

BIRMINGHAM MUSEUMS TRUST

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2021

Contents

| | Page |
|---|-------------|
| Company Details | 1 |
| Report of the Trustees and Strategic Report | 2 - 9 |
| Statement of Trustees' Responsibilities | 10 |
| Independent Auditor's Report to the Members | 11-13 |
| Consolidated Statement of Financial Activities for the year ended 31 March 2021 | 14 |
| Consolidated Statement of Financial Activities for the year ended 31 March 2020 | 15 |
| Consolidated Balance Sheet as at 31 March 2021 | 16 |
| Company Balance Sheet as at 31 March 2021 | 17 |
| Consolidated Cash Flow Statement for the year ended 31 March 2021 | 18 |
| Notes to the Financial Statements | 19-41 |

BIRMINGHAM MUSEUMS TRUST
Annual Report and Consolidated Financial Statements for the year ended
31 March 2021

Company Details

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

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report

The Board is pleased to present their Annual Report and Consolidated Financial Statements for the year ended 31 March 2021. This includes the contents of a Strategic Report as required by the Companies Act 2006.

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

Board of Trustees of Birmingham Museums Trust

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

Mr Niels de Vos (Chair)
Mr Mohammed Ali MBE
Councillor Robert Alden (appointed July 2020)
Mr Clive Bawden
Dr Louise Brooke-Smith OBE
Rt Hon Liam Byrne MP
Mr Liam Darbon (appointed September 2021)
Cllr Phil Davis MBE
Mr John Diviney
Ms Sapreena Kumari (appointed February 2021)
Mr Eamon Mooney
Mr Luke Southall (resigned September 2021)
Ms Tracey Stephenson (resigned 26 November 2020)
Mr Jonnie Turpie MBE
Mrs Chrissie Twigg (resigned November 2020)
Mrs Claire Williamson
Ms Eleanor Porter (appointed February 2021)
Mr Randal Brew (resigned July 2020)

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

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

Birmingham Museums Trading Limited

Ms Tracey Stephenson (Chair)
Mr Liam Darbon
Mr Zak Mensah (appointed November 2021)
Ms Sapreena Kumari (appointed November 2021)

Thinktank Trust

Mr Eamon Mooney
Mr Niels de Vos

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.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

Objects and activities for the public benefit

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

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

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

BMT's strategic aims are:

1: Leading in excellence

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

2: Developing the collection and venues

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

3: Growing and diversifying audiences

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

4: Building a sustainable business

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

5: Investing in people

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

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

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

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

Structure, Governance and Management

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

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

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

Recruitment and Appointment of Trustees/Directors

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

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

Trustee induction and training

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

Remuneration of key management personnel

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

Employment of people with disabilities

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

Informing employees

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

Risk Management

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

Key risks

- COVID-19 – the impact on the current global pandemic on BMT's ability to open to the public, both in the short and longer term and generate income and provide the public with access to the collection. BMT operates in a market where over 50% of its total income is derived from visitor-driven sources. In this context, there will always be a risk to the organisation if it needs to close to the public, or it can't meet its forecasted visitor numbers and associated sales revenue but it is a risk that is closely managed on a daily and active basis.
- Stakeholders – BMT's key stakeholders are critical, and the charity can ill afford the breakdown of these relationships; these have improved significantly over the last few years and BMT continues to work closely with all major stakeholders.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

- Failure to secure major funding from the next investment window for Arts Council England Major grants National Portfolio Organisations (NPO) round 2023-26 – this funding is critical to the long term operating model of BMT and it will struggle to be sustainable without it. The organisation is working closely with ACE on the development of a new vision that will provide a springboard for the next 5 to 10 years.
- High Speed Rail – this could lead to disruption (vibration, noise and dust) for both MCC and Thinktank during the construction period, affecting both the collection and BMT's ability to generate income.
- Ability to meet obligations as they fall – BMT needs sufficient cash to meet its financial obligations going forward. BMT is working closely with its major partners to ensure cash doesn't become an issue.

Fundraising

BMT actively pursues funding from grant makers (trusts, foundations and public funders), corporate supporters and individuals to fund our charitable activities. We work with others to increase our fundraising opportunities including academic partners, specialist sector organisations, charities who align with our purposes, community partners, and other museum and cultural organisations.

We use the third party websites Just Giving and Crowdfunder to collect donations, and Donr to collect donations via SMS. We offer the option to gift-aid admission charges for entry, make a donation online with a ticket or shop purchase, or on-site at one of our museums.

We do not employ the services of professional or commercial fundraisers. We do not undertake street collections or telephone campaigns.

Where we collect personal information this is managed in line with data protection legislation. BMT's privacy notice can be found here: <https://www.birminghammuseums.org.uk/privacy-policy>

BMT is registered with the Fundraising Regulator, the independent regulator of charitable fundraising in England, Wales and Northern Ireland. We have received no complaints regarding our fundraising in 2020/21.

BMT's Safeguarding Policy makes specific reference to donors. BMT abide by the Fundraising Regulator's Code of Practice and uses the Institute of Fundraising guidance for Treating Donors Fairly (2021). BMT's Safeguarding Policy can be found here: <https://www.birminghammuseums.org.uk/about/our-organisation/policies-plans-and-reports>

Impact of Covid-19 on the organisation

BMT closed all but one of its nine sites to the public on 18 March 2020 as a consequence of Covid. Sarehole Mill remained open and transformed into a community shop, keeping us physically engaged with the local community and trading when every other site was closed. All programming and activities across our sites were paused; postponed or cancelled and whilst we continued to plan for next year and beyond, this was done through the lens of uncertainty and plans continue to be adapted and changed.

The closures had an immediate impact on our visitor and commercial income. Our main expenditure is staffing, we maximised use of the government Coronavirus Job Retention Scheme (CJRS) and over the year we furloughed up to c70% of staff. The remaining staff worked hard to deliver security, maintain online presence and essential systems, engage with vulnerable users, generate income through government support schemes and new initiatives, or plan for reopening. Staff worked at home where possible to minimise health risk and work stopped in some areas entirely. Non-essential spend was eliminated by deferring works/services, stopping services or pausing contracts.

BMT is grateful to have received support from the Department for Digital, Culture, Media and Sport (DCMS) Culture Recovery Fund; Birmingham City Council's Business Rate Relief, Business Interruption Grants and Supplier Relief; the National Heritage Lottery Fund's Heritage Emergency Fund; the Garfield Weston Foundation's Weston Culture Fund; the Esmée Fairbairn Collections Fund run by the Museums Association; and substantial donations from the public for our emergency fundraising campaign. We would like to thank all the funders who were supportive with their flexibility due to the necessary changes to our planned programmes and projects.

The funds supported the Covid-safe reopening of our museums, enabled our workforce and IT systems to adapt to new ways of working, new exhibitions and displays, digital and/or distanced outreach and learning programmes, and significant investments to increase income generation in the short and medium-term. Despite the significant support from our stakeholders and funders it was with regret that we had to make some tough decisions to ensure the charity's long-term survival beyond the crisis. From July-September 2020 BMT undertook a redundancy exercise to reduce the number of people we employ. The restructuring of the business saw 48FTE (25% of the workforce) made redundant as a consequence.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

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

Programmes and activities

When BMT closed its sites in March 2020 the majority of our projects and programmes came to an immediate halt.

Our team implemented a Digital Learning and Engagement Plan to engage and support audiences, and remain in contact with our volunteers and groups such as our Creative Carers. This was supported by an active and responsive PR plan to communicate to wider audiences, with a particular focus on reaching out to and support the people of Birmingham. We worked with other charities and networks to deliver partnership projects designed to engage and support people across the city's communities.

Our digital engagement programmes included:

- The Life on Lockdown project launched in May 2020 when BMT began collecting digital artworks and recordings of first-hand experiences to reflect the lives of local people during lockdown. The aim was to keep a record of the Covid-19 pandemic to ensure that future generations could learn about this extraordinary time. Over 380 digital photos, videos, artworks, poems and writing were sent into Life on Lockdown and a display can be seen at Thinktank Science Museum.
- Our fifth annual Inspire art competition attracted over 400 entries and encouraged people across the West Midlands to create art focused around the theme of *What I Can See*. The idea was to inspire people of all ages to think differently about their surroundings and explore their imaginations spending more time indoors. The winning artists sharing the positive impact taking part had on their well-being.
- Our Big Brum Bioblitz project saw people of all ages explore their surroundings and learn more about the wildlife around them in the city's parks, gardens and even on a pavements. Our Bioblitz engaged over 70,000 people with urban wildlife, with 579 species spotted in the city for the first time.

Our *Cut Copy Remix* project set out to encourage creative use of Birmingham's collection of Public Domain images to celebrate the extensive resource and support digital artists to use the images to inspire innovative new work. BMT commissioned local artist Christopher Spence aka Cold War Steve who created *Benny's Babbies*, the complex and popular photo collage was initially shared online, the artwork later acted as significant driver of footfall during the short period BMAG was open. We also worked with Mixed Milk, who commissioned Birmingham artist Martin McNally, to make a film about the works in the collection; and Black Hole Club, who commissioned artists Rosa Francesca and Alis Oldfield who created digital art responding to the collection and its data.

In another digital first, BMT embarked on a collaboration with online game Occupy White Walls (OWW), as the first museum to partner with the AI-driven art platform. Two hundred artworks from Birmingham's collection of Public Domain images, including some of the city's most famous Pre-Raphaelite works were made available to players allowing them to create their own galleries.

In a normal year our 1,000 strong volunteer workforce support all areas of BMT's work. The majority of volunteer activity was suspended with most volunteers unable to return to their roles during the year. In response we created new online and at-home volunteering opportunities including an Artist Research project, Social Media support, and blog posts for the Big Brum Bioblitz. At end of March 2021 we had 323 registered volunteers.

During the first lockdown we delivered a very limited offer for schools. During the second lockdown we piloted MuseumStream, a new hybrid outreach programme combining digital resources, live streaming and real objects to create a new engagement experience for schools and communities.

We worked hard to find innovative ways to generate income and keep people engaged with our museums. Our success was recognised with an award from the Association of Cultural Enterprises award for Creative Commerce and a highly commended in the Museum + Heritage Awards 'Pandemic Pivot' category recognising the transformation of the gift shop at Sarehole Mill into a community shop. We also developed a food delivery service, rolled out Museums on Demand, a popular program of online lectures and hosted virtual fun run events.

This year also saw a change of leadership with Dr Ellen McAdam retiring as Director in June, after nearly seven years in post. In September, Sara Wajid and Zak Mensah were announced as co-CEO with a vision for a multi-year transformation towards a purpose driven social museum service.

In October 2020 BMAG opened for 5 days per week (previous opening hours were 7 days per week). New displays and Wildlife Photographer of the Year exhibition brought good visitor numbers for the 4 weeks the museum was open, although well down on pre-Covid levels at 40% of previous years numbers. BMAG closed on 5 November for the second lockdown. Sarehole Mill remained open through the year as a shop, café and outdoor venue as restrictions allowed. Our Historic Properties remained closed with exceptions for events when restrictions allowed. Thinktank Birmingham Science Museum remained closed throughout the year.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

In January 2021 we announced that Birmingham Museum & Art Gallery would remain closed throughout 2021 while essential electrical upgrade work of Birmingham's Council House complex takes place. An inventory and decant of the collections, libraries, archives and offices spaces was implemented to enable to the rewiring. The electrical upgrade is an extensive and essential programme of work which is needed to future-proof the building making it safe for staff and visitors while safeguarding Birmingham's collections housed there for generations to come.

Birmingham Museums Trust - Vision Summary

Our mission/vision are a work in progress – below is the current articulation of our cause.

Vision

Birmingham Museums generate hope, social trust and belonging

Mission

Birmingham Museums will be an ambitious, authentic expression of the best of the people of the Midlands and be a key driver of social, cultural and economic creativity and innovation

Purpose

To contribute to building a more humane and sustainable future, based on the creative case for diversity, respect for human dignity and for the planet

Key strategic priorities/objectives for BMT over the next 2-3 years

BMT's Business Plan 2021-22 states that our Co-CEO's Sara Wajid and Zak Mensah's brief is to make BMT more useful to more people and 2021/22 marks the first year of a 5 year transformation programme.

We will:

- Engage our existing relationship partners and seek new voices to reimagine our vision for BMT. The outcome will be a service direction that uses socially engaged practice. At our core will be a work programme that always focuses on the needs of our users. The vision and strategic work will redesign BMT phase 1 in the 2021/22 period.
- We will experiment with reaching new audiences through local, national and international partnerships.
- Re-imagine who the buildings and collection are for, and collaborate with the people and communities who are critical to the future of Birmingham Museums for the next 50 years and beyond.
- Our Commonwealth Games Cultural Programme 2022 will include a new collecting programme and radical transformation of the Round Room at BMAG created as part of a new development programme for young people of colour.
- We will use 2021/22 to ensure we have the skills and attitudes we need to be a better version of our current self. This work will redesign our skills base and identify gaps that we need to fill and include a fairer recruitment process.

BMT will demonstrate a commitment to increase educational/outreach work through:

- Without Walls, a programme to engage audiences online and offsite. Includes taking artworks and items from the collection into schools and communities, inviting Birmingham citizens to co-produce new displays for when BMAG opens in 2022, sharing content through our digital platforms, and delivering outdoor exhibitions.
- New online services and activity taking the outcomes of our new Digital Strategy forward
- New public participation in shaping the direction of the organisation under the leadership of our Co-CEOs
- The change in approach envisions a shift with decreasing education and participation numbers onsite, and increasing offsite and online attendance and participation.

BMT will continue to work closely with Birmingham City Council and will ensure we take all reasonable steps to protect the properties and collections we are responsible for. We have worked together to develop a set of condition surveys to aid prioritising essential maintenance, mechanical and electrical work across our properties. This work will support future applications to improve building infrastructure.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

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

- The rewiring of BMAG, which will see the building partially open to the public in 2022 with phased re-opening of the rest of the galleries by 2024.
- Commonwealth Games 2022, BMT will work in collaboration with local and international artists, organisations and communities to create a through a series of programs, events and exhibitions as part of the Commonwealth Games cultural programme.
- Taking forward the feasibility study for a new Museum for Science and Industry, The Birmingham Project.
- The next phase of the Museum Store project.

Financial Review / Key Financial Performance Indicators

The financial performance of the Museum for the year under review and the financial position at the Balance Sheet date are set out in this report. In particular the Statement of Financial Activities (SOFA), which includes both unrestricted and restricted funds, shows the performance of the group during the year.

Like the vast majority of charities, BMT was severely impacted by COVID-19 and the national restrictions. The main financial impacts of the pandemic have been:

- The sale of admission tickets to BMT sites was halted. Sarehole Mill remained open throughout as a Community Shop and BMAG was able to open, albeit briefly, in October with a significantly reduced capacity
- All on site activities were cancelled
- Facing significant loss of revenue, BMT prioritised expenditure that was critical to the delivery of its charitable objectives and looked at new ways of cost effective working
- BMT made the decision in July 2020 to implement an organisational change programme to restructure the workforce. This impacted in excess of 50% of the workforce and resulted in 25% of staff leaving the business.

However, BMT made use of the Government's Job Retention Scheme and was successful in accessing various strands of funding including the Culture Recovery Fund, the National Lottery Heritage Fund and Arts Council England emergency funds. In total, COVID-19 support funding amounted to £3.3m which helped to minimise the overall impact and enabled BMT to report a modest surplus.

Restricted Funds stand at £3.467m (2020: £4.349m), Unrestricted Funds at £2.033m (2020: £1.293m) and a Pension Reserve deficit of £4.114m (2020: deficit of £1.043m).

The cost of governance activities was £0.022m (2020: £0.025m). Direct governance costs have been included in accordance with the Charity SORP 2019 and include audit fees, legal fees and Trustee expenses.

Public Benefit

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

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

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

We achieve this by:

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

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

Report of the Trustees and Strategic Report (continued)

Going Concern

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

Reserves Statement

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

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

At 31 March 2021, BMT, as a consolidated entity, had unrestricted reserves of £2.033m (2020: £1.293m) Free reserves as at the 31 March 2021 were £1.279m (2020: £0.695m).

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

Investment Policy

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

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

Related Parties

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

Auditor

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

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

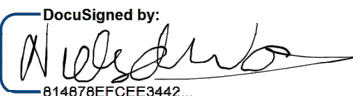
The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on ~~27~~ January 2022 and signed on their behalf by:

DocuSigned by:

 814878EFCCE3442...

Mr Niels de Vos
Chair

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

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

Opinion

We have audited the financial statements of Birmingham Museums Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees and Strategic Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below:

Our assessment focussed on key laws and regulations the charitable company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, taxation legislation, data protection and anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities included, but was not limited to, the following:

BIRMINGHAM MUSEUMS TRUST

Annual Report and Consolidated Financial Statements for the year ended 31 March 2021

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

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company and how the charitable company is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the charitable company's control environment and how the charitable company has applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the charitable company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA
Senior Statutory Auditor

For and on behalf of Cooper Parry Group Ltd

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

Date: 27 January 2022

BIRMINGHAM MUSEUMS TRUST

Consolidated Statement of Financial Activities For the year ended 31 March 2021

| | Note | Unrestricted Funds £ | Restricted & Endowment Funds £ | Pension Funds £ | Total 2021 £ | Total 2020 £ |
|--|------|----------------------------|---|-----------------------|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | | 115,408 | - | - | 115,408 | 94,314 |
| Investments | | | | | | |
| Rental income | | 3,015 | - | - | 3,015 | 5,400 |
| Interest receivable | | - | - | - | - | 5,646 |
| Charitable activities | | | | | | |
| Visitor admissions and outreach income | | 56,187 | - | - | 56,187 | 2,222,772 |
| Grants receivable and other income | | 8,114,774 | 1,756,483 | - | 9,871,257 | 6,962,231 |
| Other trading activities | | | | | | |
| Income from trading activities of Subsidiary | | 414,764 | - | - | 414,764 | 2,212,323 |
| Total Income | 4 | 8,704,148 | 1,756,483 | - | 10,460,631 | 11,502,686 |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| Expenses from trading activities of Subsidiary | | (683,399) | - | - | (683,399) | (1,587,716) |
| Fundraising costs | | (62,854) | - | - | (62,854) | (86,590) |
| Charitable activities | | | | | | |
| Museum costs | | (7,148,526) | (2,707,020) | (597,000) | (10,452,546) | (11,052,879) |
| Total Expenditure | 5 | (7,894,779) | (2,707,020) | (597,000) | (11,198,799) | (12,727,185) |
| Net (expenditure)/income | | 809,369 | (950,537) | (597,000) | (738,168) | (1,224,499) |
| Transfers between Funds | 14 | (69,045) | 69,045 | - | - | - |
| Other recognised gains | | | | | | |
| Return on Pension Fund Assets | | - | - | (6,001,000) | (6,001,000) | 1,727,000 |
| Change in financial assumptions | | - | - | 3,527,000 | 3,527,000 | 184,000 |
| Net movement on pension fund | | - | - | (2,474,000) | (2,474,000) | 1,911,000 |
| Net movement in funds | | 740,324 | (881,492) | (3,071,000) | (3,212,168) | 686,501 |
| Reconciliation of funds | | | | | | |
| Fund balances brought forward | | 1,292,710 | 4,348,579 | (1,043,000) | 4,598,289 | 3,911,788 |
| Fund balance carried forward | | 2,033,034 | 3,467,087 | (4,114,000) | 1,386,121 | 4,598,289 |

Restricted funds comprise both income and capital funds.

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

BIRMINGHAM MUSEUMS TRUST

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

| | Notes | Unrestricted Funds £ | Restricted & Endowment Funds £ | Pension Fund £ | Total 2020 £ |
|--|-------|----------------------------|---|----------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | | 93,053 | 1,261 | - | 94,314 |
| Investments | | | | | |
| Rental income | | 5,400 | - | - | 5,400 |
| Interest receivable | | 5,646 | - | - | 5,646 |
| Charitable activities | | | | | |
| Visitor admissions and outreach income | | 2,222,772 | - | - | 2,222,772 |
| Grants receivable and other income | | 4,455,773 | 2,506,458 | - | 6,962,231 |
| Other trading activities | | | | | |
| Income from trading activities of subsidiary | | 2,212,323 | - | - | 2,212,323 |
| Total Income | 4 | 8,994,967 | 2,507,719 | - | 11,502,686 |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Expenses from trading activities of subsidiary | | (1,587,716) | - | - | (1,587,716) |
| Fundraising costs | | (86,590) | - | - | (86,590) |
| Charitable activities | | | | | |
| Museum costs | | (7,832,826) | (2,662,053) | (558,000) | (11,052,879) |
| Total Expenditure | 5 | (9,507,132) | (2,662,053) | (558,000) | (12,727,185) |
| Net (expenditure) | | (512,165) | (154,334) | (558,000) | (1,224,499) |
| Transfers between Funds | | 63,235 | (63,235) | - | - |
| Other recognised gains/(losses) | | | | | |
| Return on Pension Fund Assets | | - | - | 1,727,000 | 1,727,000 |
| Change in financial assumptions | | - | - | 184,000 | 184,000 |
| Net movement on pension fund | | - | - | 1,911,000 | 1,911,000 |
| Net movement in funds | | (448,930) | (217,569) | 1,353,000 | 686,501 |
| Reconciliation of funds | | | | | |
| Fund balances brought forward | | 1,741,640 | 4,566,148 | (2,396,000) | 3,911,788 |
| Fund balance carried forward | | 1,292,710 | 4,348,579 | (1,043,000) | 4,598,289 |

Restricted funds comprise both income and capital funds.

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

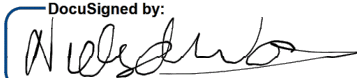
BIRMINGHAM MUSEUMS TRUST

Consolidated Balance Sheet as at 31 March 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------------|-------------------------|
| Fixed Assets | | | |
| Tangible assets | 9a | 2,794,703 | 3,461,021 |
| Intangible assets | 9b | 96,782 | 157,567 |
| | | <u>2,891,485</u> | <u>3,618,588</u> |
| Current Assets | | | |
| Stock | 10 | 150,365 | 194,734 |
| Debtors: amounts falling due in one year | 11 | 1,401,706 | 1,365,741 |
| Debtors: amounts falling due after more than one year | 11 | 506,276 | 603,310 |
| Cash at bank and in hand | | <u>3,259,467</u> | <u>1,883,088</u> |
| | | 5,317,814 | 4,046,873 |
| Creditors: amounts falling due within one year | 12 | (2,202,902) | (1,420,862) |
| Net Current Assets | | <u>3,114,912</u> | <u>2,626,011</u> |
| Total Assets less Current Liabilities | | 6,006,397 | 6,244,599 |
| Creditors: amounts falling due after more than one year | 12 | (506,276) | (603,310) |
| Defined benefit scheme pension liability | 22 | (4,114,000) | (1,043,000) |
| NET ASSETS | | <u>1,386,121</u> | <u>4,598,289</u> |
| Funds | | | |
| Unrestricted | 14 | 2,033,034 | 1,292,710 |
| Restricted | 14 | 2,576,207 | 3,450,699 |
| Endowment | 14 | 890,880 | 897,880 |
| Pension | 14 | (4,114,000) | (1,043,000) |
| TOTAL FUNDS | | <u>1,386,121</u> | <u>4,598,289</u> |

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

These financial statements were approved and authorised for issue by the Board of Trustees on 27 January 2022 and were signed on its behalf by:

DocuSigned by:

 814878EFCCE3442...

Mr Niels de Vos
Chairman

Registered No: 07737797

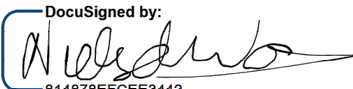
BIRMINGHAM MUSEUMS TRUST

Company Balance Sheet as at 31 March 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------------|-------------------------|
| Fixed Assets | | | |
| Tangible assets | 9a | 2,099,463 | 2,342,234 |
| Intangible Assets | 9b | 96,782 | 157,567 |
| | | <u>2,196,245</u> | <u>2,499,801</u> |
| Current Assets | | | |
| Debtors: amounts falling due in one year | 11 | 3,090,898 | 3,079,026 |
| Debtors: amounts falling due after more than one year | 11 | 676,848 | 603,310 |
| Cash at bank and in hand | | <u>3,058,247</u> | <u>1,137,071</u> |
| | | 6,825,993 | 4,819,407 |
| Creditors: amounts falling due within one year | 12 | (2,180,836) | (1,218,828) |
| Net Current Assets | | <u>4,645,157</u> | <u>3,600,579</u> |
| Total Assets less Current Liabilities | | 6,841,402 | 6,100,379 |
| Creditors: amounts falling due after more than one year | 12 | (506,276) | (603,310) |
| Defined benefit scheme pension liability | 22 | (4,114,000) | (1,043,000) |
| NET ASSETS | | <u>2,221,126</u> | <u>4,454,070</u> |
| Funds | | | |
| Unrestricted | 15 | 3,550,910 | 2,250,210 |
| Restricted | 15 | 1,893,335 | 2,348,979 |
| Endowment | 15 | 890,881 | 897,881 |
| Pension | 15 | (4,114,000) | (1,043,000) |
| TOTAL FUNDS | | <u>2,221,126</u> | <u>4,454,070</u> |

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

These financial statements were approved and authorised for issue by the Board of Trustees on 27 January 2022 and were signed on its behalf by:

DocuSigned by:

 814878EFCCE3442...

Mr Niels de Vos
Chairman

Registered No: 07737797

BIRMINGHAM MUSEUMS TRUST

Consolidated Cash Flow Statement For the year ended 31 March 2021

| | Note | 2021 £ | 2020 £ |
|--|------|------------------|----------------|
| Cash used in operating activities | a | 1,637,601 | 897,173 |
| Cash flows from investing activities | b | (261,222) | (458,325) |
| Increase / (Decrease) in cash during the year | | 1,376,379 | 438,848 |

(a) Cash used in operating activities

| | 2021 £ | 2020 £ |
|--|------------------|----------------|
| Net (outgoing) / incoming resources | (738,168) | (1,224,499) |
| Adjustments for non-cash items: | | |
| Depreciation and amortisation | 988,325 | 991,104 |
| Pension fund provision | 597,000 | 558,000 |
| (Increase)/decrease in stocks | 44,369 | (15,328) |
| (Increase)/decrease in debtors | (35,965) | 12,205 |
| (Decrease)/Increase in creditors | 782,040 | 575,691 |
| Net cash (outflow) / inflow from operating activities | 1,637,601 | 897,173 |

(b) Cash flows from investing activities

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Purchase of tangible fixed assets | (261,222) | (315,152) |
| Purchase of intangible fixed assets | - | (143,173) |
| Net cash outflow from investing activities | (261,222) | (458,325) |

(c) Analysis of movements in cash and cash equivalents

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Increase in cash and cash equivalents in the year | 1,376,379 | 438,848 |
| Cash and cash equivalents at the beginning of the year | 1,883,088 | 1,444,240 |
| Total cash and cash equivalents at the end of the year | 3,259,467 | 1,883,088 |

(d) Analysis by cash and debt

| | As At April 2020 £ | Cashflows £ | As at March 2021 £ |
|--------------------------|--------------------------|------------------|--------------------------|
| Cash at Bank and in hand | 1,883,088 | 1,376,379 | 3,259,467 |
| Debt due after one year | 603,310 | (97,034) | 506,276 |
| Debt due within one year | 101,785 | | 101,785 |
| | 2,588,183 | 1,279,345 | 3,867,528 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements

1. General information

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

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

2. Statement of principal accounting policies

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

Basis of accounting

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

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

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

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

The financial statements have been prepared on a going concern basis. The Directors consider that there is a reasonable expectation that the company has sufficient resources to continue in operational existence for the foreseeable future and, for this reason they have adopted the going concern basis in preparing the financial statements.

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 17 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 17.

Statement of financial activities

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

Incoming resources

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

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

Donations and gifts

Cash donations are included when received.

Legacies

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

Grants receivable including government grants

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

Trading income

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

Income from investments

Investment income is accounted for on an accruals basis.

Sponsorship in kind

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

Fund accounting

The charitable company maintains three types of funds as follows:

Restricted funds

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

Unrestricted funds

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

Pension funds

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

Resources expended

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

Raising funds

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

Charitable activities

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

Governance Costs

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

Redundancy Costs

All redundancy costs and termination payments are recognised in the year.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

Basis of allocation of costs

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

Operating leases

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

Foreign currency translation

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

Pension costs

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

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

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

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

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

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

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

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

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

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

Taxation

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

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

Stocks

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

Tangible and intangible fixed assets

Operating assets

Operating assets are stated at cost less depreciation/amortisation.

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

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

Depreciation commences in April following the year of purchase.

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

Fixed asset investments

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

Recognition of liabilities

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

Financial instruments

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

Related party transactions

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

3. Judgements and key sources of estimation uncertainty

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

Operating lease commitments

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

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

Pension and other post-employment benefits

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 22.

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

| | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| General Restricted Funds | | |
| Arts Council Collection National Partners Fund | - | 60,000 |
| Bangladesh 50 | 19,090 | - |
| Esmée Fairbairn Collections Fund | 30,000 | - |
| Islamic Art & Material culture | - | 24,400 |
| Millennium Point Trust | 200,000 | 233,044 |
| Minibrum | 122,345 | 734,115 |
| Museums for Birmingham | (133,094) | (54,374) |
| Portable Antiquities Scheme | 88,710 | 88,399 |
| Rent and Service Charge Grant | 1,417,000 | 1,417,000 |
| Sarehole Bakehouse | 10,750 | - |
| The Big Store | (54,374) | (15,626) |
| Wildlife Photographer of the Year | 18,031 | - |
| Other | 38,025 | 19,500 |
| | 1,756,483 | 2,506,458 |
| Endowment Fund | - | 1,261 |
| Total Restricted Funds | 1,756,483 | 2,507,719 |
| Designated Funds (Unrestricted) | | |
| Arts Council England (National Portfolio Organisation) | 1,026,107 | 1,007,568 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

4. Analysis of incoming resources (*continued*)

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| General Unrestricted Funds | | |
| Other Grants Receivable and Other Income | 874,134 | 270,851 |
| Furlough Income | 1,108,783 | - |
| CRF Grant | 1,872,750 | - |
| Donations | 115,408 | 93,053 |
| Birmingham City Council Fees | 3,233,000 | 3,183,000 |
| Visitor Admissions and Outreach Income | 56,187 | 2,222,772 |
| Rental Income | 3,015 | 5,400 |
| Trading Activities | 414,764 | 2,212,323 |
| | 7,678,041 | 7,987,399 |
| Total Unrestricted Funds | 8,704,148 | 8,994,967 |
| Total Incoming Resources | 10,460,631 | 11,502,686 |

Total furlough income received in 20-21 was £1.357m (19-20 Nil) of which £0.248m related to the Birmingham Museums Trading Limited and is shown above in Trading Activities.

5. Analysis of total resources expended

| | Fundraising £ | Museum Costs £ | Governance £ | 2021 £ | 2020 £ |
|---|------------------|----------------------|-----------------|-------------------|-------------------|
| Costs directly allocated to activities | | | | | |
| Staff costs | 62,854 | 3,258,582 | - | 3,321,436 | 4,262,280 |
| Marketing | - | 143,207 | - | 143,207 | 228,054 |
| Maintenance | - | 389,449 | - | 389,449 | 418,433 |
| Finance and Administration | - | 10,707 | 21,625 | 32,332 | 34,246 |
| Other operating expenditure | - | 4,339,465 | - | 4,339,465 | 4,653,405 |
| Depreciation / Amortisation | - | 988,325 | - | 988,325 | 991,105 |
| Direct Costs Total | 62,854 | 9,129,735 | 21,625 | 9,214,214 | 10,587,523 |
| Support costs allocated to activities | | | | | |
| Staff costs | - | 1,207,344 | - | 1,207,344 | 1,375,446 |
| Finance and Administration | - | 133,459 | - | 133,459 | 145,377 |
| Professional fees | - | 46,782 | - | 46,782 | 60,839 |
| Pension Fund charges | - | 597,000 | - | 597,000 | 558,000 |
| Support Costs Total | - | 1,984,585 | - | 1,984,585 | 2,139,662 |
| Total Costs | 62,854 | 11,114,320 | 21,625 | 11,198,799 | 12,727,185 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

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

Total resources expended include:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Depreciation | 927,540 | 975,080 |
| Amortisation | 60,785 | 16,024 |
| Auditor's remuneration – audit of these financial statements | 21,625 | 19,000 |
| Auditor's remuneration – audit of financial statements of subsidiaries | - | 6,000 |
| Auditor's remuneration – non-audit services | - | - |
| Operating lease charges: land and buildings | 619,451 | 604,457 |
| Operating lease charges: other than land and buildings | 8,104 | 3,714 |

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 £469k (2020: £461k).

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

An amount of £1,680 (2020: £2,050) 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 £nil (2020: £278) was reimbursed (2020: one) to trustees in respect of expenses mainly related to travel.

8. Employee numbers and costs

a. Average number of persons employed

| | Number 2021 | Number 2020 |
|----------------------------|----------------|----------------|
| Fundraising | 2 | 3 |
| Museum | 147 | 166 |
| Support and administration | 31 | 36 |
| | 180 | 205 |

b. Full Time Equivalent employed

| | FTE 2021 | FTE 2020 |
|----------------------------|-------------|-------------|
| Fundraising | 2 | 3 |
| Museum | 121 | 139 |
| Support and administration | 26 | 33 |
| | 149 | 175 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

8. Employee numbers and costs (*continued*)

| c. Employee costs | 2021 | 2020 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Wages and Salaries | 3,977,353 | 5,000,073 |
| Social Security costs | 301,169 | 372,154 |
| Pension costs | 250,258 | 265,499 |
| | 4,528,780 | 5,637,726 |

Included within wages and salaries figure is an amount of £111k (2020: £320k) in respect of temporary staff costs, £154k (2020: £398k) in respect of casual staff and £124k redundancy costs all of which was funded by the Cultural Recovery Fund.

d. Higher paid employees

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

| | 2021 | 2020 |
|----------------------|---------------|---------------|
| | Number | Number |
| £100,000 to £109,999 | - | - |
| £90,000 to £99,999 | - | 1 |
| £80,000 to £89,999 | 1 | - |
| £70,000 to £79,999 | - | 1 |
| £60,000 to £69,999 | 3 | 3 |

e. Birmingham Museums Trading Limited

Included in the above staff costs, the subsidiary Birmingham Museums Trading Limited was recharged for 22 staff members (2020: 58 staff) whose costs are wholly or partly included within the results of the subsidiary given at note 17.

The employment costs incurred by Birmingham Museums Trading Limited were:

| | 2021 | 2020 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and Salaries | 449,087 | 765,012 |
| Social Security costs | 28,446 | 35,914 |
| Pension costs | 9,254 | 11,786 |
| | 486,787 | 812,713 |

Included within wages and salaries above is an amount of £4k (2020: £112k) 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 346 (2020: 1,119) volunteers supported BMT, giving us over 3,530 hours (2020: 24,221 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 and assisted with our documentation.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

9. Fixed Assets

a) Tangible Fixed Assets

| Group | Leasehold Improvements £ | Plant and Equipment £ | Fittings £ | Equipment £ | Total £ |
|--|--------------------------------|-----------------------------|------------------|----------------|-------------------|
| Cost | | | | | |
| At 1st April 2020 | 5,673,831 | 800,142 | 8,241,574 | 772,917 | 15,488,464 |
| Additions | 170,000 | - | - | 91,222 | 261,222 |
| Disposals | - | - | - | - | - |
| At 31st March 2021 | 5,843,831 | 800,142 | 8,241,574 | 864,139 | 15,749,686 |
| Depreciation | | | | | |
| At 1st April 2020 | 5,341,216 | 574,531 | 5,460,435 | 651,261 | 12,027,443 |
| Charge for the year | 33,193 | 21,530 | 793,951 | 78,866 | 927,540 |
| At 31st March 2021 | 5,374,409 | 596,061 | 6,254,386 | 730,127 | 12,954,983 |
| Net Book Value At 31st March 2021 | 469,422 | 204,081 | 1,987,188 | 134,012 | 2,794,703 |
| Net book Value At 31st March 2020 | 332,615 | 225,611 | 2,781,139 | 121,656 | 3,461,021 |

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £Nil (2020: £Nil.).

| Company | Leasehold Improvements £ | Plant and Equipment £ | Fittings £ | Computer Equipment £ | Total £ |
|--|--------------------------------|-----------------------------|------------------|----------------------------|------------------|
| Cost | | | | | |
| At 1st April 2020 | 464,965 | 625,483 | 3,007,303 | 633,805 | 4,731,556 |
| Additions | 170,000 | - | - | 91,222 | 261,222 |
| Disposals | - | - | - | - | - |
| At 31st March 2021 | 634,965 | 625,483 | 3,007,303 | 725,027 | 4,992,778 |
| Depreciation | | | | | |
| At 1st April 2020 | 132,350 | 416,936 | 1,327,885 | 512,149 | 2,389,320 |
| Charge for the year | 33,194 | 16,832 | 375,102 | 78,867 | 503,995 |
| At 31st March 2021 | 165,544 | 433,768 | 1,702,987 | 591,016 | 2,893,315 |
| Net Book Value At 31st March 2021 | 469,421 | 191,715 | 1,304,316 | 134,011 | 2,099,463 |
| Net Book Value At 31st March 2020 | 332,615 | 208,547 | 1,679,418 | 121,656 | 2,342,236 |

All fixed assets are held for charitable purposes.

Capital expenditure contracted for, but not provided in the financial statements, was £Nil (2020: £Nil.).

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

9. Fixed Assets (*continued*)

b) Intangible Fixed Assets

Group and Company

| | Software £ |
|--|----------------|
| Cost | |
| At 1st April 2020 | 232,627 |
| Additions | - |
| At 31st March 2021 | 232,627 |
| Depreciation | |
| At 1st April 2020 | 75,060 |
| Charge for the year | 60,785 |
| At 31st March 2021 | 135,845 |
| Net Book Value At 31st March 2021 | 96,782 |
| Net Book Value At 31st March 2020 | 157,567 |

10. Stocks

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|------------------|--------------------|----------------------|--------------------|----------------------|
| Goods for resale | 150,365 | - | 194,734 | - |

Stock recognised as expense during the year was £102k (2020: £595k)

11. Debtors

Amounts due in one year

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|--|--------------------|----------------------|--------------------|----------------------|
| Trade debtors | 802,008 | 689,068 | 855,153 | 529,597 |
| Amounts owed by group companies | - | 1,922,530 | - | 2,109,835 |
| Tax and social security | 393,598 | 229,066 | 56,161 | - |
| Other debtors | 16,494 | 4,769 | 21,334 | 6,501 |
| Prepayments and accrued income | 92,572 | 92,572 | 331,308 | 331,308 |
| Amounts owed by group companies - Loan | | 56,859 | | |
| Loan from BCC | 97,034 | 97,034 | 101,785 | 101,785 |
| | 1,401,706 | 3,090,898 | 1,365,741 | 3,079,026 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

11. Debtors (*continued*)

Amounts due after more than one year:

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|-------------------------|--------------------|----------------------|--------------------|----------------------|
| Birmingham City Council | 506,276 | 506,276 | 603,310 | 603,310 |
| Inter Company Loan | - | 170,572 | - | - |
| | 506,276 | 676,848 | 603,310 | 603,310 |

12. Creditors

Amounts due within one year:

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|-----------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade creditors | 826,062 | 825,034 | 993,911 | 937,018 |
| Tax and social security | 60,497 | 60,497 | 230,147 | 106,609 |
| Loan from Birmingham City Council | 97,034 | 97,034 | 101,785 | 101,785 |
| Other creditors | 47,527 | 43,427 | 49,449 | 49,448 |
| Accruals and deferred income | 1,171,782 | 1,154,844 | 45,570 | 23,968 |
| | 2,202,902 | 2,180,836 | 1,420,862 | 1,218,828 |

Amounts due after more than one year:

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|-----------------------------------|--------------------|----------------------|--------------------|----------------------|
| Loan from Birmingham City Council | 506,276 | 506,276 | 603,310 | 603,310 |

Deferred income (group and company)

Deferred income comprises grants received in advance of expenditure.

| | Group £ | Company £ |
|--|----------------|----------------|
| Balance as at 1 April 2020 | 20,363 | 10,688 |
| Amount released to income from Charitable Activities | (20,363) | (10,688) |
| Amount deferred in year | 939,333 | 939,333 |
| Balance as at 31 March 2021 | 939,333 | 939,333 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

13. Financial instruments

| | Group 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|---|--------------------|----------------------|--------------------|----------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through statement of financial activities | 3,259,467 | 3,058,247 | 1,883,088 | 1,137,071 |
| Financial assets that are debt instruments measured at amortised cost | 1,718,376 | 3,407,568 | 1,530,782 | 3,249,243 |
| | 4,977,843 | 6,465,815 | 3,413,870 | 4,386,314 |

Financial liabilities

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Financial liabilities measured at amortised cost | 1,570,333 | 1,548,267 | 2,003,809 | 1,811,471 |
|--|------------------|------------------|------------------|------------------|

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 2021 £ | Company 2021 £ | Group 2020 £ | Company 2020 £ |
|-----------------|--------------------|----------------------|--------------------|----------------------|
| Within one year | 97,034 | 97,034 | 101,785 | 101,785 |
| In 1-2 years | 91,507 | 91,507 | 97,507 | 97,507 |
| In 2-5 years | 232,540 | 232,540 | 254,489 | 254,489 |
| Over 5 years | 182,229 | 182,229 | 251,314 | 251,314 |
| | 603,310 | 603,310 | 705,095 | 705,095 |

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

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds Analysis - consolidated

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

| | Balance at 1 April 2020 £ | Incoming Resources £ | Outgoing Resources £ | Funds Transfer £ | Other Gain (Loss) £ | Balance at 31 March 2021 £ |
|---|------------------------------------|----------------------------|----------------------------|------------------------|------------------------------|-------------------------------------|
| General Restricted Funds | | | | | | |
| Aston Hall Refurbishment | 37,116 | - | (8,835) | - | - | 28,281 |
| Collecting Birmingham | 359 | - | (359) | - | - | - |
| Bangladesh 50 | - | 19,090 | (7,650) | - | - | 11,440 |
| Esmée Fairbairn Collections Fund | - | 30,000 | (4,299) | - | - | 25,701 |
| HS2 | - | - | (2,461) | - | - | (2,461) |
| Islamic Art & Material Culture | 27,443 | - | (20,214) | - | - | 7,229 |
| Made in Birmingham | 479,524 | - | (171,531) | - | - | 307,993 |
| Millennium Point Trust | 120,527 | 200,000 | (224,360) | - | - | 96,167 |
| Minibrum | 1,543,880 | 122,345 | (286,902) | - | - | 1,379,323 |
| Museums for Birmingham | 79,594 | (133,094) | - | 53,500 | - | - |
| NAWM Graduate Showcase | 25,160 | - | - | (25,160) | - | - |
| Portable Antiquities Scheme | 29,347 | 88,710 | (82,250) | - | - | 35,807 |
| Rent and Service Charge Grant | - | 1,417,000 | (1,417,000) | - | - | - |
| Rewiring Project | - | - | (10,135) | - | - | (10,135) |
| Sarehole Mill Conservation | - | 10,750 | (20,804) | 10,054 | - | - |
| Science for all Seasons | 622,197 | - | (247,318) | - | - | 374,879 |
| Spitfire Gallery | 34,864 | - | (12,671) | - | - | 22,193 |
| Staffordshire Hoard Gallery | 268,291 | - | (108,460) | - | - | 159,831 |
| Tessa Sidey Bequest | 88,375 | - | - | - | - | 88,375 |
| The Big Store | 54,374 | (54,374) | - | - | - | - |
| Wildlife Photographer | (18,260) | 18,031 | (17,737) | 17,966 | - | - |
| Welcome All | 31,912 | - | (30,277) | - | - | 1,635 |
| Other | 25,996 | 38,025 | (26,757) | 12,685 | - | 49,949 |
| | 3,450,699 | 1,756,483 | (2,700,020) | 69,045 | - | 2,576,207 |
| Endowment Fund | 897,880 | - | (7,000) | - | - | 980,880 |
| Total Restricted Funds | 4,348,579 | 1,756,483 | (2,707,020) | 69,045 | - | 3,467,087 |
| Designated Funds | | | | | | |
| Arts Council England – (National Portfolio Organisation) | 55,215 | 1,026,107 | (687,258) | - | - | 394,064 |
| CRM / Ticketing | - | - | - | - | - | - |
| | 55,215 | 1,026,107 | (687,258) | - | - | 394,064 |
| General Unrestricted Funds | | | | | | |
| General Fund | 1,217,550 | 7,263,277 | (6,524,122) | (69,045) | - | 1,887,660 |
| Trading Reserve | 19,945 | 414,764 | 683,399 | - | - | (248,690) |
| | 1,237,495 | 7,678,041 | (7,207,521) | (69,045) | - | 1,638,970 |
| Total Unrestricted Funds | 1,292,710 | 8,704,148 | (7,894,779) | (69,045) | - | 2,033,034 |
| Pension Deficit | (1,043,000) | - | (597,000) | - | (2,474,000) | (4,114,000) |
| Total Funds | 4,598,289 | 10,460,631 | (11,198,799) | - | (2,474,000) | 1,386,121 |

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds analysis - consolidated (*continued*)

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

Restricted funds

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

- a. Aston Hall Refurbishment - the project will, over a number of years, improve the storytelling and interpretation at Aston Hall so it's more representative and enables BMT to increase footfall to the site.
- b. British Council Digital Collaboration Award (Bangladesh 50)
- c. Esmée Fairbairn Collections Fund (Museum Stream)
- d. HS2 – Implementation of the sensitive artefact strategy to safeguard the collections held at the Museums' Collection Centre during the HS2 construction works
- e. Islamic Art and Material Culture - A subject specialist network; grant from Arts Council England.
- f. Made in Birmingham - Gallery at Thinktank; this fund is being released as the asset depreciates.
- g. Millennium Point Trust - Grant to support programmes and projects at Thinktank, Birmingham Science Museum.
- h. Minibrium – New gallery and education programme, grants from Inspiring Science Fund co-funded by the Department for Business, Energy & Industrial Strategy (BEIS), UK Research and Innovation (UKRI) and Wellcome, Garfield Weston Foundation, Stavros Niarchos Foundation, The Wolfson Foundation, The 29th May 1961 Charity, Grimmitt Trust, Rowlands Trust and other donors.
- i. Museum for Birmingham – Development project for the refurbishment of Birmingham Museum & Art Gallery and a new store and cultural facility; funds from Birmingham City Council, grant from City of Birmingham Museums & Art Gallery Development Trust and donations from our 2017 Annual Appeal.
- j. Portable Antiquities Scheme - Recording archaeological objects found by members of the public in England and Wales; DCMS grant support, administered by the British Museum.
- k. Rent and Service Charge Grant - Grant support from Birmingham City Council at Thinktank.
- l. Rewiring Project – BCC funding for the collections and non-collections packing, decant, and temporary storage as well as re-installation due to rewiring of the Council House complex including BMAG
- m. Science for All Seasons - The Science Garden at Thinktank was completed prior to 2012 and this fund will be released as the asset is depreciated.
- n. Spitfire Gallery - Opened at Thinktank in March 2015; grants (various funders) and public donations. This fund will be released as the asset is depreciated.
- o. Staffordshire Hoard Gallery - Opened at the Museum & Art Gallery in October 2014; grant support (various funders and public donations) for the gallery refurbishment, and Hoard replicas and conservation. This fund will be released as the asset is depreciated.
- p. Tessa Sidey Bequest – A bequest in the will of Tessa Sidey (1955-2011) a curator at BMAG (1983-2011) to “buy major print acquisitions”.
- q. The Big Store - Development project to explore the feasibility of building a new Store and Cultural facility for Birmingham's world class collections; funds provided by Birmingham City Council.
- r. Welcome All - project to improve access at the Museum & Art Gallery; grant support from DCMS/Wolfson Museum & Art Galleries Improvement Fund 2011-16, Friends of Birmingham Museums Trust and City of Birmingham Museums & Galleries Development Trust, and Arts Council England Major Partner Museum funding 2015-18. This fund will be released as the asset is depreciated.

Endowment fund

This represents the Ivan Witton legacy income.

Designated funds

National Portfolio Organisation - 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 four year agreement for 2018-22.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

14. Funds analysis - consolidated (*continued*)

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

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

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

15. Funds analysis - Company

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

| | Balance at 1 April 2020 £ | Incoming Resources £ | Outgoing Resources £ | Funds Transfer £ | Other Gain (Loss) | Balance at 31 March 2021 £ |
|---|------------------------------------|----------------------------|----------------------------|------------------------|-------------------------|--|
| Restricted Funds | | | | | | |
| Arts Council Collection National Partners Fund | - | - | - | - | - | - |
| Aston Hall Refurbishment | 37,116 | - | (8,835) | - | - | 28,281 |
| Collecting Birmingham | 359 | - | (359) | - | - | - |
| Bangladesh 50 | - | 19,090 | (7,650) | - | - | 11,440 |
| Esmée Fairbairn TYCollections Fund | - | 30,000 | (4,299) | - | - | 25,701 |
| Islamic Art & Material Culture 2015-18 | 27,443 | - | (20,214) | - | - | 7,229 |
| HS2 | 0 | - | (2,461) | - | - | (2,461) |
| Millennium Point Trust | 120,527 | 200,000 | (224,360) | - | - | 96,167 |
| MiniBrum | 1,543,880 | 122,345 | (286,902) | - | - | 1,379,323 |
| Museums for Birmingham | 79,594 | (133,094) | - | 53,500 | - | - |
| NAWM Graduate Showcase | 25,160 | - | - | (25,160) | - | - |
| Portable Antiquities Scheme | 29,347 | 88,710 | (82,250) | - | - | 35,807 |
| Rewiring Project | - | - | (10,135) | - | - | (10,135) |
| Sarehole Mill Conservation | - | 10,750 | (20,804) | 10,054 | - | - |
| Spitfire Gallery | 34,864 | - | (12,671) | - | - | 22,193 |
| Staffordshire Hoard Gallery | 268,291 | - | (108,460) | - | - | 159,831 |
| Tessa Sidey Bequest | 88,375 | - | - | - | - | 88,375 |
| The Big Store | 54,374 | (54,374) | - | - | - | - |
| Wildlife Photographer | (18,260) | 18,031 | (17,737) | 17,966 | - | - |
| Welcome All | 31,912 | - | (30,277) | - | - | 1,636 |
| Other | 25,996 | 38,025 | (26,757) | 12,685 | - | 49,949 |
| | 2,348,978 | 339,483 | (864,171) | 69,045 | - | 1,893,335 |
| Endowment Funds | | | | | | |
| Ivan Witton Legacy (including interest receivable) | 897,881 | | (7,000) | - | - | 890,881 |
| Total Restricted Funds | 3,246,859 | 339,483 | (871,171) | 69,045 | - | 2,784,216 |
| Designated Funds | | | | | | |
| Arts Council England (Major Partner Museums 2015-18) | 55,215 | 1,026,107 | (687,258) | - | - | 394,064 |
| Unrestricted Funds | 2,194,996 | 7,263,277 | (6,232,382) | (69,045) | - | 3,156,846 |
| Total Unrestricted Funds | 2,250,211 | 8,289,384 | (6,919,640) | (69,045) | - | 3,550,910 |
| Pension Deficit | (1,043,000) | - | (597,000) | - | (2,474,000) | (4,114,000) |
| Total | 4,454,070 | 8,628,867 | (8,387,811) | - | (2,474,000) | 2,221,126 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

15. Funds analysis - company (*continued*)

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

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

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

16. Analysis of net assets between funds - consolidated

| | Restricted | Pension | Unrestricted | Total |
|--|------------------|--------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Fixed Assets | 2,222,499 | - | 668,986 | 2,891,485 |
| Net Current Assets | 1,244,588 | - | 1,870,325 | 3,114,912 |
| Creditors (amounts falling due after more than one year) | - | (4,114,000) | (506,276) | (4,620,276) |
| Total as At March 2021 | 3,467,087 | (4,114,000) | 2,033,034 | 1,386,121 |
| Fixed Assets | 3,003,439 | - | 615,149 | 3,618,588 |
| Net Current Assets | 1,345,140 | - | 1,280,871 | 2,626,011 |
| Creditors (amounts falling due after more than one year) | - | (1,043,000) | (603,310) | (1,646,310) |
| Total as At March 2020 | 4,348,579 | (1,043,000) | 1,292,710 | 4,598,289 |

17. Financial performance of undertakings

Company Statement of Financial Activities

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

| | 2021 £ | 2020 £ |
|--------------------------------------|--------------------|------------------|
| Income | 8,628,867 | 7,873,362 |
| Gift Aid from subsidiary company | - | 624,607 |
| Total Income | 8,628,867 | 8,497,969 |
| Expenditure on Charitable Activities | (8,387,811) | (8,926,902) |
| Net Income / (Expenditure) | 241,056 | (428,933) |
| Other recognised gains/(losses) | (2,474,000) | 1,911,000 |
| Net Movements in funds | (2,232,944) | 1,482,067 |
| Total funds brought forward | 4,454,070 | 2,972,003 |
| Total Funds carried forward | 2,221,126 | 4,454,070 |
| Represented by: | | |
| Unrestricted income funds | 3,454,173 | 2,250,210 |
| Restricted funds | 2,880,953 | 3,246,860 |
| Pension | (4,114,000) | (1,043,000) |
| Net Funds | 2,221,126 | 4,454,070 |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

17. Financial performance of undertakings (*continued*)

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

Birmingham Museums Trading Limited

Registered Company Number: 04221635

Registered Address: Chamberlain Square
Birmingham
B3 3DH

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Profit & Loss Account | | |
| Turnover | 414,764 | 2,212,323 |
| Cost of Sales | (148,270) | (678,000) |
| Gross Profit | 266,494 | 1,534,323 |
| Administrative expenses | (535,129) | (909,716) |
| Profit on ordinary activities before Gift Aid | (268,635) | 624,607 |
| Gift Aid to parent undertaking | - | (624,607) |
| Retained Profit / (Loss) for the year | (268,635) | - |
| The aggregated assets and liabilities of the subsidiary were | | |
| Assets | 493,621 | 1,219,429 |
| Liabilities | (742,311) | (1,199,483) |
| Net Funds | (248,690) | 19,945 |

Thinktank Trust

Registered Company Number: 03239119

Registered Address: Chamberlain Square
Birmingham
B3 3DH

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|--|----------------------------|--------------------------|---------------------|
| Total incoming resources | - | 1,417,000 | 1,417,000 |
| Total resources expended | (291,741) | (1,835,849) | (2,127,590) |
| Net incoming / (outgoing) resources | (291,741) | (418,849) | (710,590) |
| Transfer between funds | - | - | - |
| Net movement in funds | (291,741) | (418,849) | (710,590) |
| Fund balances brought forward | (977,448) | 1,101,722 | 124,274 |
| Fund balances carried forward | (1,269,189) | 682,873 | (586,316) |

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

18. Taxation

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

19. Financial Commitments

Debentures and charges

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

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

Value Added Tax

As a result of group registration arrangements for Value Added Tax (VAT), the charitable company is jointly and severally liable with other members of the group for any VAT due by the representative member of the group. At 31 March 2021 the group's net receivable in respect of VAT was £394k (2020: recoverable £80k).

20. Related Party Transactions

During the year, the Company conducted the following transactions with its two subsidiaries, ThinkTank Trust and Birmingham Museums Trading Limited, and had the following debt positions with these subsidiaries as at 31 March 2021.

Birmingham Museums Trading Limited

The Company levied a management charge on Birmingham Museums Trading Limited for the year ended 31 March 2021 amounting to £486k (2020: £813k). The management charge for both years includes the recharge of staff by the Company to Birmingham Museum Trading as disclosed in Note 8e to the consolidated financial statements.

Birmingham Museums Trading Limited made a gift aid donation to the Company of £nil for the year ended 31 March 2021 (2020: £625k) as disclosed in Note 17 to the consolidated financial statements.

At 31 March 2021, the Company was due an amount of £695k from Birmingham Museums Trading Limited (2020: £1,015k).

Thinktank Trust

The Company levied a management charge on Thinktank Trust for the year ended 31 March 2021 amounting to Nil.

At 31 March 2021, the Company was due an amount of £1,452k (2020: £1,095k) from Thinktank Trust.

At 31 March 2021, Birmingham Museums Trading Limited was due an amount of £nil from Thinktank Trust (2020: Nil)

Birmingham City Council (BCC)

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

BCC received services from the Company and contractual payments received in the year by the Company for services undertaken amounted to a fixed fee of £3.233m (2020: £3.183m) and variable performance payments amounting to £0.056m (2020: £2.223m).

The Company has an outstanding loan with BCC as disclosed in Notes 11 and 12.

In addition, Thinktank Trust received a grant from BCC of £1.417m during the year (2020: £1.417m) to assist in the provision of lease payments on Thinktank to Millennium Point Property Ltd.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

21. Members

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £10 in the event of the company being wound up. At 31 March 2021 Birmingham City Council was the sole member of Birmingham Museums Trust.

22. Pension Schemes

The company operates Defined Benefit and Defined Contribution Schemes.

Defined Benefit Scheme

The defined benefit pension scheme is accounted for in accordance with applicable accounting standards within the United Kingdom and Republic of Ireland. As a consequence, a liability of £4,114k (2020: £1,043k) 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 2021 | At 31 March 2020 |
|--|------------------------|------------------------|
| Rate of increase in salaries | 3.85% | 2.85% |
| Rate of increase to pensions | 2.85% | 1.85% |
| Discount rate | 2.00% | 2.35% |
| Inflation assumption – CPI | 2.85% | 1.35% |

Assumed life expectations on retirement at age 65 are:

| | | At 31 March 2021 | At 31 March 2020 |
|----------------------------|---------|------------------------|------------------------|
| Retiring today | Males | 21.6 | 21.9 |
| | Females | 23.9 | 24.1 |
| Retiring in 20 years' time | Males | 23.4 | 23.8 |
| | Females | 25.8 | 26.0 |

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

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

| | Fair value at 31 March 2021 £000 | Fair value at 31 March 2020 £000 |
|----------------------------------|---|---|
| Equities | 12,073 | 9,379 |
| Gilts | 2,041 | 1,989 |
| Bonds | 787 | 715 |
| Property | 1,481 | 1,522 |
| Cash | 1,225 | 614 |
| Other | 2,887 | 2,531 |
| Fair value of plan assets | 20,494 | 16,750 |

The actual return on assets over the year was

10

10

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

22. Pension Schemes (*continued*)

Defined Benefit Scheme (*continued*)

The amounts recognised in the balance sheet are as follows

| | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Present value of scheme liabilities | (24,608) | (18,153) |
| Fair value of scheme assets | 20,494 | 17,110 |
| Net pension liability | 4,114 | 1,043 |

Analysis of the amount charged to Statement of Financial Activities:

| | | |
|---|------------|------------|
| Current service cost | 340 | 573 |
| Administration cost | 12 | 11 |
| Interest on the defined liability/(asset) | 22 | 58 |
| Total | 374 | 642 |

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

| | | |
|---|----------------|----------------|
| Actuarial (loss)/gain on scheme assets | 2,904 | (1,142) |
| Actuarial (loss)/gain on scheme liabilities | (6,233) | (2,201) |
| Actuarial (loss)/gain recognised | (3,329) | (3,343) |

Changes to the present value of the defined benefit obligation:

| | | |
|--|---------------|---------------|
| Opening defined benefit obligations | 18,153 | 19,834 |
| Current service cost | 340 | 410 |
| Interest cost | 425 | 484 |
| Contributions by scheme participants | 89 | 73 |
| Actuarial loss/(gain) | 6,233 | (2,201) |
| Benefits paid | (202) | (242) |
| Past service cost | - | 163 |
| Changes in demographic assumptions | (232) | 474 |
| Experience loss/(gain) on defined benefit obligation | (198) | (842) |
| Closing defined benefit obligations | 24,608 | 18,153 |

Changes in the fair value of plan assets

| | | |
|--------------------------------------|---------------|---------------|
| Opening plan assets | 17,110 | 17,438 |
| Interest on assets | 403 | 426 |
| Return on assets less interest | 2,904 | (1,142) |
| Other actuarial gains/(losses) | - | 484 |
| Administration expenses | (12) | (11) |
| Contributions by employers | 202 | 84 |
| Contributions by scheme participants | 89 | 73 |
| Benefits paid | (202) | (242) |
| Closing plan assets | 20,494 | 17,110 |

The pension cost charge represents contributions payable by the trust and amounted to £250k (2020: £266k) for the defined benefit scheme.

BIRMINGHAM MUSEUMS TRUST

Notes to the Financial Statements (*continued*)

22. Pension Schemes (*continued*)

Defined Contribution Scheme

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

23. Lease Commitments

Land and Building Leases

At 31 March 2021 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:

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 630,994 | 615,720 |
| Between two to five years | 2,685,718 | 2,620,707 |
| More than five years | 2,772,329 | 3,469,482 |
| Total | 6,089,042 | 6,705,909 |

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

Other Operating Leases

At 31 March 2021 the group and company had future minimum lease payments, in relation to other operating leases, under non-cancellable operating leases as follows:

| | Group | Company | Group | Company |
|---------------------------|---------------|---------------|--------------|--------------|
| | 2021 | 2021 | 2020 | 2020 |
| | £ | £ | £ | £ |
| Within one year | 8,400 | 8,400 | 3,714 | 3,714 |
| Between two to five years | 10,500 | 10,500 | - | - |
| More than five years | - | - | - | - |
| Total | 18,900 | 18,900 | 3,714 | 3,714 |

24. Post Balance Sheet Events

There have been no post balance sheet events