



Scott-Moncrieff
business advisers and accountants

NATIONAL MINING MUSEUM SCOTLAND TRUST

**Trustees' Annual Report and Financial Statements
For the Year Ended 31 March 2018**

Registered Company Number SC088361

Registered Charity Number SC003227

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NATIONAL MINING MUSEUM SCOTLAND TRUST
Trustees' Annual Report and Financial Statements
For the year ended 31 March 2018

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NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report

For the year ended 31 March 2018

Objectives and activities

The mission of the National Mining Museum Scotland Trust ("the Trust") is to: ***preserve and promote Scotland's Mining Heritage for current and future generations through, events, exhibitions, collections management, research and outreach activity.***

The Trust's Strategic Aims are:

- i. To preserve and effectively manage our national collection to ensure benefit to current and future generations.
- ii. To focus on a large and diverse audience.
- iii. To provide enjoyment and inspiration through the highest-quality formal and informal learning opportunities.
- iv. To develop and promote access to an excellent customer experience for all, both actual and virtual.
- v. Fulfill our national and international roles.
- vi. To maximise financial resilience and organisational efficiencies.
- vii. To encourage and develop our staff and volunteers.

The Annual Forward Plan is agreed in April and submitted to the Scottish Government in accordance with the Trust's grant obligations.

National Role

As owner and operator of the National Mining Museum Scotland ("the museum"), based at the grade 'A' listed Lady Victoria Colliery and as one of the three leading independent industrial museums in Scotland, the Trust has continued to take a major part in the governance and ongoing development of Industrial Museums Scotland (IMS).

In March 2017, the museum's Chief Executive was appointed Chair of IMS, a post which she held until 21 March 2018. During this period the Chief Executive worked with the IMS coordinator and the other lead Directors on the management of its marketing project and on the creation and development of two new projects, namely the conservation project and a new education working group for the sharing of practice and development of new education initiatives. Meanwhile the marketing project continued to focus on the digital output of IMS, in particular its *GOINDUSTRIAL* website.

The Keeper represents the museum in the Scottish Transport and Industry Collections and Knowledge Network (STICK) and the Scottish Museums Federation (SMF), attending meetings and conferences as and when required. The Marketing Manager leads the museum's activity on the Midlothian Tourist Forum and Midlothian and Borders Tourism Action Group (MBTAG). Museum Galleries Scotland (MGS) continues to support the museum sector and provides advice and support to the museum when required. As an accredited museum holding a collection recognised by the Scottish Government as being of national significance, the museum has the opportunity to apply to MGS for ring fenced funding towards the cost of accessibility and conservation and care of the collections.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Objectives and activities (continued)

Related parties

The Trust continues to have a good working relationship with a wide range of partner organisations including the Scottish Mining Museum Collection Trust ("SMMCT") which is the owner of most of the museum's collections. The Trust works with agencies and organisations in the heritage, tourism, education and economic development sectors on projects that assist the museum in achieving its objectives. The organisations include Historic Environment Scotland; National Museums Scotland; The Association of Independent Museums; The Museums Association; Visit Scotland and many others.

The Scottish Government provides revenue grants for funding the core activities of the museum and has provided capital grants for the maintenance and improvement of buildings on the Colliery site.

Volunteers

Apart from the Chief Executive, none of the trustees are remunerated. The trustees contribute their time and individual expertise voluntarily without payment. In addition to the work of the trustees the Trust is also dependent on a loyal team of volunteers who continue to support the work of the museum contributing significant hours of work annually including the library, collections cataloguing, gardening and technical services, in the course of which they provide considerable expertise and advice. The trustees place on record their grateful thanks to all of the volunteers for their invaluable contribution to the work and success of the museum.

Achievements and Performance

The museum visitor figures continue to grow and with the recently installed digital visitor figure recorder the figures are more accurate and can indicate trends throughout the year. The total recorded number of visitors to the museum itself in the financial year 2017-18 amounted to 47,076. The total recorded number of "virtual" and online visitors was 213,481, which includes web sessions, Facebook and tweet impressions.

The museum set a revised annual target of 45,000 for the number of visitors to the museum itself. There are indications of a gradual improvement in the number of such visitors as well as an increase in the number of virtual visits to the museum. This is encouraging and can be put down to an increase in the number of events and activities throughout the year, in particular through the very strong education programme and an established routine of utilizing the digital platforms, twitter and Facebook. The Industrial Museums Scotland web site *GOINDUSTRIAL* also feeds in to the museum's virtual visitor figures as it has links to the museum's website and social media platforms.

The museum has retained its five-star status under Visit Scotland's Quality Assurance scheme for visitor attractions for over ten years. Participation in the scheme is open to all Visitor Attractions, Activity Providers, Activity Centres, Arts Venues and Tour Operators that offer a visitor experience. The scheme was refreshed in 2017 and the museum's front of house staff were trained in the expectations and standards of the new assessment procedures. This will be an ongoing process to maintain standards for existing and seasonal staff alike.

The new visitor survey process which the museum introduced in April 2017 has proved useful in providing a better profile of the museum's visitors. On average visitors to the museum have been surveyed for one week each month. The museum intends to continue to gather this data to get a longitudinal overview of visitor trends, to help assess gaps in the visitor market in the future.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Achievements and Performance (continued)

The Building Estate

The repair and maintenance of the Colliery estate and its care and protection for the future is a priority for the Trust. The findings of the updated Condition Survey carried out by LDN Architects in 2016 highlighted the scale of investment that the estate requires, which the Trust fully recognises. Significant external funding will have to be sought in parallel with the development of specific strategic plans to support funding bids.

In the meantime the Trust has been seeking external funding to convert the former soft play facility (closed in 2016 as being no longer economically viable) into space for temporary exhibitions and education activities. The Trust believes that this investment will help to increase visitor numbers and thereby generate additional income. The work which is required includes insulation of the roof, the opening of one of the former 'stable doors' to improve access, wall cladding and plastering, together with fitting of classroom worktops and storage, lighting and heating. The creation of this space will provide more opportunities for community engagement and for working with community groups, children and young people, being groups with whom the museum has not previously been able to engage.

Visitor Experience

The tour guides continue to be a positive feature of the visitor experience and the museum receives good positive feedback from visitors following their tours. Seeking to build on this success, the museum introduced additional tours during the summer months to enable visitors to climb the headframe and take in the outstanding views of the surrounding area that may be obtained from the top. Unfortunately the weather during the summer of 2017 turned out to be very poor, with the result that the uptake was less than expected. However those who did participate in these tours thoroughly enjoyed the experience and welcomed the chance to climb the iconic headframe.

In February 2017 the new post of Commercial and Audience Development Manager was filled. The post was created to improve and consolidate the visitor offer, understand the museum's audience and manage the front of house staff. The priorities that had been identified were to improve the catering and retail offer, manage the two front of house teams, embed a customer care ethos, and develop a visitor survey for the museum. The new post holder has worked well with the front of house staff and has significantly improved the standard of the museum's shops and customer focus. The front of house staff have received training in customer care. At the same time the stocking of the museum's shop has been reviewed, in order to re-position the shop in the local retail market, catering both for museum visitors and for the local community.

The museum's events programme continued to be a success and to attract new audiences, with seasonal events being particularly attractive. Ongoing press and other media coverage have helped the museum by highlighting new projects and encouraging visitors to the museum. Press coverage achieved during the year included: Apprentice Guides – Midlothian Advertiser, Edinburgh Evening News, ASVA, Midlothian View, STV; Newtongrange Silver Band Fundraising Concert – Midlothian Advertiser; Display of the Accident Book – Midlothian Advertiser, Edinburgh Evening News, Midlothian View

The programme of monthly talks organised by the Friends of the Scottish Mining Museum Trust (a separately constituted charitable trust) and supported by the museum's curatorial department, has continued to attract good-sized audiences usually in the range of between 30 and 50 people.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Collections

As already referred to, the ownership of most of the museum's collections is vested in the Scottish Mining Museum Collection Trust (SMMCT) which is a separately constituted charitable trust, the purpose of which is to safeguard the collections and maintain an overview of collections care. Its collections are managed and cared for by the museum pursuant to the terms of a long-term management agreement between SRMCT and NMMST which also provides for the display by the museum of items in the collections. The day to day management and care of the collections is undertaken by the museum's Keeper and Assistant Curator, assisted by a team of collections volunteers, of which there are currently nineteen. The Keeper attends meetings of the trustees of SMMCT, to whom the Keeper provides a periodic report.

Work has continued on accessioning items to the museum's collections (which include artefacts, photographs and books), on improving collections' documentation through the addition of photographs of individual items, on the care and storage of the collections and on the rationalisation of the museum's collection of maps and plans. A new project has been initiated to bring the cataloguing of the museum's library up to professionally recognised global standards, initially to meet standard AACR2. This project will be phased over the next few years, with the intention of raising the profile of the museum's library to achieve recognition as a valuable research resource for academics as well as for the general public.

The considerable contribution made by volunteers to the work of the Curatorial department is recognised and greatly valued by the trustees and by the museum's staff. During the year under review the Curatorial department had an average of 22 volunteers assisting with projects and database management. The museum continues to attract new volunteers.

During the year under review the Keeper negotiated on behalf of the museum a partnership project agreement with the Scottish Railway Preservation Society (SRPS) to be funded by Museums Galleries Scotland. The project encompasses the conservation of two colliery steam "pug" locomotives, both of which were built by Barclays of Kilmarnock and formerly worked in the Scottish coalfield. One of the locomotives (sometime NCB No. 21) belongs to the museum and has been in store at the museum for many years; while the other locomotive (sometime NCB No.3 and currently known as "Lady Victoria") is part of the SRPS collection and had previously worked at Newtongrange. The conservation work on both locomotives will be undertaken by SRPS at their depot at Bo'ness and upon completion both locomotives are to be placed on static display at the museum.

Although it is recognised that the collections themselves as well as the colliery buildings still require a considerable investment of resources, the museum's commitment to best practice industry standards and partnership working makes a contribution towards the following Scottish Government National Outcomes:

- Our public services are high-quality, continually improving, efficient and responsive to local people's needs.
- We value and enjoy our built and natural environment and protect and enhance it for future generations.
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Achievements and Performance (continued)

Staff

The Education Manager post was created to strategically support the education provision in the museum, with a particular focus on STEM subjects, the curriculum for excellence, outreach, lifelong learning and creating new resources for Scottish communities that have a mining heritage. These priorities are in keeping with the National Outcomes set out by the Scottish Government that include:

- We value and enjoy our built and natural environment and protect and enhance it for future generations.
- We take pride in a strong, fair and inclusive national identity.
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others. Our public services are high-quality, continually improving, efficient and responsive to local people's needs.

The Education Manager has significantly raised the profile of the museum with schools in Midlothian, so much so that, by the end of the year under review, every school in the local authority area had become engaged with the museum. Furthermore a successful launch of the education programme at the Scottish Learning Festival fostered new links with communities elsewhere in Scotland which have with a mining background. Significantly the education participation target was superseded by almost double the annual target. The participation figure for 2017/18 was 7,589, which was the highest figure for many years.

The Education Manager successfully applied to Event Scotland for themed funding focused on 'Scotland's Year of Young People' and as a result the museum was awarded a grant of £20,000 to deliver and support a range of activities for and by young people. Following the creation of a youth panel, the Year of Young People project was launched in January 2018. Although most of the large events will take place over the mid to latter part of 2018, planning, consultation and preparation for the programme of events was underway from the summer of 2017.

The Apprentice Guides project was launched for its second year in January 2018, following the great success of the project's first year when it was awarded Historic Environments Scotland's Heritage Angels Award. This project reaches over 100 pupils from across Midlothian and actively engages the young people in history making.

The museum participated in a partnership project with National Museums of Scotland (NMS) called 'Powering Up' which focused on renewable energy and was delivered by NMS staff to schools in the area. It is hoped that this project will continue in the next financial year and that it will enable the museum to develop further partnership projects with NMS in the future.

Across the whole of its staff, the museum's policy and practice is to contribute to the following Scottish Government National Outcomes:

- Our public services are high-quality, continually improving, efficient and responsive to local people's needs.
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
- We are better educated, more skilled and more successful, renowned for our research and innovation.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Financial review

The audited financial statements for the year to 31 March 2018 show total incoming resources of £846,820. The equivalent figure in 2017 was £774,026, which included a credit of £46,000 arising from a discounting of the Trust's cessation deficit in relation to the Lothian Pension Fund (LPF).

The core operating deficit on unrestricted funds for the year to 31 March 2018, before applying a charge of £4,184 in relation to the unwinding of the LPF discount, is £45,096 (2017: £54,721). Total core unrestricted funds carried forward are £827,187 (2017: £876,476).

Reserves policy

Free reserves represent that part of the Trust's income funds that are freely available for general purposes. Recognising the risks associated with the Trust's income and expenditure, the Trustees are aware of the benefits of establishing free reserves to help cover income shortfalls and meet unplanned expenditure. The level of reserves is reviewed by the Trustees annually in relation to the accounts for the previous financial year and consideration given to the adequacy of free reserves. It is acknowledged that general funds, to the extent supported by fixed assets, do not represent free reserves. The nature of the Trust's income and expenditure has required available reserves to cover known obligations. The position is being kept under review by the Trustees.

The unrestricted funds held as net current assets at 31 March 2018 were £176,941 (2017: £214,660) as shown at note 20 to the financial statements.

As explained in note 18, the Trust has ceased to be an employing authority in the Lothian Pension Fund (LPF). The Trust's pension deficit liability is £188,489 (2017: £197,100).

Risk management

The key risks facing the Trust include financial stability and the maintenance and upkeep of buildings. The Board has prepared cash flow forecasts to 31 March 2019 and has continued to make instalment repayments to Lothian Pension Fund in terms of the repayment agreement previously negotiated with respect to the pension deficit liability. The Trust plans to seek external funding towards the repair and maintenance of the buildings comprised in the Colliery estate. The Trust continues to pursue initiatives to raise the profile of the museum, promote its facilities, and exploit opportunities including those arising from the recently reopened Borders Railway and railway station at Newtongrange.

Plans for future periods

Strategic Developments for the Museum

The applications for funding to enable the project to preserve and conserve the iconic Boiler House are currently on hold to allow the museum to prepare key plans and objectives as part of the review of its overall strategic plan. This is intended to ensure that future funding bids are sufficiently robust and strategically viable, especially given the range of funders and key partners that will be required not only to provide the funding, but also to help deliver the project.

The Chief Executive was co-opted as a trustee to the Association of Independent Museums (AIM) in November 2017. Subsequent to the end of the year under review her election to its board was formally confirmed at the AIM conference in July 2018. It is hoped that this key appointment will enable the Chief Executive to keep AIM fully informed on the needs and aspirations of the museum sector in Scotland and at the same time enable her to maintain a good working relationship between the museum and Museum Galleries Scotland.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Plans for future periods (continued)

Financial Sustainability

As in previous years, guided tours are a key attraction of the museum, with the majority of the income generated by the museum itself being admission charges. These were increased during the year under review and along with other income streams will be reviewed annually to seek to ensure that there is no detrimental affect on overall visitor numbers. The rents received from those parts of the museum's estate let to occupational tenants provide significant income. These include most of the workshop buildings and also certain rooms in the Old Visitor Centre building, now used mainly as offices.

As referred to earlier in this report, the retail offer in the museum shop has been improved over the year by re-focusing the selection and presentation of stock to better reflect the visitor profile and the shop has received excellent feedback throughout the year. The biggest sales are achieved by the reproduction Davey Safety Lamps, while items branded with the museum's name, in particular mugs, postcards and booklets, also sell well.

During the course of the year ended 31 March 2018, the museum reviewed the supply and operation of its catering and functions business which is also a major source of income although not identified as such in the financial statements. The termination of the contract held by the previous supplier of these services provided an opportunity to test the market by inviting other companies to submit tenders for a new contract. This exercise proved successful and at the end of the year under review negotiations had been sufficiently progressed to enable a new supplier to be appointed to take over early in the new financial year. It is anticipated that this will increase the income derived by the museum from this source.

Structure, governance and management

Organisational structure

National Mining Museum Scotland Trust ("the Trust") is constituted as a charitable company limited by guarantee registered in Scotland and is subject to the provisions of the Companies Act 2006 and of the Charities and Trustee Investment (Scotland) Act 2005.

Its charitable purposes as set out in its Memorandum of Association are to establish and promote the museum and to preserve, conserve and maintain the buildings of historical or architectural importance comprised in the Lady Victoria Colliery, Newtongrange, Midlothian, as part of the museum. The direction and management of the Trust's affairs is vested in a Board of Trustees who act both as charity trustees and as company directors. In terms of its Articles of Association the Board shall consist of not more than sixteen elected or appointed trustees and in addition the Chief Executive, who is a paid employee, is a trustee ex officio. As at 31 March 2018 thirteen trustees, in addition to the Chief Executive, had been elected or appointed and remained in office at that date.

During the year ended 31 March 2018, two trustees resigned, namely Keith Aitken on 4 April 2017 and James Martin on 22 March 2018. No additional trustees were appointed.

The Board of Trustees defines the Trust's Mission, Vision Statement and Strategic Aims; determines and directs the strategy and policy of the Trust; seeks to ensure the fulfillment of the Trust's mission, stated vision and aims; promotes and develops the Trust's relationship with the Scottish Government, Midlothian Council and other governmental bodies; reviews the Trust's funding and financial performance; and seeks to ensure compliance with the Trust's statutory and other obligations. The Board meets at quarterly intervals. A representative of the Company Secretaries normally attends all meetings of the Board to provide guidance on legal and governance matters but has no voting rights.

The Chief Executive heads the museum's management team and is responsible to the Board for the management and performance of the museum and its staff.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Governance

Subject to the terms of the Articles of Association of the Trust, the Board has power to delegate certain matters to committees of the Board.

As at 31 March 2018 the Board had one standing committee in place, namely the Audit and Finance Committee. This is charged with particular responsibility for overseeing the annual audit process and preparation of the Trust's Annual Report and Accounts, overseeing the preparation of annual budgets, overseeing the Risk Management process, and reviewing on a regular basis the Trust's financial performance against budgets. This committee consists of a number of trustees, chaired by a senior member of the Board, and meets on a regular basis, at intervals of approximately two to three months. The Chief Executive and a representative of the Company Secretaries normally attend all of its meetings and it reports to meetings of the full Board.

In previous years other standing committees were also in place, including one relating to governance and strategy. In a review of governance, the Board decided that that committee was no longer required, in recognition of the key role played by the Audit and Finance Committee and also the responsibility of the full Board to direct the Trust's overall strategy.

However ad hoc committees of the Board are set up from time to time, as required, in order to consider specific matters, such as where immediate action may have to be taken or where detailed consideration may be needed out-with the scope of regular Board meetings. Although the previous Governance and Strategy Committee was disbanded in April 2017, an ad hoc committee on governance was convened during the year under review to consider a number of detailed issues, which led to certain recommendations being made to the Board.

The Board takes responsibility for determining the process of assessing potential recruits to the Board before a decision is taken to appoint or co-opt a new trustee. The Company Secretaries are directed to provide any newly recruited trustee with copies of relevant documentation including the Memorandum and Articles of Association, recent Annual Reports and Accounts, and an explanatory note on the legal and regulatory status of the Trust.

The Board has taken advice from external consultants on the procedure for appraisal of the performance of the Chief Executive and the review of her pay and remuneration. The matter was referred by the Board to the Audit and Finance Committee. Subsequent to the end of the year under review, the chair of that committee and another senior trustee were appointed to undertake the appraisal, for signing off by the Board chairman on behalf of the Board.

Conclusion

The strategic planning for the museum will be revisited in the context of the need for a new business plan and a feasibility study for the museum, in particular due to the need to address the condition of the buildings and how they may be used and or interpreted in the future. The museum will face similar challenges in the next financial year in terms of finance and sustainability; however, taking stock of its successes and failures and the revisiting of its income streams it is hopeful that this financial picture will move in a better direction.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Reference and administrative details

Company registration number	SC088361
Charity registration number	SC003227
Directors/Trustees	Rt Hon H B McLeish E L Clarke J W Allan K G Aitken (resigned 4 April 2017) R Y Anderson C Beattie D A Canavan R Dodds D Seath J G Waddell I Johnson M J Cross (ex officio) J B Martin (resigned 22 March 2018) H M Goffin D Hamilton A Southwood
Company secretary	Pagan Osborne Limited (ceased 1 September 2017) Thorntons Law LLP (from 25 September 2017)
Registered and Principal Office	National Mining Museum Scotland Lady Victoria Colliery Newtongrange Midlothian EH22 4QN
Auditor	Scott-Moncrieff Exchange Place 3 Sempie Street Edinburgh EH3 8BL
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YE
Solicitors	Pagan Osborne Limited Clarendon House 116 George Street Edinburgh EH2 4LH (until 1 September 2017) Thorntons Law LLP 13 Melville Street Edinburgh EH3 7PE (from 1 September 2017).

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Acknowledgements

The following organisations and individuals supported or assisted the Trust during the year, and we are pleased to acknowledge them here.

Scottish Government

Museums Galleries Scotland

The Mining Institute of Scotland Trust

The Friends of the National Mining Museum Scotland Trust

The Scottish Mining Museum Collection Trust

The Volunteers of the National Mining Museum Scotland Trust

Events Scotland

Scottish Book Trust

Esme Fairbairn

STICK

AIM

NATIONAL MINING MUSEUM SCOTLAND TRUST

Trustees' Annual Report - continued

For the year ended 31 March 2018

Statement of Trustees' responsibilities

The trustees (who are also directors of the National Mining Museum Scotland Trust 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. In preparing these financial statements, the Trustees are required to:

- 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 Trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the Trust's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Trust's auditor is aware of the information.

Small company exemptions

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Auditor

A resolution to re-appoint Scott-Moncrieff as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed by order of the Trustees on 10 December 2018 by:



Thorntons Law LLP
Company Secretary

Registered Office:
Lady Victoria Colliery
Newtongrange
EH22 4QN

NATIONAL MINING MUSEUM SCOTLAND TRUST

Independent Auditor's Report to the Members and Trustees

For the year ended 31 March 2018

Opinion

We have audited the financial statements of National Mining Museum Scotland Trust for the year ended 31 March 2018 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2018 and of 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions applicable for small entities, in the circumstances set out in note 1 to the financial statements, 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 Trust'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.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Independent Auditor's Report to the Members and Trustees - continued

For the year ended 31 March 2018

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 Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Trustees' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Independent Auditor's Report to the Members and Trustees - continued

For the year ended 31 March 2018

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

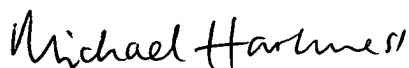
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Trust's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the Trust's members, as a body, and the Trust's trustees, as a body, 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 Trust, the Trust's members, as a body, and the Trust's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Harkness, Senior Statutory Auditor

For and on behalf of

Scott-Moncrieff, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

10 December 2018

NATIONAL MINING MUSEUM SCOTLAND TRUST

Statement of Financial Activities

(incorporating the Income and Expenditure Account)

For the year ended 31 March 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Income and endowments from:					
Donations and legacies	4	487,827	142,392	630,219	518,377
Charitable activities	5	53,032	-	53,032	62,050
Income from other trading activities	6	163,562	-	163,562	147,520
Investments		7	-	7	79
Other income					
- Discounting of LPF deficit	18	-	-	-	46,000
Total		<u>704,428</u>	<u>142,392</u>	<u>846,820</u>	<u>774,026</u>
Expenditure on:					
Raising funds	7	178,969	-	178,969	150,755
Charitable activities:	8	570,555	64,047	634,602	605,192
		<u>749,524</u>	<u>64,047</u>	<u>813,571</u>	<u>755,947</u>
Other expenditure					
- Unwinding of LPF deficit	18	4,184	-	4,184	-
- Release of provision		-		-	(1,338,538)
Total		<u>753,708</u>	<u>64,047</u>	<u>817,755</u>	<u>(582,591)</u>
Net (expenditure)/ income		<u>(49,280)</u>	<u>78,345</u>	<u>29,065</u>	<u>1,356,617</u>
Reconciliation of funds:					
Total funds brought forward		876,467	43,687	920,154	(436,463)
Total funds carried forward	19	<u>827,187</u>	<u>122,032</u>	<u>949,219</u>	<u>920,154</u>

The Trust has no recognised gains or losses other than the results for the year as set out above.
All of the activities of the Trust are classed as continuing.

The notes on pages 18 to 31 form part of these financial statements

NATIONAL MINING MUSEUM SCOTLAND TRUST

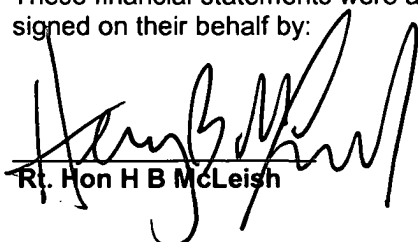
Balance Sheet

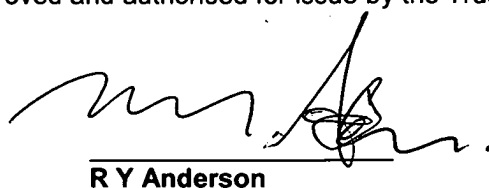
As at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	826,214	846,387
Current assets			
Stocks	13	8,965	13,264
Debtors	14	144,585	53,894
Cash at bank and in hand		240,135	266,247
		<u>393,685</u>	<u>333,405</u>
Creditors: amounts falling due within one year	15	<u>(94,712)</u>	<u>(75,058)</u>
Net current assets		<u>298,973</u>	<u>258,347</u>
Net assets less current liabilities		<u>1,125,187</u>	<u>1,104,734</u>
Pension scheme liability: falling due in more than one year	18	<u>(175,968)</u>	<u>(184,580)</u>
Total net assets	20	<u><u>949,219</u></u>	<u><u>920,154</u></u>
The funds of the charity:			
Restricted	19	122,032	43,687
Unrestricted		827,187	876,467
Total charity funds		<u><u>949,219</u></u>	<u><u>920,154</u></u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the Trustees on 10 December 2018 and are signed on their behalf by:


Rt. Hon H B McLeish


R Y Anderson

Registered Company Number: SC088361

The notes on pages 18 to 31 form part of these financial statements

NATIONAL MINING MUSEUM SCOTLAND TRUST

Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in) operating activities	26	(26,119)	(836)
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(3,700)
Interest received		7	79
Net cash provided by/(used in) investing activities		<u>7</u>	<u>(3,621)</u>
Change in cash and cash equivalents in the year		(26,112)	(4,457)
Cash and cash equivalents at beginning of the year		<u>266,247</u>	<u>270,704</u>
Cash and cash equivalents at end of the year		<u>240,135</u>	<u>266,247</u>
Analysis of cash and cash equivalents			
Cash at bank		<u>240,135</u>	<u>266,247</u>
Being:			
Unrestricted		107,672	222,560
Restricted		132,463	43,687
		<u>240,135</u>	<u>266,247</u>

The notes on pages 18 to 31 form part of these financial statements

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements

For the year ended 31 March 2018

1. Accounting Policies

General Information

National Mining Museum Scotland Trust (SC088361) is a company limited by guarantee and not having share capital. The registered address is Lady Victoria Colliery, Newtongrange, EH22 4QN. The principal activity of the Trust is the preservation and promotion of Scotland's Mining Heritage for current and future generations.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

National Mining Museum Scotland Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Trust's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern

The Trustees are of the opinion that the charitable company can meet its obligations as they fall due for the foreseeable future. The Trustees are aware of the Trust's cash flow position and forecasts. On this basis the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

Recognition and allocation of income

Income is recognised when the Trust has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably. Where practicable, income is related to the operating activities of the Trust.

Voluntary income

Donations are included in the Statement of Financial Activities in the year in which the Trust has entitlement to the funds, any performance conditions attached have been met, it is probable that the income will be received and the amount can be measured reliably.

Grants received

Income from grants, including capital grants, is included in incoming resources when the Trust has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. The exception to this is where the Trust has to fulfil conditions before becoming entitled to the grant or where the donor has specified that income is to be expended in a future period. In these circumstances income is deferred until those periods.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

1. Accounting Policies (continued)

Recognition and allocation of income (continued)

Interest received

Interest is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the Bank.

Income from Trading Activities

Retail income is recognised from the point of sale. Hospitality income is recognised at the date of the event. Rental income is recognised in line with the rental agreement.

Resources expended

Resources expended are recognised when a legal or constructive obligation arises. Where possible, expenditure has been charged directly to cost of generating funds, charitable expenditure or governance costs. Where this is not possible, the expenditure has been allocated on the basis of time spent by staff on each activity:

- Raising funds comprise the costs associated with attracting voluntary income and the costs for trading purposes in the charity shop.
- Charitable expenditure comprises costs incurred by the Trust in the delivery of its activities and services.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Trust and include costs linked to the strategic management of the Trust.

Fixed assets and depreciation

Fixed assets are stated at cost, less any provision for impairment.

Depreciation is provided on fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Land	Nil
Buildings	50 years
Computer equipment	4 years

Heritage assets

The Trust owns a number of heritage assets and these are held for their contribution to knowledge and culture.

Where the assets have a cost price, they are capitalised in the balance sheet. Where no cost price is available the assets are not held on the balance sheet as cost information is not readily available and the Trustees believe the benefits of obtaining valuations for these items would not justify the cost and would not be sufficiently reliable to provide a meaningful indication of value.

In the opinion of the Trustees, heritage assets not capitalised are of an insignificant monetary value and relate primarily to museum pieces, as discussed in note 12 to these financial statements.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

1. Accounting Policies (continued)

Pension costs

Employees of the Trust were entitled to join the Lothian Pension Fund, which is funded by contributions from employees and the Trust as an employer. The Trust has closed the scheme to new members. The assets of this scheme are held separately in a fund administered for the benefit of Local Authority employees and those other scheduled bodies and is managed in accordance with the Local Government Pension Scheme Regulations (Scotland) 1998. The final member of this scheme has now retired, and the cessation deficit is being repaid over the next 18 years.

Employees may now opt to join the Trust stakeholder pension scheme operated by AVIVA. Employees join the stakeholder pension contract directly with AVIVA; contracts are funded by contributions from employees and the Trust as an employer.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Funds

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when the funds are raised for particular purposes.

Volunteers' services

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the Trustees' Annual Report.

Financial assets and financial liabilities

Financial instruments are recognised in the balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

1. Accounting Policies – continued

Financial assets and financial liabilities (continued)

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. The Trust only enters into basic financial instruments.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset to expire, or when the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgment are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The recognition of the provision for maintenance liabilities has been considered against the criteria set out in section 21 of FRS 102, and the Trustees' have determined that a provision is not required.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

3. Comparative statement of financial activities for the year ended 31 March 2017

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Income and endowments from:			
Donations and legacies	451,996	66,381	518,377
Charitable activities	62,050	-	62,050
Income from other trading activities	147,520	-	147,520
Investments	79	-	79
Other income			
- Discounting of LPF deficit	46,000		46,000
Total	<u>707,645</u>	<u>66,381</u>	<u>774,026</u>
Expenditure on:			
Raising funds	150,755	-	150,755
Charitable activities:			
- Education	52,356	20,402	72,758
- Visitors services	307,818	-	307,818
- Collections	205,437	19,179	224,616
Other expenditure			
- Release of provision	(1,338,538)	-	(1,338,538)
Total	<u>(622,172)</u>	<u>39,581</u>	<u>(582,591)</u>
Net income	1,329,817	26,800	1,356,617
Transfers between funds	25,762	(25,762)	-
Net movement in funds	<u><u>1,355,579</u></u>	<u><u>1,038</u></u>	<u><u>1,356,617</u></u>

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Donations and legacies	2,827	115	2,942	4,908
Grants:				
Scottish Government	485,000	73,000	558,000	435,000
Museums Galleries Scotland	-	5,749	5,749	2,469
Midlothian Council	-	-	-	40,000
Visit Scotland	-	21,578	21,578	-
Mining Institute of Scotland Trust	-	23,500	23,500	20,000
Collections Trust	-	15,500	15,500	15,500
Other grants	-	2,950	2,950	500
	<u>487,827</u>	<u>142,392</u>	<u>630,219</u>	<u>518,377</u>

5. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Visitor services				
Admissions	46,630	-	46,630	52,529
Other income	6,402	-	6,402	9,521
	<u>53,032</u>	<u>-</u>	<u>53,032</u>	<u>62,050</u>

6. Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Shop sales	24,251	-	24,251	24,018
Rental and hospitality income	139,311	-	139,311	123,502
	<u>163,562</u>	<u>-</u>	<u>163,562</u>	<u>147,520</u>

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

7. Raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Wages and salaries	152,318	-	152,318	136,269
Stock movements and purchases	26,651	-	26,651	14,486
	<u>178,969</u>	<u>-</u>	<u>178,969</u>	<u>150,755</u>

8. Charitable activities

	Education £	Collections £	Visitor services £	Total 2018 £	Total 2017 £
Property	18,232	60,824	78,113	157,169	173,547
Technical services	110	368	472	950	1,348
Marketing	2,411	8,042	10,328	20,781	21,487
Support costs	4,522	15,088	19,377	38,987	38,176
Governance costs (Note 9)	3,488	11,637	14,945	30,070	53,407
Project costs	123	69,011	2,606	71,740	28,716
Staff costs	44,872	93,589	176,444	314,905	288,511
	<u>73,758</u>	<u>258,559</u>	<u>302,285</u>	<u>634,602</u>	<u>605,192</u>

Support costs relate to management and administration costs.

9. Governance costs

	2018 £	2017 £
Audit and accountancy	4,975	4,900
Legal and professional fees	18,143	42,552
Staff costs	6,952	5,955
	<u>30,070</u>	<u>53,407</u>

Governance costs include external audit fees of £3,660 (2017: £3,660).

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

10. Staff costs

The aggregate payroll costs were:

	2018 £	2017 £
Wages and salaries	431,047	396,115
Social security costs	27,075	23,220
Pension costs	16,054	11,400
	<u>474,176</u>	<u>430,735</u>

No employee earned greater than £60,000 (2017: £60,000).

Defined contribution pension costs of £1,926 (2017: £1,696) were payable at the year-end.

Particulars of employees:

The average number of staff employed by the Trust during the financial year amounted to:

	2018 No	2017 No
Number of:		
Education staff	1	1
Collections staff	1	2
Visitor services staff	15	14
Marketing staff	1	1
Property, technical and maintenance staff	7	6
Administration staff	3	3
	<u>28</u>	<u>27</u>

The trustees consider the Chief Executive of the Museum to be 'key management personnel.'

The Chief Executive remuneration is disclosed within Note 11.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

11. Emoluments of the Trustees

The Memorandum and Articles of Association of the Trust prohibit the remuneration of Trustees (other than reimbursement of out of pocket expenses), subject to two provisos –

- (a) the Chief Executive of the Museum, who is a salaried employee of the Trust, is ex officio a Trustee during his or her period of appointment.
- (b) a Trustee may be appointed to a remunerated position within the Trust if the Board of Trustees resolves that such appointment is in the best interests of the Trust.

During the years ended 31 March 2018 and 31 March 2017, no Trustees held appointment to any salaried or remunerated position within the Trust, other than the Chief Executive.

In accordance with these provisions, the emoluments of the Chief Executive including pension and social security contributions were:

	2018 £	2017 £
Remuneration	57,065	54,101
Pension contributions	5,707	5,452
Social Security contributions	6,748	6,346
	<u>69,520</u>	<u>65,899</u>

During the year a total of £3,552 (2017: £3,729) was reimbursed to the trustees for meeting attendance.

12. Fixed assets

	Land and Buildings £	Computer Equipment £	Total £
Cost			
At 1 April 2017 and at 31 March 2018	955,806	39,580	995,386
Depreciation			
At 1 April 2017	113,400	35,599	148,999
Charge for year	18,900	1,273	20,173
At 31 March 2018	<u>132,300</u>	<u>36,872</u>	<u>169,172</u>
Net Book Value			
As at 31 March 2018	<u>823,506</u>	<u>2,708</u>	<u>826,214</u>
As at 31 March 2017	<u>842,406</u>	<u>3,981</u>	<u>846,387</u>

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

12. Fixed assets - continued

The Trust owns a number of heritage assets, which consist of the colliery buildings and relative land and also items of equipment formerly used in the mining industry.

The colliery buildings and relative land were acquired at a nominal price and no book price is attributed to them. By their nature they are believed to have no market value. No cost price is available for the items of equipment and again it is believed that there is no market for them and that they have no re-sale value. As such neither the colliery buildings and relative land nor the items of equipment owned by the Trust are capitalised in the Trust's balance sheet but they are historically and culturally relevant to the museum.

A full review of the carrying value of the land and buildings was carried out in the financial year to 31 March 2011. As part of that process, the Trustees obtained a report from a firm of surveyors on the likely disposal terms that the Trust could achieve in the current market if the relevant individual properties (excluding the heritage assets) were to be brought to the market for sale. Having considered that report the Trustees made their own assessment of the current market value of the land and buildings (excluding the heritage assets) and in so doing they considered the indicative range of figures contained in the report. They also paid regard to the terms of purchase of one of the properties as proposed by a prospective developer. The result of this process was a significant write down in asset valuations. On transition to FRS 102, these valuations have been taken as deemed cost.

A considerable number of heritage assets displayed or cared for by the Trust including museum artefacts and collections are not owned by the Trust. These items are owned by The Scottish Mining Museum Collections Trust. This body is a separately constituted charitable trust, whose collections are managed on its behalf by the Trust and displayed by its agreement. A significant number of items are in store. Access to stored artefacts is limited but the museum does display a number of these during the year. The museum maintains an inventory of the artefacts and collections in its care.

No heritage assets of a monetary value were acquired or disposed of during the year.

13. Stocks

	2018 £	2017 £
Goods for resale	8,965	13,264

14. Debtors

	2018 £	2017 £
Trade debtors	13,470	21,109
Other debtors	107,135	6,397
Prepayments	23,980	26,388
	144,585	53,894

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	23,362	20,406
Other taxes and social security costs	12,416	12,989
Accruals and deferred income	46,416	29,143
Defined benefit pension scheme liability (Note 18)	12,520	12,520
	<u>94,714</u>	<u>75,058</u>

Deferred income

	2018 £
Opening balance at 1 April 2017	7,202
Released in the year	(7,202)
Deferred in the year	2,032
Closing balance at 31 March 2018	<u>2,032</u>

Deferred income relates to rental income and grant income received in advance.

16. Contingent liability

Scottish Ministers hold a standard security and a constitutive deed over the site of the Lady Victoria Colliery including the colliery buildings (but excluding the former archives building), in terms of which the Trust is required to keep the colliery buildings in good repair and condition to the reasonable satisfaction of the Scottish Ministers.

In March 2016, the Trustees received a report from LDN architects detailing the capital and maintenance work to be undertaken over the next ten years. The probability of this maintenance being enforced is considered to be low by the Trustees but if it were to be enforced, the estimated value of work in relation to the site Lady Victoria Colliery and the colliery buildings amounts to £1.29m.

17. Financial Assets and liabilities

	2018 £	2017 £
Financial assets at amortised cost	357,884	287,402
Financial liabilities at amortised cost	<u>(260,119)</u>	<u>(243,035)</u>

Financial assets at amortised cost comprise of cash at banks, trade debtors and other debtors; all due within one year.

Financial liabilities comprise of trade creditors, accruals and defined benefit pension deficit, all due within one year and the defined benefit pension deficit due within more than one year.

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

18. Pensions

The National Mining Museum ("the Employer") ceased to be an employing authority in the Lothian Pension Fund ("the Fund") on 31 March 2016.

An agreement is in place with Lothian Pension Fund to repay the cessation deficit in equal instalments over the next 18 years. Discounting the cash flows at 2.20% to net present value, the amount payable is:

	2018 £	2017 £
Due within one year	12,520	12,520
Due within 2-5 years	47,440	47,440
Due in more than 5 years	128,528	137,140
	<u>188,488</u>	<u>197,100</u>

Discounting to present value created a credit to the Statement of Financial Activities of £46,000 in 2017. This discount will be unwound over the duration of the repayment term, which led to a charge of £4,184 in 2018.

19. Restricted funds

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers to unrestricted funds £	Balance at 31 March 2018 £
Security and clean-up	28	-	-	-	28
Effective collections	1,123	5,749	(170)	-	6,702
Digitalisation	578	-	-	-	578
Education	5,921	23,500	(24,644)	-	4,777
Curatorial	-	15,500	(15,000)	-	500
Library Fund	90	-	-	-	90
Friends	19	65	(833)	-	(749)
Transformers Project	290	-	-	-	290
Boiler House Project	7,936	-	(6,750)	-	1,186
Crafting the Mine Project	203	-	(529)	-	(326)
Education and exhibition facilities	25,000	73,000	(10,431)	-	87,569
Under the Croft	2,329	-	-	-	2,329
Event Scotland	-	21,578	(5,222)	-	16,356
Other donations	170	3,000	(468)	-	2,702
Total restricted funds	<u>43,687</u>	<u>142,392</u>	<u>(64,047)</u>	<u>-</u>	<u>122,032</u>

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

19. Restricted funds (continued)

The Trust's Strategic Aims are:

- i. To preserve and effectively manage our national collection to ensure benefit to current and future generations.
- ii. To focus on a large and diverse audience.
- iii. To provide enjoyment and inspiration through the highest-quality formal and informal learning opportunities.
- iv. To develop and promote access to an excellent customer experience for all, both actual and virtual.
- v. Fulfill our national and international roles.
- vi. To maximise financial resilience and organisational efficiencies.
- vii. To encourage and develop our staff and volunteers.

Pension deficit – represents funding received towards the pension scheme deficit.

Security and clean-up – Addresses Strategic Aims i, vi

Effective collections – Addresses Strategic Aims i, iv, v,

Digitalisation - Addresses Strategic Aims i, iv

Education - Addresses Strategic Aims ii, iii

Curatorial - Addresses Strategic Aims i, vi.

Library Fund - Addresses Strategic Aim i

Friends - Addresses Strategic Aim iii

Transformers Project - Addresses Strategic Aims iii, iv

Boiler House – Addresses Strategic Aims i

Education and exhibition facilities – Addresses Strategic Aims i, iv

Under the Croft - Addresses Strategic Aims ii, iii

20. Analysis of net assets

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	826,214	-	826,214
Net current assets	176,941	122,032	298,973
Long term liabilities – pension deficit	(175,968)	-	(175,968)
	<u>827,187</u>	<u>122,032</u>	<u>949,219</u>

NATIONAL MINING MUSEUM SCOTLAND TRUST

Notes to the Financial Statements – continued

For the year ended 31 March 2018

21. Commitments

The company has entered into a number of operating leases which commit the company to pay the following rentals:

	2018 Equipment £	2017 Equipment £
Payments falling due:		
Within 1 year:	1,485	1,485
Within 2 to 5 years:	1,856	3,341
	3,341	4,826
	3,341	4,826

22. Controlling interests and related party transactions

The company was under the control of the Board of Trustees throughout the current and previous year.

23. Company limited by guarantee

The Trust was incorporated as a company limited by guarantee and is therefore governed by the Memorandum and Articles of Association. The liability of the Members is restricted to a maximum of £1 each.

24. Non-audit services

In common with many other organisations of its size and nature, the Trust uses its auditor to assist with the preparation of the statutory financial statements.

25. Related party transactions

The company received a grant of £23,500 (2017: £20,000) from The Mining Institute of Scotland Trust, of which Mr David Seath is a director.

26. Reconciliation of net income to net cash flow from operating activities

	2018 £	2017 £
Net income for the reporting period	29,065	1,356,617
Adjusted for:		
Depreciation charges	20,173	19,633
Interest income	(7)	(79)
(Decrease) in pension liability	(8,612)	(15,900)
Discounting pension liability	-	(46,000)
(Increase)/ decrease in stocks	4,299	(1,412)
Decrease/ (increase) in debtors	(90,691)	1,212
Increase in creditors	19,654	23,631
Decrease in provision	-	(1,338,538)
Net cash (used in) operating activities	(26,119)	(836)