

Charity Registration No. 504481

Company Registration No. 1226321
(England & Wales)



Black Country Living Museum Trust

Annual Report & Accounts

for the year ended 31 December 2015

www.bclm.com

Black Country Living Museum Trust

Contents

	Page
Reference & Administrative Information	2-3
Trustees' Report:	
Chair's Review	4-5
Chief Executive's (Museum Director) Review	6-9
Governance, Trustees, Management and Partnerships:	
Governing Document	10
Trustees (Directors & Members)	10
Recruitment and Appointment of Trustees	10
Trustee Induction and Training	11
Governance Structure and Subsidiaries	11-12
Remuneration Policy	12
Trustee Indemnity	12
Board Attendance	13
Partnerships and Stakeholders	14
Strategic Report:	
Charitable Objects	15
Vision & Mission	15
Strategic Aims	15-16
The Museum's Origins	16
Designated Collections	17
Achievement of Public Benefit	17-19
Performance Against Objectives	19-22
Significant Grants and Donations	22
New Acquisitions to the Museum Collection	23
Risk Management	23
Primary Risks and Uncertainties	23
Reserves Policy	24
Investment Policy	24
Black Country Living Museum Enterprises Ltd – Business Review	24
Future Plans	24-25
Financial Review	25-27
Statement of Trustees' Responsibilities	28
Independent Auditors' Report	29-30
Statement of Financial Activities (SOFA)	31
Balance Sheets	32-33
Consolidated Cash Flow Statement	34
Notes to the Accounts	35-64

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015

Reference & Administrative Information

The Trustees present their Annual Report & Accounts for the year ended 31 December 2015, including their Strategic Report, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Accounts have been prepared in accordance with the accounting policies set out in Note 1 of the Accounts and comply with the Charity's governing document, applicable law and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', 2015.

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

¹ nominated by Association of Black Country Authorities

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

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

Principal Solicitors: Gowling WLG (UK) LLP
55 Colmore Row
Birmingham
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West Midlands

Other Advisors: RSM UK Group LLP
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Website: www.bclm.com

Facebook: facebook.com/bclivingmuseum

Twitter: [@bclivingmuseum](https://twitter.com/bclivingmuseum)

[@bclmdirector](https://twitter.com/bclmdirector)

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Chair's Review

It was an honour to receive the unanimous support of my fellow Trustees and to be nominated during the summer of 2014 as the Museum's new Chair; taking over on 24 September 2015, following the retirement of John Hughes who had done so much exemplary service in the role. I offer my very grateful thanks to John and pay tribute to everything he achieved during his time as a trustee and latterly as Chair. I think it is remarkable and a testament to those that have gone before, that I am only the Museum's fifth Chair; following Desmond Halahan, Jack Russell, Tony George and John Hughes. It was also timely with the recent launch of our new Strategic Plan.

I was especially delighted to join the Board of the Museum, in July 2013, because of the enormous potential that still exists for the Museum to have a positive impact on the Black Country. Not just in terms of being a museum and the extraordinary story we tell, or the contribution we make to the tourist economy – all of which are significant; but because of the difference we can make to changing perceptions of the region for the better and championing its world-class manufacturing future. The latter is perhaps the most notable continuing legacy of our story, but increasingly, the Black Country is being identified as a place to study, work and enjoy life. There are many organisations and individuals in the Black Country working hard to bring about this change for the sake of all our futures, and I am proud of the part we are playing and very encouraged by the progress we have made this year.

Since I took over as Chair, the Board of Trustees has sought to identify and spend its time focussed on the most important challenges the Museum faces. Having said that, with an increasingly positive financial position (driven by rising visitor attendance and the successful, sector-leading results described in this annual report) it is the opportunities which we are now creating that offer the most significant step-change to our impact, and that the Board wishes to pursue. So outwith, but entirely in-step with the Museum's role and duty as an educational charity, our ambition is to create a truly world-class visitor attraction, underpinned by real things, real people and real stories, and firmly established as one of *the* major drivers of the tourist economy in the West Midlands and house-hold name. We are pursuing this ambition by concentrating on our six, inter-connected strategic aims, not least to transform the visitor journey, by seeking to put together a funding package of circa£18m to design and build a dramatic revisioning, from beginning to end, of how visitors experience our open-air site, to choreograph an unrelenting and immersive visit. The success of the last few years, including 2015, has put the Museum in a position of great opportunity, and enabling a transformation of the site will be the most important work we do over the next twelve months.

At a time when the impact of globalisation on the UK (good and bad) is never out of the news, the world does indeed feel like a smaller place, and so the superlatives of Black Country history seem even more remarkable, as a place where something began and spread across the globe. That something was, of course, making things – all manner of things – to be sold and used, and exploiting natural resources in doing so. That used to mean iron production of 777,000 tons at its peak in 1857 and 10.5m tons of coal mined in 1872 – comparable with the UK's entire coal production today. So times have changed, but history is a continuum; a series of changes, each taking its cue from previous, connected events. Or, as historian Arnold J Toynbee once comically said "history is just one damned thing after another." Our job at the Museum is to try to make sense of those events, by saying what we think and using the collections we hold to illustrate our stories. We hope this will inspire visitors' own discovery of the Black Country and the link it provides to today's globalised world.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

At times this concentration of industrial activity led to unintended consequences. In 1866, 150 years ago, Queen Victoria visited Wolverhampton and reputedly had the window of her railway carriage closed to hide the view! And very much more sobering, 100 years ago, on 31 January 1916, two German Zeppelin bombers attacked the Black Country, with 35 lives lost in Tipton, Wednesbury and Bilston – after the pilots wrongly thought they were over their intended target, Merseyside. Two very different anniversaries, but both very much part of the Black Country story.

This year was exceptional for the breadth and amount of external funds raised in support of the Museum. A total of £1,319,665 (2014: £378,020) in a combination of charitable donations; notably The Connie and Albert Taylor Trust (with a donation of £120,000 towards the new Brook Entrance), £150,000 from the European Regional Development Fund and £50,000 from the Cory Environmental Trust in Britain, and grants, notably £760,170 from Arts Council England and £60,000 from the Department for Culture, Media & Sport / The Wolfson Foundation. So, whilst the Museum very successfully trades to fund its day-to-day running costs, it is through these funds that we are able to invest in the site and collections, and support the delivery of outstanding programmes of activity to engage people creatively in history.

Annual reports are a time for reflection, and my thoughts inevitably turn to those that we lost during 2015. Special thoughts for Charles Hanmer, described after his death on 1 December 2015, as the Black Country Braveheart, and long-standing member and past Chairman and President of the Black Country Society. Len Crane, self-confessed steam fanatic, inspiration to thousands, and a regular sight at the Museum with his steam engines, died on 11 January 2015, aged 81. Grateful thanks to Jane, Len's wife for her generous donation to the Museum to commemorate Len's life. We also lost two stalwarts and past Chairs of the Museum's volunteer transport group; Patrick Pritchard and Lynton Cooper. Finally, it is right that this Museum pays tribute to Frank Atkinson CBE, who died at the end of 2014, aged 90, founder of Beamish Open Air Museum in 1971, and an indefatigable inspiration to those that established this Museum a few years later.

I am indebted – especially in my first year as Chair - to my fellow trustees and to those who serve as directors of our trading company, as well as the Museum Director and his team, for their support, commitment to the Museum and foresight to deliver the ambitions we all share.

Finally, I would like to acknowledge the support of all our many donors, volunteers and funders and to express my very grateful thanks for their commitment and generosity to the Museum. Without them the Museum could not reach as many people as it does, or achieve all the things that it wants to achieve. We are especially indebted to Arts Council England for the faith they showed in the Museum by bringing us into their national portfolio as a Major Partner Museum, along with our partner, Culture Coventry, and the important investment that this has brought, including for our national development programme to support the next generation of museum leaders. Thanks to them all.

Lowell Williams Chair



Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Chief Executive's (Museum Director) Review

2015 was a very successful year for the Museum. We continued to make good progress with measures of visitor satisfaction, including jumping 11 places on TripAdvisor's West Midlands league table; external funds raised increased more than threefold to over £1.3m; visitor attendance rose by nearly 8%; we won not one, but two business awards; we signed-up 72 new volunteers; we opened new facilities for schools and were presented with a Sandford Award for Heritage Education; increased attendance at events by 6%; strengthened partnerships, including with the only university in the Black Country – Wolverhampton; saw a second cohort of 14 embark on our hugely successful national leadership programme; and we generated a significant surplus to reinvest in the site and our future.

During the summer of 2015, I was lucky enough to visit the United States. Together with two colleagues, I undertook a non-stop three-state tour, visiting three of the largest and most diverse open-air museums America has to offer: Colonial Williamsburg in Virginia; Greenfield Village (Henry Ford Museum), Detroit; and Conner Prairie, Indiana. As you can imagine, we were hard-wired to compare and contrast the three very different museums with our own Black Country Living Museum. Things that stood out were the totality and sincerity of the customer service and the unshakable focus on visitor experience. We were also taken by just how effective first person story-telling can be, when done well and in the right environment, as well as the clarity for visitors that comes from having the singularity of a compelling story, the impact and animation that comes with abundant and highly crafted costumes, the impact of immersive experiences, and the integral use of food, drink and retail to enhance experiences. The positive consciousness of being kept 'in the zone' and the nullifying influence on the pocket of providing value for money were also very much to the fore.

The Museum is an active member of the Association of European Open Air Museums, and in 2015 we were well represented at the biannual conference held at Maihaugen, Lillehammer and Norsk Folkemuseum, Oslo, Norway. The Black Country Living Museum, together with Ironbridge Gorge Museums, will host this major international conference in 2017. During the year, it was also a pleasure to strengthen our international ties with visits to Skansen, Stockholm, Sweden – the world's first open air museum, and Den Gamle By, Aarhus, Denmark.

Visitor attendance and the associated revenues are the most important validation of what the Museum does, and the life-blood of all truly independent, aspirational museums. It is both heartening and hugely important therefore, that 2015 saw another significant rise in attendance to 292,533. This is almost 8% higher than 2014 and 22% higher than 2013 – the low-point for Museum attendance in recent years. Like-for-like comparisons, taking into account that the Museum now has reduced opening hours over the winter, suggest attendance is now approaching the equivalent of our high-point in 2009, when we welcomed in excess of 300,000 visitors. Year-on-year unrestricted revenue has also increased significantly, by 14% to £4.866m (2014: £4.269m). This is also reflected in the average gross sales earnings per visitor which saw a 7% increase to £16.21 (2014: £15.19). Within these overall results, on-site trading had another record-breaking year, contributing profits, before inter-company recharges, of £575,324 (2014: £411,103) from gross sales of £1.669m (2014: £1.434m). This performance contributed to a surplus on unrestricted funds of £369,268 (2014: £119,369) and total net incoming funds of £701,172, including a surplus on restricted funds of £331,904. In getting to this point, the Museum is now delivering on its objective of creating significant surpluses, to fund site improvements, generate positive cash flows and build free cash reserves.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Investment from Arts Council England (ACE) – as part of their Major Partner Museum (MPM) programme (2015/16-17/18) was a significant feature of 2015, and made a highly valued contribution to our success and aspirations in 2015. ACE invests some £22.6m each year in its 21 MPMs, and although barely 4% of its total support for arts and culture in England (including Lottery funding), it still represents a very positive and welcome intervention by the Government's development agency for museums in England. Total investment funding over the three year programme for this Museum amounts to £2.658m, allocated between the Museum (£1.520m) and our partner, Culture Coventry (£1.138m). As programme lead, the Museum is responsible for the totality of this investment, to contribute to ACE's five goals, and has directed the investment to support our own strategic aims. Accounting for spending of £242,575 at BCLM during this reporting period, the major investments items have been: Museums & Resilient Leadership Programme; Customer Relationship Management system; Electronic Point of Sale systems across the site; strategic tourism development; additional fundraising capacity; audience development; curatorial traineeships; apprenticeships; and arts commissioning. We have been greatly supported, in the delivery of the MPM programme, by the specially-convened Project Board and its independent members, Di Lees, Director General at Imperial War Museums and Tim Bryan, Head of Collections & Interpretation at the British Motor Museum. The Museum will consider the options for further Arts Council England funding, when applications for their investment round commencing 1 April 2018 open in the autumn of 2016.

During the year the Museum has played an active part in the National Museums Directors' Council, the Association of Independent Museums and through membership of ACE's External Advisory Group to help guide their next round of investment in national portfolio organisations across the arts, culture and museums. The Museum has also been active during the year with various consultations, including the Government's Culture White Paper, and a review of the Code of Ethics by the Museums Association, as well as the Gift Aid Donor Benefit Rules and Reform of the Landfill Communities Fund. It was also a pleasure to welcome Darren Henley (new Chief Executive of Arts Council England) to the Museum in October.

Although we saw an overall increase in visitor attendance in 2015, formal learning visits declined by 5% to c60,000, 20% of total attendance. Significant reductions were seen in Key Stage 2 (7-11years), with a fall of 8% and Key Stage 3 (11-14years) with a fall of 5%, compared to 2014; the key stages mainly impacted by recent changes to the National Curriculum. To counter this, future target audiences will be Early Years Foundation Stage (under 5s), for which we have no dedicated provision at the moment, and Key Stage 4 (14-16years), Key Stage 5 (16-18years) and higher education students, in the form of field trips. The overall reduction in formal learning visits during 2015 was countered somewhat by an increase in Key Stage 1 (5-7years) by almost 5%. Recent evaluation of our learning programmes at KS2 (self-facilitated) and KS3 (guided) show a notable and consistent difference in favour of KS2, in terms of the development of knowledge, understanding and skills as a result of a visit to the Museum. In this context, it is very encouraging for the new offer for KS2, with its historical enquiry themes and investigation packs.

The Museum's ticketed evening events programme is an important part of our distinctive visitor experience and a perfect way to maximise use of our open-air site. Such events account for 6% of gross trading revenues or £270,844 (2014: £254,336) and 8% of total attendance, or 24,224 visitors. It is an area of activity that the Museum continues to develop and this was the case in 2015. The programme sold-out in 2015 and included five Christmas evenings, three Halloween nights, Red by Night and the increasingly popular 1940s weekend. New events are planned for 2016.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

A quick mention for our UnChained annual ticket (launched this year); this now offers exceptional value and a great new way to feel emotionally connected to the Museum, especially our local community. We think about half of this year's increase in attendance can be attributed to its introduction. Together with our membership scheme, Unchained has elevated the relationship the Museum is now forging with its visitors.

Other successes and things of note from 2015 include the restoration of the Museum's tramway, the return of Birchills, dating from 1953, and the last surviving wooden joey boat with a day cabin; the opening of the Brook Entrance, allowing the Museum to begin to turn its face to Castle Hill; the opening of new introductory displays and an excellent new complementary film directed by Simon Russell; the audience development work we are beginning to do; and another very busy year for location filming, including a third series of *Peaky Blinders* for the BBC, *Victorian Bakers* again for the BBC, *CBBC Our School 2*, a new feature film, *The Black Prince*, and *A Very British Romance*, a BBC documentary.

At the end of 2015, the Trustees of the Museum's Development Trust – established in 1975 to spearhead fundraising for the then still to be opened museum, wound things up and transferred its remaining assets to the Museum Trust. It might just be a footnote in the history of the Museum and a hangover from how fundraising used to be undertaken, but the contribution it made, over many decades, cannot be overstated, and we owe a considerable debt to the many people who served as its trustees, out of the goodness of their hearts and with only the Museum in mind, to support the formative years of the Museum.

On 1 October 2015 we lost a dear friend of the Museum, Dr Chris Upton, after a short battle with cancer. Chris, aged 61, was reader in public history at Newman University of Birmingham, historical consultant for the BBC, the National Trust and the Birmingham Conservation Trust, and a central figure in the historical activities of the West Midlands. His style of teaching and lovely sense of humour will live-on as an inspiration to students of history, amateur and professional alike.

Finally, it would be remiss not to acknowledge that many local authority / local authority-funded museums, including Dudley Museum & Art Gallery, have experienced another difficult year, in response to a tightening of public-sector support. For my own part, I have urged such museums to thoughtfully adapt to the new conditions, rather than hollowing out their staff structures and waiting in vain for the return of more benign times, and to aspire to success on their own terms.

In conclusion, it is always a pleasure to thank the staff teams across the Museum, in a wide range of roles and to express my gratitude for their hard work, attitude and intelligence, as well as to the Trustees, directors of the trading company and all volunteers, for what they have achieved and contributed to our success this year. Particular thanks to David Eveleigh, who moved-on from the Museum this year, and to Selwyn Owens, who retired as our building supremo after 29 years exemplary service. Both David and Selwyn can be very proud of what they achieved and the knowledge, thoughtfulness, resilience and energy they poured into their work. They leave a fabulous legacy. My thanks.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

I recently read a quote from Behavioural Scientist, Nicholas Epley, which, although speaking about people is equally relevant to all museums as they strive to engage with visitors and live up to their expectations. Epley said, "We are experts about ourselves, and others aren't. That makes it hard for us to understand what we look like in the eyes of others."

The success we enjoyed during 2015 was not to perpetuate the Museum for its own sake, but to achieve our charitable objects, to make a positive difference to people's lives; summed-up by our mission: Inspiring Your Discovery of the Black Country.

A handwritten signature in black ink that reads "Andrew Lovett". The signature is written in a cursive, slightly stylized font. The first name "Andrew" is on the top line and "Lovett" is on the bottom line, with the two names connected by a small loop.

Andrew Lovett Chief Executive (Museum Director)

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Governance, Trustees, Management and Partnerships

Governing Document

Black Country Living Museum Trust is a company limited by guarantee, without share capital and governed by its Memorandum and Articles of Association dated 15 September 1975 as amended by special resolutions dated 15 December 1983, 21 July 2005, 24 September 2009, 30 May 2013 and 29 May 2014. None of the model articles in the Companies (Model Articles) Regulations 2008 applies to the company. The company registered a change of name on 10 December 2009. The company was registered as a charity with the Charity Commission on 10 October 1975. The objects of the Charity are set out in this report. The Museum is fully Accredited (ref. no. 761) by Arts Council England, as well as being Designated for the quality and national significance of its entire collections. Throughout this Annual Report the charitable company is referred to as "the Museum, Museum Trust or the Charity".

Trustees (Directors & Members)

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

Paul Belford	
Dr Malcolm Dick	
Judy Foster	
Andrew Fry	(Appointed 30 July 2015)
Nicola Harding	(Appointed 30 July 2015)
John H Hughes	(Retired 24 September 2015)
A David Owen OBE	(Retired 28 May 2015)
Dr Matthew Tanner MBE	
Fiona Teye	(Deputy Chair w.e.f 28 January 2016)
Mike Williams	
Lowell Williams	(Chair w.e.f 24 September 2015)

Recruitment and Appointment of Trustees

The governing document allows for two 'classes' of trustees, ordinary and nominated. Ordinary 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 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, including succession planning, and may seek to make further new appointments during 2016. 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 has 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 2015 (continued)

Trustee Induction and 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 is developing a trustee development programme. Trustees are kept up to date with a bi-monthly report to the Board 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, as part of an individual discussion between each trustee and the Chair of the Board. The Board has also considered and endorsed recent best practice guidance from the Association of Independent Museums, including their Hallmarks of Prospering Museums, published in June 2015, and AIM's Golden Rules for Good Governance.

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

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

Governance Structure and 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 28 May 2015. The Board has put in place committee structures to effectively govern and regulate the affairs of the Museum, including an Audit Committee (with two independent members, including its Chair) and a newly constituted Financial Performance Scrutiny Committee. A project board, with two independent members, has also been established to steer and monitor the Major Partner Museum programme 2015/16-2017/18.

The Museum Director, who is also its Chief Executive, manages and develops the Museum with his senior staff and is accountable and reports to the Board. The Museum's Director & Chief Executive is supported by a leadership team (Key Management Personnel) currently comprising four Deputy Chief Executives with responsibility for: (1) Collections, Learning & Research; (2) Development (job share); (3) Communications & Marketing; and (4) Visitor Engagement & Operations. A larger management team meets on a regular basis to consider management and operational issues. The charity has in place a Staff Consultative Forum, including elected Staff Representatives.

The Museum is owned and operated by the charitable company (including the Locksmith's House, a small museum (Accreditation ref. no. 829) at 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 Enterprise Company is a wholly-owned subsidiary of the Black Country Living Museum Trust – its immediate and ultimate parent undertaking and controlling party. The Museum Trust is the sole member of the Enterprise Company.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

The Enterprise 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 Enterprise Company to the Museum. The directors of the Enterprise Company, who met six times during the year, are drawn from the Museum Trust and from outside the Museum. The Company held its AGM on 13 May 2015. There are currently three directors of the Board of the Enterprise Company, including two independent directors, Richard Fletcher and Dominic Lewis-Barclay. The Museum Trust, as the sole member of the Company, is represented at General Meetings by Museum Trustee, Mike Williams. The Museum Director is also the Chief Executive of the Enterprise Company.

The Black Country (Living) Museum Development Trust (Charity No. 1109345) was established on 25 July 1975 as an unincorporated trust – at the same time, but as a separate body to the Museum Trust, and successfully led the fundraising in support of the first phases of the building programme. However, as the Museum has grown in size and complexity and fundraising necessarily became integrated into the governance and management of the Museum, the role of the Development Trust has gradually diminished over time. Against this background, the Trustees decided to wind it up and transfer all its remaining assets, amounting to cash of £7,868, to the Museum Trust at a meeting on 12 October 2015. The Development Trust was removed from the register of charities on 8 January 2016.

Remuneration Policy

The Museum has a well-established median pay policy, informed by market data provided by The Hay Group. This policy applies to all staff at the Museum, including Key Management Personnel. No additional remuneration benefits, to those provided to all other staff, are provided to Key Management Personnel.

Trustee Indemnity

The Trustees confirm that professional liability insurance of £1m is in place through Catlin Insurance Company (UK) Ltd.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Board Attendance

The table below sets out the record of attendance for Trustees and the Chief Executive, at Board meetings during 2015.

	Date of Board Meetings						No of Meetings	%
	29/1	26/3	28/5	30/7	24/9	26/11		
Paul Belford	✓	X	✓	✓	X	✓	4/6	67%
Dr Malcolm Dick	✓	✓	✓	✓	✓	✓	6/6	100%
Cllr Judy Foster	X	X	✓	✓	✓	X	3/6	50%
Andrew Fry (appointed 30/07/15)	n/a	n/a	n/a	n/a	n/a	✓	1/1	100%
Nicola Harding (appointed 30/07/15)	n/a	n/a	n/a	n/a	n/a	✓	1/1	100%
John H Hughes (retired 24/09/15)	✓	✓	✓	✓	✓	n/a	5/5	100%
A David Owen OBE (retired 28/05/15)	✓	✓	✓	n/a	n/a	n/a	3/3	100%
Dr Matthew Tanner MBE	✓	✓	✓	X	✓	X	4/6	67%
Fiona Teye (appointed Deputy Chair 28/01/16)	✓	X	✓	✓	✓	✓	5/6	83%
Lowell Williams (appointed Chair 24/09/15)	✓	✓	✓	✓	✓	✓	6/6	100%
Mike Williams	X	X	X	✓	✓	✓	3/6	50%
Andrew Lovett (Director & Chief Executive)	✓	✓	✓	✓	✓	✓	6/6	100%

Trustee, Mike Williams also chaired two meetings of the Audit Committee, also attended by Anthony F George, formerly a Trustee of the Museum Trust. Mike Williams also chaired six meetings of the Board of the Enterprise Company.

Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2015 (continued)

Partnerships and 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; Wikipedia Group; Motor Vehicle Volunteers; The Friends of President (steam narrow boat and part of the National Historic Fleet); Mine and Steam Teams; Friends of Willenhall Locksmith's House; and the volunteers from Rockspur House and Garden Pathways, who do much to help us keep our gardens and open spaces in good order and free of litter. The Museum also works with Dudley Canal Trust (Trips) Ltd, who operate their electric narrow boat services in the tunnels and limestone caverns adjacent to the Museum; and Marston Wolverhampton Heritage Trust, who maintain their archives, on-loan to the Museum.

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

The Museum also maintains membership of a number of organisations; the major ones being: International Council of Museums, Museums Association, 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, and the Midlands Federation of Museums. The Museum is a member of Heart of England Attractions – a group which represents the interests of fifteen of the region's leading independent visitor destinations, as well as the Chambers of Commerce of the Black Country and Birmingham. The Museum is a member of the Confederation of British Industry (CBI). As one of the Arts Council's 21 Major Partner Museums, the Museum is a member of the National Museums Directors' Council.

The Museum has an important relationship with Arts Council England, and from April 2015 the West Midlands Museum Partnership came into existence to deliver, with our partner Culture Coventry, the Major Partner Museum programme 2015-18. The Museum also maintains an important relationship with Dudley Council and the Council's Castle Hill Partnership. The Council provided grant funding to the Museum until 2012, but now provides alternative financial support, including discretionary rate relief. The Council owns the majority of the freehold of the Museum site, leased until 2075.

On behalf of the Trustees

Lowell Williams Chair

Dated:



26/5/16

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

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 2015-20:

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 2015

Strategic Aim Five – Achieve National and International Impact

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

Strategic Aim Six – Grow and Diversify Our Income

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

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

The Museum's Origins

The Museum grew out of community pressure and the foresight of Dudley Council, as early as 1950 and more substantially in the late 1960s (with the first land purchased in 1973 by Dudley Council) to ensure that the culture and traditions of the Black Country might be preserved and over forty years on it has accumulated a wide range of material – from entire buildings down to pots and pans – which records and exemplifies the particular contribution of the Black Country to the origins of the Industrial Revolution and also the impact of industrialisation on the regional landscape and society. In the very early days, Keith Hodgkins drew the original sketches of the site, in c1972, and Richard Traves, latterly Keeper of Science & Industrial Archaeology at the Borough Council of Dudley from 1972, was an influential figure, before Ian Walden OBE was appointed as director in 1975. The first buildings were relocated to the site in 1976. The Museum now extends to 26 acres and is one of the largest and most-visited open-air museums in the UK, having welcomed over 8.6m people since it opened; comparable with the UK's other large open-air museum sites of Beamish in County Durham; Blists Hill, Ironbridge, Shropshire; St Fagans, South Wales; and Weald & Downland, West Sussex, and indeed, amongst the many European open air museums. The Museum opened on a permanent basis in 1978, within the same era as the UK's other large open air museums, but almost 90 years after Skansen, Stockholm in Sweden opened in 1891 – the world's first – by museum pioneer, Artur 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 this story of a turning point in Britain's national story that we continue to tell and celebrate at the Museum, while all the time striving to articulate its relevance today. We exploit the fact that people visit museums – particularly open-air museums – precisely because we aren't a classroom, but nevertheless, offer hugely valuable opportunities for learning. Our greatest responsibility is to help make sense of the world, while our greatest potential is to 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.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

Designated Collections

The Museum's entire collections were *Designated* by Arts Council England in February 2011, recognising their quality and national significance. The Museum now holds a resource of considerable value, for authenticating the sense of regional identity and also for placing the full historical and cultural significance of the Black Country in a national context. Buildings, machines and other 'things' hold stories which attest to the national and international significance of the Black Country, chiefly spanning the period 1800-1950.

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

Achievement of Public Benefit

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

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

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

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

- providing opportunities for enjoyable and stimulating learning for the general public (currently c292,500 people each year and over 8.6m 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;

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

- providing formal learning programmes and resources for 59,566 (2014: 62,739) region-wide school and college-age children and students, supported by 7,156 teachers (2014: 7,134), in 1,044 groups; with 7,001 students from overseas schools and colleges;
- caring for and developing its accessioned collections of approximately 60,000 objects, including over 70 significant buildings, as well as many other features and other structures of historical interest and 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 5,149 books, 8,151 photographs and at least 2,000 other important items of archive ephemera, and in so doing, adding to the collective knowledge, understanding and appreciation of the Black Country;
- publishing and widely disseminating to the public, information about the Black Country, via the Museum's website, which received 975,065 hits in 2015 (2014: 730,782);
- responding to 866 (2014: 819) public enquires to our collections enquiry service, and resulting in additions to the collection of 336 objects;
- maintaining all-year-round public access to its facilities and services for the equivalent of 44 weeks in the review year;
- providing diverse opportunities for volunteering for 180 people, who provided a total 36,000 volunteer hours during the year;
- supporting and strengthening the Black Country's identity and sense of place;
- providing a venue for community lectures, serving audiences of over 1,000 people each year;
- 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 994 (2014: 688);
- 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.

In contrast to many museums, this Museum can be applauded for successfully breaking down some of the barriers that so often act as a deterrent to attracting a broad socio-demographic audience to museums; with the Museum's visitors (excluding school groups) split between ABC1 (67%) and C2DE (33%); according to the Market Research Society classifications. Source: Association of Leading Visitor Attractions Market Research, summer 2015.

It is acknowledged that more needs to be done to attract larger audiences from black and ethnic minorities, which currently account for just 6% of the Museum's total audience, despite some notably high minority ethnic group densities within close proximity to the Museum (national benchmark 7%).

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

Funding allocated to the Museum by Arts Council England, under the Major Partner Museum programme, 2015-18, is specifically designed to address this issue under an agreed Audience Development Plan and Equality Action Plan. Although the Museum has created the conditions of the 19th and 20th Centuries, using original buildings and other features and often reflecting their original streetscape, with changes in level and uneven surfaces, great attention has been paid to ensuring good physical access. To this end, many adjustments have been made to provide level access and adapted transport and freely available wheelchairs are provided to serve visitors with restricted mobility. Other adapted facilities and services are provided at the Museum, and a comprehensive access guide is available on the Museum's website.

The Museum is engaged in sophisticated marketing and targeted promotional activity, and uses a wide range of channels to gather visitor feedback to inform service standards and improvements to the visitor experience. 78% of visitors are on a day-trip, with 20% staying away from home and 2% breaking a journey. 49% of visitors have children in their party, and 18% have someone in their party with a disability.

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 2015 the Museum charged an on-the-door price for adults of £16.50 (2014: £15.95). Discounted rates are provided for people over the age of 60, students, essential carers, families, young people, unwaged and all tickets purchased on-line. Children under the age of 5 are admitted free. All groups (of 15+) receive discounted rates. In 2015 the Museum introduced a new annual pass, Unchained. This provides unlimited access to the Museum (subject to certain conditions) and for the price of a standard day-ticket, offers extraordinary value, especially for visitors living within easy reach of the Museum. The Museum also offers Membership for a range of priced categories, linked to a package of benefits, including discounts and priority booking for special events.

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

- (i) Six locks with keys, dating from the 1800s, to Bilston Craft Gallery.
- (ii) Machinery, including American and German-made GKN screw machines and Turner lathes to Drakelow Tunnels, former underground military complex, near Kidderminster, Worcestershire.
- (ii) Massey Steam Hammer to Walsall Council.

Performance Against Objectives

Under its six Strategic Aims, the Museum set itself 10 objectives for 2015 and beyond:

Strategic Aim One – Develop Our Distinctiveness and Brand

- (1) To develop an HR strategy, underpinned by a robust policy framework, which focuses on the effective recruitment, reward, leadership and management, engagement and development of our staff.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

The Museum published a Staff Handbook during the year, bringing together a comprehensive suite of policies, as well as continuing to provide a range of training and professional development opportunities across all tiers in the organisation. The Museum also developed further its staff benefit package and pay policy objectives. This area of work is an on-going objective for the Museum.

- (2) To continue to strengthen the Board of Trustees with the appointment of at least three new Trustees during the course of 2015, in order to replace retirees and plan for succession.

The Board was delighted to appoint two new trustees during 2015; Nicola Harding and Andrew Fry. On 28 January 2016, the Board also appointed Nick Loveland. Following the retirement of John H Hughes, as Chair and trustee on 24 September 2015, the Board appointed Lowell Williams as Chair, and Fiona Toye as Deputy Chair.

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

- (3) To ensure continuous focus on the new strategy (2015-2020) by developing management reporting to highlight progress against each of the six new strategic aims, and to map out financial forecasts for the Museum over the same period.

Progress has continued to be made across all six strategic aims, and reported on a bi-monthly basis. Financial forecasts, to 2020, are now included in the Museum's Strategic Plan. Work continues to establish a summary reporting framework for the Museum's Key Performance Indicators.

- (4) To have completed the restoration of the Museum's tramway and returned it to full operation by June 2015 and of Tram 5 by the end of the year.

The restoration of tram services was completed in time for the main summer season. The comprehensive restoration of Tram 5 is nearing completion and will be returned to the Museum within the third quarter of 2016, reflecting the very extensive and specialist works required.

- (5) To undertake the development stage of the Harnessing Steam project, having identified funding, including from the Heritage Lottery Fund, as a major contribution to improving the visitor experience.

The Harnessing Steam project was overtaken by a much wider development plan for the entire Museum site, although elements of the original project will be taken forward as one of a number of identified incremental developments.

- (6) To improve the visitor experience by significantly increasing the number of trained volunteers engaged with living interpretation and demonstrations.

A total of 72 new volunteers have been recruited and trained to enhance the visitor experience. Volunteers will continue to be recruited in the coming year.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

Strategic Aim Three – Transform the Visitor Journey

- (7) To complete and adopt a new spatial plan for the open-air site of the Museum, in parallel with determining the future use of all land holdings.

A new spatial or master plan has been developed over the course of the year, including the Museum's physical relationship with Castle Hill, identifying plots for two major historic developments, the need to separate the modern area from a corralled historic site, as well as identifying a number of incremental development opportunities, and improved transport links.

Strategic Aim Four – Increase Visitor Attendance

- (8) To adopt a new Communications & Marketing strategy

A new Communications & Marketing strategy was adopted by the Museum on 28 May 2015. The new strategy set out eight programmes of activity to support the strategic aims of the Museum. The eight programmes are: championing our Museum's excellence; promoting the Museum as a fun and educational day; improving research on which to base future marketing and site developments; strengthening audience development/community engagement work; developing the Museum's programming; empowering and engaging staff and volunteers; enabling communications and marketing to excel, and promoting BCLM as an excellent filming location.

Strategic Aim Five – Achieve National and International Impact

- (9) To successfully complete, as scheduled and within the allocation of restricted funds, the first year of the Major Partner Museum programme, and further detail activity plans for years 2 and 3.

The Museum successfully led the first year of the Major Partner Museum programme, allocating all spending as planned across all activities and aligned to the five goals of Arts Council England. The programme of activity for years 2 and 3 of the programme was also agreed with Arts Council England.

Strategic Aim Six – Grow and Diversify Our Income

- (10) To strengthen the Museum's financial position by achieving visitor attendance of at least 265,000 for the year to 31 December 2015 and with the continued growth of profits from trading operations.

Visitor attendance increased by 8% to 292,533 (2014: 271,467) allied to profits from trading operations of £525,027 (2014: £394,424), and a total net favourable movement in funds of £701,172 (2014: £86,951).

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 42,000 'likes' on Facebook (2014: 24,000) and over 8,700 followers on Twitter (2014: 6,600).

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

- Maintaining our position in the Top 10 charging cultural attractions in the West Midlands.
- Seeing a 34% increase in hits to the Museum's website www.bclm.com, compared to 2014, from 730k to 975k.
- The continued success of the Museum's membership scheme, now with almost 1300 members.
- Continuing to enhance the Museum's reputation and profile as a film location for costume drama and documentaries.

Awards during 2015 included:

- Black Country Chamber of Commerce – Large Business of the Year
- Black Country Chamber of Commerce – Charity of the Year
- Museums + Heritage: Project on a Limited Budget (Adey's Greengrocer's).
- TripAdvisor, Certificate of Excellence (4th consecutive year).
- Retaining the accreditation of Quality Assured Visitor Attraction, Visit England.
- Sandford Award for Heritage Education.

Significant Grants and Donations

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

Arts Council England
The Connie & Albert Taylor Trust
DCMS / The Wolfson Foundation
Ibstock Cory Environmental Trust
Friends of the Black Country[Living]Museum
Black Country[Living]Museum Transport Group
Marston's plc
The Pilgrim Trust
Friends of President
Foyle Foundation
Owen Family Trust
The Idlewild Trust
Mrs J Crane (in memory of Mr Len Crane)
Royal Society of Chemistry
FSW Ltd
James Beattie Charitable Trust
E J Thompson Memorial Fund

The Lord Austin Trust
Cory Environmental Trust in Britain
Arts Connect West Midlands
Central England Co-operative
Saintbury Trust
Birmingham Museums Trust
Birmingham Common Good Trust
Clive & Sylvia Richards Charity
Dumbreck Charity
Donations in memory of Dr Chris Upton
ERA
Mr & Mrs D Higgs
Mr A F George MBE TD DL
CB & HH Taylor 1984 Trust
National Historic Ships UK
Two anonymous donors
Mr J H Hughes

The receipt of these restricted grants and donations has enabled the Museum to carry out some major projects and programmes during 2015, as further set out at note 7.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

New Acquisitions to the Museum Collection

Collections lie at the core of any museum. It is the collection which defines the museum, and underpins its identity and purpose. The Museum develops its collections through purchases, gifts, bequests, or occasionally with time-limited loans, and when doing so takes into account a number of criteria including an item's provenance, subject matter and date. In broad terms, the Museum develops its collection to reflect the distinctive industrial character of the region, principally during the period 1800-1950. During the period of this review, the Museum has developed its collection by acquiring a number of objects, including:

- 1950s red K6 telephone box from Overdale Road, Quinton.
- A pocket watch made in Bilston (purchased with support from The Friends of the Museum).
- An 1865 commemorative plaque of the Earl of Dudley's Castle Mill works.
- Clocking-in and food tokens from the National Projectile factory, Dudley.
- Set of Kenrick saucepans with 1942 shrapnel damage.
- Twyford toilet and sink collection, given by the Twyford Company.
- An original photograph of Joe Darby, the legendary Netherton Leaper from 1880s.

Risk Management

Risk is defined as "any action or event that may have an adverse impact on the achievement of business objectives or prevent making the most of opportunities." The Museum acknowledges the risks inherent in its 'business', and is committed to managing risks that pose a significant threat to the achievement of its business aims and financial strength.

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

Primary Risks and Uncertainties

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

The Museum, as reported at note 33, has a potential defined benefit pension liability of £1.338m, although this will not crystallise in the short or medium term, and in the event of the Museum winding-up, any such continuing pension liability is underwritten by Dudley Metropolitan Borough Council, as guarantor.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

Reserves Policy

The Museum Trust recognises that its reserves are that part of the Charity's unrestricted funds that is freely available to spend on any of the Charity's purposes, and that this excludes tangible fixed assets. It is the policy of the Museum that at least 10% of the average of the last three years' unrestricted incoming resources, c£430,000, should be maintained as free cash reserves. This is considered adequate to allow the Museum to review its activities in the event of a significant reduction in trading revenues, or other major occurrence, so as to avoid the closure of the Museum and the resultant loss of the public benefit it provides to its beneficiaries. Although this level was almost achieved at the Group Balance Sheet date (£428,943), this level was not maintained throughout the 12 month period of this review, and additional loan resources are secured against certain freehold property to prevent cash balances falling to an unacceptable level. Continuing to build a larger level of free cash reserves remains a priority for the Museum. Notwithstanding the guarantor support of the local authority, any unavoidable short-term strain caused by the defined benefit pension liability, impacts on the level of Museum reserves.

Investment Policy

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

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

The Museum's subsidiary trading company undertakes all non-primary-purpose trading: catering, retail, hire&hospitality, location filming and business sponsorship. The results (see Note 8) show that sales turnover increased by 16% to £1,669,177 (2014: £1,434,123), and the operating profit increased by 57% to £432,429 (2014: £275,148), after the payment of inter-company rent and service charges. This improvement to the trading results can be attributed to the increase in visitor attendance of almost 8%, compared to the prior year, and improved cost and staff cost control. The result represents another very strong performance for the Museum's subsidiary trading company, and its support for the charitable activities of the Museum. The Museum's subsidiary files its own audited accounts.

Future Plans

For the year ahead and in support of the Museum's Strategic Plan (2015-20) the Museum has identified the following major objectives and priorities:

Strategic Aim One – Develop Our Distinctiveness and Brand

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

Strategic Aim Two – Safeguard, Enrich and Use Our Collections

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

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

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

Strategic Aim Three – Transform the Visitor Journey

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

Strategic Aim Four – Increase Visitor Attendance

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

Strategic Aim Five – Achieve National and International Impact

- (6) To successfully lead and complete, within the allocation of Arts Council England funding of £919,114, the second year of the Major Partner Museum programme, in partnership with Culture Coventry.
- (7) To submit an application to Arts Council England for National Portfolio funding for the period 2018/19 – 2021/22.

Strategic Aim Six – Grow and Diversify Our Income

- (8) To continue to strengthen the Museum's financial position by achieving visitor attendance of at least 305,950 for the year to 31 December 2016 and a surplus, before depreciation and one-off investments, of £309,000.
- (9) To maximize the benefits afforded by the recent significant investment in customer relationship management (CRM) and electronic-point-of-sale (EPOS) technology.
- (10) To increase the positive financial impact of business sponsorship and support.

Financial Review

The financial activities of the Museum for the year under review and the financial position at the Balance Sheet date are set out in the Accounts. The Statement of Financial Activities (SOFA) is set out at page 31 and includes both unrestricted and restricted funds. Although the level of unrestricted funds is significant, at £1.308m (2014: £353k), accounting for 21% of all incoming resources during the year, the financial position of the Museum, now and in the future, is underpinned by the strength of its trading results as a visitor destination. In fact, unless the Museum has the strong foundation that comes from a successful visitor-trading operation, it will not attract or be in a position to apply for, the unrestricted funds that come from trusts, foundations, public bodies or individuals to undertake particular, often one-off programmes and projects. Investors are believed to gain increased confidence in the long-term future of the Museum because of the success of its underlying trading operations. The largest such investor during 2015 was Arts Council England, through its Major Partner Museum Programme, accounting for £664,500 or 50.8% of all restricted incoming funds, as further explained at note 6.

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

In simple terms, the healthy unrestricted net income of £369,268 (2014: £119,369), shown in the Accounts, represents the Museum's visitor-trading operations, with 60% or £2.934m (2014: £2.567m) of unrestricted income arising out of paid admission to the Museum, with 38% or £1.872m (2014: £1.625m) arising out of other, on-site visitor-driven sales. The remaining unrestricted income of £60,671 (2014: £76,978) arises out of various non-visitor-driven activities, including off-site rented property and small donations (see notes 5 and 11).

The Museum set out to achieve a surplus of £100k in 2015 on its visitor operations, and the results set out in these Accounts show a very considerable improvement on that budgeted level, largely driven by a level of attendance 8% above 2014. This surplus from operating the Museum as a visitor destination was augmented by a surplus on its restricted funds of £331,904 (2014: £23,157), resulting in a net favourable movement in funds of £701,172 (2014: £86,951). This is before recognising an actuarial gain in the defined benefit pension scheme of £168,000 (2014: loss £185,000), which establishes a total positive net movement in funds of £869,172 (2014: loss £98,049).

This very welcome improved trading result has resulted in a substantial cash inflow from operating activities of £989,534 (2014: £370,054). After capital expenditure of £771,213 and long term bank loan repayments of £31,550, there was a net increase in cash of £186,771 resulting in cash at bank and in hand as at 31 December 2015 of £828,252 (2014: £641,481).

The creation of another unrestricted surplus in 2015 is a significant achievement for the Museum and this remains a priority in 2016 and beyond, in order to continue to establish a more resilient financial position, to maintain and develop the open air site, and to build an adequate level of free cash reserves.

The table below extracts the results from the Accounts, to simplify and bring together (before an actuarial gain in the defined benefit pension scheme) the main areas of activity of the Charity.

Income	£	%
<u>Unrestricted Funding</u>		
Admission (including donated admissions)	2,933,686	48%
On-site Trading (e.g. food&drink and retail)	1,669,177	27%
Car Parking	115,419	2%
On-site Location Filming	54,353	1%
Licensed concessions and fees	33,060	1%
Rent	42,000	1%
Donations	11,383	<1%
Other	<u>7,288</u>	<u><1%</u>
	4,866,366	79%
<u>Restricted Funding</u>		
Arts Council England	664,500	11%
Donations	488,112	8%
Grants	<u>155,670</u>	<u>3%</u>
	<u>1,308,282</u>	<u>21%</u>
Total Income	6,174,648	100%
 Expenditure		
Opening & Operating the Museum	3,008,771	55%
On-site Trading (e.g. food&drink and retail)	1,319,576	24%
Major Partner Museum:		

Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2015

BCLM	242,575	4%
Culture Coventry	<u>283,750</u>	<u>5%</u>
	526,325	9%
Fundraising	94,360	2%
Significant One-Off Projects:		
Volunteer Development	51,845	1%
Audio-visual Displays	60,435	1%
Rolfe Street Introductory Displays	23,259	<1%
Learning Programmes	10,000	<1%
Peacock (canal boat) Restoration	5,000	<1%
Master Planning and Site Surveys	49,137	1%
Other Projects and Programmes	88,382	2%
Depreciation Charge	<u>236,386</u> ¹	<u>4%</u>
Total Expenditure	5,473,476	100%
Net Income / (Expenditure)	701,172	

¹ An accounting charge, rather than a cash cost, reflecting the 'use' of tangible fixed assets (note 1.7).

The Group Net Worth at 31 December 2015 stands at £9,026,242 (December 2014: £8,157,070). Restricted Funds stand at £7,853,706 (December 2014: £7,539,892) and Unrestricted Funds at £1,172,536 (December 2014: £617,178) comprised of Designated Funds of £2,081,593 (December 2014: £2,026,422), General Funds of £428,943 (December 2014: £96,756) and Pension Reserve (deficit) of £1,338,000, (December 2014: deficit of £1,506,000). The Museum receives considerable support from many volunteers, whose time and value cannot be included in the Statement of Financial Activities as it cannot be easily quantified.

On behalf of the Trustees

Lowell Williams Chair

Dated:



26/5/16

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:



Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 December 2015

We have audited the accounts of Black Country Living Museum Trust for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes numbered 1 to 35.

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

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

Respective Responsibilities of the Trustees and Auditors

As explained more fully on the Statement of Trustees' Responsibilities, the Trustees, who are also the directors of Black Country Living Museum Trust for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the Audit of the Accounts

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Charity's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the Companies Act 2006.

Black Country Living Museum Trust

Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 December 2015 (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Helen Drew Senior Statutory Auditor
For and on behalf of:

Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Dated: 26 May 2016

Black Country Living Museum Trust

Consolidated Statement of Financial Activities including Income and Expenditure Account for the year ended 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	December 2015 £	December 2014 £
Income					
Donations and Legacies:					
Donated admissions	4	1,497,945	-	1,497,945	1,178,049
Charitable donations	5	11,383	488,112	499,495	137,115
Charitable Activities:					
Admission to the Museum	4	1,435,741	-	1,435,741	1,389,114
Major Partner Museum (Arts Council England)	6	-	664,500	664,500	-
Grants	7	-	155,670	155,670	240,905
Other Trading Activities:					
Subsidiary trading company	8	1,669,177	-	1,669,177	1,434,123
Parking ,filming and concessions	9	202,832	-	202,832	191,128
Investment Income	10	1	-	1	1
Other Income	11	49,287	-	49,287	52,108
Total Income		4,866,366	1,308,282	6,174,648	4,622,543
Expenditure					
Raising Funds:					
Subsidiary trading company		1,319,576	-	1,319,576	1,039,829
Development and fundraising costs		94,360	-	94,360	61,287
Charitable Activities:					
Opening and operating the Museum		3,008,771	176,335	3,185,106	3,333,236
Developing the Museum		74,391	273,718	348,109	101,240
Major Partner Museum (Arts Council England)		-	526,325	526,325	-
Total Expenditure	12	4,497,098	976,378	5,473,476	4,535,592
Net Income/(Expenditure)		369,268	331,904	701,172	86,951
Transfers Between Funds	27	18,090	(18,090)	-	-
Other Recognised Gains and Losses:					
Actuarial gain / (loss) on defined benefit pension	33	168,000	-	168,000	(185,000)
Net Movement in Funds		555,358	313,814	869,172	(98,049)
Reconciliation of Funds:					
Total Funds brought forward 1 January 2015		617,178	7,539,892	8,157,070	8,255,119
Total Funds carried forward at 31 December 2015		1,172,536	7,853,706	9,026,242	8,157,070

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

Black Country Living Museum Trust

Group (Consolidated) Balance Sheet as at 31 December 2015

	Notes	December 2015		December 2014	
		£	£	£	£
Fixed Assets					
Intangible assets	18		12,804		-
Tangible assets	18		4,926,546		4,490,419
Heritage assets	19		5,215,813		5,161,729
Total Fixed Assets			10,155,163		9,652,148
Current Assets					
Stocks of goods for resale	21	96,203		96,736	
Debtors	22	98,570		88,269	
Cash at bank and in hand		828,252		641,481	
Total Current Assets		1,023,025		826,486	
Creditors: amounts falling due within one year	23	(502,068)		(471,136)	
Net current assets			520,957		355,350
Total assets less current liabilities			10,676,120		10,007,498
Creditors: amounts falling due after more than one year	24		(311,878)		(344,428)
Net Assets (excluding pension liability)			10,364,242		9,663,070
Defined benefit pension liability	33		(1,338,000)		(1,506,000)
Total Net Assets	29		9,026,242		8,157,070
The funds of the charity:					
Restricted funds	27		7,853,706		7,539,892
Unrestricted funds:					
Designated funds	28	2,081,593		2,026,422	
General funds		428,943		96,756	
Pension reserve	33	(1,338,000)		(1,506,000)	
			1,172,536		617,178
			9,026,242		8,157,070

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 26 May 2016, and signed on behalf of the Board of Trustees:

Lowell Williams Chair



Black Country Living Museum Trust

Parent (Museum) Balance Sheet as at 31 December 2015

	Notes	December 2015		December 2014	
		£	£	£	£
Fixed Assets					
Intangible assets	18		12,804		-
Tangible assets	18		4,902,960		4,476,916
Heritage assets	19		5,215,813		5,161,729
Investments	20		1,000		1,000
Total Fixed Assets			10,132,577		9,639,645
Current Assets					
Debtors	22	581,445		225,921	
Cash at bank and in hand		393,438		526,906	
Total Current Assets		974,883		752,827	
Creditors: amounts falling due within one year	23	(432,045)		(385,679)	
Net current assets			542,838		367,148
Total assets less current liabilities			10,675,415		10,006,793
Creditors: amounts falling due after more than one year	24		(311,878)		(344,428)
Defined benefit pension liability	33		(1338,000)		(1,506,000)
Total Net Assets			9,025,537		8,156,365
The funds of the charity:					
Restricted funds	27		7,853,706		7,539,892
Unrestricted funds:					
Designated funds	28	2,081,593		2,026,422	
General funds		428,238		96,051	
Pension reserve	33	(1,338,000)		(1,506,000)	
			1,171,831		616,473
			9,025,537		8,156,365

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 26 May 2016.

Lowell Williams Chair



Black Country Living Museum Trust

Consolidated Cash Flow Statement for the year ended 31 December 2015

		Year ended December 2015 £	Year ended December 2014 £
	Notes		
Cash flows from operating activities:			
Net cash inflow from operating activities	30	989,534	370,054
Cash flows from investing activities:			
Interest from investments		1	1
Proceeds from the sale of tangible fixed assets		-	400
Purchase of tangible fixed assets		(771,213)	(53,545)
Net cash used in investing activities		(771,212)	(53,144)
Cash flows from financing activities:			
Repayment of borrowing		(31,550)	(30,643)
Net cash used in financing activities		(31,550)	(30,643)
Change in cash and cash equivalents in the year		186,771	286,267
Cash and cash equivalents at the beginning of the year		641,481	355,214
Total cash and cash equivalents at the end of the year		828,252	641,481

The notes on pages 35 to 64 form part of these Accounts

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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

1.2 Going Concern

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

1.3 Key Sources of Estimation Uncertainty

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

Pension Liabilities: The charity recognises that its liability to its defined benefit contribution scheme involves a number of estimations as disclosed in note 33.

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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 grants are of a capital nature the funds are released the funds in the Statement of Financial Activities over the expected useful lives of their relevant assets.

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

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

1.5 Donated Services

The Museum has a policy to engage and train suitably experienced people in volunteer roles across a number of functions including costumed interpretation and collections care; integrating them with paid staff. Some volunteer groups also provide restricted funds to support particular projects or collection purchases. The Museum has 180 active volunteers and it is estimated that they provided a total of 36,000 volunteer hours during the course of 2015. Using, for example, the standard Heritage Lottery Fund multiplier of £50 per day, per volunteer, this equates to a value of donated services of £257,000 during 2015.

1.6 Expenditure

All costs are 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.

Fund-raising 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 13.

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

1.7 Tangible Fixed Assets and Depreciation

(a) Operational Assets

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

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

(b) Heritage Assets

Whilst regarding its Heritage Assets (in other words, with a few exceptions, its accessioned collections) as inalienable, held in perpetuity and mostly irreplaceable, in 2009 the Museum Trust chose to capitalise the few such assets for which original cost valuations were known. The reality of this is that the financial statements only include a very small number of the Museum's 60,000 items in its collection, as further reported in Note 19. 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 few identified items, expenditure on these assets (maintained principally for their contribution to knowledge and culture) is capitalised as incurred. Where such assets have a finite "economic life", depreciation will be provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected "economic life". Expenditure on Heritage Assets is written off over much of the remaining period of the lease of the Museum site.

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

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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

The object collections are supported by an extensive archive including business records, trade catalogues, photographs, prints, drawings, oral history recordings and family papers much of which relates to the structures and equipment on the two sites. The Museum library includes the collection of books, photographs and papers of the noted industrial historian, Keith Gale. A major programme of works (funded by the Arts Council) is well advanced to allow greater public access to the collections on-line via the Museum's website.

A Collections Management Plan (approved by Arts Council England), incorporating a collections care and conservation plan, governs all aspects of stewardship of the collections. The Museum manages its collections in accordance with its Acquisitions & Disposals Policy.

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. This policy applies to all staff at the Museum, including Key Management Personnel. No additional remuneration benefits, to those provided to all other staff, are provided to Key Management Personnel.

1.9 Stock

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

1.10 Debtors

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

1.11 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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 benefit 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 2013 and the next one will be carried out as at 31 March 2016 and will set contributions for the period 1 April 2017 to 31 March 2020.

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

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

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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 33.

After 31 March 2011, the Museum closed the defined benefit 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.

Of the Museum's staff, 83 are in a pension scheme, including 23 in the WMPF, 49 in the auto-enrolment scheme provided by Aegon, and 11 staff in other defined contribution schemes.

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 obligations associated with the Museum's defined benefit pension scheme (ref. Note 33).

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 8 and 22.

2 Legal Status of the Museum Trust

The Museum Trust (established 15 September 1975) is a company limited by guarantee (reg.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. 504481). The company's principal address and registered office are provided elsewhere in this report.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

3 Transition to Financial Reporting Standard 102 (FRS102)

The transition to the accounting standard FRS102 has created different classifications of Income and Expenditure in the Statement of Financial Activities compared with the prior year, which the Trustees consider have been fairly presented.

At the date of transition, 1 January 2014, in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was £22,895. No other restatements were required. In accordance with the requirements of FRS102 a reconciliation of opening balances is provided.

Reconciliation of Group Fund Balances	1 Jan 2014	31 Dec 2014
Reserves as previously stated	8,278,014	8,180,540
Holiday accrual	(22,895)	(23,470)
Reserves as restated	8,255,119	8,157,070
Reconciliation of 2014 surplus/(deficit) for the year		2014
2014 surplus/(deficit) as previously stated		(97,474)
Holiday accrual		(575)
2014 surplus/(deficit) as stated		(98,049)

The defined benefit pension scheme costs have been reanalysed in the comparatives by reference to the actuary report prepared under Financial Reporting Standard 102 rather than FRS17. The reanalysis is scheduled below.

	FRS102	FRS17
Current service cost	111,000	108,000
Net interest cost	55,000	4,000
Administrative expenses	1,000	-
Actuarial gains/losses	185,000	240,000

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

4 Visitor Admission to the Museum

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

	Unrestricted funds December 2015 £	Unrestricted funds December 2014 £
Donations in lieu of admission charges	1,198,513	943,350
Gift Aid from donated admission charges ¹	299,432	234,699
	1,497,945	1,178,049
Admission to the Museum	1,435,741	1,389,114
	2,933,686	2,567,163
Visitor Attendance (number)	292,533	271,467

¹ Gift Aid is an established scheme run by the UK Government that allows charities like the Museum to benefit from the tax already paid by visitors. The Museum receives 25p from the Government for every pound donated in support of the Museum.

5 Charitable Donations

	Restricted funds December 2015	Restricted Funds December 2014
European Regional Development Fund (see note)	150,000	-
The Connie & Albert Taylor Trust	120,000	-
Cory Environmental Trust in Britain	50,000	-
Foyle Foundation	25,000	-
Ibstock Cory Environmental Trust	20,000	-
Black Country[Living]Museum Transport Group	10,602	-
Friends of the Black Country[Living]Museum	10,600	6,640
Anonymous Individual Donor	10,000	-
The Pilgrim Trust	10,000	-
Friends of President	9,250	-
University of Wolverhampton	6,250	-
Owen Family Trust	5,000	-
The Idlewild Trust	5,000	-
Saintbury Trust	4,000	-
Mrs J Crane (in memory of Mr Len Crane)	4,000	-

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

Mr A F George MBE TD DL	3,125	-
Royal Society of Chemistry	3,000	3,200
FSW Limited	2,600	991
James Beattie Charitable Trust	2,500	-
E J Thompson Memorial Fund	2,000	-
The Lord Austin Trust	2,000	5,000
Central England Co-operative	1,770	-
Birmingham Museums Trust	1,650	-
Birmingham Common Good Trust	1,500	500
Mr & Mrs D Higgs	1,500	-
Clive & Sylvia Richards Charity	1,500	-
National Historic Ships UK	1,000	-
Mr J H Hughes	1,000	-
CB & HH Taylor 1984 Trust	1,000	-
Dumbreck Charity	1,000	1,000
Mr M Hessey	625	-
Donations in memory of Dr Chris Upton	600	-
David Field and Lesley Dickie	500	-
Bruce Ball Charitable Trust	500	-
Marston Wolverhampton Heritage Trust	500	-
Garfield Weston Foundation	-	25,000
Anonymous Individual Donation	-	12,500
Ernest Cook Trust	-	10,000
J M Ramsey in memory of Mr Richard Abbott	-	6,250
Edward & Dorothy Cadbury Trust	-	5,000
Grantham Yorke Charitable Trust	-	5,000
The Michael Marsh Charitable Trust	-	5,000
Arts Connect West Midlands	-	4,750
Thinktank Trust	-	3,600
The Douglas Turner Trust	-	3,000
Thomas Dudley Limited	-	3,000
The Aurelius Charitable Trust	-	3,000
H&R ChemPharm (UK) Limited	-	2,250
Baron Davenport's Charity	-	2,000
Darlow Smithson Productions	-	1,000
Mr B Hales	-	1,000
ERA	-	1,000
Other restricted donations	18,540	3,515
	488,112	114,196

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

	Unrestricted funds December 2015	Unrestricted funds December 2014
The Late Clara Janet Smith	-	10,000
ERA	4,000	-
Marston's PLC	5,000	-
The Black Country Society	350	1,350
Mr A F George MBE TD DL	-	938
Chatwin Trust	-	500
Salamander Charitable Trust	500	500
Pertemps People Development Group	140	500
Sandwell Steelers	-	500
Mr J H Hughes	438	-
Other Unrestricted Donations	955	8,631
	11,383	22,919
Total Charitable Donations	499,495	137,115

Note. As part of Dudley Council's regeneration of Castle Hill, funds were awarded to the Council to support the development of a new entrance to the Museum. Building and other services to develop this facility were procured by Dudley Council as the accountable body, who also managed the project on behalf of the Museum. Upon completion, the new facility is in the ownership of the Museum and as such, the external European funds have been treated as an in-kind contribution from Dudley Council, even though the funding was provided directly to the Council from the European Regional Development Fund, under the administration of the UK Government's Department for Communities & Local Government.

6 West Midlands Museum Partnership (Major Partner Museum)

	December 2015 £	December 2014 £
Arts Council England	664,500	-
	664,500	-

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 ACE's most significant investment in museums across England and involves some £22.6m each year to 21 Major Partner Museums. The partnership is led by the BCLM and BCLM is accountable to ACE, by way of a funding agreement and programme/spending plan. A legal agreement details the relationship between BCLM and its partner, Culture Coventry.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

Total investment, over the three year period, amounts to £2.658m, allocated between BCLM (£1.520m) and Culture Coventry (£1.138m). The totality of the funding is treated as restricted funds. Annually, this amounts to funding of £886,000, of which £507k is allocated to BCLM and £379k to Culture Coventry. Within the review period of this report, total funding of £664,500 has been received by BCLM and £526,325 either spent by BCLM (£242,575) or transferred to Culture Coventry (£283,750), in-line with the partnership agreement. The variation in these amounts (£138,175) is due to timing differences between the receipt of funds and programme delivery. The programme funds a large range of activities as further described in this report.

7 Grants and Projects Funded

	December 2015 £	December 2014 £
Arts Council England	95,670	238,955
Department for Culture, Media and Sport / The Wolfson Foundation	60,000	-
Association of Independent Museums	-	1,950
	155,670	240,905

The grant income of £155,670 was all attributed to restricted funds (2014: £238,955 restricted and £1,950 unrestricted funds).

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

Major Partnership Museum:	Arts Council England
Volunteer and Apprenticeship Workforce, Spatial Planning and Market Research, Improving and Diversifying Visitor Interpretation:	Arts Council England
Leadership Programme (MRL):	Museums & Resilient Leadership Cohort (fees received)
Brook Entrance & Facilities:	The Connie and Albert Taylor Trust European Regional Development Fund Cory Environmental Trust in Britain Foyle Foundation Ibstock Cory Environmental Trust E J Thompson Memorial Fund
Anchor Forge and Steam Hammer:	Arts Council England Two Anonymous Donors The Lord Austin Trust

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

	The James Beattie Trust CB & HH Taylor 1984 Trust Saintbury Trust Mr & Mrs D Higgs The Idlewild Trust Bruce Ball Charitable Trust
Kildare (narrow boat) Restoration:	The Pilgrim Trust Friends of President Dumbreck Charity National Historic Ships UK
Peacock (narrow boat) Restoration:	Birmingham Museums Trust
Tram 5 Restoration:	Friends of the Black Country [Living] Museum Mrs J Crane (in memory of Mr Len Crane) Owen Family Trust Mr A F George MBE TD DL Clive & Sylvia Richards Charity Black Country [Living] Museum Transport Group
West 'Brom' Guy Bus Restoration:	FSW Limited
Chemistry at Work:	Royal Society of Chemistry
Learning Programmes:	Arts Connect West Midlands
Collections Support Fund:	Friends of the Black Country [Living] Museum
Locksmith's House:	Co-operative Community Dividend
BCLM Archives:	Birmingham Common Good Trust
Staff Development Award:	Mr J H Hughes

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

8 Net Income from the Museum's Subsidiary Trading Company

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

	December 2015 £	December 2014 £
Profit and Loss Account		
Turnover	1,669,177	1,434,123
Cost of sales	(1,126,205)	(1,020,765)
Gross profit	542,972	413,358
Administrative expenses excluding recharges from Parent	(17,945)	(18,934)
Operating profit	525,027	394,424
Other operating income	50,297	16,679
Profit before Group charge and donation to Parent	575,324	411,103
Recharge from Parent (rent and services)	(142,895)	(135,955)
Donation of profit to Parent	(432,429)	(275,148)
Profit for year before and after taxation	-	-

The net assets of the subsidiary trading company at 31 December 2015 are £1,705 (December 2014: £1,705).

9 Parking Fees, Location Filming and Concessions

	Unrestricted funds December 2015 £	Unrestricted funds December 2014 £
Parking charges	115,419	103,346
Licensed concessions and fees	33,060	33,104
Filming rights and charges	54,353	54,678
	202,832	191,128

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

10 Investment Income

	Unrestricted funds December 2015 £	Unrestricted funds December 2014 £
Interest received	1	1
	<u>1</u>	<u>1</u>

11 Other Income

	Unrestricted funds December 2015 £	Unrestricted funds December 2014 £
Rent from leased property	42,000	43,533
Other	7,287	8,575
	<u>49,287</u>	<u>52,108</u>

12 Analysis of Expenditure

	Direct activity costs £	Activities funded by grants and donations £	Support costs £	Total December 2015 £
Raising Funds				
Subsidiary trading company	1,144,150	-	175,426	1,319,576
Fundraising costs	78,412	-	15,948	94,360
Total cost	<u>1,222,562</u>	<u>-</u>	<u>191,374</u>	<u>1,413,936</u>
Charitable Activities				
Opening and operating the Museum	2,448,332	176,335	560,439	3,185,106
Developing the Museum	34,000	273,718	40,391	348,109
Major Partner Museum	-	526,325	-	526,325
Total cost	<u>2,482,332</u>	<u>976,378</u>	<u>600,830</u>	<u>4,059,540</u>
Total All Costs	<u>3,704,894</u>	<u>976,378</u>	<u>792,204</u>	<u>5,473,476</u>

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

13 Analysis of Support Costs

	Raising funds £	Opening and operating the Museum £	Developing the Museum £	Total December 2015 £	Basis of Allocation
Governance costs	21,432	77,690	-	99,122	Head count
Finance and HR	160,472	448,422	40,391	649,285	Proportion of direct costs
Information Technology	9,470	34,327	-	43,797	Head count
Total	191,374	560,439	40,391	792,204	

14 Analysis of Governance Costs

	December 2015 £	December 2014 £
Staffing	36,433	139,392
Bank charges	24,475	25,833
Legal and professional fees	14,021	20,999
Audit and accountancy charges	13,550	8,210
Bank loan interest payments	10,643	12,062
Total	99,122	206,496

15 Net income/expenditure for the year

	December 2015 £	December 2014 £
This is stated after charging:		
Operating leases	17,291	7,978
Depreciation	268,198	228,180
Bank loan interest	10,643	12,062
Auditor's remuneration:		
Audit fee	8,350	7,850
Accountancy services	5,200	360
	309,682	256,430

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

16 Trustees / Directors

None of the Trustees (or any persons connected with them) received any remuneration or benefits during the year. Out-of-pocket expenses totalling £525 were reimbursed to one Trustee; £257 directly and £268 to a third party (December 2014: total £472).

17 Employees

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

	December 2015 (number)	December 2014 (number)
Direct (front-line) charitable activities	76	80
Leadership, Management and Specialists	42	33
	118	113
Full-time equivalent	94.5	96
Total headcount (including all casual staff)	219	214

Employment Costs

	December 2015 £	December 2014 £
Wages and salaries	2,391,280	2,179,420
National Insurance costs	137,044	122,179
Pension costs	195,920	125,031
	2,724,244	2,426,630

Employer contributions totalling £195,920 have been made to employee pension schemes: £168,187 to a defined benefit scheme and £27,733 to a defined contribution scheme.

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

	December 2015 (number)	December 2014 (number)
£80,000 – £90,000	1	1
	1	1

There are six Key Management Personnel of the Museum comprising the Director & Chief Executive, Deputy Chief Executive (Collections, Learning & Research), Deputy Chief Executive (Communications & Marketing), Deputy Chief Executive (Development – job share), and Deputy Chief Executive (Visitor Engagement & Operations). In part, two of these posts were vacant during 2015. The employee benefits of Key Management Personnel was £255,162 (December 2014: £234,338).

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

18 Tangible and Intangible Fixed Assets

(a) Operational Assets – Group

	Intangible Fixed Assets	Tangible Fixed Assets				
		Land and buildings Freehold	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2015		787,597	5,066,023	1,083,217	67,839	7,004,676
Additions	17,072	-	446,582	154,586	-	601,168
Disposals	-	-	-	-	-	-
At 31 December 2015	17,072	787,597	5,512,605	1,237,803	67,839	7,605,844
Depreciation						
At 1 January 2015	-	66,916	1,352,239	1,027,586	67,516	2,514,257
Charge for the period	4,268	14,088	92,019	58,850	84	165,041
On disposal		-	-	-	-	-
At 31 December 2015	4,268	81,004	1,444,258	1,086,436	67,600	2,679,298
Net book value						
At 31 December 2015	12,804	706,593	4,068,347	151,367	239	4,926,546
At 31 December 2014	-	720,681	3,713,784	55,631	323	4,490,419

Fixed Assets include fixtures and fittings and motor vehicles with a cost of £78,043 (2014: £64,227) and a net book value of £23,584 (2014: £13,505) owned by the subsidiary undertaking, Black Country Living Museum Enterprises Limited.

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

(b) Operational Assets - Parent

	Intangible Fixed Assets	Tangible Fixed Assets				
		Land and buildings Freehold	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2015	-	787,597	5,066,023	1,024,285	62,544	6,940,449
Additions	17,072	-	446,582	140,770	-	587,352
Disposals	-	-	-	-	-	-
At 31 December 2015	17,072	787,597	5,512,605	1,165,055	62,544	7,527,801
Depreciation						
At 1 January 2015	-	66,916	1,352,239	981,836	62,542	2,463,533
Charge for the period	4,268	14,088	92,019	55,199	2	161,308
On disposal	-	-	-	-	-	-
At 31 December 2015	4,268	81,004	1,444,258	1,037,035	62,544	2,624,841
Net book value						
At 31 December 2015	12,804	706,593	4,068,347	128,020	-	4,902,960
At 31 December 2014	-	720,681	3,713,784	42,449	2	4,476,916

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

19 Heritage Assets

Cost	£
At 1 January 2015	5,792,887
Additions at cost	152,973
At 31 December 2015	5,945,860
Depreciation	
At 1 January 2015	631,158
Charge for the period	98,889
At 31 December 2015	730,047
Net book value	
At 31 December 2015	5,215,813
At 31 December 2014	5,161,729

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

Heritage Asset Transactions

	2015	2014	2013	2012	9 months to 31-12-11	Year to 31-3-11	Pre 1-4-10	Total
Purchases and additions								
Marston Collection							341,865	341,865
REO Speedwagon							15,500	15,500
Locksmith's House							150,000	150,000
President narrow boat			1,194	23,557			78,861	103,612
Workers' Institute							2,543,413	2,543,413
Oldbury Buildings						168,300	883,415	1,051,715
Hobbs Fish Shop							1,155,115	1,155,115
Folkes Park						10,955	183,609	194,564
Conway Garage							71,203	71,203
Bradburn & Wedge							2,120	2,120
Newcomen Engine				71,350	21,147			92,497
Birchills narrow boat	7,185	43,545	17,738					68,468
Kildare narrow boat	24,795	10,000						34,795
Tram 5	57,563							57,563
Tramway	63,430							63,430
	<u>152,973</u>	<u>53,545</u>	<u>18,932</u>	<u>94,907</u>	<u>21,147</u>	<u>179,255</u>	<u>5,425,101</u>	<u>5,945,860</u>

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

Depreciation

Marston Collection	5,698	5,698	5,698	5,698	4,273	5,698	11,396	44,159
REO Speedwagon	258	258	258	258	194	258	516	2,000
Locksmith's House	1,454	1,454	2,000	2,000	1,500	2,000	14,000	24,408
President narrow boat	1,757	1,757	1,757	1,735	986	1,314	2,628	11,934
Workers' Institute	42,393	42,393	42,393	42,393	31,795	42,393	84,590	328,350
Oldbury Buildings	17,750	17,750	17,750	17,750	13,312	17,750	22,224	124,286
Hobbs Fish Shop	19,252	19,252	19,252	19,252	14,439	19,252	38,504	149,203
Folkes Park	3,254	3,254	3,254	3,254	2,440	3,254	5,856	24,566
Conway Garage	1,187	1,187	1,187	1,187	890	1,187	2,374	9,199
Bradburn & Wedge	35	35	35	35	27	35	70	272
Newcomen Engine	1,652	1,652	1,649	882				5,835
Birchills narrow boat	1,265	1,129	322					2,716
Kildare narrow boat	653	185						838
Tram 5	1,086							1,086
Tramway	1,195							1,195
	<u>98,889</u>	<u>96,004</u>	<u>95,555</u>	<u>94,444</u>	<u>69,856</u>	<u>93,141</u>	<u>182,158</u>	<u>730,047</u>
Net Book Value 31-12-15								<u><u>5,215,813</u></u>

20 Fixed Asset Investments

	£
Market value at 1 January 2015 and at 31 December 2015	1,000
Historical cost at 31 December 2014 and at 31 December 2015	<u>1,000</u>

The Companies Act 2006 requires 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.

21 Stock

December 2015 £	December 2014 £
<u>96,203</u>	<u>96,736</u>

The stock is held in the subsidiary trading company, Black Country Living Museum Enterprises Limited. For the year ended 31 December 2015 stock use of £560,677 (2014: £498,846) has been included in cost of sales in the financial statements of Black Country Living Museum Enterprises Limited.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

22 Debtors

	Group		Parent	
	December	December	December	December
	2015	2014	2015	2014
	£	£	£	£
Owed by subsidiary Trading Co. ¹	-	-	502,437	157,736
Trade debtors	30,365	34,839	14,701	16,844
Other debtors	40,515	12,841	40,515	12,841
Prepayments and accrued income	27,690	40,589	23,792	38,500
	98,570	88,269	581,445	225,921

¹The Museum's subsidiary trading company donates its profits in support of the Museum's charitable activities.

23 Creditors: amounts falling due within one year

	Group		Parent	
	December	December	December	December
	2015	2014	2015	2014
	£	£	£	£
Bank loan	32,500	31,500	32,500	31,500
Trade creditors	220,086	173,314	186,882	122,353
Taxes and social security costs	78,773	67,345	57,862	48,151
Other creditors	1,210	664	1,210	664
Accruals	169,499	198,313	153,591	183,011
	502,068	471,136	432,045	385,679

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

24 Creditors: amounts falling due after more than one year

	December 2015 £	December 2014 £
Bank Loan ¹	<u>311,878</u>	<u>344,428</u>
Analysis of loan		
Not wholly repayable within 5 years	344,378	375,928
Included in the current liabilities	(32,500)	(31,500)
	<u>311,878</u>	<u>344,428</u>
Loan maturity analysis		
Debt due in one year or less	32,500	31,500
In more than one year, but not more than 2 years	33,500	32,500
In more than 2 years, but not more than 5 years	106,000	140,000
In more than 5 years	172,378	171,928
	<u>344,378</u>	<u>375,928</u>

¹ The bank loan (to purchase land and property) is secured by a legal charge over the Museum's freehold land at Tipton Road, Dudley (Title No: WM414023) and an unlimited guarantee from the Museum's subsidiary trading company, Black Country Living Museum Enterprises Limited.

25 Financial Instruments

	December 2015 £	December 2014 £
Financial assets that are debt instruments measured at amortised cost	926,822	729,750
Financial liabilities measured at amortised cost	<u>735,173</u>	<u>718,611</u>

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.

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

26 Operating Leases

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

	December 2015 £	December 2014 £
Less than 1 year	17,865	4,989
Between 2 and 5 years	44,710	7,194
More than 5 years	-	-
	62,575	12,183

27 Restricted Funds (Movement in Funds)

	Balance at 1 January 2015 £	Incoming Funds £	Resources Expended £	Transfers £	Balance at 31 December 2015 £
Tangible Assets					
Operational Fixed Assets	348,681	-	-	-	348,681
Freehold Property	115,383	-	(2,550)	-	112,833
Rolfe Street Development	2,604,901	-	(76,285)	(926)	2,527,690
Moving the Black Country	711,389	-	(15,330)	-	696,059
Major Partner Museum (ACE)	-	-	(24,839)	99,354	74,515
Brook Entrance & Facilities	41,050	367,000	(6,195)	19,935	421,790
	3,821,404	367,000	(125,199)	118,363	4,181,568
Heritage Assets¹					
The Workers' Institute	1,675,704	-	(31,478)	-	1,644,226
The Locksmith's House	142,887	-	(1,454)	(15,841)	125,592
Conway Garage	49,353	-	(260)	(35,106)	13,987
Folkes Park	226,914	-	(3,254)	(53,832)	169,828
Old Birmingham Road	414,610	-	(8,138)	17,026	423,498
Hobbs Fish & Chip Shop	453,925	-	(8,529)	-	445,396
Newcomen Engine	87,976	-	(1,652)	-	86,324
President Narrow Boat	95,684	-	(1,757)	(2,249)	91,678
Marston Motorcycles	303,404	-	(5,698)	-	297,706
REO Speedwagon	13,758	-	(258)	-	13,500
Birchills Narrow Boat	56,980	-	(1,074)	-	55,906
Kildare Narrow Boat	10,065	21,250	(592)	-	30,723
Tram 5	-	37,875	(717)	-	37,158
	3,531,260	59,125	(64,861)	(90,002)	3,435,522

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

Other Items

Major Partnership Museum (ACE)	-	664,500	(526,325)	(99,354)	38,821
Anchor Forge and Steam Hammer	-	38,024	-	-	38,024
The Locksmith's House	-	-	-	15,841	15,841
Folkes Park	-	-	-	53,832	53,832
Leadership Programme	-	3,850	-	-	3,850
Exhibition (Hall Two)	1,287	-	-	-	1,287
Improving Accessibility	19,935	-	-	(19,935)	-
Strategic Support Fund (ACE)	101,271	85,670	(185,570)	-	1,371
Learning Projects	35,632	9,640	(25,540)	-	19,732
Stour (boat) Restoration	12,480	-	-	-	12,480
Collections Projects	8,735	10,953	(13,783)	2,249	8,154
Buildings Maintenance Legacy	10	-	-	(10)	-
Rolfe Street Exhibition	7,878	60,000	(34,635)	926	34,169
Master Planning the Site	-	8,000	-	-	8,000
Staff Award	-	1,000	-	-	1,000
Other	-	520	(465)	-	55
	187,228	882,157	(786,318)	(46,451)	236,616
	7,539,892	1,308,282	(976,378)	(18,090)	7,853,706

¹ See also Note 1.7(b).

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

28 Designated Funds (Movement in Funds)

	Balance at 1 January 2015 £	New Designations £	Utilised Funds £	Transfer £	Balance at 31 December 2015 £
Refurbishment Programme	34,538	-	-	-	34,538
Future Developments	250,000	-	-	-	250,000
Tangible Fixed Assets	-	17,647	(298)	-	17,349
Heritage Assets	1,741,884	53,742	(34,000)	18,080	1,779,706
	2,026,422	71,389	(34,298)	18,080	2,081,593

Designated funds are unrestricted funds, but nevertheless designated by Trustees for particular purposes. The Board will review the allocation of designated funds during the course of 2016.

29 Analysis of Net Assets between Funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2015 are represented by:			
Tangible fixed assets	2,538,072	7,617,090	10,155,162
Current assets	783,410	239,616	1,023,026
Creditors: amounts falling due within one year	(499,068)	(3,000)	(502,068)
Creditors: amounts falling due after more than one year	(311,878)	-	(311,878)
Defined benefit pension liability	(1,338,000)	-	(1,338,000)
	1,172,536	7,853,706	9,026,242

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

30 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	December 2015 £	December 2014 £
Net income/(expenditure) for the year (as per the statement of financial activities)	701,172	86,951
Adjustments for:		
Depreciation charges	268,198	228,180
Interest income on investments	(1)	(1)
Decrease/(increase) in stocks	533	(9,472)
Decrease/(increase) in debtors	(10,301)	11,201
(Decrease)/increase in creditors	29,933	52,195
Pension scheme non cash movements	-	1,000
	989,534	370,054

31 Reconciliation of Net Cash Flow to Movement in Net Funds

	December 2015 £	December 2014 £
Increase/(decrease) in cash and cash equivalents	186,771	286,267
Long term bank loan	31,550	30,643
Movement in net funds	218,321	316,910
Net funds at 1 January 2015	265,553	(51,357)
Net funds at 31 December 2015	483,874	265,553

32 Analysis of cash and cash equivalents

	December 2015 £	December 2014 £
Cash in hand	15,049	12,189
Current account	813,203	629,292
Total cash and cash equivalents	828,252	641,481

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

33 Pension Scheme and Other Post-Retirement Benefit Commitments

	December	December
	2015	2014
	£	£
Defined Contribution Pension Scheme - contributions payable by the Museum for the period	27,733	14,965

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

Employee Benefit Obligations (Defined Benefit Pension)

The Museum is one of 473 active scheme employers (encompassing over 277,000 members) that participate in the West Midlands Pension Fund (WMPF) providing benefits based on pensionable pay to certain members of Museum staff. The permanent staff of the Museum (although not local government employees) became eligible for membership, under the auspices of Dudley Metropolitan Borough Council (who act as guarantor), when the Museum was first established in September 1975 and was replaced with a separate defined contribution scheme for new entrants with effect from 31 March 2011. 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.

An actuarial valuation of the WMPF was carried out in accordance with the Regulations as at 31 March 2013. The next valuation is due as at 31 March 2016.

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 equals the gross pension liability). The liability at the period end was £1,338,000 (December 2014: £1,506,000). 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.

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

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

The amounts recognised in the Balance Sheet are as follows:

	December 2015 £	December 2014 £
Present value of funded obligations	5,605,000	5,568,000
Fair value of plan assets	(4,267,000)	(4,062,000)
	<u>1,338,000</u>	<u>1,506,000</u>
Defined Benefit Pension Liability		

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

	December 2015 £	December 2014 £
Included in staff costs within total expenditure:		
Current service cost	116,000	108,000
Past service cost	-	-
	<u>116,000</u>	<u>108,000</u>

Net pension finance costs included within total expenditure

Net interest cost	51,000	58,000
Administration expenses	1,000	1,000
	<u>52,000</u>	<u>59,000</u>
Total Pension Costs	<u>168,000</u>	<u>167,000</u>
Actual return on plan assets	<u>157,000</u>	<u>398,000</u>

Included with other recognised gains and losses:

	December 2015 £	December 2014 £
Actual return less expected return on pension scheme assets	10,000	235,000
Experience gains and losses arising on scheme liabilities	158,000	(420,000)
	<u>168,000</u>	<u>(185,000)</u>

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

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

	December 2015	December 2014
	£	£
Opening defined benefit obligation	5,568,000	4,917,000
Current service cost	116,000	108,000
Interest cost	198,000	222,000
Contributions by scheme participants	29,000	31,000
Past service cost	-	-
Actuarial losses/(gains)	(158,000)	420,000
Benefits paid	(148,000)	(130,000)
	<u>5,605,000</u>	<u>5,568,000</u>

Changes in fair value of plan assets are as follows:

	December 2015	December 2014
	£	£
Opening fair value of plan assets	4,062,000	3,597,000
Interest on assets	147,000	164,000
Return on assets less interest	10,000	235,000
Administration expenses	(1,000)	(1,000)
Contributions by employer	168,000	166,000
Contributions from scheme participants	29,000	31,000
Benefits paid	(148,000)	(130,000)
	<u>4,267,000</u>	<u>4,062,000</u>

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

	Dec 2015	Dec 2014	Dec 2013	Dec 2012	Dec 2011
CPI increases	2.10%	2.10%	2.40%	2.10%	2.10%
Discount rate at 31 December	3.80%	3.60%	4.50%	4.30%	4.75%
Future salary increases	3.85%	3.85%	4.15%	4.15%	4.25%
Future pension increases	2.10%	2.10%	2.40%	2.40%	2.50%

Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2015 (continued)

Assumed life expectations from age 65:

		Dec 2015	Dec 2014	Dec 2013	Dec 2012	Dec 2011
Retiring today:	Male	23.0	22.9	22.8	22.0	21.6
	Female	25.6	25.5	25.4	24.7	24.2
Retiring in 20 years:	Male	25.2	25.1	25.0	23.8	23.0
	Female	28.0	27.8	27.7	26.6	25.8

	December 2015 £	December 2014 £
Amounts for the current and previous period as follows:		
Defined benefit obligation	(5,605,000)	(5,568,000)
Plan assets	4,267,000	4,062,000
Surplus/(deficit)	<u>(1,338,000)</u>	<u>(1,506,000)</u>
Experience adjustments on plan liabilities	158,000	(420,000)
Experience adjustments on plan assets	10,000	235,000
	<u>168,000</u>	<u>(185,000)</u>

34 Related Party Disclosures

Former Museum Trustee, A David Owen, is also the President of The Friends of the Museum, which provided a restricted donation of £10,600 (2014: restricted donation £6,640), and is a Trustee of the Owen Family Trust which made a restricted donation of £5,000. Former Museum Trustee, Mr A F George provided an unrestricted donation of £3,125 (including Gift Aid), and former Museum Trustee, John H Hughes made a restricted donation of £1,000 and an unrestricted donation of £438.

35 Capital Commitments

	December 2015 £	December 2014 £
At 31 December 2015 the Museum had no capital commitments.	-	-

This is the final page of the Museum's Annual Report & Accounts, 31 December 2015.



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