects:

Major Partnership Museum:	Arts Council England
Leadership Programme (MRL):	Museums & Resilient Leadership Cohort (fees received)
Mentoring & Support:	Culture Coventry
Arts Commissioning:	Arts Council England (Grants for the Arts) The Golsoncott Foundation
Anchor Forge & Steam Hammer:	Arts Council England Mr Raymond Bills The Dumbreck Charity
Racecourse Colliery:	E J Thompson Memorial Fund Mr M Hessey Friends of the Black Country (Living) Museum

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Improving Accessibility:	The Grimmitt Trust
Chemistry at Work:	Royal Society of Chemistry
School Membership Scheme:	Thomas Dudley Limited
BCLM Archives:	Birmingham Common Good Trust
Collections Support Fund:	Friends of the Black Country (Living) Museum
West Bromwich 32 Bus (Dennis):	Black Country (Living) Museum Transport Group
Staff Development Award:	Mr J H Hughes
Health and Safety Bursary:	AXA Group

The Museum Trust also gratefully acknowledge those donations received in previous financial years in support of the projects listed above.

7 Net Income from the Museum's Subsidiary Trading Company

The Museum (Parent) wholly owns 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 as unrestricted funds. A summary of the results is set out below. Separate audited accounts have been filed with the Registrar of Companies, with the same accounting reference date as the Museum Trust.

	December 2016 £	December 2015 £
Profit & Loss Account		
Sales Turnover	1,772,395	1,669,177
Cost of sales, including staffing	(1,245,325)	(1,126,205)
Gross profit	527,070	542,972
Administrative expenses	(26,144)	(17,945)
Operating profit	500,926	525,027
Other operating income	66,103	50,297
Profit before Group charges	567,029	575,324
Group charges (rent and services)	(166,178)	(142,895)
Donation of profit to Parent (Museum)	(400,851)	(432,429)
Profit for year before and after taxation	-	-

Note 11 analyses total expenditure for the subsidiary trading company of £1,450,467. The net assets of the subsidiary trading company at 31 December 2016 are £1,705 (December 2015: £1,705).

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

8 Ancillary Enterprises

	Unrestricted Funds December 2016 £	Unrestricted Funds December 2015 £
Parking charges	124,363	115,419
Business sponsorship	32,600	-
Dudley Canal Trips & advertising commission	18,463	16,584
Licensed on-site concessions	18,374	16,476
Filming rights and charges	15,129	54,353
	<u>208,929</u>	<u>202,832</u>

9 Investment Income

	Unrestricted Funds December 2016 £	Unrestricted Funds December 2015 £
Interest received	1	1
	<u>1</u>	<u>1</u>

10 Other Income

	Unrestricted Funds December 2016 £	Unrestricted Funds December 2015 £
Rent from leased freehold property	46,072	42,000
Other	320	7,287
	<u>46,392</u>	<u>49,287</u>

11 Analysis of Expenditure

	Direct activity costs £	Activities funded by grants and donations £	Support costs £	Total December 2016 £
Raising Funds				
Subsidiary trading company	1,271,469	-	178,998	1,450,467
Fundraising costs	106,959	-	16,273	123,232
Total Cost	<u>1,378,428</u>	<u>-</u>	<u>195,271</u>	<u>1,573,699</u>
Charitable Activities				
Opening and operating the Museum	2,793,139	217,451	562,865	3,573,455
Developing the Museum	103,917	75,979	21,050	200,946
Major Partner Museum	-	822,606	-	822,606
Total Cost	<u>2,897,056</u>	<u>1,116,036</u>	<u>583,915</u>	<u>4,597,007</u>
Total All Costs	<u>4,275,484</u>	<u>1,116,036</u>	<u>779,186</u>	<u>6,170,706</u>

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

12 Analysis of Support Costs

	Raising funds	Opening and operating the Museum	Developing the Museum	Total December 2016	Basis of allocation
	£	£	£	£	£
Governance costs	21,735	78,788	-	100,523	Head Count
Finance and HR	161,297	439,709	21,050	622,056	Proportion of direct costs
Information Technology	12,239	44,368	-	56,607	Head Count
	<u>195,271</u>	<u>562,865</u>	<u>21,050</u>	<u>779,186</u>	

13 Analysis of Governance Costs

	December 2016	December 2015
	£	£
Staffing	37,512	36,433
Bank charges	31,547	24,475
Legal and professional fees	13,095	14,021
Audit and accountancy charges	8,000	13,550
Bank loan interest payments	10,369	10,643
	<u>100,523</u>	<u>99,122</u>

14 Net Income/Expenditure for the Year

	December 2016	December 2015
	£	£
This is stated after charging:		
Operating leases	19,349	17,291
Depreciation	299,912	268,198
Bank loan interest	10,369	10,643
Auditor's remuneration:		
Audit fee	8,000	8,350
Accountancy services	-	5,200
	<u>337,630</u>	<u>309,682</u>

15 Trustees (Directors & Members)

None of the Trustees (or any persons connected with them) received any remuneration or benefits during the year. Out-of-pocket expenses totalling £270 were reimbursed to two Trustees; £126 directly and £144 to third parties (December 2015: total £525).

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

16 Employees

The average monthly number of contracted employees during the period was:

	December 2016 (number)	December 2015 (number)
Direct (front-line) charitable activities	79	76
Leadership, Management and Specialists	44	42
	<u>123</u>	<u>118</u>
Full-time equivalent	96.5	94.5
Total headcount (including 97 casual staff)	220	219

Employment Costs:

	December 2016 £	December 2015 £
Wages and salaries	2,723,566	2,391,280
National Insurance costs	168,602	137,044
Pension costs	179,719	195,920
	<u>3,071,887</u>	<u>2,724,244</u>

Employer contributions totalling £179,719 have been made to employee pension schemes: £142,128 to a defined benefit scheme and £37,591 to a defined contribution scheme.

The number of employees with annual emoluments of £60,000 or more:

	December 2016 (number)	December 2015 (number)
£80,000 – £90,000	1	1

There are six paid executive Key Management Personnel of the Museum (as defined by FRS 102), comprising the Director & Chief Executive, Deputy Chief Executive (Collections, Learning & Research), Deputy Chief Executive (Communications & Marketing), Deputy Chief Executive (Development – job share), and Deputy Chief Executive (Visitor Engagement & Operations). Two of these posts were vacant during part of 2016. The employee benefits of Key Management Personnel were £258,274 (December 2015: £255,162).

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

17 Tangible and Intangible Fixed Assets

(a) Operational Assets – Group

	Intangible Fixed Assets	Tangible Fixed Assets				
		Land and buildings freehold	Land and buildings leasehold	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2016	17,072	787,597	5,512,605	1,237,803	67,839	7,605,844
Additions	5,992	-	-	104,392	6,500	110,892
Disposals	-	-	-	(15,924)	-	(15,924)
At 31 December 2016	23,064	787,597	5,512,605	1,326,271	74,339	7,700,812
Depreciation						
At 1 January 2016	4,268	81,004	1,444,258	1,086,436	67,600	2,679,298
Charge for the period	5,766	14,087	92,020	86,508	1,685	194,300
On disposal	-	-	-	(15,924)	-	(15,924)
At 31 December 2016	10,034	95,091	1,536,278	1,157,020	69,285	2,857,674
Net book value						
At 31 December 2016	13,030	692,506	3,976,327	169,251	5,054	4,843,138
At 31 December 2015	12,804	706,593	4,068,347	151,367	239	4,926,546

Fixed Assets include fixtures and fittings and motor vehicles with a cost of £62,120 (2015: £78,043) and a net book value of £17,680 (2015: £23,584) 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) with a net book value of £83,258 that is not depreciated.

(b) Operational Assets – Parent

	Intangible Fixed Assets	Tangible Fixed Assets				
		Land and buildings freehold	Land and buildings leasehold	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2016	17,072	787,597	5,512,605	1,165,055	62,544	7,527,801
Additions	5,992	-	-	104,392	6,500	110,892
Disposals	-	-	-	-	-	-
At 31 December 2016	23,064	787,597	5,512,605	1,269,447	69,044	7,638,693
Depreciation						
At 1 January 2016	4,268	81,004	1,444,258	1,037,035	62,544	2,624,841
Charge for the period	5,766	14,087	92,020	80,664	1,625	188,396
On disposal	-	-	-	-	-	-
At 31 December 2016	10,034	95,091	1,536,278	1,117,699	64,169	2,813,237
Net book value						

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

At 31 December 2016	13,030	692,506	3,976,327	151,748	4,875	4,825,456
At 31 December 2015	12,804	706,593	4,068,347	128,020	-	4,902,960

Freehold land and buildings include land (being the Museum's overflow car park fronting Tipton Road) with a net book value of £83,258 that is not depreciated.

18 Heritage Assets

	£
Cost	
At 1 January 2016	5,945,860
Additions at cost	(7,399)
At 31 December 2016	5,938,461
Depreciation	
At 1 January 2016	730,047
Charge for the period	99,846
At 31 December 2016	829,893
Net book value	
At 31 December 2016	5,108,568
At 31 December 2015	5,215,813

Heritage Assets include land at the Locksmith's House at Willenhall, with a net book value of £50,000 is not depreciated. See also Note 1.7 (b).

Heritage Asset Transactions:

	2016	2015	2014	2013	2012	9 mths to 31- 12-11	Pre 31- 03-11	Total
	£	£	£	£	£	£	£	£
Purchases and Additions								
Marston Collection							341,865	341,865
REO Speedwagon							15,500	15,500
Locksmith's House							150,000	150,000
President Narrow Boat				1,194	23,557		78,861	103,612
Workers' Institute	(83,821)						2,543,413	2,459,592
Oldbury Buildings							1,051,715	1,051,715
Hobbs Fish Shop							1,155,115	1,155,115
Folkes Park							194,564	194,564
Conway Garage							71,203	71,203
Bradburn & Wedge							2,120	2,120
Newcomen Engine					71,350	21,147		92,497
Birchill's Narrow Boat		7,185	43,545	17,738				68,468
Kildare Narrow Boat		24,795	10,000					34,795
Tram 5	25,716	57,563						83,279
Tramway	9,916	63,430						73,346
Mine	8,753							8,753
Racecourse Colliery	5,456							5,456
Anchor Forge	26,581							26,581
	(7,399)	152,973	53,545	18,932	94,907	21,147	5,604,356	5,938,461

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Depreciation

Marston Collection	5,698	5,698	5,698	5,698	5,698	4,273	17,094	49,857
REO Speedwagon	258	258	258	258	258	194	774	2,258
Locksmith's House	1,454	1,454	1,454	2,000	2,000	1,500	16,000	25,862
President Narrow Boat	1,757	1,757	1,757	1,757	1,735	986	3,942	13,691
Workers' Institute	42,393	42,393	42,393	42,393	42,393	31,795	126,983	370,743
Oldbury Buildings	17,750	17,750	17,750	17,750	17,750	13,312	39,974	142,036
Hobbs Fish Shop	19,252	19,252	19,252	19,252	19,252	14,439	57,756	168,455
Folkes Park	3,254	3,254	3,254	3,254	3,254	2,440	9,110	27,820
Conway Garage	1,187	1,187	1,187	1,187	1,187	890	3,561	10,386
Bradburn & Wedge	35	35	35	35	35	27	105	307
Newcomen Engine	1,652	1,652	1,652	1,649	882			7,487
Birchill's Narrow Boat	1,264	1,265	1,129	322				3,980
Kildare Narrow Boat	653	653	185					1,491
Tram 5	1,580	1,086						2,666
Tramway	1,387	1,195						2,582
Mine	167							167
Racecourse Colliery	105							105
Anchor Forge & Steam Hammer	-							-
	99,846	98,889	96,004	95,555	94,444	69,856	275,299	829,893
	Net Book Value 31-12-16						5,108,568	

19 Fixed Asset Investments

	£
Market value at 1 January 2016 and at 31 December 2016	1,000
Historical cost at 31 December 2015 and at 31 December 2016	1,000

The Companies Act 2006 required 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 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 and its own filed accounts.

20 Stock

December 2016	December 2015
£	£
103,458	96,203

The stock is held in the subsidiary trading company, Black Country Living Museum Enterprises Limited. For the year ended 31 December 2016, stock use of £611,185 (2015: £560,677) has been included in cost of sales in the financial statements of Black Country Living Museum Enterprises Limited.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

21 Debtors

	Group December 2016	December 2015	Parent December 2016	December 2015
	£	£	£	£
Owed by subsidiary Trading Co.*		-	681,973	502,437
Trade debtors	69,906	30,365	28,795	14,701
Other debtors	174,285	40,515	174,285	40,515
Prepayments and accrued income	34,255	27,690	32,638	23,792
	278,446	98,570	917,691	581,445

*The Museum's subsidiary trading company donates its profits in support of the Museum's charitable activities.

22 Creditors: Amounts Falling Due Within One Year

	Group December 2016	December 2015	Parent December 2016	December 2015
	£	£	£	£
Bank loan	33,500	32,500	33,500	32,500
Trade creditors	313,614	220,086	248,640	186,882
Taxes and social security costs	107,812	78,773	76,944	57,862
Other creditors	1,235	1,210	1,235	1,210
Accruals	120,471	169,499	105,306	153,591
	576,632	502,068	465,625	432,045

23 Creditors: Amounts Falling Due After More Than One Year

	December 2016	December 2015
	£	£
Bank Loan*	279,052	311,878
Analysis of Loan		
Not wholly repayable within 5 years	312,552	344,378
Included in the current liabilities	(33,500)	(32,500)
	279,052	311,878
Loan Maturity Analysis		
Debt due in 1 year or less	33,500	32,500
In more than 1 year, but not more than 2 years	34,500	33,500
In more than 2 years, but not more than 5 years	110,000	106,000
In more than 5 years	134,552	172,378
	312,552	344,378

*The bank loan (to purchase land and property) 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 Museum Living Enterprises Limited.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

24 Financial Instruments

	December 2016	December 2015
	£	£
Financial assets that are debt instruments measured at amortised cost	1,156,028	926,822
Financial liabilities measured at amortised cost	747,867	735,173

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and accrued income. Financial liabilities measured at amortised cost comprise bank loan, trade creditors, other creditors and accruals.

25 Operating Leases

Total amounts due on non-cancellable operating leases are payable as follows:

	December 2016	December 2015
	£	£
Less than 1 year	29,700	17,865
Between 2 and 5 years	74,196	44,710
More than 5 years	-	-
	103,896	62,575

26 Restricted Funds (Movement in Funds)

	Balance at 1 January 2016	Incoming Funds	Resources Expended	Transfers	Balance at 31 December 2016
	£	£	£	£	£
Tangible Assets					
Operational Fixed Assets	348,681	-	-	-	348,681
Freehold Property	112,833	-	(2,550)	-	110,283
Rolfe Street Development	2,527,690	-	(76,285)	-	2,451,405
Moving the Black Country	696,059	-	(15,330)	-	680,729
Rolfe Street Exhibition	34,169	-	(11,386)	-	22,783
Major Partner Museum (ACE)	74,515	-	(37,036)	48,787	86,266
Brook Entrance & Facilities	421,790	-	(7,145)	-	414,645
	4215,737	-	(149,732)	48,787	4,114,792
Heritage Assets					
The Workers' Institute	1,644,226	-	(31,478)	-	1,612,748
The Locksmith's House	125,592	-	(1,454)	-	124,138
Conway Garage	13,987	-	(260)	-	13,727
Folkes Park	169,828	-	(3,254)	-	166,574
Old Birmingham Road	423,498	-	(8,138)	-	415,360
Hobbs Fish & Chip Shop	445,396	-	(8,529)	-	436,867
Newcomen Engine	86,324	-	(1,652)	-	84,672
President Narrow Boat	91,678	-	(1,757)	-	89,921
Marston Motorcycles	297,706	-	(5,698)	-	292,008

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

REO Speedwagon	13,500	-	(258)	-	13,242
Birchills Narrow Boat	55,906	-	(1,074)	-	54,832
Kildare Narrow Boat	30,723	-	(592)	-	30,131
Tram 5	37,158	-	(717)	-	36,441
Anchor Forge & Steam Hammer	-	-	-	26,581	26,581
	3,435,522	-	(64,861)	26,581	3,397,242
Other Items					
Major Partner Museum (ACE)	38,821	886,000	(822,606)	(51,420)	50,795
Anchor Forge & Steam Hammer	38,024	17,218	(17,050)	(14,098)	24,094
Racecourse Colliery	-	10,803	-	-	10,803
The Locksmith's House	15,841	-	-	-	15,841
Folkes Park	53,832	-	-	-	53,832
Leadership Programme	3,850	6,000	-	(9,850)	-
Mentoring & Support for the museum sector	-	2,500	-	-	2,500
Arts Commissioning	-	49,098	(26,320)	-	22,778
Exhibition (Hall 2)	1,287	-	-	-	1,287
Strategic Support Fund	1,371	-	(11,091)	9,720	-
Improving Accessibility	-	1,000	-	-	1,000
Learning Projects	19,732	9,700	(9,853)	-	19,579
Stour (boat) Restoration	12,480	650	-	-	13,130
Collections Projects	8,154	9,228	(11,196)	-	6,186
Master Planning the Site	8,000	-	-	(8,000)	-
Staff Award	1,000	1,000	(742)	-	1,258
Other	55	2,500	(2,585)	30	-
	202,447	995,697	(901,443)	(73,618)	223,083
	7,853,706	995,697	(1,116,036)	1,750	7,735,117

The restricted funds set out in these accounts represent, in the main, funds allocated to develop the Museum over a number of years, including a number of Heritage Assets. In more recent times, restricted funds have been allocated to deliver programmes and the procurement of services, such as those associated with the Arts Council's Major Partner Museum Programme and Strategic Support Fund, rather than tangible assets.

27 Designated Funds (Movement in Funds)

	Balance at 1 January 2016	New Designations	Utilised funds	Transfer	Balance at 31 December 2016
	£	£	£	£	£
Refurbishment programme	34,538	-	-	-	34,538
Future developments	250,000	-	-	-	250,000
Tangible fixed assets	17,349	-	(298)	-	17,051
Heritage Assets	1,779,706	-	(34,000)	-	1,745,706
	2,081,593		(34,298)	-	2,047,295

Designated funds are unrestricted funds, but nevertheless designated by Trustees for particular purposes. The Board will review the allocation of designated funds during the course of 2017.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

28 Analysis of Net Assets between Funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2016 are represented by:			
Tangible fixed assets	2,486,870	7,477,866	9,964,736
Current assets	999,235	260,251	1,259,486
Creditors: amounts falling due within one year	(573,632)	(3,000)	(576,632)
Creditors: amounts falling due after more than one year	(279,052)	-	(279,052)
Defined benefit pension liability	(1,349,000)	-	(1,349,000)
	<u>1,284,421</u>	<u>7,735,117</u>	<u>9,019,538</u>

29 Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

	December 2016 £	December 2015 £
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	17,296	701,172
Adjustments for:		
Depreciation charges	299,912	268,198
Interest income on investments	(1)	(1)
Decrease/(increase) in stocks	(7,255)	533
Decrease/(increase) in debtors	(179,876)	(10,301)
(Decrease)/increase in creditors	73,564	29,933
Pension scheme non cash movements	(13,000)	-
	<u>190,640</u>	<u>989,534</u>

30 Reconciliation of Net Cash Flow to Movement in Net Funds

	December 2016 £	December 2015 £
Increase/(decrease) in cash and cash equivalents	49,330	186,771
Long-term bank loan	31,825	31,550
Movement in Net Funds	81,155	218,321
Net funds at 1 January 2016	483,874	265,553
Net Funds at 31 December 2016	565,029	483,874

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Notes to the Accounts for the Year Ended 31 December 2016

31 Analysis of Cash and Cash Equivalents

	December 2016	December 2015
	£	£
Cash in hand	19,575	15,049
Current account	858,007	813,203
Total Cash and Cash Equivalents	877,582	828,252

32 Pension Scheme and Other Post-Retirement Benefit Commitments

	December 2016	December 2015
	£	£
Defined Contribution Pension Scheme – contributions payable by the Museum for the period	37,591	27,733

From 1 April 2011, a defined contribution pension scheme was made available to existing staff who do not have other pension provision, as well as for new employees. This scheme is provided by Friends Life and Aegon. From 1 June 2014, an auto-enrolment scheme provided by Aegon was made available for all eligible staff.

Employee Benefit Obligations (Defined Benefit Pension)

The Museum is one of 536 active scheme employers (encompassing over 287,000 members) that participate in the West Midlands Pension Fund (WMPF) providing benefits based on pensionable pay to certain members of Museum staff. 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. This statutory scheme is administered locally by Wolverhampton City Council, on behalf of the participating organisations, in accordance with the Local Government Pension Scheme Regulations 1997, as amended in 2014, and is part of the national pension scheme for certain public service employees. The assets of the fund are held and managed separately from those of the Museum. Further information about the WMPF can be found at www.wmpfonline.com. This was replaced with a separate defined contribution scheme for new entrants with effect from 31 March 2011.

An actuarial valuation of the WMPF was carried out in accordance with the Regulations as at 31 March 2016 and set contribution rates for the next four years until 31 March 2020. The next valuation is due as at 31 March 2019.

The key Financial Reporting Standard 102 assumptions used for the WMPF are set out below, along with the fair value of assets, the present value of the FRS102 liabilities and the deficit of assets below the FRS102 liabilities (which equate the gross pension liability). The liability at the period end was £1,349,000 (December 2015: £1,338,000). 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.

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

The tables in this note to the accounts set out the key Financial Reporting Standard 102 assumptions used for the defined benefit pension scheme.

The amounts recognised in the Balance Sheet are as follows:

	December 2016	December 2015
	£	£
Present value of funded obligations	6,552,000	5,605,000
Fair value of plan assets	(5,203,000)	(4,267,000)
Defined Benefit Pension Liability	<u>1,349,000</u>	<u>1,338,000</u>

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

	December 2016	December 2015
	£	£
Included in staff costs within total expenditure:		
Current service costs	89,000	116,000
Past service cost	-	-
	<u>89,000</u>	<u>116,000</u>

Net pension finance costs included within total expenditure:

	December 2016	December 2015
	£	£
Net interest cost	48,000	51,000
Administrative expenses	1,000	1,000
	<u>49,000</u>	<u>52,000</u>
Total Pension Costs	138,000	168,000
Actual return on plan assets	<u>1,054,000</u>	<u>157,000</u>

Included with other recognised gains and losses:

	December 2016	December 2015
	£	£
Actual return less expected return on pension scheme assets	894,000	10,000
Experience gains and losses arising on scheme liabilities	(918,000)	158,000
	<u>(24,000)</u>	<u>168,000</u>

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

	December 2016	December 2015
	£	£
Opening defined benefit obligation	5,605,000	5,568,000
Current service cost	89,000	116,000
Interest cost	208,000	198,000
Contributions by scheme participants	22,000	29,000

Black Country Living Museum Trust

Notes to the Accounts for the Year Ended 31 December 2016

Part service cost	-	-
Actuarial losses/(gains)	918,000	(158,000)
Benefits paid	(290,000)	(148,000)
	<u>6,552,000</u>	<u>5,605,000</u>

Changes in fair value of plan assets are as follows:

	December 2016 £	December 2015 £
Opening fair value of plan assets	4,267,000	4,062,000
Interest on assets	160,000	147,000
Return on assets less interest	894,000	10,000
Administration expenses	(1,000)	(1,000)
Contributions by employer	151,000	168,000
Contributions from scheme participants	22,000	29,000
Benefits paid	(290,000)	(148,000)
	<u>5,203,000</u>	<u>4,267,000</u>

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

	December 2016 £	December 2015 £	December 2014 £	December 2013 £	December 2012 £
CPI increases	2.70%	2.10%	2.10%	2.40%	2.10%
Discount rate at 31 December	2.70%	3.80%	3.60%	4.50%	4.30%
Future salary increases	4.20%	3.85%	3.85%	4.15%	4.15%
Future pension increases	2.70%	2.10%	2.10%	2.40%	2.40%

Assumed life expectations from age 65:

	December 2016 £	December 2015 £	December 2014 £	December 2013 £	December 2012 £
Retiring today: Male	21.7	23.0	22.9	22.8	22.0
Female	24.2	25.6	25.5	25.4	24.7
Retiring in 20 years: Male	23.9	25.2	25.1	25.0	23.8
Female	26.5	28.0	27.8	27.7	26.6

	December 2016 £	December 2015 £
Amounts for the current and previous period as follows:		
Defined benefit obligation	(6,552,000)	(5,605,000)
Plan assets	<u>5,203,000</u>	<u>4,267,000</u>

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Notes to the Accounts for the Year Ended 31 December 2016

Surplus/(deficit)	(1,349,000)	(1,338,000)
Experience adjustments on plan liabilities	(918,000)	158,000
Experience adjustments on plan assets	894,000	10,000
	(24,000)	168,000

33 Related Party Disclosures

Museum Trustee, Lowell Williams is an elected member of the Black Country Local Enterprise Partnership (LEP) of Brierley Hill, West Midlands, who agreed in principle to capital funding of £8m towards the development of the Museum, including £400k outwith BCLM: Forging Ahead. In-line with LEP protocols, Lowell Williams took no part in this decision.

34 Capital Commitments

	December 2016	December 2015
	£	£
At 31 December 2016 the Museum had no capital commitments	-	-



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