

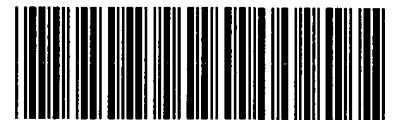
Registered number: 08036113
Charity number: 1149710

Derby Museums

Trustees Report and Financial Statements

For the year ended 31 March 2016

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ACCOUNTANTS

Derby Museums
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 14
Independent auditors' report	15 - 16
Consolidated statement of financial activities	17
Consolidated balance sheet	18
Company balance sheet	19
Notes to the financial statements	20 - 31

Derby Museums
(A company limited by guarantee)

Reference and Administrative Details of the Company, its Trustees and Advisers
For the year ended 31 March 2016

Trustees	Lord Cavendish, 12th Duke of Devonshire (resigned 2 November 2015) Patricia Coleman, OBE (Vice Chair) Maxwell Craven, MBE (nominated member from Friends of Derby Museums) Ray Freeman Roger Frost (resigned 24 May 2016) Councillor Hilary Jones (nominated member from Derby City Council) (resigned 24 May 2016) Jonathan Leach (resigned 26 January 2016) David Ling Roger Merchant Professor Philip Plowden Nick Roper (resigned 2 November 2015) Peter Smith (Chair) Councillor John Whitby (nominated member from Derby City Council) Councillor Roy Webb (nominated member from Derby City Council) Caroline McComb (appointed 2 September 2015) Heather Broughton (appointed 24 November 2015) Daisy Giuliano (appointed 24 November 2015) Linda Sullivan (appointed 24 November 2015)
Patron	Lord Cavendish, 12th Duke of Devonshire
Company registered number	08036113
Charity registered number	1149710
Registered office	The Silk Mill Silk Mill Lane 32 Full Street Derby Derbyshire DE1 3AF
Independent auditors	Dains LLP Charlotte House Stanier Way The Wyvern Business Park Derby DE21 6BF
Bankers	The Co-operative Bank 31 East Street Derby Derbyshire DE1 2AL Santander UK Plc 1st Floor 5 Market Place Derby DE1 3PY

Derby Museums
(A company limited by guarantee)

Trustees' Report
For the year ended 31 March 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Derby Museums (the company and the group) for the year ended 31 March 2016. The Trustees confirm that the Annual report and financial statements of the company and the group comply with the current statutory requirements, the requirements of the company and the group's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective 1 January 2015).

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. Constitution

The company and the group is registered as a charitable company limited by guarantee (charity number 1149710) and was set up by a Memorandum of Association on 18 April 2012 as amended 18 December 2012. The company was registered as a charity on 12 November 2012.

Derby Museums started trading on 1 October 2012 as an independent Trust. It has a wholly owned subsidiary called Derby Museums Enterprises Limited which commenced trading on 1 April 2014.

b. Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Patron

- Lord Cavendish, 12th Duke of Devonshire

Board members, during the year are as follows

- Lord Cavendish, 12th Duke of Devonshire - (resigned on 2 November 2015)
- Patricia Coleman, OBE (Vice Chair)
- Maxwell Craven, MBE (nominated member from Friends of Derby Museums)
- Ray Freeman
- Roger Frost - (resigned 24 May 2016)
- Councillor Hilary Jones (nominated member from Derby City Council) - (resigned 24 May 2016)
- Jonathan Leach - (resigned 26 January 2016)
- David Ling
- Roger Merchant
- Professor Philip Plowden
- Nick Roper - (resigned 2 November 2015)
- Peter Smith (Chair)
- Councillor John Whitby (nominated member from Derby City Council)
- Councillor Roy Webb (nominated member from Derby City Council)
- Caroline McComb - (appointed 2 September 2015)
- Heather Broughton - (appointed 24 November 2015)
- Daisy Giuliano - (appointed 24 November 2015)
- Linda Sullivan - (appointed 24 November 2015)

Derby Museums
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 March 2016

The following trustees were reappointed by rotation, for a further 3 years

- Patricia Coleman, OBE (Vice Chair)
- David Ling
- Ray Freeman

Board members represent a range of skills and competencies including:

- Education
- Community Engagement
- Arts and heritage
- Technology & engineering
- Accountancy & general finance
- Legal
- Commercial
- Social & economic regeneration
- Strategic management & business development
- Tourism

Members of the senior management team are

- Tony Butler - Executive Director
- Mohammed Suleman - Director of Resources
- Hannah Fox - Silk Mill Project Director
- Jonathan Wallis - Head of Museum Development
- Sue Jacklin - Business Development Manager
- Andrea Mercer - Senior management Audiences and Communities

c. Policies adopted for the induction and training of Trustees

Trustees undergo a briefing on their legal obligations under charity law, the content of the Memorandum and Articles of Association, the board of trustees committee and decision making processes, the business plan and recent financial performance of the charity. New trustees also meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

d. Organisational structure and decision making

The Memorandum and Articles of Association for the organisation provide that the board shall consist of at least 3 and not more than 16 individuals comprised as follows:

- One Trustee nominated by the Friends of Derby Museums
- Up to three Trustees nominated by Derby City Council
- Up to twelve Community Trustees

e. Risk management

The Trustees have assessed the major risks to which the company and the group is exposed, in particular those related to the operations and finances of the company and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Risk	Plans & Strategy
The Company receives 65% of it's funding from the local authority. The current budget from the council shows there would be no funding for Museums from 2018/19 onwards.	The senior management team have been working closely with the local authority in working on a plan to give the Company more time to find alternative sources of funds. A new fundraiser has been appointed with a view to securing more unrestricted funding. A strategy has been developed involving setting up an endowment fund to help maintain the museum.
The Company has received £12m of funding from HLF/Arts Council earmarked for the redevelopment of the Silk Mill Museum. There is a risk that this would not be delivered on time, to budget or delivering the promises set out to the major funders.	All the people required to deliver the project are in place together with the professional advisors. Regular meetings take place together with engagement with the public to ensure project objectives are met. A Silk Mill project board has been set up that overlooks the progress of the project.

Objectives and Activities

a. Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

Derby Museums has been established as a company limited by guarantee with exclusively charitable objects. Its objects are:

- To advance the education of the public at large by the establishment and/or maintenance of a museum and/or art gallery.
- To advance the education of the public at large by the preservation of buildings of historic and/or architectural importance.
- Without prejudice to the generality of the above, to advance the education of the public at large of Derby's engineering and creative heritage.
- To provide or assist in the provision of facilities in the interests of social welfare for recreation as a leisure time occupation for individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances or the public at large with the object of improving their conditions of life.
- Such other charitable purposes consistent with the above, as the trustees in their absolute discretion shall determine.

Charity registration helps the charity achieve its objects, most significantly in relation to fundraising and gives confidence to third parties, particularly funding partners, that the organisation operates to the highest standards of good governance and is overseen by an independent regulator.

b. Strategies for achieving objectives

Derby Museums has a vision for Derby with its Museums and heritage at its heart:

The vision for Derby Museums is to shape the way in which Derby is understood, the way in which the city projects itself, the way in which people from all places are inspired to see themselves as the next generation of innovators, makers and creators.

The aims of the organisation are:

- To create Derby's Museum of Making at the Silk Mill as a museum and visitor attraction of national and international significance
- To develop Derby Museums as a resilient business combining enterprise and a strong sense of social purpose
- Carry out an affordable programme of improvements to the Museum and Art Gallery and Pickford's House
- Develop a partnership to deliver a major international touring exhibition of the works of Joseph Wright of Derby for 2021
- Ensure more people learn and participate in ever better experiences and be recognised as a centre for innovation in UK Museums

Achievements and performance

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

b. Review of activities

On 28th March 2015, the new Nature Gallery, "Notice Nature Feel Joy", was opened by TV presenter Michaela Strachan. This was funded by DCMS & Wolfson Fund and over 200 volunteers helped to shape and make the gallery. On the same day, the museum also launched its "Buy-A-Bird" campaign which recognised habitual donors. This has proved to be very popular with the number of birds growing significantly and raising a total of £4,500 towards free activities for families.



Running concurrently was the exhibition from Bud to Bloom from the The Crafts Council collection. This show illustrated how the natural world inspired modern artists and makers.

In April, The Silk Mill hosted TEDx Derby where a series of speakers talked about how they have used creativity and a sideways view of the world to promote social change.

Derby Museums
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 March 2016

In June Derby Museums contributed to the Derby Book festival and the Museum was proudly involved in hosting a number of events at all three museums.



Derby Museums was delighted to be earmarked £9.4m by the Heritage Lottery Fund to redevelop the Silk Mill as Derby's Museum of Making. This will both explore the creative heritage of the city and enable local people to 'make' the new attraction. The building work is expected to begin in 2018 before the new museum is open to the public by March 2020.

In July, as part of The Grand Tour programme across Derbyshire and Nottinghamshire, the Museums showed two rarely seen works of the Colosseum in Rome by Joseph Wright of Derby.

At Pickford's House, a Summer Spectacular took place with lots of games, stalls, magician and a busy Georgian market. TV antiques expert Charles Hanson drew the prizes for the raffle.



Derby Museums
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 March 2016

We participated in a national campaign led by the National Museums Directors Council – I Love Museums - which gave the Company a good national profile

For three days in the Summer, The Silk Mill was the host for Maker Camp, an international celebration of making and connecting with inventors and artists from around the world. We hosted several young makers who designed and made a working pinball machine.



In Autumn Derby Museum and Art Gallery presented Of a Place by Kerri Pratt, an emerging winner of the biennial Jonathan Vickers Fine Art Award. Her exhibition was inspired by the remnants and traces of industrial landscapes of the country.

We also hosted a show of Henri Matisse: Drawing with Scissors, which featured 35 lithographic reproductions of the famous cut-outs, produced in the last four years of his life



Derby Museums
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 March 2016

The Fourth Derby Mini Maker Faire took place at the Silk Mill, once again attracting over 2600 visitors and over 80 makers. It was a great way for makers, hackers and artists to show off their ingenuity.



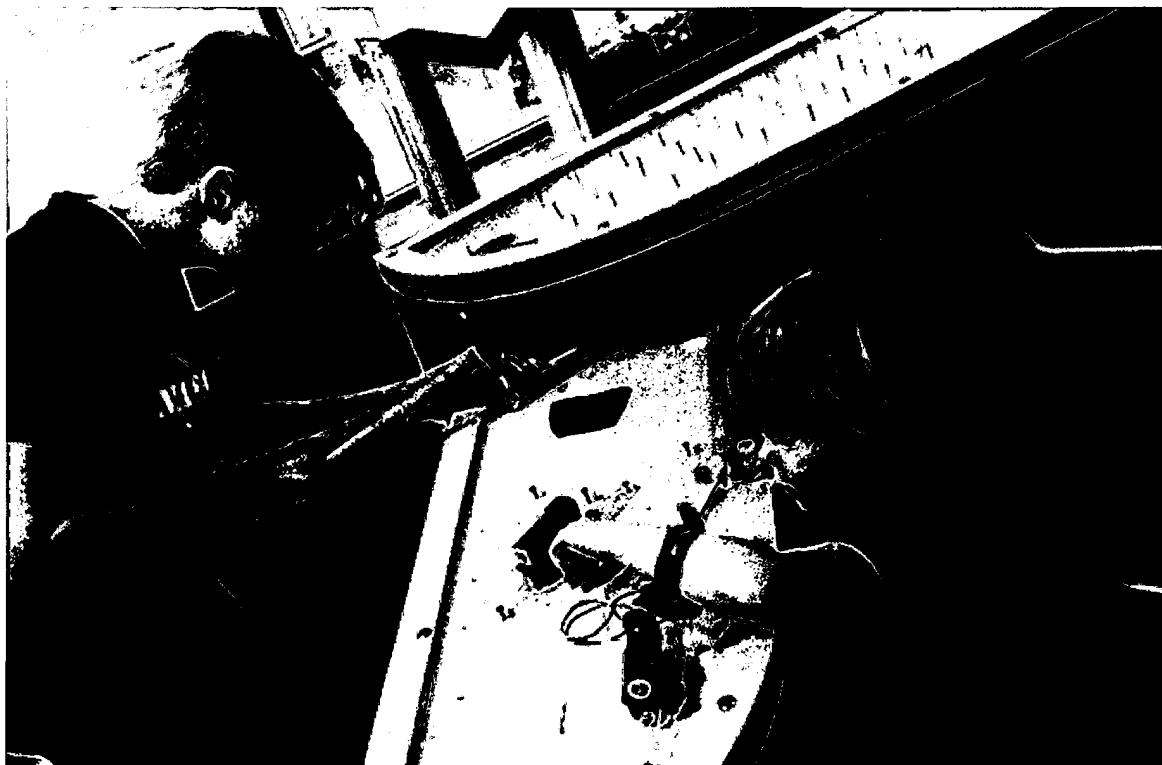
In December Pickford's House hosted *An Enchanted Christmas*, celebrating a traditional Georgian Christmas past. Pickford's House also hosted its first ever fine dining event, where food was served in the Great Dining room for the first time in over 100 years. Local celebrity chef, Ralph Skripek wowed diners with his traditional game Christmas dinner.



The Silk Mill also hosted it's first ever Christmas Party where over 80 guests enjoyed a mulled wine reception, a 3 course traditional Christmas dinner, followed by a DJ and Disco.



In February we had over twenty five people take part in the What If? Machine making a consequential, self-triggering, over-engineered machine invented to complete a simple task.



Derby Museums
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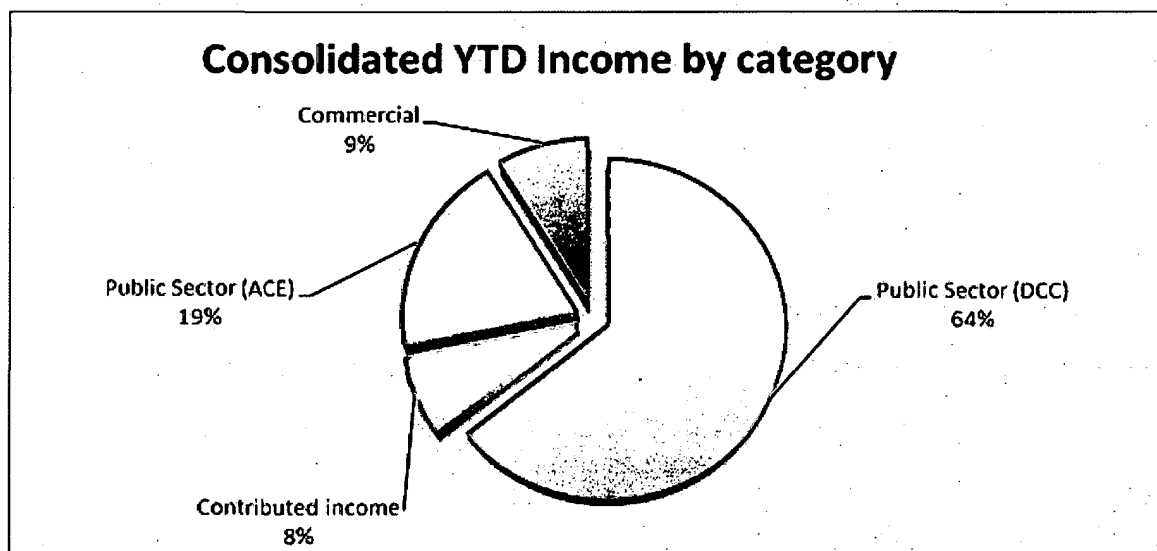
Trustees' Report (continued)
For the year ended 31 March 2016

In March, as part of Season 2 of The Grand Tour, the museum presented the exhibition Joseph Wright and the Lure of Italy. This drew upon his formative period in Wright's life, alongside the experiences of his fellow Derbeians abroad.

Derby Museums was short listed in the Derbyshire Chamber Business Awards in the category of Business in the Community.

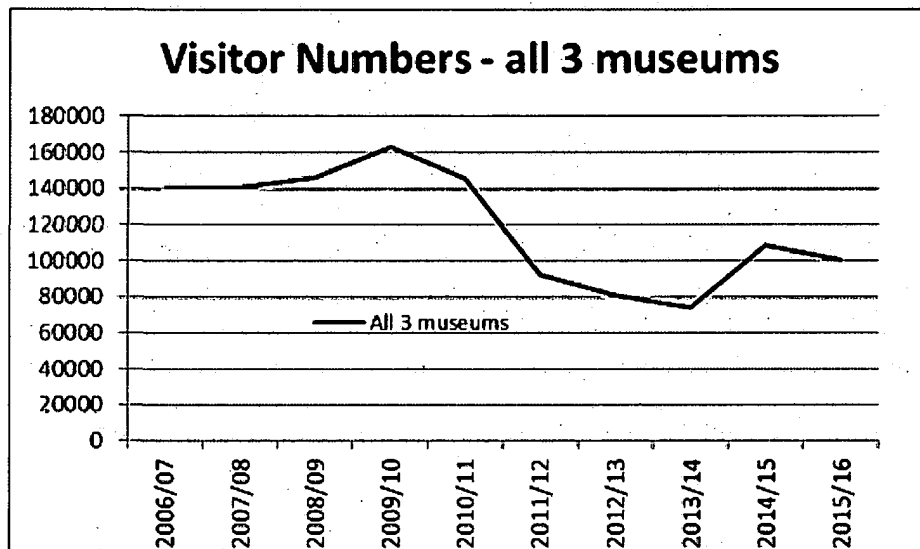
c. Key financial performance indicators

Source of income:



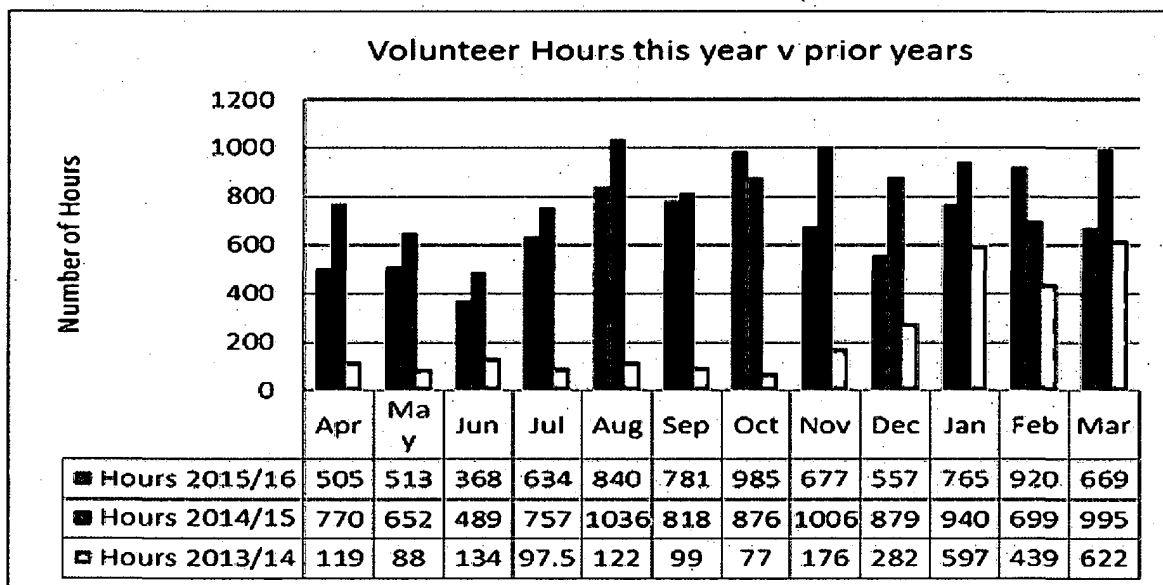
The percentage of income from local council increased marginally from 62% last year to 64% this year, however this is due to a £175,000 grant given to the Company as part of the matched funding on the HLF project. If this was removed, then the local authority percentage on "core" funding was 56% which is a fall of 6%. The Arts Council contribution fell from 22% to 19%, with commercial income increasing from 7% to 9%.

Visitor numbers:



Visitor numbers fell in 2015/16 primarily due to reduced opening hours. Pickford's House is now closed on a Sunday (as well as a Monday) with the Museum and Art Gallery halving its opening hours on a Sunday. Furthermore, it was closed during the 2 weeks of Christmas which affected the number of visitors coming. The Silk Mill was closed for 6 weeks from 2 January 2016 which was the main contributor to the fall in visitors. If a calculation was made to work out visitors per hour the museum is open, then all three museums saw growth in visitors from last year.

Volunteer hours:



The number of volunteer hours fell this year to 8,214. This is still three to four times the historical average for the organisation. The reason why 2014/15 was higher was due to the Notice Nature Feel Joy gallery which was redeveloped with the help of a large volunteer programme. This year, there were only smaller projects therefore the number of volunteers was less.

Financial review

a. Reserves policy

The charity's policy is eventually to cover six months of unrestricted expenditure. The charity will aim to build reserves over a ten year period to a level that will cover six months' unrestricted expenditure. As at 31 March 2016, the reserves of £1,001,999 represented 9.6 months of expenditure. Due to the current uncertainties in funding, the trustees have deemed it necessary to increase the level of reserves above the charity's policy.

b. Principal funding

The charity's main source of income is grant income from Arts Council England and Derby City Council. During the year £2,094,983 (2015: £2,255,630) was raised by the Company, of which, £1,535,168 (2015: £1,901,249) was from Arts Council England and Derby City Council to be applied for the charity's work. Details of the restricted funds totalling £129,843 (2015: £22,851) and their purpose can be found in Note 17 to the financial statements

c. Material investments policy

As required in its Memorandum, in furtherance of its objects, and for no other purposes, the Company has the power to invest the monies of the Company not immediately required for its purpose in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law.

Plans for future periods

The Trust has a clear set of aims and objectives – mentioned previously in this report. The challenges facing this new organisation are to evidence a strengthened commercialism and resilience plus an improved customer offer in order to attract continued financial support from its two main funders. This will include, but not be restricted to, increasing funding from other sources, both donations / fundraising and commercial income.

Members' liability

The Members of the company and the group guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

Trustees' responsibilities statement

The Trustees (who are also directors of Derby Museums for the purposes of company law) are responsible for preparing the Trustees' 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 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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 charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

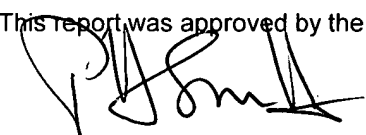
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

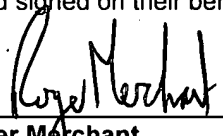
- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 26/7/16 and signed on their behalf by:


Peter Smith
Trustee - Chair of Board


Roger Merchant
Trustee - Chair of Finance & Resources

Independent Auditors' Report to the Members of Derby Museums

We have audited the financial statements of Derby Museums for the year ended 31 March 2016 which comprise the statement of financial activities, the balance sheet the group Statement of financial activities, the group and company Balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, 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.

We have been appointed as auditors under the Companies Act 2006 and section 145 of the Charities Act 2011 and report to you in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Charities Act 2011

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

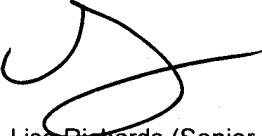
Derby Museums
(A company limited by guarantee)

Independent Auditors' Report to the Members of Derby Museums

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption in preparing the Trustees' report.



Lisa Richards (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor Chartered Accountants

Charlotte House, Derby

Date:

26/7/16

Derby Museums
(A company limited by guarantee)
Consolidated Statement of Financial Activities
For the year ended 31 March 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:					
Donations and legacies	2	40,784	-	40,784	148,902
Other trading activities	3	138,905	-	138,905	144,497
Charitable activities	4	1,137,094	778,200	1,915,294	1,962,231
Total income		1,316,783	778,200	2,094,983	2,255,630
Expenditure on:					
Raising funds	3	102,792	-	102,792	103,822
Charitable activities	5,8	1,151,736	671,208	1,822,944	1,886,804
Total expenditure	9	1,254,528	671,208	1,925,736	1,990,626
Net income		62,255	106,992	169,247	265,004
Net movement in funds		62,255	106,992	169,247	265,004
Reconciliation of funds:					
Total funds at 1 April 2015		809,901	22,851	832,752	567,748
Total funds at 31 March 2016		872,156	129,843	1,001,999	832,752

The notes on pages 20 to 31 form part of these financial statements.

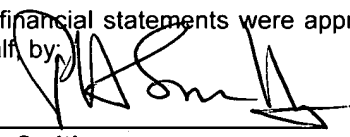
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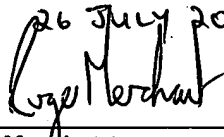
Consolidated Balance Sheet
As at 31 March 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		136,476		154,018
Current assets					
Stocks		15,803		12,251	
Debtors	14	109,167		1,439,236	
Cash at bank and in hand		1,020,084		872,304	
		<u>1,145,054</u>		<u>2,323,791</u>	
Creditors: amounts falling due within one year	15	<u>(279,531)</u>		<u>(1,643,057)</u>	
Net current assets			865,523		680,734
Total assets less current liabilities			1,001,999		834,752
Creditors: amounts falling due after more than one year	16		-		(2,000)
Net assets			1,001,999		832,752
Charity Funds					
Restricted funds	17	129,843		22,851	
Unrestricted funds	17	872,156		809,901	
Total funds			1,001,999		832,752

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Trustees on 26 July 2016 and signed on their behalf by:


Peter Smith
Trustee - Chair of Board


Roger Merghant
Trustee - Chair of Finance & Resources

The notes on pages 20 to 31 form part of these financial statements.

Derby Museums
(A company limited by guarantee)
Registered number: 08036113

Company Balance Sheet
As at 31 March 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		136,476		154,018
Investments	13		1		1
			<u>136,477</u>		<u>154,019</u>
Current assets					
Debtors	14	226,128		1,503,236	
Cash at bank and in hand		910,730		808,841	
		<u>1,136,858</u>		<u>2,312,077</u>	
Creditors: amounts falling due within one year	15	(271,338)		(1,631,345)	
Net current assets			<u>865,520</u>		<u>680,732</u>
Total assets less current liabilities			<u>1,001,997</u>		<u>834,751</u>
Creditors: amounts falling due after more than one year	16		-		(2,000)
Net assets			<u>1,001,997</u>		<u>832,751</u>
Charity Funds					
Restricted funds	17		129,843		22,851
Unrestricted funds	17		872,154		809,900
Total funds			<u>1,001,997</u>		<u>832,751</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Trustees on behalf, by: 24 July 2016 and signed on their

Peter Smith
Peter Smith
Trustee - Chair of Board

Roger Merchant
Roger Merchant
Trustee - Chair of Finance & Resources

The notes on pages 20 to 31 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Derby Museums and its subsidiary undertaking.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £169,247.

1.3 Going concern

These accounts are prepared on a going concern basis, the charity is confident of remaining a going concern for the foreseeable future.

1.4 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1. Accounting Policies (continued)

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.6 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings..

1.8 Cash flow

The financial statements do not include a Consolidated cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.9 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	20% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33.33% straight line
Assets under construction	-	No depreciation is charged on assets under construction

1. Accounting Policies (continued)

1.10 Hire purchase

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Hire purchase contracts are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

2. Income from donations and legacies

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fundraising, sponsorship and donations	40,784	-	40,784	148,902

3. Trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Commercial trading operations				
Turnover	138,905	-	138,905	144,497
Cost of sales	54,209	-	54,209	57,837
Administrative expenses	48,583	-	48,583	45,985
	102,792	-	102,792	103,822
Net income from trading activities	36,113	-	36,113	40,675

4. Income from charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Arts Council England - Strategic fund	-	392,869	392,869	499,630
Arts Council England - Designation fund	6,430	-	6,430	-
Derby City Council - Support	1,054,189	-	1,054,189	1,319,939
Derby City Council - Services	-	81,680	81,680	81,680
External contributions for staff costs	-	-	-	26,760
Partnerships and grants	36,797	303,651	340,448	6,120
Income from retail, catering and IPR	7,380	-	7,380	-
Activities, events, displays & exhibitions	2,398	-	2,398	970
Learning programmes and research	19,576	-	19,576	14,936
Other income	10,324	-	10,324	12,196
	1,137,094	778,200	1,915,294	1,962,231

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

5. Analysis of expenditure on charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Operation of museums (see notes 6 and 7 for further details)	<u>1,145,065</u>	<u>671,208</u>	<u>1,816,273</u>	<u>1,876,199</u>

6. Direct costs

	Operation of museum £	Total 2016 £	Total 2015 £
Premises and transport	133,246	133,246	196,379
Supplies and services	15,435	15,435	15,866
Support services	81,680	81,680	81,680
Marketing and PR	49,102	49,102	36,281
Development	88,950	88,950	243,826
Exhibitions	56,274	56,274	66,203
Professional fees	65,523	65,523	14,768
Learning	31,686	31,686	19,549
Collections management	973	973	9,566
Wages and salaries	758,254	758,254	706,867
National insurance	57,458	57,458	50,710
Pension cost	124,347	124,347	127,712
Depreciation	47,891	47,891	32,097
	<u>1,510,819</u>	<u>1,510,819</u>	<u>1,601,504</u>

7. Support costs

	Operation of museum £	Total 2016 £	Total 2015 £
Other employee costs	38,609	38,609	42,788
IT costs	30,398	30,398	9,179
Bank charges	1,433	1,433	1,405
Wages and salaries	189,563	189,563	176,718
National insurance	14,364	14,364	12,677
Pension cost	31,087	31,087	31,928
	<u>305,454</u>	<u>305,454</u>	<u>274,695</u>

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

8. Governance costs

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Auditor's remuneration	4,500	-	4,500	4,500
Legal fees	261	-	261	749
Accounting costs	500	-	500	2,900
Trustees expenses	1,005	-	1,005	1,405
Trustees training	405	-	405	1,051
	<u>6,671</u>	<u>-</u>	<u>6,671</u>	<u>10,605</u>

9. Analysis of resources expended by expenditure type

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Commercial trading operations	-	-	102,792	102,792	103,822
Costs of generating funds	-	-	102,792	102,792	103,822
Operation of museums	1,175,073	47,891	593,309	1,816,273	1,876,199
Expenditure on governance	-	-	6,671	6,671	10,605
	<u>1,175,073</u>	<u>47,891</u>	<u>702,772</u>	<u>1,925,736</u>	<u>1,990,626</u>

10. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	46,889	31,347
- held under finance leases	1,002	751
Auditors' remuneration	4,500	4,500
Pension costs	<u>155,434</u>	<u>159,640</u>

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

4 Trustees received reimbursement of expenses amounting to £639 in the current year, (2015 - 4 Trustees - £1,405).

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

11. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	947,817	883,583
Social security costs	71,822	63,387
Other pension costs	155,434	159,640
	<u>1,175,073</u>	<u>1,106,610</u>

The average monthly number of employees was as follows:

	2016	2015
	No.	No.
Management	10	10
Administration	58	57
	<u>68</u>	<u>67</u>

No employee received remuneration amounting to more than £60,000 in either year.

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

12. Tangible fixed assets

Group and Company	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2015	10,573	143,742	38,231	192,546
Additions	-	30,349	-	30,349
At 31 March 2016	10,573	174,091	38,231	222,895
Depreciation				
At 1 April 2015	2,632	18,190	17,706	38,528
Charge for the year	2,114	33,033	12,744	47,891
At 31 March 2016	4,746	51,223	30,450	86,419
Net book value				
At 31 March 2016	5,827	122,868	7,781	136,476
At 31 March 2015	7,941	125,552	20,525	154,018

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group and Company	2016 £	2015 £
Plant and machinery	4,922	6,341

13. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 April 2015 and 31 March 2016	1

Company material investments

The following subsidiary undertakings have been consolidated into the group financial statements;

Company Name	Country of incorporation	Percentage shareholding	Nature of business
Derby Museum Enterprises Limited	England & Wales	100%	Catering and retail sales within the museum

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

14. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	22,122	1,419,002	16,074	1,390,882
Amounts owed by group undertakings	-	-	123,009	92,120
Other debtors	76,557	-	76,557	-
Prepayments and accrued income	10,488	20,234	10,488	20,234
	109,167	1,439,236	226,128	1,503,236

15. Creditors:
Amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Net obligations under hire purchase contracts	2,083	2,000	2,083	2,000
Trade creditors	34,146	157,503	32,514	154,451
Other taxation and social security	26,646	220,204	21,685	211,542
Other creditors	16,436	15,745	16,437	15,745
Accruals and deferred income	200,220	1,247,605	198,619	1,247,607
	279,531	1,643,057	271,338	1,631,345

16. Creditors:
Amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Net obligations under hire purchase contracts	-	2,000	-	2,000

All hire purchase contracts are secured on the assets concerned.

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

17. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Designated funds				
Derby City Council - Reserves Transferred	85,406	-	-	85,406
General funds				
General Fund	724,495	1,316,783	(1,254,528)	786,750
Total Unrestricted funds	809,901	1,316,783	(1,254,528)	872,156
Restricted funds				
Arts Council England - Strategic fund	-	392,869	(392,869)	-
Arts Council England - Designation fund	22,851	-	-	22,851
Derby City Council - Support services	-	81,680	(81,680)	-
Other grants and donations	-	303,651	(196,659)	106,992
	22,851	778,200	(671,208)	129,843
Total of funds	832,752	2,094,983	(1,925,736)	1,001,999

Arts Council England - Strategic Fund

Allocated in October 2012, this fund is to establish the new organisation and focus on the delivery of its strategic objectives.

Arts Council England - Designation Fund

To develop a study area to promote understanding and enjoyment of our nationally Designated Joseph Wright collection.

Derby City Council - Support Services

This contract with Derby City Council provides continuation of support services at an agreed annual rate. This contract is to 2018.

Derby City Council - Reserves Transferred

These funds are designated for the general improvement of collections and buildings and are accumulated donations/bequests.

Other Grants and Donations

These include donations which are provided to the charity with stipulations over the projects which expenditure is to be incurred.

Derby Museums
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 March 2016

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Designated funds	85,406	-	-	85,406
General funds	724,495	1,316,783	(1,254,528)	786,750
	<u>809,901</u>	<u>1,316,783</u>	<u>(1,254,528)</u>	<u>872,156</u>
Restricted funds	22,851	778,200	(671,208)	129,843
	<u>832,752</u>	<u>2,094,983</u>	<u>(1,925,736)</u>	<u>1,001,999</u>

18. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	136,476	-	136,476	154,018
Current assets	1,015,211	129,843	1,145,054	2,323,791
Creditors due within one year	(279,531)	-	(279,531)	(1,643,057)
Creditors due in more than one year	-	-	-	(2,000)
	<u>872,156</u>	<u>129,843</u>	<u>1,001,999</u>	<u>832,752</u>

19. Pension commitments

The charity is an employer for the purpose of the Derbyshire County Council Local Government Pension Scheme. As noted in the accounting policies, the charity is indemnified against prior and future liabilities of the scheme. The LGPS has therefore been treated as a defined contribution scheme for accounting purposes. During the year to 31 March 2016 the charity made contributions totalling £155,434 (2015: £159,640) to this scheme. As at 31 March 2016 there was a balance outstanding of £16,297 (2015: £15,601).

20. Operating lease commitments

At 31 March 2016 the group had annual commitments under non-cancellable operating leases as follows:

Group and Company	2016 £	2015 £
Later than 1 year and not later than 5 years	<u>1,776</u>	<u>1,776</u>

21. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard Number 8 'Related Party Disclosures' not to disclose transactions with members of the group headed by Derby Museums on the grounds that 100% of the voting rights in the company are controlled within that group.