

BIRMINGHAM MUSEUMS TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

BIRMINGHAM MUSEUMS TRUST
*Annual Report and Consolidated Financial Statements for the year ended
31 March 2020*

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31 March 2020

Company Details

Charity Name	Birmingham Museums Trust
Charity Registration Number	1147014
Company Registration Number	07737797
Registered Office	Birmingham Museum and Art Gallery Chamberlain Square Birmingham B3 3DH
Auditors	Cooper Parry Group Ltd Park View One Central Boulevard Blythe Valley Park Solihull Birmingham B90 8BG
Bankers	HSBC Bank plc 130 New Street Birmingham B2 4JU
Solicitors	Higgs & Sons LLP Waterfront Business Park 3 Brierley Hill Dudley DY5 1LX

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2020

Report of the Trustees and Strategic Report

The Board are pleased to present their Annual Report and Consolidated Financial Statements for the year ended 31 March 2020. This includes the contents of a Strategic Report as required by the Companies Act 2006.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Board of Trustees of Birmingham Museums Trust

The Trustees of Birmingham Museums Trust (who are also directors for the purposes of company law) served during the year and up to the date of this report are:

Professor Ian Grosvenor (Chair) (to February 2020)
Mr Niels de Vos (Chair) (appointed February 2020)
Mr Mohammed Ali MBE (appointed February 2020)
Councillor Robert Alden (appointed July 2020)
Councillor Muhammad Afzal (to February 2020)
Mr Clive Bawden (appointed October 2019)
Mr Randal Brew OBE, JP, FCA (to July 2020)
Dr Louise Brooke-Smith OBE
Rt Hon Liam Byrne MP (appointed May 2019)
Cllr Phil Davis MBE (appointed February 2020)
Mr John Diviney
Mr Eamon Mooney
Mr Mohammed Rahman (to May 2019)
Mr Luke Southall
Ms Tracey Stephenson
Mr Jonnie Turpie MBE
Mrs Chrissie Twigg
Mrs Claire Williamson

In addition, the charity has two subsidiaries. It is the sole shareholder of Birmingham Museums Trading Limited and the sole member of Thinktank Trust.

Directors of these two companies who served during the year and up to the date of this report are:

Birmingham Museums Trading Limited

Ms Tracey Stephenson –(Chair)
Mr Liam Darbon
Dr Ellen McAdam (resigned June 2020)
Mr Adam Rowledge (resigned January 2020)

Thinktank Trust

Professor Ian Grosvenor (resigned February 2020)
Mr Eamon Mooney
Mr Niels de Vos (appointed February 2020)

Legal status

Birmingham Museums Trust ("BMT") is a registered charity (number 1147014) and a private limited company limited by guarantee (number 07737797), incorporated on 11 August 2011, and is governed by its Articles of Association ("Articles"). In the event the charitable company is wound up, members are required to contribute an amount not exceeding £10.

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Report of the Trustees and Strategic Report (*continued*)

Objects and activities for the public benefit

The charity's objects as set out in its Articles are:

To advance education by the operation, maintenance, development and promotion of museums, galleries and libraries in Birmingham, together with associated facilities and related programmes of outreach and research, fostering knowledge and understanding, appreciation and enjoyment of the arts, history, science and technology by residents and visitors to the City of Birmingham.

BMT's vision is *to reflect Birmingham to the world, and the world to Birmingham*.

BMT's strategic aims are:

1: Leading in excellence

- Teaching and supporting the next generation of museum professionals;
- Training, consultancy and publishing best practice;
- Leading and participating in cultural networks and festivals; and
- Influencing the future of the sector.

2: Developing the collection and venues

- Capital projects that deliver our purpose at Birmingham Museum and Gallery, the Big Store and Thinktank;
- A masterplan for each of the heritage sites;
- A research framework for the collection; and
- Improving digital and physical access to the collection.

3: Growing and diversifying audiences

- Putting visitors at the centre of our business;
- New approaches to collecting, programming, digital engagement and communications to reach the people and communities of the city and region;
- Positioning Birmingham Museums as a focal point for contemporary art;
- Supporting national health, wellbeing and educational policies; and
- National and International initiatives that contribute to the common good of Birmingham.

4: Building a sustainable business

- An audit to determine the full costs and benefits of areas of BMT's operations and a plan to build sustainability;
- A policy to ensure that all sections of society have access to BMT's buildings and collection;
- Entrepreneurial culture and innovative approach at all levels of the business;
- Support services that enable managers to take the necessary decisions to deliver our charitable aim; and
- Create a sustainable environment for our collection and buildings.

5: Investing in people

- Sound governance structures and continuous Board, staff and volunteer development;
- A diverse and highly trained workforce; and
- A framework of career preparation activities for young people.

The Trustees have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives in planning future activities. In particular the Trustees have considered how planned activities will contribute to the strategic aims. The objects of the charity are achieved through capital developments and gallery redisplays, public programmes of exhibitions and events across the nine venues, formal and informal learning programmes for schools, families and adults, public access, including digital access, to the collection on display and in store, collections care, loans and commercial activities including retail, catering and event hire.

The charity's priorities are aligned with those of its major public funders, Birmingham City Council and Arts Council England.

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Report of the Trustees and Strategic Report (continued)

Structure, Governance and Management

The Board of Trustees has responsibility for the on-going strategic direction of Birmingham Museums Trust overseeing its finances and approving the budget, working with the Director and the Senior Management Team in the development and implementation of policy to meet Birmingham Museums Trust's objects and to ensure that it fulfils its statutory duties. The Board meets at least four times a year.

Day to day management was delegated to Dr Ellen McAdam, Director of Birmingham Museums Trust. Dr McAdam retired on 1 June 2020 and Birmingham Museum Trust have recently appointed Joint Chief Executive Officers, Sara Wajid and Zak Mensah who started on 16 November 2020.

Until her retirement, Dr McAdam was assisted by Richard Paterson, Director of Finance; Rachel Cockett, Director of Development; Toby Watley, Director of Collections; Janine Eason, Director of Engagement, and Alex Nicholson-Evans, Commercial Director.

Recruitment and Appointment of Trustees/Directors

The Articles provide that two directors shall be appointed who are members or officers of Birmingham City Council in accordance with the nomination of the City Council. Other directors may not be members or officers of the City Council and may only be appointed after a recommendation of the directors after they have considered the desirability of:

- making such a recommendation after the advertisement of the vacancy and the response to such an advertisement;
- a board of Directors with a range of skills experience and abilities relevant to the objects and activities of the charity; and
- a board of Directors representative of the diverse community within the City of Birmingham.

Trustee induction and training

All Trustees are provided with an induction to the organisation on appointment.

Remuneration of key management personnel

Remuneration for key management personnel is set by comparison internally with similar posts when possible, benchmarking with similar external organisations and with reference to Croner's Salary Search.

Employment of people with disabilities

BMT is committed to the employment, support and training of people with disabilities. Employment policy is included in the staff handbook and is available to employees on the intranet.

Informing employees

Keeping our workforce informed is important to us. Performance information is circulated monthly to all staff by email and by cascade via the management team. "All Staff Briefings" are held monthly which also provide opportunity for question and answer sessions. We issue a monthly newsletter to staff and Board members. To facilitate staff engagement the Senior Management Team monthly meeting rotate around our sites.

Risk Management

The Trustees actively and regularly review the major risks to which BMT is exposed and have implemented procedures to manage and minimise any potential impact should any of the identified risks materialise. A Risk Framework, supported by a Risk Register, is maintained setting out an assessment of the likelihood and impact of risks, with required actions identified to manage the risk. This is reviewed and updated no less than quarterly. The Trustees are satisfied that there are clear lines of delegation and authority to staff regarding risk management, and that staff are aware of the need to address risks in their areas of activity.

BIRMINGHAM MUSEUMS TRUST

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Report of the Trustees and Strategic Report (continued)

Key risks

- Stakeholders – BMT's key stakeholders are critical, and the charity can ill afford the breakdown of these relationships; these have improved significantly over the last couple of years and BMT continues to work closely with all major stakeholders.
- Development of a new Store is compromised - this project is essential to the future viability and sustainability of the charity. BCC has recently undertaken an independent Options Appraisal and is working through next steps.
- Black Lives Matter – BMT needs to respond to the movement and ensure it reflects current thinking in how it positions its collections now and, in the future. There is funding available in 2020/21 to enable this piece of work to be carried out efficiently and effectively.
- High Speed rail – this could lead to disruption (vibration, noise and dust) for both MCC and Thinktank during the construction period, affecting both the collection and BMT's ability to generate income.
- Reduction in available fundraising income - from trusts and foundations, public grants and donors (at all scales) due to the coronavirus pandemic
- Ability to meet obligations as they fall – BMT needs sufficient cash to meet its financial obligations going forward. BMT is working closely with its major partners to ensure cash doesn't become an issue.
- Coronavirus – the impact on the current global pandemic on BMT's ability to open to the public, both in the short and longer term and generate income and provide the public with access to the collection.

Achievements and Performance

Birmingham Museums Trust (BMT) continues to manage and operate nine properties: Birmingham Museum & Art Gallery (BMAG); Thinktank, Birmingham Science Museum, Aston Hall, Blakesley Hall, the Museum of the Jewellery Quarter, Sarehole Mill, Soho House, Weoley Castle and the Museum Collection Centre.

May 2019 saw the launch of MiniBrum at Thinktank, a new gallery curated by under 8s and designed to enable children to explore what it means to live in a big city. The Duchess of Cambridge visited MiniBrum at Thinktank on 21 January 2020 to launch the landmark UK-wide survey *5 Big Questions*, aimed to spark the biggest ever conversation on early childhood.

In June 2019, *Home of Metal presents Black Sabbath 50 years* opened at BMAG. The exhibition was a celebration of Black Sabbath from the perspectives of their fans and included rare memorabilia from the band. Two exhibitions, *Birmingham revolutions – power to the people* and *Dressed to the nines*, both designed and curated by BMT, opened in December 2019 to test story ideas for the museum's longer-term development.

Also in June 2019, Birmingham Museums Trust won the Overall award for excellence at the Charity Awards 2019, the longest-running and most prestigious awards scheme in the charity sector. As well as winning the top prize in the Arts, culture and heritage category, BMT were chosen as the overall winner for our Collecting Birmingham project; a project that addressed the need to truly reflect the city's multi-cultural and socio-economic diversity in our collection, consulting with 3,500 individuals at 83 events and workshops, acquiring 1,800 new objects.

BMT's other awards in 2019/20 were: Best Modern or Impressionism (1840 to WWII) - Group or Theme exhibition, Global Fine Art Awards 2019; Birmingham What's On Readers' Awards (2020): Best Birmingham Visitor Attraction (BMAG), Best Art Gallery and Exhibition Venue (BMAG), Best Independent Café/Coffee Shop in Birmingham, for Edwardian Tearooms at BMAG, Best Exhibition in the Midlands (Runner-Up) for *Leonardo da Vinci: a life in drawing*.

Four venues achieved the VAQAS (Visitor Attraction Quality Assurance Scheme) standard for visitor experience, with particular praise given to Thinktank for the Signal Box café and MiniBrum. Aston Hall and Museum of the Jewellery Quarter were both awarded the VAQAS Best Told Story accolade, and BMAG's Edwardian Tearooms was awarded the VAQAS Quality Food and Drink Accolade.

Audiences and Engagement

In 2019/20, 923,145 people came to our nine venues, down by 23% on the previous year. This decrease was down to the closure of all venues on 18 March 2020 owing to the outbreak of Covid-19. Visitors from a younger demographic have been maintained, with 55% of adult visitors to our venues aged 44 and under. 50% of visitors to all venues came with children; only a marginal decrease from 2018/19.

Our museums continue to be a source of inspiration and high-quality heritage learning for children and young people. We host the highest number of school visits of any cultural organisation in Birmingham. 106,420 children and young people from schools or alternative educational establishments engaged with our museums through facilitated activities and guided resource learning across all key stages.

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Report of the Trustees and Strategic Report (continued)

Audiences and Engagement cont.

In 2019/20, 198 children, young people and families took part in informal learning through outreach, holiday activities and our Planetarium programme. The opening of MiniBrum in May 2019 had a huge impact on the visitors coming to Thinktank to spend time and to learn about STEM from a very young age. The number of visitors attending Thinktank who are under three years old increased by 64% compared to the previous year.

Our community engagement programme engaged around 3,000 people in 100 events or projects. Our wellbeing programme was popular, and we increased once again the number of sessions to provide as many opportunities as possible. In June 2019, we launched CreateSpace, a new partnership project supporting adults to use art and heritage for their wellbeing. 15 CreateSpace sessions were run in 2019/20.

We introduced Birmingham Museum Trust's Community Welcome Pass, offering free supported access to Thinktank for community groups in the city working with vulnerable people. In the first month of the scheme, over 100 people visited with the Community Welcome Pass.

Inspire 2019, our youth art competition, was successful once again. A selection from hundreds of entries on the theme of 'family' went on display at Blakesley Hall. At Soho House, the Don't Settle project saw the development of new interpretation, tours and events led by young people of colour, helping us tell previously untold stories.

1,119 volunteers gave us 24,221 hours of their time across all venues.

Our press office achieved £3.9m of media coverage regionally and nationally, up 3% on 2019/20. There was extensive coverage for *Home of Metal presents Black Sabbath 50 years*, and for MiniBrum following the visit from HRH Duchess of Cambridge in January 2020 which included BBC Breakfast, Vogue, The Times and The Telegraph. In November 2019, BMAG featured in the BBC series, Britain's Lost Masterpieces.

2019/20 saw 1.27m visits to the BMT website and social media followers increased to 229,629 (up 10.5% from 2018/19). Our social media reached 793,074 people for *Home of Metal present Black Sabbath 50 years*; a campaign that successfully engaged people, while operating within the copyright restrictions on the use of Black Sabbath music or images.

Despite the national lockdown, BMT saw more access to its collections online than ever before, thanks to its new Digital Asset Management System, demonstrating the importance of documenting and digitising this nationally significant collection in order to maximise public access. In 2019/20 there were 1,712,539 image views and 18,933 downloads. A partnership with Unsplash, one of the world's leading photography websites, began in January 2020. In the three months to March 2020, our images had over 67 million views and 344,344 downloads.

Collections

In addition to the Trust's own museum visitors, 9.4 million people saw 3,716 objects on loan from Birmingham's collection in other UK and international museums. Objects were lent to a range of venues including the Pitti Palace Florence, The National Library of France, Seattle Art Museum, Yale Center for British Art in Newhaven, KODE Art Museums and Composer Homes Bergen, Tokyo Mitsubishi Ichigokan Museum Tokyo, The National Portrait Gallery, Tate Britain, V&A and The Fitzwilliam Museum.

389 short-term loans for exhibition were seen by 1,041,681 visitors, of which 356,239 visitors were to national venues and 685,442 visitors to international venues.

Launched in October 2018, *Victorian radicals: from the Pre-Raphaelites to the Arts and Crafts movement* continued its tour of the US to museums in Florida, Seattle, San Antonio and Connecticut, prior to the COVID-19 US national lockdown. We were delighted to see the exhibition win the award for Best Modern or Impressionism (1840 to WWII) - Group or Theme exhibition in the Global Fine Art Awards 2019

BMT acquired 80 objects for the city's collection, 16 were purchased and 64 donated or bequeathed. Among these were a number of objects that had previously been on long-term loan and on display in the Birmingham History or *Faith in Birmingham* galleries. Acquisitions also included a replica of the Staffordshire Hoard helmet commissioned as part of the Staffordshire Hoard Conservation and Research Project. Three films by Yugesh Walia, and a Les Paul guitar formerly owned and played by Basil Gabbidon of the band Steel Pulse, were all purchased with the assistance of the National Lottery Heritage Fund as part of the Collecting Birmingham project

We continued the management and care of the city's museum collection with the introduction of new collections research, documentation and digitisation programmes. The four-year *Rapid Digitisation Project* launched in 2018 continued in 2019/20 with the digitisation of the nationally important works on paper collection before making the images publicly accessible via a new Digital Asset Management System. We also supported the care and management of the city's Public Art collection including the conservation cleaning of the Old Square mural and Robert Peel statue, and the 3D-scanning of the Thomas Attwood statue.

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Report of the Trustees and Strategic Report (continued)

Development

BMT has the ambition to diversify its income and increase sustainability by building relationships with new and existing supporters. Our fundraising strategy seeks to realise this ambition by sharing our charitable message and raising the profile of BMT regionally, nationally and internationally. Fundraising income includes project-specific and unrestricted income. In 2019/20, we generated fundraising income of over £1.235m from a range of supporters, donors and grant makers. Highlights include:

- Two major collections acquisitions. John Akomfrah's Handsworth Songs (1986) and a marble relief of Pre-Raphaelite artist John Everett Millais by Alexander Munrow were acquired with the support of multiple funders. We are especially grateful to the Arts Council England/V&A Purchase Grant Fund who agreed to contribute to the acquisition of both important artworks.
- The launch of our new Corporate Membership club in 2019, welcoming our first two members Cooper Parry and Savills (UK) Ltd. Membership offers businesses in the city the opportunity to fulfil their corporate social responsibility requirements, inspire employees and clients, and includes fantastic hospitality and professional networking opportunities.

Commercial Activity

Commercial activity is carried out through Birmingham Museums Trading Limited, BMT's trading subsidiary, and achievements in 2019/20 include:

- Retail - We continue to draw on the celebration of Birmingham in our product development. In 2019/20 we created the Brum Cup, an environmentally friendly, reusable cup featuring the Birmingham skyline, drawn by local artist Olive Burke. Walk Birmingham, containing 20 walks around Birmingham and created by BMT, has proved a best seller. We have also established links with local makers to showcase their work and further celebrate the city such as the YES BAB T-shirts and bibs by local designer Punks & Chancers.
- Food & Beverage – In June 2019, we completed the refurbishment of the café at Thinktank. Renamed the Signal Box, it offers a comfortable and family-friendly dining space with greater food choices and quality, while improving profitability and reducing labour costs. The development of Signal Box Café has led to an increase in sales of 16%.
- Venue hire - In 2019/20 we undertook a rebrand of our venue hire marketing materials and on-site wayfinding. Initiated at Thinktank, we introduced new signage in and around our Event Suite and created a suite of marketing materials for all sites that better reflect the business and better promote the spaces and services we offer our clients. We completed a refresh of event and food photography at Birmingham Museum & Art Gallery and Thinktank and have used this resource to improve our social media content and improve our sales calls. The rebrand supported us in delivering income growth 5% across Birmingham Museum & Art Gallery and Thinktank.

Future plans and direction of the charity

It is the Trustees intention to build on the successes achieved to date so that all BMT's sites continue to:

- Create participation and learning opportunities for all sections the community;
- Engage all sections of Birmingham's super diverse community;
- Make all sites welcoming and accessible to all, delivering a variety of artistic, cultural, community and civic activities to the highest professional standards with outstanding customer service;
- Diversify and increase earned income.

Coronavirus has had a major impact on the charity. All programming and activities across our sites were paused; postponed or cancelled and whilst BMT continue to plan for next year and beyond, including the year of the Commonwealth Games in Birmingham, this is done through the lens of uncertainty and plans will continue to be adapted and changed.

The immediate priority for Trustees will be stabilise the organisation and ensure it has a long term future and they are grateful for the funding that has been awarded from the Cultural Recovery Fund and the National Lottery Heritage Fund. This support will go a long way to securing BMT's future whilst the country deals with the pandemic and life begins to return to something approaching normality.

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Report of the Trustees and Strategic Report (*continued*)

In addition to financial stabilisation and continuing to respond to the everchanging landscape created by the pandemic, there are a number of projects that will continue including:

- Delivery of the Cultural Recovery Plan projects (including a new entrance/exit and shop at Thinktank);
- The rewiring of Birmingham Museum and Art Gallery;
- The feasibility study for a new Museum for Science and Industry;
- The next phase of the Museum Store project;
- Commonwealth Games 2022;
- Our commitments to anti-racism and decolonisation;
- Our commitment to taking positive environmental action; and
- The development of our digital offer.

Financial Review / Key Financial Performance Indicators

Since the creation of BMT in 2012, Birmingham City Council has been the predominant funder of BMT and during that time BMT has reduced its overall annual expenditure whilst increasing visitor numbers to its museums and sites. This is something of which BMT is extremely proud. Public Sector funding will continue to be placed under pressure, and BMT is continuing to work on diversifying its income streams to improve the long-term viability of the organisation. This is predominately being achieved through a more efficient use of resources, an increase in trading activities, and a focused approach to fundraising.

Financial management remains well controlled and unrestricted reserves remain at over £1m at 31 March 2020. Pension funds are excluded from this analysis because the pension deficit is unlikely to be paid by BMT as any liability is reversed over time through an increase in contribution from current members. This is further explained in Note 21 of the financial statements.

The cost of governance activities was £0.025m (2019: £0.040m). Direct governance costs have been included in accordance with the Charity SORP 2019 and include audit fees, legal fees and Trustee expenses.

Response to Coronavirus Pandemic

On 23 March 2020 the Government instructed all public spaces and museums and as such BMT closed all its buildings to the public in light of the risk emerging from the COVID-19 pandemic and staff were required to work remotely where possible and support was given to the team to ensure this was done safely.

Government guidance has been followed throughout the pandemic and events have been cancelled or rescheduled and all tickets either refunded or carried over for when sites can be reopened safely and securely. Given BMT were unable to open, the decision was taken to take advantage of the Coronavirus Job Retention Scheme and it furloughed 170 members of staff with only a core staff remaining actively working.

The Board agreed a reopening plan in July that ensured BMT would only open sites when it was safe and financially viable to do so. BMT opened the Museum and Art Gallery for the first time in almost 6 months on 7 October 2020 whilst there have been a number of socially distanced events that have taken place across a number of BMT's Historic Properties over the last month or so.

As a result of the pandemic, BMT entered into a period of staff consultation over the summer and 25% of the workforce (48FTEs) have been made redundant. This has lowered the organisation's cost base and enabled it to position itself whereby it could trade through the crisis.

In addition to making redundancies, BMT has been awarded £0.25m by the National Lottery Heritage Fund and £1.87m from the Cultural Recovery Fund. The NHLF funding will go towards supporting BMT with reopening, and paying for new signage and appropriate PPE whilst the CRF money will support the ongoing financial resilience of the organisation whilst enabling extensive works to the entrance/exit and shop at Thinktank to make it Covid-secure and safe for the returning public.

The Trustees have considered the impact of these events on the financial position to 31 March 2020 and concluded that no adjustments are required to asset carrying values at that date.

Public Benefit

In considering the strategies and policies of the charity, the trustees have had due regard for the public benefit guidance published by the Charity Commission, in accordance with the Charities Act 2011.

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Report of the Trustees and Strategic Report (continued)

Public Benefit cont.

BMT's latest Business Plan continues to champion education, learning, and audience/community engagement as key priorities and sets out appropriate strategies and activities to enable it to deliver against its objectives in this area.

A key priority is increased diversity and engagement, ensuring everyone in the region has the opportunity to experience Birmingham's world class collections regardless of age, background or financial means. BMT's objectives in this regard are also informed by the priorities of key public funders, Birmingham City Council and Arts Council England.

We achieve this by:

- Using the museum's nine sites and collection of around 1 million objects to excite and engage visitors, bringing the collection alive by running a wide range of displays, exhibitions, events and public activities.
- Delivering learning, engagement and outreach programmes for and with schools, young people, and communities in Birmingham to inspire, strengthen skills and support public health and wellbeing.
- Sharing digital content that connects with online communities, sparks creativity and increases access.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees consider that there is a reasonable expectation that the charitable company and group have sufficient resources, including the funding reported in connection with the Covid-19 pandemic, to continue in operational existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing the financial statements.

Reserves Statement

The Trustees have considered the level of reserves required to maintain sufficient working capital to operate the museums in the most effective manner and to meet unforeseen liabilities that may arise. The Trustees have therefore established a reserves policy that aims to protect the charity's activities from risk of disruption at short notice due to lack of funds.

They take the view that the nature of the BMT's consolidated cash flows is such that they can set as a medium-term objective to maintain unrestricted reserves, excluding defined benefit pension liabilities, at a level of one month's income, or around £1m.

At 31 March 2020, BMT, as a consolidated entity, had unrestricted reserves of £1.293m (2019: £1.742m), restricted reserves of £4.349m (2019: £4.566m), and a pension reserve deficit of £1.043m (2019: £2.396m). Total reserves at 31 March 2020 were £4.598m (2019: £3.912m). Free reserves as at the 31 March 2020 were £0.695m (2019: £1.320m).

The unrestricted reserves are in line with the charity's reserves policy.

Investment Policy

The Trustees have the power to invest funds not immediately required from operational purposes in such investments, securities or property as they see fit.

The underlying investment strategy is to accept only a low level of risk and therefore available funds are invested in low risk short-term deposits with HSBC plc, a bank which operates in the United Kingdom and which is subject to regulation under the Financial Services Act 2012.

Related Parties

Birmingham City Council, the sole member of the charitable company, has paid fees for services and has provided loan finance to Birmingham Museums Trust's subsidiary Thinktank Trust. Any conflicts of interest involving Trustees in this respect are declared where appropriate.

Auditor

The Auditor, Cooper Parry Group Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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Statement of Trustees' responsibilities in respect of the Trustees' report and the financial statements

The Trustees (some of whom are also the directors of Thinktank Trust and Birmingham Museums Trading Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, generally accepted accounting practice entails, the Trustees:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and 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 auditors are 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 auditors are 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 the financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 26 November 2020 and signed on their behalf by:



Mr Niels de Vos
Chair

BIRMINGHAM MUSEUMS TRUST
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Independent Auditor's Report to the Members and Trustees of Birmingham Museums Trust

Opinion

We have audited the financial statements of Birmingham Museums Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2020

Independent Auditor's Report to the Members and Trustees of Birmingham Museums Trust (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent charitable company, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions [in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2020

Independent Auditor's Report to the Members and Trustees of Birmingham Museums Trust *(continued)*

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA
Senior Statutory Auditor

For and on behalf of Cooper Parry Group Ltd
Cooper Parry Group Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Park View, One Central Boulevard
Blythe Valley Park
Solihull
Birmingham
B90 8BG

Date: 29 January 2021

BIRMINGHAM MUSEUMS TRUST

Consolidated Statement of Financial Activities For the year ended 31 March 2020

	Note	Unrestricted Funds £	Restricted & Endowment Funds £	Pension Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and legacies		-	1,261	-	1,261	12,894
Investments						
Rental income		5,400	-	-	5,400	23,417
Interest receivable		5,646	-	-	5,646	4,298
Charitable activities						
Visitor admissions and outreach income		2,222,772	-	-	2,222,772	2,048,869
Grants receivable and other income		4,548,826	2,506,458	-	7,055,284	7,467,603
Other trading activities						
Income from trading activities of Subsidiary		2,212,323	-	-	2,212,323	2,372,363
Total Income	4	8,994,967	2,507,719	-	11,502,686	11,929,444
Expenditure on:						
Raising funds						
Expenses from trading activities of Subsidiary		(1,587,716)	-	-	(1,587,716)	(1,728,572)
Fundraising costs		(86,590)	-	-	(86,590)	(84,957)
Charitable activities						
Museum costs		(7,832,826)	(2,662,053)	(558,000)	(11,052,879)	(10,792,709)
Total Expenditure	5	(9,507,132)	(2,662,053)	(558,000)	(12,727,185)	(12,606,237)
Net (expenditure)/income		(512,165)	(154,334)	(558,000)	(1,224,499)	(676,793)
Transfers between Funds	13/14	63,235	(63,235)	-	-	-
Other recognised gains						
Return on Pension Fund Assets		-	-	1,727,000	1,727,000	29,000
Change in financial assumptions		-	-	184,000	184,000	188,000
Net movement on pension fund		-	-	1,911,000	1,911,000	217,000
Net movement in funds		(448,930)	(217,569)	1,353,000	686,501	(459,793)
Reconciliation of funds						
Fund balances brought forward		1,741,640	4,566,148	(2,396,000)	3,911,788	4,371,581
Fund balance carried forward		1,292,710	4,348,579	(1,043,000)	4,598,289	3,911,788

Restricted funds comprise both income and capital funds.

The incoming resources, resources expended and resulting net movement in funds, arise from continuing operations and includes all gains and losses recognised in the year.

BIRMINGHAM MUSEUMS TRUST

Consolidated Statement of Financial Activities For the year ended 31 March 2019

	Notes	Unrestricted Funds £	Restricted & Endowment Funds £	Pension Fund £	Total 2019 £
Income and endowments from:					
Donations and legacies		-	12,894	-	12,894
Investments					
Rental income		23,417	-	-	23,417
Interest receivable		4,298	-	-	4,298
Charitable activities					
Visitor admissions and outreach income		2,048,869	-	-	2,048,869
Grants receivable and other income		4,494,836	2,972,767	-	7,467,603
Other trading activities					
Income from trading activities of subsidiary		2,372,363	-	-	2,372,363
Total Income	4	8,943,783	2,985,661	-	11,929,444
Expenditure on:					
Raising funds					
Expenses from trading activities of subsidiary		(1,728,572)	-	-	(1,728,572)
Fundraising costs		(84,957)	-	-	(84,957)
Charitable activities					
Museum costs		(7,306,285)	(3,099,423)	(387,000)	(10,792,709)
Total Expenditure	5	(9,119,814)	(3,099,423)	(387,000)	(12,606,237)
Net income/(expenditure)		(176,032)	(113,762)	(387,000)	(676,793)
Transfers between Funds		(13,254)	13,254	-	-
Other recognised gains/(losses)					
Return on Pension Fund Assets		-	-	29,000	29,000
Change in financial assumptions		-	-	188,000	188,000
Net movement on pension fund		-	-	217,000	217,000
Net movement in funds		(189,285)	(100,508)	170,000	(459,793)
Reconciliation of funds					
Fund balances brought forward		1,930,925	4,666,656	(2,226,000)	4,371,581
Fund balance carried forward		1,741,640	4,566,148	(2,396,000)	3,911,788

Restricted funds comprise both income and capital funds.

The incoming resources, resources expended and resulting net movement in funds, arise from continuing operations and includes all gains and losses recognised in the year.

BIRMINGHAM MUSEUMS TRUST

Consolidated Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed Assets			
Tangible assets	9a	3,461,021	4,120,950
Intangible assets	9b	157,567	30,418
		<u>3,618,588</u>	<u>4,151,368</u>
Current Assets			
Stock	10	194,734	179,406
Debtors: amounts falling due in one year	11	1,365,741	1,377,945
Debtors: amounts falling due after more than one year	11	603,310	705,095
Cash at bank and in hand		1,883,088	1,444,240
		<u>4,046,873</u>	<u>3,706,686</u>
Creditors: amounts falling due within one year	12	(1,420,862)	(845,171)
Net Current Assets		<u>2,626,011</u>	<u>2,861,515</u>
Total Assets less Current Liabilities		6,244,599	7,012,883
Creditors: amounts falling due after more than one year	12	(603,310)	(705,095)
Defined benefit scheme pension liability	22	(1,043,000)	(2,396,000)
NET ASSETS		<u>4,598,289</u>	<u>3,911,788</u>
Funds			
Unrestricted	14	1,292,710	1,741,640
Restricted	14	3,450,699	3,669,528
Endowment	14	897,880	896,620
Pension	14	(1,043,000)	(2,396,000)
TOTAL FUNDS		<u>4,598,289</u>	<u>3,911,788</u>

The notes on pages 19 to 41 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 26 November 2020 and were signed on its behalf by:



Mr Niels de Vos
Chairman

Registered No: 07737797

BIRMINGHAM MUSEUMS TRUST

Company Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed Assets			
Tangible assets	9a	2,342,234	2,578,617
Intangible Assets	9b	157,567	30,418
		<u>2,499,801</u>	<u>2,609,036</u>
Current Assets			
Debtors: amounts falling due in one year	11	3,079,026	2,236,282
Debtors: amounts falling due after more than one year	11	603,310	705,095
Cash at bank and in hand		<u>1,137,071</u>	<u>1,285,383</u>
		4,819,407	4,226,760
Creditors: amounts falling due within one year	12	(1,218,828)	(762,698)
Net Current Assets		<u>3,600,579</u>	<u>3,464,062</u>
Total Assets less Current Liabilities		6,100,379	6,073,098
Creditors: amounts falling due after more than one year	12	(603,310)	(705,095)
Defined benefit scheme pension liability	22	(1,043,000)	(2,396,000)
NET ASSETS		<u>4,454,070</u>	<u>2,972,003</u>
Funds			
Unrestricted	15	2,250,210	2,322,425
Restricted	15	2,348,979	2,148,958
Endowment	15	897,881	896,620
Pension	15	(1,043,000)	(2,396,000)
TOTAL FUNDS		<u>4,454,070</u>	<u>2,972,003</u>

The notes on pages 19 to 41 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 26 November 2020 and were signed on its behalf by:

Mr Niels de Vos
Chairman

Registered No: 07737797

BIRMINGHAM MUSEUMS TRUST

Consolidated Cash Flow Statement For the year ended 31 March 2020

	Note	2020 £	2019 £
Cash used in operating activities	a	897,173	(166,807)
Cash flows from investing activities	b	(458,325)	(1,637,785)
Increase / (Decrease) in cash during the year		438,848	(1,804,592)

(a) Cash used in operating activities

	2020 £	2019 £
Net (outgoing) / incoming resources	(1,224,499)	(676,793)
Adjustments for non-cash items:		
Depreciation and amortisation	991,104	825,021
Pension fund provision	558,000	387,000
(Increase)/decrease in stocks	(15,328)	5,490
(Increase)/decrease in debtors	12,205	(254,365)
(Decrease)/Increase in creditors	575,691	(453,160)
Net cash (outflow) / inflow from operating activities	897,173	(166,807)

(b) Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(315,152)	(1,632,448)
Purchase of intangible fixed assets	(143,173)	(5,336)
Net cash outflow from investing activities	(458,325)	(1,637,785)

(c) Analysis of movements in cash and cash equivalents

	2020 £	2019 £
Increase/(decrease) in cash and cash equivalents in the year	438,848	(1,804,592)
Cash and cash equivalents at the beginning of the year	1,444,240	3,248,832
Total cash and cash equivalents at the end of the year	1,883,088	1,444,240

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements

1. General information

Birmingham Museum trust is a charitable company limited by guarantee, incorporated and domiciled in England and Wales (Company number 07737797, Charity number 1147014). The Trust has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

The registered office is Birmingham Museums & Art Gallery, Chamberlain Square, Birmingham, B3 3DH.

2. Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

Basis of accounting

The financial statements have been prepared under the Companies Act 2006 on a going concern basis and under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

Birmingham Museum Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant account policy notes.

The financial statements are prepared in sterling, to the nearest £1, which is the functional currency of the group and the charity.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies (see note 3).

The financial statements have been prepared on a going concern basis. The Directors consider that there is a reasonable expectation that the company has sufficient resources to continue in operational existence for the foreseeable future and, for this reason they have adopted the going concern basis in preparing the financial statements. Since the end of the financial year to March 2020, BMT has been awarded £1.87m from the Cultural Recovery Fund and this will go a long way towards securing the financial future of the organisation. Moreover, Birmingham City Council who's buildings and collections BMT are custodians of have also agreed in principle to provide additional resources between now and the end of the financial year should it be necessary.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements of Birmingham Museums Trust include the financial statements of the charitable company, its subsidiary trading company Birmingham Museums Trading Limited, and its subsidiary charity Thinktank Trust. The results of the subsidiaries, as disclosed in note 16 are consolidated on a line by line basis within the consolidated statement of financial activities.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The results of the standalone charity are summarised in note 16.

Statement of financial activities

The incoming resources and resources expended by the Birmingham Museums Trust are detailed below, together with respective accounting treatments.

Incoming resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, receipt is probable, and the amount can be measured with sufficient reliability. Such income is only deferred when:

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has imposed conditions which must be met before the charity has unconditional entitlement.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

2. Statement of principal accounting policies (*continued*)

Donations and gifts

Cash donations are included when received.

Legacies

Income is recognised on an accruals basis to the extent that Birmingham Museums Trust has been notified that it is a beneficiary, receipt is probable and there is a clear indication of the amounts involved.

Grants receivable including government grants

Grants are recognised in the consolidated statement of financial activities when the conditions for receipt have been complied with.

Trading income

Turnover from the staging of events, retail shops and catering outlets operated by Birmingham Museums Trading Limited represents the value of goods sold net of VAT.

Income from investments

Investment income is accounted for on an accruals basis.

Sponsorship in kind

Sponsorship in kind includes provision of commercial services. Such incoming resources are included in the Consolidated Statement of Financial Activities where the benefit to the charity is reasonably quantifiable and measurable. The value placed on these resources is the estimated value to the charity of the service received, being the price, the charity estimates it would pay in the open market for an equivalent service.

Fund accounting

The charitable company maintains three types of funds as follows:

Restricted funds

Restricted funds represent grants and donations receivable which are allocated by the donor for specific purposes. Within restricted funds, endowment funds represent donations receivable which on the instruction of the donor are to be set aside and along with the income applied for a specific purpose. The aim and use of such funds are set out in the notes to the financial statements.

Unrestricted funds

Unrestricted funds represent funds that are expendable at the discretion of the Trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment. Within unrestricted funds, designated funds represent unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of such funds are set out in the notes to the financial statements.

Pension funds

Pension funds represent funds relating to the West Midlands Defined Benefit Pension Scheme. The aim and use of such funds are set out in the notes to the financial statements.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing Birmingham Museums Trust to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Raising funds

These costs are incurred in relation to staff members and consultants who are engaged directly in fundraising and also include the costs of campaigns for raising donations.

Charitable activities

Charitable expenditure includes expenditure associated with the operation of the Birmingham Museums and Art Gallery.

Governance Costs

Governance costs comprise direct costs involving Birmingham Museum's Trust's strategic management and its compliance with legal, constitutional and statutory requirements. These costs include costs related to statutory audit and legal fees.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

2. Statement of principal accounting policies (*continued*)

Basis of allocation of costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources. Costs relating to the management of Birmingham Museums Trust and support departments have been allocated to other functions based on the time they consume in pursuing the objectives of Birmingham Museums Trust.

Operating leases

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

Foreign currency translation

Transactions in foreign currencies are translated into Sterling at the rates of exchange current at the dates of the transactions. Foreign currency liabilities in the balance sheet are translated into Sterling at the rates of exchange ruling at the year-end except where hedged. Resulting exchange gains and losses are taken to the Consolidated Statement of Financial Activities in the year in which they arise.

Pension costs

The charitable company operates a stakeholder compliant Group Personal Pension Scheme open to all employees.

Certain former staff of Birmingham City Council are members of the West Midlands Pension Scheme which is a defined benefit scheme based on final pensionable salary.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the Consolidated Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in profit or loss.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that BMT has a legal or constructive obligation to settle the liability.

The assets of the scheme are held separately from those of the Trust in an independently administered fund.

Taxation

Birmingham Museums Trust is exempt from taxation on its income and gains where they are applied for charitable purposes.

In the subsidiary financial statements, the policy is to distribute all taxable profits to Birmingham Museums Trust via gift aid.

Stocks

Stocks are valued at the lower of cost and net realisable value.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

2. Statement of principal accounting policies (*continued*)

Tangible and intangible fixed assets

Operating assets

Operating assets are stated at cost less depreciation/amortisation.

Depreciation is provided on a straight-line basis using rates calculated to write down the cost of each asset to its estimated residual value over its anticipated useful life as follows:

Leasehold improvements	Over the period of the lease
Plant and equipment	3 to 10 years
Fixtures and fittings	3 to 10 years
Hardware	3 to 5 years
Software	3 to 5 years

Depreciation commences in April following the year of purchase.

Assets in the course of construction are not depreciated until completion where upon they are transferred to the appropriate fixed asset category and depreciated as above.

Fixed asset investments

Investments are held at cost less any permanent diminution in value.

Recognition of liabilities

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

Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method.

Related party transactions

Birmingham Museums Trust is the parent undertaking within a group that prepares consolidated financial statements. Related party transactions are disclosed at note 19.

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Operating lease commitments

The group has entered into commercial property leases as a lessee on its property portfolio and as a lessee it obtains use of property, plant and equipment. The classification of such leases as an operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet. We consider there is no value to be recognised in the peppercorn leases held by Birmingham Museum Trust or the commercial lease held by Thinktank Trust. Leasehold improvements are recognised as assets when it is appropriate to do so.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

3. Judgements and key sources of estimation uncertainty (*continued*)

The following are the group's key sources of estimation uncertainty:

Pension and other post-employment benefits

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 21.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell, or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices.

Impairment of debtors

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management consider them individually reviewing the ageing profit of the balance and the historical experience.

Obsolete stock provision

At each balance sheet date, stocks are reviewed for impairment. If stock is impaired the carrying value is reduced. The provision is based upon a percentage reduction linked to the age of the stock item and its sales history.

4. Analysis of incoming resources

	2020	2019
	£	£
General Restricted Funds		
Arts Council Collection National Partners Fund	60,000	155,000
Aston Hall Refurbishment	-	37,116
Collecting Birmingham	-	100,190
Dippy on Tour	-	38,095
Islamic Art & Material culture	24,400	30,500
Millennium Point Trust	233,044	281,842
Minibrum	734,115	363,986
Museums for Birmingham	(54,374)	253,155
Portable Antiquities Scheme	88,399	86,338
Rent and Service Charge Grant	1,417,000	1,417,000
Sarehole Bakehouse	-	47,670
Tessa Sidey Bequest	-	88,875
The Big Store	(15,626)	70,000
Other	19,500	3,000
	2,506,458	2,972,767
Endowment Fund	1,261	12,894
Total Restricted Funds	2,507,719	2,985,661

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

4. Analysis of incoming resources (*continued*)

	2020 £	2019 £
Designated Funds (Unrestricted)		
Arts Council England (Major Partner Museums)	1,007,568	1,007,568
General Unrestricted Funds		
Grants Receivable and Other Income	363,904	308,566
Birmingham City Council Fees	3,183,000	3,183,000
Visitor Admissions and Outreach Income	2,222,772	2,048,869
Rental Income	5,400	23,417
Trading Activities	2,212,323	2,372,363
	7,987,399	7,936,215
Total Unrestricted Funds	8,994,967	8,943,783
Total Incoming Resources	11,502,686	11,929,444

5. Analysis of total resources expended

	Fundraising £	Museum Costs £	Governance £	2020 £	2019 £
Costs directly allocated to activities					
Staff costs	86,590	4,175,690	-	4,262,280	4,473,713
Marketing	-	228,054	-	228,054	306,302
Maintenance	-	418,433	-	418,433	373,558
Finance and Administration	-	8,871	25,375	34,246	48,187
Other operating expenditure	-	4,653,405	-	4,653,405	4,699,698
Depreciation / Amortisation	-	991,105	-	991,105	825,021
Direct Costs Total	86,590	10,475,558	25,375	10,587,523	10,726,479
Support costs allocated to activities					
Staff costs	-	1,375,446	-	1,375,446	1,362,539
Finance and Administration	-	145,377	-	145,377	81,709
Professional fees	-	60,839	-	60,839	48,510
Pension Fund charges	-	558,000	-	558,000	387,000
Support Costs Total	-	2,139,662	-	2,139,662	1,662,758
Total Costs	86,590	12,615,220	25,375	12,727,185	12,606,237

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

6. Analysis of total resources expended (*continued*)

Total resources expended include:

	2020 £	2019 £
Depreciation	975,080	803,745
Amortisation	16,024	21,276
Auditor's remuneration – audit of these financial statements	19,000	22,450
Auditor's remuneration – audit of financial statements of subsidiaries	6,000	6,000
Auditor's remuneration – non-audit services	-	1,000
Operating lease charges: land and buildings	604,457	579,008
Operating lease charges: other than land and buildings	3,714	8,104

7. Key management remuneration and Trustees' expenses

The key management personnel of the parent company, the Trust, comprise the Trustees and the senior management team as defined in the Trustees' Report. The total employee benefits of the key management personnel of the Trust were £500k (2019: £419k).

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiaries Thinktank Trust and Birmingham Museums Trading Limited. The key management personnel are responsible for the group as a whole and it is not possible to split their employee benefits between each individual entity.

An amount of £2,050 (2019: £1,960) was paid in respect of Trustees and Officers Liability Insurance. The Trustees received no remuneration in the year other than reimbursement of expenses. A total of £278 (2019: £162) was reimbursed to one (2019: one) trustees in respect of expenses mainly related to travel.

8. Employee numbers and costs

a. Average number of persons employed

	Number 2020	Number 2019
Fundraising	3	3
Museum	166	164
Support and administration	36	38
	205	205

b. Full Time Equivalent employed

	FTE 2019	FTE 2019
Fundraising	3	3
Museum	139	142
Support and administration	33	34
	175	179

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

8. Employee numbers and costs (*continued*)

c. Employee costs	2020	2019
	£	£
Wages and Salaries	5,000,073	5,078,746
Social Security costs	372,154	340,419
Pension costs	265,499	247,087
	5,637,726	5,666,252

Included within wages and salaries figure is an amount of £320k (2019: £352k) in respect of temporary staff costs and £398k (2019: £337k) in respect of casual staff.

d. Higher paid employees

The number of employees whose emoluments, excluding pension contributions, fell within the following bands are:

	2020	2019
	Number	Number
£100,000 to £109,999	1	1
£90,000 to £99,999	-	-
£80,000 to £89,999	-	-
£70,000 to £79,999	2	1
£60,000 to £69,999	3	3

e. Birmingham Museums Trading Limited

Included in the above staff costs, the subsidiary Birmingham Museums Trading Limited was recharged for 58 staff members (2019: 62 staff) whose costs are wholly or partly included within the results of the subsidiary given at note 17.

The employment costs incurred by Birmingham Museums Trading Limited were:

	2020	2019
	£	£
Wages and Salaries	765,012	757,571
Social Security costs	35,914	34,513
Pension costs	11,786	8,830
	812,713	800,914

Included within wages and salaries above is an amount of £112k (2019: £85k) in respect of temporary staff.

None of the Directors of Birmingham Museums Trading Limited received any remuneration in their capacity as Directors.

f. General volunteers

Over 1,119 (2019: 1,126) volunteers supported BMT, giving us over 24,221 hours (2019: 27,436 hours) of their time across all venues. Volunteers welcomed and engaged visitors to our venues, conservation cleaned objects and our sites, supported family activities, worked with our curators, gardened, milled and assisted with our documentation.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

9. Fixed Assets

a) Tangible Fixed Assets

Group	Leasehold Improvements £	Plant and Equipment £	Fittings £	Equipment £	Total £
Cost					
At 1st April 2019	5,666,353	627,369	8,148,983	730,607	15,173,312
Additions	7,478	172,773	92,591	42,310	315,152
Disposals	-	-	-	-	-
At 31st March 2020	5,673,831	800,142	8,241,574	772,917	15,488,464
Depreciation					
At 1st April 2019	5,308,703	536,369	4,654,953	552,338	11,052,363
Charge for the year	32,513	38,162	805,482	98,923	975,080
At 31st March 2020	5,341,216	574,531	5,460,435	651,261	12,027,443
Net Book Value At 31st March 2020	332,615	225,611	2,781,139	121,656	3,461,021
Net book Value At 31st March 2019	357,650	91,000	3,494,030	178,269	4,120,950

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £Nil (2019: £5k.).

Company	Leasehold Improvements £	Plant and Equipment £	Fittings £	Computer Equipment £	Total £
Cost					
At 1st April 2019	457,487	452,710	2,914,712	591,495	4,416,404
Additions	7,478	172,773	92,591	42,310	315,152
Disposals	-	-	-	-	-
At 31st March 2020	464,965	625,483	3,007,303	633,805	4,731,556
Depreciation					
At 1st April 2019	99,837	383,472	941,251	413,226	1,837,786
Charge for the year	32,513	33,464	386,634	98,923	551,534
At 31st March 2020	132,350	416,936	1,327,885	512,149	2,389,320
Net Book Value At 31st March 2020	332,615	208,547	1,679,418	121,656	2,342,236
Net Book Value At 31st March 2019	357,650	69,238	1,973,461	178,269	2,578,618

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £Nil (2019: 5k.).

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

9. Fixed Assets (*continued*)

b) Intangible Fixed Assets

Group and Company	Software £
Cost	
At 1st April 2019	89,454
Additions	143,173
At 31st March 2020	232,627
Depreciation	
At 1st April 2019	59,036
Charge for the year	16,024
At 31st March 2020	75,060
Net Book Value At 31st March 2020	157,567
Net Book Value At 31st March 2019	30,418

10. Stocks

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Goods for resale	194,734	-	179,406	-

Stock recognised as expense during the year was £595k (2019: £738k)

11. Debtors

Amounts due in one year

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade debtors	855,153	529,597	592,821	461,863
Amounts owed by group companies	-	2,109,835	-	892,213
Tax and social security	56,161	-	177,382	274,895
Other debtors	21,334	6,501	14,010	14,010
Prepayments and accrued income	331,308	331,308	487,910	487,478
Loan from BCC	101,785	101,785	105,823	105,823
	1,365,741	3,079,026	1,377,946	2,236,282

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

11. Debtors (*continued*)

Amounts due after more than one year:

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Birmingham City Council	603,310	603,310	705,095	705,095

12. Creditors

Amounts due within one year:

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade creditors	993,911	937,018	456,354	373,279
Tax and social security	230,147	106,609	93,200	196,126
Loan from Birmingham City Council	101,785	101,785	105,823	105,823
Other creditors	49,449	49,448	26,723	3,049
Accruals and deferred income	45,570	23,968	163,071	84,421
	1,420,862	1,218,828	845,171	762,698

Amounts due after more than one year:

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Loan from Birmingham City Council	603,310	603,310	705,095	705,095

Deferred income (group and company)

Deferred income comprises grants received in advance of expenditure.

	Group £	Company £
Balance as at 1 April 2019	35,035	27,384
Amount released to income from Charitable Activities	(35,035)	(27,384)
Amount deferred in year	20,363	10,688
Balance as at 31 March 2020	20,363	10,688

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

13. Financial instruments

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through statement of financial activities	1,883,088	1,137,071	1,444,239	1,285,383
Financial assets that are debt instruments measured at amortised cost	1,530,782	3,249,243	1,489,037	2,348,076
	3,413,870	4,386,314	2,933,276	3,633,459
Financial liabilities				
Financial liabilities measured at amortised cost	2,003,809	1,811,471	1,515,231	1,460,143

Financial assets are measured at fair value through statement of financial activities comprises cash held at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprises trade and other debtors, other taxation and social security and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprises Trade and other creditors, other taxation and social security, amounts owed to group undertakings, accruals and a loan from Birmingham City Council as explained below.

Birmingham City Council Loan

The loan falls due for repayment as follows:

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Within one year	101,785	101,785	105,823	105,823
In 1-2 years	97,507	97,507	101,785	101,785
In 2-5 years	254,489	254,489	273,678	273,678
Over 5 years	251,314	251,314	329,632	329,632
	705,095	705,095	810,918	810,918

The above unsecured loan is held by Birmingham Museums Trust. The loan was approved by Birmingham City Council in March 2012 with interest charged at 4.5% per annum and is repayable commencing 1 April 2012 and terminating on 1 January 2031. The loan was made to Thinktank Trust then transferred to Birmingham Museums Trust in April 2012.

In addition, Birmingham City Council has identified a source of funding and will not less than 5 business days in advance of each interest payment date grant aid to BMT a sum equivalent to the amount of interest and capital required to be paid by BMT to Birmingham City Council, to be held on trust by BMT and hypothecated to the payments of the loan as they fall due.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds Analysis - consolidated

Restricted funds in the consolidated and charity accounts comprise the following unexpended balances of donations and grants held on trust to be applied for specific purposes.

	Balance at 1 April 2019 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss) £	Balance at 31 March 2020 £
General Restricted Funds						
Arts Council Collection National Partner Fund	30,206	60,000	(43,703)	(46,503)	-	-
Aston Hall Refurbishment	37,116	-	-	-	-	37,116
Collecting Birmingham	18,455	-	(430)	(17,666)	-	359
Islamic Art & Material Culture	43,123	24,400	(27,031)	(13,049)	-	27,443
Made in Birmingham	651,055	-	(171,531)	-	-	479,524
Millennium Point Trust	-	233,044	(112,517)	-	-	120,527
Minibrium	1,088,790	734,115	(279,025)	-	-	1,543,880
Museums for Birmingham	144,951	(54,374)	(10,982)	-	-	79,595
NAWM Graduate Showcase	25,160	-	-	-	-	25,160
Portable Antiquities Scheme	25,332	88,399	(84,384)	-	-	29,347
Rent and Service Charge Grant	-	1,417,000	(1,417,000)	-	-	-
Sarehole Bakehouse	47,670	-	(60,685)	13,015	-	-
Science for all Seasons	869,515	-	(247,318)	-	-	622,197
Smethwick Engine Repair	3,454	-	-	(3,454)	-	-
Spitfire Gallery	48,039	-	(13,175)	-	-	34,864
Staffordshire Hoard Gallery	379,554	-	(111,263)	-	-	268,291
Tessa Sidey Refurbishment	88,875	-	(500)	-	-	88,375
The Big Store	70,000	(15,626)	-	-	-	54,374
Wildlife Photographer	-	-	(18,260)	-	-	(18,260)
Welcome All	79,145	-	(47,233)	-	-	31,912
Other	19,089	19,500	(17,016)	4,422	-	25,995
	3,669,529	2,506,458	(2,662,052)	(63,235)	-	3,450,699
Endowment Fund	896,619	1,261	-	-	-	897,880
Total Restricted Funds	4,566,148	2,507,719	(2,662,053)	(63,235)	-	4,348,579
Designated Funds						
Arts Council England (Major Partner Museums)	90,896	1,007,568	(1,035,915)	(7,334)	-	55,215
CRM / Ticketing	27,121	-	(27,121)	-	-	-
	118,017	1,007,568	(1,063,036)	(7,334)	-	55,215
General Unrestricted Funds						
General Fund	1,603,678	7,987,399	(8,444,096)	70,569	-	1,217,550
Trading Reserve	19,945	-	-	-	-	19,945
	1,623,623	7,987,399	(8,444,096)	70,569	-	1,237,495
Total Unrestricted Funds	1,741,640	8,994,967	(9,507,132)	63,235	-	1,292,710
Pension Deficit	(2,396,000)	-	(558,000)	-	1,911,000	(1,043,000)
Total Funds	3,911,788	11,502,686	(12,727,185)	-	1,911,000	4,598,289

The carry forward balance reflects the net book value of assets in the relevant fund balance.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds analysis - consolidated (*continued*)

Restricted capital funds represent monies received for the purchase of specific assets. The funds will be expended over the life of the related asset.

Restricted funds

The restricted funds held at the year-end are to be applied for the purposes of the specific projects (as shown under the headings above) to develop:

- a. Arts Council Collection National Partners Fund - Three year exhibition and engagement programme, grants from Arts Council England, Friends of Birmingham Museums, and City of Birmingham Museums & Art Gallery Development Trust.
- b. Aston Hall Refurbishment - the project will, over a number of years, improve the storytelling and interpretation at Aston Hall so it's more representative and enables BMT to increase footfall to the site.
- c. Collecting Birmingham - community acquisitions programme; funded through a grant from Heritage Lottery Fund and Arts Council England Major Partner Museum funding.
- d. Dippy on Tour - Exhibition and education programme, sponsorship from Paradise, grant from Friends of Birmingham Museums, partnership funding from the Natural History Museum.
- e. Islamic Art and Material Culture - A subject specialist network; grant from Arts Council England.
- f. Made in Birmingham - Gallery at Thinktank; this fund is being released as the asset depreciates.
- g. Millennium Point Trust - Grant to support programmes and projects at Thinktank, Birmingham Science Museum.
- h. Minibrium – New gallery and education programme, grants from Inspiring Science Fund co-funded by the Department for Business, Energy & Industrial Strategy (BEIS), UK Research and Innovation (UKRI) and Wellcome, Garfield Weston Foundation, Stavros Niarchos Foundation, The Wolfson Foundation, The 29th May 1961 Charity, Grimmer Trust, Rowlands Trust and other donors.
- i. Museum for Birmingham – Development project for the refurbishment of Birmingham Museum & Art Gallery and a new store and cultural facility; funds from Birmingham City Council, grant from City of Birmingham Museums & Art Gallery Development Trust and donations from our 2017 Annual Appeal.
- j. New Art West Midlands Graduate Showcase - BA/MA exhibition programme in partnership with Birmingham City University, grant via Arts Council England, additional support from various universities.
- k. Portable Antiquities Scheme - Recording archaeological objects found by members of the public in England and Wales; DCMS grant support, administered by the British Museum.
- l. Rent and Service Charge Grant - Grant support from Birmingham City Council at Thinktank.
- m. Science for All Seasons - The Science Garden at Thinktank was completed prior to 2012 and this fund will be released as the asset is depreciated.
- n. Spitfire Gallery - Opened at Thinktank in March 2015; grants (various funders) and public donations. This fund will be released as the asset is depreciated.
- o. Staffordshire Hoard Gallery - Opened at the Museum & Art Gallery in October 2014; grant support (various funders and public donations) for the gallery refurbishment, and Hoard replicas and conservation. This fund will be released as the asset is depreciated.
- p. Tessa Sidey Bequest – A bequest in the will of Tessa Sidey (1955-2011) a curator at BMAG (1983-2011) to “buy major print acquisitions”.
- q. The Big Store - Development project to explore the feasibility of building a new Store and Cultural facility for Birmingham's world class collections; funds provided by Birmingham City Council.
- r. Welcome All - project to improve access at the Museum & Art Gallery; grant support from DCMS/Wolfson Museum & Art Galleries Improvement Fund 2011-16, Friends of Birmingham Museums Trust and City of Birmingham Museums & Galleries Development Trust, and Arts Council England Major Partner Museum funding 2015-18. This fund will be released as the asset is depreciated.

Endowment fund

Two Staffordshire Hoard Replica Helmets have been commissioned in partnership with Potteries Museum & Art Gallery Stoke on Trent (PMAG), The contribution from BMAG, representing 50% of the cost has been allocated to the fund. Once complete BMT will accession its Replica Helmet into the museum collection, as a significant cultural artefact in its own right

Designated funds

Major Partner Museum Funds - Grant funding from Arts Council England to deliver an agreed programme in support of ACE's goals. This grant represents the third year of a three year agreement for 2015-18.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds analysis - consolidated (*continued*)

Restricted funds in the consolidated and charity accounts comprise the following unexpended balances of donations and grants held on trust to be applied for specific purposes.

	Balance at 1 April 2018 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss) £	Balance at 31 March 2019 £
General Restricted Funds						
Arts Council Collection National Partner Fund	128,273	155,000	(253,067)	-	-	30,206
Aston Hall Refurbishment	-	37,116	-	-	-	37,116
Collecting Birmingham	16,483	100,190	(98,217)	-	-	18,455
Dippy on Tour	377	38,095	(51,726)	13,254	-	-
Islamic Art & Material Culture	14,177	30,500	(1,554)	-	-	43,123
Made in Birmingham	826,974	-	(175,919)	-	-	651,055
Millennium Point Trust	-	281,842	(281,842)	-	-	-
Minibrium	795,581	363,986	(70,777)	-	-	1,088,790
Museums for Birmingham	63,282	253,155	(171,486)	-	-	144,951
NAWM Graduate Showcase	26,962	-	(1,802)	-	-	25,160
Planetarium	2,100	-	(2,100)	-	-	-
Portable Antiquities Scheme	23,130	86,338	(84,136)	-	-	25,332
Rent and Service Charge Grant	-	1,417,000	(1,417,000)	-	-	-
Sarehole Bakehouse	-	47,670	-	-	-	47,670
Science for all Seasons	1,116,834	-	(247,319)	-	-	869,515
Smethwick Engine Repair	43,020	-	(39,566)	-	-	3,454
Spitfire Gallery	61,214	-	(13,175)	-	-	48,039
Staffordshire Hoard Gallery	490,816	-	(111,262)	-	-	379,554
Tessa Sidey Bequest	-	88,875	-	-	-	88,875
The Big Store	-	70,000	-	-	-	70,000
Welcome All	127,356	-	(48,210)	-	-	79,145
Other	28,353	3,000	(12,264)	-	-	19,088
	3,764,931	2,972,767	(3,081,423)	13,254	-	3,669,529
Endowment Fund	901,725	12,894	(18,000)	-	-	896,620
Total Restricted Funds	4,666,656	2,985,662	(3,099,423)	13,254	-	4,566,148
Designated Funds						
Arts Council England (Major Partner Museums)	127,630	1,007,568	(1,022,855)	(21,447)	-	90,896
CRM / Ticketing	54,243	-	(27,121)	-	-	27,121
	181,873	1,007,568	(1,049,976)	(21,447)	-	118,016
General Unrestricted Funds						
General Fund	1,729,098	7,936,215	(8,069,838)	8,202	-	1,603,678
Trading Reserve	19,954	-	-	(9)	-	19,945
	1,749,052	7,936,215	(8,069,838)	8,193	-	1,623,623
Total Unrestricted Funds	1,930,925	8,943,783	(9,119,814)	(13,254)	-	1,741,640
Pension Deficit	(2,226,000)	-	(387,000)	-	217,000	(2,396,000)
Total Funds	4,371,581	11,929,444	(12,606,237)	-	217,000	3,911,788

A detailed review of fund balances was undertaken and adjustments made, shown as funds transfers. The carry forward balance reflects the net book value of assets in the relevant fund balance.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

15. Funds analysis - Company

The charity holds restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes.

	Balance at 1 April 2019 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss)	Balance at 31 March 2020 £
Restricted Funds						
Arts Council Collection National Partners Fund	30,206	60,000	(43,703)	(46,503)	-	-
Aston Hall Refurbishment	37,116	-	-	-	-	37,116
Collecting Birmingham	18,455	-	(430)	(17,666)	-	359
Islamic Art & Material Culture 2015-18	43,122	24,400	(27,031)	(13,049)	-	27,442
Millennium Point Trust	-	233,044	(112,517)	-	-	120,527
MiniBrum	1,088,790	734,115	(279,025)	-	-	1,543,880
Museums for Birmingham	144,951	(54,374)	(10,983)	-	-	79,594
NAWM Graduate Showcase	25,160	-	-	-	-	25,160
Portable Antiquities Scheme	25,332	88,399	(84,384)	-	-	29,347
Sarehole Bakehouse	47,670	-	(60,685)	13,015	-	-
Smethwick Engine Repairs	3,454	-	-	(3,454)	-	-
Spitfire Gallery	48,039	-	(13,175)	-	-	34,864
Staffordshire Hoard Gallery	379,554	-	(111,262)	-	-	268,292
Tessa Sidey Bequest	88,875	-	(500)	-	-	88,375
The Big Store	70,000	(15,626)	-	-	-	54,374
Wildlife Photographer	-	-	(18,260)	-	-	(18,260)
Welcome All	79,145	-	(47,233)	-	-	31,912
Other	19,089	19,500	(17,016)	4,422	-	25,995
	2,148,958	1,089,458	(826,204)	(63,235)	-	2,348,979
Endowment Funds						
Ivan Witton Legacy (including interest receivable)	896,620	1,261	-	-	-	897,881
Total Restricted Funds	3,045,578	1,090,719	(826,204)	(63,235)	-	3,246,860
Designated Funds						
Arts Council England	90,896	1,007,568	(1,035,915)	(7,334)	-	55,215
(Major Partner Museums 2015-18)	27,122	-	(27,122)	-	-	-
CRM/Ticketing	118,018	1,007,568	(1,063,037)	(7,334)	-	55,215
Unrestricted Funds	2,204,407	6,399,683	(6,479,663)	-	-	2,124,427
Transfer to Restricted Funds	-	-	-	70,569	-	70,569
	2,204,407	6,399,683	(6,479,663)	70,569	-	2,194,996
Total Unrestricted Funds	2,322,425	7,407,251	(7,542,700)	63,234	-	2,250,211
Pension Deficit	(2,396,000)	-	(558,000)	-	1,911,000	(1,043,000)
Total	2,972,003	8,497,970	(8,926,904)	-	1,911,000	4,454,070

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

15. Funds analysis - company (*continued*)

	Balance at 1 April 2018 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss)	Balance at 31 March 2019 £
Restricted Funds						
Arts Council Collection National Partners Fund	128,273	155,000	(253,067)	-	-	30,206
Aston Hall Refurbishment	-	37,116	-	-	-	37,116
Collecting Birmingham	16,483	100,190	(98,218)	-	-	18,455
Dippy on Tour	377	38,095	(51,726)	13,254	-	-
Islamic Art & Material Culture 2015-18	14,177	30,500	(1,554)	-	-	43,122
Millennium Point Trust	-	281,842	(281,842)	-	-	-
MiniBrum	795,581	363,986	(70,777)	-	-	1,088,790
Museums for Birmingham	63,282	253,155	(171,486)	-	-	144,951
NAWM Graduate Showcase	26,962	-	(1,802)	-	-	25,160
Portable Antiquities Scheme	23,130	86,338	(84,136)	-	-	25,332
Sarehole Bakehouse	-	47,670	-	-	-	47,670
Smethwick Engine Repairs	43,020	-	(39,566)	-	-	3,454
Spitfire Gallery	61,214	-	(13,175)	-	-	48,039
Staffordshire Hoard Gallery	490,816	-	(111,262)	-	-	379,554
Tessa Sidey Bequest	-	88,875	-	-	-	88,875
The Big Store	-	70,000	-	-	-	70,000
Welcome All	127,355	-	(48,210)	-	-	79,145
Other	28,353	3,000	(12,264)	-	-	19,089
	1,819,023	1,555,767	(1,239,086)	13,254	-	2,148,959
Endowment Funds						
Ivan Witton Legacy (including interest receivable)	901,725	12,894	(18,000)	-	-	896,620
Total Restricted Funds	2,720,748	1,568,662	(1,257,086)	13,254	-	3,045,579
Designated Funds						
Arts Council England (Major Partner Museums)	127,630	1,007,568	(1,022,855)	(21,447)	-	90,896
CRM/Ticketing	54,243	-	(27,121)	-	-	27,122
	181,873	1,007,568	(1,049,976)	(21,447)	-	118,018
Unrestricted Funds	2,121,892	6,207,652	(6,133,330)	-	-	2,196,214
Transfer to Restricted Funds	-	-	-	8,193	-	8,194
	2,121,892	6,207,652	(6,133,329)	8,193	-	2,204,407
Total Unrestricted Funds	2,303,764	7,215,220	(7,183,305)	(13,254)	-	2,322,42
Pension Deficit	(2,226,000)	-	387,000	-	(217,000)	(2,396,000)
Total	2,798,513	8,783,881	(8,827,391)	-	(217,000)	2,972,003

The carry forward balance reflects the net book value of assets in the relevant fund balance.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

16. Analysis of net assets between funds - consolidated

	Restricted	Pension	Unrestricted	Total
	£	£	£	£
Fixed Assets	3,003,439	-	615,149	3,618,588
Net Current Assets	1,345,140	-	1,280,871	2,626,011
Creditors (amounts falling due after more than one year)	-	(1,043,000)	(603,310)	(1,646,310)
Total as At March 2020	4,348,579	(1,043,000)	1,292,710	4,598,289
Fixed Assets	3,730,090	-	421,278	4,151,368
Net Current Assets	836,058	-	2,025,457	2,861,515
Creditors (amounts falling due after more than one year)	-	(2,396,000)	(705,095)	(3,101,095)
Total as At March 2019	4,566,148	(2,396,000)	1,741,640	3,911,788

17. Financial performance of undertakings

Company Statement of Financial Activities

The consolidated statement of financial activities includes the results of the company's subsidiaries, Birmingham Museums Trading Limited and Thinktank Trust. The summary financial performance of the company alone is:

	2020 £	2019 £
Income	7,873,362	8,140,051
Gift Aid from subsidiary company	624,607	643,800
Total Income	8,497,969	8,783,881
Expenditure on Charitable Activities	(8,926,902)	(8,827,391)
Net (Expenditure)	(428,933)	(43,510)
Other recognised gains/(losses)	1,911,000	217,000
Net Movements in funds	1,482,067	173,490
Total funds brought forward	2,972,003	2,798,513
Total Funds carried forward	4,454,070	2,972,003
Represented by:		
Unrestricted income funds	2,250,210	2,322,424
Restricted funds	3,246,860	3,045,579
Pension	(1,043,000)	(2,396,000)
Net Funds	4,454,070	2,972,003

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

17. Financial performance of undertakings (*continued*)

The summary financial performance of the wholly owned subsidiaries are as follows:

Birmingham Museums Trading Limited

Registered Company Number: 04221635

Registered Address: Chamberlain Square
Birmingham
B3 3DH

	2020 £	2019 £
Profit & Loss Account		
Turnover	2,212,323	2,372,363
Cost of Sales	(678,000)	(830,047)
Gross Profit	1,534,323	1,542,316
Administrative expenses	(909,716)	(898,525)
Profit on ordinary activities before Gift Aid	624,607	643,791
Gift Aid to parent undertaking	(624,607)	(643,800)
Retained Profit / (Loss) for the year	0	(9)

The aggregated assets and liabilities of the subsidiary were

Assets	1,219,429	474,975
Liabilities	(1,199,483)	(455,030)
Net Funds	19,945	19,945

Thinktank Trust

Registered Company Number: 03239119

Registered Address: Chamberlain Square
Birmingham
B3 3DH

	Unrestricted funds £	Restricted funds £	Total funds £
Total incoming resources	-	1,417,000	1,417,000
Total resources expended	(367,717)	(1,835,849)	(2,212,566)
Net incoming / (outgoing) resources	(367,717)	(418,849)	(795,566)
Transfer between funds	-	-	-
Net movement in funds	(367,717)	(418,849)	(795,566)
Fund balances brought forward	(600,730)	1,520,570	919,840
Fund balances carried forward	(977,448)	1,101,722	124,274

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

18. Taxation

The charitable company's income is exempt from taxation under section 505 of the Income and Corporation Taxes Act 1988 and its chargeable gains are exempt under section 256 of the Taxation of Capital Gains Act 1992.

19. Financial Commitments

Debentures and charges

Thinktank Trust has granted a first mortgage charge over certain of its assets to the Millennium Commission to secure all monies owing to the Commission by the Trust under the terms of a grant agreement dated 10 December 2004.

The Thinktank Trust has granted a mortgage charge over certain of its assets to the National Heritage Memorial Fund under the terms of an agreement date 20 April 2011.

Value Added Tax

As a result of group registration arrangements for Value Added Tax (VAT), the charitable company is jointly and severally liable with other members of the group for any VAT due by the representative member of the group. At 31 March 2020 the group's net payable in respect of VAT was £80k (2019: recoverable £177k).

20. Related Party Transactions

During the year, the Company conducted the following transactions with its two subsidiaries, ThinkTank Trust and Birmingham Museums Trading Limited, and had the following debt positions with these subsidiaries as at 31 March 2020.

Birmingham Museums Trading Limited

The Company levied a management charge on Birmingham Museums Trading Limited for the year ended 31 March 2020 amounting to £813k (2019: £801k). The management charge for both years includes the recharge of staff by the Company to Birmingham Museum Trading as disclosed in Note 7e to the consolidated financial statements.

Birmingham Museums Trading Limited made a gift aid donation to the Company of £625k for the year ended 31 March 2020 (2019: £644k) as disclosed in Note 16 to the consolidated financial statements.

At 31 March 2020, the Company was due an amount of £1,015k from Birmingham Museums Trading Limited (2019: £236k).

Thinktank Trust

The Company levied a management charge on Thinktank Trust for the year ended 31 March 2020 amounting to Nil.

At 31 March 2020, the Company was due an amount of £1,095k (2019: £656k) from Thinktank Trust.

At 31 March 2020, Birmingham Museums Trading Limited was due an amount of £nil from Thinktank Trust (2019: Nil)

Birmingham City Council (BCC)

In addition to the above listed related party transactions, the following transactions took place with BCC, the sole member of the Company, during the year.

BCC received services from the Company and contractual payments received in the year by the Company for services undertaken amounted to a fixed fee of £3.183m (2019: £3.183m) and variable performance payments amounting to £2.223m (2019: £2.049m).

The Company has an outstanding loan with BCC as disclosed in Notes 10 and 11.

In addition, Thinktank Trust received a grant from BCC of £1.417m during the year (2019: £1.417m) to assist in the provision of lease payments on Thinktank to Millennium Point Property Ltd.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

21. Members

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £10 in the event of the company being wound up. At 31 March 2020 Birmingham City Council was the sole member of Birmingham Museums Trust.

22. Pension Schemes

The company operates Defined Benefit and Defined Contribution Schemes.

Defined Benefit Scheme

The defined benefit pension scheme is accounted for in accordance with applicable accounting standards within the United Kingdom and Republic of Ireland. As a consequence, a liability of £1,043k (2019: £2,396k) is shown in BMT's consolidated balance sheet. However, in accordance with the terms and conditions of the Local Government Pension Scheme, any liability is reversed over time through an increase in the contribution from current members to the scheme, on a mutualised basis across the whole of Local Government Pension Scheme, and BMT is not required to specifically fund the deficit that relates to its current and deferred members.

The major assumptions used by the actuary were (in nominal terms):	At 31 March 2020	At 31 March 2019
Rate of increase in salaries	2.85%	3.90%
Rate of increase to pensions	1.85%	2.40%
Discount rate	2.35%	2.45%
Inflation assumption – CPI	1.35%	2.40%

Assumed life expectations on retirement at age 65 are:	At 31 March 2020	At 31 March 2019
Retiring today		
Males	21.9	20.9
Females	24.1	23.2
Retiring in 20 years' time		
Males	23.8	22.6
Females	26.0	25.0

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2020 £000	Fair value at 31 March 2019 £000
Equities	9,379	10,307
Gilts	1,989	1,675
Bonds	715	672
Property	1,522	1,481
Cash	614	552
Other	2,531	2,751
Fair value of plan assets	17,110	17,438

The actual return on assets over the year was	10	10
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BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

22. Pension Schemes (*continued*)

Defined Benefit Scheme (*continued*)

The amounts recognised in the balance sheet are as follows

	2020 £000	2019 £000
Present value of scheme liabilities	(18,153)	(19,834)
Fair value of scheme assets	17,110	17,438
Net pension liability	1,043	2,396

Analysis of the amount charged to Statement of Financial Activities:

Current service cost	573	420
Administration cost	11	8
Interest on the defined liability/(asset)	58	56
Total	642	484

Analysis of the amount recognised in other recognised gains and losses:

Actuarial (loss)/gain on scheme assets	(1,142)	188
Actuarial (loss)/gain on scheme liabilities	(2,201)	1,072
Actuarial (loss)/gain recognised	(3,343)	1,260

Changes to the present value of the defined benefit obligation:

Opening defined benefit obligations	19,834	19,232
Current service cost	410	420
Interest cost	484	496
Contributions by scheme participants	73	77
Actuarial loss/(gain)	(2,201)	1,072
Benefits paid	(242)	(362)
Past service cost	163	-
Changes in demographic assumptions	474	(1,101)
Experience loss/(gain) on defined benefit obligation	(842)	-
Closing defined benefit obligations	18,153	19,834

Changes in the fair value of plan assets

Opening plan assets	17,438	17,006
Interest on assets	426	440
Return on assets less interest	(1,142)	188
Other actuarial gains/(losses)	484	-
Administration expenses	(11)	(8)
Contributions by employers	84	97
Contributions by scheme participants	73	77
Benefits paid	(242)	(362)
Closing plan assets	17,110	17,438

The pension cost charge represents contributions payable by the trust and amounted to £266k (2019: £247k) for the defined benefit scheme.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

22. Pension Schemes (*continued*)

Defined Contribution Scheme

The charitable company operates a stakeholder compliant Group Personal Pension Scheme run by Standard Life PLC open to all employees. The Trust makes matching contributions to this scheme for employees making contributions, subject to a minimum contribution of 3% per month per employee.

23. Lease Commitments

Land and Building Leases

At 31 March 2020 the group had future minimum lease payments, in relation to land and building leases for Thinktank Trust at Millennium Point, under non-cancellable operating leases as follows:

	2020 £	2019 £
Within one year	615,720	600,702
Between two to five years	2,620,707	2,556,787
More than five years	3,469,482	4,149,122
Total	6,705,909	7,306,611

The company had no leases in respect of land and buildings.

Other Operating Leases

At 31 March 2020 the group and company had future minimum lease payments, in relation to other operating leases, under non-cancellable operating leases as follows:

	Group 2020 £	Company 2020 £	Group 2020 £	Company 2019 £
Within one year	3,714	3,714	8,104	8,104
Between two to five years	-	-	3,714	3,714
More than five years	-	-	-	-
Total	3,714	3,714	11,818	11,818

24. Post Balance Sheet Events

2020 has been a challenging year whilst the world gets to grips with Covid-19. As such, there are a number of post balance sheet events worth noting.

BMT has:

- been awarded £1.87m from the Cultural Recovery Fund;
- been awarded £0.25m by the National Lottery Heritage Fund to support with reopening costs;
- Birmingham City Council have agreed in principle to provide additional resources between now and the end of the financial year should it be necessary; and
- Undertaken a significant redundancy programme, costing £350k and lost 25% of its workforce.