

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

# BLACK COUNTRY LIVING MUSEUM

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The Black Country Living Museum Trust

## Annual Report & Accounts

for the year ended 31 December 2017

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# Black Country Living Museum Trust

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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### Reference & Administrative Information

The Trustees present their Annual Report & Accounts for the year ended 31 December 2017, 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):        | Jonathan Badyal<br>Duncan Bedhall<br>Dr Paul Belford<br>Dr Malcolm Dick<br>Parminder Dosanjh<br>Andrew Fry<br>Nicola Harding<br>Cllr. Patrick Harley <sup>1</sup><br>Nick Loveland<br>Cllr. Christine Perks<br>Fiona Toye (Deputy Chair)<br>Lowell Williams (Chair)<br>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<br>Tipton Road<br>Dudley<br>West Midlands<br>DY1 4SQ                                                                                                                                                                                                     |
| Independent Auditors:                  | Crowe Clark Whitehill LLP<br>Black Country House<br>Rounds Green Road<br>Oldbury<br>West Midlands<br>B69 2DG                                                                                                                                                                         |

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<sup>1</sup>Nominated by the Association of Black Country Authorities

# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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|                       |                                                                                                                                                                                               |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principal Bankers:    | Barclays Bank plc (Barclays Corporate)<br>1 <sup>st</sup> Floor<br>Queen Square<br>Wolverhampton<br>West Midlands<br>WV1 1DS                                                                  |
| Principal Solicitors: | Gowling WLG (UK) LLP<br>2 Snow Hill<br>Birmingham<br>West Midlands<br>B4 6WR                                                                                                                  |
| Other Advisors:       | RSM UK Group LLP<br>St Philips Row<br>Temple Row<br>Birmingham<br>West Midlands<br>B2 5AF<br><br>Anthony Collins Solicitors LLP<br>134 Edmund Street<br>Birmingham<br>West Midlands<br>B3 2ES |
| Telephone:            | +44 (0) 121 557 9643                                                                                                                                                                          |
| Email:                | info@bclm.com                                                                                                                                                                                 |
| Website:              | www.bclm.com                                                                                                                                                                                  |
| Facebook:             | facebook.com/bclivingmuseum                                                                                                                                                                   |
| Social Media:         | @bclivingmuseum<br>@bclmdirector                                                                                                                                                              |

# Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2017

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## Chair's Review of the Year

### Investment Success

The 25 April 2017 turned out to be one of the most important dates in the 40-year history of the Museum. It was the date that the national trustees of the Heritage Lottery Fund (HLF) met at Holbein Place, London to decide on the latest batch of major grant applications. It marked an end and a beginning. The end of a four-month wait, since we submitted our application for investment of £9.8m on 1 December 2016, and the beginning of an intensive phase of development for our major expansion of the Museum; a c£25m project we are calling BCLM: Forging Ahead.

The project – the single largest enlargement in the Museum's history – will see us saving heritage, telling new and more diverse stories, targeting annual visitor attendance of 500,000, creating far better facilities for visiting schools, constructing a purpose-built visitor centre, extending our impact on the tourist economy, helping to change perceptions of the area, and securing our long-term sustainability. On another level, BCLM: Forging Ahead will create 143 full-time jobs, bring almost 8 acres of land back into economic use, support 308 Learner Assists and 19 Apprenticeships, and generate Gross Value Added of £102m. It is therefore, a hugely significant project for the Museum, Dudley, the Black Country and the whole West Midlands region. When fully complete and open to visitors in spring 2022, it will position the Museum as one of the most impressive open-air museums in Europe.

Until November 2018, we are in the development phase of BCLM: Forging Ahead, supported by a development grant from the HLF of £400,000. We also await final approval from the Black Country Local Enterprise Partnership of our £9m application, the second stage of HLF approval in early 2019, and continue to close our fundraising target of £2.4m. At the same time as getting across the line of a fully-financed project, the Museum Team continue to work with local communities and historians to gather and research the stories we'll tell in the new development, which will see us reach forward into living memory and the 1940s, 50s and 60s. This time period saw significant migration into the Black Country and, under the theme, Real Lives, Real Stories, we'll be focusing on those that came to live and work here. People like, Italian migrant Pasquale D'Ambrosia and his family, who ran the Ambrose Dairy in Kingswinford; Herman Erich Langer, a German prisoner of war who later settled in Stourbridge and opened Langer's Army & Navy Store; and Sikh migrants from the Punjab who came to work in the aluminium foundries. As well as other wonderful characters like, barber Laurie Thomas, from Tividale, and Ellen Coleman, barefoot brick-maker from Brierley Hill.

In all, with the development of a town and industrial quarter, we'll be translocating or replicating 27 buildings, including the Elephant & Castle Public House, Wolverhampton; Harrison & Pearson Brickworks, Brierley Hill; Stanton's Music Shop, Dudley; West Bromwich Building Society (Smethwick) and Gas Showroom (West Bromwich) branches; Marsh & Baxter's Pork Butchers, Lye, and Woodside Library, Dudley. It's going to take three and a half years to complete.

We learned later that the trustees of the HLF, back in April, were faced with an unenviable assessment of projects - the most competitive round of major applications in many years - with 22 great projects requesting investment of £224m, oversubscribed more than five times. In the end, the availability of funds meant that just four projects were selected and given a round one pass. I am sure, as the HLF considers their strategic framework, from 2019 onwards, it will want to reflect on how it best manages such enormous demand for funds, while not wishing to choke-off projects that have a positive impact for heritage, people and communities.

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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### Our Part in the Renewal of Dudley

Dudley, like a number of towns and cities in the West Midlands, is undergoing an intensive period of renewal, with the Museum's development sitting alongside a long list of other major projects in the town and borough. Notable amongst these are the Very Light Rail Innovation Centre & Rail Line, overseen by Dudley Council and Warwick Manufacturing Group of the University of Warwick; the 11km extension to the Midland Metro, from Wednesbury to Brierley Hill, via Great Bridge and Dudley and due to open fully in 2023; as well as major developments in Dudley town centre including a new bus station, and the demolition of Cavendish House, making way for new residential, restaurants and retail. Plans are also well-advanced for a £30m University Centre Dudley, providing higher level apprenticeships and graduate and postgraduate level courses in engineering, manufacturing and building technologies and modern transport technologies. Together, these and other developments, show that whilst Dudley and the Black Country have a past to be proud of, as retold at the Museum, it must and is looking to the future for its prosperity and quality of life.

### Our Business Performance

The 8% increase in visitor attendance in 2017, to almost 333,000, contributed to record levels of income, at £7.34m (2016: £6.19m), with £5.68m (2016: £5.09m) directly attributable to visitor attendance to the Museum. The trading surplus for the year also increased as a result of higher attendance, to £556,000 compared with £365,000 last year; further strengthening the Museum's financial position as it heads into a phase of major development. This overall result includes another record-breaking year for the trading subsidiary of the Museum, with a profit before Group charges, of £694,607 (2016: £567,029).

2017 was the fourth consecutive year of growth in attendance, and some 39% higher than 2013, when annual attendance stood at 240,088. This is a great achievement for the Museum Team, but one which isn't taken for granted as competition continues to increase for consumers' leisure time and pounds; having expanded beyond the obvious competitive set to include a wide variety of offerings, including shopping centres, social media, soft play, crazy golf, online shopping and online gaming. In this context, our primary goal is to connect with our visitors in a way that is absorbing, relevant and inspirational, transforming the Museum and the experiences we offer into a meaningful part of their lives. We continue to create content and build experiences with the aim of engaging a wide swath of demographic and psychographic audience segments and communities, encouraging interaction with new visitors, while deepening relationships with our existing audiences.

Notwithstanding our grant from Arts Council England (Major Partner Museum), representing 7% of this year's total annual income, the Museum continues to be self-sufficient in terms of its day-to-day revenue needs, and therefore, the continued strong performance of our trading activities is critical.

### Continuing Our Strong Relationship with Arts Council England

By 31 March 2018, our three-year alliance with Culture Coventry (CC), as the West Midlands Museum Partnership, will have come to an end; being the final year of Arts Council England's Major Partner Museum investment programme, before museum funding is integrated into ACE's National Portfolio, from 1 April 2018. The partnership has been a great success; benefitting from investment of £2.658m. Highlights include the development of living interpretation at CC,

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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extensive exhibition development at BCLM and CC, and BCLM's national resilient leadership programme.

Going forward, and building on the success of the Major Partner Museum programme, the Museum and Culture Coventry decided to go their own way when it came to making an application to ACE's National Portfolio. In June 2017 ACE announced recipients of investment for the next four years, 2018/19-2021/22, including £2.2m for the Museum. I am delighted that Culture Coventry was also successful with its own application to ACE for investment. The integration of museums into ACE's National Portfolio was an important step, after ACE became the Government's national development agency for museums in 2011, and they now directly support 200 museums, as well as a number of sector-wide organisations, like the Association of Independent Museums. For us, the balance to achieve will be to allocate the ACE investment wisely in things that have an impact, whilst not relying on the funds for our core operating costs.

### Building a Strong Relationship with the West Midlands Mayor

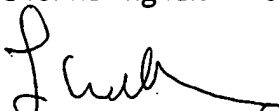
On 4 May 2017, the West Midlands elected its first mayor. Andy Street arrived, energetically on the scene, having previously chaired the Birmingham & Solihull Local Enterprise Partnership. Since his election, we have been very pleased to welcome the new mayor to the Museum on a number of occasions, each time taking the opportunity to show the positive contribution we are having on the Black Country and the wider West Midlands. It has been particularly useful to demonstrate how the Museum will benefit from the extension to Midland Metro, and how our capital investment fits with the regeneration of Dudley. Through the mayor's office and the leadership team of the West Midlands Combined Authority, the Museum will continue to press hard for impactful investments in the Black Country, an area still emerging from a hey-day of manufacturing pre-eminence, ignited by its rich natural resources.

### My Thanks & Farewells

Sadly, 2017 saw the death of Ray Franklin, Costumed Demonstrator (particularly well-known for his portrayal of steam engine pioneer, Thomas Newcomen, 1663-1729) following a long illness, Terry Armet, volunteer Chris Pugh, and Alan Szum. We also learnt, in the early part of 2018, of the sad death of Cllr. Elias Mattu, Mayor of Wolverhampton and former trustee at the Museum.

I am very grateful in my third year as Chair – to my fellow trustees, including Fiona Toye, our Deputy Chair, and to those who serve as independent directors of our trading company, the independent members of the audit committee, 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. It has been an exceptionally positive year.

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, and to the Heritage Lottery Fund for having faith in our project, BCLM: Forging Ahead. Thanks to them all.



Lowell Williams Chair

# Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2017

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

### Taking Inspiration from the Past

The Black Country Living Museum is *the* destination for unforgettable insights that reveal how the Black Country, ignited by the serendipity of what lies below our feet, sat at the forefront of the British economy. Albeit a landscape ultimately ravaged by industry and turned inside out and giving visual expression to local(ish) boy, JRR Tolkien's Mordor, or The Black Land.

After a period of post-war decline that stretched into the 1980s, and symbolised by events such as the closure of the South Staffordshire Baggeridge Colliery, the area's last coal mine, in 1968, the giant Rubery Owen Darlaston works in 1981, and Brierley Hill's Round Oak steel works in 1982, the Black Country is undergoing a renewal and starting to embrace new futures, including as a centre for precision engineering, advanced manufacturing and transport technologies. The Museum is part of that renewal, helping to change perceptions of the region, and a major player in the tourist economy. However, as renewal takes place, I believe it is important that places like the Black Country, home to 1.18m people, whilst taking inspiration from its past, should not have its future characterised by it.

The mission of this Museum (and indeed museums generally) is largely unchanged, since its conception over 40 years ago; that of being a guardian of the nation's knowledge of itself to help us all better understand our place in the world, offer opportunities to improve our well-being, and perhaps most important of all, stir us to make positive personal and collective renewal and change. What does and is changing is how we engage with our audiences in a modern fast-changing world. When achieving those objectives, our principal assets are our staff, our collections and our imagination.

### BCLM: Forging Ahead

In the Chair's review, the importance of BCLM: Forging Ahead is rightly highlighted. With this development comes the opportunity to fulfil our potential and maximise our impact, as a change agent. With the support of the Heritage Lottery Fund – at a regional and national level – we took an enormous step forward in 2017 to achieve our ambitions. Equally important has been the support of the Black Country Local Enterprise Partnership (LEP), with a planned investment of £9m. What has been particularly interesting to see is how two very different funders, with different priorities, have actually dovetailed very effectively. Applying to the LEP also, very helpfully, made us think about the geographically-wider positive impacts of the Museum expansion. So whilst the HLF focus on heritage, people and communities, the LEP emphasise regeneration, creating jobs, apprenticeships, skills and growing the economy. It is turning out to be a very complementary way of working.

### Continuing To Grow Visitor Attendance

Success for the Museum is measured in two ways. Firstly the achievement of our charitable objects, and secondly by our long-term sustainability without recourse to high levels of public sector funding to meet our everyday costs. These two measurables are inseparable. The achievement of one must be accompanied by the achievement of the other. It is this objective of being self-reliant and independent, of seeing ourselves as a cultural enterprise, rather than a cultural service that sets this Museum apart from many others, and which we have continued to pursue in 2017.

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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Over the years, the Museum has developed a successful business model; relying on the strength of its market position to attract and grow paying visitor attendance, coupled to high levels of secondary spending on the 26 acre open-air site. In this context, I was delighted to welcome grandparents Jane and Simon DeVillanueva, daughter Emma Ensell and granddaughter Grace Ensell to the Museum on the afternoon of 4 May 2017, as our 9 millionth visitors.

The DeVillanueva and Ensell family were part of another terrific rise, of 8%, in our visitor attendance during 2017, and another very strong trading surplus; even better than 2016, as reported in more detail elsewhere in the financial schedules of this Annual Report. Within this overall growth we were pleased to see continued growth in visitors attending ticketed evening events, up by 22% to 35,053 (2016: 28,805). School visits also returned to modest growth following a short period of decline; reaching 55,692 (2016: 52,332), a growth of 6%. Growth and generating financial surpluses are strategic issues for us, not a nice, occasional happenstance. It allows us to invest in staff, assets and our future.

### Developing 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. The Museum's Community Advisory Panels for Access and Diversity were once again instrumental in progressing this work in 2017, feeding into a range of Museum-wide projects such as the second Festival of Light and Migration Stories events. 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 continued to be seen in 2017, particularly with regards to visitor feedback on physical access around the Museum.

### European Connections

In the world of museums, open-air museums, whilst often physically prominent and well-known, are uncommon, and so the biennial opportunity that comes from the European Association of Open-air Museums conference for those running them to get together, is to be cherished. And so it was when 130 delegates, representing 60 museums, from 20 countries gathered at our Museum between 21-25 August 2017. This year's conference, including visits to Blists Hill (Shropshire) and Avoncroft (Worcestershire) open-air museums, took a different tack from recent themes. Its importance lay in the assertion that being independent and positioning as a cultural enterprise is the best way to meet the needs of visitors, be valued in your community, whilst at the same time holding true to charitable purpose and what it means to be a museum. This is an unusual position for many open-air museums in continental Europe, and for delegates to unpick with open minds, the concept and to grasp the 'business' skills and characteristics that need to be to the fore, represented an important milestone in the 50 year life of the Association. How widespread this alternative way of thinking becomes is anyone's guess, and will, as much as any sudden transformation of belief, depend on harsh economic realities. What can be said with more certainty is that the networked museum, prepared to share and learn from others, is always going to be a success and a leader.

Personally, being a cultural enterprise offers the best environment, the best conditions, for being the best I can be, and it was a delight and honour to share ideas with colleagues and friends from across the world. In 2019, the conference of the Association of European Open-air Museums will be hosted in Poland at the Muzeum Wsi Opolskiej, and I look forward to attending, without the pressure of being the host!

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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### Programme

Our programmes exist to engage people in history. Specifically, the history of the Black Country over the last 300 years, from the early/mid 1600s to the mid-1960s. Programmes are both informal (for anyone who engages with the Museum) and formal, for pupils and students studying within a structured learning setting from Early Years Foundation Stage, or with special education needs and disabilities, via the five Key Stages of compulsory education, to students in further and higher education including apprenticeships and vocational training.

We engage people by interpreting history, to convey understanding, emotions, translation and explanation. The Museum has developed a set of guiding principles to frame how it interprets history for its visitors. These principles stress the importance of academic research, avoiding nostalgic gloss and developing compelling and memorable take-home messages to demonstrate what makes Black Country history prominent in the nation's story.

Although self-contemplation and self-discovery are important, we primarily interpret, tell stories and engage through personal 'living' communication. We don't create exhibitions, or galleries with cases and labels. We recognise that within the Museum we have created an authentic stage upon which to engage with visitors to address three questions: (1) where and what is the Black Country?; (2) why is the Black Country important to me?; and (3) what is the historic and continuing impact of the Black Country on me, my community, region, nation and world?

A priority for us is to provide sensory stimulation, immersing audiences and enabling exploration of their feelings through sight, sound, smell, taste and touch. We use first and third person interpretation, historic costume and characters, demonstrations, facilitated tours, theatre, music, poetry and trails. We encourage participatory experiences and audiences, giving visitors an opportunity to become part of a real, albeit lost community. We also prioritise fun, not least through our extensive programme of special evening events and day-time activities. We deliberately do not want the open-air site to feel like a museum – an exhibit, and are trying to move away from telling the story of how the Museum came about.

A particular highlight during 2017 was our work with Black Country Touring (BCT) – bringing professional theatre to community spaces, including a production staged at the Museum of *Life's a Beach* in June 2017. Work with BCT at the Museum will be a continuing theme during the next four years (supported by the Arts Council) including utilising their expertise to enhance and diversify our living interpretation away from being instructive and didactic, to creating more 'natural' conversational dialogue with historic characters.

### 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 2017, or be in such a positive position to plan our future.

The continued success we saw during 2017 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. Or, to put it another way, we achieve our purpose on purpose.

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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My thanks to everyone who visited during 2017, 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. Thank you.

A handwritten signature in black ink that reads "Andrew Lovett". The signature is written in a cursive, slightly slanted style.

Andrew Lovett Chief Executive (Museum Director)

# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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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 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 also the only members of the charitable company. Those Trustees who served during the period of this review were:

|                       |                              |
|-----------------------|------------------------------|
| Dr Paul Belford       |                              |
| Dr Malcolm Dick       |                              |
| Andrew Fry            |                              |
| Nicola Harding        |                              |
| Cllr. Patrick Harley  | (appointed 30 November 2017) |
| Nick Loveland         |                              |
| Cllr. Christine Perks | (appointed 30 March 2017)    |
| Dr Matthew Tanner MBE | (resigned 25 May 2017)       |
| Fiona Toye            | (Deputy Chair)               |
| 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 has made two appointments in 2017 and a further three appointments at the start of 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.

The Museum will also take into account the recommendations of the recent report, *Taken On Trust*, published in January 2017 by the Office for Civil Society and the Charity Commission, which seeks to broaden the diversity of trustees and improve levels of understanding about the role.

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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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 and the environment in which it operates. 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*, as well as taking into consideration the latest Charity Governance Code of the Charity Commission.

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 25 May 2017. The Board has 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 Dinah McLannahan) 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, was 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 five Deputy Chief Executives with responsibility for: (1) Collections, Learning & Research; (2) Development (job share); (3) Communications & Marketing; (4) Visitor Engagement & Operations; and (5) Finance & Resources. 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.

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# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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The Museum recently recognised the Community Union, for the purposes of collective bargaining for certain defined matters for its Costumed Demonstrators, a group of 80 workers.

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) 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 Enterprises 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 28 April 2017. 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 represented at General Meetings by Museum Trustee, Nick Loveland, who is also the Chair of the Enterprises Board. 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 outside of 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.

The Museum regularly reviews the need for casual staff, taking account of the needs of the business. The Museum also utilises annualised contracts, which provides employees with the certainty of a guaranteed number of hours but also offers the flexibility to both the Museum and the individual.

### Trustee Indemnity

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

# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

### Trustees Attendance at Meetings of the Museum Board

The table below sets out the record of attendance for Trustees and the Chief Executive, at Board meetings during 2017.

|                                               | Date of Board Meetings |       |       |       |       |       | No. of Meetings | %    |
|-----------------------------------------------|------------------------|-------|-------|-------|-------|-------|-----------------|------|
|                                               | 26/01                  | 30/03 | 25/05 | 27/07 | 28/09 | 30/11 |                 |      |
| Dr Paul Belford                               | ✓                      | X     | ✓     | X     | ✓     | ✓     | 4/6             | 67%  |
| Dr Malcolm Dick                               | X                      | ✓     | ✓     | ✓     | X     | ✓     | 4/6             | 67%  |
| Andrew Fry                                    | ✓                      | ✓     | X     | X     | ✓     | X     | 3/6             | 50%  |
| Nicola Harding                                | ✓                      | ✓     | ✓     | ✓     | ✓     | ✓     | 6/6             | 100% |
| Cllr Patrick Harley                           | N/A                    | N/A   | N/A   | N/A   | N/A   | N/A   | -               | -    |
| Nick Loveland                                 | X                      | X     | X     | X     | X     | ✓     | 1/6             | 17%  |
| Cllr Christine Perks                          | -                      | -     | ✓     | ✓     | ✓     | X     | 3/4             | 75%  |
| Dr Matthew Tanner MBE                         | X                      | X     | X     | -     | -     | -     | 0/3             | 0%   |
| Fiona Toye<br>(Deputy Chair)                  | ✓                      | ✓     | ✓     | ✓     | ✓     | ✓     | 6/6             | 100% |
| Lowell Williams<br>(Chair)                    | X                      | ✓     | ✓     | ✓     | ✓     | ✓     | 5/6             | 83%  |
| Mike Williams                                 | ✓                      | X     | ✓     | ✓     | ✓     | X     | 4/6             | 67%  |
| Andrew Lovett<br>(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; Dudley College and City of Wolverhampton College; Royal Society of Chemistry; Association of Independent Museums (AIM); as well as The Black Country Society, an original campaigning group for the Museum; the Design & Technology Association; the Historic Lighting Group, and Thomas Dudley Ltd. 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: Association of Independent Museums, Association of European Open-Air Museums, Association of

# Black Country Living Museum Trust

## Trustees' Report for the Year Ended 31 December 2017

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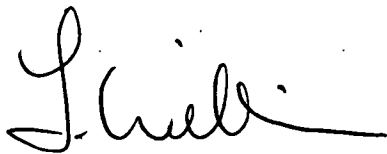
Living History, Farm and Agricultural Museums, Newcomen Society, Inland Waterways Association, Association of Industrial Archaeology, Society of Folk Life Studies, International Council of Museums, and Museums Association (individual memberships). The Museum is a member of Heart of England Attractions – 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 Greater Birmingham. The Museum is also a member of the Confederation of British Industry (CBI) and the West Midlands Growth Company. The Museum Director is also a member of the National Museums Directors' Council.

The Museum has an important relationship with Arts Council England, from April 2015 as a Major Partner Museum and from 1 April 2018, part of their National Portfolio. 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 CO<sub>2</sub>e (Carbon Dioxide Emissions). This equates to 4kg of CO<sub>2</sub>e 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 of historic vehicles. With the aim of reducing its CO<sub>2</sub> 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. By 31 March 2017, the Museum had successfully reduced its CO<sub>2</sub>e by 6%. This is represented by a 3% reduction in gas usage and a 3% reduction in electricity usage.

On behalf of the Trustees



Lowell Williams Chair

Dated: 31 May 2018

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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### 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 18<sup>th</sup> 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 18<sup>th</sup> 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.

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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### *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 and transport infrastructure, down to pots and pans – which records and exemplifies the particular contribution of the Black Country to the origins of the Industrial Revolution and also the impact of industrialisation on the regional landscape and society. The Black Country Society (founded in 1967) was an early and effective campaigner for establishing the Museum.

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 structures were brought to the site in 1976, with Broad Street bridge, relocated from Wolverhampton and Darby Hand Chapel, from near Netherton, two of the earliest to be completed. The Museum now extends to 26 acres and is one of the largest and most-visited open-air museums in the UK, having welcomed over 9m people since it opened; comparable with the UK's other large open-air museum sites of Beamish in County Durham (1970); Blists Hill, Ironbridge, Shropshire (1973); St Fagans, South Wales (1948); and Weald & Downland, West Sussex (1968), 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

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# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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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 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 2012, 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.

### New Acquisitions to the Museum Collection

- Cornerstone brick from the Elephant & Castle Public House, Wolverhampton.
- A collection of cast iron pots & pans manufactured by Izons, West Bromwich.
- Miners lamp, used at Baggeridge Colliery.
- A collection of prototype Judge enamel ware, Cradley Heath.
- A speedway racing track with two tin clockwork cars made by Louis Marx & Co Ltd, Dudley.
- A complete 1950s 'Daintymaid' fitted kitchen, made by Grovewood of Dudley Port.
- A handwritten list of the dead and injured at the Newbury Lane Colliery disaster, Oldbury, 1846.
- A newspaper clipping of the original exhibition of the Accles & Pollock filigree display case now held at the Museum.

### 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

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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*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 c333,000 people each year and over 9m people since it opened) about the special significance of the Black Country – its people and its landscape and the major part it played in the development of an industrialised world, in a unique and authentic environment;
  - providing formal learning programmes and resources for 55,692 (2016: 52, 332) pupils and students in full-time education including 5,343 overseas pupils and students;
  - caring for and developing its accessioned and Designated collections of approximately 60,000 objects, including over 70 significant buildings, as well as many other features and other structures of historical interest and significance, and making them physically and intellectually accessible to the greatest feasible extent, to the general public;
  - making accessible to researchers and students, its important collections of over 15,500 books, photographs and 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 1.25m hits in 2017 (2016: 1.07m hits);
  - responding to 986 (2016: 778) public enquiries to our collections enquiry service, and resulting in additions to the collection of 1,799 objects (2016: 703);
  - 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 255 people, who provided a total 34,113 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 1,299 (2016: 1,096);
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# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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- 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 has been fed into the Museum's Audience Engagement and Equality Action Plans for 2018-2022 to ensure that the Museum is as relevant and reflective of its local population as it can be moving forward. Further comprehensive research into the Museum's visitors will be conducted again during 2018.

Although the Museum has created the conditions of the 19<sup>th</sup> and 20<sup>th</sup> 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 unreasonably prevent wide public access to the Museum. In 2017, the Museum charged an on-the-door price for adults of £17.50 (2016: £16.95). Discounted rates were provided for people over the age of 60, students, families, young people and unwaged visitors. Children under the age of 3 and essential carers are admitted free. All groups (of 15+) received 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 loan from its permanent accessioned collection:

British Electric Traction company pole base with wheel and horseshoe insignia to Ironbridge Gorge Museum Trust (until 2027).

The following items remain on loan from previous years:

- Machinery, including American and German-made GKN screw machines and Turner lathes to Drakelow Tunnels, former underground military complex, near Kidderminster (until 2020).
  - GKN display cabinet and Nettlefolds screw show cards to Winterbourne Botanic Gardens, University of Birmingham (until 2021).
  - Desmodronic engine to Aston Engine Museum (until 2019).
  - Massey Steam Hammer to Walsall Council (until 2020).
  - Two lengths of Black Country chain to Cradley Heath Library (until 2019).
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# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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### Performance Against Objectives

Under its six Strategic Aims, the Museum set itself 12 objectives for 2017:

#### 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.

The Museum has continued to make progress with developing management skills across the organisation, including through specific training. Annual personal development reviews are well established, although not yet universally undertaken. Strengthened supervisory and management structures are helping, and there is a better defined role for the Senior Management Team. However, more focus is required to strategize our work, and this remains a priority for the Museum in the period ahead.

- (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.

The Museum has played a full and constructive role, as a major partner around Castle Hill, the wider Dudley borough and indeed the West Midlands, through participation in a number of groups including to conceive a vision for Dudley, a Business Champions Forum, a member of the WM Growth Company, and as an organisation undertaking a significant capital development. Continued engagement at this level will remain a priority for the Museum.

#### Strategic Aim Two – Safeguard and Use Our Collections

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

This remains a priority for the Museum as it moves to the final stages of fully funding BCLM: Forging Ahead.

#### 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.

The Museum's Round One application to the HLF for support towards BCLM: Forging Ahead was successful, with a grant award of £9.8m (42.3% of the total project cost), including funding of £400,000 to support the Development Phase (notified on 26 April 2017). Since that time, the Museum has been developing this major capital development with a view to submitting its Round Two application to the HLF by November 2018.

- (5) To successfully conclude preparation of the full business case for Black Country Local Enterprise Partnership funding of £8m, in support of BCLM: Forging Ahead.

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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After liaison with the secretariat of the Black Country Local Enterprise Partnership, it was agreed that the Museum would be best placed to submit its final full business case in March 2018. The application will be for £9m.

- (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.

The improvements to the Museum's colliery area are almost complete, and will open to visitors in March 2018. Concerns about disused mine workings on-site meant that the erection of a second pithead frame has been delayed, but is expected to go ahead after further site investigations and risk assessments.

- (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.

The Museum has maintained and enhanced its positive partnership with the BC LEP, and has established a new and important relationship with the WMCA and the first region-wide elected Mayor, Andy Street. In this context the Museum is well-placed to seek further investment for future developments at the Museum.

### Strategic Aim Four – Increase Visitor Attendance

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

School attendance at the Museum rose by 6% in 2017, after a period of steady decline and a highpoint in 2013 of almost 65,000 visits. Incremental improvements to the formal learning programme have continued to be made. However, more widespread and strategic improvements to engage more effectively with school learners remains a priority.

### 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 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.

The Museum continues to lead the third year of the ACE-funded West Midlands Museum Partnership which concludes on 31 March 2018. Highlights from the three year programme include the development of Culture Coventry's exhibition programme, including significant loans from the national collection; the Museums & Resilient Leadership Programme, supporting the next generation of leaders; significant progress with volunteer training & development and widening participation; and improvements in the partnership's environmental impact.

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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- (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.

The Museum's application to ACE for funding of £2.2m over four years, or £550,000 each year, as part of their National Portfolio was successful. Notification was received on 27 June 2017, and the funding agreement is in place, ready for the investment to commence 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.

The Museum hosted the 28th AEOM international conference over 21-25 August 2017; welcoming 130 delegates from 60 open-air museums from 20 countries, including Romania, Czech Republic, Poland, Estonia, Germany, Sweden, Australia, Canada and the USA. As part of the week-long conference delegates also visited Blists Hill Victorian Town in Shropshire, and Avoncroft Museum in Worcestershire.

### 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.

The Museum achieved visitor attendance of 332,778 in 2017, 8% higher than the prior year and 5% ahead of the forecast attendance, and representing another record-breaking year. The trading surplus, before depreciation and one-off investments was £556,000, more than double the budget.

### **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 110k 'likes' on Facebook (2016: 66,000) and over 13,000 followers on Twitter (2016: 11,000).
  - Maintaining our position in the Top 10 charging cultural attractions in the West Midlands.
  - The continued operation of the Museum's membership scheme (priced between £30-£65), albeit with a dip during the year to 868 memberships (2016: 1,460), since recovering to 1,842 in 2018.
  - The sell-out success of two additional 'Peaky Blinders Night' events, welcoming 8,000 visitors in total across four nights.
  - Continuing to enhance the Museum's reputation and profile as a film location for costume drama and documentaries, which in 2017 included Peaky Blinders, biographical film Stan & Ollie, and the BBC's Antiques Roadshow.
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# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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Awards during 2017 included:

- Newman University Students' Union Annual Excellence Awards, Work Placement of the Year
- TripAdvisor, Certificate of Excellence (6<sup>th</sup> consecutive year).
- Retaining the accreditation of Quality Assured Visitor Attraction, Visit England.
- Marsh Volunteer Awards, Team Volunteer Award, Friends of President Volunteer Group

Events and activities during the year included:

On the Move (18-26 Feb)  
Steam Weekend (20-21 May)  
In the Thick of It (27 May – 4 June)  
Let's Get Sporty (22 July – 3 Sep)  
Festival of Black Country Vehicles (18 June)  
Christmas on the Homefront (2 December)

Red by Night (20 May)  
1940s Weekend (15-16 July)  
Black Country Weekend (8-9 July)  
Halloween (25 – 28 October)  
Peaky Blinders (8, 9 and -10 Sep)  
Christmas (8, 9, 15, 16 & 17 Dec)

### 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. In particular the Statement of Financial Activities (SOFA), which includes both unrestricted and restricted funds, shows the performance of the group during the year. The 8% increase in visitor attendance contributed to record income of £7.34m (2016: £6.19m), with £5.68m (2016: £5.09m) directly attributable to visitor attendance to the Museum. The trading surplus for the year has increased as a result of the higher attendance, to £556,000 compared to £365,000 last year. The table below reconciles the trading surplus to the net unrestricted income shown in the Statement of Financial Activities. After adjusting the net unrestricted income of £328,000 for the actuarial loss on the defined benefit pension fund and transfer between funds, the movement in unrestricted funds shows a small increase in the unrestricted fund balance at the year-end.

|                                                                         | 2017           | 2016           |
|-------------------------------------------------------------------------|----------------|----------------|
|                                                                         | £              | £              |
| Net Trading Surplus                                                     | 555,540        | 364,903        |
| Accounting Adjustments and Non-recurring Costs included in Expenditure: |                |                |
| One-off Investments                                                     | (51,068)       | (160,852)      |
| Depreciation charge on Unrestricted Funds                               | (83,648)       | (79,416)       |
| Fundraising income – BCLM: Forging Ahead                                | 52,465         | -              |
| Contribution to BCLM: Forging Ahead                                     | (180,441)      | -              |
| Actuarial adjustment (pensions)                                         | 35,000         | 13,000         |
| Net Unrestricted Income (as shown in SOFA)                              | <u>327,848</u> | <u>137,635</u> |

Achieving another operational trading surplus in 2017 is a significant accomplishment for the Museum and this remains a priority in 2018 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 operational trading result contributed to a cash inflow from operating activities of £421,000. After net capital expenditure of £229,000 and borrowing repayments of £44,000 there was a net

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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increase in cash of £147,000 resulting in a rise in cash at bank and in-hand as at 31 December 2017 to £1.02m (2016: £878,000).

The Group Net Worth at 31 December 2017 stands at £8.99m (2016: £9.03m) the slight decrease being as a result of the increased defined benefit pension liability and utilisation of restricted funds. Restricted Funds stand at £7.64m (2016: £7.74m) and Unrestricted Funds at £1.35m (2016: £1.28m) comprised of Designated Funds of £2.27m (2016: £2.05m), General Funds of £0.79m (2016: £0.59m) and Pension Reserve (deficit) of £1.70m (2016: deficit of £1.35m).

### Fundraising

The Museum undertakes fundraising to support both revenue and capital needs and does so through an in-house Development Team led by the Deputy Chief Executive (Development). The largest proportion of funds are sought from grant-making bodies (public and private), however, donations from individuals and business support are pursued with those who have a strong relationship or an obvious connection with the Museum.

The Museum is registered with the Fundraising Regulator and pays the voluntary annual levy, as recommended for organisations with fundraising expenditure of over £100,000. As such, the Museum demonstrates its compliance with the Code of Fundraising Practice and commitment to The Fundraising Promise that its fundraising is legal, open, honest and respectful - both can be viewed at [www.fundraisingregulator.org.uk](http://www.fundraisingregulator.org.uk). The Museum is currently phasing in the use of the Fundraising Regulator badge across all fundraising materials and literature as they are reproduced. All active fundraisers within the Development Team are members of the Institute of Fundraising and adhere to its Code of Conduct, which includes carrying out their duties in-line with the Code of Fundraising Practice. Team members attend regular one-to-one meetings with the Deputy Chief Executive (Development) where current fundraising activity relative to their role is discussed and monitored and an annual Performance and Development Review is undertaken. Bi-monthly updates on fundraising activity are provided to the Board of Trustees and activity is also monitored through monthly Development Team meetings. No complaints regarding fundraising activity were received during the year.

Minimal individual fundraising took place in 2017 as the Museum focussed on obtaining grant funds in relation to its development project, BCLM: Forging Ahead. Asks were mainly made in connection with another activity such as monthly subscriber e-newsletters or as an optional donation as part of an online transaction. The Museum does not undertake regular direct mail/telephone/face-to-face campaigns: in making a direct specific ask, it fully considers the recipient's recent relationship with the Museum (such as attendance, past donation activity) and their contact preferences, as well as data protection, to ensure relevant and timely communications.

### 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:

Mr A J Hales CBE

Birmingham Common Good Trust

Arts Council England

Black Country Local Enterprise Partnership

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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|                                             |                                    |
|---------------------------------------------|------------------------------------|
| Braunston Marina                            | DCMS / Wolfson Museums & Galleries |
| Dudley Metropolitan Borough Council         | Improvement Fund                   |
| Friends of Black Country Living Museum      | ERA Products                       |
| Heritage Lottery Fund                       | Friends of President               |
| The 29th May 1961 Charitable Trust          | Mr J H Hughes                      |
| The Connie & Albert Taylor Charitable Trust | The Big Lottery                    |
| The Owen Family Trust                       | The Late Mrs Margaret Jarrett      |

### Risk Management

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. During the year, the process of risk management was reviewed resulting in a new Register of 11 Key Risks being produced which is supported by operational and project risk registers. The Register of Key Risks is a standing item on the agenda for meetings of the Leadership Team and Senior Management Team and is available to Trustees at all Board meetings. As part of its duties, the Museum's Audit Committee has oversight of process of the management of key risks.

### Primary Risks & Uncertainties

The Museum operates in a market and charges admission with over 95% of the Museum's unrestricted income derived from visitor-driven sources. In this context there will always be a risk to the Museum of not achieving forecast visitor attendance and associated sales revenue but it is an issue which the Museum monitors on a regular and active basis.

The Museum's Register of Key Risks lists 11 risks, including: failure to deliver and manage the Forging Ahead project; inadequate management of legislative compliance including health and safety; low visitor-attendance and revenues; inadequate financial planning and levels of free cash reserves; poor reputation and stakeholder relationship management; serious detriment incident on site.

The Museum, as reported at Note 31, has a potential defined benefit pension liability of £1.704m (2016: £1.349m), 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.

### 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.

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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### 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. The current Reserves Policy arising from a review by the Financial Performance Scrutiny Committee, and approved by the Board, recommended a prudent level of unrestricted free cash balances would be £500,000 throughout the year. 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. At the balance sheet date the Group had a General fund balance of £790,000 (2016: £586,000) which equated to an unrestricted cash balance of £740,000 (2016: £618,000). The Trustees have designated £495,000 of this for future developments and so the unrestricted free cash balance at the year-end equated to £245,000. Therefore, continuing to build a higher level of free reserves, to increase the balance of unrestricted free cash, remains a priority for the Museum.

### 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, which will primarily be in deposit accounts with mainstream banks. It is not the policy of the Museum to delegate investment management to an agent of the Charity. In making any investment decisions the Board has due regard to Charity Commission guidance.

### 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 show that turnover increased by 16% and like-for-like retail sales increased by 12% to £1.99m (2016: £1.77m) reflecting the increase in visitor attendance of 7% and an increase in spend per visit. As a result of the increase in turnover the profit, before Group charges, increased to £685,000 (2016: £567,000). The result represents another very strong performance for the Museum's subsidiary trading company, and its support for the charitable activities of the Museum.

### 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 at all levels, and widespread development and support for all staff.

#### Strategic Aim Two – Safeguard, Enrich and Use Our Collections

- (2) To improve the quality of collections care and cataloguing, to support future site developments and diverse story-telling.

# Black Country Living Museum Trust

## Strategic Report for the Year Ended 31 December 2017

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### Strategic Aim Three – Transform the Visitor Journey

- (3) To submit a Round Two application for £9.4m to the Heritage Lottery Fund (Heritage Grants) to support the delivery of BCLM: Forging Ahead, by November 2018, as part of a total HLF grant of £9.8m.
- (4) To conclude and submit the final full business case for Black Country Local Enterprise Partnership funding of £9m in support of BCLM: Forging Ahead by March 2018.
- (5) To achieve full planning approval for BCLM: Forging Ahead.
- (6) To achieve 70% of the remaining fundraising target of £2.4m in support of BCLM: Forging Ahead, by November 2018.

### Strategic Aim Four – Increase Visitor Attendance

- (7) To review the Museum's day-time and evening events programmes with the objective of further driving visitor attendance and experience, broadening audiences and improving impact, especially outwith peak times.
- (8) To undertake a review of the Museum's formal educational programmes and marketing, with the objective of further improving learning outcomes, impact and participation.

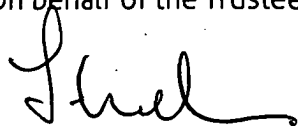
### Strategic Aim Five – Achieve National and International Impact

- (9) To review the Museum's leadership and management structures to ensure continued utility during and post BCLM: Forging Ahead.
- (10) To undertake all year-one planned activity and Critical Objectives, as set out in the Business Plan (2018-2022) submitted to Arts Council England as part of the receipt of National Portfolio funding, from 1 April 2018.

### Strategic Aim Six – Grow and Diversify Our Income

- (11) To continue to strengthen the Museum's financial position and positive cash flow by achieving visitor attendance of at least 325,000 for the year to 31 December 2018 and a trading surplus, before depreciation and one-off investments, of at least £153,000.

On behalf of the Trustees



Lowell Williams Chair

Dated: 31 May 2018

# Black Country Living Museum Trust

## Statement of Trustees' Responsibilities

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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: 31 May 2018

# Black Country Living Museum Trust

## Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2017

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### Opinion

We have audited the financial statements of Black Country Living Museum Trust for the year ended 31 December 2017 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
  - the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
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# Black Country Living Museum Trust

## Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2017

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### Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

### Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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# Black Country Living Museum Trust

## Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2017

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In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Kerry Brown*

Kerry Brown  
Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditor  
Black Country House  
Rounds Green Road  
Oldbury  
B69 2DG

Dated: 14 June 2018

# Black Country Living Museum Trust

## Consolidated Statement of Financial Activities including Income and Expenditure Account for the Year Ended 31 December 2017

|                                                        | Notes | Unrestricted Funds<br>£ | Restricted Funds<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|--------------------------------------------------------|-------|-------------------------|-----------------------|--------------------|--------------------|
| <b>Income</b>                                          |       |                         |                       |                    |                    |
| Donations and Legacies:                                |       |                         |                       |                    |                    |
| Charitable donations                                   | 3     | 52,465                  | 518,380               | 570,845            | 58,265             |
| Charitable Activities:                                 |       |                         |                       |                    |                    |
| Admission to the Museum                                | 4     | 3,519,072               | -                     | 3,519,072          | 3,160,520          |
| Major Partner Museum (Arts Council England)            | 5     | -                       | 886,000               | 886,000            | 886,000            |
| Grants                                                 | 6     | -                       | -                     | -                  | 55,500             |
| Other Trading Activities:                              |       |                         |                       |                    |                    |
| Retail income (subsidiary trading company)             | 7     | 1,990,649               | -                     | 1,990,649          | 1,772,395          |
| Ancillary enterprises                                  | 8     | 323,187                 | -                     | 323,187            | 208,929            |
| Investment Income                                      | 9     | -                       | -                     | -                  | 1                  |
| Other Income                                           | 10    | 48,073                  | -                     | 48,073             | 46,392             |
| <b>Total Income</b>                                    |       | <b>5,933,446</b>        | <b>1,404,380</b>      | <b>7,337,826</b>   | <b>6,188,002</b>   |
| <b>Expenditure</b>                                     |       |                         |                       |                    |                    |
| Raising Funds:                                         |       |                         |                       |                    |                    |
| Retail (subsidiary trading company)                    |       | 1,728,361               | 315                   | 1,728,676          | 1,450,467          |
| Development and fundraising costs                      |       | 132,872                 | 24                    | 132,896            | 123,232            |
| Charitable Activities:                                 |       |                         |                       |                    |                    |
| Opening and operating the Museum                       |       | 3,318,586               | 248,619               | 3,567,205          | 3,573,455          |
| Developing the Museum                                  |       | 304,479                 | 297,385               | 601,864            | 200,946            |
| Major Partner Museum (Arts Council England)            |       | 121,300                 | 820,655               | 941,955            | 822,606            |
| <b>Total Expenditure</b>                               | 11    | <b>5,605,598</b>        | <b>1,366,998</b>      | <b>6,972,596</b>   | <b>6,170,706</b>   |
| <b>Net Income/(Expenditure)</b>                        |       | <b>327,848</b>          | <b>37,382</b>         | <b>365,230</b>     | <b>17,296</b>      |
| Transfers Between Funds                                | 26    | 129,579                 | (129,579)             | -                  | -                  |
| Other Recognised Gains and Losses:                     |       |                         |                       |                    |                    |
| Actuarial gain/(loss) on defined benefit pension       |       | (390,000)               | -                     | (390,000)          | (24,000)           |
| <b>Net Movement in Funds</b>                           |       | <b>67,427</b>           | <b>(92,197)</b>       | <b>(24,770)</b>    | <b>(6,704)</b>     |
| Reconciliation of Funds:                               |       |                         |                       |                    |                    |
| Total Funds brought forward 1 January 2017             |       | 1,284,421               | 7,735,117             | 9,019,538          | 9,026,242          |
| <b>Total Funds carried forward at 31 December 2017</b> |       | <b>1,351,848</b>        | <b>7,642,920</b>      | <b>8,994,768</b>   | <b>9,019,538</b>   |

The Statement of Financial Activities (SOFA) also complies with the requirements for an income and expenditure account under the Companies Act 2006. All income and expenditure derive from continuing activities.

# Black Country Living Museum Trust

## Group (Consolidated) Balance Sheet as at 31 December 2017

|                                                      | Notes | £                | 2017<br>£         | 2016<br>£         |
|------------------------------------------------------|-------|------------------|-------------------|-------------------|
| <b>Fixed Assets:</b>                                 |       |                  |                   |                   |
| Intangible assets                                    | 17    |                  | 7,257             | 13,030            |
| Tangible assets                                      | 17    |                  | 4,723,452         | 4,843,138         |
| Heritage assets                                      | 18    |                  | 5,204,312         | 5,108,568         |
| <b>Total Fixed Assets</b>                            |       |                  | <b>9,935,021</b>  | <b>9,964,736</b>  |
| <b>Current Assets:</b>                               |       |                  |                   |                   |
| Stocks of goods for resale                           | 20    | 99,694           |                   | 103,458           |
| Debtors                                              | 21    | 386,806          |                   | 278,446           |
| Cash at bank and in hand                             | 30    | 1,024,535        |                   | 877,582           |
| <b>Total Current Assets</b>                          |       | <b>1,511,035</b> |                   | <b>1,259,486</b>  |
| Creditors: amount falling due within 1 year          | 22    | (485,563)        |                   | (576,632)         |
| <b>Net Current Assets</b>                            |       |                  | <b>1,025,472</b>  | <b>682,854</b>    |
| <b>Total Assets less Current Liabilities</b>         |       |                  | <b>10,960,493</b> | <b>10,647,590</b> |
| Creditors: amount falling due after more than 1 year | 23    |                  | (261,725)         | (279,052)         |
| <b>Net Assets (excluding pension liability)</b>      |       |                  | <b>10,698,768</b> | <b>10,368,538</b> |
| Defined benefit pension liability                    | 31    |                  | (1,704,000)       | (1,349,000)       |
| <b>Total Net Assets</b>                              |       |                  | <b>8,994,768</b>  | <b>9,019,538</b>  |
| <b>The Funds of the Charity:</b>                     |       |                  |                   |                   |
| Restricted funds                                     | 26    |                  | 7,642,920         | 7,735,117         |
| Unrestricted funds:                                  |       |                  |                   |                   |
| Designated funds                                     | 27    | 2,265,544        |                   | 2,047,295         |
| General funds                                        |       | 790,304          |                   | 586,126           |
| Pension reserve                                      | 31    | (1,704,000)      |                   | (1,349,000)       |
|                                                      |       |                  | <b>1,351,848</b>  | <b>1,284,421</b>  |
|                                                      |       |                  | <b>8,994,768</b>  | <b>9,019,538</b>  |

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 31 May 2018 and signed on behalf of the Board of Trustees:

Lowell Williams Chair

Dated: 31 May 2018



# Black Country Living Museum Trust

## Parent (Museum) Balance Sheet as at 31 December 2017

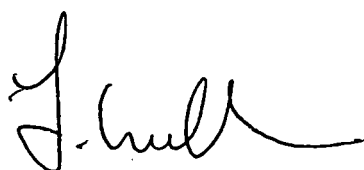
|                                                      | Notes | £              | 2017<br>£         | £              | 2016<br>£         |
|------------------------------------------------------|-------|----------------|-------------------|----------------|-------------------|
| <b>Fixed Assets:</b>                                 |       |                |                   |                |                   |
| Intangible assets                                    | 17    |                | 7,257             |                | 13,030            |
| Tangible assets                                      | 17    |                | 4,710,378         |                | 4,825,456         |
| Heritage assets                                      | 18    |                | 5,204,312         |                | 5,108,568         |
| Investments                                          |       |                | 1,000             |                | 1,000             |
| <b>Total Fixed Assets</b>                            |       |                | <b>9,922,947</b>  |                | <b>9,948,054</b>  |
| <b>Current Assets:</b>                               | 20    |                |                   |                |                   |
| Debtors                                              | 21    | 687,253        |                   | 516,840        |                   |
| Cash at bank and in hand                             | 30    | 224,388        |                   | 246,765        |                   |
| <b>Total Current Assets</b>                          |       | <b>911,641</b> |                   | <b>763,605</b> |                   |
| Creditors: amount falling due within 1 year          | 22    | (394,127)      |                   | (465,625)      |                   |
| <b>Net Current Assets</b>                            |       |                | <b>517,514</b>    |                | <b>297,975</b>    |
| <b>Total Assets less Current Liabilities</b>         |       |                | <b>10,440,461</b> |                | <b>10,246,029</b> |
| Creditors: amount falling due after more than 1 year | 23    |                | (261,725)         |                | (279,052)         |
| Defined benefit pension liability                    | 31    |                | (1,704,000)       |                | (1,349,000)       |
| <b>Total Net Assets</b>                              |       |                | <b>8,474,736</b>  |                | <b>8,617,977</b>  |
| <b>The Funds of the Charity:</b>                     |       |                |                   |                |                   |
| Restricted funds                                     | 26    |                | 7,642,920         |                | 7,735,117         |
| Unrestricted funds:                                  |       |                |                   |                |                   |
| Designated funds                                     | 27    | 2,265,544      |                   | 2,047,295      |                   |
| General funds                                        |       | 270,272        |                   | 184,565        |                   |
| Pension reserve                                      | 31    | (1,704,000)    |                   | (1,349,000)    |                   |
|                                                      |       |                | <b>831,816</b>    |                | <b>882,860</b>    |
|                                                      |       |                | <b>8,474,736</b>  |                | <b>8,617,977</b>  |

The net loss reported in the Statement of Financial Activities of the parent charity for the year was £143,151 (2016: £24,869 gain).

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 31 May 2018 and signed on behalf of the Board of Trustees:

Lowell Williams Chair

Dated: 31 May 2018



# Black Country Living Museum Trust

## Consolidated Cash Flow Statement for the Year Ended 31 December 2017

|                                                               | Notes | 2017<br>£        | 2016<br>£        |
|---------------------------------------------------------------|-------|------------------|------------------|
| <b>Cash Flow from Operating Activities:</b>                   |       |                  |                  |
| Net cash flow from operating activities                       | 29    | 420,513          | 190,640          |
| <b>Cash Flows from Investing Activities:</b>                  |       |                  |                  |
| Interest from investments                                     |       | -                | 1                |
| Proceeds from the sale of tangible fixed assets               |       | 9,018            | -                |
| Purchase of tangible fixed assets                             |       | (238,336)        | (109,485)        |
| <b>Net Cash Used in Investing Activities</b>                  |       | <b>(229,318)</b> | <b>(109,484)</b> |
| <b>Cash Flows from Financing Activities:</b>                  |       |                  |                  |
| Repayment of borrowing                                        |       | (44,242)         | (31,825)         |
| <b>Net Cash Used in Financing Activities</b>                  |       | <b>(44,242)</b>  | <b>(31,825)</b>  |
| <b>Change in Cash and Cash Equivalents in the Year</b>        |       | <b>146,953</b>   | <b>49,330</b>    |
| Cash and cash equivalents at the beginning of the year        |       | 877,582          | 828,252          |
| <b>Total Cash and Cash Equivalents at the End of the Year</b> |       | <b>1,024,535</b> | <b>877,582</b>   |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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### 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:

- Defined Pension Liabilities

The Charity recognises that its liability to its defined benefit contribution scheme involves a number of estimations as disclosed in Note 31.

#### 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

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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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 credited to restricted funds and any unspent amounts are shown on the balance sheet as restricted funds. Where the restricted income is to fund capital expenditure the restricted fund balance matches capital value and the restricted funds are released 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 aims to involve volunteers across the organisation from costumed interpretation and collections care to retailing and finance. People volunteer as individuals and as part of volunteer groups, who in certain cases take on shared responsibility for the operation of specific aspects of the Museum. Some volunteer groups also provide restricted funds to support particular projects or collection purchases. The Museum has 255 active volunteers and it is estimated that they provided a total of 34,113 volunteer hours during the course of 2017. Using the standard Heritage Lottery Fund multiplier of £50 per day for unskilled, £150 per day for skilled and £350 per day for professional roles, this equates to a value of donated services of £475,725 during 2017 (2016: £192,200).

### 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.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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### 1.7 Fixed Assets

#### (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, using the straight-line method, as follows:

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

#### (b) Intangible Assets

Intangible assets are stated at cost less amortisation. Amortisation is charged so as to allocate the cost of intangible assets less their residual values over their estimated useful lives, using the straight-line method, as follows:

|                   |                      |
|-------------------|----------------------|
| Computer software | - over 4 to 10 years |
|-------------------|----------------------|

#### (c) 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.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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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 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. The Key Management Personnel received no additional remuneration benefits to those provided to all other staff. The Board reserves the right to review and determine the remuneration of the Chief Executive outside 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.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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### 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

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.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

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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 31.

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 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.

### 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 31).

### 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 part transactions between the parent company and its subsidiary are shown in Notes 32.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 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 Summary of Charitable Donations

|           | Unrestricted<br>Funds 2017 | Restricted<br>Funds<br>2017 | Unrestricted<br>Funds 2016 | Restricted<br>Funds<br>2016 |
|-----------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|           | £                          | £                           | £                          | £                           |
| Grants    | 20,000                     | 461,323                     | -                          | -                           |
| Donations | 10,465                     | 57,057                      | 4,068                      | 54,197                      |
| Legacies  | 22,000                     | -                           | -                          | -                           |
|           | <b>52,465</b>              | <b>518,380</b>              | <b>4,068</b>               | <b>54,197</b>               |

### 4 Visitor Admission to the Museum

|                                          | 2017<br>£        | 2016<br>£        |
|------------------------------------------|------------------|------------------|
| Donations in lieu of admission charges   | 1,273,812        | 1,223,100        |
| Gift Aid from donated admission charges* | 315,609          | 301,438          |
|                                          | <b>1,589,421</b> | <b>1,524,538</b> |
| Admission (Museum & Locksmith's House)   | 1,340,075        | 1,199,781        |
|                                          | <b>2,929,496</b> | <b>2,724,319</b> |
| Events Programme                         | 509,599          | 370,746          |
| Membership                               | 34,570           | 22,513           |
| Learning Programmes & Courses            | 45,407           | 42,942           |
|                                          | <b>3,519,072</b> | <b>3,160,520</b> |
| Visitor Attendance (number)              | <b>332,778</b>   | <b>308,457</b>   |

\*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.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 5 West Midlands Museum Partnership (Major Partner Museum)

|                      | 2017    | 2016    |
|----------------------|---------|---------|
|                      | £       | £       |
| Arts Council England | 886,000 | 886,000 |

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. The programme will end on 31 March 2018.

### 6 Grants and Projects Funded

|                      | 2017 | 2016   |
|----------------------|------|--------|
|                      | £    | £      |
| Arts Council England | -    | 55,000 |

### 7 Results of 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.

|                                           | 2017        | 2016        |
|-------------------------------------------|-------------|-------------|
|                                           | £           | £           |
| <b>Profit &amp; Loss Account</b>          |             |             |
| Retail income                             | 1,990,649   | 1,772,395   |
| AEOM Conference (August 2017)             | 62,338      | -           |
| Cost of sales, including staffing         | (1,449,661) | (1,245,325) |
| Gross profit                              | 603,326     | 527,070     |
| Administrative expenses                   | (25,175)    | (26,144)    |
| Operating profit                          | 578,151     | 500,926     |
| Other operating income                    | 116,456     | 66,103      |
| Profit before Group charges               | 694,607     | 567,029     |
| Group charges (rent and services)         | (175,279)   | (166,178)   |
| Profit for year before and after taxation | 519,328     | 400,851     |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 8 Ancillary Enterprises

|                                             | 2017<br>£      | 2016<br>£      |
|---------------------------------------------|----------------|----------------|
| Parking charges                             | 126,512        | 124,363        |
| Business sponsorship                        | 28,599         | 32,600         |
| Dudley Canal Trips & advertising commission | 17,881         | 18,463         |
| Licensed on-site concessions                | 24,050         | 18,374         |
| Filming rights and charges                  | 63,807         | 15,129         |
| AEOM Conference (August 2017)               | 62,338         | -              |
|                                             | <u>323,187</u> | <u>208,929</u> |

### 9 Investment Income

|                   | 2017     | 2016     |
|-------------------|----------|----------|
| Interest received | -        | 1        |
|                   | <u>-</u> | <u>1</u> |

### 10 Other Income

|                                    | 2017<br>£     | 2016<br>£     |
|------------------------------------|---------------|---------------|
| Rent from leased freehold property | 46,998        | 46,072        |
| Other                              | 1,075         | 320           |
|                                    | <u>48,073</u> | <u>46,392</u> |

### 11 Analysis of Expenditure

|                                  | Staff costs<br>£ | Other costs<br>£ | Support costs<br>£ | Total<br>2017<br>£ |
|----------------------------------|------------------|------------------|--------------------|--------------------|
| <b>Raising Funds</b>             |                  |                  |                    |                    |
| Subsidiary trading company       | 587,627          | 918,125          | 222,924            | 1,728,676          |
| Fundraising costs                | 101,023          | 14,735           | 17,138             | 132,896            |
| <b>Total Cost</b>                | <u>688,650</u>   | <u>932,860</u>   | <u>240,062</u>     | <u>1,861,572</u>   |
| <b>Charitable Activities</b>     |                  |                  |                    |                    |
| Opening and operating the Museum | 2,031,167        | 1,072,032        | 464,006            | 3,567,205          |
| Developing the Museum            | 48,596           | 475,654          | 77,614             | 601,864            |
| Major Partner Museum             | 179,744          | 640,740          | 121,471            | 941,955            |
| <b>Total Cost</b>                | <u>2,259,507</u> | <u>2,188,426</u> | <u>663,091</u>     | <u>5,111,024</u>   |
| <b>Total All Costs</b>           | <u>2,948,157</u> | <u>3,121,286</u> | <u>903,153</u>     | <u>6,972,596</u>   |

Support costs are allocated on the basis of direct expenditure.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 12 Analysis of Support Costs

|                                   | Staff costs    | Other costs    | Total<br>2017  | Total<br>2016  |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | £              | £              | £              | £              |
| Governance                        | -              | 8,151          | 8,151          | 7,412          |
| Chief Exec office, Finance and HR | 426,283        | 326,704        | 752,987        | 722,579        |
| Information Technology            | 32,323         | 109,692        | 142,015        | 56,607         |
|                                   | <u>458,606</u> | <u>444,547</u> | <u>903,153</u> | <u>779,186</u> |

### 13 Analysis of Governance Costs

|                               | 2017         | 2016         |
|-------------------------------|--------------|--------------|
|                               | £            | £            |
| Trustees expenses             | -            | 270          |
| Legal and professional fees   | 151          | 312          |
| Audit and accountancy charges | 7,100        | 6,900        |
|                               | <u>8,151</u> | <u>7,412</u> |

### 14 Net Income/Expenditure for the Year

|                                | 2017    | 2016    |
|--------------------------------|---------|---------|
|                                | £       | £       |
| This is stated after charging: |         |         |
| Operating leases               | 29,250  | 19,349  |
| Depreciation                   | 287,343 | 299,912 |
| Bank loan interest             | 7,282   | 10,369  |
| Auditor's remuneration:        |         |         |
| Audit fee                      | 11,100  | 10,900  |
| Accountancy and tax services   | 700     | 700     |
|                                | <u></u> | <u></u> |

### 15 Trustees (Directors and Members)

None of the Trustees (or any persons connected with them) received any remuneration or benefits during the year. Trustees were reimbursed out-of-pocket expenses totalling £nil (2016: total £270).

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 16 Employees

The average monthly headcount of contracted employees during the year was 155 (2016: 123) and the average full time equivalent number of employees and casual workers during the year were as follows:

|                                            | 2017       | 2016       |
|--------------------------------------------|------------|------------|
|                                            | FTE        | FTE        |
| Direct (front-line) charitable activities  | 107        | 102        |
| Management, specialists and administration | 40         | 37         |
|                                            | <u>147</u> | <u>139</u> |
| Of which:                                  |            |            |
| Contracted employees                       | 120        | 114        |
| Casual workers                             | 27         | 25         |
|                                            | <u>147</u> | <u>139</u> |

#### Employment Costs:

|                          | 2017             | 2016             |
|--------------------------|------------------|------------------|
|                          | £                | £                |
| Wages and salaries       | 3,039,313        | 2,723,566        |
| National Insurance costs | 199,344          | 168,602          |
| Pension costs            | 168,106          | 179,719          |
|                          | <u>3,406,763</u> | <u>3,071,887</u> |

Employment costs includes redundancy payments and payments in lieu of notice amounting to £13,255 (2016: £nil) paid to five individuals.

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

|                   | 2017     | 2016     |
|-------------------|----------|----------|
|                   | (number) | (number) |
| £80,000 – £90,000 | 1        | 1        |

There are six posts considered as 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), Deputy Chief Executive (Visitor Engagement & Operations) and Deputy Chief Executive (Finance & Resources). The employee benefits of Key Management Personnel were £360,362 (2016: £290,142).

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 17 Tangible and Intangible Fixed Assets

#### (a) Operational Assets – Group

|                            | Intangible<br>Fixed Assets | Tangible Fixed Assets             |                                    |                                        |                   |                  |
|----------------------------|----------------------------|-----------------------------------|------------------------------------|----------------------------------------|-------------------|------------------|
|                            |                            | Land and<br>buildings<br>freehold | Land and<br>buildings<br>leasehold | Fixtures,<br>fittings and<br>equipment | Motor<br>vehicles | Total            |
|                            | £                          | £                                 | £                                  | £                                      | £                 | £                |
| <b>Cost</b>                |                            |                                   |                                    |                                        |                   |                  |
| At 1 January 2017          | 23,064                     | 787,597                           | 5,512,605                          | 1,326,271                              | 74,339            | 7,700,812        |
| Additions                  | -                          | -                                 | -                                  | 61,846                                 | -                 | 61,846           |
| Disposals                  | -                          | -                                 | -                                  | -                                      | -                 | -                |
| <b>At 31 December 2017</b> | <b>23,064</b>              | <b>787,597</b>                    | <b>5,512,605</b>                   | <b>1,388,117</b>                       | <b>74,339</b>     | <b>7,762,658</b> |
| <b>Depreciation</b>        |                            |                                   |                                    |                                        |                   |                  |
| At 1 January 2017          | 10,034                     | 95,091                            | 1,536,278                          | 1,157,020                              | 69,285            | 2,857,674        |
| Charge for the period      | 5,773                      | 14,087                            | 92,020                             | 73,752                                 | 1,673             | 181,532          |
| On disposal                | -                          | -                                 | -                                  | -                                      | -                 | -                |
| <b>At 31 December 2017</b> | <b>15,807</b>              | <b>109,178</b>                    | <b>1,628,298</b>                   | <b>1,230,772</b>                       | <b>70,958</b>     | <b>3,039,206</b> |
| <b>Net book value</b>      |                            |                                   |                                    |                                        |                   |                  |
| At 31 December 2017        | 7,257                      | 678,419                           | 3,884,307                          | 157,345                                | 3,381             | 4,723,452        |
| At 31 December 2016        | 13,030                     | 692,506                           | 3,976,327                          | 169,251                                | 5,054             | 4,843,138        |

#### (b) Operational Assets – Parent

|                            | Intangible<br>Fixed Assets | Tangible Fixed Assets             |                                    |                                        |                   |                  |
|----------------------------|----------------------------|-----------------------------------|------------------------------------|----------------------------------------|-------------------|------------------|
|                            |                            | Land and<br>buildings<br>freehold | Land and<br>buildings<br>leasehold | Fixtures,<br>fittings and<br>equipment | Motor<br>vehicles | Total            |
|                            | £                          | £                                 | £                                  | £                                      | £                 | £                |
| <b>Cost</b>                |                            |                                   |                                    |                                        |                   |                  |
| At 1 January 2017          | 23,064                     | 787,597                           | 5,512,605                          | 1,269,447                              | 69,044            | 7,638,693        |
| Additions                  | -                          | -                                 | -                                  | 61,846                                 | -                 | 61,846           |
| Disposals                  | -                          | -                                 | -                                  | -                                      | -                 | -                |
| <b>At 31 December 2017</b> | <b>23,064</b>              | <b>787,597</b>                    | <b>5,512,605</b>                   | <b>1,331,293</b>                       | <b>69,044</b>     | <b>7,700,539</b> |
| <b>Depreciation</b>        |                            |                                   |                                    |                                        |                   |                  |
| At 1 January 2017          | 10,034                     | 95,091                            | 1,536,278                          | 1,117,699                              | 64,169            | 2,813,237        |
| Charge for the period      | 5,773                      | 14,087                            | 92,020                             | 69,192                                 | 1,625             | 176,924          |
| On disposal                | -                          | -                                 | -                                  | -                                      | -                 | -                |
| <b>At 31 December 2017</b> | <b>15,807</b>              | <b>109,178</b>                    | <b>1,628,298</b>                   | <b>1,186,891</b>                       | <b>65,794</b>     | <b>2,990,161</b> |
| <b>Net book value</b>      |                            |                                   |                                    |                                        |                   |                  |
| At 31 December 2017        | 7,257                      | 678,419                           | 3,884,307                          | 144,402                                | 3,250             | 4,710,378        |
| At 31 December 2016        | 13,030                     | 692,506                           | 3,976,327                          | 151,748                                | 4,875             | 4,825,456        |

Freehold land and buildings of both the Group and Parent includes land (being the Museum's overflow car park) with a net book value of £83,258 which is not depreciated.

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 18 Heritage Assets

| Group and company          | £                |
|----------------------------|------------------|
| Cost                       |                  |
| At 1 January 2017          | 5,938,461        |
| Additions at cost          | 208,830          |
| Disposals                  | (15,500)         |
| <b>At 31 December 2017</b> | <b>6,131,791</b> |
| Depreciation               |                  |
| At 1 January 2017          | 829,893          |
| Charge for the period      | 100,038          |
| On disposal                | (2,452)          |
| <b>At 31 December 2017</b> | <b>927,479</b>   |
| Net book value             |                  |
| <b>At 31 December 2017</b> | <b>5,204,312</b> |
| At 31 December 2016        | 5,108,568        |

Heritage Assets include land at the Locksmith's House at Willenhall, with a net book value of £50,000 is not depreciated.

|                           | 2017           | 2016           | 2015           | 2014          | 2013          | Pre<br>2013      | Total            |
|---------------------------|----------------|----------------|----------------|---------------|---------------|------------------|------------------|
|                           | £              | £              | £              | £             | £             | £                | £                |
| Purchases and Additions   |                |                |                |               |               |                  |                  |
| Marston Collection        | -              | -              | -              | -             | -             | 341,865          | 341,865          |
| Locksmith's House         | -              | -              | -              | -             | -             | 150,000          | 150,000          |
| President Narrow Boat     | -              | -              | -              | -             | 1,194         | 102,418          | 103,612          |
| Workers' Institute        | -              | (83,821)       | -              | -             | -             | 2,543,413        | 2,459,592        |
| Oldbury Buildings         | -              | -              | -              | -             | -             | 1,051,715        | 1,051,715        |
| Hobbs Fish & Chip 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           | -              | -              | -              | -             | -             | 92,497           | 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                    | 13,033         | 25,716         | 57,563         | -             | -             | -                | 96,312           |
| Tramway                   | -              | 9,916          | 63,430         | -             | -             | -                | 73,346           |
| Mine                      | -              | 8,753          | -              | -             | -             | -                | 8,753            |
| Racecourse Colliery       | 131,266        | 5,456          | -              | -             | -             | -                | 136,722          |
| Anchor Forge/Steam Hammer | 20,726         | 26,581         | -              | -             | -             | -                | 47,307           |
| Hut 14                    | 43,805         | -              | -              | -             | -             | -                | 43,805           |
|                           | <b>208,830</b> | <b>(7,399)</b> | <b>152,973</b> | <b>53,545</b> | <b>18,932</b> | <b>5,704,910</b> | <b>6,131,791</b> |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Heritage Assets (cont.)

|                           | 2017          | 2016          | 2015          | 2014          | 2013          | Pre<br>2013    | Total          |
|---------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
|                           | £             | £             | £             | £             | £             | £              | £              |
| Depreciation              |               |               |               |               |               |                |                |
| Marston Collection        | 5,698         | 5,698         | 5,698         | 5,698         | 5,698         | 27,065         | 55,555         |
| Locksmith's House         | 1,454         | 1,454         | 1,454         | 1,454         | 2,000         | 19,500         | 27,316         |
| President Narrow Boat     | 1,757         | 1,757         | 1,757         | 1,757         | 1,757         | 6,663          | 15,448         |
| Workers' Institute        | 42,393        | 42,393        | 42,393        | 42,393        | 42,393        | 201,171        | 413,136        |
| Oldbury Buildings         | 17,750        | 17,750        | 17,750        | 17,750        | 17,750        | 71,036         | 159,786        |
| Hobbs Fish & Chip Shop    | 19,252        | 19,252        | 19,252        | 19,252        | 19,252        | 91,447         | 187,707        |
| Folkes Park               | 3,254         | 3,254         | 3,254         | 3,254         | 3,254         | 14,804         | 31,074         |
| Conway Garage             | 1,187         | 1,187         | 1,187         | 1,187         | 1,187         | 5,638          | 11,573         |
| Bradburn & Wedge          | 35            | 35            | 35            | 35            | 35            | 167            | 342            |
| Newcomen Engine           | 1,652         | 1,652         | 1,652         | 1,652         | 1,649         | 882            | 9,139          |
| Birchill's Narrow Boat    | 1,264         | 1,264         | 1,265         | 1,129         | 322           | -              | 5,244          |
| Kildare Narrow Boat       | 653           | 653           | 653           | 185           | -             | -              | 2,144          |
| Tram 5                    | 1,836         | 1,580         | 1,086         | -             | -             | -              | 4,502          |
| Tramway                   | 1,387         | 1,387         | 1,195         | -             | -             | -              | 3,969          |
| Mine                      | 167           | 167           | -             | -             | -             | -              | 334            |
| Racecourse Colliery       | 105           | 105           | -             | -             | -             | -              | 210            |
| Anchor Forge/Steam Hammer | -             | -             | -             | -             | -             | -              | -              |
|                           | <u>99,844</u> | <u>99,588</u> | <u>98,631</u> | <u>95,746</u> | <u>95,297</u> | <u>438,373</u> | <u>927,479</u> |

### 19 Fixed Asset Investments

|                                                             |              |
|-------------------------------------------------------------|--------------|
| Company                                                     | £            |
| Market value at 1 January 2017 and at 31 December 2017      | 1,000        |
| Historical cost at 31 December 2016 and at 31 December 2017 | <u>1,000</u> |

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 Museum Enterprises Limited. This wholly-owned subsidiary undertakes on-site trading to support the charitable activities of the Museum, as further described in this Annual Report and its own filed accounts. The net asset and shareholders funds value of Black Country Living Museum Enterprises Limited at 31 December 2017 was £521,033 (2016: £402,556).

### 20 Stock

|       | Group         |                | Parent |      |
|-------|---------------|----------------|--------|------|
|       | 2017          | 2016           | 2017   | 2016 |
|       | £             | £              | £      | £    |
| Stock | <u>99,694</u> | <u>103,458</u> | -      | -    |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 21 Debtors

|                                    | Group          |                | Parent         |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2017           | 2016           | 2017           | 2016           |
|                                    | £              | £              | £              | £              |
| Trade debtors                      | 42,111         | 69,906         | 28,756         | 28,795         |
| Other debtors                      | 42,147         | 174,285        | 42,147         | 174,285        |
| Prepayments and accrued income     | 302,548        | 34,255         | 297,221        | 32,638         |
| Owed by subsidiary Trading Company | -              | -              | 319,129        | 281,122        |
|                                    | <b>386,806</b> | <b>278,446</b> | <b>687,253</b> | <b>516,840</b> |

### 22 Creditors: Amounts Falling Due Within One Year

|                                                              | Group          |                | Parent         |                |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                              | 2017           | 2016           | 2017           | 2016           |
|                                                              | £              | £              | £              | £              |
| Bank loan                                                    | 34,500         | 33,500         | 34,500         | 33,500         |
| Obligations under finance leases and hire purchase contracts | 4,425          | -              | 4,425          | -              |
| Trade creditors                                              | 205,231        | 297,224        | 169,442        | 232,250        |
| Taxes and social security costs                              | 98,124         | 82,026         | 58,655         | 51,158         |
| Other creditors                                              | 17,327         | 30,022         | 12,327         | 27,022         |
| Accruals                                                     | 125,956        | 133,860        | 114,778        | 121,695        |
|                                                              | <b>485,563</b> | <b>576,632</b> | <b>394,127</b> | <b>465,625</b> |

### 23 Creditors: Amounts Falling Due After More Than One Year

| Group and company                                            | 2017           | 2016           |
|--------------------------------------------------------------|----------------|----------------|
|                                                              | £              | £              |
| Bank Loan                                                    | 243,139        | 279,052        |
| Obligations under finance leases and hire purchase contracts | 18,586         | -              |
|                                                              | <b>261,725</b> | <b>279,052</b> |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Creditors: Amounts Falling Due After More Than One Year (cont.)

|                                                 | 2017           | 2016           |
|-------------------------------------------------|----------------|----------------|
|                                                 | £              | £              |
| Analysis of Bank Loan                           |                |                |
| Not wholly repayable within 5 years             | 277,639        | 312,552        |
| Included in the current liabilities             | (34,500)       | (33,500)       |
|                                                 | <u>243,139</u> | <u>279,052</u> |
| Loan Maturity Analysis                          |                |                |
| Debt due in 1 year or less                      | 34,500         | 33,500         |
| In more than 1 year, but not more than 2 years  | 34,500         | 34,500         |
| In more than 2 years, but not more than 5 years | 110,000        | 110,000        |
| In more than 5 years                            | 98,639         | 134,552        |
|                                                 | <u>277,639</u> | <u>312,552</u> |

The bank loan is repayable by March 2025 with interest charged a 2.45% above the bank's base rate. It 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.

### 24 Obligations Under Leases and Hire Purchase Contracts

The group and company use finance leases and hire purchase contracts to acquire certain items of fixtures, fittings and equipment. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases and hire purchase contracts:

| Group and company                                 | 2017          | 2016     |
|---------------------------------------------------|---------------|----------|
| Amounts payable                                   | £             | £        |
| Within 1 year                                     | 5,444         | -        |
| In more than 1 year, but not more than 5 years    | 20,416        | -        |
| less: finance charges allocated to future periods | (2,849)       | -        |
|                                                   | <u>23,011</u> | <u>-</u> |

Future minimum rentals of the consolidated group payable under non-cancellable operating leases are as follows:

|                       | 2017          | 2016           |
|-----------------------|---------------|----------------|
|                       | £             | £              |
| Less than 1 year      | 24,140        | 29,700         |
| Between 2 and 5 years | 42,450        | 74,196         |
| More than 5 years     | -             | -              |
|                       | <u>66,590</u> | <u>103,896</u> |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 25 Financial Instruments

|                                                                       | 2017<br>£ | 2016<br>£ |
|-----------------------------------------------------------------------|-----------|-----------|
| Financial assets that are debt instruments measured at amortised cost | 1,381,030 | 1,156,028 |
| Financial liabilities measured at amortised cost                      | 649,157   | 747,867   |

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.

### 26 Restricted Funds (Movement in Funds)

| Group and company           | Balance at 1<br>January 2017<br>£ | Incoming<br>Funds<br>£ | Resources<br>Expended<br>£ | Transfers<br>£  | Balance at 31<br>December<br>2017<br>£ |
|-----------------------------|-----------------------------------|------------------------|----------------------------|-----------------|----------------------------------------|
| <b>Tangible Assets</b>      |                                   |                        |                            |                 |                                        |
| Operational Fixed Assets    | 348,681                           | -                      | -                          | (77,696)        | 270,985                                |
| Freehold Property           | 110,283                           | -                      | (2,550)                    | -               | 107,733                                |
| Rolfe Street Development    | 2,451,405                         | -                      | (57,348)                   | (25,613)        | 2,368,444                              |
| Moving the Black Country    | 680,729                           | -                      | (15,303)                   | 57,783          | 723,209                                |
| Brook Entrance & Facilities | 414,645                           | -                      | (7,145)                    | -               | 407,500                                |
| Rolfe Street Exhibition     | 22,783                            | -                      | (11,386)                   | -               | 11,397                                 |
| Major Partner Museum (ACE)  | 86,266                            | -                      | (37,036)                   | -               | 49,230                                 |
| Folkes Park Play Equipment  | -                                 | -                      | (3,489)                    | 34,896          | 31,407                                 |
|                             | <b>4,114,792</b>                  | <b>-</b>               | <b>(134,257)</b>           | <b>(10,630)</b> | <b>3,969,905</b>                       |
| <b>Heritage Assets</b>      |                                   |                        |                            |                 |                                        |
| The Workers' Institute      | 1,612,748                         | -                      | (31,478)                   | (62,009)        | 1,519,261                              |
| The Locksmith's House       | 124,138                           | -                      | (1,454)                    | -               | 122,684                                |
| Conway Garage               | 13,727                            | -                      | (288)                      | 1,008           | 14,447                                 |
| Folkes Park                 | 166,574                           | -                      | (3,254)                    | 172             | 163,492                                |
| Old Birmingham Road         | 415,360                           | -                      | (8,138)                    | 1,731           | 408,953                                |
| Hobbs Fish & Chip Shop      | 436,867                           | -                      | (8,529)                    | 224             | 428,562                                |
| Newcomen Engine             | 84,672                            | -                      | (1,652)                    | (16,337)        | 66,683                                 |
| President Narrow Boat       | 89,921                            | -                      | (1,757)                    | -               | 88,164                                 |
| Marston Motorcycles         | 292,008                           | -                      | (5,698)                    | -               | 286,310                                |
| REO Speedwagon              | 13,242                            | -                      | (4,223)                    | (9,019)         | -                                      |
| Birchill's Narrow Boat      | 54,832                            | -                      | (1,074)                    | (11)            | 53,747                                 |
| Kildare Narrow Boat         | 30,131                            | -                      | (592)                      | 71              | 29,610                                 |
| Tram 5                      | 36,441                            | -                      | (717)                      | 117             | 35,841                                 |
| Anchor Forge & Steam Hammer | 26,581                            | -                      | -                          | 20,727          | 47,308                                 |
| Racecourse Colliery         | -                                 | -                      | -                          | 123,265         | 123,265                                |
|                             | <b>3,397,242</b>                  | <b>-</b>               | <b>68,854</b>              | <b>59,939</b>   | <b>3,388,327</b>                       |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Restricted Funds (Movement in Funds) (cont.)

| Group and company                       | Balance at 1<br>January 2017 | Incoming<br>Funds | Resources<br>Expended | Transfers        | Balance at 31<br>December<br>2017 |
|-----------------------------------------|------------------------------|-------------------|-----------------------|------------------|-----------------------------------|
|                                         | £                            | £                 | £                     | £                | £                                 |
| <b>Other Items</b>                      |                              |                   |                       |                  |                                   |
| Major Partner Museum (ACE)              | 50,795                       | 886,000           | (820,484)             | 17,583           | 133,894                           |
| Anchor Forge/Steam Hammer               | 24,094                       | 1,588             | -                     | (20,727)         | 4,955                             |
| Racecourse Colliery                     | 10,803                       | 138,022           | -                     | (123,265)        | 25,560                            |
| The Locksmith's House                   | 15,841                       | -                 | (3,138)               | -                | 12,703                            |
| Folkes Park                             | 53,832                       | 500               | (8,483)               | (34,896)         | 10,953                            |
| Leadership Programme                    | -                            | 9,083             | -                     | (9,083)          | -                                 |
| Mentoring & Support                     | 2,500                        | 6,000             | -                     | (8,500)          | -                                 |
| Arts Commissioning                      | 22,778                       | 41,750            | (61,210)              | -                | 3,318                             |
| Exhibition (Hall 2)                     | 1,287                        | -                 | -                     | -                | 1,287                             |
| Improving Accessibility                 | 1,000                        | -                 | -                     | -                | 1,000                             |
| Learning Projects                       | 19,579                       | 10,958            | (19,809)              | -                | 10,728                            |
| Stour (boat) Restoration                | 13,130                       | -                 | -                     | -                | 13,130                            |
| Collections Projects                    | 6,186                        | 22,395            | (17,037)              | -                | 11,544                            |
| Staff Award                             | 1,258                        | 1,000             | (1,274)               | -                | 985                               |
| St James's School<br>refurbishment      | -                            | 3,239             | -                     | -                | 3,239                             |
| Forging Ahead -<br>predevelopment phase | -                            | 98,029            | (98,184)              | -                | (156)                             |
| Forging Ahead -<br>development phase    | -                            | 134,268           | (134,268)             | -                | -                                 |
| Forging Ahead - delivery phase          | -                            | 51,548            | -                     | -                | 51,548                            |
|                                         | <b>223,083</b>               | <b>1,404,380</b>  | <b>(1,163,887)</b>    | <b>(178,888)</b> | <b>284,688</b>                    |
|                                         | <b>7,735,117</b>             | <b>1,404,380</b>  | <b>(1,366,998)</b>    | <b>(129,579)</b> | <b>7,642,920</b>                  |

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 these cases the fund is transferred to the appropriate asset heading to match the carrying value of the asset. As the carrying value of the asset depreciates, a matching amount is released (transferred) to general reserves. In more recent times, restricted funds have also included funds received to deliver programmes and for the procurement of services.

### 27 Designated Funds (Movement in Funds)

| Group and company       | 1 January<br>2017 | New<br>Designations | Utilised<br>funds | Transfers     | 31 December<br>2017 |
|-------------------------|-------------------|---------------------|-------------------|---------------|---------------------|
|                         | £                 | £                   | £                 | £             | £                   |
| Refurbishment programme | 34,538            | -                   | (34,538)          | -             | -                   |
| Future developments     | 250,000           | 380,000             | (180,441)         | -             | 449,559             |
| Tangible fixed assets   | 17,051            | -                   | (298)             | (16,753)      | -                   |
| Heritage asset reserve  | 1,745,706         | -                   | (31,184)          | 101,463       | 1,815,985           |
|                         | <b>2,047,295</b>  | <b>380,000</b>      | <b>(246,461)</b>  | <b>84,710</b> | <b>2,265,544</b>    |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Designated Funds (Movement in Funds) (cont.)

Designated funds are unrestricted funds, but nevertheless designated by the Trustees for the particular purposes of a Heritage Asset capital reserve and future funding of the Forging Ahead development programme.

### 28 Analysis of Net Assets between Funds

| Group                                                   | Unrestricted funds<br>£ | Restricted funds<br>£ | Total<br>£       |
|---------------------------------------------------------|-------------------------|-----------------------|------------------|
| Fund balances at 31 December 2017 are represented by:   |                         |                       |                  |
| Tangible fixed assets                                   | 2,576,789               | 7,358,232             | 9,935,021        |
| Net current assets                                      | 740,784                 | 284,688               | 1,025,472        |
| Creditors: amounts falling due after more than one year | (261,725)               | -                     | (261,725)        |
| Defined benefit pension liability                       | (1,704,000)             | -                     | (1,704,000)      |
|                                                         | <u>1,351,848</u>        | <u>7,642,920</u>      | <u>8,994,768</u> |

| Company                                                 | Unrestricted funds<br>£ | Restricted funds<br>£ | Total<br>£       |
|---------------------------------------------------------|-------------------------|-----------------------|------------------|
| Fund balances at 31 December 2017 are represented by:   |                         |                       |                  |
| Tangible fixed assets                                   | 2,564,715               | 7,358,232             | 9,922,947        |
| Net current assets                                      | 232,826                 | 284,688               | 517,514          |
| Creditors: amounts falling due after more than one year | (261,725)               | -                     | (261,725)        |
| Defined benefit pension liability                       | (1,704,000)             | -                     | (1,704,000)      |
|                                                         | <u>831,816</u>          | <u>7,642,920</u>      | <u>8,474,736</u> |

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

|                                                                                      | 2017<br>£      | 2016<br>£      |
|--------------------------------------------------------------------------------------|----------------|----------------|
| Net income/(expenditure) for the year (as per the Statement of Financial Activities) | 365,230        | 17,296         |
| Adjustments for:                                                                     |                |                |
| Depreciation charges                                                                 | 287,343        | 299,912        |
| Loss of sale of assets                                                               | 4,030          | -              |
| Interest income on investments                                                       | -              | (1)            |
| Decrease/(increase) in stocks                                                        | 3,764          | (7,255)        |
| Decrease/(increase) in debtors                                                       | (108,360)      | (179,876)      |
| (Decrease)/increase in creditors                                                     | (96,494)       | 73,564         |
| Pension scheme non cash movements                                                    | (35,000)       | (13,000)       |
|                                                                                      | <u>420,513</u> | <u>190,640</u> |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 30 Analysis of Cash and Cash Equivalents

|                                 | 2017      | 2016    |
|---------------------------------|-----------|---------|
|                                 | £         | £       |
| Cash in hand                    | 34,565    | 19,575  |
| Current account                 | 989,970   | 858,007 |
| Total Cash and Cash Equivalents | 1,024,535 | 877,582 |

### 31 Pension Scheme and Other Post-Retirement Benefit Commitments

The Museum is an admitted body as part of the West Midlands Pension Fund (WMPF) providing benefits based on pensionable pay to certain members of Museum staff. The WMPF has 605 active scheme employers and over 302,000 members, and net assets of £14.3bn. 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](http://www.wmpfonline.com).

After 31 March 2011, the Museum closed the defined pension scheme to new entrants and made available a separate defined contribution pension scheme provided by Friends Life and Aegon to new employees and for existing staff who did not have other pension provision. From 1 June 2014, this was supplemented by an auto-enrolment scheme provided by Aegon which is available for all eligible staff.

#### Defined Contribution Pension Scheme

|                                     | December 2017 | December 2016 |
|-------------------------------------|---------------|---------------|
|                                     | £             | £             |
| Defined Contribution Pension Scheme |               |               |
| Contributions payable by the Museum | 50,171        | 37,591        |

#### Defined Benefit Pension Scheme

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 £1,704,000 (December 2016: £1,349,000). 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 Financial Statements for the Year Ended 31 December 2017

### Pension Scheme and Other Post-Retirement Benefit Commitments (cont.)

|                                     | December 2017<br>£ | December 2016<br>£ |
|-------------------------------------|--------------------|--------------------|
| Present value of funded obligations | 7,163,000          | 6,552,000          |
| Fair value of plan assets           | (5,459,000)        | (5,203,000)        |
| Defined Benefit Pension Liability   | <u>1,704,000</u>   | <u>1,349,000</u>   |

|                                                   | December 2017<br>£ | December 2016<br>£ |
|---------------------------------------------------|--------------------|--------------------|
| Included in staff costs within total expenditure: |                    |                    |
| Current service costs                             | 108,000            | 89,000             |
| Net interest cost                                 | 34,000             | 48,000             |
| Administrative expenses                           | 2,000              | 1,000              |
| Total Pension Costs                               | <u>144,000</u>     | <u>138,000</u>     |
| Actual return on plan assets                      | <u>515,000</u>     | <u>1,054,000</u>   |

|                                                             | December 2017<br>£ | December 2016<br>£ |
|-------------------------------------------------------------|--------------------|--------------------|
| Actual return less expected return on pension scheme assets | 374,000            | 894,000            |
| Other actuarial losses on assets                            | (276,000)          | -                  |
| Losses on change of assumptions                             | (118,000)          | (918,000)          |
| Experience losses on defined benefit obligation             | (370,000)          | -                  |
|                                                             | <u>(390,000)</u>   | <u>(24,000)</u>    |

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

|                                               | December 2017<br>£ | December 2016<br>£ |
|-----------------------------------------------|--------------------|--------------------|
| Opening defined benefit obligation            | 6,552,000          | 5,605,000          |
| Current service cost                          | 108,000            | 89,000             |
| Interest cost                                 | 175,000            | 208,000            |
| Contributions by scheme participants          | 21,000             | 22,000             |
| Experience loss on defined benefit obligation | 370,000            | -                  |
| Actuarial losses                              | 118,000            | 918,000            |
| Benefits paid                                 | (181,000)          | (290,000)          |
|                                               | <u>7,163,000</u>   | <u>6,552,000</u>   |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Pension Scheme and Other Post-Retirement Benefit Commitments (cont.)

Changes in fair value of plan assets are as follows:

|                                        | December 2017    | December 2016    |
|----------------------------------------|------------------|------------------|
|                                        | £                | £                |
| Opening fair value of plan assets      | 5,203,000        | 4,267,000        |
| Interest on assets                     | 141,000          | 160,000          |
| Return on assets less interest         | 374,000          | 894,000          |
| Other actuarial losses                 | (259,000)        | -                |
| Administration expenses                | (2,000)          | (1,000)          |
| Contributions by employer              | 162,000          | 151,000          |
| Contributions from scheme participants | 21,000           | 22,000           |
| Benefits paid                          | (181,000)        | (290,000)        |
|                                        | <b>5,459,000</b> | <b>5,203,000</b> |

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

|                              | December 2017 | December 2016 | December 2015 | December 2014 | December 2013 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| CPI increases                | 2.60%         | 2.70%         | 2.10%         | 2.10%         | 2.40%         |
| Discount rate at 31 December | 2.50%         | 2.70%         | 3.80%         | 3.60%         | 4.50%         |
| Future salary increases      | 4.10%         | 4.20%         | 3.85%         | 3.85%         | 4.15%         |
| Future pension increases     | 2.60%         | 2.70%         | 2.10%         | 2.10%         | 2.40%         |

Assumed life expectations from age 65:

|                       |        | December 2017 | December 2016 | December 2015 | December 2014 | December 2013 |
|-----------------------|--------|---------------|---------------|---------------|---------------|---------------|
|                       |        | £             | £             | £             | £             | £             |
| Retiring today:       | Male   | 21.8          | 21.7          | 23.0          | 22.9          | 22.8          |
|                       | Female | 24.3          | 24.2          | 25.6          | 25.5          | 25.4          |
| Retiring in 20 years: | Male   | 24.0          | 23.9          | 25.2          | 25.1          | 25.0          |
|                       | Female | 26.6          | 26.5          | 28.0          | 27.8          | 27.7          |

### 32 Related Party Disclosures

The Museum owns the whole of the issued share capital of Black Country Living Museum Living Enterprises Limited. During the year, the Museum charged the company £175,279 (2016: £166,178) for rents and services and the company donated its profits, through Gift Aid, of £400,851 (2016: £432,429). At the year end the company owed the Museum £319,219 (2016: £281,122).

### 33 Capital Commitments

At 31 December 2017 the Museum had no capital commitments (2016:£nil).

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 34 Comparative Funds Notes

#### Designated Funds

|                         | Balance at 1<br>January 2016 | New<br>Designations | Utilised funds  | Transfer | Balance at 31<br>December<br>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                         |
|                         | <b>2,081,593</b>             |                     | <b>(34,298)</b> |          | <b>2,047,295</b>                  |

#### Restricted Funds

|                             | Balance at 1<br>January 2016 | Incoming<br>Funds | Resources<br>Expended | Transfers     | Balance at 31<br>December<br>2016 |
|-----------------------------|------------------------------|-------------------|-----------------------|---------------|-----------------------------------|
|                             | £                            | £                 | £                     | £             | £                                 |
| <b>Tangible Assets</b>      |                              |                   |                       |               |                                   |
| 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                           |
|                             | <b>4215,737</b>              | <b>-</b>          | <b>(149,732)</b>      | <b>48,787</b> | <b>4,114,792</b>                  |
| <b>Heritage Assets</b>      |                              |                   |                       |               |                                   |
| 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                           |
| REO Speedwagon              | 13,500                       | -                 | (258)                 | -             | 13,242                            |
| Birchill's 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                            |
|                             | <b>3,435,522</b>             | <b>-</b>          | <b>(64,861)</b>       | <b>26,581</b> | <b>3,397,242</b>                  |

# Black Country Living Museum Trust

## Notes to the Financial Statements for the Year Ended 31 December 2017

### Comparative Funds notes (cont.)

|                                              | Balance at 1<br>January 2016 | Incoming<br>Funds | Resources<br>Expended | Transfers       | Balance at 31<br>December<br>2016 |
|----------------------------------------------|------------------------------|-------------------|-----------------------|-----------------|-----------------------------------|
|                                              | £                            | £                 | £                     | £               | £                                 |
| <b>Other Items</b>                           |                              |                   |                       |                 |                                   |
| 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<br>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)         | -                                 |
| J Hughes Award -Staff Training               | 1,000                        | 1,000             | (742)                 | -               | 1,258                             |
| Other                                        | 55                           | 2,500             | (2,585)               | 30              | -                                 |
|                                              | <b>202,447</b>               | <b>995,697</b>    | <b>(901,443)</b>      | <b>(73,618)</b> | <b>223,083</b>                    |
|                                              | <b>7,853,706</b>             | <b>995,697</b>    | <b>(1,116,036)</b>    | <b>1,750</b>    | <b>7,735,117</b>                  |

|                                                              | Unrestricted<br>funds<br>£ | Restricted funds<br>£ | Total<br>£       |
|--------------------------------------------------------------|----------------------------|-----------------------|------------------|
| <b>Fund balances at 31 December 2016 are represented by:</b> |                            |                       |                  |
| 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)      |
|                                                              | <b>1,284,421</b>           | <b>7,735,117</b>      | <b>9,019,538</b> |

### 35 Prior Year Adjustment

The comparative figures of the parent company have been restated to reflect clarification on FRS 102 treatment of Gift Aid payment of profits from the trading subsidiary and that they are considered to be a distribution and so can only be recognised by the parent company upon receipt or where there is a legal obligation for the subsidiary to make the distribution.