

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

BLACK COUNTRY LIVING MUSEUM

The Black Country Living Museum Trust
Annual Report & Accounts
for the year ended 31 December 2018

Black Country Living Museum Trust

Contents

| | |
|---|-------|
| Reference & Administrative Information | 2-3 |
| Trustees' Report | 4-17 |
| Strategic Report | 18-30 |
| Statement of Trustees' Responsibilities | 31 |
| Independent Auditors' Report | 32-34 |
| Consolidated Statement of Financial Activities (SOFA) | 35 |
| Balance Sheets | 36-37 |
| Consolidated Cash Flow Statement | 38 |
| Notes to the Accounts | 39-63 |

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

Reference & Administrative Information

The Trustees present their Annual Report & Accounts for the year ended 31 December 2018, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Accounts have been prepared in accordance with the accounting policies set out in Note 1 of the Accounts and comply with the Charity's governing document, applicable law and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', 2015.

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

¹Nominated by the Association of Black Country Authorities

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

Principal Bankers:

Barclays Bank plc (Barclays Corporate)
1st Floor
Queen Square
Wolverhampton
West Midlands
WV1 1DS

Principal Solicitors:

Gowling WLG (UK) LLP
2 Snow Hill
Birmingham
West Midlands
B4 6WR

Other Advisors:

RSM UK Group LLP
St Philips Row
Temple Row
Birmingham
West Midlands
B2 5AF

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
West Midlands
B3 2ES

Company Secretary:

Craig Edmondson

Telephone:

+44 (0) 121 557 9643

Email:

info@bclm.com

Website:

www.bclm.com

Facebook:

facebook.com/bclivingmuseum

Social Media:

@bclivingmuseum
@bclmdirector

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

Chair's Review of the Year

BCLM: Forging Ahead – A fully-funded Project

This time last year I was delighted to be reporting on the success of the Museum's Round One application to the Heritage Lottery Fund (recently renamed the National Lottery Heritage Fund). This award – in a fiercely competitive environment - secured £400,000 to support the development phase costs of our project BCLM: Forging Ahead, and provided a major fillip to our chances of realising a fully-funded scheme, requiring c£25m, across development and delivery phases. After an intense eighteen month development phase, ending in December 2018, during which time we secured the majority of all other funds required, the National Lottery Heritage Fund considered our Round Two application. This was the first national meeting since the launch of their new Strategic Funding Framework (2019-2024) in which Sir Peter Luff, Chair, said, *"Our approach is probably best summed up by the phrase, it's not enough to save something – you've got to make it live. That's because a living heritage is most likely to be sustainable and to bring greater benefits to people and communities."* We couldn't have put it better ourselves. Sir Peter's decision and that of his fellow Trustees provided a cause for celebration when the successful outcome was made known on 27 March 2019, with an award of £9.4m.

In reaching this critical stage, the commitment of the Black Country Local Enterprise Partnership (BCLEP) cannot be overstated. The BCLEP has been superb. They get the impact we are having, not least on helping to change perceptions of a place like Dudley. I am also sure that we would not have gained the confidence of the National Lottery Heritage Fund had it not been for the BCLEP stepping up to the plate first with an investment of £9m, £1m more than originally planned to meet higher project costs. It was also, from the BCLEP's point of view, crucial that BCLM was a sustainable and market-orientated organisation that was able to invest over £1m of its own money in the planned expansion of the open-air site, and the reach this would give the Museum into the 1960s from our current cut-off point of the late 1930s. That spoke volumes. Ninder Johal, a Board member of the BCLEP recently said, *"For an economy to operate to full optimisation and to attract inward investment – having a thriving cultural offering is so important. It brings employment, enhanced economic activity and civic pride. And above all, it encourages a culture of innovative and diverse thinking."*

At this important milestone in the Museum's history I want to take this opportunity to thank the civic leaders of the Black Country and the West Midlands. Deserving of particular thanks are Ian Austin and Mike Wood, our local MPs, Andy Street CBE, Mayor of the West Midlands, Professor Geoff Layer, Vice Chancellor University of Wolverhampton, Sarah Norman, outgoing Chief Executive Dudley Council, Sarah Middleton, Chief Executive Black Country Consortium, Stewart Towe CBE DL, Chair BCLEP, Ninder Johal DL, BCLEP Board Member, Sue Beardsmore, Chair West Midlands Committee National Lottery Heritage Fund, and Peter Knott, Area Director Midlands Arts Council England.

I also want to thank a number of private trusts and foundations. Together they have supported BCLM: Forging Ahead with £2.1m of investment. Amongst a long and distinguished list the major funders are The Patrick Foundation, The Foyle Foundation, Wellcome Trust, Wolfson Foundation, and Clive & Sylvia Richards Charity. I'm also pleased to thank Department for Digital, Culture, Media & Sport for their support, together with their funding partner, Wolfson Foundation. The Museum's fundraising campaign during 2018 has been extremely impressive, and an exemplary demonstration of the professionalism of our fundraising team.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

I would also like to thank our visitors and the public at large for the tremendous support and encouragement they have given us. It is hugely appreciated and has added to our confidence that we are doing the right thing.

There are a huge range of positive outcomes which will come from BCLM: Forging Ahead. However, I am particularly enthusiastic about the opportunity it brings for supporting community cohesion in the Black Country, which has become more diverse over the last ten years with an increase in the proportion of ethnic minority residents (currently 26%). By expanding the Museum's story and time period (up to the 1960s), the Museum will, for the first time, be able to explore and interpret stories of the migration of people into the Black Country during the post-war period, for example the Sikh male migrants from the Punjab who came to work in the aluminium foundries. By reaching out to its local black, Asian and minority ethnic community and truly exploring the origins of the diverse society that we see today, BCLM will act as a catalyst to bring people of different cultures together.

We can now look forward to making real BCLM: Forging Ahead over the next three years, and delivering on the progressive benefits it will bring to our audiences. It is activity and work of high value. It develops our assets and utilises our skills to do things which others cannot do. It is a tremendously exciting time for the Museum.

Our Business Performance

Success for the Museum is measured in two ways. Firstly the achievement of our charitable objects as a museum, and secondly by our long-term sustainability without recourse to high levels of public sector funding to meet our everyday costs. These two measurables are inseparable. The achievement of one must be accompanied by the achievement of the other. Imagine this as a Venn Diagram; Museum + Charity + Visitor Attraction overlapping equally, with the tripartite intersection representing the sweet spot of maximum impact and success. It is this objective of being self-reliant and independent, of seeing ourselves as a heritage enterprise, rather than a heritage service that sets this Museum apart from many others, and which is central to our philosophy and success.

For the year in review, the Museum achieved its fifth year-on-year rise in visitor attendance, trading revenues and surplus, free cash reserves, positive cash flow and net current assets. In terms of the central driver of these positive results, visitor attendance is key. Attendance rose by 6.7% from last year's result of 332,778 to 355,054. This is now 48% above the low point of recent years, when attendance stood at 240,088 in 2013.

This generated a trading result (before depreciation and other accounting adjustments) of £1.044m. This was a highly successful result – the Museum's best – and allowed the Museum to make investments in our assets and staff, as well putting aside £600,000 towards BCLM: Forging Ahead, three years ahead of when we originally planned.

Within the overall or consolidated financial surplus for the Museum Trust, the results of the subsidiary trading company were particularly strong, and continued the positive trajectory of recent years. Total turnover (including other operating income) reached £2.56m, up 18% on the prior year, with profits (before Group charges) of £910,095, 31% higher than 2017.

Full details are set out in the financial schedules of this Annual Report.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

Place-making, Regeneration and Economic Renewal

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

After a period of post-war decline that stretched into the 1980s, and symbolised by events such as the closure of the South Staffordshire Baggeridge Colliery, the area's last coal mine, in 1968, the giant Rubery Owen Darlaston works in 1981, and Brierley Hill's Round Oak steel works in 1982 (now Merry Hill Shopping Centre), the Black Country is undergoing a renewal and starting to embrace new futures, including as a centre for precision engineering. The Museum is part of that renewal, helping to change perceptions of the region, and being a major player in the tourist economy, including as a significant employer.

It is inevitable, if not widely accepted or understood, that highly developed and well educated economies like the UK have intentionally adapted their industrial activity; moving into higher value work such as design, R&D, professional services and precision engineering, as developing countries, notably China, have taken-on large swathes of traditional, lower value manufacturing. As a clustered manufacturing area, the Black Country has been particularly hard hit by this transformation, and is only slowly emerging to find a new future, albeit held back somewhat by the challenge of stubbornly low levels of educational attainment and ambition. Helping to address these issues is important to the Museum and its partners.

One year on from mentioning a number of projects in Dudley, including many on the Museum's doorstep, I am delighted to report that their development is nearing maturity and work is set to begin in 2019, or early 2020. These include the £449m Wednesbury to Brierley Hill extension to the Midland Metro, Very Light Railway Innovation Centre, town centre development at Porters Field, new bus/metro exchange, new leisure centre, and most recently to be given the green light, a new Government-backed Institute of Technology, led by Dudley College.

These developments represent years of hard work, persistence and civic leadership, often undertaken at risk, with low odds of success. They are crucially important to the future of Dudley, the Black Country and the West Midlands. The Museum is delighted to be working alongside these partners and will play its part to maximise the potential of them all.

Strategic Directions

All the time, not least in my position as Chair of the Board of Trustees, I am concerned that the Museum is strategic. It's tough being strategic. There is an understandable temptation to deal with the urgent, the obvious and the material. However, the adage 'Be strategic or be gone' is well expressed. The Museum is seeing some significant success at the moment, much of which has come about because of long-term strategic thinking, over short-term fixes. In this context, I will continue to champion and challenge the Museum to: think critically, uncover any bias and ensure we surface tough issues; learn from success, honest feedback and well-intentioned failures; take decisions and recognise that perfection is usually unobtainable; anticipate and look outside the sector for the best examples; and constantly build wider networks.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

My Thanks & Farewells

Sadly, 2018 saw the death of Kath Carter, a respected and long-serving member of staff (1988-2010), latterly a very effective Duty Manager. Our volunteer group, Friends of President, also lost three of its valued members: David Goodman in May, David Cleverley in October, and Harry Arnold in December 2018.

We also learnt, in the early part of 2018, of the sad death of Cllr. Elias Mattu, former Mayor of Wolverhampton City and former trustee at the Museum.

I am very grateful in my fourth year as Chair – to my fellow trustees, including Fiona Toye, our Deputy Chair, and to those who serve as independent directors of our trading company, the independent members of the audit committee, as well as the Museum Director and his team, for their support, commitment to the Museum and expertise to deliver the ambitions we all share. It is quite extraordinary that 2018 topped 2017, but it has.

I am delighted to offer my congratulations to Museum Trustee, Dr Malcolm Dick for the award of OBE for outstanding service to history in the West Midlands, in April 2019.

Finally, I would like to acknowledge the support of all our many donors, volunteers and funders and to express my very grateful thanks for their commitment and generosity to the Museum, especially for the large investments towards BCLM: Forging Ahead. Without them the Museum could not reach as many people as it does, or achieve all the things that it wants to achieve. We are also grateful and delighted to be working with Arts Council England, with their four-year £2.2m investment, after we joined the National Portfolio from April 2018, and the National Lottery Heritage Fund for their investment of £9.8m, and the Black Country Local Enterprise Partnership for their support worth £9m, both in support of BCLM: Forging Ahead.

Our local authority, Dudley Council, has also been extremely supportive with significant in-kind support for the planned relocation of Woodside Library to the Museum, progressing a land exchange with us to provide enhanced visitor parking, and by providing a standby facility to support the cash flow of BCLM: Forging Ahead.

My thanks to them all.



Lowell Williams Chair

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

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

Leadership Review

In November 2018, the Board of Trustees discussed and approved some important changes to the structure of the Museum's Leadership Team. Amongst a number of strategic adjustments, the most important sought to create new opportunities for valued existing colleagues, maximise collaboration by bringing more functions together, free-up the Chief Executive to deliver BCLM: Forging Ahead, strengthen our people management resources, and improve the visitor experience, whilst continuing to be cost-effective and proportionate to the scale and ambitions of the Museum, including its leading role in the museum sector and increasing prominence in the civic life of the region.

By the spring of 2019 consultations had largely been concluded, with staff taking on new roles, some external recruitment required, including for two new jobs at the Leadership Team-level: Managing Director, and Director of Programmes, and thankfully, resulting in only three redundancies.

Growing Visitor Attendance in a Competitive Landscape

Competition continues to increase for consumers' leisure time and pounds, and has expanded beyond the obvious competitive set to include a wide variety of offerings, including shopping centres, theme parks, music festivals, music and video streaming services, social media, online shopping and online gaming.

In response to this, our primary goal is to connect with our visitors in a way that is absorbing, relevant and inspirational, transforming the Museum and the experiences we offer into a meaningful part of their lives. We continue to create content and build experiences with the aim of engaging a wide swath of demographic and psychographic audience segments and communities, encouraging interaction with new visitors, while deepening relationships with our existing audiences.

During 2018 we have continued to develop our 'brand' in the widest possible meaning, including a very strong and valued brand promise. We have identified the Museum's brand promise as 'living experiences', offering a special proposition and the potential to establish a very strong market position for the Museum. We have described this as finding our talent, staying in lane and knowing what we are going to win on. Delivering on our brand promise is an essential business function to achieve continued success in a competitive market. Part of this work has involved developing first-person interpretation, more historic street characters and short performance pieces, to achieve a more immersive experience for our visitors. We have been supported in this by Black Country Touring – a leading light in community theatre, dance and film, under the banner '*History With Character*'.

We are particularly aware of the need to build trust with customers and potential audiences, and in this respect the words of Jeff Bezos, Founder of Amazon, resonate, "Your brand is what other people say about you when you're not in the room." This thinking and our response to the competitive landscape in which we operate has been an important factor in the fifth consecutive year of visitor attendance growth and allied revenues.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

That said, we have identified the six most significant factors impacting performance and visitor attendance: 1) Extremes of weather; 2) Time of year (especially school holidays; 3) Marketing and promotion; 4) Exposure to high impact TV and / or film; 5) Our events programme; and 6) Reputation. These factors influence concurrently to generate an aggregate impact on our results.

It appears that in 2018 these factors all worked in the Museum's favour, not least the terrific spell of good weather the UK enjoyed over the summer, the broadcast of the BBC's Antiques Roadshow (two programmes), filmed at the Museum the previous June, the positive aftershocks of the airing of the 4th series of Steven Knight's Peaky Blinders concluding in December 2017, and the enormous interest and publicity which surrounded announcements of our major development plans. Neither is there any doubt that our marketing strategies are working ever-more effectively, under the theme Reach & Retain.

Across all visitor categories, we saw growth in 2018 compared to the prior year. General admissions rose by 7.7% to 242,672; educational group visits rose by 1.6% to 58,547; other groups rose by 1.7% to 15,033, and attendance at ticketed events rose by 10.7% to 38,802. Taken together this generated the overall increase in attendance, as reported in the Chair's review of the year, of 6.7% to 355,054, and 9.2% higher than the budget we set ourselves. It was a terrific result. I'm particularly pleased to see strong growth in attendance at ticketed events; a strategic priority for the Museum.

Partnership with the University of Wolverhampton

On 21 November 2018, I was delighted that Professor Jackie Dunne, Deputy Vice-Chancellor (Access & Lifelong Learning) at the University of Wolverhampton, joined me at the Museum to launch the Black Country Studies Centre. This new, formal partnership comes about after many years of working together, and one which I am delighted to see. The Museum and the University (the only university in the Black Country) have much more in common than geographical location. Both institutions strive to raise aspirations and educational attainment by engaging individuals, families and schools across the Black Country, making learning accessible, informative and fun.

The Black Country Studies Centre brings together all the exciting and valued work the Museum and University have been doing and allows us to introduce new initiatives to new audiences, as well as undertaking joint research programmes. Together, the Museum and University have employed Dr Jenny Gilbert as the centre's founding Co-ordinator, and we now look forward to ensuring the Centre fulfils its potential and creates impact of high value.

Long-term Partnership with Arts Council England (ACE)

Although announced in June 2017, the Museum only took its place as a National Portfolio Organisation in April 2018; securing annual investment from Arts Council England (ACE) of £550,000 and £2.2m over the current investment round, 2018/19-2021/22. This develops the Museum's relationship with ACE after first becoming a Major Partner Museum in April 2015, alongside our partner, Culture Coventry.

I am especially pleased that the partnership with ACE and the investment it brings will continue to support our Museums & Resilient Leadership Programme (MRL), now entering its fifth successful year and benefiting a cohort drawn from across England. MRL provides a 360° in-depth examination of leadership in the cultural, political and commercial spheres. We provide this using a wide range of thinking, reflecting and learning processes; while there is an 'MRL core' we

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

continually innovate. You can think of MRL as a series of social, emotional, physical and intellectual learning 'spaces', each with a leadership focus and all developed to recognise that everyone experiences, thinks and acts in their own way. MRL is a unique year-long continuous professional development programme designed to help a cohort become the cultural leaders of the 21st Century; resilient and entrepreneurial. Personally, I attend as many workshops as my diary allows, and it is a highlight of my year to support the enthusiasm of participants looking to find their talent. Long may it continue.

We are also aligning part of our Arts Council England investment to support BCLM: Forging Ahead. The total is £1.2m, utilising £200,000 during the recently concluded development phase, and £1m during the delivery phase, albeit funding new activity, rather than construction costs. It's a great, strategic tie-up between two of the UK's most important funders, Arts Council England and National Lottery Heritage Fund. Just as it should be.

We have also been involved this year in the development of ACE's new strategy, due to be enacted in 2020. For my part I hope for a greater emphasis on supporting organisations as cultural businesses, rather than striving to define and agonising over how to measure excellence, and to meaningfully integrate museums into their lexicon. Time for a name change perhaps?

Debating 'Civic' Museums

Much has been said and written during the last twelve months about 'civic' museums. The discussions have often been framed around and given urgency because of the undoubtedly crisis facing some of the UK's large, heavily subsidised (often free admission) municipal museums. This has been caused by cuts to their budgets because of reduced funding available to local authorities, coupled with inevitable year-on-year pressures on their costs, notably the maintenance of large, often Victorian buildings, and staffing. A particular focus in 2018 came with the publication of *The Future of Civic Museums: A Think Piece*, (March 2018) written by Professor Peter Latchford OBE. Peter, who visited the Museum during the summer, highlighted three key blockages holding back 'civic' museums from playing their full role: (i) broken financial model; (ii) unwillingness to exploit collections, and (iii) inflexibility of governance, and poor senior-level commercial wisdom and business discipline.

These problems and how they might begin to be addressed are very thoughtfully expressed by Peter Latchford. However, I am not optimistic. I fear many so-called 'civic' museums will, sadly, continue to wane, steadily overwhelmed by the problems facing them, in a world which has changed around them and which is now a major challenge to their relevance.

I hope, in our small way, BCLM and many other successful independent museums across the UK, are showing a sustainable way forward; enacting an altogether different mind-set which has continued to serve us well during 2018.

Away Day Focus

In September 2018, the Board and the Executive Leadership Team took time out to give some quality time focused on our strategic approach to: Our People; Engaging Visitors in History, Interpretation and Story-telling; and Understanding the Museum's Financial Drivers. As well as increasing our collective knowledge of these themes, the challenges and choices relating to them, it was a very welcome opportunity to help build cohesion, mutual respect, knowledge and understanding of each other, to ultimately achieve more effective leadership.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

The themes continue to be a focus of the Museum's work, with the effective development of our people and the working culture an especially tough demand. We look forward to taking time out again during the autumn of 2019, as an essential component of strategic leadership.

My Thanks & Final Thoughts

As ever, it has been a great privilege to lead the Museum, and I am always delighted to have this opportunity to express my gratitude and respect to staff and volunteers, as well as the Board of Trustees and those who serve as independent members of our committees. Without their commitment, expertise and positive approach, the Museum wouldn't have achieved the level of success we saw in 2018, or be in such a positive position. In 2018, the talent shone through especially brightly. I'm blown away by our success.

The continued and extraordinary success we saw during 2018 was not about perpetuating the Museum for its own sake, but to achieve our charitable purpose, to make a positive difference to peoples' lives; summed-up by our mission: *Inspiring Your Discovery of the Black Country*.

During 2018, two thoughts have kept re-emerging with me. The first is that competition is highly conducive to the development of ideas. It gives stimulus and better odds that acumen won't be wasted or left untapped. It is a demonstration that knowledge is magnified through networks of skilled people. The second thought is a hope; a hope that our 'brand' is now a vital part of our appeal and that for people they are happy that visiting the Museum signals something positive to themselves, as well as to others. That it signals a connection people are happy to shout about because their experience with the Museum has stirred them. By way of example, taken from a five-star review on social media, "*It doesn't matter how many times I visit, it's like it's the first time.*"

During the year, I was particularly delighted to welcome to the Museum Sir Nick Serota, Chair, Arts Council England; Sir Peter Luff, Chair, National Lottery Heritage Fund; The Bishop of Dudley, Rt Revd Graham Usher; Margot James, MP for Stourbridge and Minister for Digital & Creative Industries; Kate Bellamy, Director, Museums, Arts Council England; Peter Knott, Area Director, Midlands, Arts Council England, and Sue Beardsmore, Chair, National Lottery Heritage Fund, Midlands. I was also very pleased to attend a number of events with Andy Street, Mayor of the West Midlands. I have also enjoyed my continued role as Council Member and Hon. Treasurer for the Association of Independent Museums; an organisation that grows in scale, impact and reputation, under the Chair of Richard Evans and executive directorship of Emma Chaplin.

In the first half of 2019 I look forward to the launch of *The Black Country, A History in 100 Objects*, Edited by Dr Malcolm Dick OBE, David J Eveleigh & Janet Sullivan, and published by West Midlands History Press. My anticipation is driven partly by my sketchy expectation that some of the 100 objects will have been chosen from the Museum's collection!

I want to express particular thanks to Laura Wakelin, Deputy Chief Executive (Communications & Marketing) who leaves the Museum at the end of April 2019, after five years exemplary work integral to the Museum's success, its growth in attendance and reputation, and bringing home funding for BCCLM: Forging Ahead from the National Lottery Heritage Fund. Thank you.

Finally, my thanks to everyone who visited during 2018, thought about visiting and vowed to try next year, took out membership, made a donation, gave us a personal item to improve our collection, raved about us to others, or simply liked us on Facebook, signed-up to our newsletter, or followed us on Instagram. However you engaged with us, your support is vital and hugely appreciated.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

On behalf of the Museum Team, thank you.

A handwritten signature in black ink that reads "Andrew Lovett". The signature is fluid and cursive, with "Andrew" on the top line and "Lovett" on the bottom line.

Andrew Lovett Chief Executive (Museum Director)

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

Governing Document

The Black Country Living Museum Trust is a company limited by guarantee, without share capital and governed by its Memorandum and Articles of Association dated 15 September 1975 as amended by special resolutions dated 15 December 1983, 21 July 2005, 24 September 2009, 30 May 2013 and 29 May 2014. None of the model articles in the Companies (Model Articles) Regulations 2008 applies to the company. The company was registered as a charity with the Charity Commission on 10 October 1975. The Objects of the Charity are set out in this report. Throughout this Annual Report the company is referred to as 'the Museum, Museum Trust or the Charity'.

Trustees (Directors & Members)

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

| | |
|-----------------------|-----------------------------|
| Jonathan Badyal | (appointed 25 January 2018) |
| Duncan Bedhall | (appointed 25 January 2018) |
| Dr Paul Belford | |
| Dr Malcolm Dick OBE | |
| Parminder Dosanjh | (appointed 29 March 2018) |
| Andrew Fry | (resigned 26 July 2018) |
| Nicola Harding | |
| Cllr. Patrick Harley | (resigned 10 October 2018) |
| Nick Loveland | |
| Cllr. Christine Perks | |
| Fiona Toye | (Deputy Chair) |
| Lowell Williams | (Chair) |
| Mike Williams | |

Recruitment & Appointment of Trustees

The governing document allows for two 'classes' of trustees, ordinary and nominated. All trustees are appointed on the basis of their experience, skills and empathy with the Museum's vision. The appointment of ordinary trustees is undertaken following an open, public recruitment process. Prospective trustees are interviewed by a panel of existing Trustees and the Museum Director, who make recommendations to the Board. The Association of Black Country Authorities nominates one person to serve as a trustee on the Board, albeit in a personal, rather than representative capacity. The Board recognises and accepts the need to refresh and develop the Board on a regular basis as an integral part of good governance and maintaining objectivity, including succession planning, and made three appointments in 2018. In addition Cllr. Pete Lowe joined the Board as the nominee of the Association of Black Country Authorities at the start of 2019. Trustees can serve for two terms of three years, unless the Board agrees a third consecutive term of three years. An incumbent Chair of the Board may be reappointed so as to serve three consecutive terms of three years. Any trustee who has previously served consecutive terms of three years shall be eligible for reappointment provided that there have been a break of not less than two years since the end of their last such term.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

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

Trustee Induction & Training

New trustees are provided with a wide range of information, including the Charity Commission's publication, *The Essential Trustee* and have an induction meeting with the Chairman and Museum Director. New trustees are also provided with a copy of the Museum's *Becoming a Trustee of the Museum*, which sets out the duties and responsibilities of being a trustee and the contribution they are expected to make during their term of office. The Museum has developed a trustee development programme to enhance their understanding of the Museum and the environment in which it operates. Trustees are kept up-to-date with bi-monthly reports, briefings and sector newsletters about relevant issues, best practice and developments affecting the museums and cultural sectors, as well as changes to charity and/or company regulation. The Board uses an annual self-assessment questionnaire to gauge its effectiveness as the Museum's governing body, to support and inform an individual discussion between each trustee and the Chair of the Board. The Board has also endorsed recent best practice guidance from the Association of Independent Museums (AIM), including their *Hallmarks of Prospering Museums*, published in June 2015, and *Golden Rules of Good Governance*, as well as taking into consideration the latest Charity Governance Code of the Charity Commission.

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

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

Governance Structure & Subsidiaries

The Museum is governed by a Board (with a maximum of 16 members and a minimum of 5) which has powers to conduct all the affairs of the Charity. The Board met six times (on a bi-monthly timetable) during the year to consider strategic issues, monitor the progress and performance of the Museum against budget and prior year, consider policy and significant developments and monitor organisational risks. The Charity held its AGM on 31 May 2018. The Board has in place committee structures to effectively govern and regulate the affairs of the Museum, including an Audit Committee (with two independent members, including its Chair, Andrew Holding and Dinah McLannahan) and a Financial Performance Scrutiny Committee.

The Museum Director, who is also its Chief Executive, manages and develops the Museum with his senior staff and is accountable and reports to the Board, in accordance with a Scheme of Delegation approved by the Board. The Museum's Director & Chief Executive is supported by a leadership team (Key Management Personnel) currently comprising five Deputy Chief Executives with responsibility for: (1) Collections, Learning & Research (vacant); (2) Development (job share); (3) Communications & Marketing (vacant); (4) Visitor Engagement & Operations (vacant); and (5) Finance & Resources. A larger management team meets on a regular basis to consider management and operational issues. The Charity has in place a Staff Consultative Forum, including elected Staff Representatives, which meets on a quarterly basis and in accordance with its Terms of Reference. The Museum recognises the Community Union, for the purposes of

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

collective bargaining for certain defined matters for its Costumed Demonstrators, a group of about 80 workers. Going forward, the staff restructuring, mentioned elsewhere in this report, will change the composition of the Museum's Leadership Team and therefore, those staff regarded as Key Management Personnel.

The Museum is owned and operated by the charitable company (including the Locksmith's House, a small museum (Accreditation ref. no. 829) in Willenhall, seven miles from the main site) including the employment of all staff. Non-charitable activities, including retailing, catering, location filming and business sponsorship, are undertaken on behalf of the Museum Trust by Black Country Living Museum Enterprises Limited (Company Registration No. 03026731). The Enterprises Company is a wholly-owned subsidiary of the Black Country Living Museum Trust – its immediate and ultimate parent undertaking and controlling party. A licence agreement exists which sets out the terms of the relationship between the parties.

The Enterprises Company was incorporated on 27 February 1995 in order to protect the charitable status of the Museum Trust and to have in place the most tax-efficient company arrangements, while allowing the Museum to benefit from the proceeds of commercial enterprise through an annual donation of profits from the Enterprises Company to the Museum. The directors of the Enterprises Company, who met four times during the year, are drawn from the Museum Trust and from outside the Museum. The Company held its AGM on 4 May 2018. There are currently four directors of the Board of the Enterprises Company, including two independent directors, Richard Fletcher and Lisa Simpson. The Museum Trust, as the sole member of the Company, is represented at General Meetings by Museum Trustee, Nick Loveland, who is also the Chair of the Enterprises Board. The Museum Director is, by extension, also the Chief Executive of the Enterprises Company, although not a company director of it. This arrangement will change on the appointment to the new post of Managing Director, who will be the Chief Executive of the subsidiary trading company. In this context, the existing Museum Director will effectively become Group Chief Executive.

Remuneration Policy, Gender Pay Gap Information, Employment & Casual / Zero Hour Contracts

The Museum has a well-established median pay policy, informed by Museum-wide job evaluation and market data provided by the Hay Group in 2012. This evaluation and market data informed the Museum's current pay & grading structure, with its seven grades or tiers. The median pay policy applies to all staff at the Museum, including Key Management Personnel, although the Board reserves the right to consider the remuneration of the Chief Executive outside of this protocol. No remuneration benefits, other than those provided to all staff, are provided to Key Management Personnel. The Board of the Museum considers issues of pay on an annual basis as part of approving its annual revenue budget, and in this context any cost-of-living awards are currently implemented with effect from 1 January. The Board has commissioned external consultants to review its pay & grading structure during 2019, seven years after it was established.

For the first time, the Museum fell under the requirements of The Equality Act 2010 (Gender Pay Gap Information) regulations 2017 to publish a report showing the organisation's gender pay information. Based on the designated 'snapshot date' of 5 April 2018, when comparing mean hourly rates, women earn £1.02 for every £1 that men earn with a negligible difference in the median (middle number) hourly rate for men and women. The Museum is committed to continue to develop our workforce strategy which includes maintaining a culture of representation and inclusion to ensure equality of opportunity for all.

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

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

Trustee Indemnity

Professional liability insurance of £1m is in place through Catlin Insurance Company (UK) Ltd at a cost of £747 (2017-£733).

Trustees Attendance at Meetings of the Museum Board

The table below sets out the record of attendance for Trustees and the Chief Executive, at Board meetings during 2018.

| | Date of Board Meetings | | | | | | No. of Meetings | % |
|---|------------------------|-------|-------|-------|-------|-------|-----------------|------|
| | 25/01 | 29/03 | 31/05 | 26/07 | 27/09 | 29/11 | | |
| Jonathan Badyal | - | X | ✓ | ✓ | X | ✓ | 3/5 | 60% |
| Duncan Bedhall | - | ✓ | ✓ | ✓ | ✓ | ✓ | 5/5 | 100% |
| Dr Paul Belford | ✓ | X | ✓ | ✓ | ✓ | ✓ | 5/6 | 84% |
| Dr Malcolm Dick OBE | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 | 100% |
| Parminder Dosanjh | - | - | ✓ | ✓ | X | X | 2/4 | 50% |
| Andrew Fry | ✓ | ✓ | X | ✓ | - | - | 3/4 | 75% |
| Nicola Harding | X | ✓ | ✓ | X | ✓ | X | 3/6 | 50% |
| Cllr Patrick Harley | X | X | ✓ | ✓ | X | - | 2/5 | 40% |
| Nick Loveland | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 | 100% |
| Cllr Christine Perks | ✓ | ✓ | ✓ | ✓ | ✓ | X | 5/6 | 84% |
| Fiona Toye (Deputy Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 | 100% |
| Lowell Williams (Chair) | X | ✓ | ✓ | ✓ | ✓ | ✓ | 5/6 | 84% |
| Mike Williams | ✓ | ✓ | ✓ | ✓ | ✓ | X | 5/6 | 84% |
| Andrew Lovett (Director & Chief Executive) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6/6 | 100% |

Partnerships & Stakeholders

The Museum works with a number of partners and stakeholders to achieve its objectives, including a large number of volunteer groups. The principal volunteer groups being: Friends of the Museum (a founding group of the Museum); Transport Group; Collections & Archive Group; Motor Vehicle Volunteers; The Friends of President (steam narrow boat and part of the National Historic Fleet); Mine and Steam Teams; Friends of Willenhall Locksmith's House; and the volunteers from Rockspur House and Garden Pathways, who do much to help us keep our gardens and open spaces in good order and free of litter. The Museum also works with Dudley Canal Trust

Black Country Living Museum Trust

Trustees' Report for the Year Ended 31 December 2018

(Trips) Ltd, who operate their electric narrow boat services in the tunnels and limestone caverns adjacent to the Museum; and Marston Wolverhampton Heritage Trust, who maintain their important archives, on-loan to the Museum.

The Museum also undertakes partnership working with University of Wolverhampton; University of Birmingham; Dudley College and City of Wolverhampton College; Royal Society of Chemistry; Association of Independent Museums (AIM); as well as The Black Country Society, an original campaigning group for the Museum; the Design & Technology Association; the Historic Lighting Group, and Thomas Dudley Ltd. The Museum is now a registered Anchor Point on the European Route of Industrial Heritage.

The Museum also maintains membership of a number of organisations; the major ones being: Association of Independent Museums, Association of European Open-Air Museums, Association of Living History, Farm and Agricultural Museums, Newcomen Society, Inland Waterways Association, Association of Industrial Archaeology, Society of Folk Life Studies, International Council of Museums, and Museums Association (individual memberships). The Museum is a member of Heart of England Attractions – a group which represents the interests of fifteen of the region's leading independent visitor destinations, as well as the Chamber of Commerce of the Black Country. The Museum is also a member of the West Midlands Growth Company in addition to the Museum Director being a member of the National Museums Directors' Council. The Museum is a new member of the Creative Industries Federation.

The Museum has an important relationship with Arts Council England, from April 2015 as a Major Partner Museum and from 1 April 2018, part of their National Portfolio. The Museum also maintains an important relationship with Dudley Metropolitan Borough Council. The Council provided grant funding to the Museum until 2012, but now provides alternative financial support, including discretionary rate relief and cash flow support, if necessary. The Council owns the majority of the freehold of the Museum site, leased until 2075.

Environmental Impact & Coal

At the inception of the Museum's Arts Council Funded Major Partner Museum Programme in March 2015, the Museum committed itself to reducing its Carbon Emissions (CO₂e) by 10% by March 2018. With the active support of Julie's Bicycle, a London based organisation that specialises in environmental sustainability within the arts and cultural sector, who are funded by Arts Council England, the Museum put in place measures and changes to support the achievement of this target. These measures have ensured a year on year reduction in CO₂e with an overall result, in March 2018, of a reduction from 1,091 tonnes of CO₂e in 2015 to 503 tonnes of CO₂e in March 2018. This result equates to a substantial 46% decrease in CO₂e between 2015 and 2018, exceeding the 10% target by 36%.

On behalf of the Trustees



Lowell Williams Chair

Dated: 30 May 2019

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2017

Charitable Objects

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

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

Vision & Mission

The Museum's vision:-

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

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

Strategic Aims

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

Strategic Aim One – Develop Our Distinctiveness and Brand

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

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

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

Strategic Aim Three – Transform the Visitor Journey

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

Strategic Aim Four – Increase Visitor Attendance

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

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Strategic Aim Five – Achieve National and International Impact

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

Strategic Aim Six – Grow and Diversify Our Income

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

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

The Museum's Origins

The Museum grew out of community pressure and the foresight of Dudley Council, as early as 1950 and more substantially in the late 1960s (with the first land purchased in 1973 by Dudley Council) to ensure that the culture and traditions of the Black Country might be preserved and over forty years on it has accumulated a wide range of material – from entire buildings and transport infrastructure, down to pots and pans – which records and exemplifies the particular contribution of the Black Country to the origins of the Industrial Revolution and also the impact of industrialisation on the regional landscape and society. The Black Country Society (founded in 1967) was an early and effective campaigner for establishing the Museum.

In the very early days, Keith Hodgkins drew the original sketches of the site in c1972, and Richard Traves, latterly Keeper of Science & Industrial Archaeology at the Borough Council of Dudley from 1972, was an influential figure, before Ian Walden OBE was appointed as the Museum's Founding Director in 1975. The late Desmond Halahan was the first Chair of the Board, for a period of 13 years, between 1975 and 1988. The first structures were brought to the site in 1976, with Broad Street bridge, relocated from Wolverhampton and Darby Hand Chapel, from near Netherton, two of the earliest to be completed. The Museum now extends to 26 acres and is one of the largest and most-visited open-air museums in the UK, having welcomed over 9m people since it opened; comparable with the UK's other large open-air museum sites of Beamish in County Durham (1970); Blists Hill, Ironbridge, Shropshire (1973); St Fagans, South Wales (1948); and Weald & Downland, West Sussex (1968), and indeed, amongst the many European open-air museums.

The Museum opened on a permanent basis in 1978, within the same era as the UK's other large open-air museums, but almost 90 years after Skansen, Stockholm in Sweden opened in 1891 – the world's first – by museum pioneer, Arthur Hazelius. And so was born the translocation of whole buildings and structures to form a new and very distinct type of museum; often as much about expressing national identity, as saving heritage at risk. Today, even a cursory look at the map of Europe shows some 60 major open-air museums, stretching from Suzdal in Russia in the east, to the Ulster Folk Museum, north of Belfast, to the west, and as far north as Jamtli, Sweden, and ETAR, Bulgaria in the south. Not to mention the central and eastern states of America, including Colonial Williamsburg, Virginia, and Sovereign Hill, Ballarat, Victoria, Australia.

The Museum still takes inspiration from Elihu Burritt's famous description of the area, when, as the American Consul to Birmingham in 1868, he said, "The Black Country, black by day and red by night, cannot be matched for vast and varied production, by any other space of equal radius on the surface of the globe." It is the story of a turning point in Britain's national story that we

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

continue to tell and celebrate at the Museum, while all the time striving to articulate its relevance today. We exploit the fact that people visit museums – particularly open-air museums – precisely because we aren't a classroom, but nevertheless, offer hugely valuable opportunities for learning. Our greatest responsibility is to help make sense of the world, while our greatest potential is to enable people, our visitors, to think about something they perhaps haven't thought about before, to gain a deeper understanding of their own place in the world.

Designated Collections

The Museum's entire collections were *Designated* by Arts Council England in February 2012, recognising their quality and national significance. The Museum now holds a resource of considerable value, for authenticating the sense of regional identity and also for placing the full historical and cultural significance of the Black Country in a national context. Buildings, machines and other 'things' hold stories which attest to the national and international significance of the Black Country, chiefly spanning the period 1800–1950.

It is through the completeness and coherence of the reconstructed site, therefore, that the Museum has established itself as the 'last word' on the Black Country, a reference point for anyone today needing confirmation of – or searching for – Black Country identity. In some histories, the role of the Black Country has been subsumed in the concept of 'Birmingham and the Midlands Hardware District' – a term coined in the mid-nineteenth century. Today, outside the Midlands, there are many who see the entire region as a 'Greater Birmingham' and so, the true significance of the Black Country to national life as a distinct region with its distinctive character, culture and traditions is sometimes eclipsed. Here the Museum has played a prominent role in helping to place it on the map as a place apart from Birmingham and the rest of the West Midlands.

New Acquisitions to the Museum Collection

The following items are of particular note:

- Homemade jig doll manufactured in Dudley.
- Stanton's Record shop bag and record Sleeve.
- Maypole Dairy sales leaflet.
- Butchery equipment from Marsh & Baxter's Butchers.
- Running kit and medal from Dudley Harriers.
- World War Two helmet manufactured by Joseph Sankey.
- Toy Xylophone manufactured by Keylo, Dudley.
- Cardboard Christmas village church, displayed in Laurie Thomas' Hairdressers.
- Palethorpes poster.
- Collection of photographs from F.H. Lloyd Steel Manufacturers.

Many of these new additions to the Museum's collection support the individual shops and buildings we'll be developing as part of BCLM: Forging Ahead.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Achievement of Public Benefit

As a charity, the Trustees recognise their legal duty to report on the Museum's public benefit in their Annual Report, as part of a requirement – given particular emphasis by the Charities Act 2011 – to clearly demonstrate that the Objects of the charity are for the public benefit. In this context, the Trustees accept that being a registered charity is a privilege, not a right. In setting out, in this Annual Report, how the charity currently meets this requirement and is reflected in its future plans, the Trustees assert that the charity is compliant with the requirements of the Charities Act 2011; having due regard for the public benefit guidance published by the Charity Commission: *Public benefit: the public benefit requirement (PB1); Public benefit: running a charity (PB2); and Public benefit: reporting (PB3)*.

The Trustees acknowledge and accept that there exists a kind of covenant between charities and society: charities bring public benefit and, in their turn, are accorded high levels of trust and confidence, as well as the benefits of charitable status. The Museum Trust continues to welcome an explicit reporting of public benefit and how it is aligned with the Objects of the Charity, and believe that this will help maintain and grow public trust in the activities of the charitable sector, not least the charitable activities of the Black Country Living Museum.

The Museum gives expression to the accomplishment of public benefit throughout this Annual Report and especially when reporting below on its performance against objectives and other achievements.

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

- providing opportunities for enjoyable and stimulating learning for the general public (currently c355,000 people each year and well over 9m people since it opened) about the special significance of the Black Country – its people and its landscape and the major part it played in the development of an industrialised world, in a unique and authentic environment;
- providing formal learning programmes and resources for 57,924 (2017: 55,692) pupils and students in full-time education including 5,888 overseas pupils and students;
- caring for and developing its accessioned and Designated collections of approximately 60,000 objects, including over 70 significant buildings, as well as many other features and other structures of historical interest and significance, and making them physically and intellectually accessible to the greatest feasible extent, to the general public;
- making accessible to researchers and students, its important collections of over 15,500 books, photographs and other important items of archive ephemera, and in so doing, adding to the collective knowledge, understanding and appreciation of the Black Country;
- publishing and widely disseminating to the public, information about the Black Country, via the Museum's website, which received over 1.4m hits in 2018 (2017: 1.25m hits);
- responding to 1,319 (2017: 986) public enquiries to our collections enquiry service, and resulting in additions to the collection / use collection of 1,693 objects (2017: 666). 30 oral history recording were also entered into the accessioned collection;

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

- maintaining all-year round public access to its facilities and services for the equivalent of 44 full weeks in the review year;
- providing diverse opportunities for volunteering for over 200 people, who provided a total 31,720 volunteer hours during the year (2017: 34,113);
- supporting and strengthening the Black Country's identity and sense of place;
- providing access to the Locksmith's House, 54 New Road, Willenhall, and its collections, numbering some 6,000 items, for booked schools, as well as the general public on open-days and special events. Attendance 1,558 (2017: 1,299);
- and in providing these public benefits, the Museum supports the five widely accepted generic learning outcomes, which show the positive impact of the public's interaction with museums, on their knowledge and understanding; skills; attitudes and values; enjoyment, inspiration and creativity; and action, behaviour and progression.

With visitor attendance consistently split fairly equally across the two socio economic types (49% ABC1 and 51% C2DE according to market research results from summer 2016), BCLM has seen some success in breaking down the perceived barriers to visiting museums that often exist amongst a broad socio-demographic audience. However, a thorough audience analysis undertaken in 2016 allowed the Museum to understand its audiences by motivation rather than purely on statistics around social grade or ethnicity. The results of this work fed into the Museum's Audience Engagement and Equality Action Plans for 2018-2022 to ensure that the Museum is as relevant and reflective of its local population as it can be moving forward. Further work into audience segmentation was conducted in 2018; identifying the Museum's five core segments and creating marketing plans to reach and engage with them.

Although the Museum has created the conditions of the 19th and 20th Centuries, using original buildings and other features and often reflecting their original streetscape, with changes in level and uneven surfaces, great attention has been paid to ensuring good physical access. To this end, many adjustments have been made to provide level access and adapted transport and freely available wheelchairs are provided to serve visitors with restricted mobility. Other adapted facilities and services are provided at the Museum, and in 2018 a Museum Access Map was created for visitors with specific access needs. This map accompanies a comprehensive access guide which is available on the Museum's website and on arrival.

The Museum charges for admission and undertakes regular benchmarking to remain competitive and to retain its reputation for value, as well as offering a range of discounted rates and concessions in order that these charges do not unreasonably prevent wide public access to the Museum. In 2018, the Museum charged an on-the-door price for adults of £17.95 (2017: £17.50). Discounted rates were provided for people over the age of 65 (increased from 60 in 2017), students, families, young people and unwaged visitors. Children under the age of three and essential carers are admitted free. All groups (of 15+) received discounted rates. In 2015 the Museum introduced a new annual pass, UnChained. This provides unlimited access to the Museum (subject to certain conditions) and for the price of a standard day-ticket, offers extraordinary value, especially for visitors living within easy reach of the Museum. The Museum also offers Membership for a range of priced categories, linked to a package of benefits, including discounts and priority booking for special events.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Providing loans of objects to other accredited museums and other related organisations is an important part of any museum's public benefit.

The following items remain on loan to other organisations from previous years:

- Machinery, including American and German-made GKN screw machines and Turner lathes to Drakelow Tunnels, former underground military complex, near Kidderminster (until 2020).
- GKN display cabinet and Nettlefolds screw show cards to Winterbourne Botanic Gardens, University of Birmingham (until 2021).
- Desmodronic engine to Aston Engine Museum (until 2019).
- Massey Steam Hammer to Walsall Council (until 2020).
- Two lengths of Black Country chain to Cradley Heath Library (until 2019).
- British Electric Traction company pole base with wheel and horseshoe insignia to Ironbridge Gorge Museum Trust (until 2027)

Performance Against Objectives

Under its six Strategic Aims, the Museum set itself 12 objectives for 2018:

Strategic Aim One – Develop Our Distinctiveness and Brand

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

Progress: The Museum has identified the following main components of its people strategy: (i) creating more internal progression opportunities; (ii) enviable pay & benefits; (iii) progressive employer-employee relations; (iv) effective well-being programmes; (v) improved training, personal development and performance framework; and (vi) effective communications and recognition.

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

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

Progress: A great deal of progress has been made, including the clear identification of the Museum's existing collections relevant to the time period of BCLM: Forging Ahead, and where gaps exist to be addressed through proactive collecting. In addition, substantial works have been undertaken to identify, better locate and where necessary, rationalise the Museum's large item industrial collection.

Strategic Aim Three – Transform the Visitor Journey

(3) To submit a Round Two application for £9.4m to the Heritage Lottery Fund (Heritage Grants) to support the delivery of BCLM: Forging Ahead, by November 2018, as part of a total HLF grant of £9.8m.

Progress: The Museum submitted its Round Two application for £9.4m to the retitled National Lottery Heritage Fund within the deadline, welcomed the Heritage

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Fund to the Museum in February with a view to commencing works in June 2019.

(4) To conclude and submit the final full business case for Black Country Local Enterprise Partnership funding of £9m in support of BCLM: Forging Ahead by March 2018.

Progress: The Museum submitted its full business case to the Black Country LEP within the deadline, and received confirmation of their investment of £9m on 26 September 2018.

(5) To achieve full planning approval for BCLM: Forging Ahead.

Progress: Full planning approval has been received for 12 buildings in the Museum's new historic developments, with outline permission received for the rest. It is expected that full approval for the entire historic development will be in place by July 2019. Planning permission for the visitor welcome elements of BCLM: Forging Ahead is expected in early April 2019.

(6) To achieve 70% of the remaining fundraising target of £2.4m in support of BCLM: Forging Ahead, by November 2018.

Progress: £2.114m (88%) has been secured, with applications pending to have in place the full £2.4m before September 2019.

Strategic Aim Four – Increase Visitor Attendance

(7) To review the Museum's day-time and evening events programmes with the objective of further driving visitor attendance and experience, broadening audiences and improving impact, especially outwith peak times.

Progress: A great deal of positive progress has been made, including an 11% increase in evening event attendance, to almost 39,000, and an increase of 136% in the Museum's Summer Lates, the theme of which was linked to BCLM: Forging Ahead and its reach into the 1960s. The Museum has also reviewed its Halloween and Christmas events to create a more attractive offer. Day-time activities continued to be developed and contributed to this year's record-breaking attendance.

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

Progress: The Museum has been involved in the following independent audit/research reports that are being used to inform formal education development strategy: (i) Arts and Culture Education Audit, commissioned by West Midlands Museum Development. BCLM was one of ten participating organisations; (ii) Recommendations to enable the Museum to grow its formal learning audience: by Lemon Drizzle Heritage Consultants and commissioned by BCLM, and (iii) Young People's Cultural Journeys: commissioned by Arts Connect West Midlands.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Strategic Aim Five – Achieve National and International Impact

(9) To review the Museum's leadership and management structures to ensure continued utility during and post BCLM: Forging Ahead.

Progress: The Museum reviewed its staffing structures in November 2018, and launched a consultation with staff in February 2019 on the proposed new structure. It is expected that all posts will be filled by August 2019, including any that might require external recruitment. The restructuring resulted in three redundancies.

(10) To undertake all year-one planned activity and Critical Objectives, as set out in the Business Plan (2018-2022) submitted to Arts Council England as part of the receipt of National Portfolio funding, from 1 April 2018.

Progress: The planned activity was completed. During the latter part of 2018, the Museum undertook a planned review of activity and critical objectives, in liaison with Arts Council England.

Strategic Aim Six – Grow and Diversify Our Income

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

Progress: The Museum achieved visitor attendance of 355,054 in 2018, representing 6.7% growth on 2017 (332,778) and 9% ahead of the forecast, and the fifth year-on-year increase. The trading surplus, before depreciation and one-off investments was £1.044m. These results are the best ever achieved by the Museum.

Other Achievements, Activities & Successes

Beyond the continuing successful operation of the Museum and the many amazing things that we do day-in day-out, other significant achievements during the period of this review include:

- Strengthening our social media engagement with more than 161,000 'likes' on Facebook (2017: 116,000) and over 20,000 followers on Instagram (2017: 5,000).
- Maintaining our position in the Top 10 charging cultural attractions in the West Midlands.
- The continued operation of the Museum's membership scheme (priced between £30-£65), with 2,144 memberships (2017: 1,460).
- The sell-out success of four 'Peaky Blinders Night' events, welcoming 8,000 visitors in total.
- Continuing to enhance the Museum's reputation and profile as a film location for costume drama and documentaries, which in 2018 included Peaky Blinders series five and Celebrity Masterchef.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Awards during 2018 included:

- TripAdvisor, Certificate of Excellence (7th consecutive year).
- Retaining the accreditation of Quality Assured Visitor Attraction, Visit England.

Events and activities during the year included:

Beyond the Petticoat (17-25 Feb)
Industrial Might (19 & 20 May)
Made in the Black Country (26 May – 3 June)
Historic Holiday Fun (21 July – 2 Sep)
Peaky Blinders (7, 8, 14 & 15 Sep)
A 1940s Christmas (1 December)

Red by Night (19 May)
1940s Weekend (14 & 15 July)
Festival of Black Country Vehicles (17 June)
Late Night Summer Evenings (every Fri in Aug)
Halloween (26, 27, 30 & 31 October)
Christmas Evenings (14, 15, 21, 22 & 23 Dec)

Fundraising

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

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

2018 saw the fundraising team undertake an exceptionally high level of activity in pursuit of its £2.3m target in support of BCLM: Forging Ahead (£2.1m has been raised at the time of writing). Whilst the majority is formed of grants from trusts and foundations, individual support has been sought via the re-launch of the Museum's Patrons scheme as well as optional donations as part of an online transaction. The Museum does not undertake regular direct mail/telephone/face-to-face campaigns: in making a direct specific ask, it fully considers the recipient's recent relationship with the Museum (such as attendance, past donation activity), their contact preferences and data protection to ensure relevant and timely communications. With the introduction of the General Data Protection Regulation (GDPR) in May 2018, all individuals who had previously opted in to receive Museum communications by email were asked to reconfirm their preferences, including contact about fundraising. Electronic fundraising asks are now only made to those who have actively opted-in – the response for which was encouraging and reinforces how BCLM is valued and supported by its visitors and community.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Significant Grants & Donations

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

| | |
|-------------------------------------|--|
| Arts Connect | Arts Council England |
| Birmingham Common Good Trust | Black Country Local Enterprise Partnership |
| Dudley Metropolitan Borough Council | Dumbreck Charity |
| Edward Cadbury Charitable Trust | Edward & Dorothy Cadbury Charitable Trust |
| Esmée Fairbairn Foundation | Friends of the Black Country Living Museum |
| Mr M F Hessey | Holbeck Charitable Trust |
| Mr J H Hughes | Lord Austin Trust |
| National Lottery Heritage Fund | Owen Family Trust |
| The Patrick Foundation | William A Cadbury Charitable Trust |
| Mr A F George MBE TD DL | Mr I Dillamore |

Financial Review

The financial activities of the Museum for the year under review and the financial position at the Balance Sheet date are set out in the Accounts. In particular the Statement of Financial Activities (SOFA), which includes both unrestricted and restricted funds, shows the performance of the group during the year. The 6.7% increase in visitor attendance contributed to record income of £8.03m (2017: £7.34m), with £6.63m (2017: £5.68m) directly attributable to visitor attendance to the Museum. The trading surplus for the year has increased as a result of the higher attendance, to £1.04m compared to £556,000 last year. The table below reconciles the trading surplus to the net unrestricted income shown in the Statement of Financial Activities. After adjusting the net unrestricted income of £466,000 for the actuarial gain on the defined benefit pension fund there is a significant increase in the unrestricted fund balance at the year-end to £2.21m

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Net Trading Surplus | 1,043,695 | 555,540 |
| Accounting Adjustments and Non-recurring Costs included in Expenditure: | | |
| One-off Investments | (126,851) | (51,068) |
| Depreciation charge on Unrestricted Funds | (76,950) | (83,648) |
| Fundraising income – BCLM: Forging Ahead | - | 52,465 |
| Non-cash donation of Heritage Motor Vehicles | 96,000 | - |
| Tax received | 12,804 | - |
| Contribution to BCLM: Forging Ahead | (438,504) | (180,441) |
| Actuarial adjustment (pensions) | (44,000) | 35,000 |
| Net Income/(Expenditure) after taxation (as shown in SOFA) | 466,194 | 327,848 |

Achieving such an operational trading surplus in 2018 is a significant accomplishment for the Museum and this remains a priority going forward in order to continue to establish a resilient

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

financial position, to maintain and develop the open-air site, and to build an adequate and consistent level of free cash reserves.

The operational trading result contributed to a cash inflow from operating activities of £710,000. After net capital expenditure of £28,000 and borrowing repayments of £39,000 there was a net increase in cash of £643,000 resulting in a rise in cash at bank and in-hand as at 31 December 2018 to £1.67m (2017: £1.02m).

The Group Net Worth at 31 December 2018 stands at £9.61m (2017: £8.99m) the increase being as a result of the reduction in the defined benefit pension liability, plus the trading surplus less the utilisation of restricted funds. Restricted Funds stand at £7.40m (2017: £7.64m) and Unrestricted Funds at £2.21m (2017: £1.35m) comprised of Designated Funds of £2.55m (2017: £2.27m), General Funds of £1.01m (2017: £0.79m) and Pension Reserve (deficit) of £1.35m (2017: deficit of £1.70m).

Risk Management

The Museum acknowledges the risks inherent in its 'business', and is committed to managing risks that pose a significant threat to the achievement of its business aims and financial strength. In 2014, the Board adopted a register of 20 key risks, with any high level risks reported to each meeting of the Board. During the year, the process of risk management was reviewed resulting in a new Register of 11 Key Risks being produced which is supported by operational and project risk registers. The Register of Key Risks is a standing item on the agenda for meetings of the Leadership Team and Senior Management Team and is available to Trustees at all Board meetings. As part of its duties, the Museum's Audit Committee has oversight of process of the management of key risks.

Primary Risks & Uncertainties

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

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

The Museum, as reported at Note 31, has a potential defined benefit pension liability of £1.358m (2017: £1.704m), although this will not crystallise in the short or medium term, and in the event of the Museum winding-up, any such continuing pension liability is underwritten by Dudley Metropolitan Borough Council, as guarantor.

Going Concern

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

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Reserves Policy

The Museum Trust recognises that its reserves are the part of the Charity's unrestricted funds that are freely available to spend on any of the Charity's purposes, and that this excludes tangible fixed assets. The current Reserves Policy arising from a review by the Financial Performance Scrutiny Committee, and approved by the Board, recommended a prudent level of unrestricted free cash balances would be £650,000 throughout the year. Taking account of organisational risks, this is considered adequate to allow the Museum to support its upcoming development project and to review its activities in the event of a significant and sudden reduction in trading revenues, or other major occurrence, so as to avoid the closure of the Museum and the resultant loss of the public benefit it provides to its beneficiaries. At the balance sheet date the Group had a General Fund balance of £1.01m (2017: £790,000) which equated to an unrestricted cash balance of £1.41m (2017: £740,000). The Trustees have designated £664,000 of this for future developments and so the unrestricted free cash balance at the year-end equated to £748,000. The Museum's cash balances reduce in the first half of a year and so a higher balance is required at the year end to ensure the level is maintained throughout the year.

Investment Policy

The Museum, when able to do so, takes advantage of short-term cash flow surpluses by placing funds with regulated financial institutions approved by the Board, which will primarily be in deposit accounts with mainstream banks. It is not the policy of the Museum to delegate investment management to an agent of the Charity. In making any investment decisions the Board has due regard to Charity Commission guidance.

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

The Museum's subsidiary trading company undertakes all non-primary-purpose trading: catering, retail, hire & hospitality, location filming and business sponsorship. The results show that turnover increased by 18% to £2.56m (2017: £2.17m) reflecting the increase in visitor attendance of 6.7% and an increase in spend per visit. As a result of the increase in turnover the profit, before Group charges, increased to £910,000 (2017: £695,000). The result represents another very strong performance for the Museum's subsidiary trading company, and its support for the charitable activities of the Museum.

Future Plans

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

Strategic Aim One – Develop Our Distinctiveness and Brand

- (1) Complete the Leadership & Management restructuring, and recruitment to all posts by the end of August 2019.
- (2) Continue to develop a more strategic approach to the development of our people, their well-being and our working culture.

Black Country Living Museum Trust

Strategic Report for the Year Ended 31 December 2018

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

(3) Commence implementation of the BCLM: Forging Ahead Collections Development Action Plan, including a programme of collecting and loans to support the Museum's new developments.

Strategic Aim Three – Transform the Visitor Journey

(4) In line with the programme and cost plans, commence the delivery of BCLM: Forging Ahead, the Museum's major 3-year capital development, from July 2019.

(5) Secure all remaining funds required to complete BCLM: Forging Ahead, by September 2019.

(6) Achieve all year one plans set out in the BCLM: Forging Ahead Activity Plan, including the unique opportunities that will exist to fully engage our communities in the construction of the Museum's new historic developments, as part of the visitor experience.

Strategic Aim Four – Increase Visitor Attendance

(7) Continue to maximise the existing assets and activities of the Museum to enhance the visitor experience, including the continued development of new ways of delivering living interpretation.

Strategic Aim Five – Achieve National and International Impact

(8) Achieve all year two planned activity set out in the Business Plan and associated with Arts Council England, National Portfolio Funding (2018-2022).

(9) Successfully advance the aims of the Black Country Studies Centre, in partnership with the University of Wolverhampton.

Strategic Aim Six – Grow and Diversify Our Income

(10) Continue to strengthen the Museum's financial position by achieving visitor attendance of at least 328,348, a trading surplus, before depreciation and one-off investments of at least £30,000, and free cash reserves of at least £650,000, in-line with our reserves policy, for the year to 31 December 2019.

(11) Review the Museum's fundraising strategy by December 2019, including the Museum's relationship with the business community.

On behalf of the Trustees



Lowell Williams Chair

Dated: 30 May 2019

Black Country Living Museum Trust

Statement of Trustees' Responsibilities

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

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

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities';
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

On behalf of the Trustees



Lowell Williams Chair

Dated: 30 May 2019

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2018

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Other Information

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

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2018

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

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

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the Year Ended 31 December 2018

either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



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

Dated: 14 June 2019

Black Country Living Museum Trust

Consolidated Statement of Financial Activities including Income and Expenditure Account for the Year Ended 31 December 2018

| | Notes | Unrestricted Funds £ | Restricted Funds £ | Total 2018 £ | Total 2017 £ |
|--|-------|----------------------|--------------------|------------------|------------------|
| <u>Income</u> | | | | | |
| Donations and Legacies: | | | | | |
| Charitable donations | 3 | 107,054 | 427,143 | 534,197 | 570,845 |
| Charitable Activities: | | | | | |
| Admission to the Museum | 4 | 4,058,267 | - | 4,058,267 | 3,519,072 |
| Major Partner Museum (Arts Council England) | 5 | - | 225,848 | 225,848 | 886,000 |
| Grants (Arts Council England) | 6 | 412,500 | - | 412,500 | - |
| Other Trading Activities: | | | | | |
| Retail income (subsidiary trading company) | 7 | 2,373,246 | - | 2,373,246 | 1,990,649 |
| Ancillary enterprises | 8 | 368,781 | - | 368,781 | 323,187 |
| Investment Income | | | | | |
| | 9 | - | - | - | - |
| Other Income | | | | | |
| | 10 | 55,735 | - | 55,735 | 48,073 |
| Total Income | | 7,375,583 | 652,991 | 8,028,574 | 7,337,826 |
| <u>Expenditure</u> | | | | | |
| Raising Funds: | | | | | |
| Retail (subsidiary trading company) | | 1,906,444 | 188 | 1,906,632 | 1,728,676 |
| Development and fundraising costs | | 184,007 | 18 | 184,025 | 132,896 |
| Charitable Activities: | | | | | |
| Opening and operating the Museum | | 3,799,948 | 236,654 | 4,036,602 | 3,567,205 |
| Developing the Museum | | 883,794 | 295,724 | 1,179,518 | 601,864 |
| Major Partner Museum (Arts Council England) | | 43,569 | 359,780 | 403,349 | 941,955 |
| National Leadership Programme | | 104,431 | 10 | 104,441 | - |
| Total Expenditure | 11 | 6,922,193 | 892,374 | 7,814,567 | 6,972,596 |
| Net Income/(Expenditure) before taxation | | 453,390 | (239,383) | 214,007 | 365,230 |
| Tax receivable | | 12,804 | - | 12,804 | - |
| Net Income/(Expenditure) after taxation | | 466,194 | (239,383) | 226,811 | 365,230 |
| Other Recognised Gains and Losses: | | | | | |
| Actuarial gain/(loss) on defined benefit pension | | 390,000 | - | 390,000 | (390,000) |
| Net Movement in Funds | | 856,194 | (239,383) | 616,811 | (24,770) |
| Reconciliation of Funds: | | | | | |
| Total Funds brought forward 1 January 2018 | | 1,351,848 | 7,642,920 | 8,994,768 | 9,019,538 |
| Total Funds carried forward at 31 December 2018 | | 2,208,042 | 7,403,537 | 9,611,579 | 8,994,768 |

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

Black Country Living Museum Trust

Group (Consolidated) Balance Sheet as at 31 December 2018

| | Notes | 2018 | 2017 |
|--|-------|-------------------|-------------------|
| | | £ | £ |
| Fixed Assets: | | | |
| Intangible assets | 17 | 1,491 | 7,257 |
| Tangible assets | 17 | 4,559,607 | 4,723,452 |
| Heritage assets | 18 | 5,210,643 | 5,204,312 |
| Total Fixed Assets | | 9,771,741 | 9,935,021 |
| Current Assets: | | | |
| Stocks of goods for resale | 20 | 101,773 | 99,694 |
| Debtors | 21 | 298,637 | 386,806 |
| Cash at bank and in hand | 30 | 1,667,574 | 1,024,535 |
| Total Current Assets | | 2,067,984 | 1,511,035 |
| Creditors: amount falling due within 1 year | 22 | (649,113) | (485,563) |
| Net Current Assets | | 1,418,871 | 1,025,472 |
| Total Assets less Current Liabilities | | 11,190,612 | 10,960,493 |
| Creditors: amount falling due after more than 1 year | 23 | (221,033) | (261,725) |
| Net Assets (excluding pension liability) | | 10,979,579 | 10,698,768 |
| Defined benefit pension liability | 31 | (1,358,000) | (1,704,000) |
| Total Net Assets | | 9,611,579 | 8,994,768 |
| The Funds of the Charity: | | | |
| Restricted funds | 26 | 7,403,537 | 7,642,920 |
| Unrestricted funds: | | | |
| Designated funds | 27 | 2,552,946 | 2,265,544 |
| General funds | | 1,013,096 | 790,304 |
| Pension reserve | 31 | (1,358,000) | (1,704,000) |
| | | 2,208,042 | 1,351,848 |
| | | 9,611,579 | 8,994,768 |

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 30 May 2019 and signed on behalf of the Board of Trustees:



Lowell Williams Chair

Dated: 30 May 2019

Black Country Living Museum Trust

Parent (Museum) Balance Sheet as at 31 December 2018

| | Notes | | 2018 | | 2017 |
|--|-------|-------------------|------------------|-------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets: | | | | | |
| Intangible assets | 17 | | 1,491 | | 7,257 |
| Tangible assets | 17 | | 4,549,983 | | 4,710,378 |
| Heritage assets | 18 | | 5,210,643 | | 5,204,312 |
| Investments | | | 1,000 | | 1,000 |
| Total Fixed Assets | | | 9,763,117 | | 9,922,947 |
| Current Assets: | | | | | |
| Debtors | 21 | 270,080 | | 687,253 | |
| Cash at bank and in hand | 30 | 1,390,510 | | 224,388 | |
| Total Current Assets | | 1,660,590 | | 911,641 | |
| Creditors: amount falling due within 1 year | 22 | (949,137) | | (394,127) | |
| Net Current Assets | | 711,453 | | 517,514 | |
| Total Assets less Current Liabilities | | 10,474,570 | | 10,440,461 | |
| Creditors: amount falling due after more than 1 year | 23 | (221,033) | | (261,725) | |
| Defined benefit pension liability | 31 | (1,358,000) | | (1,704,000) | |
| Total Net Assets | | 8,895,537 | | 8,474,736 | |
| The Funds of the Charity: | | | | | |
| Restricted funds | 26 | | 7,403,537 | | 7,642,920 |
| Unrestricted funds: | | | | | |
| Designated funds | 27 | 2,552,946 | | 2,265,544 | |
| General funds | | 297,054 | | 270,272 | |
| Pension reserve | 31 | (1,358,000) | | (1,704,000) | |
| | | 1,492,000 | | 831,816 | |
| | | 8,895,537 | | 8,474,736 | |

The net gain reported in the Statement of Financial Activities of the parent charity for the year was £420,801 (2017: £143,151 loss).

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 30 May 2019 and signed on behalf of the Board of Trustees:



Lowell Williams Chair

Dated: 30 May 2019

Black Country Living Museum Trust

Consolidated Cash Flow Statement for the Year Ended 31 December 2018

| | Notes | 2018 | 2017 |
|---|-------|------------------|------------------|
| | | £ | £ |
| Cash Flow from Operating Activities: | | | |
| Net cash flow from operating activities | 29 | 709,909 | 420,513 |
| Cash Flows from Investing Activities: | | | |
| Interest from investments | | - | - |
| Proceeds from the sale of tangible fixed assets | | 7,083 | 9,018 |
| Purchase of tangible fixed assets | | (34,996) | (238,336) |
| Net Cash Used in Investing Activities | | (27,913) | (229,318) |
| Cash Flows from Financing Activities: | | | |
| Repayment of borrowing | | (38,957) | (44,242) |
| Net Cash Used in Financing Activities | | (38,957) | (44,242) |
| Change in Cash and Cash Equivalents in the Year | | | |
| | | 643,039 | 146,953 |
| Cash and cash equivalents at the beginning of the year | | 1,024,535 | 877,582 |
| Total Cash and Cash Equivalents at the End of the Year | | 1,667,574 | 1,024,535 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

1 Accounting Policies

1.1 Basis of Preparation

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

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

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

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

1.2 Going Concern

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

1.3 Key Sources of Estimation Uncertainty

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

- Defined Pension Liabilities

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

- Voluntary Income

The Charity is party to a Deed of Gift which undertakes to make a donation of £500,000 to the Museum. The Deed outlines that the donation is to be made in four annual instalments. In the Charity's judgement, although the Deed of Gift is technically legally binding the income should be treated as a voluntary donation and accounted for when receivable or received.

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

1.4 Income

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

Income from charitable donations and grants, both of a capital and revenue nature, are recognised when the Charity has entitlement to the funds and it is probable that the income will be received. They are accounted for gross when receivable, including gifts in kind at estimated valuation. Donations and grants with conditions attached to them are credited to restricted funds and any unspent amounts are shown on the balance sheet as restricted funds. Where the restricted income is to fund capital expenditure the restricted fund balance matches capital value and the restricted funds are released in the Statement of Financial Activities over the expected useful lives of their relevant assets.

Income from commercial trading activities is recognised as earned. Trading income represents income from a variety of retail activities on the Museum site, exclusive of VAT.

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

1.5 Donated Services

The Museum aims to involve volunteers across the organisation from costumed interpretation and collections care to retailing and finance. People volunteer as individuals and as part of volunteer groups, who in certain cases take on shared responsibility for the operation of specific aspects of the Museum. Some volunteer groups also provide restricted funds to support particular projects or collection purchases. The Museum has over 200 active volunteers and it is estimated that they provided a total of 31,720 volunteer hours during the course of 2018. Using the standard National Lottery Heritage Fund multiplier of £50 per day for unskilled, £150 per day for skilled and £350 per day for professional roles, this equates to a value of £407,672 (2017: £475,725).

1.6 Expenditure

All costs allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and support costs; being those costs of an indirect nature necessary to support them.

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

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

Support costs are shared across more than one activity undertaken by the Museum and include governance costs, payroll administration, human resources and information technology. The basis on which these costs have been allocated is set out in Note 11.

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

1.7 Fixed Assets

(a) Operational Assets

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight-line method, as follows:

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

(b) Intangible Assets

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

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

(c) Heritage Assets

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

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

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

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

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

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

1.8 Remuneration Policy

The Museum has a well-established median pay policy, informed by market data provided by The Hay Group. Annual reviews of salary are carried out and where an award is made, it is targeted at staff furthest below the median rate of pay for their role, by applying the largest percentage increase. The policy applies to all staff at the Museum, including Key Management Personnel. The Key Management Personnel received no additional remuneration benefits to those provided to all other staff. The Board reserves the right to review and determine the remuneration of the Chief Executive outside this protocol. A review of the Museum's pay&grading structure and rates of pay, will be undertaken during 2019.

1.9 Stock

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

1.10 Debtors

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

1.11 Creditors

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

1.12 Financial Instruments

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

1.13 Pensions

The Museum is an admitted body as part of the West Midlands Pension Fund (WMPF). The WMPF was set up under the Superannuation Act 1972 for UK-wide local government employees. The permanent staff of the Museum (although not local government employees) became eligible for membership, under the auspices of Dudley Metropolitan Borough Council (who act as guarantor) when the Museum was first established in September 1975. This means that in the event that the Museum is wound-up, Dudley Council will be liable for any continuing defined pension liabilities, and as such, this represents a very significant level of support from the local authority. The WMPF provides a pension scheme for certain employees of the Museum, currently providing benefits based on career average revalued salary and length of service on retirement. It is constituted as a trust fund whose assets are held and managed separately from those of the Museum. Contributions are set every three years as a result of the actuarial valuation of the Fund, the last one being as at 31 March 2016. The next valuation will be carried out as at 31 March 2019 and will set contributions for the period 1 April 2020 to 31 March 2023.

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

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

Actuarial gains and losses are recognised in full in the Statement of Financial Activities in the period in which they occur. The defined benefit pension liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market value. The value of a net pension benefit is restricted to the sum of any unrecognised past service costs and the present value of any amount the Museum expected to recover by ways of refunds from the plan or reductions in future contributions.

In line with the requirements of Financial Reporting Standard 102, the Museum's defined benefit pension scheme liability and related costs are included in these financial statements. Further information is contained in Note 31.

After 31 March 2011, the Museum closed the defined pension scheme to new entrants and made available a separate defined contribution pension scheme provided by Friends Life and Aegon for existing staff who do not have other pension provision, as well as for new employees. The Museum is registered with The Pensions Regulator.

1.14 Funds and Reserves Accounting

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

- (i) Restricted funds include donations where the donor has specified the funds be set aside for a particular purpose. In addition, restricted funds also include grants from local authorities and similar bodies in connection with the cost of the Museum's original operational fixed assets and its heritage assets, which have been credited to this reserve. The depreciation of the related assets is recovered from this reserve.
- (ii) Unrestricted funds represent funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the Museum. Such funds may be held in order to finance both working capital and capital investment.
- (iii) Designated funds represent funds that have been set aside by the Trustees for particular purposes. The aim and use of such funds is set out in the notes to the financial statements.
- (iv) Pension reserve, associated with the obligation associated with the Museum's defined benefit pension scheme (ref. Note 31).

1.15 Related Party Transactions

Black Country Living Museum Trust is the 'parent company' within a group that prepares consolidated financial statements. Details of related party transactions between the parent company and its subsidiary are shown in Notes 32.

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

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

3 Summary of Charitable Donations

| | Unrestricted Funds 2018 | Restricted Funds 2018 | Unrestricted Funds 2017 | Restricted Funds 2017 |
|-----------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Grants | - | 355,352 | 20,000 | 461,323 |
| Donations | 107,054 | 71,791 | 10,465 | 57,057 |
| Legacies | - | - | 22,000 | - |
| | 107,054 | 427,143 | 52,465 | 518,380 |

The Museum thanks all of the organisations and individuals who have given generously during the year and the details of the major contributors are acknowledged on page 27 of the Annual Report. Details on how the restricted income has been applied can be found in note 26.

4 Visitor Admission to the Museum

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Admission (Museum & Locksmith's House) | 3,041,744 | 2,613,887 |
| Gift Aid from donated admission charges* | 348,332 | 315,609 |
| | 3,390,076 | 2,929,496 |
| Events Programme | 561,830 | 509,599 |
| Membership | 56,127 | 34,570 |
| Learning Programmes & Courses | 50,234 | 45,407 |
| | 4,058,267 | 3,519,072 |
| Visitor Attendance (number) | 355,054 | 332,778 |

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

5 West Midlands Museum Partnership (Major Partner Museum)

| | 2018 | 2017 |
|----------------------|---------|---------|
| | £ | £ |
| Arts Council England | 225,848 | 886,000 |

The West Midlands Museum Partnership was established, with effect from 1 April 2015, to deliver a three year programme of activity under the Arts Council's Major Partner Museum Programme (2015/16–2017/18). This national programme represents Arts Council England's (ACE) most significant investment in museums across England and involves some £22.6m each year to 21 Major Partner Museums. The partnership is led by Black Country Living Museum, which is accountable to ACE by way of a funding agreement and programme/spending plan. A legal agreement details the relationship between the Museum and its partner, Culture Coventry. The programme ended on 31 March 2018.

6 National Portfolio Organisation Funding

| | 2018 | 2017 |
|----------------------|---------|------|
| | £ | £ |
| Arts Council England | 412,500 | - |

From 1 April 2018, the Museum is a National Portfolio Organisation. A four-year funding agreement is in place until 31 March 2022. Over this period total funds of £2.2m are planned.

7 Results of the Museum's Subsidiary Trading Company

The Museum (Parent) wholly owns a trading subsidiary which is incorporated in the UK. The subsidiary undertaking, Black Country Living Museum Enterprises Limited (Company Registration No. 3026731) operates the ancillary commercial activates connected to the activities of the Black Country Living Museum. The trading company donates its taxable profit to the Museum as unrestricted funds. A summary of the results is set out below. Separate audited accounts have been filed with the Registrar of Companies, with the same accounting reference date as the Museum Trust.

| | 2018 | 2017 |
|---|-------------|-------------|
| | £ | £ |
| Profit & Loss Account | | |
| Retail Sales income | 2,453,766 | 1,990,649 |
| AEOM Conference (August 2017) | - | 62,338 |
| Cost of sales, including staffing | (1,621,989) | (1,449,661) |
| Gross profit | 831,777 | 603,326 |
| Administrative expenses | (28,552) | (25,175) |
| Operating profit | 803,225 | 578,151 |
| Other operating income | 106,870 | 116,456 |
| Profit before Group charges | 910,095 | 694,607 |
| Group charges (rent and services) | (191,182) | (175,279) |
| Profit for year before and after taxation | 718,913 | 519,328 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

8 Ancillary Enterprises

| | 2018 | 2017 |
|---|---------|---------|
| | £ | £ |
| Parking charges | 163,046 | 126,512 |
| Business sponsorship | 31,958 | 28,599 |
| Hire & Hospitality | 80,520 | - |
| Dudley Canal Trips & advertising commission | 18,346 | 17,881 |
| Licensed on-site concessions | 21,462 | 24,050 |
| Filming rights and charges | 53,449 | 63,807 |
| AEOM Conference (August 2017) | - | 62,338 |
| | <hr/> | <hr/> |
| | 368,781 | 323,187 |

9 Investment Income

| | 2018 | 2017 |
|-------------------|-------|-------|
| Interest received | - | - |
| | <hr/> | <hr/> |
| | - | - |

10 Other Income

| | 2018 | 2017 |
|------------------------------------|--------|--------|
| | £ | £ |
| Rent from leased freehold property | 45,125 | 46,998 |
| Other | 10,610 | 1,075 |
| | <hr/> | <hr/> |
| | 55,735 | 48,073 |

11 Analysis of Expenditure

| | Staff costs | Other costs | Support costs | Total 2018 |
|----------------------------------|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Raising Funds | | | | |
| Subsidiary trading company | 672,225 | 981,830 | 252,577 | 1,906,632 |
| Fundraising costs | 135,718 | 23,929 | 24,378 | 184,025 |
| Total Cost | 807,943 | 1,005,759 | 276,955 | 2,090,657 |
| Charitable Activities | | | | |
| Opening and operating the Museum | 2,329,552 | 1,178,134 | 528,916 | 4,036,602 |
| Developing the Museum | 211,922 | 811,342 | 156,254 | 1,179,518 |
| Major Partner Museum | 17,410 | 330,615 | 55,324 | 403,349 |
| Delivering MRL | - | 90,606 | 13,835 | 104,441 |
| Total Cost | 2,558,884 | 2,410,697 | 754,329 | 5,723,910 |
| Total All Costs | 3,366,827 | 3,416,456 | 1,031,284 | 7,814,567 |

Support costs are allocated on the basis of direct expenditure.

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

12 Analysis of Support Costs

| | Staff costs | Other costs | Total 2018 | Total 2017 |
|-----------------------------------|-------------|-------------|---------------|---------------|
| | £ | £ | £ | £ |
| Governance | - | 8,080 | 8,080 | 8,151 |
| Chief Exec office, Finance and HR | 494,980 | 363,611 | 858,591 | 752,987 |
| Information Technology | 35,806 | 128,807 | 164,613 | 142,015 |
| | 530,786 | 500,498 | 1,031,284 | 903,153 |

13 Analysis of Governance Costs

| | 2018 | 2017 |
|-------------------------------|-------|-------|
| | £ | £ |
| Trustees expenses | - | - |
| Legal and professional fees | 580 | 1,051 |
| Audit and accountancy charges | 7,500 | 7,100 |
| | 8,080 | 8,151 |

14 Net Income/Expenditure for the Year

| | 2018 | 2017 |
|--------------------------------|---------|---------|
| | £ | £ |
| This is stated after charging: | | |
| Operating leases | 25,568 | 29,250 |
| Depreciation | 294,276 | 287,343 |
| Bank loan interest | 7,944 | 7,282 |
| Auditor's remuneration: | | |
| Audit fee | 11,500 | 11,100 |
| Accountancy and tax services | 700 | 700 |

15 Trustees (Directors and Members)

None of the Trustees (or any persons connected with them) received any remuneration or benefits during the year. Trustees were reimbursed out-of-pocket expenses totalling £nil (2017: total £nil).

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

16 Employees

The average monthly headcount of contracted employees during the year was 166 (2017: 155) and the average full time equivalent number of employees and casual workers during the year were as follows:

| | 2018 | 2017 |
|--|-------|-------|
| | FTE | FTE |
| Direct (front-line) charitable activities | 116 | 107 |
| Management, specialists and administration | 44 | 40 |
| | <hr/> | <hr/> |
| | 160 | 147 |
| Of which: | | |
| Contracted employees | 129 | 120 |
| Casual workers | 31 | 27 |
| | <hr/> | <hr/> |
| | 160 | 147 |

Employment Costs:

| | 2018 | 2017 |
|--------------------------|-----------|-----------|
| | £ | £ |
| Wages and salaries | 3,477,551 | 3,039,313 |
| National Insurance costs | 231,358 | 199,344 |
| Pension costs | 188,704 | 168,106 |
| | <hr/> | <hr/> |
| | 3,897,613 | 3,406,763 |

Employment costs includes redundancy payments and payments in lieu of notice amounting to £31,478 (2017: £13,255) paid to four individuals (2017: five).

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

| | 2018 | 2017 |
|-------------------|----------|----------|
| | (number) | (number) |
| £60,000 - £70,000 | 1 | - |
| £80,000 - £90,000 | 1 | 1 |

There are six posts considered as paid executive Key Management Personnel of the Museum (as defined by FRS 102), comprising the Director & Chief Executive, Deputy Chief Executive (Collections, Learning & Research), Deputy Chief Executive (Communications & Marketing), Deputy Chief Executive (Development) (job share), Deputy Chief Executive (Visitor Engagement & Operations) and Deputy Chief Executive (Finance & Resources). The employee benefits of Key Management Personnel were £414,632 (2017: £360,362).

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

17 Tangible and Intangible Fixed Assets

(a) Operational Assets – Group

| | Intangible Fixed Assets | Tangible Fixed Assets | | | | | Total |
|----------------------------|----------------------------|-----------------------------------|------------------------------------|--|-------------------|------------------|-------|
| | | Land and buildings freehold | Land and buildings leasehold | Fixtures, fittings and equipment | Motor vehicles | | |
| | £ | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | | |
| At 1 January 2018 | 23,064 | 787,597 | 5,512,605 | 1,388,117 | 74,339 | 7,762,658 | |
| Additions | - | - | - | 8,218 | 10,525 | 18,743 | |
| Disposals | - | - | - | (37,000) | - | (37,000) | |
| At 31 December 2018 | 23,064 | 787,597 | 5,512,605 | 1,359,335 | 84,864 | 7,744,401 | |
| Depreciation | | | | | | | |
| At 1 January 2018 | 15,807 | 109,178 | 1,628,298 | 1,230,772 | 70,958 | 3,039,206 | |
| Charge for the period | 5,766 | 14,087 | 92,021 | 72,970 | 3,510 | 182,588 | |
| On disposal | - | - | - | (37,000) | - | (37,000) | |
| At 31 December 2018 | 21,573 | 123,265 | 1,720,319 | 1,266,742 | 74,468 | 3,184,794 | |
| Net book value | | | | | | | |
| At 31 December 2018 | 1,491 | 664,332 | 3,792,286 | 92,593 | 10,396 | 4,559,607 | |
| At 31 December 2017 | 7,257 | 678,419 | 3,884,307 | 157,345 | 3,381 | 4,723,452 | |

(b) Operational Assets – Parent

| | Intangible Fixed Assets | Tangible Fixed Assets | | | | | Total |
|----------------------------|----------------------------|-----------------------------------|------------------------------------|--|-------------------|------------------|-------|
| | | Land and buildings freehold | Land and buildings leasehold | Fixtures, fittings and equipment | Motor vehicles | | |
| | £ | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | | |
| At 1 January 2018 | 23,064 | 787,597 | 5,512,605 | 1,331,293 | 69,044 | 7,700,539 | |
| Additions | - | - | - | 8,218 | 10,525 | 18,743 | |
| Disposals | - | - | - | (37,000) | - | (37,000) | |
| At 31 December 2018 | 23,064 | 787,597 | 5,512,605 | 1,302,511 | 79,569 | 7,682,282 | |
| Depreciation | | | | | | | |
| At 1 January 2018 | 15,807 | 109,178 | 1,628,298 | 1,186,891 | 65,794 | 2,990,161 | |
| Charge for the period | 5,766 | 14,087 | 92,021 | 69,651 | 3,379 | 179,138 | |
| On disposal | - | - | - | (37,000) | - | (37,000) | |
| At 31 December 2018 | 21,573 | 123,265 | 1,720,319 | 1,219,542 | 69,173 | 3,132,299 | |
| Net book value | | | | | | | |
| At 31 December 2018 | 1,491 | 664,332 | 3,792,286 | 82,969 | 10,396 | 4,549,983 | |
| At 31 December 2017 | 7,257 | 678,419 | 3,884,307 | 144,402 | 3,250 | 4,710,378 | |

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

18 Heritage Assets

| | | |
|----------------------------|------------------|---|
| Group and company | | £ |
| Cost | | |
| At 1 January 2018 | 6,131,791 | |
| Additions | 112,253 | |
| Disposals | - | |
| At 31 December 2018 | 6,244,044 | |
| Depreciation | | |
| At 1 January 2018 | 927,479 | |
| Charge for the period | 105,922 | |
| On disposal | - | |
| At 31 December 2018 | 1,033,401 | |
| Net book value | | |
| At 31 December 2018 | 5,210,643 | |
| At 31 December 2017 | 5,204,312 | |

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | Pre 2014 | Total |
|--------------------------------|----------------|----------------|----------------|----------------|---------------|------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Purchases and Additions | | | | | | | |
| Marston Collection | - | - | - | - | - | 341,865 | 341,865 |
| Locksmith's House | - | - | - | - | - | 150,000 | 150,000 |
| President Narrow Boat | - | - | - | - | - | 103,612 | 103,612 |
| Workers' Institute | - | - | (83,821) | - | - | 2,543,413 | 2,459,592 |
| Oldbury Buildings | - | - | - | - | - | 1,051,715 | 1,051,715 |
| Hobbs Fish & Chip Shop | - | - | - | - | - | 1,155,115 | 1,155,115 |
| Folkes Park | - | - | - | - | - | 194,564 | 194,564 |
| Conway Garage | - | - | - | - | - | 71,203 | 71,203 |
| Bradburn & Wedge | - | - | - | - | - | 2,120 | 2,120 |
| Newcomen Engine | - | - | - | - | - | 92,497 | 92,497 |
| Birchill's Narrow Boat | - | - | - | 7,185 | 43,545 | 17,738 | 68,468 |
| Kildare Narrow Boat | - | - | - | 24,795 | 10,000 | - | 34,795 |
| Tram 5 | - | 13,033 | 25,716 | 57,563 | - | - | 96,312 |
| Tramway | - | - | 9,916 | 63,430 | - | - | 73,346 |
| The Drift Mine (replica) | - | - | 8,753 | - | - | - | 8,753 |
| Racecourse Colliery | - | 131,266 | 5,456 | - | - | - | 136,722 |
| Anchor Forge/Steam Hammer | - | 20,726 | 26,581 | - | - | - | 47,307 |
| Hut 14 | 16,253 | 43,805 | - | - | - | - | 60,058 |
| Patrick Collection Vehicles | 96,000 | - | - | - | - | - | 96,000 |
| | 112,253 | 208,830 | (7,399) | 152,973 | 53,545 | 5,723,842 | 6,244,044 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

18 Heritage Assets (cont.)

| | 2018 | 2017 | 2016 | 2015 | 2014 | Pre 2013 | Total |
|---------------------------|---------|--------|--------|--------|--------|----------|-----------|
| Depreciation | £ | £ | £ | £ | £ | £ | £ |
| Marston Collection | 5,698 | 5,698 | 5,698 | 5,698 | 5,698 | 32,763 | 61,253 |
| Locksmith's House | 1,454 | 1,454 | 1,454 | 1,454 | 1,454 | 21,500 | 28,770 |
| President Narrow Boat | 1,757 | 1,757 | 1,757 | 1,757 | 1,757 | 8,420 | 17,205 |
| Workers' Institute | 42,393 | 42,393 | 42,393 | 42,393 | 42,393 | 243,564 | 455,529 |
| Oldbury Buildings | 17,750 | 17,750 | 17,750 | 17,750 | 17,750 | 88,786 | 177,536 |
| Hobbs Fish & Chip Shop | 19,252 | 19,252 | 19,252 | 19,252 | 19,252 | 110,699 | 206,959 |
| Folkes Park | 3,254 | 3,254 | 3,254 | 3,254 | 3,254 | 18,058 | 34,328 |
| Conway Garage | 1,187 | 1,187 | 1,187 | 1,187 | 1,187 | 6,825 | 12,760 |
| Bradburn & Wedge | 35 | 35 | 35 | 35 | 35 | 202 | 377 |
| Newcomen Engine | 1,652 | 1,652 | 1,652 | 1,652 | 1,652 | 2,531 | 10,791 |
| Birchill's Narrow Boat | 1,264 | 1,264 | 1,264 | 1,265 | 1,129 | 322 | 6,508 |
| Kildare Narrow Boat | 653 | 653 | 653 | 653 | 185 | - | 2,797 |
| Tram 5 | 1,836 | 1,836 | 1,580 | 1,086 | - | - | 6,338 |
| Tramway | 1,387 | 1,387 | 1,387 | 1,195 | - | - | 5,356 |
| The Drift Mine (replica) | 167 | 167 | 167 | - | - | - | 501 |
| Racecourse Colliery | 2,048 | 105 | 105 | - | - | - | 2,258 |
| Anchor Forge/Steam Hammer | 631 | - | - | - | - | - | 631 |
| Hut 14 | 3,504 | - | - | - | - | - | 3,504 |
| | 105,922 | 99,844 | 99,588 | 98,631 | 95,746 | 533,670 | 1,033,401 |

19 Fixed Asset Investments

| Company | £ |
|---|-------|
| Market value at 1 January 2018 and at 31 December 2018 | 1,000 |
| Historical cost at 31 December 2017 and at 31 December 2018 | 1,000 |

The Companies Act 2006 required the Museum to disclose any holdings which amount to more than 20% of a company's issued shares. The Museum holds 100% of the issued Ordinary Shares of Black Country Living Museum Enterprises Limited. This wholly-owned subsidiary undertakes on-site trading to support the charitable activities of the Museum, as further described in this Annual Report and its own filed accounts. The net asset and shareholder's funds value of Black Country Living Museum Enterprises Limited at 31 December 2017 was £521,033 (2016: £402,556).

20 Stock

| | Group | | Parent | |
|-------|---------|---|--------|---|
| | 2018 | | 2017 | |
| | £ | £ | £ | £ |
| Stock | 101,773 | | 99,694 | - |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

21 Debtors

| | Group | | Parent | |
|---------------------------------------|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Trade debtors | 54,550 | 42,111 | 29,679 | 28,756 |
| Owed by subsidiary Trading Company | - | - | - | 319,129 |
| Other debtors | 56,470 | 42,147 | 56,470 | 42,147 |
| Prepayments and accrued income | 187,617 | 302,548 | 183,931 | 297,221 |
| | 298,637 | 386,806 | 270,080 | 687,253 |

22 Creditors: Amounts Falling Due Within One Year

| | Group | | Parent | |
|--|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loan | 36,020 | 34,500 | 36,020 | 34,500 |
| Obligations under finance leases and hire purchase contracts | 4,640 | 4,425 | 4,640 | 4,425 |
| Owed to subsidiary Trading Company | - | - | 440,433 | |
| Trade creditors | 315,893 | 205,231 | 270,030 | 169,442 |
| Taxes and social security costs | 119,569 | 98,124 | 57,677 | 58,655 |
| Other creditors | 8,521 | 17,327 | 8,521 | 12,327 |
| Accruals | 164,470 | 125,956 | 131,816 | 114,778 |
| | 649,113 | 485,563 | 949,137 | 394,127 |

23 Creditors: Amounts Falling Due After More Than One Year

| Group and company | 2018 | 2017 |
|---|---------|---------|
| | £ | £ |
| Bank Loan | 207,087 | 243,139 |
| Obligations under finance leases and hire purchase contracts | 13,946 | 18,586 |
| | 221,033 | 261,725 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

| | 2018 | 2017 |
|---|----------|----------|
| | £ | £ |
| Analysis of Bank Loan | | |
| Not wholly repayable within 5 years | 243,107 | 277,639 |
| Included in the current liabilities | (36,020) | (34,500) |
| | <hr/> | <hr/> |
| | 207,087 | 243,139 |
| Loan Maturity Analysis | | |
| Debt due in 1 year or less | 36,020 | 34,500 |
| In more than 1 year, but not more than 2 years | 37,080 | 34,500 |
| In more than 2 years, but not more than 5 years | 117,900 | 110,000 |
| In more than 5 years | 52,107 | 98,639 |
| | <hr/> | <hr/> |
| | 243,107 | 277,639 |

The bank loan is repayable by March 2025 with interest charged a 2.45% above the bank's base rate. It is secured by a legal charge over the Museum's freehold land at Tipton Road, Dudley (Title No. WM414023) and an unlimited guarantee from the Museum's subsidiary trading company, Black Country Museum Living Enterprises Limited.

24 Obligations Under Leases and Hire Purchase Contracts

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

| | 2018 | 2017 |
|---|---------|---------|
| | £ | £ |
| Group and company | | |
| Amounts payable | | |
| Within 1 year | 5,444 | 5,444 |
| In more than 1 years, but not more than 5 years | 14,972 | 20,416 |
| less: finance charges allocated to future periods | (1,830) | (2,849) |
| | <hr/> | <hr/> |
| | 18,586 | 23,011 |

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

| | 2018 | 2017 |
|-----------------------|--------|--------|
| | £ | £ |
| Less than 1 year | 19,692 | 24,140 |
| Between 2 and 5 years | 26,037 | 42,450 |
| More than 5 years | - | - |
| | <hr/> | <hr/> |
| | 45,729 | 66,590 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

25 Financial Instruments

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | 1,921,875 | 1,381,030 |
| Financial liabilities measured at amortised cost | 750,758 | 649,157 |

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

26 Restricted Funds (Movement in Funds)

| Group and company | Balance at 1 January 2018 | Incoming Funds | Resources Expended | Transfers | Balance at 31 December 2018 | |
|-----------------------------|---------------------------|----------------|--------------------|-----------|-----------------------------|---|
| | | | | | £ | £ |
| Tangible Assets | | | | | | |
| Operational Fixed Assets | 270,985 | - | (10,119) | - | 260,866 | |
| Freehold Property | 107,733 | - | (2,550) | - | 105,183 | |
| Rolfe Street Development | 2,368,444 | - | (57,348) | - | 2,311,096 | |
| Moving the Black Country | 723,209 | - | (14,438) | - | 708,771 | |
| Brook Entrance & Facilities | 407,500 | - | (7,149) | - | 400,351 | |
| Rolfe Street Exhibition | 11,397 | - | (11,386) | - | 11 | |
| Major Partner Museum (ACE) | 49,230 | - | (37,034) | - | 12,196 | |
| Folkes Park Play Equipment | 31,407 | - | (3,490) | - | 27,917 | |
| | 3,969,905 | - | (143,514) | - | 3,826,391 | |
| Heritage Assets | | | | | | |
| The Workers' Institute | 1,519,261 | - | (31,478) | - | 1,487,783 | |
| The Locksmith's House | 122,684 | - | (1,454) | - | 121,230 | |
| Conway Garage | 14,447 | - | (288) | - | 14,159 | |
| Folkes Park | 163,492 | - | (3,254) | - | 160,238 | |
| Old Birmingham Road | 408,953 | - | (8,138) | - | 400,815 | |
| Hobbs Fish & Chip Shop | 428,562 | - | (8,529) | - | 420,033 | |
| Newcomen Engine | 66,683 | - | (1,652) | - | 65,031 | |
| President Narrow Boat | 88,164 | - | (1,757) | - | 86,407 | |
| Marston Motorcycles | 286,310 | - | (5,698) | - | 280,612 | |
| REO Speedwagon | - | - | - | - | - | |
| Birchill's Narrow Boat | 53,747 | - | (1,074) | - | 52,673 | |
| Kildare Narrow Boat | 29,610 | - | (592) | - | 29,018 | |
| Tram 5 | 35,841 | - | (717) | - | 35,124 | |
| Anchor Forge & Steam Hammer | 47,308 | - | (631) | - | 46,677 | |
| Racecourse Colliery | 123,265 | - | (1,849) | - | 121,416 | |
| | 3,388,327 | - | (67,111) | - | 3,321,216 | |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

| Group and company | Balance at 1 January 2018 | Incoming Funds | Resources Expended | Transfers | Balance at 31 December 2018 |
|---|------------------------------|-------------------|-----------------------|-----------|-----------------------------------|
| | £ | £ | £ | £ | £ |
| Other Items | | | | | |
| Major Partner Museum (ACE) | 133,894 | 225,848 | 359,742 | - | - |
| Anchor Forge/Steam Hammer | 4,955 | - | 4,159 | - | 796 |
| Racecourse Colliery | 25,560 | - | 3,264 | - | 22,296 |
| The Locksmith's House | 12,703 | 35 | 3,450 | - | 9,288 |
| Folkes Park | 10,953 | - | (119) | - | 11,072 |
| Arts Commissioning | 3,318 | (3,116) | 202 | - | - |
| Exhibition (Hall 2) | 1,287 | - | 1,287 | - | - |
| Improving Accessibility | 1,000 | - | - | - | 1,000 |
| Learning Projects | 10,728 | 4,976 | 8,633 | - | 7,071 |
| Stour (boat) Restoration | 13,130 | - | - | - | 13,130 |
| Collections Projects | 11,544 | 3,442 | 4,375 | - | 10,611 |
| Staff Award (training) | 985 | 1,000 | 726 | - | 1,259 |
| St James's School refurbishment | 3,239 | - | - | - | 3,239 |
| Visitor Benches | | 424 | 424 | - | - |
| Maintaining the Collection | - | 30,000 | - | - | 30,000 |
| Forging Ahead - predevelopment phase | (156) | 23,377 | 23,221 | - | - |
| Forging Ahead – development phase | - | 272,385 | 272,385 | - | - |
| Forging Ahead - delivery phase | 51,548 | 94,620 | - | - | 146,168 |
| | 284,688 | 652,991 | 681,749 | - | 255,930 |
| | 7,642,920 | 652,991 | (892,374) | - | 7,403,537 |

The restricted funds set out in these accounts represent, in the main, funds allocated to develop the Museum over a number of years, including a number of Heritage Assets. In these cases the fund is transferred to the appropriate asset heading to match the carrying value of the asset. As the carrying value of the asset depreciates, a matching amount is released (transferred) to general reserves. In more recent times, restricted funds have also included funds received to deliver programmes and for the procurement of services.

27 Designated Funds (Movement in Funds)

| Group and company | 1 January 2018 | New Designations | Utilised funds | Transfers | 31 December 2018 |
|--|-------------------|---------------------|-------------------|-----------|---------------------|
| | £ | | | | £ |
| Future developments | 449,559 | 300,000 | (149,559) | - | 600,000 |
| Fundraised income designated to Forging Ahead | - | 63,519 | - | - | 63,519 |
| Heritage asset reserve | 1,815,985 | 112,253 | (38,811) | - | 1,889,427 |
| | 2,265,544 | 475,772 | (188,370) | - | 2,552,946 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

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

28 Analysis of Net Assets between Funds

| Group | Unrestricted funds | Restricted funds | Total |
|---|--------------------|------------------|-------------|
| | £ | £ | £ |
| Fund balances at 31 December 2018 are represented by: | | | |
| Tangible fixed assets | 2,528,134 | 7,147,607 | 9,675,741 |
| Net current assets | 1,162,940 | 255,930 | 1,418,870 |
| Creditors: amounts falling due after more than one year | (221,033) | - | (221,033) |
| Defined benefit pension liability | (1,358,000) | - | (1,358,000) |
| | 2,112,041 | 7,403,537 | 9,515,578 |

| Company | Unrestricted funds | Restricted funds | Total |
|---|--------------------|------------------|-------------|
| | £ | £ | £ |
| Fund balances at 31 December 2018 are represented by: | | | |
| Tangible fixed assets | 2,519,509 | 7,147,607 | 9,667,116 |
| Net current assets | 455,524 | 255,930 | 711,454 |
| Creditors: amounts falling due after more than one year | (221,033) | - | (221,033) |
| Defined benefit pension liability | (1,358,000) | - | (1,358,000) |
| | 1,396,000 | 7,403,537 | 8,799,537 |

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

| | 2018 | 2017 |
|--|----------|-----------|
| | £ | £ |
| Net income/(expenditure) for the year (as per the Statement of Financial Activities) | 214,007 | 365,230 |
| Adjustments for: | | |
| Depreciation charges | 294,276 | 287,343 |
| Non-cash donations | (96,000) | - |
| (Profit)/Loss of sale of assets | (7,083) | 4,030 |
| Taxation received | 12,804 | - |
| Decrease/(increase) in stocks | (2,079) | 3,764 |
| Decrease/(increase) in debtors | 88,169 | (108,360) |
| (Decrease)/increase in creditors | 161,815 | (96,494) |
| Pension scheme non cash movements | 44,000 | (35,000) |
| | 709,909 | 420,513 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

30 Analysis of Cash and Cash Equivalents

| | 2018 | 2017 |
|--|------------------|------------------|
| | £ | £ |
| Cash in hand | 65,545 | 34,565 |
| Current account | 1,602,029 | 989,970 |
| Total Cash and Cash Equivalents | 1,667,574 | 1,024,535 |

31 Pension Scheme and Other Post-Retirement Benefit Commitments

The Museum is an admitted body as part of the West Midlands Pension Fund (WMPF) providing benefits based on pensionable pay to certain members of Museum staff. The WMPF has 622 active scheme employers and 313,399 scheme members, and net assets of £15.5bn. The permanent staff of the Museum (although not local government employees) became eligible for membership, under the auspices of Dudley Metropolitan Borough Council (who act as guarantor), when the Museum was first established in September 1975. This statutory scheme is administered locally by Wolverhampton City Council, on behalf of the participating organisations, in accordance with the Local Government Pension Scheme Regulations 1997, as amended in 2014, and is part of the national pension scheme for certain public service employees. The assets of the fund are held and managed separately from those of the Museum. Further information about the WMPF can be found at www.wmpfonline.com.

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

Defined Contribution Pension Scheme

| | December 2018 | December 2017 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Defined Contribution Pension Scheme | | |
| Contributions payable by the Museum | 56,805 | 50,171 |

Defined Benefit Pension Scheme

An actuarial valuation of the WMPF was carried out in accordance with the Regulations as at 31 March 2016 and set contribution rates for the next four years until 31 March 2020. The next valuation is due as at 31 March 2019. The key Financial Reporting Standard 102 assumptions used for the WMPF are set out below, along with the fair value of assets, the present value of the FRS102 liabilities and the deficit of assets below the FRS102 liabilities (which equate the gross pension liability). The liability at the period end was £1,358,000 (2017: £1,704,000). It is important to note that the liability represented by this value (being based on actuarial assumptions) will alter in response to changes to the future funding and structure of the pension scheme (as well as to economic and investment market conditions) and does not crystallize in the short or medium-term.

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

| | December 2018 | December 2017 |
|---|------------------|------------------|
| | £ | £ |
| Present value of funded obligations | 6,717,000 | 7,163,000 |
| Fair value of plan assets | (5,359,000) | (5,459,000) |
| Defined Benefit Pension Liability | 1,358,000 | 1,704,000 |
| | | |
| | December 2018 | December 2017 |
| | £ | £ |
| Included in staff costs within total expenditure: | | |
| Current service costs | 135,000 | 108,000 |
| Net interest cost | 41,000 | 34,000 |
| Administrative expenses | 2,000 | 2,000 |
| Total Pension Costs | 178,000 | 144,000 |
| Actual return on plan assets | (56,000) | 515,000 |
| | | |
| | December 2018 | December 2017 |
| | £ | £ |
| Actual return less expected return on pension scheme assets | (192,000) | 374,000 |
| Other actuarial losses on assets | - | (276,000) |
| Losses on change of assumptions | 582,000 | (118,000) |
| Experience losses on defined benefit obligation | - | (370,000) |
| 390,000 | (390,000) | |

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

| | December 2018 | December 2017 |
|---|------------------|------------------|
| | £ | £ |
| Opening defined benefit obligation | 7,163,000 | 6,552,000 |
| Current service cost | 135,000 | 108,000 |
| Interest cost | 177,000 | 175,000 |
| Contributions by scheme participants | 19,000 | 21,000 |
| Experience loss on defined benefit obligation | - | 370,000 |
| Actuarial losses | (582,000) | 118,000 |
| Benefits paid | (195,000) | (181,000) |
| | 6,717,000 | 7,163,000 |

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

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

Changes in fair value of plan assets are as follows:

| | December 2018 | December 2017 |
|--|---------------|---------------|
| | £ | £ |
| Opening fair value of plan assets | 5,459,000 | 5,203,000 |
| Interest on assets | 136,000 | 141,000 |
| Return on assets less interest | (192,000) | 374,000 |
| Other actuarial losses | - | (259,000) |
| Administration expenses | (2,000) | (2,000) |
| Contributions by employer | 134,000 | 162,000 |
| Contributions from scheme participants | 19,000 | 21,000 |
| Benefits paid | (195,000) | (181,000) |
| | <hr/> | <hr/> |
| | 5,359,000 | 5,459,000 |

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

| | December 2018 | December 2017 | December 2016 | December 2015 | December 2014 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| CPI increases | 2.40% | 2.60% | 2.70% | 2.10% | 2.10% |
| Discount rate at 31 December | 2.80% | 2.50% | 2.70% | 3.80% | 3.60% |
| Future salary increases | 3.90% | 4.10% | 4.20% | 3.85% | 3.85% |
| Future pension increases | 2.40% | 2.60% | 2.70% | 2.10% | 2.10% |

Assumed life expectations from age 65:

| | December 2018 | December 2017 | December 2016 | December 2015 | December 2014 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | £ | £ | £ | £ | £ |
| Retiring today: | | | | | |
| Male | 21.9 | 21.8 | 21.7 | 23.0 | 22.9 |
| Female | 24.4 | 24.3 | 24.2 | 25.6 | 25.5 |
| Retiring in 20 years: | | | | | |
| Male | 24.1 | 24.0 | 23.9 | 25.2 | 25.1 |
| Female | 26.7 | 26.6 | 26.5 | 28.0 | 27.8 |

32 Related Party Disclosures

The Museum owns the whole of the issued share capital of Black Country Living Museum Living Enterprises Limited. During the year, the Museum charged the company £191,182 (2017: £175,279) for rents and services and the company donated its profits, through Gift Aid, of £522,904 (2017: £400,851). At the year end the Museum owed the Enterprises Company £440,433 (2017: £319,219 owed to the Museum).

33 Capital Commitments

At 31 December 2018 the Museum had no capital commitments (2017: £nil).

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

34 Comparative Funds Notes

Designated Funds

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

Restricted Funds

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

34 Comparative Funds notes (cont.)

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

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

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

Black Country Living Museum Trust

Notes to the Financial Statements for the Year Ended 31 December 2018

35 Post Balance Sheet Event

None.



BLACK COUNTRY LIVING MUSEUM TRUST
TIPTON ROAD, DUDLEY, WEST MIDLANDS, DY1 4SQ UK TEL: +44 (0) 121 557 9643
www.bclm.com info@bclm.com

Private Company Limited by Guarantee Registered in England Company No. 1226321 and Registered as a Charity No. 504481