

Registered number: 08036113
Charity number: 1149710

Derby Museums

Trustees Report and Financial Statements

For the Year Ended 31 March 2017



DAINS
ACCOUNTANTS

Derby Museums

(A company limited by guarantee)

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Derby Museums
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Reference and Administrative Details of the Company, its Trustees and Advisers
For the Year Ended 31 March 2017

Trustees	Patricia Coleman, OBE, 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) David Ling Roger Merchant Professor Philip Plowden (resigned 30 June 2017) Peter Smith Councillor John Whitby, nominated member from Derby City Council Councillor Roy Webb, nominated member from Derby City Council (resigned 24 May 2017) Caroline McComb, Vice Chair Heather Broughton Daisy Giuliano Linda Sullivan Councillor Lucy Care, nominated member from Derby City Council (appointed 1 July 2016) Elizabeth Fothergill, CBE (appointed 22 November 2016) Councillor Alan Grimadell, nominated member from Derby City Council (appointed 24 May 2017)
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

Derby Museums
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Reference and Administrative Details of the Company, its Trustees and Advisers
For the Year Ended 31 March 2017

Advisers (continued)

Bankers	The Co-Operative Bank 31 East Street Derby Derbyshire DE1 2AL
	Santander UK Plc 1st Floor 5 Market Place Derby DE1 3PY

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Trustees' Report
For the Year Ended 31 March 2017

The Trustees present their annual report together with the audited financial statements of the Group for the period 1 April 2016 to 31 March 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company'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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Structure, governance and management

a. Constitution

The Company and the Group is registered as a charitable company limited by guarantee 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

- Patricia Coleman OBE (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)
- David Ling
- Roger Merchant
- Professor Philip Plowden
- Peter Smith
- Councillor John Whitby (nominated member from Derby City Council)
- Councillor Roy Webb (nominated member from Derby City Council)
- Caroline McComb (Vice Chair)
- Heather Broughton
- Daisy Giuliano
- Linda Sullivan
- Councillor Lucy Care (appointed 1 July 2016)
- Elizabeth Fothergill CBE (appointed 22 November 2016)

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

- Peter Smith
- Professor Philip Plowden

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Trustees' Report (continued)
For the Year Ended 31 March 2017

During the year, the charitable constitution was amended to remove the need for a third of the community trustees to retire every year and the number of community trustees was increased from 12 to 14. The number of terms a community trustee can be reappointed was also reduced from 4 to 3.

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. Pay policy for senior staff

Senior staff remuneration is set and approved by the board of Trustees.

e. 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 18 individuals comprised as follows:

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

f. Related party relationships

Friends of Derby Museums are an independent charity which, as part of the constitution of Derby Museums, get a seat on the board and fund raise on behalf of Derby Museums.

Derby Museum Enterprises Limited is the wholly owned trading subsidiary of the charity.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

g. 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 can be listed below:

Risk	Plans & Strategy
The Company receives 65% of its 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. Informal discussions have concluded that the local authority will be able to continue support the Company during the period 2018-22.
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 oversees the progress of the project.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

Objectives and Activities

a. Policies and objectives

Derby Museums has been established as a Company limited by guarantee with exclusively charitable objects.

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.

c. Main activities undertaken to further the charity's purposes for the public benefit

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.

Its objectives 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.

Achievements and performance

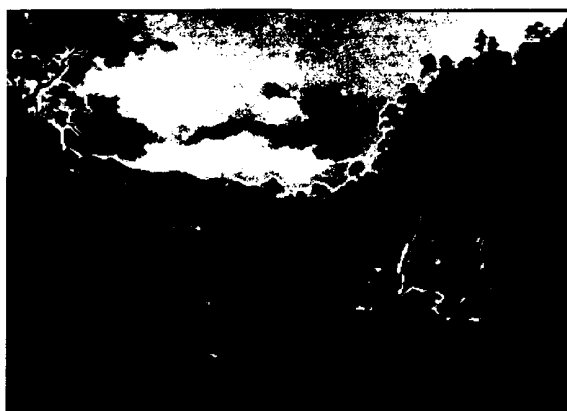
a. Going concern

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

The year began with *Joseph Wright and the Lure of Italy* exhibition. It captured the rich culture and landscapes of Italy which had a lasting impact on his art and personal life.

On 20 June 2016, we unveiled the acquisition of two Derbyshire landscape paintings by Joseph Wright, possibly two of his last works. Purchased at Christies in New York, the acquisitions were funded by the Heritage Lottery Fund, The Art Fund and the Friends of Derby Museums.



Picture: Arkwright's Mill



Picture: A view of Cromford Bridge

The summer saw the inaugural "Everyone" exhibition, sponsored by Intu. Members of the public were invited to submit a piece of art inspired by the theme "Your Place, in the World". It was guaranteed that every submission would be exhibited. Thus "everyone" could be an artist.

Derby Museums held the first FIGMENT Europe Festival a free, participatory, community arts event, linked to a global community that transformed Cathedral Green into a celebration of creativity.

In September, The Silk Mill proudly hosted the first Derby Comic Festival. Over 1400 people attended this family friendly event. Celebrities from Harry Potter, Game of Thrones and Star Wars were there to share stories and pictures.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

In October the fifth Derby Mini Maker faire was held at The Silk Mill, attracting over 2,600 people and over a 100 makers from all across the country.



Pictures from Derby Mini Makerfaire

Derby Museums' first fundraising Ball was held on the theme of Enlightenment. A fine 3 course meal was served by local chef Ralph Skripek of Butler's Pantry in the stunning surroundings of The Silk Mill. Executive Director, Tony Butler, welcomed everyone, followed by Charles Hanson who expertly guided the room in the auction and raffle. The Museum made a profit of £7,000, a fantastic achievement for a first event.



Picture: Charles Hanson

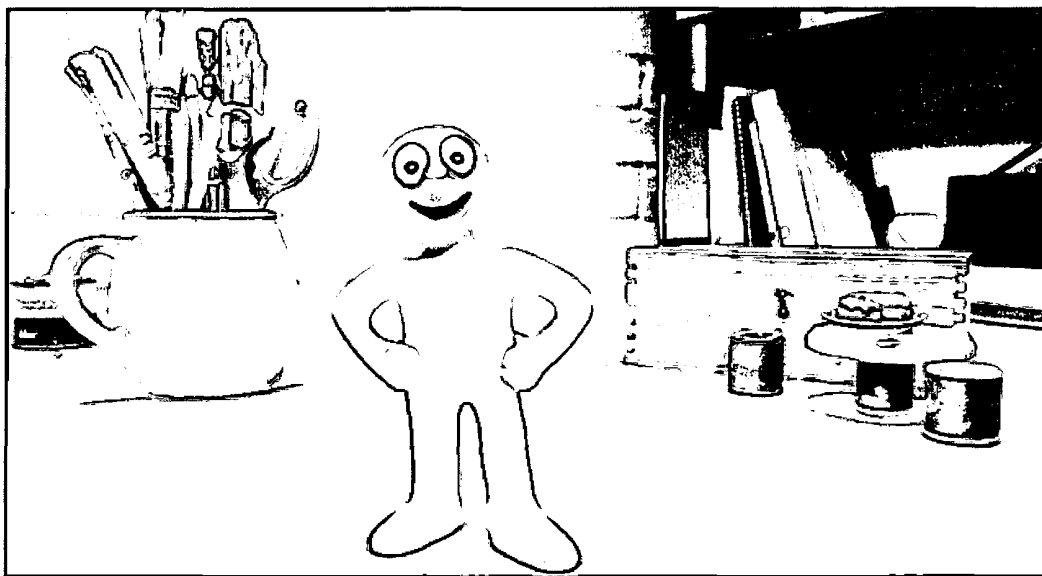


Picture: Enlightenment Ball at The Silk Mill

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Trustees' Report (continued)
For the Year Ended 31 March 2017

Derby Museums' most popular exhibition of the year was The Story of Children's Television. Running throughout the Autumn the show had something for everyone with items like the Morph plasticine figure and Muffin the Mule puppet helping families learn together.



Picture: Morph (c) Aardman Animations Ltd

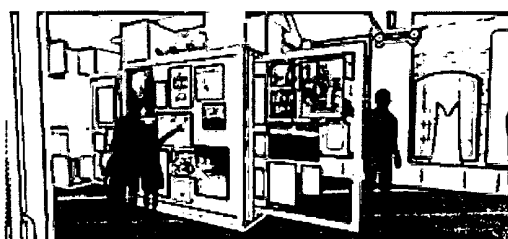
In the Military Gallery we participated in "A remembrance for the Millions", a digital display showing the names of 650,000 service men and women from all nations who died during 1916. There was also an exhibition by Derby Bosnia and Herzegovina Community Association, which marked 21 years since the end of the civil war and their experiences as new citizens of Derby.

At Pickford's House there were a number of small temporary exhibitions featuring 400 years of cartography in Derby and an Embroiders Guild show inspired by the work of Capability Brown. A longer exhibition of Georgian Childhood enabled us to exhibit the loan work of "Master Thomas Fane and his Dog" by George Romney.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

The redevelopment of The Silk Mill continues at pace. A mid-term review by Heritage Lottery Fund was glowing and we were given approval to proceed. We continue to embed the co-production methodology, engaging with over 17,000 participants over 149 activities, 105 workshops, 14 talks, and 77 school visits. Over 8,200 hours have been given by volunteers. These contributions inform the design and functionality of the Museum and the first conceptual drawings were issued in March 2017. These will be included in the Stage Two HLF application to be submitted in June 2017. HLF will give a decision to proceed into delivery phase in October 2017.



Pictures: Concept drawings of Derby Silk Mill Museum of Making by architects Bauman Lyons

Derby Museums also won two awards during the year. First was the Chamber of Commerce award for Contribution in the Community and then the Best Café in the Derby Food and Drinks Awards.



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Trustees' Report (continued)
For the Year Ended 31 March 2017

The use of Derby Museums' buildings for hires and functions continues to grow. In December the first weddings were held at The Silk Mill. For the second year running Christmas parties, were once again a fantastic success.



Credit: Averill Photography

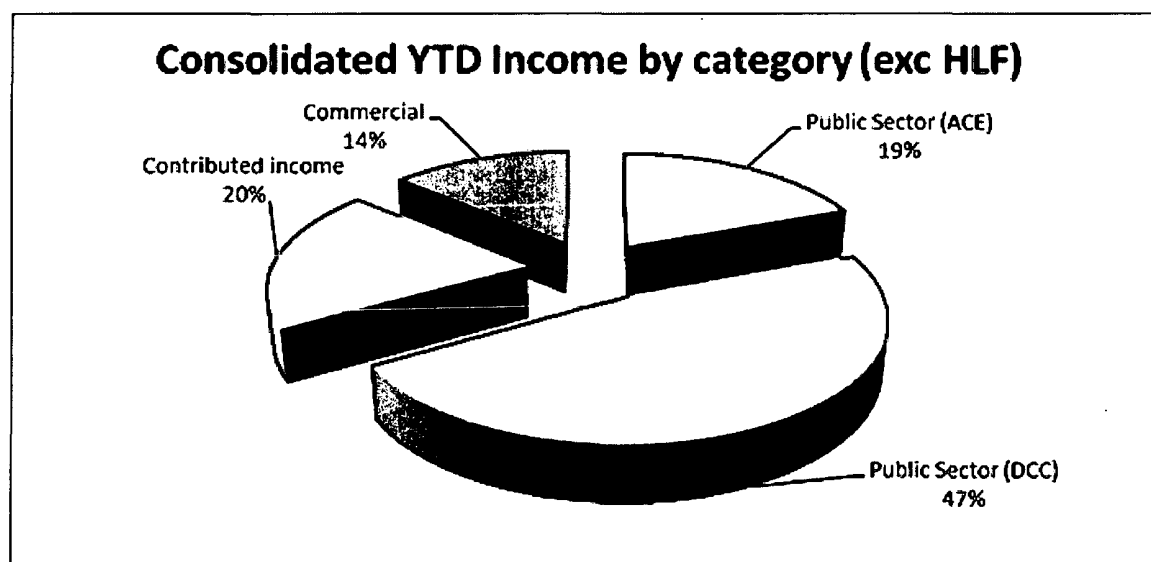


Credit: Cactus Image

March 2017 finished with the Derby-wide Format festival led by QUAD, Derby Museum and Art Gallery hosted a beautiful array of photography from W.W.Winter of Derby, thought to be the oldest photographic studio in the world.

c. Key financial performance indicators

Sources of income:

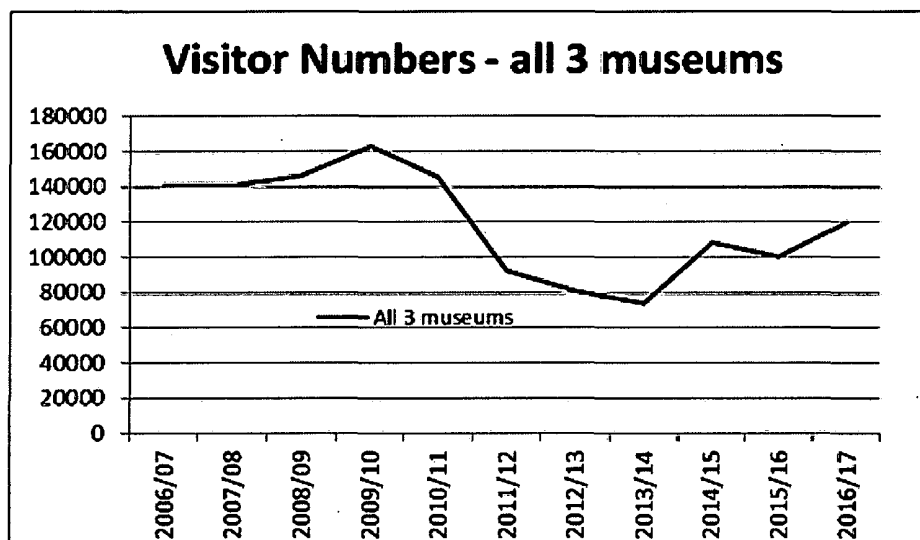


The percentage of income from Derby City Council reduced from 64% last year to 47%. This was due to a cut in funding from the council but also increased success in raising additional income; contributed income increased from 8% to 20% and commercial income increased from 9% to 14%. In the year to March 2014, income from Derby City Council and Arts Council together accounted for 92% of all income. The trust has come a long way since then in diversifying its income and strengthening its sustainability. We also received capital funding for the redevelopment of The Silk Mill which has not been included above. The Arts Council funding remained the same at 19%.

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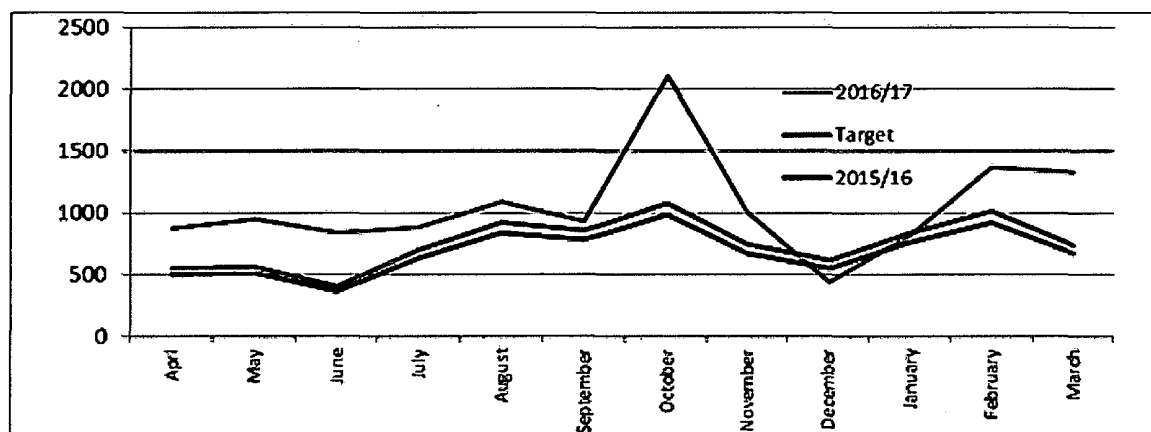
Trustees' Report (continued)
For the Year Ended 31 March 2017

Visitor numbers:



Visitor numbers increased in 2016/17 primarily due to the success of The Story of Children's Television exhibition. The Museum and Art Gallery saw over 30,000 visitors during October and January, which was an increase of 12,000 or 67% on last year. Overall, visitor numbers were up 13,000 to 72,000. Pickford's House also saw a 3.5% increase in visitors to 18,125. The Silk Mill also grew 26% to 29,383.

Volunteer hours:



The number of volunteer hours increased to 12,649 a 40% rise on last year. The reason for this is the success of the Nature Ambassadors, Pickford's Ambassadors and the amazing response for the Silk Mill redevelopment.

This year, we trialled 'Give What You Think' donations scheme, for the History of Children's Television exhibition which saw additional gifts of £7,000.

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Trustees' Report (continued)
For the Year Ended 31 March 2017

Financial review

a. Reserves policy

The charity's policy is to hold reserves to cover six months of unrestricted expenditure. As at 31 March 2017 the reserves of £1,095,765 (of which £113,975 is restricted) represents 10.9 months of unrestricted 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, until there is more clarity in the funding situation.

b. Principal funding

The charity's main source of income is grant income from Arts Council England and Derby City Council. During the year £2,810,431 (2016 - £2,095,183) was raised by the Company, of which, £1,358,738 (2016 - £1,447,049) was from Arts Council England and Derby City Council to be applied for the charity's work. Details of the restricted funds totalling £113,975 (2016 - £129,843) and their purpose can be found in Note 18 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

a. Future developments

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.

Derby Museums
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Trustees' Report (continued)
For the Year Ended 31 March 2017

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:

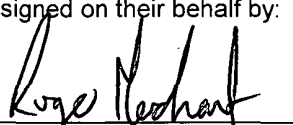
- so far as that Trustee is aware, there is no relevant audit information of which the charitable Group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable Group's auditors in connection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

This report was approved by the Trustees on 31 August 2017 and signed on their behalf by:



Patricia Coleman, OBE
Trustee - Chair of Board



Roger Merchant
Trustee - Chair of Finance & Resources

Derby Museums
(A company limited by guarantee)

Independent Auditors' Report to the Members of Derby Museums

We have audited the financial statements of Derby Museums for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet the Group Statement of financial activities, the Group and Company Balance sheets, the Group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the 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.

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 charitable company's affairs as at 31 March 2017 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; 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, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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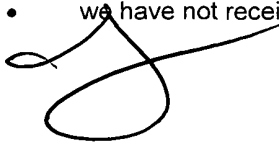
Independent Auditors' Report to the Members of Derby Museums

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- the parent charitable Company has not kept adequate 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.



Lisa Richards FCCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor Chartered Accountants

Charlotte House, Derby

Date: *31 August 2017*

Derby Museums
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Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 March 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2	81,790	-	81,790	40,784
Charitable activities	3	1,025,867	1,497,919	2,523,786	1,915,294
Other trading activities		204,855	-	204,855	139,105
Total income		1,312,512	1,497,919	2,810,431	2,095,183
Expenditure on:					
Other trading activities		146,095	-	146,095	102,993
Charitable activities:					
Operation of museum	4	1,056,784	1,513,787	2,570,571	1,822,943
Total expenditure	7	1,202,879	1,513,787	2,716,666	1,925,936
Net movement in funds		109,633	(15,868)	93,765	169,247
Reconciliation of funds:					
Total funds brought forward		872,156	129,843	1,001,999	832,752
Total funds carried forward		981,789	113,975	1,095,764	1,001,999

The notes on pages 21 to 37 form part of these financial statements.

Derby Museums

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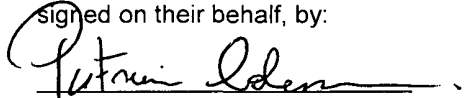
Registered number: 08036113

Consolidated Balance Sheet

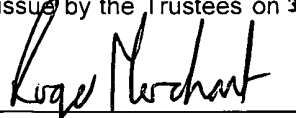
As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	10		66,192		883
Tangible assets	11		136,733		135,593
			<u>202,925</u>		<u>136,476</u>
Current assets					
Stocks	14	14,518		15,803	
Debtors	15	213,615		109,167	
Cash at bank and in hand		1,186,338		1,020,084	
		<u>1,414,471</u>		<u>1,145,054</u>	
Creditors: amounts falling due within one year	16	(521,632)		(279,531)	
Net current assets			<u>892,839</u>		<u>865,523</u>
Net assets			<u>1,095,764</u>		<u>1,001,999</u>
Charity Funds					
Restricted funds	18		113,975		129,843
Unrestricted funds	18		981,789		872,156
Total funds			<u>1,095,764</u>		<u>1,001,999</u>

The financial statements were approved and authorised for issue by the Trustees on 31 August 2017 and signed on their behalf, by:



Patricia Coleman, OBE
Trustee - Chair of Board



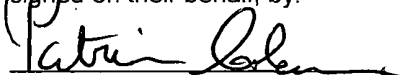
Roger Merchant
Trustee - Chair of Finance & Resources

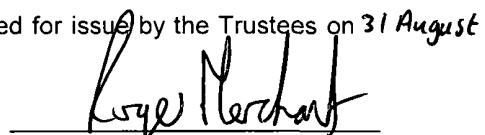
The notes on pages 21 to 37 form part of these financial statements.

Derby Museums**(A company limited by guarantee)****Registered number: 08036113****Company Balance Sheet****As at 31 March 2017**

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	10		66,192		883
Tangible assets	11		136,733		135,593
Investments	12		1		1
			<u>202,926</u>		<u>136,477</u>
Current assets					
Debtors	15	336,895		226,128	
Cash at bank and in hand		<u>1,054,613</u>		<u>910,730</u>	
		1,391,508		1,136,858	
Creditors: amounts falling due within one year	16	<u>(498,668)</u>		<u>(271,336)</u>	
Net current assets			<u>892,840</u>		<u>865,522</u>
Net assets			<u>1,095,766</u>		<u>1,001,999</u>
Charity Funds					
Restricted funds	18		113,975		129,843
Unrestricted funds	18		<u>981,791</u>		<u>872,156</u>
Total funds			<u>1,095,766</u>		<u>1,001,999</u>

The financial statements were approved and authorised for issue by the Trustees on 31 August 2017 and signed on their behalf, by:


Patricia Coleman, OBE
 Trustee - Chair of Board


Roger Merchant
 Trustee - Chair of Finance & Resources

The notes on pages 21 to 37 form part of these financial statements.

Derby Museums
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Consolidated Statement of Cash Flows
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>285,076</u>	<u>180,046</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(116,739)</u>	<u>(30,349)</u>
Net cash used in investing activities		<u>(116,739)</u>	<u>(30,349)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(2,083)</u>	<u>(1,917)</u>
Net cash used in financing activities		<u>(2,083)</u>	<u>(1,917)</u>
Change in cash and cash equivalents in the year		166,254	147,780
Cash and cash equivalents brought forward		<u>1,020,084</u>	<u>872,304</u>
Cash and cash equivalents carried forward	21	<u><u>1,186,338</u></u>	<u><u>1,020,084</u></u>

The notes on pages 21 to 37 form part of these financial statements.

1. Accounting Policies

1.1 Company status

Derby Museums is a Charity and a private Company limited by guarantee incorporated in England and Wales.

The Company's registered office is The Silk Mill, Silk Mill Lane, 32 Full Street, Derby DE1 3AF.

The principal activity of the Company was that of a museum and art gallery.

1.2 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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Derby Museums meets the definition of a public benefit entity under FRS 102. 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.

1.3 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

The date of transition to FRS102 is 1 April 2015. No restatements were required.

1.4 Basis of consolidation

The financial statements consolidate the accounts of Derby Museums and all of its subsidiary undertakings ('subsidiaries').

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 £93,766.

1.5 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. Accounting Policies (continued)

1.6 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.

1.7 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.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

1.9 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided at the following rates:

Computer Software	- 33.33% straight line
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1. Accounting Policies (continued)

1.10 Tangible fixed assets and depreciation

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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

1.11 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.12 Operating leases

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

1.13 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.14 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.

1. Accounting Policies (continued)

1.15 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company also provides retirement benefits to employees of the charity which are provided by the Derbyshire County Council Local Government Pension Scheme ("LGPS"). This is a defined benefit scheme, is contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the charity in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

Derbyshire County Council has agreed to fund the liabilities of the LGPS scheme for relevant staff prior to 1 September 2012 ("the transfer date") upon signing the Business Transfer Agreement. The charity has been credited by the Derbyshire Council with a notional fund within the LGPS at transfer date of the level required to meet the cost of providing one hundred percent (100%) of the benefits accrued and in respect of the Eligible Employees prior to the transfer date (the "Notional Fund"). The value of the notional fund has been determined by an actuary appointed by the Derbyshire County Council using the ongoing actuarial methods and assumptions used in the last actuarial valuation of the Derbyshire County Council Pension Fund.

In addition to the above, Derbyshire County Council has issued a Risk Share to the charity to cover any accrued deficits on exit by scheme members or the charity. All contributions are determined by Derbyshire County Council on the basis of triennial valuations using a prospective benefit method. As the charity is indemnified against prior and future liabilities of the scheme, the LGPS has been treated as a defined contribution scheme and the contributions recognised as they are paid each year.

1.16 Critical accounting estimates and areas of judgement

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees believe that there are no material areas impacted by judgement or estimated uncertainty.

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising, sponsorship and donations	81,790	-	81,790	40,784
<i>Total 2016</i>	40,784	-	40,784	

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Arts Council England - Strategic fund	-	392,870	392,870	392,869
Arts Council England - Designation fund	-	-	-	6,430
Derby City Council - Support	884,188	-	884,188	1,054,189
Derby City Council - Services	-	81,680	81,680	81,680
Partnerships and grants	72,475	1,023,369	1,095,844	340,448
Income from retail, catering and IPR	2,543	-	2,543	7,380
Activities, events, displays & exhibitions	19,776	-	19,776	2,398
Learning programmes and research	21,290	-	21,290	19,576
Other income	25,595	-	25,595	10,324
	1,025,867	1,497,919	2,523,786	1,915,294
<i>Total 2016</i>	1,440,745	474,549	1,915,294	

4. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Operation of museums	2,252,877	317,694	2,570,571	1,822,943
<i>Total 2016</i>	1,510,817	308,126	1,818,943	

See notes 5 and 6 for detailed breakdown of direct costs and support costs respectively.

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

5. Direct costs

	Operation of museum £	Total 2017 £	Total 2016 £
Premises and transport	112,615	112,615	133,247
Supplies and services	28,736	28,736	15,433
Support services	81,680	81,680	81,680
Marketing and PR	72,013	72,013	49,102
Development	107,403	107,403	88,950
Exhibitions	68,784	68,784	56,274
Professional fees	440,976	440,976	65,523
Learning	19,393	19,393	31,686
Collections	223,281	223,281	973
Wages and salaries	839,753	839,753	758,253
National insurance	72,083	72,083	57,458
Pension cost	135,871	135,871	124,347
Depreciation and amortisation	50,289	50,289	47,891
	<u>2,252,877</u>	<u>2,252,877</u>	<u>1,510,817</u>
<i>At 31 March 2016</i>	<u>1,510,817</u>	<u>1,510,817</u>	

Included within professional fees are architectural and design fees amounting to £389,540 for the redevelopment of the Silk Mill.

Included within collections are the purchase of two Derbyshire landscape paintings by Joseph Wright (see page 7).

6. Support costs

	Operation of museum £	Total 2017 £	Total 2016 £
Other employee costs	23,078	23,078	38,610
IT costs	20,679	20,679	30,398
Bank charges	2,241	2,241	1,433
Other support costs	5,770	5,770	2,671
Governance costs	4,000	4,000	4,000
Wages and salaries	209,938	209,938	189,563
National insurance	18,021	18,021	14,364
Pension cost	33,967	33,967	31,087
	<u>317,694</u>	<u>317,694</u>	<u>312,126</u>
<i>At 31 March 2016</i>	<u>312,126</u>	<u>312,126</u>	

During the year ended 31 March 2017, the Company incurred the following Governance costs:
£4,000 (2016 - £4,000) included within the table above in respect of auditors remuneration.

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

7. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Commercial trading operations	61,199	-	84,896	146,095	102,993
Costs of generating funds	61,199	-	84,896	146,095	102,993
Operation of museums	1,309,633	50,289	1,210,649	2,570,571	1,822,943
	1,370,832	50,289	1,295,545	2,716,666	1,925,936
<i>Total 2016</i>	<u>1,220,262</u>	<u>47,891</u>	<u>657,783</u>	<u>1,925,936</u>	

8. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Amortisation of intangible fixed assets	5,520	2,650
Depreciation of tangible fixed assets:		
- owned by the charitable group	43,352	44,239
- held under finance leases	1,418	1,002
Auditors' remuneration - audit	<u>4,000</u>	<u>4,000</u>

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

9. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,110,889	993,006
Social security costs	90,104	71,822
Other pension costs	169,839	155,434
	<u>1,370,832</u>	<u>1,220,262</u>

The average number of persons employed by the Company during the year was as follows:

	2017 No.	2016 No.
Management	10	10
Administration	60	58
	<u>70</u>	<u>68</u>

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

Trustees and key management personnel

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services was £321,952 (2016 - £315,645).

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, 3 Trustees (2016 - 4) received reimbursement of expenses amounting to £525 (2016 - £1,005).

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

10. Intangible fixed assets

	Computer software £
Group and Company	
Cost	
At 1 April 2016	7,949
Additions	70,829
At 31 March 2017	<u>78,778</u>
Amortisation	
At 1 April 2016	7,066
Charge for the year	5,520
At 31 March 2017	<u>12,586</u>
Carrying amount	
At 31 March 2017	<u>66,192</u>
At 31 March 2016	<u>883</u>

11. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Group and Company				
Cost				
At 1 April 2016	10,573	174,091	30,282	214,946
Additions	8,125	34,989	2,796	45,910
At 31 March 2017	<u>18,698</u>	<u>209,080</u>	<u>33,078</u>	<u>260,856</u>
Depreciation				
At 1 April 2016	4,746	51,223	23,384	79,353
Charge for the year	2,792	34,608	7,370	44,770
At 31 March 2017	<u>7,538</u>	<u>85,831</u>	<u>30,754</u>	<u>124,123</u>
Net book value				
At 31 March 2017	<u>11,160</u>	<u>123,249</u>	<u>2,324</u>	<u>136,733</u>
At 31 March 2016	<u>5,827</u>	<u>122,868</u>	<u>6,898</u>	<u>135,593</u>

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

11. Tangible fixed assets (continued)

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

	2017 £	2016 £
Group and Company		
Plant and machinery	-	4,922
	<u> </u>	<u> </u>

12. Fixed asset investments

	Shares in group undertakings £
Company	
Cost	
At 1 April 2016 and 31 March 2017	<u> 1 </u>

13. Principal subsidiaries

Derby Museums Enterprises Limited

Subsidiary name	Derby Museums Enterprises Limited
Company registration number	08119695
Basis of control	Ordinary share ownership
Equity shareholding %	100%
Total assets as at 31 March 2017	£ 157,946
Total liabilities as at 31 March 2017	£ 157,945
Total equity as at 31 March 2017	£ 1
Turnover for the year ended 31 March 2017	£ 204,855
Expenditure for the year ended 31 March 2017	£ 146,095
Profit for the year ended 31 March 2017	£ 58,760

14. Stocks

	2017 £	Group 2016 £	2017 £	Company 2016 £
Finished goods and goods for resale	<u>14,518</u>	<u>15,803</u>	<u>-</u>	<u>-</u>

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

15. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	26,193	22,122	14,490	16,074
Amounts owed by group undertakings	-	-	134,983	123,009
Other debtors	31,082	19,574	31,082	19,574
Prepayments and accrued income	156,340	67,471	156,340	67,471
	<u>213,615</u>	<u>109,167</u>	<u>336,895</u>	<u>226,128</u>

16. Creditors:
Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	-	2,083	-	2,083
Trade creditors	188,242	34,146	187,054	32,514
Other taxation and social security	33,827	26,646	24,917	21,685
Accruals	186,193	124,710	182,238	123,559
Other creditors	16,841	16,436	16,839	16,435
Deferred income	96,529	75,510	87,620	75,060
	<u>521,632</u>	<u>279,531</u>	<u>498,668</u>	<u>271,336</u>

Secured loans

Net obligations under finance leases and hire purchase contracts are secured on the assets concerned.

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred income				
Deferred income brought forward	75,510	1,210,868	75,060	1,210,868
Resources deferred during the year	71,131	75,510	62,222	75,060
Amounts released from previous years	(50,112)	(1,210,868)	(49,662)	(1,210,868)
Deferred income carried forward	<u>96,529</u>	<u>75,510</u>	<u>87,620</u>	<u>75,060</u>

Deferred income relates largely to grants and donations received in advance of its intended purpose along with revenue received in advance of events taking place.

Derby Museums
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Notes to the Financial Statements
For the Year Ended 31 March 2017

17. Financial instruments

All financial assets and liabilities are measured at cost or amortised cost.

18. Statement of funds

Statement of funds

	Balance at 1 April 2016 £	Income £	Expenditure £	Balance at 31 March 2017 £
Designated funds				
Derby City Council - Reserves Transferred	85,406	-	-	85,406
General funds				
General Fund	786,750	1,312,512	(1,202,879)	896,383
Total Unrestricted funds	872,156	1,312,512	(1,202,879)	981,789
Restricted funds				
Arts Council England - Strategic Fund	-	392,870	(392,870)	-
Arts Council England - Capital Fund	-	80,749	(50,184)	30,565
Arts Council England - Designation Fund	22,851	-	-	22,851
Derby City Council - Support Services	-	81,680	(81,680)	-
Heritage Lottery Fund - DSMMoM	106,992	702,034	(756,469)	52,557
Acquisition of Joseph Wright Paintings	-	222,873	(214,871)	8,002
Restoration of Joseph Wright Paintings	-	17,713	(17,713)	-
	129,843	1,497,919	(1,513,787)	113,975
Total of funds	1,001,999	2,810,431	(2,716,666)	1,095,764

Derby Museums

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 March 2017

18. Statement of funds (continued)

Derby City Council - Reserves Transferred

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

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 - Capital Fund

To meet the costs of development work towards the creation of the Derby Silk Mill Museum of Making.

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.

Heritage Lottery Fund

To meet the costs of development work towards the creation of the Derby Silk Mill Museum of Making.

Acquisition of Joseph Wright Paintings

Funding received specifically for the purchase of paintings to enhance the Joseph Wright collection.

Restoration of Joseph Wright Paintings

Funding received specifically for the restoration of paintings within the museums Joseph Wright collection.

Derby Museums**(A company limited by guarantee)****Notes to the Financial Statements
For the Year Ended 31 March 2017****18. Summary of funds (continued)****Summary of funds**

	Balance at 1 April 2016 £	Income £	Expenditure £	Balance at 31 March 2017 £
Designated funds	85,406	-	-	85,406
General funds	786,750	1,312,512	(1,202,879)	896,383
	872,156	1,312,512	(1,202,879)	981,789
Restricted funds	129,843	1,497,919	(1,513,787)	113,975
	1,001,999	2,810,431	(2,716,666)	(1,095,764)

19. Analysis of net assets between funds**Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Intangible fixed assets	66,192	-	66,192
Tangible fixed assets	136,733	-	136,733
Current assets	1,300,496	113,975	1,414,471
Creditors due within one year	(521,632)	-	(521,632)
	981,789	113,975	1,095,764

Derby Museums**(A company limited by guarantee)****Notes to the Financial Statements
For the Year Ended 31 March 2017****20. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £	Group 2016 £
Net income for the year (as per Statement of Financial Activities)	93,765	169,247
Adjustment for:		
Depreciation charges	50,290	47,891
Decrease/(increase) in stocks	1,285	(3,552)
(Increase)/decrease in debtors	(104,448)	1,330,069
Increase/(decrease) in creditors	244,184	(1,363,609)
Net cash provided by operating activities	285,076	180,046

21. Analysis of cash and cash equivalents

	2017 £	Group 2016 £
Cash at bank and in hand	1,186,338	1,020,084
Total	1,186,338	1,020,084

Derby Museums

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Notes to the Financial Statements For the Year Ended 31 March 2017

22. 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 along with the separate defined contribution pension scheme which the Company also operates.

During the year to 31 March 2017 the charity made contributions totalling £169,839 (2016 - £155,434) to this scheme. As at 31 March 2017 there was a balance outstanding of £16,743 (2016 - £16,297).

23. Operating lease commitments

At 31 March 2017 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Group and Company		
Amounts payable:		
Within 1 year	1,776	1,776
Between 1 and 5 years	-	1,776
Total	1,776	3,552

24. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 102 (section 33), not to disclose transactions between entities which form part of the group headed by Derby Museums

25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.