

BIRMINGHAM MUSEUMS TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



BIRMINGHAM MUSEUMS TRUST
*Annual Report and Consolidated Financial Statements for the year ended
31 March 2018*

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BIRMINGHAM MUSEUMS TRUST

*Annual Report and Consolidated Financial Statements for the year ended
31 March 2018*

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	Moore Stephens LLP Chartered Accountants and Statutory Auditor 35 Calthorpe Road Edgbaston Birmingham B15 1TS
Bankers	HSBC Bank plc 130 New Street Birmingham B2 4JU
Solicitors	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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 2018. This includes the contents of a Strategic Report as required by the Companies Act 2006.

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 Mohammed Rahman
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)
Ms Chrissie Twigg (appointed 19 October 2017)
Ms Tracey Stephenson (appointed 19 October 2017)
Mr Eamon Mooney (appointed 19 October 2017, secretary from 19 April 2018)
Mr Jonnie Turpie (appointed 19 October 2017)
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 19 October 2017, Interim Chair appointed 24 May 2018)
Mrs Deborah de Haes – Chair (resigned 23 May 2018)
Mr Liam Darbon
Dr Ellen McAdam
Mr Adam Rowledge (appointed 15 June 2017)
Mr Aidan Keane (resigned 8 September 2017)
Mr Phillip Smith (resigned 6 May 2017)
Ms Jan Teo (resigned 4 August 2017)

Thinktank Trust

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

Accounts

The Trustees confirm that the Trustees' report and financial statements comply with statutory requirements and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in July 2015 (SORP 2015) and that the Trust's assets are sufficient to fulfil the obligations of the Trust.

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 of to determine the full costs and benefits of areas of BMT's operations and a plan to build sustainability;
- 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.

BIRMINGHAM MUSEUMS TRUST

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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 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. In addition "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 meetings 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 2018

Report of the Trustees and Strategic Report (continued)

Achievements and Performance

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

2017/18 saw the second year of the Arts Council Collection National Partner's Programme with five exhibitions across four venues including *Coming Out: Sexuality, Gender and Identity* at Birmingham Museum and Art Gallery. Other notable exhibitions included *The Past is Now: Birmingham and the British Empire* developed through Arts Council England-funded Change Makers programme and co-curated with six Birmingham based activists; and *Knights of the Raj*, an exhibition led by Soul City Arts in partnership with Future Seed CIC and BMT. Two projects came to a close: the Arts Council England's Designation Development funded *Birmingham Manufacturers* project, which saw the cataloguing of 2,527 objects and digitisation of 3,500 objects from the Science and Industry collection; and the Heritage Lottery funded *Collecting Birmingham* project, through which we engaged 1,500 people and acquired over 170 objects.

BMT won five awards during the year: Working Together Award for the Millers at Sarehole Mill (West Midlands Volunteer Awards); Young People Award for Claire McGibbon (West Midlands Volunteer Awards); Best Birmingham Gallery and Exhibition Space for Birmingham Museum and Art Gallery (Birmingham What's On Readers' Award); Quality Food and Drink accolade for the Edwardian Tearooms (VAQAS); and Best Told Story accolade for the Museum of the Jewellery Quarter (VAQAS). BMT was runner up for Best Midland Art Exhibition for *Inspire 16* children's art competition (Birmingham What's On Readers Award), and was shortlisted for Excellence in Contribution to the Community (Greater Birmingham Chamber of Commerce) and for Best Marketing Campaign for *Coming Out* (Museums and Heritage Awards). Seven venues achieved the VAQAS (Visitor Attraction Quality Assurance Scheme) standard for visitor experience.

Audiences and Engagement

In 2017-18, 930,503 people came to our nine venues. This was down on the previous year's performance, reflecting the impact of the neighbouring building work which severely restricted access to and visibility of Birmingham Museum and Art Gallery. A strong programme of events supported by targeted marketing helped Aston Hall, Blakesley Hall, the Museum of the Jewellery Quarter, Sarehole Mill and Weoley Castle exceed the previous year's attendance.

We attracted new and more diverse audiences. For the first time, over half the visitors to our sites were first time visitors. The proportion of Black Asian Minority Ethnic visitors was 19%, and our audience profile is significantly younger – the proportion of visitors under the age of 44 has grown from less than half to 65% in two years.

A total of 105,239 school children from 1,510 schools took part in our education programme, including 85,991 pupils visiting our museums and a further 19,244 engaged through outreach and 'Museum in a Box' loans kits. 110 children and young people took part in the accredited Arts Award programme, including Syrian refugee groups in Arabic.

223,992 children, young people and adults participated in informal learning activities at our nine venues.

The year saw a 43% rise in community participation, engaging around 7,500 people in 144 events and projects such as the *Finding Faith* programme supported by the British Museum; the *Coming Out* engagement programme working with SHOUT Festival, Unmuted, Birmingham LGBT and Hydayah; and our Wellbeing programme. We developed and hosted five exhibitions with communities.

Over 1,000 volunteers supported BMT, giving us over 26,600 hours of their time across all venues.

PR activity generated over £3.1m worth of media coverage, with over 1,700 articles. National coverage was secured for the BMAG's exhibitions *Coming Out*, *The Past is Now* and *Knights of the Raj*. BMT's involvement in the Leonardo da Vinci 2019 Royal Collection Trust exhibition and *Dippy on Tour* also gained national interest.

2017/18 saw an increase in the success of our digital platforms, with website visits increasing by 14% to nearly 1.2 visits, and social media followers increasing by 22% to over 183,000 followers. Video views on our YouTube channel grew by 56% to over 48,600 views.

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Report of the Trustees and Strategic Report (continued)

Collections

In 2017-18 BMT lent 117 objects to 14 UK museums: 10 Downing Street, Bristol Museum and Art Gallery, Compton Verney, Derby Museum and Art Gallery, Nottingham Contemporary, Middlesbrough Institute of Modern Art, Pallant House, Tate Britain, Tate St Ives, The Ashmolean, The Courtauld Gallery, The Herbert Museum and Art Gallery, The Holburne Museum and The Scottish National Gallery; and to international venue, The National Gallery of Ireland. Over the course of the year 375,105 people attended exhibitions at venues featuring loaned objects from Birmingham's collection.

BMT continued to actively acquire objects for the collection, with 348 acquisitions in 2017/18, the majority relating to the lives of people living, working and growing up in Birmingham through the Collecting Birmingham project including a group of personal items from Eunice McGhie-Belgrave MBE, the original sound system from Birmingham Central Mosque; *In the House of my Father* photographic print and *Pygmalion* interactive sculpture by Donald Rodney, and the Koh-i-Noor restaurant booth and related material. BMT also acquired material from the John Blundall Collection of Puppets, including two sets of puppets from the Cannon Hill Puppet Theatre.

BMT's Conservation department continued to raise its profile as a regional centre of excellence in conservation, through contracting services to external clients and delivering training courses to audiences nationally. The team prepared the 209 objects that will travel as part of the Victorian Radicals Pre-Raphaelite tour of the USA, and with a donation from the Friends of Birmingham Museums undertook specialist conservation work on the natural history specimens for the forthcoming Dippy on Tour exhibition.

BMT staged 25 exhibitions across six of our venues including five as part of the Arts Council Collection National Partners Programme - *I Want! I Want! Art and Technology*, and *Coming Out: Gender, Sexuality and Identity* at BMAG, *Totality* at Thinktank, *Natures Presence* at Blakesley Hall and *Walls Have Ears* at Aston Hall. Other notable exhibitions included: *Thresholds*, a virtual reality experience that restaged the world's first major exhibition of photography by artist Mat Collishaw, the culmination of New Art West Midlands five-year programme of annual exhibitions presenting the best of new work emerging from the region's art schools; *The Past is Now: Birmingham and the British Empire*; and *Knights of the Raj*, showcasing the untold story of the Bangladeshi restaurant owners in Birmingham.

BMT continued to improve the management and care of the city's museum collection, auditing 6,294 objects, cataloguing 2,334 objects, condition checking 746 objects, conserving 485 objects, documenting 2,478 object records to a Level 2 documentation standard and updating 839 object history files. A further 40,556 objects were checked for asbestos as part of our ongoing programme to improve the safe handling and management of the collection.

We delivered the second year of the jointly taught MA Innovation and Leadership in Museum Practice with Birmingham City University, offering professional development opportunities for BMT staff as lecturers and creating a new income stream as well as a new resource through student live project placements.

Development

Our fundraising strategy aims to build a diverse and sustainable portfolio of income streams bringing in project-specific capital and unrestricted income. Our priorities are raising the profile of BMT as a charity and increasing individual giving and corporate support, particularly from Midlands and Birmingham-based people and organisations.

BMT generated fundraising income of £1,709,997 from a range of supporters, donors and grant-makers.

Highlights include:

- Securing a grant of £1.4m from the BEIS and Wellcome Trust Inspiring Science Fund for MiniBum, a new gallery for young families due to open at Thinktank in 2019. The Garfield Weston Foundation, the Stavros Niarchos Foundation and The Wolfson Foundation also generously awarded funding for the gallery;
- Our rainbow-themed Director's Dinner with an exclusive preview of *Coming Out: Gender, Sexuality and Identity*;
- The launch of BMT's Legacy Giving strategy which highlights how a gift in a will provides donors with the opportunity to have a lasting connection with our museums; and
- Birmingham Heritage Week showcased Birmingham's social, cultural and industrial heritage with over 100 events across the city thanks to the support of Historic England, the University of Birmingham, and the Culture Card.

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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 include:

- An increase in net profit from £608k in 2017 to £702k for 2018;
- Food and Beverage margins increased by 4%;
- Continued excellence in 'Food & Beverage', recognised by the Visit England Quality Food & Drink Accolade for the Edwardian Tearooms; and
- Continued development of new initiatives including;
 - Development of a new shop for Sarehole Mill;
 - Launch of Waterhall Weddings, facilitating civil ceremonies at Birmingham Museum & Art Gallery;
 - Creation of a new guidebook at BMAG and continued development of bespoke collection-inspired merchandise;
 - Launch of the Birmingham Museums online shop; and
 - Introduction of 'Press for Champagne' buttons and the growth of our popular Lates programme at the Edwardian Tearooms.

In addition, we increased income from our commercial events programme to over £30k. Highlights of this programme included Blakesley Hall Ale Festival, Hall of the Damned at Aston Hall and an Unexpected Birthday Party at Sarehole Mill.

Future plans and direction of the charity

The future plans and direction of the charity are set out in a strategic plan which is revised annually and is available on the website. This plan details the future developments in line with the BMT's vision is *to reflect Birmingham to the world, and the world to Birmingham* and its strategic aims of:

- Leading in Excellence;
- Developing the collection and venues;
- Growing and diversifying audiences;
- Building a sustainable business; and
- Investing in people.

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 2018. 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 £0.057m (2017: £0.075m). 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.

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Report of the Trustees and Strategic Report (continued)

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 2018, BMT, as a consolidated entity, had unrestricted reserves of £1.931m (2017: £2.285m), restricted reserves of £4.667m (2017: £3.746m), and a pension reserve deficit of £2.226m (2017: £2.313m). Total reserves at 31 March 2018 were £4.372m (2017: £3.718m).

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.

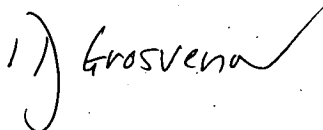
Auditors

Moore Stephens LLP have been the Trust's external auditors throughout the year.

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are aware, there is no relevant audit information of which the Birmingham Museums Trust auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Birmingham Museums Trust's auditors are aware of that information.

Approved by the Board of Trustees on 8 November 2018 and signed on their behalf by:



Professor Ian Grosvenor
Chairman

8 November 2018

BIRMINGHAM MUSEUMS TRUST
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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.

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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 'charitable group') for the year ended 31 March 2018, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable group's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 charitable group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the trustees 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 charitable group'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 charitable group or to cease operations, or have no realistic alternative but to do so.

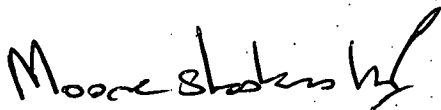
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable group's members and the charity's 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 group, the charitable group's members as a body, and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

35 Calthorpe Road
Edgbaston
Birmingham
West Midlands
B15 1TS

Date: 19 November 2018

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Consolidated Statement of Financial Activities
For the year ended 31 March 2018

	Note	Unrestricted Funds £	Restricted Funds £	Pension Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and legacies		-	17,400	-	17,400	-
Investments						
Rental income		18,630	-	-	18,630	30,600
Interest receivable		1,323	-	-	1,323	1,906
Charitable activities						
Visitor admissions and outreach income		2,096,335	-	-	2,096,335	2,069,000
Grants receivable and other income		4,520,252	3,234,125	-	7,754,377	6,826,008
Other trading activities						
Income from trading activities of Subsidiary		2,147,980	-	-	2,147,980	1,973,295
Total Income	4	8,784,520	3,251,525	-	12,036,045	10,900,809
Expenditure on:						
Raising funds						
Expenses from trading activities of Subsidiary		(1,445,399)	-	-	(1,445,399)	(1,365,394)
Fundraising costs		(71,799)	-	-	(71,799)	(91,090)
Charitable activities						
Museum costs		(6,859,864)	(3,092,638)	(341,000)	(10,293,502)	(10,351,331)
Total Expenditure	5	(8,377,062)	(3,092,638)	(341,000)	(11,810,700)	(11,807,816)
Net income/(expenditure)		407,458	158,887	(341,000)	225,345	(907,007)
Transfers between Funds		(761,888)	761,888	-	-	-
Other recognised gains/(losses)						
Return on Pension Fund Assets		-	-	893,000	893,000	(4,883,000)
Change in financial assumptions		-	-	(465,000)	(465,000)	3,308,000
Net movement on pension fund		-	-	428,000	428,000	(1,575,000)
Net movement in funds		(354,430)	920,775	87,000	653,345	(2,482,007)
Reconciliation of funds						
Fund balances brought forward as previously reported		2,285,355	3,745,881	(2,313,000)	3,718,236	5,057,000
Prior year adjustment		-	-	-	-	1,143,243
Fund balances brought forward restated		2,285,355	3,745,881	(2,313,000)	3,718,236	6,200,243
Fund balance carried forward		1,930,925	4,666,656	(2,226,000)	4,371,581	3,718,236

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
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Consolidated Statement of Financial Activities
For the year ended 31 March 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Pension Fund £	Total 2017 £
Income and endowments from:					
Donations and legacies		-	-	-	-
Investments					
Rental income		30,600	-	-	30,600
Interest receivable		-	1,906	-	1,906
Charitable activities					
Visitor admissions and outreach income		2,069,000	-	-	2,069,000
Grants receivable and other income		4,267,243	2,558,765	-	6,826,008
Other trading activities					
Income from trading activities of subsidiary		1,973,295	-	-	1,973,295
Total Income	4	8,340,138	2,560,671	-	10,900,809
Expenditure on:					
Raising funds					
Expenses from trading activities of subsidiary		(1,365,394)	-	-	(1,365,394)
Fundraising costs		(91,090)	-	-	(91,090)
Charitable activities					
Museum costs		(7,043,899)	(3,129,433)	(178,000)	(10,351,332)
Total Expenditure	5	(8,500,383)	(3,129,433)	(178,000)	(11,807,816)
Net income/(expenditure)		(160,245)	(568,762)	(178,000)	(907,007)
Transfers between Funds		29,738	(29,738)	-	-
Other recognised gains/(losses)					
Return on Pension Fund Assets		-	-	(4,883,000)	(4,883,000)
Change in financial assumptions		-	-	3,308,000	3,308,000
Net movement on pension fund		-	-	(1,575,000)	(1,575,000)
Net movement in funds		(130,507)	(598,500)	(1,753,000)	(2,482,007)
Reconciliation of funds					
Fund balances brought forward as previously reported		1,272,619	4,344,381	(560,000)	5,057,000
Prior year adjustment		1,143,243	-	-	1,143,243
Fund balances brought forward restated		2,415,862	4,344,381	(560,000)	6,200,243
Fund balance carried forward		2,285,355	3,745,881	(2,313,000)	3,718,236

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.

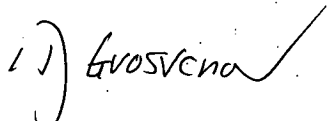
BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Consolidated Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	8a	3,292,246	3,811,960
Intangible assets	8b	46,358	29,248
		<u>3,338,604</u>	<u>3,841,208</u>
Current Assets			
Stock	9	184,896	174,076
Debtors: amounts falling due in one year	10	953,127	1,846,436
Debtors: amounts falling due after more than one year	10	810,918	920,127
Cash at bank and in hand		<u>3,248,832</u>	<u>1,850,594</u>
		5,197,773	4,791,233
Creditors: amounts falling due within one year	11	(1,127,878)	(1,681,078)
Net Current Assets		<u>4,069,895</u>	<u>3,110,155</u>
Total Assets less Current Liabilities		7,408,499	6,951,363
Creditors: amounts falling due after more than one year	11	(810,918)	(920,127)
Net pensions deficit	21	(2,226,000)	(2,313,000)
NET ASSETS		<u>4,371,581</u>	<u>3,718,236</u>
Funds			
Unrestricted	13,15	1,930,925	2,285,355
Restricted	13,15	4,666,656	3,745,881
Pension	13,15	(2,226,000)	(2,313,000)
TOTAL FUNDS		<u>4,371,581</u>	<u>3,718,236</u>

The notes on pages 17 to 39 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 8 November 2018 and were signed on its behalf by:



Professor Ian Grosvenor
Chairman

8 November 2018


BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Company Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	8a	1,337,699	1,439,557
Intangible Assets	8b	46,358	29,248
		<u>1,384,057</u>	<u>1,468,805</u>
Current Assets			
Debtors: amounts falling due in one year	10	2,124,514	2,022,256
Debtors: amounts falling due after more than one year	10	810,918	920,127
Cash at bank and in hand		2,381,018	1,538,530
		<u>5,316,450</u>	<u>4,480,913</u>
Creditors: amounts falling due within one year	11	(865,077)	(1,345,521)
Net Current Assets		<u>4,451,373</u>	<u>3,135,392</u>
Total Assets less Current Liabilities		5,835,430	4,604,197
Creditors: amounts falling due after more than one year	11	(810,918)	(920,127)
Net pensions deficit	21	(2,226,000)	(2,313,000)
NET ASSETS		<u>2,798,512</u>	<u>1,371,070</u>
Funds			
Unrestricted	14,15	2,303,763	1,737,277
Restricted	14,15	2,720,749	1,946,973
Pension	14,15	(2,226,000)	(2,313,000)
TOTAL FUNDS		<u>2,798,512</u>	<u>1,371,070</u>

The notes on pages 17 to 39 form part of these accounts.

These financial statements were approved and authorised for issue by the Board of Trustees on 8 November 2018 and were signed on its behalf by:


Professor Ian Grosvenor
Chairman

8 November 2018

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Consolidated Cash Flow Statement
For the year ended 31 March 2018

	Note	2018 £	2017 £
Cash used in operating activities	a	1,724,581	317,493
Cash flows from investing activities	b	(326,343)	(146,014)
Cash flows from financing activities	c	-	-
Increase/(Decrease) in cash during the year		1,398,238	171,479

(a) Cash used in operating activities

	2018 £	2017 £
Net incoming resources	225,344	(907,005)
Adjustments for non-cash items:		
Depreciation	828,947	830,183
Pension fund provision	341,000	178,000
(Increase)/decrease in stocks	(10,820)	(17,729)
(Increase)/decrease in debtors	893,309	455,947
(Decrease)/Increase in creditors	(553,199)	(221,903)
Net cash inflow from operating activities	1,724,581	317,493

(b) Cash flows from investing activities

	2018 £	2017 £
Purchase of tangible fixed assets	(293,831)	(135,791)
Purchase of intangible fixed assets	(32,512)	(10,223)
Net cash outflow from investing activities	(326,343)	(146,014)

(c) Analysis of movements in cash and cash equivalents

	2018 £	2017 £
Increase/decrease in cash and cash equivalents in the year	1,398,238	171,479
Cash and cash equivalents at the beginning of the year	1,850,594	1,679,115
Total cash and cash equivalents at the end of the year	3,248,832	1,850,594

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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. The company has taken advantage of the exemption from disclosing transactions with group entities under the terms of FRS 102. Other 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
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

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

	2018	2017
	£	£
General Restricted Funds		
Arts Council Collection National Partners Fund	215,000	222,064
Birmingham Manufacturers	42,293	43,592
Change Makers	72,758	63,582
Collecting Birmingham	-	125,000
CRM / Ticketing	-	50,000
Dippy on Tour	10,000	-
English Civic Museum Network	18,000	-
Islamic Art & Material culture 2015-18	39,597	45,796
Millennium Point Trust	300,000	300,000
Minibrium	801,515	10,000
Museums for Birmingham	109,464	-
NAWM Graduate Showcase	47,000	46,500
Portable Antiquities Scheme	85,448	81,700
Rent and Service Charge Grant	1,417,000	1,409,000
Smethwick Engine Repair	33,020	10,000
Staffordshire Hoard Research & Conservation	-	68,132
The Crunch	-	25,000
Other	43,030	58,399
	3,234,125	2,558,765
Endowment Fund	17,400	1,906
Total Restricted Funds	3,251,525	2,560,671

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Notes to the Financial Statements (continued)

4. Analysis of incoming resources (continued)

	2018 £	2017 £
Designated Funds (Unrestricted)		
Arts Council England (Major Partner Museums)	1,007,568	1,007,568
General Unrestricted Funds		
Grants Receivable and Other Income	331,007	76,675
Birmingham City Council Fees	3,183,000	3,183,000
Visitor Admissions and Outreach Income	2,096,335	2,069,000
Rental Income	18,630	30,600
Trading Activities	2,147,980	1,973,295
	7,776,952	7,332,570
Total Unrestricted Funds	8,784,520	8,340,138
Total Incoming Resources	12,036,045	10,900,809

5. Analysis of total resources expended

	Fundraising £	Museum Costs £	Governance £	2018 £	2017 £
Costs directly allocated to activities					
Staff costs	71,799	4,081,049	-	4,152,848	3,934,736
Marketing	-	268,036	-	268,036	293,245
Maintenance	-	338,699	-	338,699	289,169
Finance and Administration	-	9,287	36,752	46,039	61,021
Other operating expenditure	-	4,375,251	19,961	4,395,212	4,648,993
Depreciation	-	828,947	-	828,947	830,184
Direct Costs Total	71,799	9,901,269	56,713	10,029,781	10,057,348
Support costs allocated to activities					
Staff costs	-	1,347,108	-	1,347,108	1,396,939
Finance and Administration	-	30,838	-	30,838	111,077
Professional fees	-	61,973	-	61,973	64,452
Pension Fund charges	-	341,000	-	341,000	178,000
Support Costs Total	-	1,780,919	-	1,780,919	1,750,468
Total Costs	71,799	11,682,188	56,713	11,810,700	11,807,816

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Notes to the Financial Statements (continued)

6. Analysis of total resources expended (continued)

Total resources expended include:

	2018 £	2017 £
Depreciation	813,545	816,389
Amortisation	15,402	13,795
Auditor's remuneration – audit of these financial statements	28,550	11,000
Auditor's remuneration – audit of financial statements of subsidiaries	9,250	10,000
Auditor's remuneration – non-audit services	1,000	-
Operating lease charges: land and buildings	575,883	574,498
Operating lease charges: other than land and buildings	6,812	19,000

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 £389k (2017: £507k).

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 £7,500 (2017: £8,633) 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 £210 (2017: £490) was reimbursed to one (2017: five) trustees in respect of expenses mainly related to travel.

8. Employee numbers and costs

a. Average number of persons employed

	Number 2018	Number 2017
Fundraising	3	4
Museum	162	162
Support and administration	40	41
	205	207

b. Full Time Equivalent employed

	FTE 2018	FTE 2017
Fundraising	3	4
Museum	142	140
Support and administration	37	38
	182	182

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2018

Notes to the Financial Statements (continued)

7. Employee numbers and costs (continued)

c. Employee costs

	2018	2017
	£	£
Wages and Salaries	4,880,467	4,795,004
Social Security costs	365,383	369,858
Pension costs	254,107	163,812
	5,499,957	5,328,674

Included within wages and salaries figure is an amount of £352k (2017: £265k) in respect of temporary staff costs and £337k (2017: £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:

	2018	2017
	Number	Number
£90,000 to £99,999	1	1
£80,000 to £89,999	-	-
£70,000 to £79,999	-	1
£60,000 to £69,999	-	-

e. Birmingham Museums Trading Limited

Included in the above staff costs, the subsidiary Birmingham Museums Trading Limited was recharged for 64 staff members (2106-17 37 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:

	2018	2017
	£	£
Wages and Salaries	670,783	624,988
Social Security costs	34,845	34,275
Pension costs	6,055	2,901
	711,683	662,164

Included within wages and salaries above is an amount of £118k (2017: £109k) 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 1000 (2017: 700) volunteers supported BMT, giving us over 26,600 hours (2017: 23,000 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. Our volunteers were recognised in the West Midlands Volunteer Awards 2017; our Millers at Sarehole Mill won the Working Together Award, and one of our young volunteers won the Young People Award.

BIRMINGHAM MUSEUMS TRUST
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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 2017	5,308,703	580,192	6,821,819	536,320	13,247,034
Additions	99,113	12,132	32,050	150,536	293,831
Disposals	-	-	-	-	-
At 31st March 2018	5,407,816	592,324	6,853,869	686,856	13,540,865
Depreciation					
At 1st April 2017	5,303,976	369,319	3,357,223	404,556	9,435,074
Charge for the year	2,627	96,734	652,340	61,844	813,545
At 31st March 2018	5,306,603	466,053	4,009,563	466,400	10,248,619
Net Book Value At 31st March 2018	101,213	126,271	2,844,306	220,456	3,292,246
Net book Value At 31st March 2017	4,727	211,863	3,463,606	131,764	3,811,960

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £134k (2017: £Nil.).

Company	Leasehold Improvements £	Plant and Equipment £	Fittings £	Equipment £	Total £
Cost					
At 1st April 2017	99,837	429,023	1,587,547	397,207	2,513,614
Additions	99,113	3,494	32,050	150,536	285,193
Disposals	-	-	-	-	-
At 31st March 2018	198,950	432,517	1,619,597	547,743	2,798,807
Depreciation					
At 1st April 2017	99,837	218,150	489,997	266,073	1,074,057
Charge for the year	-	96,734	229,102	61,214	387,050
At 31st March 2018	99,837	314,884	719,099	327,287	1,461,107
Net Book Value At 31st March 2018	99,113	117,633	900,498	220,456	1,337,700
Net Book Value At 31st March 2017	-	210,873	1,097,550	131,134	1,439,557

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £134k (2017: Nil).

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
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Notes to the Financial Statements (continued)

8. Fixed Assets (continued)

b) Intangible Fixed Assets

Group and Company

	Software £
Cost	
At 1st April 2017	51,607
Additions	32,512
At 31st March 2018	84,119
Depreciation	
At 1st April 2017	22,359
Charge for the year	15,402
At 31st March 2018	37,761
Net Book Value At 31st March 2018	46,358
Net Book Value At 31st March 2017	29,248

9. Stocks

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Goods for resale	184,896	-	174,076	-

Stock recognised as expense during the year was £574k (2017: £555k)

10. Debtors

Amounts due in one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade debtors	668,036	548,131	748,365	677,340
Amounts owed by group companies	-	1,292,907	-	832,352
Tax and social security	-	-	83,589	-
Other debtors	8,456	8,456	22,429	22,429
Prepayments and accrued income	276,635	275,019	992,053	490,135
	953,127	2,124,513	1,846,436	2,022,256

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Notes to the Financial Statements (continued)

10 Debtors (continued)

Amounts due after more than one year:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Birmingham City Council	810,918	810,918	920,127	920,127

11. Creditors

Amounts due within one year:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade creditors	350,854	309,516	725,990	686,881
Tax and social security	314,497	241,379	209,788	135,715
Loan from Birmingham City Council	109,209	109,209	111,498	111,498
Other creditors	101,590	18,581	108,842	40,954
Accruals and deferred income	251,728	186,393	524,960	150,992
Amounts owed to group companies	-	-	-	219,481
	1,127,878	865,078	1,681,078	1,345,521

Amounts due after more than one year:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Loan from Birmingham City Council	810,918	810,918	920,127	920,127

Deferred income (group and company)

Deferred income comprises grants received in advance of expenditure:

	Group £	Company £
Balance as at 1 April 2017	361,782	9,532
Amount released to income from Charitable Activities	(361,782)	(9,532)
Amount deferred in year	13,575	13,575
Balance as at 31 March 2018	13,575	13,575

BIRMINGHAM MUSEUMS TRUST
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Notes to the Financial Statements (continued)

12. Financial instruments

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through statement of financial activities	3,248,832	2,381,018	1,850,594	1,538,530
Financial assets that are debt instruments measured at amortised cost	1,487,410	2,660,412	1,774,510	2,452,248
	4,736,242	5,041,430	3,625,104	3,990,778

Financial liabilities

Financial liabilities measured at amortised cost	1,925,221	1,662,420	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 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Within one year	109,209	109,209	111,997	111,997
In 1-2 years	105,823	105,823	109,209	109,209
In 2-5 years	290,326	290,326	305,642	305,642
Over 5 years	414,769	414,769	504,777	504,777
	920,127	920,127	1,031,625	1,031,625

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
Annual Report and Consolidated Financial Statements for the year ended
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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 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	100,405	-	(83,922)	-	-	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	24,326	85,448	(86,644)	-	-	23,130
Rent and Service Charge Grant	-	1,417,000	(1,417,000)	-	-	-
Resilience Project	4,485	-	-	(4,485)	-	-
Science for all Seasons	1,219,906	-	(236,820)	133,748	-	1,116,834
Smethwick Engine Repair	10,000	33,020	-	-	-	43,020
Spitfire Gallery	74,715	-	(13,176)	(325)	-	61,214
Staffordshire Hoard Gallery	366,524	-	(107,685)	218,647	-	477,486
Staffordshire Hoard Replicas	2,878	-	(389)	(706)	-	1,783
Staffordshire Hoard Research & Conservation	13,481	-	(20,722)	18,787	-	11,546
The Crunch	20,649	-	-	(20,649)	-	-
Welcome All	183,909	-	(55,596)	(958)	-	127,355
Other	24,592	43,030	(32,823)	(7,392)	-	27,407
	2,843,842	3,234,125	(3,074,924)	761,888	-	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	573,503	-	(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	2,285,355	8,784,520	(8,377,062)	(761,888)	-	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.

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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). This fund will be released as the asset is depreciated.
- s. Staffordshire Hoard Research and Conservation - Grants (various funders) and public donations. This fund will be released as the asset is depreciated.
- t. 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.

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
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Notes to the Financial Statements (continued)

13. Funds analysis - consolidated (continued)

	Balance at 1 April 2016 £	Incoming Resources £	Outgoing Resources £	Transfer £	Other Gain (Loss) £	31 March 2017 £
General Restricted Funds						
Arts Council Collection National Partner Fund	-	222,064	(124,510)	-	-	97,554
Birmingham Manufacturers	-	43,592	(24,485)	-	-	19,107
Change Makers	-	63,582	(15,865)	-	-	47,717
Collecting Birmingham	120,586	125,000	(145,181)	-	-	100,405
CRM Ticketing	50,000	50,000	(100,000)	-	-	-
English Civic Museum	13,000	-	(9,223)	-	-	3,777
Islamic Art & Material Culture 2015-18	13,572	45,796	(54,238)	-	-	5,130
Made in Birmingham	692,463	-	(176,537)	-	-	515,926
Millennium Point Trust	-	300,000	(300,000)	-	-	-
Minibrum	-	10,000	-	-	-	10,000
Museums for Birmingham	27,652	-	(19,000)	-	-	8,652
NAWM Graduate Showcase	25,578	46,500	(45,225)	-	-	26,853
Planetarium	65,884	-	(2,628)	-	-	63,256
Portable Antiquities Scheme	24,487	81,700	(81,861)	-	-	24,326
Rent and Service Charge Grant	-	1,409,000	(1,409,000)	-	-	-
Resilience Project	10,877	-	(6,392)	-	-	4,485
Science for all Seasons	1,456,727	-	(236,821)	-	-	1,219,906
Smethwick Engine Repair	-	10,000	-	-	-	10,000
Spitfire Gallery	87,891	-	(13,176)	-	-	74,715
Staffordshire Hoard Gallery	473,199	-	(106,675)	-	-	366,524
Staffordshire Hoard Replicas	8,330	-	(5,452)	-	-	2,878
Staffordshire Hoard Research & Conservation	95,123	68,132	(149,774)	-	-	13,481
The Crunch	-	25,000	(4,351)	-	-	20,649
Welcome All	248,085	-	(64,176)	-	-	183,909
Other	30,794	58,399	(34,863)	(29,738)	-	24,592
	3,444,248	2,558,765	(3,129,433)	(29,738)	-	2,843,842
Endowment Fund	900,133	1,906	-	-	-	902,039
Total Restricted Funds	4,344,381	2,560,671	(3,129,433)	(29,738)	-	3,745,881
Designated Funds						
Arts Council England						
(Major Partner Museums)	101,009	1,007,568	(950,904)	-	-	157,673
Renewal Fund	220,000	-	-	-	-	220,000
Planetarium	50,000	-	-	-	-	50,000
Science for all Seasons	584,000	-	(10,497)	-	-	573,503
CRM / Ticketing	68,000	-	-	-	-	68,000
	1,023,009	1,007,568	(961,401)	-	-	1,069,176
General Unrestricted Funds						
General Fund	1,373,381	7,332,570	(7,538,883)	29,738	-	1,196,806
Trading Reserve	19,472	-	(99)	-	-	19,373
	1,392,853	7,332,570	(7,538,982)	29,738	-	1,216,179
Total Unrestricted Funds	2,415,862	8,340,138	(8,500,383)	29,738	-	2,285,355
Pension Deficit	(560,000)	-	(178,000)	-	(1,575,000)	(2,313,000)
Total Funds	6,200,243	10,900,809	(11,807,816)	-	(1,575,000)	3,718,236

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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 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	100,405	-	(83,922)	-	-	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	24,326	85,448	(86,644)	-	-	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	366,524	-	(107,685)	218,647	-	477,486
Staffordshire Hoard Replicas	2,878	-	(389)	(706)	-	1,783
Staffordshire Hoard Research & Conservation	13,481	-	(20,722)	18,787	-	11,546
The Crunch	20,649	-	-	(20,649)	-	-
Welcome All	183,909	-	(55,596)	(958)	-	127,355
Other	24,592	43,030	(32,823)	(7,392)	-	27,407
	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

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.

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Notes to the Financial Statements (continued)

14. Funds analysis - company (continued)

	Balance at 1 April 2016 £	Incoming Resources £	Outgoing Resources £	Funds Transfer £	Other Gain (Loss) £	Balance at 31 March 2017 £
Restricted Funds						
Arts Council Collection National Partners Fund	-	222,064	(124,510)	-	-	97,554
Birmingham Manufacturers	-	43,592	(24,485)	-	-	19,107
Change Makers	-	63,582	(15,865)	-	-	47,717
Collecting Birmingham	120,586	125,000	(145,181)	-	-	100,405
CRM Ticketing	50,000	50,000	(100,000)	-	-	-
English Civic Museum Network	13,000	-	(9,223)	-	-	3,777
Islamic Art & Material Culture 2015-18	13,572	45,796	(54,238)	-	-	5,130
Millennium Point Trust	-	300,000	(300,000)	-	-	-
MiniBrum	-	10,000	-	-	-	10,000
Museums for Birmingham	27,652	-	(19,000)	-	-	8,652
NAWM Graduate Showcase	25,578	46,500	(45,225)	-	-	26,853
Portable Antiquities Scheme	24,487	81,700	(81,861)	-	-	24,326
Resilience Project	10,877	-	(6,392)	-	-	4,485
Smethwick Engine Repairs	-	10,000	-	-	-	10,000
Spitfire Gallery	87,891	-	(13,176)	-	-	74,715
Staffordshire Hoard Gallery	473,199	-	(106,675)	-	-	366,524
Staffordshire Hoard Replicas	8,330	-	(5,452)	-	-	2,878
Staffordshire Hoard Research & Conservation	95,123	68,132	(149,774)	-	-	13,481
The Crunch	-	25,000	(4,351)	-	-	20,649
Welcome All	248,085	-	(64,176)	-	-	183,909
Other	30,794	58,399	(34,863)	(29,738)	-	24,592
	1,229,174	1,149,765	(1,304,447)	(29,738)	-	1,044,754
Endowment Funds						
Ivan Witton Legacy (including interest receivable)	900,133	1,906	-	-	-	902,039
Total Restricted Funds	2,129,307	1,151,671	(1,304,447)	(29,738)	-	1,946,793
Designated Funds						
Arts Council England	101,009	1,007,568	(950,904)	-	-	157,673
(Major Partner Museums)	68,000	-	-	-	-	68,000
CRM/Ticketing	169,009	1,007,568	(950,904)	-	-	225,673
Unrestricted Funds	1,445,626	5,967,275	(5,931,035)	-	-	1,481,866
Transfer to Restricted Funds	-	-	-	29,738	-	29,738
	1,445,626	5,967,275	(5,931,035)	29,738	-	1,511,604
Total Unrestricted Funds	1,614,635	6,974,843	(6,881,939)	29,738	-	1,737,277
Pension Deficit	(560,000)	-	(178,000)	-	(1,575,000)	(2,313,000)
Total	3,183,942	8,126,514	(8,364,386)	-	(1,575,000)	1,371,070

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Notes to the Financial Statements (continued)

15. Analysis of net assets between funds - consolidated

	Restricted	Pension	Unrestricted	Total
	£	£	£	£
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

	Restricted	Pension	Unrestricted	Total
	£	£	£	£
Fixed Assets	2,827,595	-	1,013,801	3,841,396
Net Current Assets	918,288	-	2,191,680	3,109,968
Creditors (amounts falling due after more than one year)	-	(2,313,000)	(920,127)	(3,233,127)
Total as at March 2017	3,745,883	(2,313,000)	2,285,354	3,718,237

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:

	2018 £	2017 £
Income	8,471,064	7,518,514
Gift Aid from subsidiary company	702,000	608,000
Total Income	9,173,064	8,126,514
Expenditure on Charitable Activities	(8,173,622)	(8,364,386)
Net Income/(Expenditure)	999,442	(237,872)
Other recognised gains/(losses)	428,000	(1,575,000)
Net Movements in funds	1,427,442	(1,812,872)
total funds brought forward	1,371,070	3,183,942
Total Funds carried forward	2,798,512	1,371,070
Represented by:		
Unrestricted income funds	2,303,763	1,737,277
Restricted funds	2,720,749	1,946,973
Pension	(2,226,000)	(2,313,000)
Net Funds	2,798,512	1,371,070

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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

	2018 £	2017 £
Profit & Loss Account		
Turnover	2,147,980	1,973,295
Cost of Sales	(650,038)	(636,228)
Gross Profit	1,497,942	1,337,067
Administrative expenses	(795,361)	(729,166)
Profit on ordinary activities before Gift Aid	702,581	607,901
Gift Aid to parent undertaking	(702,000)	(608,000)
Retained Profit / (Loss) for the year	581	(99)

The aggregated assets and liabilities of the subsidiary were

Assets	1,158,525	1,054,513
Liabilities	(1,138,571)	(1,035,140)
Net Funds	19,954	19,373

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	(358,682)	1,832,997	2,191,679
Net incoming / (outgoing) resources	(358,682)	(415,997)	(774,679)
Transfer between funds	(562,817)	562,817	-
Net movement in funds	(921,499)	146,820	(774,679)
Fund balances brought forward	528,705	1,799,088	2,327,793
Fund balances carried forward	(392,794)	1,945,908	1,553,114

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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 2018 the group's net liability in respect of VAT was £165k (2017: £22k).

19. Related Party Transactions

Deborah de Haes, Trustee, was the Chair of Birmingham Museums Trading Ltd and a Trustee of the Friends of Birmingham Museums and Art Gallery.

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 2018.

Birmingham Museums Trading Limited

The Company levied a management charge on Birmingham Museums Trading Limited for the year ended 31 March 2018 amounting to £712k (2017: £662k). The management charge for both years includes the recharge of staff by the Company to Birmingham Museum Trading as disclosed in Note 7d to the consolidated financial statements.

Birmingham Museums Trading Limited made a gift aid donation to the Company of £702k for the year ended 31 March 2018 (2017: £608k) as disclosed in Note 16 to the consolidated financial statements.

At 31 March 2018, the Company was due an amount of £899k Birmingham Museums Trading Limited (2017: £832K).

ThinkTank Trust

The Company levied a management charge on ThinkTank Trust for the year ended 31 March 2018 amounting to Nil.

At 31 March 2018, the Company was due an amount of £385k from Thinktank Trust. As at 31 March 2017, Thinktank Trust was due an amount of £219k from the Company.

At 31 March 2018, Birmingham Museums Trading Limited was due an amount of £nil for Thinktank Trust (2017: £501k)

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 (2017: £3.183m) and variable performance payments amounting to £2.096m (2017: £2.069m).

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 (2017: £1.409m) to assist in the provision of lease payments on Thinktank to Millennium Properties Trust.

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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 2018 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 £2,226k (2017: £2,313k) 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 2018	At 31 March 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase to pensions	2.3%	2.7%
Discount rate	2.6%	2.8%
Inflation assumption – CPI	2.3%	2.7%

Assumed life expectations on retirement at age 65 are:

		At 31 March 2018	At 31 March 2017
Retiring today	Males	21.9	21.8
	Females	24.3	24.2
Retiring in 20 years' time	Males	24.0	23.9
	Females	26.6	26.5

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 2018 £000	Fair value at 31 March 2017 £000
Equities	10,868	10,888
Gilts	1,243	1,372
Bonds	651	700
Property	1,309	1,302
Cash	419	482
Other	2,516	2,159
Fair value of plan assets	17,006	16,903

The actual return on assets over the year was	10	2,933
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Notes to the Financial Statements (continued)

21. Pension Schemes (continued)

Defined Benefit Scheme (continued)

The amounts recognised in the balance sheet are as follows	2018 £000	2017 £000
Present value of scheme liabilities	(19,232)	(19,216)
Fair value of scheme assets	17,006	16,903
Net pension liability	2,226	(2,313)
Analysis of the amount charged to Statement of Financial Activities:		
Current service cost	471	296
Administration cost	7	7
Interest on the defined liability/(asset)	62	19
Total	540	322
Analysis of the amount recognised in other recognised gains and losses:		
Actuarial (loss)/gain on scheme assets	(465)	2,402
Actuarial (loss)/gain on scheme liabilities	893	(3,977)
Actuarial (loss)/gain recognised	428	(1,575)

Changes to the present value of the defined benefit obligation:

Opening defined benefit obligations	19,216	14,359
Current service cost	471	296
Interest cost	537	550
Contributions by scheme participants	-	91
Actuarial loss/(gain)	(893)	5,341
Benefits paid	(182)	(586)
Past service cost	-	-
Changes in demographic assumptions	-	(458)
Experience loss/(gain) on defined benefit obligation	-	(377)
Closing defined benefit obligations	19,232	19,216

Changes in the fair value of plan assets

Opening plan assets	16,903	13,799
Interest on assets	475	531
Return on assets less interest	(465)	2,402
Other actuarial gains/(losses)	-	529
Administration expenses	(7)	(7)
Contributions by employers	199	144
Contributions by scheme participants	83	91
Benefits paid	(182)	(586)
Closing plan assets	17,006	16,903

The pension cost charge represents contributions payable by the trust and amounted to £300k (2017: £231k) for the defined benefit scheme.

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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 2018 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:

	2018 £	2017 £
Within one year	586,052	571,758
Between two to five years	2,494,428	2,433,588
More than five years	4,812,188	5,459,079
Total	7,892,668	8,464,425

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

Other Operating Leases

At 31 March 2018 the group and company had future minimum lease payments, in relation to other operating leases, under non-cancellable operating leases as follows:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Within one year	24,312	24,312	16,560	16,560
Between two to five years	35,455	35,455	42,780	42,780
More than five years	-	-	-	-
Total	59,767	59,767	59,340	59,340

23. Post Balance Sheet Events

There have been no significant events after the year end.