

BIRMINGHAM MUSEUMS TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



BIRMINGHAM MUSEUMS TRUST
*Annual Report and Consolidated Financial Statements for the year ended
31 March 2019*

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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	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

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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 2019. 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)
Councillor Muhammad Afzal
Mr Randal Brew OBE
Mr Éamon Mooney
Ms Tracey Stephenson
Ms Chrissie Twigg
Mr Jonnie Turpie
Mr Mohammed Rahman (resigned 2 May 2019)
Mr Mohammed Ali MBE (appointed 12 July 2018)
Mr John Diviney (appointed 12 July 2018)
Mr Luke Southall (appointed 12 July 2018)
Mrs Claire Williamson (appointed 12 July 2018)
Dr Louise Brooke-Smith (appointed 24 January 2019)
Rt Hon Liam Byrne MP (appointed 2 May 2019)
Mrs Deborah de Haes (resigned 23 May 2018)
Mr David Lewis (resigned 23 May 2018)
Ms Jan Teo (resigned 23 May 2018)

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 – (appointed Chair 24 May 2018)
Mrs Deborah de Haes – Chair (resigned 5 September 2018)
Mr Liam Darbon
Dr Ellen McAdam
Mr Adam Rowledge
Mr Eamon Mooney (appointed 9 May 2018, resigned 2 May 2019)

Thinktank Trust

Mr Mohammed Rahman (resigned 2 May 2019)
Professor Ian Grosvenor (appointed 25 October 2018)
Mr Eamon Mooney (appointed 30 October 2018)
Councillor Randal Brew (resigned 23 May 2018)
Mrs Deborah de Haes (resigned 23 May 2018)

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 is delegated to Dr Ellen McAdam, Director of Birmingham Museums Trust. She is 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.

Key risks

- Stakeholders – the importance of a robust working relationship with BMT's key stakeholders, and the risks associated with the breakdown of such relationships;
- Leases – a lack of stability of occupation preventing long-term funding to support development projects; and
- Funding – the risks to public sector funding streams in the current macroeconomic environment.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2019

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

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.

2018/19 saw the third and final year of the Arts Council Collection National Partner's Programme with six exhibitions across three venues. Aston Hall celebrated its 400th anniversary with *Walls have ears: 400 years of change*, Blakesley Hall exhibited *Nature's presence*, and BMAG showed *Coming Out: Sexuality, Gender and Identity, The Everyday and Extraordinary, Women Power Protest* and *Too Cute! Sweet is about to get Sinister*, curated by artist Rachel Maclean. In May 2018, we welcomed *Dippy on Tour: A Natural History Adventure*. This exhibition in partnership with the Natural History Museum received a record-breaking number of visitors for an exhibition at BMAG. Other exhibitions included *Leonardo da Vinci: a life in drawing*, marking the 500th anniversary of the death of Leonardo da Vinci, one of 12 simultaneous exhibitions taking place across the UK, and *Within and without: body image and the self* was the second exhibition in BMAG's Story LAB gallery, a space inviting visitors to help shape the future of the museum.

BMT won seven awards: Museums Association's *Museums Change Lives* Best Project Award for *Collecting Birmingham*; Day Out With The Kids (2018) Family Favourites Award and Best event at an attraction, Midlands for *Dippy on Tour: A Natural History Adventure*; Birmingham What's On Readers' Awards (2019): Best Birmingham Visitor Attraction, Best Exhibition in the Midlands for *Dippy on Tour: A Natural History Adventure*, Best Birmingham Art Gallery and Exhibition Venue, and Venue of the Year. Seven venues achieved the VAQAS (Visitor Attraction Quality Assurance Scheme) standard for visitor experience, and BMAG's Edwardian Tearooms was awarded the VAQAS Quality Food and Drink accolade.

Audiences and Engagement

In 2018/19, 1,190,893 people came to our nine venues, up by 28% on the previous year. A high-profile marketing and PR campaign helped *Dippy on Tour: A Natural History Adventure* attract over a quarter of a million visitors to BMAG. The trend for increasingly young visitors has continued, 60% of adult visitors to our venues were aged 44 and under. There was an increase in family visitors enjoying our venues, 53% of visitors to all venues came with children.

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. 97,155 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.

214,051 children, young people and families took part in informal learning through outreach, holiday activities and our Planetarium programme. We collaborated with children and families in the design of MiniBrum at Thinktank, a new gallery enabling under-8s to explore science and engineering in a playful and energetic way.

Our community engagement programme engaged around 5,000 people in 151 events or projects. Our wellbeing programme was popular, this year we increased the number of sessions to provide as many opportunities as possible. We provided bespoke facilitated visits to Thinktank and BMAG for local charities including Refugee Action, Shelter and Spurgeons Young Carers. Our International Women's Day and Refugee Week events were successful due to long-term partnerships with local charities New Neighbours and Celebrating Sanctuary.

Inspire 2018, our youth art competition, attracted a record 401 entries from children and young people across the region, culminating in a celebration event with over 200 attendees. 68% of entries came from children and young people living in areas with high levels of deprivation, demonstrating that the competition is reaching communities who are underserved by conventional arts and culture. The exhibition was seen by around 300,000 visitors.

BMAG celebrated the centenary of the Representation of the People Act through a diverse range of well-attended events including welcoming the Suffrage Flag on its national tour, *Edwardian Tearooms late: a story of suffrage – an immersive acting experience*, hosting all four female Birmingham and Solihull MPs in a discussion about women in Parliament, and launching a Blue Plaque commemorating suffragette Bertha Ryland (1882-1977).

We developed and hosted exhibitions with local communities including *Asian youth culture: exploring the heritage & history of young British Asians in Birmingham*, *Fighting for our heritage* which explored the rich history of amateur boxing clubs and famous boxers from Birmingham, and *The legacy of industrial textiles enterprise (LITE)* project.

1,126 volunteers gave us 27,436 hours of their time across all venues.

Our press office achieved £3.8m of media coverage regionally and nationally, up significantly on 2017/18. There was an increase in national media coverage for exhibitions at BMAG. *Too cute! Sweet is about to get sinister*, *Women power protest* and *Leonardo da Vinci: a life in drawing* were featured in The Guardian, Independent, The Times and Stylist.

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

Audiences and Engagement (*continued*)

2018/19 saw visits to the BMT website grow by 17% to over 1.3m visits in the year, social media followers increased to 207,877. Social media reach for *Dippy on Tour: A Natural History Adventure* across Facebook, Twitter and Instagram totalled 1.3m people. We made a significant step to improve digital access by releasing digitised images under an open licence, receiving positive coverage by The Art Newspaper and Europeana Pro.

Collections

In 2018/19 BMT lent 277 objects and artworks to local, national and international venues including the Herbert Museum and Art Gallery, Museum of Cannock Chase, Midlands Arts Centre, The British Library, Royal Academy of Arts, Tate Britain, Tate St Ives, The Fitzwilliam Museum, Pallant House, 10 Downing Street, Museum of Fine Art Budapest, Gropius Bau Berlin, Oklahoma City Museum of Art, Tokyo Mitsubishi Ichigokan Museum, and Vero Beach Museum of Art. Over half a million people attended exhibitions at venues featuring objects from Birmingham's collection.

Our major international exhibition *Victorian radicals: from the Pre-Raphaelites to the Arts and Crafts movement* began its US tour at Oklahoma City Museum of Art in October 2018. Organised in partnership with the American Federation of Arts, showcases the city's outstanding holdings of Victorian and Edwardian fine and decorative art and celebrates its historic importance as a centre for progressive Arts and Crafts practice. *Victorian radicals* continues its tour to seven other US venues during 2019/21. Our second touring exhibition *Parabola of Pre-Raphaelitism* opened in Tokyo, Japan in March 2019.

BMT acquired 1,353 acquisitions for the city's collection, 334 were purchased and 1,027 donated or bequeathed. Acquisitions through the award-winning *Collecting Birmingham* project were supplemented by objects acquired through other routes. Objects included items relating to the development of gaming technology in Birmingham, items from the Oriental Star Record Agency (formerly on Moseley Road, Birmingham) including a personal collection of 200 records of Indian, Pakistani and British music belonging to the shop owner Mr Ayub, and artworks by Birmingham artists Pogus Caesar (b.1953), Walter Langley (1852-1922), and Arthur Lockwood (1934-2019).

We continue to the management and care of the city's museum collection with the introduction of new collections research, documentation and digitisation programmes. Launched in April 2018, the four-year *Rapid Digitisation Project* is digitising the nationally important works on paper collection before making the images publicly accessible via a new Digital Asset Management System. BMT launched its *Science Research, Rationalisation and Redisplay Project*. With the help of volunteers and experts, BMT is researching and cataloguing its collections of Science & Industry and Natural Science, developing a vastly improved understanding of these collections and their significance as well as identifying potential objects for deaccessioning in the future.

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 2018/19, we generated fundraising income of over £1.5m from a range of supporters, donors and grant makers. Highlights include:

- *Dippy on Tour: A Natural History Adventure* at BMAG was sponsored by Paradise Birmingham. As our neighbour, a partnership with Paradise was a natural fit and the sponsorship income enabled us to exhibit Dippy to 255,548 visitors during the summer of 2018. The exhibition was also funded by the Friends of Birmingham Museums.
- The James Watt Smethwick Engine was restored to working condition for the Watt Bicentenary in 2019. Two generous donors funded the restoration of the engine. IMI plc's objective of strengthening their link to industrial heritage in the city provided the perfect opportunity for them to donate towards the Smethwick Engine. We also received a donation from an anonymous donor. Our inaugural steaming of the Smethwick Engine took place in November 2018. Our visitors can now witness this legendary engine working after three long years out of action.
- Coutts Bank first became supporters of BMT when they donated towards the acquisition of the Staffordshire Hoard in 2009 via their Charitable Trust. Since then Coutts have supported our Patrons programme and sponsoring both of our Leonardo Da Vinci exhibitions, the latest of which was *Leonardo Da Vinci: a life in drawing* at BMAG.

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Report of the Trustees and Strategic Report (continued)

Commercial Activity

Commercial activity is carried out through Birmingham Museums Trading Limited, BMT's trading subsidiary, and achievements in 2018/19 include:

- Retail - Refurbished Aston Hall shop increased conversion, added hundreds of new products to our online shop, developed a new brand and Instagram account to showcase local jewellery makers to new customers, developed and delivered a pop-up Dippy shop which exceeded all targets.
- Food & Beverage - Saw sales records being broken. We rolled out the new ET Kitchen product range to our museum cafés. Launched our first exhibition-themed menus, with our *Dippy the Dinosaur* children's menu being well received by customers over the summer. Introduced a new unique identity for the Stable Yard Café at Aston Hall.
- Venue Hire - Grew our wedding business significantly as news of Waterhall Weddings continued to spread. A series of themed packages were introduced to complement the exhibitions programme, from Jurassic dining packages during *Dippy on Tour: A Natural History Adventure* to the Maestro dining package during *Leonardo da Vinci: a life in drawing*. Opportunities such as these allow us to host something unique for our clients in a very crowded marketplace.

Future plans and direction of the charity

BMT and Birmingham City Council (BCC) have agreed the need to:

- Secure the survival of the city's internationally important collection from the risk of water or fire damage or loss by building secure, environmentally controlled, publicly accessible storage
- Improve the long-term sustainability of BMT by creating an efficient operational base
- Redisplay BMAG as a museum for a young, super-diverse city
- Replace Thinktank with a museum reflecting the city-region's global role in science and industry

To achieve this BCC and BMT need to deliver four interdependent capital projects:

- Phase 1 community centre/store/HQ housing the Fine Art collection, business archive and back-of-house functions based at BMAG
- Major redevelopment of BMAG (part of a wider scheme for the Council House Complex)
- New Birmingham Museum of Science & Industry
- Phase 2 new store for 1m collection items stored in the Museum Collection Centre, a converted warehouse next to the route of HS2 approaching the end of its life

The Phase 1 store/HQ is a key enabling project for BMAG and the other capital projects. BCC and BMT are working together to identify ways to fund the Phase 1 project.

BCC and BMT have identified key strands of work for the future, building on the successful conclusion of long-term leases and agreements in March 2019. They include:

- Capital programme – investing in key museum buildings to safeguard them and the collection for the future
- Strengthening stakeholder relationships and partnerships – supporting a broader, more diverse programme
- Audience engagement – working with the city/region's young, super-diverse audiences, developing a shared sense of place
- International programmes – delivering our vision, raising international profile, creating local pride, attracting visitors to the city
- Collection development – documenting, rationalising, researching, interpreting

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Report of the Trustees and Strategic Report (continued)

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. The funding from Birmingham City Council continues to be at risk however, 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 2019. 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 £0.040m (2018: £0.057m). Direct governance costs have been included in accordance with the Charity SORP 2015 and include audit fees, legal fees and Trustee expenses.

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 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 2019, BMT, as a consolidated entity, had unrestricted reserves of £1.742m (2018: £1.931m), restricted reserves of £4.566m (2018: £4.667m), and a pension reserve deficit of £2.396m (2018: £2.226m). Total reserves at 31 March 2019 were £3.912m (2018: £4.372m). Free reserves as at the 31 March 2019 were £1.320m (2018: £1.475m).

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.

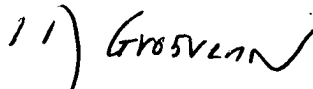
The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for 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 31 October 2019 and signed on their behalf by:


Professor Ian Grosvenor
Chairman

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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 2019 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 2019, 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.

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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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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.

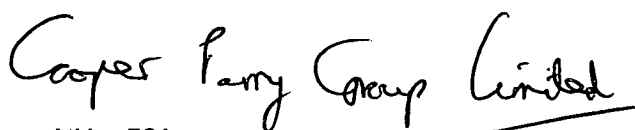
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2019

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: 20/11/19

BIRMINGHAM MUSEUMS TRUST

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

	Note	Unrestricted Funds £	Restricted & Endowment Funds £	Pension Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and legacies		-	12,894	-	12,894	17,400
Investments						
Rental income		23,417	-	-	23,417	18,630
Interest receivable		4,298	-	-	4,298	1,323
Charitable activities						
Visitor admissions and outreach income		2,048,869	-	-	2,048,869	2,096,335
Grants receivable and other income		4,494,836	2,972,767	-	7,467,603	7,754,377
Other trading activities						
Income from trading activities of Subsidiary		2,372,363	-	-	2,372,363	2,147,980
Total Income	4	8,943,783	2,985,661	-	11,929,444	12,036,045
Expenditure on:						
Raising funds						
Expenses from trading activities of Subsidiary		(1,728,572)	-	-	(1,728,572)	(1,445,399)
Fundraising costs		(84,957)	-	-	(84,957)	(71,799)
Charitable activities						
Museum costs		(7,306,285)	(3,099,423)	(387,000)	(10,792,709)	(10,293,502)
Total Expenditure	5	(9,119,814)	(3,099,423)	(387,000)	(12,606,237)	(11,810,700)
Net (expenditure)/income		(176,032)	(113,762)	(387,000)	(676,793)	225,344
Transfers between Funds	13/14	(13,254)	13,254	-	-	-
Other recognised gains						
Return on Pension Fund Assets		-	-	29,000	29,000	893,000
Change in financial assumptions		-	-	188,000	188,000	(165,000)
Net movement on pension fund		-	-	217,000	217,000	428,000
Net movement in funds		(189,285)	(100,508)	(170,000)	(459,793)	653,345
Reconciliation of funds						
Fund balances brought forward		1,930,925	4,666,656	(2,226,000)	4,371,581	3,718,236
Fund balance carried forward		1,741,640	4,566,148	(2,396,000)	3,911,788	4,371,581

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 2018

	Notes	Unrestricted Funds £	Restricted & Endowment Funds £	Pension Fund £	Total 2018 £
Income and endowments from:					
Donations and legacies		-	17,400	-	17,400
Investments					
Rental income		18,630	-	-	18,630
Interest receivable		1,323	-	-	1,323
Charitable activities					
Visitor admissions and outreach income		2,096,335	-	-	2,096,335
Grants receivable and other income		4,520,252	3,234,125	-	7,754,377
Other trading activities					
Income from trading activities of subsidiary		2,147,980	-	-	2,147,980
Total Income	4	8,784,520	3,251,525	-	12,036,045
Expenditure on:					
Raising funds					
Expenses from trading activities of subsidiary		(1,445,399)	-	-	(1,445,399)
Fundraising costs		(71,799)	-	-	(71,799)
Charitable activities					
Museum costs		(6,859,864)	(3,092,638)	(341,000)	(10,293,502)
Total Expenditure	5	(8,377,062)	(3,092,638)	(341,000)	(11,810,700)
Net income/(expenditure)		407,458	158,887	(341,000)	225,345
Transfers between Funds		(761,887)	761,887	-	-
Other recognised gains/(losses)					
Return on Pension Fund Assets		-	-	893,000	893,000
Change in financial assumptions		-	-	(465,000)	(465,000)
Net movement on pension fund		-	-	428,000	428,000
Net movement in funds		(354,429)	920,774	87,000	653,345
Reconciliation of funds					
Fund balances brought forward as previously reported		2,285,354	3,745,882	(2,313,000)	3,718,236
Prior year adjustment		-	-	-	-
Fund balances brought forward restated		2,285,354	3,745,882	(2,313,000)	3,718,236
Fund balance carried forward		1,930,925	4,666,656	(2,226,000)	4,371,581

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 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	8a	4,120,950	3,292,246
Intangible assets	8b	30,418	46,358
		<u>4,151,368</u>	<u>3,338,604</u>
Current Assets			
Stock	9	179,406	184,896
Debtors: amounts falling due in one year	10	1,377,945	953,127
Debtors: amounts falling due after more than one year	10	705,095	810,918
Cash at bank and in hand		<u>1,444,240</u>	<u>3,248,832</u>
		3,706,686	5,197,773
Creditors: amounts falling due within one year	11	(845,171)	(1,127,878)
Net Current Assets		<u>2,861,515</u>	<u>4,069,895</u>
Total Assets less Current Liabilities		7,012,883	7,408,499
Creditors: amounts falling due after more than one year	11	(705,095)	(810,918)
Defined benefit scheme pension liability	21	(2,396,000)	(2,226,000)
NET ASSETS		<u>3,911,788</u>	<u>4,371,581</u>
Funds			
Unrestricted	13,15	1,741,640	1,930,925
Restricted	13,15	3,669,528	3,764,931
Endowment	13,15	896,620	901,725
Pension	13,15	(2,396,000)	(2,226,000)
TOTAL FUNDS		<u>3,911,788</u>	<u>4,371,581</u>

The notes on pages 18 to 40 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 31 October 2019 and were signed on its behalf by:


Professor Ian Grosvenor
 Chairman

Registered No: 07737797

BIRMINGHAM MUSEUMS TRUST

Company Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	8a	2,578,617	1,337,700
Intangible Assets	8b	30,418	46,358
		<u>2,609,036</u>	<u>1,384,058</u>
Current Assets			
Debtors: amounts falling due in one year	10	2,236,282	2,124,513
Debtors: amounts falling due after more than one year	10	705,095	810,918
Cash at bank and in hand		<u>1,285,383</u>	<u>2,381,019</u>
		4,226,760	5,316,450
Creditors: amounts falling due within one year	11	(762,698)	(865,077)
Net Current Assets		<u>3,464,062</u>	<u>4,451,373</u>
Total Assets less Current Liabilities		6,073,098	5,835,431
Creditors: amounts falling due after more than one year	11	(705,095)	(810,918)
Defined benefit scheme pension liability	21	(2,396,000)	(2,226,000)
NET ASSETS		<u>2,972,003</u>	<u>2,798,513</u>
Funds			
Unrestricted	14,15	2,322,425	2,303,765
Restricted	14,15	2,148,958	1,819,023
Endowment	14,15	896,620	901,725
Pension	14,15	(2,396,000)	(2,226,000)
TOTAL FUNDS		<u>2,972,003</u>	<u>2,798,513</u>

The notes on pages 18 to 40 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 31 October 2019 and were signed on its behalf by:


Professor Ian Grosvenor
Chairman

Registered No: 07737797

BIRMINGHAM MUSEUMS TRUST

Consolidated Cash Flow Statement For the year ended 31 March 2019

	Note	2019 £	2018 £
Cash used in operating activities	a	(166,807)	1,724,581
Cash flows from investing activities	b	(1,637,785)	(326,342)
(Decrease) / Increase in cash during the year		(1,804,592)	1,398,239

(a) Cash used in operating activities

	2019 £	2018 £
Net (outgoing) / incoming resources	(676,793)	225,345
Adjustments for non-cash items:		
Depreciation and amortisation	825,021	828,947
Pension fund provision	387,000	341,000
(Increase)/decrease in stocks	5,490	(10,820)
(Increase)/decrease in debtors	(254,365)	893,309
(Decrease)/Increase in creditors	(453,160)	(553,200)
Net cash (outflow) / inflow from operating activities	(166,807)	1,724,581

(b) Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(1,632,448)	(293,831)
Purchase of intangible fixed assets	(5,336)	(32,512)
Net cash outflow from investing activities	(1,637,785)	(326,343)

(c) Analysis of movements in cash and cash equivalents

	2019 £	2018 £
Increase/decrease in cash and cash equivalents in the year	(1,804,592)	1,398,238
Cash and cash equivalents at the beginning of the year	3,248,832	1,850,594
Total cash and cash equivalents at the end of the year	1,444,240	3,248,832

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 Charities Act 2011 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.

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 8 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

	2019	2018
	£	£
General Restricted Funds		
Arts Council Collection National Partners Fund	155,000	215,000
Aston Hall Refurbishment	37,116	-
Birmingham Manufacturers	-	42,293
Change Makers	-	72,758
Collecting Birmingham	100,190	-
Dippy on Tour	38,095	10,000
English Civic Museum Network	3,000	18,000
Islamic Art & Material culture 2015-18	30,500	39,597
Millennium Point Trust	281,842	300,000
Minibrium	363,986	801,515
Museums for Birmingham	253,155	109,464
NAWM Graduate Showcase	-	47,000
Portable Antiquities Scheme	86,338	85,448
Rent and Service Charge Grant	1,417,000	1,417,000
Sarehole Bakehouse	47,670	-
Smethwick Engine Repair	-	33,020
Tessa Sidey Refurbishment	88,875	-
The Big Store	70,000	-
Other	-	43,030
	2,972,767	3,234,125
Endowment Fund	12,894	17,400
Total Restricted Funds	2,985,661	3,251,525

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (continued)

4. Analysis of incoming resources (continued)

	2019 £	2018 £
Designated Funds (Unrestricted)		
Arts Council England (Major Partner Museums)	1,007,568	1,007,568
General Unrestricted Funds		
Grants Receivable and Other Income	308,566	331,007
Birmingham City Council Fees	3,183,000	3,183,000
Visitor Admissions and Outreach Income	2,048,869	2,096,335
Rental Income	23,417	18,630
Trading Activities	2,372,363	2,147,979
	7,936,215	7,776,951
Total Unrestricted Funds	8,943,783	8,784,519
Total Incoming Resources	11,929,444	12,036,044

5. Analysis of total resources expended

	Fundraising £	Museum Costs £	Governance £	2019 £	2018 £
Costs directly allocated to activities					
Staff costs	84,957	4,388,756	-	4,473,713	4,152,849
Marketing	-	306,302	-	306,302	268,036
Maintenance	-	373,558	-	373,558	338,699
Finance and Administration	-	9,234	38,953	48,187	46,039
Other operating expenditure	-	4,699,698	-	4,699,698	4,395,211
Depreciation	-	825,021	-	825,021	828,947
Direct Costs Total	84,957	10,602,569	38,953	10,726,479	10,029,781
Support costs allocated to activities					
Staff costs	-	1,362,539	-	1,362,539	1,347,108
Finance and Administration	-	81,709	-	81,709	30,838
Professional fees	-	48,510	-	48,510	61,973
Pension Fund charges	-	387,000	-	387,000	341,000
Support Costs Total	-	1,879,758	-	1,662,758	1,780,919
Total Costs	84,957	12,482,327	38,953	12,606,237	11,810,700

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

Total resources expended include:

	2019 £	2018 £
Depreciation	803,7455	813,545
Amortisation	21,276	15,402
Auditor's remuneration – audit of these financial statements	22,450	28,550
Auditor's remuneration – audit of financial statements of subsidiaries	6,000	9,250
Auditor's remuneration – non-audit services	1,000	1,000
Operating lease charges: land and buildings	579,008	575,883
Operating lease charges: other than land and buildings	8,104	6,812

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 £419k (2018: £389k).

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 £1,960 (2018: £7,500) 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 £162 (2018: £210) was reimbursed to one (2018: one) trustees in respect of expenses mainly related to travel.

8. Employee numbers and costs

a. Average number of persons employed

	Number 2019	Number 2018
Fundraising	3	3
Museum	164	162
Support and administration	38	40
	205	205

b. Full Time Equivalent employed

	FTE 2019	FTE 2018
Fundraising	3	3
Museum	142	142
Support and administration	34	37
	179	182

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

8. Employee numbers and costs (*continued*)

c. Employee costs	2019	2018
	£	£
Wages and Salaries	5,078,746	4,880,467
Social Security costs	340,419	365,383
Pension costs	247,087	254,107
	5,666,252	5,499,957

Included within wages and salaries figure is an amount of £352k (2018: £265k) in respect of temporary staff costs and £337k (2018: £243k) in respect of casual staff.

d. Higher paid employees

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

	2019	2018
	Number	Number
£100,000 to £109,999	1	-
£90,000 to £99,999	-	1
£80,000 to £89,999	-	-
£70,000 to £79,999	-	-
£60,000 to £69,999	1	-

e. Birmingham Museums Trading Limited

Included in the above staff costs, the subsidiary Birmingham Museums Trading Limited was recharged for 62 staff members (2018: 64 staff) whose costs are wholly or partly included within the results of the subsidiary given at note 16.

The employment costs incurred by Birmingham Museums Trading Limited were:

	2019	2018
	£	£
Wages and Salaries	757,571	670,783
Social Security costs	34,513	34,845
Pension costs	8,830	6,055
	800,914	711,683

Included within wages and salaries above is an amount of £85k (2018: £118k) 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 1,126 (2018: 1,000) volunteers supported BMT, giving us over 27,436 hours (2018: 26,600 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. We awarded Volunteer of the Year, Student Volunteer of the Year and over 60 Long Service Awards to volunteer team members.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

8. Fixed Assets

a) Tangible Fixed Assets

Group	Leasehold Improvements £	Plant and Equipment £	Fittings £	Equipment £	Total £
Cost					
At 1st April 2018	5,407,817	592,323	6,853,869	686,855	13,540,864
Additions	258,536	35,046	1,295,115	43,752	1,632,449
Disposals	-	-	-	-	-
At 31st March 2019	5,666,353	627,369	8,148,984	730,607	15,173,313
Depreciation					
At 1st April 2018	5,306,603	466,053	4,009,563	466,399	10,248,618
Charge for the year	2,100	70,316	645,390	85,939	803,745
At 31st March 2019	5,308,703	536,369	4,654,953	552,338	11,052,363
Net Book Value At 31st March 2019	357,650	91,000	3,494,031	178,269	4,120,950
Net book Value At 31st March 2018	101,214	126,270	2,844,306	220,456	3,292,246

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £5k (2018: £134k.).

Company	Leasehold Improvements £	Plant and Equipment £	Fittings £	Computer Equipment £	Total £
Cost					
At 1st April 2018	198,951	432,516	1,619,597	547,743	2,798,807
Additions	258,536	20,194	1,295,115	43,752	1,617,597
Disposals	-	-	-	-	-
At 31st March 2019	457,487	452,710	2,914,712	591,495	4,416,404
Depreciation					
At 1st April 2018	99,837	314,884	719,099	327,287	1,461,107
Charge for the year	-	68,588	222,152	85,939	376,679
At 31st March 2019	99,837	383,472	941,251	413,226	1,837,786
Net Book Value At 31st March 2019	357,650	69,238	1,973,461	178,269	2,578,618
Net Book Value At 31st March 2018	99,114	117,632	900,498	220,456	1,337,700

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £5k (2018: 134k).

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (continued)

8. Fixed Assets (continued)

b) Intangible Fixed Assets

Group and Company	Software £
Cost	
At 1st April 2018	84,118
Additions	5,336
At 31st March 2019	89,454
Depreciation	
At 1st April 2018	37,760
Charge for the year	21,276
At 31st March 2019	59,036
Net Book Value At 31st March 2019	30,418
Net Book Value At 31st March 2018	46,358

9. Stocks

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Goods for resale	179,406	-	184,896	-

Stock recognised as expense during the year was £738k (2018: £574k)

10. Debtors

Amounts due in one year

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade debtors	592,821	461,863	668,036	548,131
Amounts owed by group companies	-	892,213	-	1,292,907
Tax and social security	177,382	274,895	-	-
Other debtors	14,010	14,010	8,456	8,456
Prepayments and accrued income	487,910	487,478	167,426	165,810
Loan from BCC	105,823	105,823	109,209	109,209
	1,377,946	2,236,282	953,127	2,124,513

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements *(continued)*

10 Debtors *(continued)*

Amounts due after more than one year:

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Birmingham City Council	705,095	705,095	810,918	810,918

11. Creditors

Amounts due within one year:

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade creditors	456,354	373,279	350,853	309,515
Tax and social security	93,200	196,126	314,497	241,379
Loan from Birmingham City Council	105,823	105,823	109,209	109,209
Other creditors	26,723	3,049	101,590	18,581
Accruals and deferred income	163,071	84,421	251,729	186,393
Amounts owed to group companies	-	-	-	-
	845,171	762,698	1,127,878	865,077

Amounts due after more than one year:

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Loan from Birmingham City Council	705,095	705,095	810,918	810,918

Deferred income (group and company)

Deferred income comprises grants received in advance of expenditure.

	Group £	Company £
Balance as at 1 April 2018	13,575	13,575
Amount released to income from Charitable Activities	(13,575)	(13,575)
Amount deferred in year	35,035	27,384
Balance as at 31 March 2019	35,035	27,384

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (continued)

12. Financial instruments

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through statement of financial activities	1,444,239	1,285,383	3,248,832	2,381,019
Financial assets that are debt instruments measured at amortised cost	1,489,037	2,348,076	1,487,410	2,660,412
	2,933,276	3,633,459	4,736,242	5,041,431

Financial liabilities

Financial liabilities measured at amortised cost	1,515,231	1,460,143	2,239,423	2,256,116
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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 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Within one year	105,823	105,823	109,209	109,209
In 1-2 years	101,785	101,785	105,823	105,823
In 2-5 years	273,678	273,678	290,326	290,326
Over 5 years	329,632	329,632	414,769	414,769
	810,918	810,918	920,127	920,127

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)

13. 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 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	-	-
English Civic Museum	-	3,000	-	-	-	3,000
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 Refurbishment	-	88,875	-	-	-	88,875
The Big Store	-	70,000	-	-	-	70,000
Welcome All	127,355	-	(48,210)	-	-	79,145
Other	28,353	-	(12,264)	-	-	16,088
	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	-	4,566,149
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	1,729,099	7,936,215	(8,069,838)	8,202	-	1,603,678
Trading Reserve	19,954	-	-	(9)	-	19,945
	1,749,053	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

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*)

13. 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. Birmingham Manufacturers - Collections documentation and research project, grant from Arts Council England Designation Development Fund.
- c. Change Makers - BAME leadership programme, grant from Arts Council England.
- d. Collecting Birmingham - community acquisitions programme; funded through a grant from Heritage Lottery Fund and Arts Council England Major Partner Museum funding.
- e. Dippy on Tour - Exhibition and education programme, sponsorship from Paradise, grant from Friends of Birmingham Museums, partnership funding from the Natural History Museum.
- f. Islamic Art and Material Culture 2015-18 - A subject specialist network; grant from Arts Council England.
- g. Made in Birmingham - Gallery at Thinktank; this fund is being released as the asset depreciates.
- h. Millennium Point Trust - Grant to support programmes and projects at Thinktank, Birmingham Science Museum.
- i. Minibrium - New gallery and education programme, grants from BEIS and Wellcome led Inspiring Science Fund, Garfield Weston Foundation, Stavros Niarchos Foundation, The Wolfson Foundation, The 29th May 1961 Charity, Grimmitt Trust, Rowlands Trust and other donors.
- j. 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.
- k. 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.
- l. Planetarium - This fund is being released as the assets depreciate.
- m. Portable Antiquities Scheme - Recording archaeological objects found by members of the public in England and Wales; DCMS grant support, administered by the British Museum.
- n. Rent and Service Charge Grant - Grant support from Birmingham City Council at Thinktank.
- o. 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.
- p. Smethwick Engine restoration and redisplay - two donations.
- q. Spitfire Gallery - Opened at Thinktank in March 2015; grants (various funders) and public donations. This fund will be released as the asset is depreciated.
- r. 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.
- s. 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. This fund will be released as the asset is depreciated.
- t. Tessa Sidey Refurbishment - legacy amount donated to enable the refurbishment Birmingham's Fine Art collection.
- u. 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.

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)

13. 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 2017 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss) £	Balance at 31 March 2018 £
General Restricted Funds						
Arts Council Collection National Partner Fund	97,554	215,000	(184,281)	-	-	128,273
Birmingham Manufacturers	19,107	42,293	(60,453)	-	-	947
Change Makers	47,717	72,758	(120,475)	-	-	-
Collecting Birmingham	100,404	-	(83,921)	-	-	16,483
Dippy on Tour	-	10,000	(9,623)	-	-	377
English Civic Museum	3,777	18,000	(18,017)	(3,760)	-	-
Islamic Art & Material Culture 2015-18	5,130	39,597	(30,550)	-	-	14,177
Made in Birmingham	515,926	-	(176,550)	487,598	-	826,974
Millennium Point Trust	-	300,000	(299,912)	(88)	-	-
Minibrium	10,000	801,515	(15,934)	-	-	795,581
Museums for Birmingham	8,652	109,464	(54,834)	-	-	63,282
NAWM Graduate Showcase	26,853	47,000	(46,891)	-	-	26,962
Planetarium	63,256	-	(2,627)	(58,529)	-	2,100
Portable Antiquities Scheme	24,327	85,448	(86,645)	-	-	23,130
Rent and Service Charge Grant	-	1,417,000	(1,417,000)	-	-	-
Resilience Project	4,485	-	-	(4,485)	-	-
Science for all Seasons	1,219,907	-	(236,820)	133,747	-	1,116,834
Smethwick Engine Repair	10,000	33,020	-	-	-	43,020
Spitfire Gallery	74,715	-	(13,176)	(325)	-	61,214
Staffordshire Hoard Gallery	382,882	-	(128,794)	236,728	-	490,816
The Crunch	20,649	-	-	(20,649)	-	-
Welcome All	183,909	-	(55,596)	(958)	-	127,355
Other	24,593	43,030	(32,825)	(7,392)	-	27,406
	2,843,843	3,234,125	(3,074,924)	761,887	-	3,764,931
Endowment Fund	902,039	17,400	(17,714)	-	-	901,725
Total Restricted Funds	3,745,881	3,251,525	(3,092,638)	761,888	-	4,666,656
Designated Funds						
Arts Council England (Major Partner Museums)	157,673	1,007,568	(1,022,264)	(15,347)	-	127,630
Renewal Fund	220,000	-	-	(220,000)	-	-
Planetarium	50,000	-	-	(50,000)	-	-
Science for all Seasons	573,502	-	(10,498)	(563,005)	-	-
CRM / Ticketing	68,000	-	(27,121)	13,364	-	54,243
	1,069,176	1,007,568	(1,059,883)	(834,988)	-	181,873
General Unrestricted Funds						
General Fund	1,196,806	7,776,952	(7,317,179)	72,519	-	1,729,098
Trading Reserve	19,373	-	-	581	-	19,954
	1,216,179	7,776,952	(7,317,179)	73,100	-	1,749,052
Total Unrestricted Funds	2,285,354	8,784,520	(8,377,062)	(761,887)	-	1,930,925
Pension Deficit	(2,313,000)	-	(341,000)	-	428,000	(2,226,000)
Total Funds	3,718,236	12,036,045	(11,810,700)	-	428,000	4,371,581

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)

14. 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 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	(2583,067)	-	-	30,206
Aston Hall Refurbishment		37,116	-	-	-	37,116
Birmingham Manufacturers	947	-	(474)	-	-	474
Collecting Birmingham	16,483	100,190	(98,218)	-	-	18,455
Dippy on Tour	377	38,095	(51,726)	13,254	-	-
English Civic Museum Network	-	3,000	-	-	-	3,000
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 Refurbishment	-	88,875	-	-	-	88,875
The Big Store	-	70,000	-	-	-	70,000
Welcome All	127,355	-	(48,210)	-	-	79,145
Other	27,406	-	(11,790)	-	-	15,616
	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	127,630	1,007,568	(1,022,855)	(21,447)	-	90,896
(Major Partner Museums)	54,243	-	(27,121)	-	-	27,122
CRM/Ticketing	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	5,563,822	(6,133,329)	8,193	-	2,204,407
Total Unrestricted Funds	2,303,765	7,215,220	(7,183,305)	(13,254)	-	2,322,424
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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (continued)

14. Funds analysis - company (continued)

	Balance at 1 April 2017 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss)	Balance at 31 March 2018 £
Restricted Funds						
Arts Council Collection National Partners Fund	97,554	215,000	(184,281)	-	-	128,273
Birmingham Manufacturers	19,107	42,293	(60,453)	-	-	947
Change Makers	47,717	72,758	(120,475)	-	-	-
Collecting Birmingham	100,404	-	(83,921)	-	-	16,483
Dippy on Tour	-	10,000	(9,623)	-	-	377
English Civic Museum Network	3,777	18,000	(18,017)	(3,760)	-	-
Islamic Art & Material Culture 2015-18	5,130	39,597	(30,550)	-	-	14,177
Millennium Point Trust	-	300,000	(299,912)	(88)	-	-
MiniBrum	10,000	801,515	(15,934)	-	-	795,581
Museums for Birmingham	8,652	109,464	(54,834)	-	-	63,282
NAWM Graduate Showcase	26,853	47,000	(46,891)	-	-	26,962
Portable Antiquities Scheme	24,327	85,448	(86,645)	-	-	23,130
Resilience Project	4,485	-	-	(4,485)	-	-
Smethwick Engine Repairs	10,000	33,020	-	-	-	43,020
Spitfire Gallery	74,715	-	(13,176)	(325)	-	61,214
Staffordshire Hoard Gallery	382,882	-	(128,794)	236,728	-	490,816
The Crunch	20,649	-	-	(20,649)	-	-
Welcome All	183,909	-	(55,596)	(958)	-	127,355
Other	24,593	43,030	(32,825)	(7,392)	-	27,406
	1,044,754	1,817,125	(1,241,927)	199,071	-	1,819,023
Endowment Funds						
Ivan Witton Legacy (including interest receivable)	902,039	17,400	(17,714)	-	-	901,725
Total Restricted Funds	1,946,793	1,834,525	(1,259,641)	199,071	-	2,720,748
Designated Funds						
Arts Council England	157,673	1,007,568	(1,022,264)	(15,347)	-	127,630
(Major Partner Museums)	68,000	-	(27,121)	13,364	-	54,243
CRM/Ticketing	225,673	1,007,568	(1,049,385)	1,983	-	181,873
Unrestricted Funds	1,511,604	6,330,972	(5,523,596)	-	-	2,318,980
Transfer to Restricted Funds	-	-	-	(197,088)	-	(197,088)
	1,511,604	6,330,972	(5,523,596)	(197,088)	-	2,121,892
Total Unrestricted Funds	1,737,277	7,338,540	(6,572,981)	199,071	-	2,303,765
Pension Deficit	(2,313,000)	-	341,000	-	428,000	(2,226,000)
Total	1,371,070	9,173,065	(8,173,622)	-	428,000	2,798,513

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. Analysis of net assets between funds - consolidated

	Restricted £	Pension £	Unrestricted £	Total £
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
Fixed Assets	2,882,765	-	455,839	3,338,604
Net Current Assets	1,783,891	-	2,286,004	4,069,895
Creditors (amounts falling due after more than one year)	-	(2,226,000)	(810,918)	(3,036,918)
Total as At March 2018	4,666,656	(2,226,000)	1,930,925	4,371,581

16. 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:

	2019 £	2018 £
Income	8,140,051	8,471,065
Gift Aid from subsidiary company	643,800	702,000
Total Income	8,783,881	9,173,065
Expenditure on Charitable Activities	(8,827,391)	(8,173,622)
Net Income/(Expenditure)	43,510	999,443
Other recognised gains/(losses)	217,000	428,000
Net Movements in funds	(173,490)	1,427,443
Total funds brought forward	2,798,513	1,371,070
Total Funds carried forward	2,972,003	2,798,513
Represented by:		
Unrestricted income funds	2,322,424	2,303,764
Restricted funds	3,045,579	2,720,749
Pension	(2,396,000)	(2,226,000)
Net Funds	2,972,003	2,798,513

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

16. 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

	2019 £	2018 £
Profit & Loss Account		
Turnover	2,372,363	2,147,980
Cost of Sales	(830,047)	(650,038)
Gross Profit	1,542,316	1,497,942
Administrative expenses	(898,525)	(795,361)
Profit on ordinary activities before Gift Aid	643,791	702,581
Gift Aid to parent undertaking	(643,800)	(702,000)
Retained Profit / (Loss) for the year	(9)	581
The aggregated assets and liabilities of the subsidiary were		
Assets	474,975	1,158,525
Liabilities	(455,030)	(1,138,571)
Net Funds	19,945	19,954

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	(207,936)	(1,842,338)	(2,191,679)
Net incoming / (outgoing) resources	(207,936)	(425,338)	(633,274)
Transfer between funds	-	-	-
Net movement in funds	(207,936)	(425,338)	(633,274)
Fund balances brought forward	(392,794)	1,945,908	1,553,114
Fund balances carried forward	(600,730)	1,520,570	919,840

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

17. 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.

18. Financial Commitments

Debentures and charges

The 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 2019 the group's net recoverable in respect of VAT was £210k (2018: liability £165k).

19. 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 2019.

Birmingham Museums Trading Limited

The Company levied a management charge on Birmingham Museums Trading Limited for the year ended 31 March 2019 amounting to £801k (2017: £712k). 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 £644k for the year ended 31 March 2019 (2018: £702k) as disclosed in Note 16 to the consolidated financial statements.

At 31 March 2019, the Company was due an amount of £236k from Birmingham Museums Trading Limited (2018: £899k).

ThinkTank Trust

The Company levied a management charge on ThinkTank Trust for the year ended 31 March 2019 amounting to Nil.

At 31 March 2019, the Company was due an amount of £656k (2018 £385k) from Thinktank Trust.

At 31 March 2019, Birmingham Museums Trading Limited was due an amount of £nil from Thinktank Trust (2018: 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 (2018: £3.183m) and variable performance payments amounting to £2.049m (2018: £2.096m).

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 (2018: £1.417m) to assist in the provision of lease payments on Thinktank to Millennium Properties Trust.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

20. 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 2019 Birmingham City Council was the sole member of Birmingham Museums Trust.

21. 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 £2,696k (2018: £2,226k) 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 2019	At 31 March 2018
Rate of increase in salaries	3.9%	3.8%
Rate of increase to pensions	2.4%	2.3%
Discount rate	2.5%	2.6%
Inflation assumption – CPI	2.3%	2.3%

Assumed life expectations on retirement at age 65 are:

		At 31 March 2019	At 31 March 2018
Retiring today	Males	20.9	21.9
	Females	23.2	24.3
Retiring in 20 years' time	Males	22.6	24.0
	Females	25.0	26.6

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 2019 £000	Fair value at 31 March 2018 £000
Equities	10,307	10,868
Gilts	1,675	1,243
Bonds	672	651
Property	1,481	1,309
Cash	552	419
Other	2,751	2,516
Fair value of plan assets	17,438	16,903

The actual return on assets over the year was

10	10
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BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements *(continued)*

21. Pension Schemes *(continued)*

Defined Benefit Scheme (continued)

The amounts recognised in the balance sheet are as follows	2019 £000	2018 £000
Present value of scheme liabilities	(19,834)	(19,232)
Fair value of scheme assets	17,438	17,006
Net pension liability	2,396	2,226
Analysis of the amount charged to Statement of Financial Activities:		
Current service cost	420	471
Administration cost	8	7
Interest on the defined liability/(asset)	56	62
Total	484	540
Analysis of the amount recognised in other recognised gains and losses:		
Actuarial (loss)/gain on scheme assets	188	(465)
Actuarial (loss)/gain on scheme liabilities	1,072	893
Actuarial (loss)/gain recognised	1,260	428

Changes to the present value of the defined benefit obligation:

Opening defined benefit obligations	19,232	19,216
Current service cost	420	471
Interest cost	496	537
Contributions by scheme participants	77	83
Actuarial loss/(gain)	1,072	(893)
Benefits paid	(362)	(182)
Past service cost	-	-
Changes in demographic assumptions	(1,101)	-
Experience loss/(gain) on defined benefit obligation	-	-
Closing defined benefit obligations	19,834	19,232

Changes in the fair value of plan assets

Opening plan assets	17,006	16,903
Interest on assets	440	475
Return on assets less interest	188	(465)
Other actuarial gains/(losses)	-	-
Administration expenses	(8)	(7)
Contributions by employers	97	199
Contributions by scheme participants	77	83
Benefits paid	(362)	(182)
Closing plan assets	17,438	17,006

The pension cost charge represents contributions payable by the trust and amounted to £300k (2018: £300k) for the defined benefit scheme.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

21. 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 maximum of £40 per month per employee.

22. Lease Commitments

Land and Building Leases

At 31 March 2019 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:

	2019 £	2018 £
Within one year	600,702	586,052
Between two to five years	2,556,787	2,494,428
More than five years	4,149,122	4,812,188
Total	7,306,611	7,892,668

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

Other Operating Leases

At 31 March 2019 the group and company had future minimum lease payments, in relation to other operating leases, under non-cancellable operating leases as follows:

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Within one year	8,104	8,104	8,104	8,3104
Between two to five years	3,714	3,714	11,818	11,818
More than five years	-	-	-	-
Total	11,818	11,818	19,922	19,922

23. Post Balance Sheet Events

There have been no significant events after the year end.