

Charity Registration No. 504481

Company Registration No. 1226321  
(England & Wales)



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**Black Country Living Museum Trust**

**Annual Report & Accounts**

**for the year ended 31 December 2014**

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# Black Country Living Museum Trust

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# Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2014,

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## Reference & Administrative Information

The Trustees present their Annual Report & Accounts for the year ended 31 December 2014, 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', March 2005.

|   |   |
|---|---|
| <b>Museum Trust Established:</b>                      | 15 September 1975   |
| <b>Patron:</b>  | HRH The Duke of Gloucester KG GCVO  |
| <b>Trustees (Directors):</b>                          | A David Owen OBE<br>Fiona Toye<br>John H Hughes (Chairman)<br>Judy Foster <sup>1</sup><br>Lowell Williams (Deputy Chairman)<br>Dr Malcolm Dick<br>Matthew Tanner MBE<br>Mike Williams<br>Paul Belford |
| <b>Chief Executive (Museum Director):</b>             | Andrew Lovett   |
| <b>Charity Registration Number:</b>                   | 504481  |
| <b>Company Registration Number:</b>                   | 1226321   |
| <b>VAT Registration Number:</b>                       | 765321138   |
| <b>Principal Address &amp;<br/>Registered Office:</b> | Black Country Living Museum<br>Tipton Road<br>Dudley<br>DY1 4SQ<br>West Midlands  |
| <b>Statutory Auditors<sup>2</sup>:</b>                | CK Audit<br>No 4 Castle Court 2<br>Castlegate Way<br>Dudley<br>DY1 4RH<br>West Midlands   |

<sup>1</sup> nominated by Association of Black Country Authorities

<sup>2</sup> at the Charity's AGM on 28 May 2015, Crowe Clark Whitehill LLP will be proposed as auditors

# Black Country Living Museum Trust

Trustees' Report for the year ended 31 December 2014 (continued)

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|                              |  |
|------------------------------|--|
| <b>Principal Bankers:</b>    | Barclays Bank plc (Barclays Corporate)<br>1 <sup>st</sup> Floor<br>Queen Square<br>Wolverhampton<br>WV1 1DS<br>West Midlands   |
| <b>Principal Solicitors:</b> | Wragge Lawrence Graham & Co LLP<br>55 Colmore Row<br>Birmingham<br>B3 2AS<br>West Midlands   |
| <b>Other Advisors:</b>       | Baker Tilly Tax and Advisory Services LLP<br>St Philips Point<br>Temple Row<br>Birmingham<br>B2 5AF<br>West Midlands<br><br>Anthony Collins Solicitors LLP<br>134 Edmund Street<br>Birmingham<br>B3 2ES<br>West Midlands |
| <b>Telephone:</b>            | +44 (0) 121 557 9643   |
| <b>Email:</b>                | info@bclm.com  |
| <b>Website:</b>              | www.bclm.com   |
| <b>Facebook:</b>             | facebook.com/bclivingmuseum  |
| <b>Twitter:</b>              | @bclivingmuseum  |

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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### Chairman's Review

Delivering a compelling visitor experience, day-in day-out, is the most critical and challenging thing the Museum does. It goes to the heart of what we are here for, and it is essential to our success, financial sustainability and continued growth. We'll never be totally content, but it is nevertheless heartening to see the findings of the most comprehensive research we've ever undertaken showing that we're getting it right and that our ratings are continually improving. In 2014 the Museum achieved an overall rating of 82% in a thorough assessment undertaken by Visit England, and our Tripadvisor score is consistently above 90%, with the Museum retaining its certificate of excellence for another year. On-site research revealed that 99% of visitors found their experience 'enjoyable', with 95% either 'very likely' (66%) or 'quite likely' (29%) to return. We are also doing well when compared with our peer-group. Recent results from the 2014 Association of Leading Visitor Attractions Benchmarking Survey showed that the Museum consistently scored above the average levels in those areas measuring visitor experience.

The importance of the visitor experience is central, therefore, to the Museum's recently refreshed charitable objects and our new vision and mission, *"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."* Finding the right words to express our vision, as well as identifying our strategic aims for the next five years was a major task this year. All too often such things fail to excite, let alone focus the mind on the important things, so I was genuinely cheered by the buzz created from the enormous collective effort from all tiers of the organisation that led us to adopting a new strategic plan (2015-20) in December. It has clarified our thinking with six new strategic aims and set us on a clear path going forward.

As part of my review of 2013 I mentioned I was feeling more optimistic about future levels of visitor attendance and revenues. That optimism was fortunately well-founded, with attendance during 2014 bouncing back very substantially to 271,467; 13% higher than 2013 and well above what we hoped to achieve. As set out in more detail in these accounts, this more buoyant attendance was reflected in another year-on-year improvement to our financial performance with a trading surplus before depreciation of £128,540. As ever, there was a combination of factors impacting on this stronger performance and whilst it is never easy to be precise about the varying degrees of influence, my instinct is that drier weather, improved consumer confidence, more astute marketing and an improved events programme all had their part to play. Getting the Museum back to generating financial surpluses is a strategic objective to help our long-term sustainability, and it is very satisfying that this is now happening. Part of being able to achieve a surplus this year was our decision in 2013 to reduce costs and establish a manageable lower breakeven point at 250,000 visitors. It was a good business decision and a discipline which continues to serve us well.

Attendance is the most important validation of what we do and the life-blood of truly independent museums. We are proud that we are able to pay our own way, and feel that it is the right principle for us. Charging admission (accounting for 68% of trading revenue) is not only critical to being able to fund our activity, but we feel it is the right thing to do because of the strengthened relationship it establishes with our visitors. In short, we believe visitors value the Museum more and we certainly value our visitors more. It also reinforces our feeling that we are very much running a business, but focussed on generating returns for reinvestment, rather than returns to shareholders.

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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Elsewhere in this annual report, the Museum Director talks about the newly formed West Midlands Museum Partnership. This is a joint project with Culture Coventry and resulted in the Partnership being awarded funding of £2.658m over the next three years as part of the Arts Council of England's Major Partner Museum programme. For my part, I want to acknowledge the significance of this national achievement, and say how delighted I am that we have forged an excellent relationship with one of the largest and best museum services in the region. Our share of the funding, some £500,000 per annum, will provide major support for three years from April 2015 onwards across a broad range of activities, all of which are designed to help our resilience and improve visitor experience. It is also further evidence of the Museum's greater readiness and confidence to support the wider museums sector, to be more outward looking and to develop partnership working as a core belief.

It is a regular and important part of our annual report that we record the grants and donations received during the year. In 2014 it is an especially impressive list, totalling £378,020 from an enormous range of trusts, public bodies, businesses and individuals, in support of our charitable programmes, and representing considerable investment in the Museum's open-air site and Designated Collections. This level of support really does demonstrate that the Museum has connected and reconnected successfully with funders and donors in recent years in a highly professional manner, by expressing a compelling case for support that makes a positive difference to peoples' lives.

On 8 October I was delighted once again to welcome our Patron, HRH The Duke of Gloucester, to the Museum. The Duke toured the site, meeting transport volunteers and staff, before visiting the newly opened Adey's Greengrocer's shop in the Museum 'village' and planting a tulip tree in Folkes Park to commemorate in this centenary year those from the Black Country who lost their lives serving their country during World War One. The Duke has been a long-standing supporter of the Museum and there was much to show His Royal Highness since his last visit in 2008.

After attending and speaking at the Association of Independent Museum's national conference, hosted by the Museum in June, Sir Peter Bazalgette, Chairman of the Arts Council of England, toured the site and showed an enthusiastic interest on this, his first visit to the Museum. It was part of a highly successful conference, attended by over 200 delegates from across the United Kingdom, and I was extremely proud of the Museum's contribution to this important event and delighted to have had the opportunity to showcase the Museum to so many museum professionals.

In December 2014, our long-standing and hugely supportive Honorary Company Secretary, John Polychronakis stood down; coinciding with John's retirement as Chief Executive of Dudley Metropolitan Borough Council. I am very pleased to have another opportunity, on behalf of everyone at the Museum, to express my heartfelt thanks to John for everything he has done for the Museum, both in a personal capacity and on behalf of the Council.

Sarah Norman joins Dudley Council as its new Chief Executive in January 2015, and we look forward to maintaining our strong and mutually-beneficial partnership with the Council, through Sarah and her team.

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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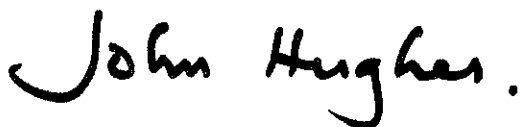
In April we entered into a new arrangement with the Association of Black Country Authorities (ABCA) which brings together our four local authorities, with the Leader of each Council appointed to it. As a result ABCA now makes a single nomination to the Board of the Museum, replacing the previous practice of each local authority making individual nominations, thereby providing a simpler and consistent relationship which connects and promotes the Black Country as a whole. We welcome Cllr Judy Foster of Dudley Council as the first ABCA nominated trustee and I want to thank the four previous nominated trustees who retired: Councillors Anthony Harris, John Rowley, Melvyn Mottram and Tim Wright for their support.

As always, I am indebted 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 continued support, commitment to the Museum and foresight to deliver the ambitions we all share. I have a very special word of thanks for David Owen OBE, our only remaining founding trustee; retiring after 40 years service. David has been an enduring and welcome presence at the Museum; giving generously of his time and deep knowledge and in doing so, expressing his great admiration for the Black Country. David has also been a generous funder of the Museum, giving to a wide range of projects and leaving a lasting contribution and a hard act to follow.

I also want to record my thanks to Jane Lodge who retired as a trustee and chair of our Audit Committee after more than five years, and to Margaret Corneby, both of whom stood down as trustees during 2014.

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.

The very final word is to say that I shall be retiring in September 2015 after 11 years as a trustee and nine years as Chair of the Board of Trustees. It has been a great honour and most rewarding to serve as a Trustee and latterly as Chair of the Museum. Times haven't always been easy, but I am very proud of what has been achieved during my time as Chair. With all that has happened I am very confident about the Museum's future and have every confidence in the Board to be led by Lowell Williams who will take over as chair in September 2015 and Andrew Lovett, Museum Director. The Board and executive are a strong team to secure the benefits of the exciting strategy and significant development opportunities now recognised. I shall remain a keen supporter of the Museum and will continue, of course, to be a regular visitor after my retirement.



John H Hughes Chairman

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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### Chief Executive's (Museum Director) Review

This year, it feels like the Museum has regained its stride, energy and confidence as we achieved success on many fronts. The most important of these has been how we have welcomed our visitors – our customers – and provided an experience that people clearly value. There is still a lot to be done to continually strive to improve and fulfil our potential, but 2014 was, nevertheless, a progressive year.

I agree with the Chairman's analysis of those factors that contributed to the very welcome rise in this year's attendance and trading surplus, compared to 2013, and that it is very difficult to accurately weight them in terms of their respective power over the level of attendance achieved. My assertion, all things being equal, is that the weather (more particularly how dry it is!) both actual and forecast, especially during school holidays, has the biggest impact. However, that isn't to suggest that we shrug our shoulders and accept what is thrown at us. Continuing to undertake developments that reinforce the Museum as an all weather attraction will be important, as is the continued expansion of the ticketed events programme. Further diversifying income streams is also a valuable thing to do, not least the recent success as a film location. Maximising the enjoyment for visitors when they *are* with us and providing opportunities that increase dwell time are also very important to moderate the challenging vagaries of our weather. The efforts of our 'secondary' trading outlets is also crucial, and the performance of these activities has once again been exemplary in 2014, with profits rising by 6.4% to £411,103 (2013: £386,339), before group charges.

We made a bold but intelligent decision to submit a proposal, with Culture Coventry, to Arts Council England (ACE) and formed the West Midlands Museum Partnership to become one of 21 Major Partner Museums and in receipt of investment funding of £2.658m, shared between both partners. We were not in a position to submit a credible application in 2012, when ACE last sought applications for the equivalent regional museum funding programme, and it is testament to everyone at the Museum just how far we have come to submit a successful bid, against national competition. This very welcome investment is just that, investment, and not subsidy of existing costs. It is targeted at our strategic aims to improve our performance, our resilience and long-term sustainability. Our aim is not to regard this investment as a temporary stimulant, but to demonstrate its worth, its leverage and for it to continue after this three year programme ends in 2018. At a time of significant cuts in local authority funding for their museum services, we must fear for those museums that have come to rely upon this particular funding to pay for everyday expenditure. We have set ourselves a tough challenge to realise the ambitions of our programme, but we are determined to demonstrate the faith that ACE has placed in our Museum and Culture Coventry and to show leadership.



# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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We have worked hard this year to improve and grow our events programme, including by making some thoughtful and beneficial planning decisions. Attendance at ticketed events accounts for 22,848 or 8% of total visitor attendance, and 2014 saw a 35% increase over 2013. In particular it was hugely encouraging to see a 29% rise, to just short of 11,000, at our five Christmas evenings; all of which were sold out. After just three years, the 1940s weekend event is becoming well established, with attendance reaching not far short of 900 and an increase of 81% compared to 2013. One of those planning changes was to switch away from holding a bonfire night; staging two Halloween nights instead and resulting in a 24% increase in ticket sales. We will continue to finesse this important and distinctive part of what the Museum does – capitalising on our open-air site - in 2015 and to build on the successes we had in 2014, not least further developing our new Red By Night and Halloween Nights, and the obvious growing popularity of our 1940s weekend.

Less fulfilling has been the torrid time we've had with our tramway. Despite a wonderfully generous donation of track from Transport for London, we've failed to get the Museum's popular trams up and running and it has been out of action for most of 2014. As I write this review, at the beginning of 2015, I am more optimistic that we'll get back on track again in time for the summer of 2015, not least thanks to our transport volunteers and their financial support for restoring Tram 5. However, it will take a Herculean effort, and we'll need a lot of help.

Thanks to Arts Council funding, we've made good progress this year with increasing volunteers, with a particular focus on increasing the numbers in visitor-facing roles, to bring to life those areas of the Museum we couldn't otherwise afford to staff. So far, we have 30 new such volunteers, with a target to recruit at least 50. Volunteering provides a wonderful opportunity to support the Museum in a very active and unusual way, and I am very grateful to those who have stepped forward with such enthusiasm. I hope we'll have a long and mutually-beneficial relationship together. I'm also very grateful for the support and understanding of the long-standing volunteer groups, for what could have been an uncomfortable incursion into their territory.

I am so delighted that we'll be running for a second year our successful Museums & Resilient Leadership programme in 2015, through until 2018, thanks to our funding success with Arts Council England in 2014, as part of the investment under the Major Partner Museum programme. It is an investment of £100,000 each year in 16 aspiring museum leaders from across England. A real highlight and thrill for me will be welcoming the new cohort to the immersive residential in May 2015 and taking an active part in many of the workshops.

Part of our thinking when developing the Museums & Resilient Leadership programme was our view that a different kind of leadership attitude and set of skills are required in a changing museum sector, not least because of a widespread tapering-off of public subsidy and the consequential need to be more self-reliant. We were also conscious that more, outright chief executives would be required as independent museums become more prevalent, and that such people were currently, most likely, second and third tier managers in local authority or other public-funded museum services, and that support was needed to create a new kind of leader. We have coined the phrase, 'culture and enterprise to be proud of'; believing that the successful achievement of each is possible, as well as essential. As a Museum which is able to meet its own everyday costs from its own efforts, we felt very well placed to share our approach to cultural enterprise.

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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It has been great to see the development of Castle Hill, our adjacent hinterland, as well as the town centre of Dudley gathering pace this year, with market place improvements completed, as well as the new and much needed car and coach parks starting to become available to visitors to the Museum, Dudley Zoo and Dudley Canal. We are also looking forward to the Museum's new entrance from Castle Hill for visiting schools opening in September 2015. Despite very difficult funding circumstances, Dudley Council has continued during 2014 to work very hard to improve the public realm of the town and borough, and the progressing development of Castle Hill is a focal part of this endeavour, of which we are very pleased to be an active partner. Much has and is being done to improve perceptions of Dudley, and we welcome this effort for the sake of all our futures in the borough.


As part of my review of 2014 I want to acknowledge the contribution of CK Audit, whose term as the Museum's statutory auditors comes to an end in May 2015, after many years of highly professional service.

Before I conclude this review, I want to convey very personal thanks to John Hughes, who retires as a trustee and chair in 2015. John has been the sort of chairman every chief executive would want; challenging but hugely supportive, committed, wise, thoughtful and sure-footed, and always available. John can be tremendously proud of what has been achieved under his chairmanship, and it has been a pleasure to work alongside him these last six years. I wish John and Carol the happiest of times and offer my heartfelt thanks to John and admiration for everything he has achieved.

I want also to add to the Chairman's thanks and appreciation to retiring trustee, David Owen. There is something rather special about having a founding trustee on the Board, to connect and remind us all of the formative years of the Museum. It is a reflective moment when the relentless passage of time means that connection has to come to an end. David has been an exemplary trustee, and I am proud to have had his support and friendship during my time as Museum Director. It is difficult to conceive of the Museum coming about without David. He has been that important.

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. My thanks.

I want to finish by quoting the second of our strategic aims from the Museum's new Strategic Plan (2015-20), for it resonates so powerfully with me. It is to, *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.*



Andrew Lovett Chief Executive (Museum Director)

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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### 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 collections. Throughout this Annual Report the charitable company is referred to as "the Museum, Museum Trust or the Charity".

#### Trustees (Directors)

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:

|                            |   |
|----------------------------|---|
| A David Owen OBE           | (Retiring 28 May 2015)                                  |
| Anthony F George MBE TD DL | (Retired 29 May 2014)                                   |
| Anthony Harris             | (Resigned 27 March 2014)                                |
| Fiona Toye                 |   |
| Jane A Lodge               | (Resigned 25 September 2014)                            |
| John H Hughes              | (Retiring 30 September 2015)                            |
| John Rowley                | (Resigned 27 March 2014)                                |
| Judy Foster                | (Appointed 20 June 2014)                                |
| Lowell Williams            |   |
| Mahboob Hussain            | (Resigned 20 June 2014)                                 |
| Margaret Corneby           | (Appointed 30 January 2014, Resigned 26 September 2014) |
| Matthew Tanner MBE         |   |
| Dr Malcolm Dick            |   |
| Melvyn Mottram             | (Resigned 20 June 2014)                                 |
| Mike Williams              |   |
| Paul Belford               | (Appointed 27 March 2014)                               |
| Timothy Wright             | (Resigned 29 May 2014)                                  |

#### 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 who make recommendations to the Board. The Association of Black Country Authorities nominates one trustee to serve 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 will be seeking to make further new appointments during 2015.

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

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### 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 and developments affecting the museums and cultural sectors. 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.

### 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 Board has put in place committee structures to effectively govern and regulate the affairs of the Museum, including an Audit Committee and a Project & Capital Expenditure Approval Committee.

The Museum Director, who is also its Chief Executive, manages and develops the Museum with his senior staff and is accountable and reports to the Board and its Chair. The Museum's Director & Chief Executive is supported by a management team comprising the posts of: Director of Collections, Learning & Research; Director of Development (job share); Director of Communications & Marketing; Head of Finance, Human Resources Manager; General Manager (Food&Drink); and Retail & Admissions Manager. From April 2015, the Museum's management team will include a new post to support the programme of activity of the West Midlands Museum Partnership.

The Museum is owned and operated by the charitable company (including the Locksmith's House, a small satellite museum (Accreditation ref. no. 829) at Willenhall, seven miles from the main site) including the employment of all staff. Non-charitable activities, including retailing and catering for visitors, 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.

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, whilst 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 five times during the year, are drawn from the Museum Trust and from outside the Museum. 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.

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

The Black Country (Living) Museum Development Trust (Charity No. 1109345) was established in 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 and now supports it in an informal way, rather than leading the Museum's fundraising. The Development Trust currently has five Trustees, four of whom are also Trustees of the Museum. The Development Trust is chaired by Anthony F George, met once during 2014 and prepares its own accounts.

The table below sets out the record of attendance of the Trustees at Board meetings during 2014.

|  | Date of Board Meetings |      |      |      |      |      | No of Meetings | Attendance % |
|--|------------------------|------|------|------|------|------|----------------|--------------|
|  | 30/1                   | 27/3 | 29/5 | 31/7 | 25/9 | 8/12 |                |              |
| A David Owen OBE   | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Anthony F George MBE TD DL<br>(Retired 29/5/14)                | X                      | X    | ✓    | n/a  | n/a  | n/a  | 1/3            | 33%          |
| Fiona Toye   | X                      | ✓    | X    | X    | ✓    | ✓    | 3/6            | 50%          |
| Jane A Lodge<br>(Resigned 25/09/14)                            | ✓                      | ✓    | ✓    | X    | X    | n/a  | 3/5            | 60%          |
| John H Hughes  | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Lowell Williams  | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Margaret Corneby<br>(Appointed 30/01/14,<br>Resigned 26/09/14) | ✓                      | X    | X    | ✓    | X    | n/a  | 2/5            | 40%          |
| Matthew Tanner MBE   | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Dr Malcolm Dick  | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Mike Williams  | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Paul Belford<br>(Appointed 27/03/14)                           | n/a                    | ✓    | ✓    | X    | ✓    | X    | 3/5            | 60%          |
| Judy Foster<br>(Appointed 20/06/14)                            | n/a                    | n/a  | n/a  | X    | ✓    | X    | 1/3            | 33%          |
| John Rowley<br>(Resigned 27/03/14)                             | X                      | ✓    | n/a  | n/a  | n/a  | n/a  | 1/2            | 50%          |
| Anthony Harris<br>(Resigned 27/03/14)                          | X                      | ✓    | n/a  | n/a  | n/a  | n/a  | 1/2            | 50%          |
| Mahboob Hussain<br>(Resigned 20/06/14)                         | X                      | X    | X    | n/a  | n/a  | n/a  | 0/3            | 0%           |
| Melvyn Mottram<br>(Resigned 20/06/14)                          | X                      | X    | X    | n/a  | n/a  | n/a  | 0/3            | 0%           |
| Timothy Wright<br>(Resigned 29/05/14)                          | ✓                      | X    | X    | n/a  | n/a  | n/a  | 1/3            | 33%          |

# Black Country Living Museum Trust

## Trustees' Report for the year ended 31 December 2014 (continued)

|   | Date of Board Meetings |      |      |      |      |      | No of Meetings | Attendance % |
|---|------------------------|------|------|------|------|------|----------------|--------------|
|   | 30/1                   | 27/3 | 29/5 | 31/7 | 25/9 | 8/12 |                |              |
| John Polychronakis<br>(Hon Company Secretary)<br>(Resigned 8/12/14) | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |
| Andrew Lovett<br>(Director & Chief Executive)                       | ✓                      | ✓    | ✓    | ✓    | ✓    | ✓    | 6/6            | 100%         |

Jane A Lodge also chaired three meetings of the Audit Committee, also attended by Anthony F George and Mike Williams. Mike Williams also chaired five meetings of the Board of the Enterprise Company.

### Partnerships and Stakeholders

The Museum works with a number of partners and stakeholders to achieve its objectives, including volunteer groups. The principal volunteer groups being: Friends 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 Green Team, 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 at the Museum.

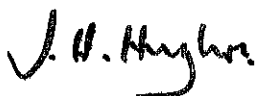
The Museum also undertakes partnership working with Newman University, University of Wolverhampton, University of Birmingham, Royal Society of Chemistry, Association of Independent Museums, West Midlands Museums Group and the Major Partner Museum Group of the Midlands.

A representative from The Black Country Society and the Friends of the Museum are invited to observe meetings of the Board of the Museum; reflecting their long-standing links with the Museum. 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, Newcomen Society, Inland Waterways Association, Association of Industrial Archaeology 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 new member of the National Museums Directors Conference.

Since 2011, the Museum has had an increasingly important relationship with Arts Council England and from April 2015 the West Midlands Museum Partnership will come into existence to deliver, alongside 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. The Council owns the majority of the freehold of the Museum site, leased until 2075.

On behalf of the Trustees

John H Hughes Chairman  
Charitable Objects



Dated: 28 May 2015

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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

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

### Vision & Mission

During 2014, the Museum developed a new vision and mission.

*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.*

### Strategic Aims

The development of a new vision and mission was central to adopting a new strategic plan for the period ahead, 2015-20, which led to establishing six new strategic aims:

#### *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 2014 (continued)

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

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

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

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

## Origins

The Museum grew out of community pressure 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. The Museum now extends to 26 acres and is one of the largest and most-visited open-air museums in the UK, having welcomed 8,326,919 since it opened; comparable with the 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.

## Designated Collections

The Museum's entire collections are *Designated* by Arts Council England, 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: an overview*.

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# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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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 and against objectives and other achievements.

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

- providing opportunities for enjoyable and stimulating learning for the general public (currently 271,000 people each year and over 8.3m people since it opened) about the special significance of the Black Country – its people and its landscape and the major part it played in the development of an industrialised world, in a unique and authentic environment;
  - providing learning programmes and resources for 62,739 (2013: 58,153) region-wide school and college-age children and students, supported by 7,134 teachers (2013: 8,037), undertaking 1,118 visits; with 7,066 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 730,541 hits in 2014 (2013: 549,279);
  - responding to 819 (2013: 685) public enquires to our collections enquiry service;
  - 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 (currently over 175 active volunteers);
  - supporting and strengthening the Black Country's identity and sense of place;
  - providing a venue for community lectures, serving over 1,000 people each year;
  - providing access to the Locksmith's House and its collections, numbering some 6,000 items, for booked schools, as well as the general public on open-days and special events;
-

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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- and in providing these public benefits, the Museum supports the five widely accepted generic learning outcomes, which show the positive impact of the public's interaction with museums, on their knowledge and understanding; skills; attitudes and values; enjoyment, inspiration and creativity; and action, behaviour and progression.

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 (51%) and C2DE (49%); according to the Market Research Society classifications. Source: Bluegrass Market Research, summer 2014.

It is acknowledged that more needs to be done to attract larger audiences from black and ethnic minorities, which currently account for just 4% of the Museum's total audience, despite some notably high minority ethnic group densities within close proximity to the Museum (national benchmark 7%). 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.

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) 1917 Military (French model) Sunbeam Motorcycle was loaned by Bilston Craft Gallery for their exhibition Craft & Conflict.
- (ii) Judge enamelware was loaned to Winterbourne House for a temporary exhibition.

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. Only 11% of visitors travel more than 90 minutes to reach the Museum, with 91% travelling from home. Only 7% are on a short-break and just 1% are on a long break of 4+ nights.

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 2014 the Museum charged an on-the-door price for adults of £15.95 (2013: £15.50). 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.

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

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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### Performance Against Objectives

The Museum set itself 10 specific objectives for 2014 and beyond:

- (1) **To adopt a new strategic plan for implementation from January 2015.**

The Board adopted a new strategic plan (2015-20) at its meeting on 8 December 2014.

- (2) **To strengthen the Museum's financial performance, by achieving attendance of at least 254,000 for the year to 31 December 2014 and with the growth of profits in the subsidiary trading company.**

Visitor attendance for the year ending 31 December 2014 was 271,467, 6.9% above the target for 2014 and 13% higher than 2013, which generated a trading surplus (before depreciation and movements in restricted funds) of £128,540, (2013 comparable figure: loss of £15,491). Within this overall trading result, profits before group charges from the subsidiary trading company rose by 6.4% to £411,103 (2013: £386,339).

- (3) **To submit a successful bid to Arts Council England's Major Partner Museum Programme, 2015-2018, in collaboration with at least one other leading museum in the West Midlands.**

The Museum, together with its partner Culture Coventry, under the name West Midlands Museum Partnership, submitted a successful application to Arts Council England, and together was awarded funds of £2.658m, from 1 April 2015 to 31 March 2018, under ACE's Major Partner Museum programme.

Final agreement, with completion of all programme plans, was reached with ACE in December 2014, at the same time the Museum's Board approved the contractual terms with Culture Coventry.

- (4) **To adopt a new Communications & Marketing strategy.**

Adopting a new communications & marketing strategy continues to be a priority for the Museum, with the intention to approve a new plan by the second quarter of 2015.

- (5) **To commence work on a new schools reception centre and the refurbishment of the tram way.**

Having secured funding of £429,000, work started on the Museum's new school entrance (from Castle Hill) in January 2015 and is due to be completed by September 2015.

Despite a generous donation of track worth c£30k from Transport for London and financial support in the pipeline from the Museum's volunteer Transport Group and The Friends of c£20k, towards the renovation of Tram 5, refurbishment of the tramway is still to be undertaken and remains a high priority for the Museum during 2015.

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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- (6) **To consolidate the new Board of Trustees and undertake a review of Governance.**

2014 was a significant time of change for the Board of Trustees, with a number of new Trustees getting established on the Board during the year and making substantive contributions, not least with the development of the Museum's new strategic plan. Further appointments to the Board will be made during 2015. John Hughes, Chairman since 2006, announced his retirement, effective in September 2015, with existing Trustee Lowell Williams appointed Deputy Chairman and Chair-elect. The terms of reference for a review of governance have yet to be determined and remain a priority for the coming year.

- (7) **To have completed the programme of work funded by Arts Council England, including finishing master planning the Museum site, increased the number of volunteers, introduced selected audio-visual interpretation and undertaken major market research studies.**

This was a complex and large area of work for the Museum during 2014 and much has been achieved against this objective. Significant numbers of new volunteers have and continue to be taken on, and further funding from the Arts Council will allow this to continue. A complete suite of market research was completed during the year, as well as benchmarking with other leading visitor destinations. This has and is providing critical information to inform the further development of the Museum, customer service and visitor experience. Work on long-term site planning continues to be undertaken and remains a priority for 2015.

- (8) **To have improved the visitor 'offer' including through an enhanced programme of public events and improved management, and to have achieved improved levels of visitor feedback.**

Attendance at Museum events rose by 35% in 2014, compared to last year, and the development of new events contributed to an improved visitor offer. Other improvements in the visitor offer included opening Adey's Greengrocer's shop, Gregory's Kitchen and Brewhouse and the introduction of new costumed street characters.

- (9) **To make a successful contribution to the nation's commemoration of World War One, including through the Museum's involvement with the AHRC-funded Engagement Centre, led by the University of Birmingham, and other partnership working.**

The Museum has played an active role in the University-led Engagement Centre and will continue to do so. During 2014, the Museum staged a number of commemorative events including a candlelit service on 4 August, a range of activities under the theme Black Country Goes to War, and re-enactments with The Warwicks, a living history group dedicated to the memory of the Royal Warwickshire Regiment.

- (10) **To continue to strengthen management and staff competencies and visitor focus, at all levels in the organisation, as part of developing a new HR strategy.**

The delivery of strategic leadership and management training has continued to strengthen management competencies. The Museum has further enhanced internal capabilities by training staff to deliver in-house training in visitor focussed areas, such as customer service.

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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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 25,000 'likes' on Facebook (2013: 14,000) and over 7,000 followers on Twitter (2013: 4,300).
- Maintaining our position in the Top 10 charging cultural attractions in the West Midlands.
- Seeing a 33% increase in hits to the Museum's website [www.bclm.com](http://www.bclm.com), compared to 2013.
- The continued success of the Museum's membership scheme, now with 1,700 members.
- Continuing to enhance the Museum's reputation and profile as a film location for costume drama and documentaries.

Awards during 2014 included:

- Best Museum for Groups (runner-up), Group Travel Awards, 2014.
- TripAdvisor, Certificate of Excellence (for a third year).
- Retaining the accreditation of Quality Assured Visitor Attraction, Visit England.

### Significant Grants and Donations

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

|   |   |
|---|---|
| Arts Council England                        | Baron Davenport's Charity                 |
| The Black Country Society                   | Arts Connect West Midlands                |
| Friends of the Black Country Living Museum  | Thomas Dudley Limited                     |
| Black Country Living Museum Transport Group | Thinktank Trust                           |
| Garfield Weston Foundation                  | The Douglas Turner Trust                  |
| Ernest Cook Trust                           | Birmingham Common Good Trust              |
| The Late (Clara) Janet Smith                | The Aurelius Charitable Trust             |
| J M Ramsey in memory of Mr Richard Abbott   | H&R ChemPharm (UK) Limited                |
| The Edward & Dorothy Cadbury Trust          | Darlow Smithson Productions               |
| The Lord Austin Trust                       | ERA, Willenhall                           |
| Grantham Yorke Charitable Trust             | Mr B Hales                                |
| The Dumbreck Charity                        | Mr A F George MBE TD DL                   |
| The Michael Marsh Charitable Trust          | Pertemps People Development Group         |
| Salamander Charitable Trust                 | Sandwell Steelers                         |
| Chatwin Trust                               | An anonymous donor from the West Midlands |
| Royal Society of Chemistry                  |   |

The receipt of these restricted grants and donations has enabled the Museum to carry out some major projects as set out at Note 3 to the Accounts.

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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### 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 significant objects, including:

- Two complete 1930s Salvation Army uniforms with Dudley provenance.
- A wage tin once used at Lench's Oliver Shop, now relocated on the Museum site.
- A 1915 wedding dress with an Oldbury provenance including veil and headdress and wedding photographs.
- Small cast-iron cauldron manufactured by T. Holcroft, Wolverhampton.
- Cast-iron coffee grinder, manufactured by A. Kenrick, West Bromwich, with support from the Friends of the Black Country Living Museum.
- Ruskin Pottery vase, 1932, with support from the Friends of the Black Country Museum.
- Cast-iron kitchen range made in Cradley Heath.

### 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 new 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. Going forward, the Audit Committee will also have oversight of the register of key risks.

### Reserves Policy

It is the policy of the Museum that at least 10% of the average of the last three years' unrestricted incoming resources, c£400,000, 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. Although this level was more than achieved at the Balance Sheet date, this level was not maintained throughout the 12 month period of this review, and additional loan resources have been secured against certain freehold property to prevent cash balances falling to an unacceptable level. Building a stronger level of cash reserves is a priority for the Museum over the course of the next three years.

# Black Country Living Museum Trust

## Strategic Report for the year ended 31 December 2014 (continued)

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### 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, a Treasury Management Committee, acting on behalf of the Board, has due regard to Charity Commission guidance, *Investment of Charitable Funds: Basic Principles*, the Charities Act 2011 and the Trustee Act 2000.

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

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

#### 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.

#### Strategic Aim Four – Increase Visitor Attendance

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

# Black Country Living Museum Trust

Strategic Report for the year ended 31 December 2014 (continued)

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## 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.

## 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.

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

## Financial Review

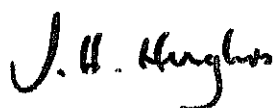
The financial activities of the Museum for the year under review and the financial position at the Balance Sheet date are set out in the Accounts. The Museum set out to achieve at least a balanced budget in 2014 at the trading level before depreciation, whilst still delivering its charitable objectives. This goal was surpassed, with a level of attendance above budget by 7% and by achieving a trading surplus of £128,540 (2013: loss £15,491). This surplus is included in the Statement of Financial Activities on page 27 of these accounts, as a net favourable movement in funds of £142,526, after depreciation charges and movements in restricted funds. This is before recognising an actuarial loss in the defined benefit pension scheme of £240,000 (2013: gain £168,000).

This very welcome improved trading result has resulted in a substantial cash inflow from operating activities of £370,054 (2013: £169). After capital expenditure of £53,545 and long term bank loan repayments of £30,643, there was a net increase in cash of £286,267 resulting in cash at bank and in hand as at 31 December 2014 of £641,481 (2013: £355,214).

The creation of a surplus in 2014 is a significant achievement for the Museum and this remains a priority in 2015 and beyond in order to create a more resilient financial position, to maintain and develop the open air site, and to build an adequate level of cash reserves.

The Group Net Worth at 31 December 2014 stands at £8,180,540 (December 2013: £8,278,014). Restricted Funds stand at £7,539,892 (December 2013: £7,516,735) and Unrestricted Funds at £640,648 (December 2013: £761,279) comprised of Designated Funds of £2,026,422 (December 2013: £2,055,882), General Funds of £120,226 (December 2013: £25,397) and Pension Reserve (deficit) of (£1,506,000), (December 2013: deficit of £1,320,000). 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 quantified.

On behalf of the Trustees



John H Hughes Chairman

Dated: 28 May 2015



# Black Country Living Museum Trust

## Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 December 2014

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We have audited the accounts of Black Country Living Museum Trust for the period ended 31 December 2014 which comprises the Statement of Financial Activities, the Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective Responsibilities of the Trustees and Auditors

As described on page 24, the Trustees, who are also the directors of Black Country Living Museum Trust for the purpose of company law, are responsible for preparing the Annual Report & Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for satisfying themselves that the Museum's Accounts give a true and fair view.

We have been appointed under the Companies Act 2006 and report in accordance with this Act. Our responsibility is to audit and express an opinion on the accounts 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 (APB's) Ethical Standards for Auditors.

### Scope of the Audit of the Accounts

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

### Opinion on Accounts

In our opinion:

- the accounts give a true and fair view of the state of the affairs of the Museum and the Group as at 31 December 2014 and the incoming resources and application of resources of the Group for the period then ended;

# Black Country Living Museum Trust

## Statement of Trustees' Responsibilities in Respect of the Accounts for the year ended 31 December 2014

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

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

In preparing these accounts, the Trustees are required to:

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

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

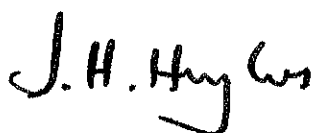
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company'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

John H Hughes Chairman



Dated:

28 May 2013.

# Black Country Living Museum Trust

## Independent Auditors' Report to the Members of Black Country Living Museum Trust for the year ended 31 December 2014 (continued)

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- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the accounts have been prepared in accordance with the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Trustees' Annual Report including the Strategic Report for the financial period 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:

- the parent charitable company has not kept adequate or sufficient accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

*CK Audit*  
**Wendy Davies (Senior Statutory Auditor)**  
For and on behalf of CK Audit  
Chartered Accountants & Statutory Auditor  
No 4 Castle Court 2  
Castlegate Way  
Dudley  
DY1 4RH  
West Midlands

Dated: *28th May 2015*

# Black Country Living Museum Trust

## Statement of Financial Activities including Income and Expenditure Account for the year ended 31 December 2014

|  |       | Unrestricted<br>Funds | Restricted<br>Funds | December<br>2014 | December<br>2013 |
|--|-------|-----------------------|---------------------|------------------|------------------|
|  | Notes | £                     | £                   | £                | £                |
| <b>Incoming Resources</b>  |       |                       |                     |                  |                  |
| <b>Incoming resources from voluntary income:</b>                           |       |                       |                     |                  |                  |
| Donated admissions   | 2     | 1,178,049             | -                   | 1,178,049        | 1,096,266        |
| Grants   | 3     | 1,950                 | 238,955             | 240,905          | 208,135          |
| Charitable Donations   | 3     | 22,919                | 114,196             | 137,115          | 98,143           |
| <b>Incoming resources from generated funds:</b>                            |       |                       |                     |                  |                  |
| Income from subsidiary trading company                                     | 4     | 1,434,123             | -                   | 1,434,123        | 1,301,920        |
| Parking, filming and concessions   | 5     | 191,128               | -                   | 191,128          | 129,442          |
| Investment income  | 6     | 1                     | -                   | 1                | 1                |
| <b>Incoming resources from charitable activities:</b>                      |       |                       |                     |                  |                  |
| Admission to the Museum  | 2     | 1,389,114             | -                   | 1,389,114        | 1,170,843        |
| Other incoming resources   | 7     | 52,108                | -                   | 52,108           | 41,029           |
| <b>Total Incoming Resources</b>  |       | <b>4,269,392</b>      | <b>353,151</b>      | <b>4,622,543</b> | <b>4,045,779</b> |
| <b>Resources Expended</b>  |       |                       |                     |                  |                  |
| <b>Costs of generating voluntary income:</b>                               |       |                       |                     |                  |                  |
| Fundraising and publicity costs  | 8     | 346,670               | -                   | 346,670          | 265,357          |
| <b>Costs of generating funds:</b>  |       |                       |                     |                  |                  |
| Trading costs  | 8     | 1,032,679             | -                   | 1,032,679        | 930,335          |
| Total cost of generating funds   |       | 1,379,349             | -                   | 1,379,349        | 1,195,692        |
| <b>Net Incoming Resources</b>  |       | <b>2,890,043</b>      | <b>353,151</b>      | <b>3,243,194</b> | <b>2,850,087</b> |
| <b>Charitable expenditure:</b>   |       |                       |                     |                  |                  |
| Charitable activities  | 8     | 2,569,178             | 324,994             | 2,894,172        | 2,890,923        |
| Governance costs   | 8     | 201,496               | 5,000               | 206,496          | 197,057          |
| Total charitable expenditure   |       | 2,770,674             | 329,994             | 3,100,668        | 3,087,980        |
| <b>Total Resources Expended</b>  |       | <b>4,150,023</b>      | <b>329,994</b>      | <b>4,480,017</b> | <b>4,283,672</b> |
| <b>Net movement in funds (excluding other recognised gains and losses)</b> |       | <b>119,369</b>        | <b>23,157</b>       | <b>142,526</b>   | <b>(237,893)</b> |
| <b>Other recognised gains and losses:</b>                                  |       |                       |                     |                  |                  |
| Actuarial gain / (loss) on defined benefit pension                         | 24    | (240,000)             | -                   | (240,000)        | 168,000          |
| <b>Net Movement in Funds</b>   |       | <b>(120,631)</b>      | <b>23,157</b>       | <b>(97,474)</b>  | <b>(69,893)</b>  |
| <b>Fund Balances at 1 January 2014</b>                                     |       |                       |                     |                  |                  |
| As previously reported   |       | 761,279               | 7,499,319           | 8,260,598        | 7,905,662        |
| Prior year adjustment  | 9     | -                     | 17,416              | 17,416           | 424,829          |
| <b>As restated</b>   |       | <b>761,279</b>        | <b>7,516,735</b>    | <b>8,278,014</b> | <b>8,330,491</b> |
| <b>Fund Balances at 31 December 2014</b>                                   |       | <b>640,648</b>        | <b>7,539,892</b>    | <b>8,180,540</b> | <b>8,260,598</b> |

The Statement of Financial Activities 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 2014

|   | Notes | December 2014  |                         | As restated<br>December 2013 |                         |
|---|-------|----------------|-------------------------|------------------------------|-------------------------|
|   |       | £              | £                       | £                            | £                       |
| <b>Fixed Assets</b>                                     |       |                |                         |                              |                         |
| Tangible assets   | 12    |                | 4,490,419               |                              | 4,622,995               |
| Heritage assets   | 13    |                | 5,161,729               |                              | 5,204,188               |
|   |       |                | <u>9,652,148</u>        |                              | <u>9,827,183</u>        |
| <b>Current Assets</b>                                   |       |                |                         |                              |                         |
| Stocks of goods for resale                              |       | 96,736         |                         | 87,264                       |                         |
| Debtors   | 15    | 88,269         |                         | 99,470                       |                         |
| Cash at bank and in hand                                |       | 641,481        |                         | 355,214                      |                         |
|   |       | <u>826,486</u> |                         | <u>541,948</u>               |                         |
| Creditors: amounts falling due within one year          | 16    | (447,666)      |                         | (395,546)                    |                         |
| Net current assets                                      |       |                | <u>378,820</u>          |                              | <u>146,402</u>          |
| Total assets less current liabilities                   |       |                | <u>10,030,968</u>       |                              | <u>9,973,585</u>        |
| Creditors: amounts falling due after more than one year | 17    |                | (344,428)               |                              | (375,571)               |
| Net Assets (excluding pension liability)                |       |                | <u>9,686,540</u>        |                              | <u>9,598,014</u>        |
| Defined benefit pension liability                       | 24    |                | (1,506,000)             |                              | (1,320,000)             |
| Net Assets  | 20    |                | <u><u>8,180,540</u></u> |                              | <u><u>8,278,014</u></u> |
| <b>Represented By:</b>                                  |       |                |                         |                              |                         |
| Restricted funds  | 18    |                | 7,539,892               |                              | 7,516,735               |
| Unrestricted funds:                                     |       |                |                         |                              |                         |
| Designated funds  | 19    | 2,026,422      |                         | 2,055,882                    |                         |
| General funds   |       | 120,226        |                         | 25,397                       |                         |
| Pension reserve   | 24    | (1,506,000)    |                         | (1,320,000)                  |                         |
|   |       |                | <u>640,648</u>          |                              | <u>761,279</u>          |
|   |       |                | <u><u>8,180,540</u></u> |                              | <u><u>8,278,014</u></u> |

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 28 May 2015.

Signed on behalf of the Board of Trustees

*J. H. Hughes*

John H Hughes Chairman

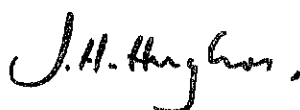
# Black Country Living Museum Trust

## Parent (Museum) Balance Sheet as at 31 December 2014

|   |       | December 2014  |                  | As restated<br>December 2013 |                  |
|---|-------|----------------|------------------|------------------------------|------------------|
|   | Notes | £              | £                | £                            | £                |
| <b>Fixed Assets</b>                                     |       |                |                  |                              |                  |
| Tangible assets   | 12    |                | 4,476,916        |                              | 4,604,422        |
| Heritage assets   | 13    |                | 5,161,729        |                              | 5,204,188        |
| Investments   | 14    |                | 1,000            |                              | 1,000            |
|   |       |                | <u>9,639,645</u> |                              | <u>9,809,610</u> |
| <b>Current Assets</b>                                   |       |                |                  |                              |                  |
| Debtors   | 15    | 225,921        |                  | 233,783                      |                  |
| Cash at bank and in hand                                |       | 526,906        |                  | 240,240                      |                  |
|   |       | <u>752,827</u> |                  | <u>474,023</u>               |                  |
| Creditors: amounts falling due within one year          | 16    | (362,209)      |                  | (310,753)                    |                  |
|   |       |                | <u>390,618</u>   |                              | <u>163,270</u>   |
| Net current assets                                      |       |                |                  |                              |                  |
|   |       |                | <u>390,618</u>   |                              | <u>163,270</u>   |
| Total assets less current liabilities                   |       |                | 10,030,263       |                              | 9,972,880        |
| Creditors: amounts falling due after more than one year | 17    |                | (344,428)        |                              | (375,571)        |
| Defined benefit pension liability                       | 24    |                | (1,506,000)      |                              | (1,320,000)      |
|   |       |                | <u>8,179,835</u> |                              | <u>8,277,309</u> |
| Net Assets  |       |                |                  |                              |                  |
|   |       |                | <u>8,179,835</u> |                              | <u>8,277,309</u> |
| <b>Represented By:</b>                                  |       |                |                  |                              |                  |
| Restricted funds  | 18    |                | 7,539,892        |                              | 7,516,735        |
| Unrestricted funds:                                     |       |                |                  |                              |                  |
| Designated funds  | 19    | 2,026,422      |                  | 2,055,882                    |                  |
| General funds   |       | 119,521        |                  | 24,692                       |                  |
| Pension reserve   | 24    | (1,506,000)    |                  | (1,320,000)                  |                  |
|   |       |                | <u>639,943</u>   |                              | <u>760,574</u>   |
|   |       |                | <u>8,179,835</u> |                              | <u>8,277,309</u> |

These financial statements were approved and authorised for issue by the Board of Trustees of the Museum on 28 May 2015.

John H Hughes Chairman



# Black Country Living Museum Trust

## Consolidated Cash Flow Statement for the year ended 31 December 2014

|   |          | Year ended<br>December<br>2014<br>£ | Year ended<br>December<br>2013<br>£ |
|---|----------|-------------------------------------|-------------------------------------|
|   | Notes    |                                     |                                     |
| <b>Net cash (outflow) / inflow from operating activities</b>                | 21       | <b>370,054</b>                      | <b>169</b>                          |
| Investment income   |          | <u>1</u>                            | <u>1</u>                            |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |          | <b>1</b>                            | <b>1</b>                            |
| <b>Capital expenditure</b>  |          |                                     |                                     |
| Payments to acquire tangible fixed assets                                   | (53,545) | (76,940)                            |                                     |
| Disposal proceeds of fixed assets   | 400      | -                                   |                                     |
| <b>Net cash (outflow) / inflow from capital expenditure</b>                 |          | <b>(53,145)</b>                     | <b>(76,940)</b>                     |
| <b>Net cash outflow before financing</b>                                    |          | <b>316,910</b>                      | <b>(76,770)</b>                     |
| <b>Financing</b>  |          |                                     |                                     |
| Long term bank loan   | (30,643) | (15,639)                            |                                     |
| <b>Net cash (outflow) from financing</b>                                    |          | <b>(30,643)</b>                     | <b>(15,639)</b>                     |
| <b>Increase in cash</b>   | 22       | <b>286,267</b>                      | <b>(92,409)</b>                     |

The notes on pages 31 to 54 form part of these accounts

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014

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### **1 Accounting Policies**

#### **1.1 Basis of Preparation**

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Museum and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Museum has availed itself of paragraph 4(1) of Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and adapted the Companies Act formats to reflect the special nature of the Museum's activities. No separate SOFA has been presented for the Museum alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Statement of Recommended Practice (SORP).

#### **1.2 Incoming Resources**

All grants and voluntary income are accounted for gross when receivable if they are capable of financial measurement. This includes gifts in kind, included at estimated valuation.

Grants in respect of capital expenditure are credited to restricted funds and released to the funds in the Statement of Financial Activities over the expected useful lives of their relevant assets.

Grants of a revenue nature receivable by the Museum are accounted for in the period to which they relate.

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.

Investment income is recognised on a receivable basis.

#### **1.3 Resources Expended**

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

Support costs comprise service costs incurred centrally in support of projects undertaken.

Governance costs are all costs incurred in the governance of the Museum and include audit fees and costs related to the strategic management of the Museum.



# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

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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. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out centrally. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

### 1.4 Tangible Fixed Assets and Depreciation

#### (a) Operational

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) Site Development

Site development activities and restoration of exhibits do not have a useful life extending beyond the period in which they are undertaken and the costs are therefore, written off as incurred. Any grants relating to these activities are shown within incoming resources.

#### (c) Heritage Assets (Financial Reporting Standard 30)

Whilst regarding its Heritage Assets (in other words, with a few exceptions, its accessioned collections) as inalienable, held in perpetuity and mostly irreplaceable, in 2009 the Museum Trust chose to capitalise the few such assets for which original cost valuations were known. The reality of this is that the financial statements only include a very small number of the Museum's 60,000 items in its collection, as further reported in Note 18. Establishing valuations for the entirety of the Museum's collection is considered unrealistic, prohibitively expensive and contrary to the Museum's duty of care to the public for the long-term stewardship of culturally significant material. In some instances, Heritage Assets have been purchased with restricted or conditional grants, and the Museum is not free to dispose of them without incurring significant penalty. For the 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.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

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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. 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 public access to the collections on-line via the Museum's website. This work is expected to be concluded by mid-2015.

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.

### **1.5 Stock and Work in Progress**

Work in progress is valued at the lower of cost and net realisable value.

### **1.6 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. The WMPF provides a pension scheme for certain employees of the Museum, based on final pensionable pay. It is constituted as a trust fund whose assets are held and managed separately from those of the Museum. Contributions are determined by a qualified actuary and are charged to the Statement of Financial Activities so as to spread the cost of the pensions provided over the average service lives of the employees.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

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The regular cost is attributed to the individual years using the projected unit credit method. Variations in cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining service lives of employees in proportion to expected payroll costs.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Statement of Financial Activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and it is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the period.

The expected return on pension plan assets is based on an assessment made at the beginning of the period of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the period. The difference between the expected return on plan assets and the interest cost is recognised in the Statement of Financial Activities as other finance income or expense.

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.

In line with the requirements of Financial Reporting Standard 17 'Retirement Benefits' the Museum's defined benefit pension scheme liability and related costs are included in these financial statements. Further information is contained in Note 24.

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.

Of the Museum's staff, 73 are in a pension scheme, including 23 in the WMPF, 42 in the auto-enrolment scheme provided by Aegon, and 8 staff in other defined contribution schemes.

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

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## 1.7 Funds and Reserves Accounting

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

- (i) Restricted funds include grants from local authorities and similar bodies in connection with the cost of the Museum's original operational fixed 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 24).

## 1.8 Recognition of Liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

## 1.9 Related Party Transactions

Black Country Living Museum Trust is the 'parent company' within a group that prepares consolidated financial statements. The Museum has taken advantage of the exemption from disclosing transactions with group entities under the terms of Financial Reporting Standard 8 'Related Party Disclosures'.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### 2 Admission to the Museum

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

|   | December<br>2014<br>£ | December<br>2013<br>£ |
|---|-----------------------|-----------------------|
| Admission fees donated to the Museum              | 943,350               | 877,448               |
| Gift Aid from donated admission fees <sup>1</sup> | 234,699               | 218,818               |
|   | <b>1,178,049</b>      | <b>1,096,266</b>      |
| <br>Admission to the Museum                       | <br><b>1,389,114</b>  | <br><b>1,170,843</b>  |
|   | <b>2,567,163</b>      | <b>2,267,109</b>      |
| <br>Visitor attendance (number)                   | <br><b>271,467</b>    | <br><b>240,088</b>    |

<sup>1</sup> Gift Aid is a well established scheme run by the 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.

### 3 Grants and Charitable Donations

|  | December<br>2014<br>£ | December<br>2013<br>£ |
|--|-----------------------|-----------------------|
| <u>Grants:</u>                             |                       |                       |
| Arts Council England                       | 238,955               | 203,185               |
| Association of Independent Museums         | 1,950                 | 4,950                 |
|  | <b>240,905</b>        | <b>208,135</b>        |
| <br><u>Restricted Funds:</u>               |                       |                       |
| Garfield Weston Foundation                 | 25,000                | -                     |
| Anonymous Individual Donation              | 12,500                | -                     |
| Ernest Cook Trust                          | 10,000                | -                     |
| Friends of the Black Country Living Museum | 6,640                 | 9,000                 |
| J M Ramsey in memory of Mr Richard Abbott  | 6,250                 | -                     |
| Edward & Dorothy Cadbury Trust             | 5,000                 | -                     |
| The Lord Austin 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                 | -                     |
| Royal Society of Chemistry                 | 3,200                 | 2,600                 |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

|  | December<br>2014 | December<br>2013 |
|--|------------------|------------------|
| 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            | 3,000            |
| The Dumbreck Charity                         | 1,000            | -                |
| Darlow Smithson Productions                  | 1,000            | -                |
| Mr B Hales                                   | 1,000            | -                |
| ERA, Willenhall                              | 1,000            | -                |
| FSW Limited                                  | 991              | -                |
| Birmingham Common Good Trust                 | 500              | -                |
| The Headley Trust                            | -                | 22,750           |
| BBC Your Paintings                           | -                | 12,000           |
| The William A Cadbury Charitable Trust       | -                | 10,000           |
| The Late Mr Royston Billingham               | -                | 5,000            |
| The G J W Turner Trust                       | -                | 3,000            |
| D'Oyly Carte Charitable Trust                | -                | 3,000            |
| The Steele Charitable Trust                  | -                | 3,000            |
| E J Thompson Memorial Fund                   | -                | 2,200            |
| The Rowlands Trust                           | -                | 2,000            |
| West Midlands Museums Development Office     | -                | 1,800            |
| The W E Dunn Charitable Trust                | -                | 1,000            |
| The George Cadbury Trust                     | -                | 1,000            |
| George Henry Collins Charitable Trust        | -                | 500              |
| The Chatwin Trust                            | -                | 500              |
| Other restricted donations                   | 3,515            | 2,689            |
|  | <b>114,196</b>   | <b>85,039</b>    |
| <b>Unrestricted Funds (Other Donations):</b> |                  |                  |
| The Late Clara Janet Smith                   | 10,000           | -                |
| The Black Country Society                    | 1,350            | 1,150            |
| Mr A F George MBE TD DL                      | 938              | 1,000            |
| Chatwin Trust                                | 500              | -                |
| Salamander Charitable Trust                  | 500              | 500              |
| Pertemps People Development Group            | 500              | -                |
| Sandwell Steelers                            | 500              | -                |
| Owen Family Trust                            | -                | 5,000            |
| The Dumbreck Charity                         | -                | 1,000            |
| Mr M F Hessey                                | -                | 500              |
| Birmingham Common Good Trust                 | -                | 500              |
| Other Unrestricted Donations                 | 8,631            | 3,454            |
|  | <b>22,919</b>    | <b>13,104</b>    |
| <b>Total Charitable Donations</b>            | <b>137,115</b>   | <b>98,143</b>    |

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

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During the period of this review Restricted Funds were provided for the following projects:

|   |   |
|---|---|
| Birchills (narrow boat) Restoration:  | Arts Council England (PRISM Fund)<br>Mr B Hales   |
| Volunteer and Apprenticeship<br>Workforce, Spatial Planning and Market<br>Research, Improving and Diversifying<br>Visitor Interpretation: | Arts Council England  |
| Museums & Resilient Leadership:   | Arts Council England  |
| Schools Reception Centre:   | Garfield Weston Foundation<br>The Lord Austin Trust<br>Grantham Yorke Charitable Trust<br>The Michael Marsh Charitable Trust<br>Baron Davenport's Charity |
| Rolfe Street Exhibition:  | The Edward & Dorothy Cadbury Trust<br>The Douglas Turner Trust  |
| Kildare (narrow boat) Restoration:  | The Aurelius Charitable Trust<br>Mrs J M Ramsey in memory of Mr Richard Abbott<br>The Dumbreck Charity  |
| Peacock (narrow boat) Restoration:  | Thinktank Trust   |
| Locksmith's House:  | ERA, Willenhall   |
| West 'Brom' Bus Restoration:  | FSW Limited   |
| Keith Gale Archive:   | Birmingham Common Good Trust  |
| Gas Lights and Winston Churchill<br>Locomotive:   | Friends of the Black Country Living Museum  |
| Chemistry at Work and It's a Gas<br>Conference:   | Royal Society of Chemistry<br>HR ChemPharm (UK) Limited   |
| Learning Programme:   | Ernest Cook Trust<br>Arts Connect West Midlands<br>Darlow Smithson Productions  |
| School Membership Scheme:   | Thomas Dudley Limited   |
| Stour (narrow boat) Restoration:  | An anonymous donor from the West Midlands   |

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

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

## 4 Net Income from the Museum's Subsidiary Trading Company

The Museum (Parent) controls 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. A summary of the results is set out below. Separate audited accounts have been filed with the Registrar of Companies.

|  | December<br>2014<br>£ | December<br>2013<br>£ |
|--|-----------------------|-----------------------|
| <b>Profit and Loss Account</b>                             |                       |                       |
| Turnover   | 1,434,123             | 1,301,920             |
| Cost of sales  | (1,020,765)           | (914,385)             |
| Gross profit   | 413,358               | 387,535               |
| Administrative expenses excluding<br>recharges from Parent | (18,934)              | (18,680)              |
| Operating profit   | 394,424               | 368,855               |
| Investment income  | -                     | -                     |
| Other operating income                                     | 16,679                | 17,484                |
| Profit before Group charge and donation to Parent          | 411,103               | 386,339               |
| Recharge from Parent (rent and services)                   | (135,955)             | (120,004)             |
| Donation of profit to Parent                               | (275,148)             | (266,335)             |
| Profit for year before and after taxation                  | -                     | -                     |

## 5 Parking, Filming and Concessions

|                               | December<br>2014<br>£ | December<br>2013<br>£ |
|-------------------------------|-----------------------|-----------------------|
| Parking charges               | 103,346               | 78,791                |
| Licensed concessions and fees | 33,104                | 35,532                |
| Filming rights and charges    | 54,678                | 15,119                |
|                               | 191,128               | 129,442               |



# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### 6 Investment Income

|                   | December<br>2014<br>£ | December<br>2013<br>£ |
|-------------------|-----------------------|-----------------------|
| Interest received | 1                     | 1                     |
|                   | <u>1</u>              | <u>1</u>              |

### 7 Other Incoming Resources

|       | December<br>2014<br>£ | December<br>2013<br>£ |
|-------|-----------------------|-----------------------|
| Rent  | 43,533                | 42,364                |
| Other | 8,575                 | (1,335)               |
|       | <u>52,108</u>         | <u>41,029</u>         |

### 8 Total Resources Expended

|                                       | Staff<br>costs<br>£ | Depreciation<br>and<br>Impairment<br>£ | Other<br>costs<br>£ | Total<br>December<br>2014<br>£ | Total<br>December<br>2013<br>£ |
|---------------------------------------|---------------------|--|---------------------|--------------------------------|--------------------------------|
| <b>Cost of generating funds</b>       |                     |  |                     |                                |                                |
| Trading costs                         | 418,594             | 4,670                                  | 609,415             | 1,032,679                      | 930,335                        |
| Fundraising and publicity             | 183,822             | -                                      | 162,848             | 346,670                        | 265,357                        |
| <b>Total cost of generating funds</b> | <u>602,416</u>      | <u>4,670</u>                           | <u>772,263</u>      | <u>1,379,349</u>               | <u>1,195,692</u>               |
| <b>Charitable expenditure</b>         |                     |  |                     |                                |                                |
| Charitable activities                 | 1,684,821           | 223,510                                | 985,841             | 2,894,172                      | 2,890,923                      |
| Governance costs <sup>1</sup>         | 139,393             | -                                      | 67,103              | 206,496                        | 197,057                        |
| <b>Total charitable expenditure</b>   | <u>1,824,214</u>    | <u>223,510</u>                         | <u>1,052,944</u>    | <u>3,100,668</u>               | <u>3,087,980</u>               |
| <b>Total resources expended</b>       | <u>2,426,630</u>    | <u>228,180</u>                         | <u>1,825,207</u>    | <u>4,480,017</u>               | <u>4,283,672</u>               |

<sup>1</sup> Governance costs include payments to the auditors of £8,050 (December 2012: £7,000) for audit fees. CK Chartered Accountants received payments of £5,167 (December 2012: £6,491) for other services, including payroll administration charges.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### 9 Prior Year Adjustment

Expenditure on Birchills narrow boat totalling £17,738, incurred in the year ended 31 December 2013, that was previously written off has now been capitalised as a Heritage Asset. A full analysis of Heritage Assets is shown in note 13.

### 10 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Museum during the period of this review. Expenses totalling £472 were paid to the Trustees (December 2013: £nil).

### 11 Employees

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

|  | December<br>2014<br>(number) | December<br>2013<br>(number) |
|--|------------------------------|------------------------------|
| Direct (front-line) charitable activities    | 80                           | 86                           |
| Leadership, Management and Specialists       | 33                           | 33                           |
|  | <b>113</b>                   | <b>119</b>                   |
| Full-time equivalent                         | 96                           | 96                           |
| Total headcount (including all casual staff) | 214                          | 194                          |

#### Employment costs

|                          | December<br>2014<br>£ | December<br>2013<br>£ |
|--------------------------|-----------------------|-----------------------|
| Wages and salaries       | 2,179,420             | 2,085,378             |
| National Insurance costs | 122,179               | 116,685               |
| Pension costs            | 125,031               | 133,771               |
|                          | <b>2,426,630</b>      | <b>2,335,834</b>      |

The number of employees with annual emoluments of £80,000 or more (being the Chief Executive) were:

|                   | December<br>2014<br>(number) | December<br>2013<br>(number) |
|-------------------|------------------------------|------------------------------|
| £80,000 – £90,000 | 1                            | 1                            |
|                   | <b>1</b>                     | <b>1</b>                     |

Details of the Museum's defined benefit pension scheme are provided at Note 24.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### 12 Tangible Fixed Assets

#### (a) Operational Assets - Group

|                            | Land and<br>buildings<br>Freehold<br>£ | Land and<br>buildings<br>Leasehold<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|----------------------------|--|---|---|------------------------|------------------|
| <b>Cost</b>                |  |   |   |                        |                  |
| At 1 January 2014          | 787,597                                | 5,066,023                               | 1,084,217                                 | 67,839                 | 7,005,676        |
| Additions                  | -                                      | -                                       | -   | -                      | -                |
| Disposals                  | -                                      | -                                       | (1,000)                                   | -                      | (1,000)          |
| <b>At 31 December 2014</b> | <b>787,597</b>                         | <b>5,066,023</b>                        | <b>1,083,217</b>                          | <b>67,839</b>          | <b>7,004,676</b> |
| <b>Depreciation</b>        |  |   |   |                        |                  |
| At 1 January 2014          | 52,828                                 | 1,267,663                               | 994,992                                   | 67,198                 | 2,382,681        |
| Charge for the period      | 14,088                                 | 84,576                                  | 33,194                                    | 318                    | 132,176          |
| On disposal                | -                                      | --                                      | (600)                                     | -                      | (600)            |
| <b>At 31 December 2014</b> | <b>66,916</b>                          | <b>1,352,239</b>                        | <b>1,027,586</b>                          | <b>67,516</b>          | <b>2,514,257</b> |
| <b>Net book value</b>      |  |   |   |                        |                  |
| <b>At 31 December 2014</b> | <b>720,681</b>                         | <b>3,713,784</b>                        | <b>55,631</b>                             | <b>323</b>             | <b>4,490,419</b> |
| At 31 December 2013        | 734,769                                | 3,798,360                               | 89,225                                    | 641                    | 4,622,995        |

Fixed Assets include fixtures and fittings and motor vehicles with a cost of £64,227 (2013: £65,227) and a net book value of £ 13,505 (2013: £18,573) 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 2014 (continued)

### (b) Operational Assets - Parent

|                            | Land and<br>buildings<br>Freehold<br>£ | Land and<br>buildings<br>Leasehold<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|----------------------------|--|---|---|------------------------|------------------|
| <b>Cost</b>                |  |   |   |                        |                  |
| At 1 January 2014          | 787,597                                | 5,066,023                               | 1,024,285                                 | 62,544                 | 6,940,449        |
| Additions                  | -                                      | -                                       | -   | -                      | -                |
| Disposals                  | -                                      | -                                       | -   | -                      | -                |
| <b>At 31 December 2014</b> | <b>787,597</b>                         | <b>5,066,023</b>                        | <b>1,024,285</b>                          | <b>62,544</b>          | <b>6,940,449</b> |
| <b>Depreciation</b>        |  |   |   |                        |                  |
| At 1 January 2014          | 52,828                                 | 1,267,663                               | 953,204                                   | 62,332                 | 2,336,027        |
| Charge for the period      | 14,088                                 | 84,576                                  | 28,632                                    | 210                    | 127,506          |
| On disposal                | -                                      | -                                       | -   | -                      | -                |
| <b>At 31 December 2014</b> | <b>66,916</b>                          | <b>1,352,239</b>                        | <b>981,836</b>                            | <b>62,542</b>          | <b>2,463,533</b> |
| <b>Net book value</b>      |  |   |   |                        |                  |
| <b>At 31 December 2014</b> | <b>720,681</b>                         | <b>3,713,784</b>                        | <b>42,449</b>                             | <b>2</b>               | <b>4,476,916</b> |
| At 31 December 2013        | 734,769                                | 3,798,360                               | 71,081                                    | 212                    | 4,604,422        |

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 2014 (continued)

## (c) Site Development

| Cost  | £           | £                  |
|---|-------------|--------------------|
| At 1 January 2014                           | 5,407,855   |                    |
| Additions                                   | -           |                    |
| <b>At 31 December 2014</b>                  |             | <b>5,407,855</b>   |
| <b>Grant contributions towards cost</b>     |             |                    |
| At 1 January 2014                           | (4,598,022) |                    |
| Received in the period                      | -           |                    |
| <b>At 31 December 2014</b>                  |             | <b>(4,598,022)</b> |
| <b>Balance funded from Museum resources</b> |             |                    |
| At 1 January 2014                           | (809,833)   |                    |
| Funded in the period                        | -           |                    |
| <b>At 31 December 2014</b>                  |             | <b>(809,833)</b>   |
| <b>Net book value</b>                       |             | <b>-</b>           |

## 13 Heritage Assets

| Cost                          | £                |
|-------------------------------|------------------|
| At 1 January 2014 as restated | 5,739,342        |
| Additions at cost             | 53,545           |
| <b>At 31 December 2014</b>    | <b>5,792,887</b> |
| <b>Depreciation</b>           |                  |
| At 1 January 2014             | 535,154          |
| Charge for the period         | 96,004           |
| <b>At 31 December 2014</b>    | <b>631,158</b>   |
| <b>Net book value</b>         |                  |
| <b>At 31 December 2014</b>    | <b>5,161,729</b> |
| At 31 December 2013           | 5,204,188        |

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 1.4 (c).

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### Heritage Asset Transactions

|                                | 2014          | 2013          | 2012          | 9<br>months<br>to<br>31-12-11 | Year to<br>31-3-11 | Year to 31-<br>3-10 | Pre<br>1-4-09    | Total            |
|--------------------------------|---------------|---------------|---------------|-------------------------------|--------------------|---------------------|------------------|------------------|
| <b>Purchases and additions</b> |               |               |               |                               |                    |                     |                  |                  |
| 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             |               |               |               |                               |                    | 11,635              | 2,531,778        | 2,543,413        |
| Oldbury Buildings              |               |               |               |                               | 168,300            | 440,846             | 442,569          | 1,051,715        |
| Hobbs Fish Shop                |               |               |               |                               |                    |                     | 1,155,115        | 1,155,115        |
| Folkes Park                    |               |               |               |                               | 10,955             | 16,139              | 167,470          | 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          | 43,545        | 17,738        |               |                               |                    |                     |                  | 61,283           |
| Kildare narrow boat            | 10,000        |               |               |                               |                    |                     |                  | 10,000           |
|                                | <u>53,545</u> | <u>18,932</u> | <u>94,907</u> | <u>21,147</u>                 | <u>179,255</u>     | <u>468,620</u>      | <u>4,956,481</u> | <u>5,792,887</u> |

### Heritage Asset Transactions

#### Depreciation

|                       |               |               |               |               |               |               |               |                |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Marston Collection    | 5,698         | 5,698         | 5,698         | 4,273         | 5,698         | 5,698         | 5,698         | 38,461         |
| REO Speedwagon        | 258           | 258           | 258           | 194           | 258           | 258           | 258           | 1,742          |
| Locksmith's House     | 1,454         | 2,000         | 2,000         | 1,500         | 2,000         | 2,000         | 12,000        | 22,954         |
| President narrow boat | 1,757         | 1,757         | 1,735         | 986           | 1,314         | 1,314         | 1,314         | 10,177         |
| Workers' Institute    | 42,393        | 42,393        | 42,393        | 31,795        | 42,393        | 42,393        | 42,197        | 285,957        |
| Oldbury Buildings     | 17,750        | 17,750        | 17,750        | 13,312        | 17,750        | 14,848        | 7,376         | 106,536        |
| Hobbs Fish Shop       | 19,252        | 19,252        | 19,252        | 14,439        | 19,252        | 19,252        | 19,252        | 129,951        |
| Folkes Park           | 3,254         | 3,254         | 3,254         | 2,440         | 3,254         | 3,065         | 2,791         | 21,312         |
| Conway Garage         | 1,187         | 1,187         | 1,187         | 890           | 1,187         | 1,187         | 1,187         | 8,012          |
| Bradburn & Wedge      | 35            | 35            | 35            | 27            | 35            | 35            | 35            | 237            |
| Newcomen Engine       | 1,652         | 1,649         | 882           |               |               |               |               | 4,183          |
| Birchills narrow boat | 1,129         | 322           |               |               |               |               |               | 1,451          |
| Kildare narrow boat   | 185           |               |               |               |               |               |               | 185            |
|                       | <u>96,004</u> | <u>95,555</u> | <u>94,444</u> | <u>69,856</u> | <u>93,141</u> | <u>90,050</u> | <u>92,108</u> | <u>631,158</u> |

Net Book Value 31-12-14 5,161,729

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### 14 Fixed Asset Investments

|   | £            |
|---|--------------|
| Market value at 1 January 2014 and at 31 December 2014      | 1,000        |
| Historical cost at 31 December 2013 and at 31 December 2014 | <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.

### 15 Debtors

|                                | Group<br>December<br>2014<br>£ | December<br>2013<br>£ | Parent<br>December<br>2014<br>£ | December<br>2013<br>£ |
|--------------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|
| Owed by Group undertakings     | -                              | -                     | 157,736                         | 149,528               |
| Trade debtors                  | 34,839                         | 32,434                | 16,844                          | 25,704                |
| Other debtors                  | 12,841                         | 28,633                | 12,841                          | 28,633                |
| Prepayments and accrued income | 40,589                         | 38,403                | 38,500                          | 29,918                |
|                                | <u>88,269</u>                  | <u>99,470</u>         | <u>225,921</u>                  | <u>233,783</u>        |

### 16 Creditors: amounts falling due within one year

|                                 | Group<br>December<br>2014<br>£ | December<br>2013<br>£ | Parent<br>December<br>2014<br>£ | December<br>2013<br>£ |
|---------------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|
| Bank loan                       | 31,500                         | 31,000                | 31,500                          | 31,000                |
| Trade creditors                 | 173,314                        | 153,577               | 122,353                         | 98,184                |
| Owed to Group undertakings      | -                              | -                     | -                               | -                     |
| Taxes and social security costs | 67,345                         | 59,993                | 48,151                          | 43,388                |
| Other creditors and accruals    | 175,507                        | 150,976               | 160,205                         | 138,181               |
|                                 | <u>447,666</u>                 | <u>395,546</u>        | <u>362,209</u>                  | <u>310,753</u>        |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

## 17 Creditors: amounts falling due after more than one year

|  | December<br>2014<br>£ | December<br>2013<br>£ |
|--|-----------------------|-----------------------|
| Bank Loan <sup>1</sup>                           | <u>344,428</u>        | <u>375,571</u>        |
| <b>Analysis of loan</b>                          |                       |                       |
| Not wholly repayable within 5 years              | 375,928               | 406,571               |
| Included in the current liabilities              | (31,500)              | (31,000)              |
|  | <u>344,428</u>        | <u>375,571</u>        |
| <b>Loan maturity analysis</b>                    |                       |                       |
| Debt due in one year or less                     | 31,500                | 31,000                |
| In more than one year, but not more than 2 years | 32,500                | 31,500                |
| In more than 2 years, but not more than 5 years  | 140,000               | 100,000               |
| In more than 5 years                             | 171,928               | 244,071               |
|  | <u>375,928</u>        | <u>406,571</u>        |

<sup>1</sup> The bank loan 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.



# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

## 18 Restricted Funds (Movement in Funds)

|                                    | As restated<br>Balance at<br>1 January 2014 | Incoming<br>Funds<br>£ | Resources<br>Expended<br>£ | Balance at 31<br>December 2014<br>£ |
|------------------------------------|---|------------------------|----------------------------|-------------------------------------|
| Operational Fixed Assets           | 348,681                                     | -                      | -                          | 348,681                             |
| Exhibition (Hall Two)              | 1,287                                       | -                      | -                          | 1,287                               |
| Rolfe Street Development           | 2,681,315                                   | -                      | (76,414)                   | 2,604,901                           |
| Moving the Black Country           | 726,719                                     | -                      | (15,330)                   | 711,389                             |
| Schools Reception Centre           | -   | 42,000                 | (950)                      | 41,050                              |
|                                    | 3,758,002                                   | 42,000                 | (92,694)                   | 3,707,308                           |
| <b>Heritage Assets<sup>1</sup></b> |   |                        |                            |                                     |
| The Workers' Institute             | 1,707,182                                   | -                      | (31,478)                   | 1,675,704                           |
| The Locksmith's House              | 144,341                                     | -                      | (1,454)                    | 142,887                             |
| Conway Garage                      | 50,280                                      | -                      | (927)                      | 49,353                              |
| Folkes Park                        | 229,996                                     | -                      | (3,082)                    | 226,914                             |
| Old Birmingham Road                | 424,977                                     | -                      | (10,367)                   | 414,610                             |
| Hobbs Fish & Chip Shop             | 462,454                                     | -                      | (8,529)                    | 453,925                             |
| Newcomen Engine                    | 89,628                                      | -                      | (1,652)                    | 87,976                              |
| President Narrow Boat              | 97,441                                      | -                      | (1,757)                    | 95,684                              |
| Marston Motorcycles                | 309,102                                     | -                      | (5,698)                    | 303,404                             |
| REO Speedwagon                     | 14,016                                      | -                      | (258)                      | 13,758                              |
| Birchills Narrow Boat              | 46,954                                      | 11,100                 | (1,074)                    | 56,980                              |
| Kildare Narrow Boat                | -   | 10,250                 | (185)                      | 10,065                              |
|                                    | 3,576,371                                   | 21,350                 | (66,461)                   | 3,531,260                           |
| <b>Other Items</b>                 |   |                        |                            |                                     |
| Purchase of Freehold Property      | 117,933                                     | -                      | (2,550)                    | 115,383                             |
| Improving Accessibility            | 20,090                                      | -                      | (155)                      | 19,935                              |
| Leadership Programme               | 9,526                                       | 51,025                 | (60,551)                   | -                                   |
| Strategic Support Fund             | -   | 177,930                | (76,659)                   | 101,271                             |
| Learning Projects                  | 27,245                                      | 26,860                 | (18,473)                   | 35,632                              |
| Stour (boat) restoration           | -   | 12,875                 | (395)                      | 12,480                              |
| Locomotive, Winston Churchill      | -   | 420                    | (420)                      | -                                   |
| Collections Projects               | 2,568                                       | 8,171                  | (2,004)                    | 8,735                               |
| Buildings Maintenance Legacy       | 5,000                                       | -                      | (4,990)                    | 10                                  |
| Gas Lights                         | -   | 4,520                  | (4,520)                    | -                                   |
| Rolfe Street Exhibition            | -   | 8,000                  | (122)                      | 7,878                               |
|                                    | 182,362                                     | 289,801                | (170,839)                  | 301,324                             |
|                                    | 7,516,735                                   | 353,151                | (329,994)                  | 7,539,892                           |

<sup>1</sup> See also Note 1.4(c).

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

## 19 Designated Funds (Movement in Funds)

|                         | Balance at<br>1 January<br>2014<br>£ | New<br>Funds<br>£ | Utilised<br>Funds<br>£ | Balance at 31<br>December<br>2014<br>£ |
|-------------------------|--------------------------------------|-------------------|------------------------|--|
| Refurbishment Programme | 34,538                               | -                 | -                      | 34,538                                 |
| Future Developments     | 250,000                              | -                 | -                      | 250,000                                |
| Heritage Assets         | 1,771,344                            | -                 | (29,460)               | 1,741,884                              |
|                         | 2,055,882                            | -                 | (29,460)               | 2,026,422                              |

## 20 Analysis of Net Assets between Funds

|   | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>£  |
|---|----------------------------|--------------------------|-------------|
| Fund balances at 31 December 2014 are represented by:   |                            |                          |             |
| Tangible fixed assets                                   | 2,572,528                  | 7,079,619                | 9,652,147   |
| Current assets  | 363,214                    | 463,273                  | 826,487     |
| Creditors: amounts falling due within one year          | (444,666)                  | (3,000)                  | (447,666)   |
| Creditors: amounts falling due after more than one year | (344,428)                  | -                        | (344,428)   |
| Defined benefit pension liability                       | (1,506,000)                | -                        | (1,506,000) |
|   | 640,648                    | 7,539,892                | 8,180,540   |

## 21 Net Cash Inflow from Operating Activities

|  | December<br>2014<br>£ | December<br>2013<br>£ |
|--|-----------------------|-----------------------|
| Reconciliation to changes in resources:  |                       |                       |
| Changes in resources before revaluations | 142,526               | (237,893)             |
| Investment income                        | (1)                   | (1)                   |
| Depreciation of tangible fixed assets    | 228,180               | 275,543               |
| Decrease/(increase) in stocks            | (9,472)               | 13,238                |
| Decrease/(increase) in debtors           | 11,201                | 43,923                |
| (Decrease)/increase in creditors         | 51,620                | (73,641)              |
| Pension scheme non cash movements        | (54,000)              | (21,000)              |
|  | 370,054               | 169                   |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

## 22 Reconciliation of Net Cash Flow to Movement in Net Funds

|                                      | December<br>2014<br>£ | December<br>2013<br>£ |
|--------------------------------------|-----------------------|-----------------------|
| Increase/(decrease) in cash          | 286,267               | (92,409)              |
| Long term bank loan                  | 30,643                | 15,639                |
| <b>Movement in net funds</b>         | <b>316,910</b>        | <b>(76,770)</b>       |
| Net funds at 1 January 2014          | (51,357)              | 25,413                |
| <b>Net funds at 31 December 2014</b> | <b>265,553</b>        | <b>(51,357)</b>       |

## 23 Analysis of Net Cash less Debt

|                          | At 1<br>January<br>2014<br>£ | Cash flow<br>£ | Non-cash<br>changes<br>£ | At 31<br>December<br>2014<br>£ |
|--------------------------|------------------------------|----------------|--------------------------|--------------------------------|
| Cash at bank and in hand | 355,214                      | 286,267        | -                        | 641,481                        |
| Debt due within one year | (31,000)                     | (500)          | -                        | (31,500)                       |
| Debt due after one year  | (375,571)                    | 31,143         | -                        | (344,428)                      |
|                          | (51,357)                     | 316,910        | -                        | 265,553                        |

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

### Defined Contribution Pension Scheme

|  | December<br>2014<br>£ | December<br>2013<br>£ |
|--|-----------------------|-----------------------|
| Contributions payable by the Museum for the period | 14,965                | 7,525                 |

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.

# Black Country Living Museum Trust

## Notes to the Accounts for the year ended 31 December 2014 (continued)

### Employee Benefit Obligations (Defined Benefit Pension)

The Museum is one of 400 scheme employers (encompassing over 267,000 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 key Financial Reporting Standard 17 assumptions used for the WMPF are set out below, along with the fair value of assets, the present value of the FRS17 liabilities and the deficit of assets below the FRS17 liabilities (which equals the gross pension liability). The liability at the period end was £1,506,000 (December 2013: £1,320,000). 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 17 assumptions used for the defined benefit pension scheme.

### The amounts recognised in the Balance Sheet are as follows:

|                                     | December<br>2014<br>£ | December<br>2013<br>£ |
|-------------------------------------|-----------------------|-----------------------|
| Present value of funded obligations | 5,568,000             | 4,917,000             |
| Fair value of plan assets           | (4,062,000)           | (3,597,000)           |
| Defined Benefit Pension Liability   | <u>1,506,000</u>      | <u>1,320,000</u>      |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

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

|   | December<br>2014<br>£ | December<br>2013<br>£ |
|---|-----------------------|-----------------------|
| <b>Included in staff costs within total resources expended</b>            |                       |                       |
| Current service cost  | 108,000               | 118,000               |
| Past service cost   | -                     | -                     |
|   | <u>108,000</u>        | <u>118,000</u>        |
| <b>Net pension finance costs included within total resources expended</b> |                       |                       |
| Interest on obligation  | 222,000               | 212,000               |
| Expected return on pension scheme assets                                  | (218,000)             | (202,000)             |
|   | <u>4,000</u>          | <u>10,000</u>         |
| <b>Total Pension Costs</b>  | <u>112,000</u>        | <u>128,000</u>        |
| Actual return on plan assets  | <u>398,000</u>        | <u>346,000</u>        |
| <b>Included with other recognised gains and losses:</b>                   |                       |                       |
|   | December<br>2014<br>£ | December<br>2013<br>£ |
| Actual return less expected return on pension scheme assets               | 180,000               | (46,000)              |
| Experience gains and losses arising on scheme liabilities                 | (420,000)             | 214,000               |
|   | <u>(240,000)</u>      | <u>168,000</u>        |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

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

|                                      | December<br>2014 | December<br>2013 |
|--------------------------------------|------------------|------------------|
|                                      | £                | £                |
| Opening defined benefit obligation   | 4,917,000        | 4,915,000        |
| Current service cost                 | 108,000          | 118,000          |
| Interest cost                        | 222,000          | 212,000          |
| Contributions by scheme participants | 31,000           | 32,000           |
| Past service cost                    | -                | -                |
| Actuarial losses/(gains)             | 420,000          | (214,000)        |
| Benefits paid                        | (130,000)        | (146,000)        |
|                                      | <u>5,568,000</u> | <u>4,917,000</u> |

Changes in fair value of plan assets are as follows:

|  | December<br>2014 | December<br>2013 |
|--|------------------|------------------|
|  | £                | £                |
| Opening fair value of plan assets      | 3,597,000        | 3,406,000        |
| Expected return                        | 218,000          | 202,000          |
| Actuarial gains/(losses)               | 180,000          | (46,000)         |
| Contributions by employer              | 166,000          | 149,000          |
| Contributions from scheme participants | 31,000           | 32,000           |
| Benefits paid                          | (130,000)        | (146,000)        |
|  | <u>4,062,000</u> | <u>3,597,000</u> |

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

|                                   | December<br>2014 | December<br>2013 |
|-----------------------------------|------------------|------------------|
| Discount rate at 31 December 2014 | 3.60%            | 4.50%            |
| Future salary increases           | 3.85%            | 4.15%            |
| Future pension increases          | 2.10%            | 2.40%            |

# Black Country Living Museum Trust

Notes to the Accounts for the year ended 31 December 2014 (continued)

Amounts for the current and previous period are as follows:

|  | December<br>2014   | December<br>2013   |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Defined benefit obligation                 | (5,568,000)        | (4,917,000)        |
| Plan assets                                | 4,062,000          | 3,597,000          |
| Surplus/(deficit)                          | <u>(1,506,000)</u> | <u>(1,320,000)</u> |
| Experience adjustments on plan liabilities | (420,000)          | 214,000            |
| Experience adjustments on plan assets      | 180,000            | (46,000)           |
|  | <u>(240,000)</u>   | <u>168,000</u>     |

## 25 Related Party Disclosures (Financial Reporting Standard 8)

Museum Trustee, A David Owen, is also the President of The Friends of the Museum, which provided a restricted donation of £6,640 (2013: restricted donation £9,000). Former Museum Trustee, Mr A F George provided an unrestricted donation of £938 (including Gift Aid). Museum Trustee, Matthew Tanner is also the Chairman of the Association of Independent Museums, which provided a restricted grant of £1,950 (2013: £4,950)

## 26 Capital Commitments

|  | December<br>2014 | December<br>2013 |
|--|------------------|------------------|
|  | £                | £                |
| At 31 December 2014 the Museum had no capital commitments. | -                | -                |

This is the final page of the Museum's Annual Report & Accounts, 31 December 2014.



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