



**Scott-Moncrieff**  
business advisers and accountants

**NATIONAL MINING MUSEUM SCOTLAND TRUST**

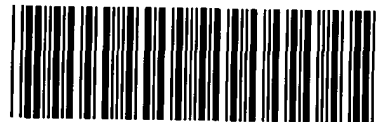
**Trustees' Annual Report and Financial Statements  
For the Year Ended 31 March 2016**

**Registered Company Number SC088361**

**Registered Charity Number SC003227**

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**NATIONAL MINING MUSEUM SCOTLAND TRUST**

**Trustees' Annual Report and Financial Statements**

**For the year ended 31 March 2016**

<b>Contents</b>	<b>Pages</b>
Trustees' Annual Report	2 - 12
Independent Auditor's Report	13 - 14
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 35

**The following pages do not form part of the financial statements**

Detailed Statement of Financial Activities	36 - 39
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# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Trustees' Annual Report

For the year ended 31 March 2016

### Objectives and activities

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

The Trust's Strategic Aims are:

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

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

### **National Role**

As one of the three leading independent industrial museums in Scotland, the Trust has continued to take a major part in the governance and ongoing development of Industrial Museums Scotland (IMS). In the quest to improve the profile of industrial museums in Scotland, Museums Galleries Scotland (MGS) awarded IMS a grant of £18,000 towards the development of a new IMS website and the improvement of its marketing and social media profile. Development of the new website started during the course of the year under review and is expected to be launched towards the end of 2016.

The Keeper represents the museum in the Scottish Transport and Industry Collections and Knowledge Network (STICK) and the Scottish Museums Federation (SMF), attending meetings and conferences as and when required. The Marketing and Events Manager leads the museum's activity on the Midlothian Tourist Forum and along with the Visitor Services Manager represents the museum in the Association of Visitor Attractions Scotland (ASVA) and Visit Scotland. MGS continues to support the museum sector and provides advice and support to the museum when required. As an accredited museum holding a collection recognised by the Scottish Government as being of national significance, the museum has the opportunity to apply to MGS for ring fenced funding towards the cost of accessibility and conservation and care of the collections and the museum intends to avail itself of this opportunity in the future.

In developing a new education provision, the museum will seek to engage with communities across Scotland, with the focus on former mining communities and areas of industrial heritage.

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Related parties**

The Trust continues to have a good working relationship with a wide range of partner organisations including the Scottish Mining Museum Collection Trust ("SMMCT") which is the owner of most of the museum's collections. The Trust works with agencies and organisations in the heritage, tourism, education and economic development sectors on projects that assist the museum in achieving its objectives. The organisations include Historic Scotland and the Royal Commission on the Ancient and Historical Monuments of Scotland (now Historic Environment Scotland); National Museums Scotland; Creative Scotland; The; the Museums Association; the Midlothian Tourism Forum and many others. The Trust has been awarded grants from a number of sources towards the museum's work and these are listed elsewhere in the report.

The Scottish Government provide revenue grants for funding the core activities of the museum. Midlothian Council provides additional support.

### **Volunteers**

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

### **Achievements and Performance**

The attendance figures maintained by the museum show that it attracted 60,367 visitors in 2015/16. Although this represents a decrease of 11% from the previous year (2014/5), it must be borne in mind when seeking to making comparisons that 2014/15 was not a typical year for Scottish visitor attractions. There was a significant upward trend in visitor numbers to Scotland in 2014, attributable to several factors including the holding in Scotland of the Commonwealth Games and the Ryder Cup and also Visit Scotland's strong marketing campaign which encouraged stay at home families to explore attractions across the country. At the same time the museum's figures in 2014 had been boosted by the sale by the museum of 885 annual passes (covering families as well as individuals) through a special 'Groupon' deal.

Her Majesty the Queen officially launched the opening of the new Borders Railway at an unveiling ceremony at Newtongrange railway station on the 7<sup>th</sup> September 2015. There are already indications that the railway is bringing new visitors to the museum, creating as it has a great link between communities across the Borders, Midlothian and Edinburgh. Prior to the official launch of the railway, the museum held a golden ticket day for families to experience the railway before opening to the public. This event brought 4500 visitors to the museum which to date has been a record number of visits for one day.

The museum had extensive press and media coverage on the lead up to and following the opening of the railway, boosting our profile to local communities. The museum is developing strategies to target the new potential audience which the railway facilitates, such as the Midlothian Hop on Hop off bus, and the museum's adoption of Newtongrange railway station. Midlothian Council has constructed as agents for Transport Scotland a footpath across the museum's land directly linking Newtongrange railway station to the museum. A series of interpretation panels has been erected along the route of the footpath, highlighting the story of the Colliery and its relationship to the railway in the past, with the aim of encouraging and welcoming visitors as they approach the museum entrance.

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Achievements and Performance (continued)**

The museum has renewed its 5 Star Status from Visit Scotland. This award demonstrates the high level of visitor experience that the museum has to offer. The fact that the museum has maintained this status for over 10 years is a good reflection of the high standards that the museum achieves.

In December 2015 the museum was awarded a grant of £6,136 from Museums Galleries Scotland (MGS) for a project utilising digital technology to widen access to audiences and create a new platform on which to engage with them. This project is called 'Crafting the Mine' and is built using the game 'Minecraft'. Work is underway to develop this project and it is envisaged it will be a success with our younger audiences and is an initiative that can be presented to other museums as a good practice model in engaging and developing new and younger audiences.

### **The Building Estate**

During the year under review the museum's technical services team sought to address day to day issues of the repair and routine maintenance of the building estate. However at the same time the Board, mindful that the estate is on the buildings at risk register, recognises that specific proactive repair work is required to help safeguard the integrity of the estate. The Board also recognises that funding sources need to be identified in order to enable the museum to carry out large scale repair work and also to obtain an up to date understanding of the current condition of the estate. To this end the Board has instructed LDN Architects to update the Condition Survey which they provided in 2010 and this was expected to be ready by June 2016.

### **Visitor Experience**

As already referred to, in April 2016 Visit Scotland awarded the museum the renewal of the 5 Star Visit Scotland status which the museum has enjoyed for over 10 years. This highlights the positive visitor experience which museum provides. The tour guides continue to be a positive feature in the visitor experience and the museum receives good positive feedback from visitors following their tours. The museum does however recognise that there is scope to diversify the tour experience in order to provide visitors with a wider offer and to this end a number of options are being explored including a tour of the headframe, the undercroft and a tour that links with the community. It is envisaged that new tours will be available to the public over the coming year.

The events programme in the museum continued to be a success and to attract new audiences. Key events included the museum takeover day where Newtongrange Primary School pupils (P6/7) spent the day at the museum being mentored by staff in the workings of the museum.

The post of Education Officer was not filled when the previous incumbent left in September 2015. Instead a new post of Education Manager has been created to focus on working at a more strategic level with partners and schools both locally and nationally. This is expected to be filled by summer 2016. Midlothian Council Education Department has been very supportive and is committed to the development of the museum's education provision in the context of the curriculum for excellence, adult learning and community groups. It envisaged that the new improved education provision will have a positive impact on the overall visitor experience.

These developments show the museum's ongoing commitment to the following Scottish Government's national outcomes:

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

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Collections and Exhibitions**

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

As part of the periodic review of the museum's Accreditation status, the museum submitted the requisite return to MGS on 28 January 2016. After the end of the period under review. MGS made a verification visit to the museum in late April and this was followed by confirmation in May 2016 that the museum's accredited status had been successfully renewed.

The collections staff and volunteers continue to comply with the accreditation and recognition standards, as reflected in the Documentation and Collections Care plans that were approved by the Board at its December 2015 meeting and subsequently submitted as part of the Accreditation return. Input to the collections management database 'Adlib' has continued and the outstanding backlog has been significantly reduced.

The continued improvement in the museum's collections management are the result of dedicated volunteer commitment and informed Curatorial and Technical leadership. Although it is recognized that both the Collections and the colliery buildings still require a huge investment in resources, the museum's commitment to best practice industry standards and partnership working makes a contribution towards the following Scottish Government national outcomes:

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

### **Staff**

Following the departure of the previous museum director at the end of January 2015, the Board decided to create a new post of Chief Executive reporting directly to the Board. The new post, which was filled in September 2015, is intended to enable the taking of a more strategic overview of the museum.

Other changes to staff included the appointment of a new Technical Services Manager in September 2015 and the creation of a job share for the post of Visitor Services Manager to ensure seven days a week management cover whenever the museum is open. The full time equivalent (FTE) of this post was increased from 0.6 FTE to 1.4 FTE.

The Assistant Curator resigned in December 2015 and this function was absorbed in the post of Collections Assistant, thereby increasing the full time equivalent of this post from 0.4 FTE to 0.8 FTE. In March 2015, following 19 years of service the Office Manager retired. This post was filled by the promotion of the existing Finance Officer, while the Finance Assistant was promoted to Finance Officer in her place and the Assistant post was abolished.

## **NATIONAL MINING MUSEUM SCOTLAND TRUST**

### **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

#### **Staff (continued)**

As already referred to the previous post of Education Officer was replaced by a new post of Education Manager. The previous post was rated 0.6 FTE and delivered education provision in the museum. The new post was created to work at a strategic level and to be a full time post as is the case with the rest of the management team. The Mining Institute of Scotland Trust (MIST) agreed to fund the new post. It was advertised in February 2016 and will be filled by summer 2016. It is envisaged that this post will be key to developing a robust education provision for the museum and be a strong addition to the management team.

A new training needs analysis and a continued professional development framework has been developed for all staff. This framework will ensure that all staff have the opportunity for training and development and will be recorded on an annual basis. This framework will be launched in April 2016

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

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

#### **Financial review**

The audited financial statements show total incoming resources of £734,383 (2015: £765,943). The unrestricted core operating deficit for the year is £168,036 (2015: £5,826). Total core unrestricted funds carried forward are a deficit of £479,112 (2015: £310,874).

The deficit shown in unrestricted funds, which has created a net liability position, has arisen in part due to the significant provision recognised in relation to repair and maintenance of the Colliery buildings, and also the crystallisation of the pension deficit. Further details of this are disclosed in notes 16 and 18 to the financial statements.

#### **Reserves policy**

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

The Trust's pension liability (see note 18) is £259,000 (2015: £76,000); the final member in the scheme retired during the year to 31 March 2016, and so the pension liability has been valued on a cessation basis.

#### **Risk management**

The key risks facing the trust include financial stability and the maintenance and upkeep of buildings. The Board has prepared cash flow forecasts to 31 March 2018, and is negotiating a repayment agreement with respect to the pension deficit liability. The Trust plans to seek external funding towards the repair and maintenance of the museum buildings, and hopes to raise the profile of the museum through advertising and exploiting opportunities including those arising from the new railway station at Newtongrange.

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Plans for future periods**

#### **Strategic Developments for the Museum**

At its December 2015 meeting the Board adopted a new Strategic Plan for the museum covering the three years from 2015 to 2018 and taking cognisance of local and national priorities and embodying new key performance indicators (KPI's) to reflect the aims of the museum. The plan highlights the importance of capital development and focusses on the initiative to preserve and conserve the Boiler House. This project has been in development for a number of years and it is planned that this will be progressed to enable a Phase One application to be made to the Heritage Lottery over the next one to two years. The scale of this project will require a range of funders and key partners to help deliver it. A working group of trustees has been set up to help progress the project application phase with input from professional advisers and consultants.

The new KPI's clarify the priorities for the museum and the roles and responsibilities of staff in relation to them. A new reporting method to the Board has been developed where the KPI's are presented quarterly giving a more robust method for measuring and analysing the museum's performance.

The museum continues to work with partners and similar organisations and as such has established a partnership with the National Mining Museum of England and the 'Big Pit' in Wales. A sharing of information and working practice meeting was held in Wakefield in March 2015 and the intention is that the three museums will meet annually to share practice and knowledge and develop new initiatives such as education partnership projects.

The museum has been in discussion with the Scottish Government regarding the future commitment of funding for the industrial museums' sector. The Scottish Government has indicated that they are willing to support capital developments in the museum and to this end the Boiler House project has been highlighted as a future project and smaller scale capital developments are being developed to be presented to the Culture Department.

#### **Financial Sustainability**

The museum tours continue to be a key attraction in the museum with the majority of the income that is generated by the museum coming from admissions. The rents received by the museum from those parts of the museum's estate let to occupational tenants (which include most of the workshops and certain rooms in the office building) provide significant income. The marketing of rooms in the office to local businesses has attracted some new tenants.

The retail offer in the museum shop has been positioned to allow for a broad spend spectrum, low cost items for children and young people and mining related items. There has also been a branding exercise on key retail items including; mugs, postcards and booklets. Furthermore, a new online shop has been developed to increase access to our retail offer.

The museum will require to be proactive in seeking funding for projects both large and small scale. While there have been successes in raising funds for small scale initiatives, more work is required on accessing grant funds and this has been receiving the attention of the Fundraising and Sponsorship Committee.



# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Structure, governance and management**

#### **Organisational structure**

National Mining Museum Scotland Trust ("the Trust") is constituted as a charitable company limited by guarantee. Under the terms of its Articles of Association, the Board of Trustees (acting as both charity trustees and as company directors) consists of not more than sixteen elected or appointed trustees and as at the year end all 16 available positions were filled. In addition the Chief Executive who is a paid employee is a trustee ex officio. A representative of the Company Secretaries normally attends all Board meetings but has no voting rights. The Board meets at quarterly intervals.

The Trust holds title to the land and buildings at Lady Victoria Colliery, Newtongrange, Midlothian which are comprised in the National Mining Museum Scotland and it operates and manages the museum. The Board of Trustees is responsible for directing the policy and funding of the museum while the Chief Executive is responsible for the management and performance of the museum.

#### **Governance**

The Board of Trustees continues to meet every quarter. The Board has also created four standing committees which report to the full Board. The Governance and Strategy Committee and the Audit and Finance Committee, generally meet every 2 to 3 months, while the Stakeholders Committee and the Fundraising and Sponsorship Committee also meet as required. Each committee is chaired by a member of the Board and is supported by a member of the museum's Management Team.

The Board and its committees seek to ensure that our mission to be 'a world class museum service that promotes the care and enjoyment of Scotland's Mining Heritage' is fulfilled to the best of our capabilities.

In September 2015, Jim Martin joined the Board and in December 2015 David Hamilton, Ann Southwood and Henrietta Dundas Goffer joined thereby improving the gender balance of the Board.

#### **Conclusion**

The changes to staff at management level have provided an opportunity for change and improvement by focusing on a more strategic approach to managing and developing the museum's output. The museum will face similar challenges in the next financial year in terms of finance and sustainability; however having adopted the new strategic plan and with a new management team in post with a dynamic and refreshed drive, the museum has the opportunity to take stock of its successes and failures and to broaden its offer to visitors. In order to fulfill the potential of new ideas and initiatives, the management team will require to work together to ensure that all staff have a broader understanding of the museum's performance and strategy.

A further challenge is the state of repair of many of the buildings in the museum's estate, on which work is underway in gathering more up to date information on the condition of the buildings. The Boiler House project will require not only strong support from the Board as well as support and input from professional consultants but also the seeking out of external partners and funding.

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Trustees' Annual Report (continued)

For the year ended 31 March 2016

### Reference and administrative details

<b>Company registration number</b>	SC088361
<b>Charity registration number</b>	SC003227
<b>Directors/Trustees</b>	Rt Hon H B McLeish E L Clarke J W Allan K G Aitken R Y Anderson C Beattie D A Canavan R Dodds D Seath N Wilson G Waddell I Johnson M J Cross (appointed 28 September 2015) J B Martin (appointed 29 September 2015) H M Goffin (appointed 14 December 2015) D Hamilton (appointed 14 December 2015) A Southwood (appointed 14 December 2015)
<b>Company Secretary</b>	Pagan Osborne Limited
<b>Registered and Principal Office</b>	National Mining Museum Scotland Lady Victoria Colliery Newtongrange Midlothian EH22 4QN
<b>Auditor</b>	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
<b>Bankers</b>	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YE
<b>Solicitors</b>	Pagan Osborne Limited Clarendon House 116 George Street Edinburgh EH2 4LH

## NATIONAL MINING MUSEUM SCOTLAND TRUST

### Trustees' Annual Report (continued)

For the year ended 31 March 2016

#### **Museum Staff**

**Director:** Mhairi Cross (started 01/09/15)

#### **Marketing**

Marketing Officer: Gillian Rankin

#### **Education**

P/T Education Officer: Alison Shepherd (left 10/09/15)

#### **Curatorial**

Keeper: Ellie Swinbank

Assistant Curator: David Bell (started 01/02/2016)

Assistant Curator: Lynsey Anderson (left 13/12/15)

Temporary P/T Collections Assistant: David Bell (started 08/05/15 to 01/02/2016)

#### **Administration**

Office Manager: Maureen Hardiker (left 31/03/16)

Office Manager: Joyce Harrison (from 01/04/2016)

P/T Finance Officer: Audrey Salton (from 01/04/2016)

P/T Finance Officer: Joyce Harrison (to 31/03/2016)

P/T Admin Assistant: Audrey Salton (to 31/03/2016)

#### **Visitor Services**

P/T Visitor Services Manager: Robin Robertson

P/T Visitor Services Manager: Lauren Elliott (started 14/06/15)

Museum Assistant/Snr Receptionist: Linda Lawrence (left 30/11/15)

P/T Visitor Service Assistant: Emma Lean

P/T Visitor Service Assistant: Amy Salton

P/T Visitor Service Assistant: Irene Stirling

P/T Visitor Service Assistant: Kerry-Lee Godfrey

P/T Visitor Service Assistant: Rebecca Weatherhead

P/T Visitor Service Assistant: Margaret Catterson (started 10/06/15)

P/T Museum Assistant/Guide: John Kane

P/T Museum Assistant/Guide: John Anderson

P/T Museum Assistant/Guide: Jim Cornwall

P/T Museum Assistant/Guide: Tom Young

P/T Museum Assistant/Guide: Alex Watson (left 08/05/15)

P/T Museum Assistant/Guide: Andrew Horne

P/T Museum Assistant/Guide: Sinclair Sutherland

P/T Museum Assistant/Guide: David McDougall (started 31/05/15)

#### **Technical Services**

Technical Services Manager: David Newton (left 18/06/15)

Technical Services Manager: Frederick Harrison (started 01/09/15)

Technical Assistant: Richard Thomson

Gardener: Alex Burnett

Cleaner: Linda Millar

Cleaner: Wendy Barnett

Cleaner: Patricia Sullivan (started 16/02/15)

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Trustees' Annual Report (continued)**

**For the year ended 31 March 2016**

### **Acknowledgements**

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

Scottish Government

Museums Association

Midlothian Council

Museums Galleries Scotland

Scottish Coal Industry Special Welfare Fund

The Mining Institute of Scotland Trust

The Friends of the National Mining Museum Scotland Trust

The Scottish Mining Museum Collection Trust

The Volunteers of the National Mining Museum Scotland Trust

AIM Biffa

Cairn Energy

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Trustees' Annual Report - continued

For the year ended 31 March 2016

### Statement of Trustees' responsibilities

The trustees (who are also directors of the National Mining Museum Scotland Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. In preparing these financial statements, the Trustees are required to:

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

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

### Disclosure of information to auditors

In so far as the trustees are aware:

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

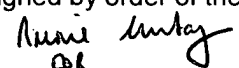
### Small company exemptions

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

### Auditor

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

Signed by order of the Trustees on 24 October 2016

  
Pagan Osborne Limited  
Company Secretary

Registered Office:  
Lady Victoria Colliery  
Newtongrange  
EH22 4QN

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Independent Auditor's Report to the Members and Trustees**

**For the year ended 31 March 2016**

We have audited the financial statements of the National Mining Museum Scotland for the year ended 31 March 2016 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. 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'.

This report is made exclusively to the members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, 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.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Smaller Entities (Revised)", in the circumstances set out in note 24 to the financial statements.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**NATIONAL MINING MUSEUM SCOTLAND TRUST**

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

**For the year ended 31 March 2016**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustee' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

*Michael Harkness*

**Michael Harkness, Senior Statutory Auditor  
For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Exchange Place 3  
Sempie Street  
Edinburgh  
EH3 8BL**

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# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Statement of Financial Activities

(incorporating the Income and Expenditure Account)

For the year ended 31 March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>					
Donations and legacies	4	462,925	38,500	501,425	527,252
Charitable activities	5	84,834	-	84,834	80,987
Income from other trading activities	6	147,966	-	147,966	157,559
Investments		158	-	158	145
<b>Total</b>		<b>695,883</b>	<b>38,500</b>	<b>734,383</b>	<b>765,943</b>
<b>Expenditure on:</b>					
Raising funds	7	156,207	-	156,207	160,389
Charitable activities:	8				
- Education		44,400	6,149	50,549	68,097
- Visitors services		283,657	7,323	290,980	290,593
- Collections		196,655	30,465	227,120	226,185
Other expenditure					
- Loss on LPF cessation	18	183,000	-	183,000	-
<b>Total</b>		<b>863,919</b>	<b>43,937</b>	<b>907,856</b>	<b>745,264</b>
<b>Net (expenditure)/ income</b>		<b>(168,036)</b>	<b>(5,437)</b>	<b>(173,473)</b>	<b>20,679</b>
<b>Transfers between funds</b>		<b>(202)</b>	<b>202</b>	<b>-</b>	<b>-</b>
<b>Other recognised (losses)/gains:</b>					
Actuarial loss on defined benefit pension schemes		-	-	-	(40,000)
<b>Net movement in funds</b>		<b>(168,238)</b>	<b>(5,235)</b>	<b>(173,473)</b>	<b>(19,321)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(310,874)	47,884	(262,990)	(243,669)
<b>Total funds carried forward</b>	<b>19</b>	<b>(479,112)</b>	<b>42,649</b>	<b>(436,463)</b>	<b>(262,990)</b>

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

The notes on pages 18 to 35 form part of these financial statements



# NATIONAL MINING MUSEUM SCOTLAND TRUST

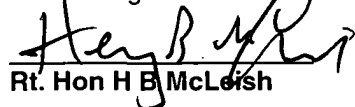
## Balance Sheet

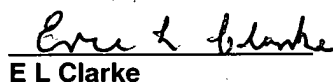
As at 31 March 2016

	Notes	£	2016 £	£	2015 £	£
<b>Fixed assets</b>						
Tangible assets	12			862,320		888,880
<b>Current assets</b>						
Stocks	13		11,852		16,159	
Debtors	14		55,106		50,386	
Cash at bank and in hand			270,704		242,176	
			<u>337,662</u>		<u>308,721</u>	
<b>Creditors:</b> amounts falling due within one year	15		<u>(38,907)</u>		<u>(46,053)</u>	
<b>Net current assets</b>				298,755		262,668
<b>Net assets excluding pension liability and provisions</b>				<u>1,161,075</u>		<u>1,151,548</u>
Provisions for liabilities	16			<u>(1,338,538)</u>		<u>(1,338,538)</u>
<b>Net liabilities excluding pension liability</b>				(177,463)		(186,990)
<b>Defined benefit pension scheme liability</b>	18			(259,000)		(76,000)
<b>Total net liabilities</b>				<u>(436,463)</u>		<u>(262,990)</u>
<b>The funds of the charity:</b>						
Restricted	19		42,649		47,884	
Unrestricted			(479,112)		(310,874)	
<b>Total charity funds</b>			<u>(436,463)</u>		<u>(262,990)</u>	

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

These financial statements were approved and authorised for issue by the Trustees on 24 October 2016 and are signed on their behalf by:

  
Rt. Hon H B McLeish

  
E L Clarke

**Registered Company Number: SC088361**

The notes on pages 18 to 35 form part of these financial statements

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	26	28,370	30,670
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(1,390)
Interest received		158	145
<b>Net cash provided by/ ( used in) investing activities</b>		<u>158</u>	<u>(1,245)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>28,528</b>	<b>29,425</b>
Cash and cash equivalents at beginning of the year		<u>242,176</u>	<u>212,751</u>
Cash and cash equivalents at end of the year		<u><b>270,704</b></u>	<u><b>242,176</b></u>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank		<u><b>270,704</b></u>	<u><b>242,176</b></u>

The notes on pages 18 to 35 form part of these financial statements

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Notes to the Financial Statements**

**For the year ended 31 March 2016**

### **1. Accounting Policies**

#### **Basis of preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2015), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Charities and Trustee Investment (Scotland) Act and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

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

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and the Companies Act 2006 and referred to below as "previous UK GAAP". The financial effects of the transition to FRS 102 are set out in note 28 below.

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

#### **Going concern**

The directors are of the opinion that the charitable company can meet its obligations as they fall due for the foreseeable future. They are aware that unrestricted funds are in deficit at the year end. However, this mainly arises due to the provision for maintenance liabilities and the pension deficit as detailed in notes 16 and 18 respectively. The costs to which the provision for maintenance relates will only be incurred once further funding has been secured. The directors are aware of the Trust's cash flow position and forecasts for the next two to three years, and are currently negotiating a repayment plan to mitigate the impact of the pension liability on cash flow. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

#### **Recognition and allocation of income**

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

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 1. Accounting Policies (continued)

#### Recognition and allocation of income (continued)

##### *Voluntary income*

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

##### *Grants received*

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

##### *Interest received*

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

#### Resources expended

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

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

#### Fixed assets and depreciation

Fixed assets are stated at cost, other than land and buildings, which are at Trustees' valuation.

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

Land	Nil
Buildings	50 years
Computer equipment	4 years

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Notes to the Financial Statements – continued**

**For the year ended 31 March 2016**

### **1. Accounting Policies (continued)**

#### **Heritage assets**

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

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

In the opinion of the Trustees, heritage assets not capitalised are of an insignificant monetary value and relate primarily to museum pieces, as discussed in note 13 to these financial statements.

#### **Stocks**

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

#### **Pension costs**

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

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

#### **Debtors**

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

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents are measured at amortised cost, based on the relevant exchange rates at the reporting date.

#### **Creditors**

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

#### **Funds**

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

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

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Notes to the Financial Statements – continued**

**For the year ended 31 March 2016**

### **1. Accounting Policies – continued**

#### **Volunteers' services**

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

#### **Financial assets and financial liabilities**

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

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

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

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

### **2. Critical judgments and estimates**

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

Legacy income is measured at fair value, but where part of a legacy left to the Trust includes property or shares to be sold, judgment is used to estimate the amount receivable.

The provision for maintenance liabilities is measured at fair value based on the condition survey prepared by architects, and adjusted for any maintenance work completed or additional maintenance required. Judgment is used to estimate the value of these works.

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 3. Comparative statement of financial activities for the year ended 31 March 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2015 £
<b>Income and endowments from:</b>				
Donations and legacies		452,646	74,606	527,252
Charitable activities		80,987	-	80,987
Income from other trading activities		157,559		157,559
Investment		145	-	145
<b>Total</b>		<u>691,337</u>	<u>74,606</u>	<u>765,943</u>
<b>Expenditure on</b>				
<b>Raising funds</b>		160,389	-	160,389
<b>Charitable activities:</b>				
- Education		52,324	15,773	68,097
- Visitors Services		290,593	-	290,593
- Collections		202,857	23,328	226,185
<b>Total</b>		<u>706,163</u>	<u>39,101</u>	<u>745,264</u>
Net (expenditure)/income		(14,826)	35,505	20,679
<b>Transfers between funds</b>		(3,512)	3,512	-
<b>Other recognised losses</b>				
Actuarial loss on defined benefit pension schemes		(40,000)	-	(40,000)
Net movement in funds		<u>(58,338)</u>	<u>39,017</u>	<u>(19,321)</u>
<b>Reconciliation of funds:</b>				
Total funds brought forward		<u>(252,536)</u>	<u>8,867</u>	<u>(243,669)</u>
<b>Total funds carried forward</b>		<u><u>(310,874)</u></u>	<u><u>47,884</u></u>	<u><u>(262,990)</u></u>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 4. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Donations and legacies	12,925	-	12,925	2,646
<b>Grants:</b>				
Scottish Government	410,000	-	410,000	435,000
Museums Galleries Scotland	-	950	950	5,000
AIM Pilgrim Trust	-	-	-	4,106
Midlothian Council	40,000	-	40,000	40,000
Museums Association	-	21,550	21,550	1,000
Mining Institute of Scotland Trust	-	-	-	24,500
Collections Trust	-	15,000	15,000	15,000
Other grants	-	1,000	1,000	-
	<u>462,925</u>	<u>38,500</u>	<u>501,425</u>	<u>527,252</u>

### 5. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>Visitor services</b>				
Admissions	78,572	-	78,572	75,576
Other income	6,262	-	6,262	5,411
	<u>84,834</u>	<u>-</u>	<u>84,834</u>	<u>80,987</u>

### 6. Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Shop sales	25,375	-	25,375	26,192
Rental and hospitality income	122,591	-	122,591	131,367
	<u>147,966</u>	<u>-</u>	<u>147,966</u>	<u>157,559</u>



# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 7. Raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Wages and salaries	136,898	-	136,898	143,524
Visitor manager's expenses	510	-	510	587
Stock movements and purchases	18,799	-	18,799	16,278
	<u>156,207</u>	<u>-</u>	<u>156,207</u>	<u>160,389</u>

### 8. Charitable activities

	Education £	Collections £	Visitor services £	Total 2016 £	Total 2015 £
Property	16,730	55,568	71,392	143,690	141,326
Technical services	28	89	114	231	309
Marketing	2,080	6,910	8,877	17,867	16,643
Support costs	5,519	18,332	23,552	47,403	26,649
Net finance expenditure	-	-	-	-	2,000
Governance costs (Note 9)	3,211	10,664	13,701	27,576	56,146
Project costs	382	38,818	6,366	45,566	46,238
Staff costs	22,599	96,739	166,978	286,316	295,564
	<u>50,549</u>	<u>227,120</u>	<u>290,980</u>	<u>568,649</u>	<u>584,875</u>

### 9. Governance costs

	2016 £	2015 £
Audit and accountancy	5,999	4,207
Legal and professional fees	18,413	47,906
Staff costs	3,164	4,033
	<u>27,576</u>	<u>56,146</u>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 10. Staff costs

The aggregate payroll costs were:

	2016 £	2015 £
Wages and salaries	375,426	405,251
Social security costs	20,670	23,210
Pension costs	30,282	15,660
Defined benefit pension scheme adjustments	-	(1,000)
	<u>426,378</u>	<u>443,121</u>

No employee earned greater than £60,000 (2015: one). Pension contributions of £nil (2015: £1,553) made in respect of this employee.

### Particulars of employees:

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

	2016 No	2015 No
Number of:		
Education staff	1	1
Collections staff	2	2
Visitor services staff	14	15
Marketing staff	1	1
Property, technical and maintenance staff	7	7
Administration staff	4	4
	<u>29</u>	<u>30</u>

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

The Chief Executive remuneration is disclosed within Note 11.

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 11. Emoluments of the Trustees

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

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

During the years ended 31 March 2016 and 31 March 2015, no Trustees held appointment to any salaried or remunerated position within the Trust, other than the Chief Executive.

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

	2016 £	2015 £
Remuneration	30,333	61,280
Pension contributions	1,300	1,553
	<u>31,633</u>	<u>62,833</u>

During the year £1,228 (2015: £1,020) was reimbursed to all trustees for meeting attendance.

### 12. Fixed assets

	Land and Buildings £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 April 2015 and 31 March 2016	955,806	35,880	991,686
<b>Depreciation</b>			
At 1 April 2015	75,600	27,206	102,806
Charge for year	18,900	7,660	26,560
At 31 March 2016	94,500	34,866	129,366
<b>Net Book Value</b>			
As at 31 March 2016	<u>861,306</u>	<u>1,014</u>	<u>862,320</u>
As at 31 March 2015	<u>880,206</u>	<u>8,674</u>	<u>888,880</u>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 12. Fixed assets - continued

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

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

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

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

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

### 13. Stocks

	2016 £	2015 £
Goods for resale	11,852	16,159

### 14. Debtors

	2016 £	2015 £
Trade debtors	24,544	19,819
Other debtors	1,790	4,028
Prepayments	28,772	26,539
	55,106	50,386

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	14,942	25,778
Other taxes and social security costs	14,826	11,245
Accruals and deferred income	9,139	9,030
	<u>38,907</u>	<u>46,053</u>

### 16. Provisions for liabilities

	2016 £	2015 £
At 1 April 2015 and 31 March 2016	<u>1,338,538</u>	<u>1,338,538</u>

Scottish Ministers hold a standard security and a constitutive deed over the site of the Lady Victoria Colliery including the colliery buildings (but excluding the former archives building), in terms of which the Trust is required to keep the colliery buildings in good repair and condition to the reasonable satisfaction of Scottish Ministers. The colliery buildings together with the former coal company office on the opposite side of the A7 road are grade A listed.

Following the completion of the Phase V conservation works in April 2011, the Trustees reviewed the continuing provision to be made in the financial statements to reflect the Trust's liabilities to repair and maintain these buildings.

The Jura Report which the Scottish Government commissioned in 2010 during the course of the carrying out of Phase V referred to the cost of the works which were then considered necessary to address these liabilities. This report was informed by detailed costs which were specified at that time by LDN Architects. LDN Architects have a detailed knowledge of the history of the buildings and have actively participated not only in Phase V but also in earlier phases of conservation work on the colliery buildings. The Trustees therefore place reliance on their figures.

Following the completion of Phase V, the figures provided by LDN Architects were re-evaluated in 2011 by the Trustees to exclude the works carried out in Phase V. At the date of signing of the 2011 financial statements, the Trustees considered that the figure of £1,338,538 which they had derived from that re-evaluation exercise is the best estimate of the Trust's maintenance liability in respect of these buildings. That remains the Trustees' position as at the date of signing of the Financial Statements for the year ended 31 March 2016.

The Trustees are cognisant of the fact that this estimate is now over 5 years old, and post year-end have received a report from LDN architects with updated estimates which the Trust Board will take account of in its business planning and funding strategy. To this end, LDN will be asked to provide an analysis of the updated estimates between revenue and capital expenditure.

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 17. Financial Assets and liabilities

	2016 £	2015 £
Financial assets at amortised cost	297,038	266,023
Financial liabilities at amortised cost	(21,213)	(34,808)

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

Financial liabilities comprise of trade creditors and accruals, all due within one year.

### 18. Pensions

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

An actuarial valuation of the Employer was carried out to determine the liabilities that will remain with the Fund on cessation; the final contribution due from the Employer (i.e. an adjustment to the Rates and Adjustment Certificate), as required under Regulation 62(2) of the Local Government Pension Scheme (Scotland) Regulation 2014.

#### Funding Position

	Valuation Results 31 March 2014 £'000	Cessation Results 31 March 2016 £'000
<b>Liabilities</b>		
<b>Active</b>	148	-
<b>Deferred</b>	435	595
<b>Pensioner</b>	50	212
<b>Total liabilities</b>	633	807
<b>Assets</b>	474	548
<b>Surplus/ (deficit)</b>	(159)	(259)

As the assessed value of the past service liabilities on the cessation basis is greater than the assessed value of the employer's asset share at the cessation date, a cessation deficit of £259,000 is payable to the Fund.

#### Pension costs

The pension cost for the year was £183,000 (2015: £57,000) as follows:

	31 March 2016 £'000	31 March 2015 £'000
Pension cost charge for year	9	9
FRS 17 adjustment	-	48
Additional provision required to settle cessation valuation liability as at 31 March 2016	183	
<b>Total charge for the year</b>	<b>191</b>	<b>57</b>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 18. Pensions- continued

#### Financial assumptions

The main financial assumptions underlying the actuarial assumptions are as follows:

	Valuation funding assumptions 31 March 2014	Cessation Assumptions 31 March 2016
Discount Rates	3.5%	2.2%
Salary Increases	5.0%	4.7%
Benefit Increases	2.7%	2.4%

The valuation funding assumptions as at 31 March 2014 are those used for the 2014 formal valuation of the Fund. For further information, please see the formal valuation report on the 2014 valuation dated 31 March 2015.

At the 2014 valuation the Employer was deemed to be 'at risk' of ceasing from the Fund in the short term. As such, the assumptions adopted at the 2014 valuation were set in line with the cessation basis.

The cessation assumptions as at 31 March 2016 and those recommended by the Actuary for the valuation of the Employer on the cessation from the Fund and are in line with the Fund's Funding Strategy Statement dated March 2015.

The cessation assumptions are based on the market conditions at 31 March 2016 but do not make any allowance for the outperformance of the Fund's assets above the rate of return on long dated gilts. This is consistent with the approach taken at the 2014 valuation.

#### Mortality Assumptions

	Valuation funding assumptions 31 March 2014	Cessation assumptions 31 March 2016
<b>Current Pensioners</b>		
Male	22.1 years	22.1 years
Female	23.7 years	23.7 years
<b>Future Pensioners</b>		
Male	24.2 years	24.2 years
Female	26.3 years	26.3 years

The mortality assumptions are those used for 2014 formal valuation of the Employer.

Specifically, improvements are in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Further details on the derivation of these mortality assumptions can be found in the Fund's formal valuation report.

The liabilities have been increased by 5% to reflect further future improvements in longevity over and above that implied by the assumption detailed above.

All other assumptions are set in line with those used for the formal valuation of the Fund as at 31 March 2014 (updated for financial conditions where appropriate.)

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 18. Pensions -continued

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions with the estimated employer assets for the year ended 31 March 2015

	2015 £'000
Fair value of employer assets	562
Present value of funded liabilities	(638)
	<hr/>
Net liability in balance sheet	(76)
	<hr/>

#### Analysis of the amount charged to resources expended:

	2015 £'000
Current service cost of the defined benefit scheme	8
	<hr/>

#### Analysis of the amount charged to resources expended:

	2015 £'000
Expected return on employer assets	21
Interest on pension scheme liabilities	(23)
	<hr/>
Net return	(2)
	<hr/>

#### Analysis of amounts included in other recognised gains and losses:

	2015 £'000
Return on asset excluding amounts included in net interest	43
Change in demographic assumption	(16)
Other experience	14
Changes in financial assumptions	(81)
	<hr/>
Actuarial gain/(loss) recognised in net movement of funds	(40)
	<hr/>

#### Changes in fair value of the scheme assets are as follows:

	2015 £'000
Opening fair value of employer assets	492
Interest income on plan assets	21
Contributions by members	1
Contributions by the employer	9
Actuarial gains	43
Benefits paid	(4)
	<hr/>
Closing fair value of employer assets	562
	<hr/>



# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 18. Pensions –continued

Changes in the defined benefit obligation are as follows:

	2015 £'000
Opening defined benefit obligation	527
Current service cost	8
Interest cost	23
Contributions by members	1
Actuarial (gains)/ losses	83
Estimated benefits paid	(4)
	<hr/>
Closing defined benefit obligation	638
	<hr/> <hr/>

### 19. Restricted funds

	Balance at 1 April 2015	Income	Expenditure	Transfers to unrestricted funds	Balance at 31 March 2016
	£	£	£	£	£
Pension deficit	25,000	-	(14,738)	-	10,262
Security and clean-up	28	-	-	-	28
Effective collections	1,679	-	(154)	-	1,525
Digitalisation	578	-	-	-	578
Education	10,200	-	(4,279)	-	5,921
Curatorial	10,000	15,000	(10,000)	-	15,000
Library Fund	90	-	-	-	90
Friends	19	-	-	-	19
Transformers Project	290	-	-	-	290
Boiler House Project	-	21,550	(12,614)	-	8,936
Crafting the Mine Project	-	1,950	(2,152)	202	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total restricted funds</b>	<b>47,884</b>	<b>38,500</b>	<b>(43,937)</b>	<b>202</b>	<b>42,649</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Trust's Strategic Aims are:

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

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 19. Restricted funds (continued)

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

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

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

Digitalisation - Addresses Strategic Aims i, iv

Education - Addresses Strategic Aims ii, iii

Curatorial - Addresses Strategic Aims i, vi

Transformers Project - Addresses Strategic Aims iii, iv

Library Fund - Addresses Strategic Aim i

Friends - Addresses Strategic Aim iii

Boiler House – Addresses Strategic Aims i

Crafting the Mine - Addresses Strategic Aims iii

### 20. Analysis of net assets (between restricted and unrestricted funds)

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	862,320	-	862,320
Net current assets	256,106	42,649	298,755
Long term liabilities – provisions	(1,338,538)	-	(1,338,538)
Long term liabilities – pension deficit	(259,000)	-	(259,000)
	<u>(479,112)</u>	<u>42,649</u>	<u>(436,463)</u>

### 21. Commitments

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

	2016 Equipment £	2015 Equipment £
Payments falling due:		
Within 1 year:	1,485	655
Within 2 to 5 years:	4,826	-
	<u>6,311</u>	<u>655</u>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Notes to the Financial Statements – continued

For the year ended 31 March 2016

### 22. Controlling interests and related party transactions

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

### 23. Company limited by guarantee

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

### 24. Non-audit services

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

### 25. Related party transactions

The company received a grant of £nil (2015 - £24,500) from The Mining Institute of Scotland Trust, of which Mr David Seath is a director.

### 26. Reconciliation of net expenditure/(income) to net cash flow from operating activities

	2016 £	2015 £
<b>Net (expenditure)/income for the reporting period</b>	(173,473)	20,679
<b>Adjusted for:</b>		
Depreciation charges	26,560	26,241
Interest income	(158)	(145)
Loss on LPF cessation	183,000	-
Pension scheme operating charge	-	1,000
Decrease in stocks	4,307	464
(Increase)/decrease in debtors	(4,720)	3,101
Decrease in creditors	(7,146)	(20,670)
<b>Net cash provided by operating activities</b>	<u>28,370</u>	<u>30,670</u>

### 27. Transition to FRS 102

These financial statements for the year ended 31 March 2016 are the charity's first financial statements that comply with the FRS 102. The charity's date of transition to FRS 102 is 1 April 2014. The last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 March 2016.

The transition to FRS 102 has resulted in some changes in the Society's accounting policies compared to those used when applying previous UK GAAP. At the date of transition, 1 April 2014, there were no movement in reserves resulting from this change at 1 April 2014. There have been adjustments relating to the change in the defined benefit pension scheme as at 31 March 2015, this has increased net expenditure by £9,000 and decreased the actuarial loss on retirement benefit scheme by £9,000. No other restatements were required.

The following tables reconcile amounts presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended at 31 March 2015.

**NATIONAL MINING MUSEUM SCOTLAND TRUST**

**Notes to the Financial Statements – continued**

**For the year ended 31 March 2016**

**28. Transition to FRS 102 - continued**

Adjustments to the amounts shown in the year ended 31 March 2015 are as follows:

	<b>Previous UK GAAP £</b>	<b>Effect of transition £</b>	<b>FRS 102 £</b>
Net finance income/ (expense)	7,000	(9,000)	(2,000)
Actuarial loss on defined benefit scheme	49,000	9,000	40,000

**NATIONAL MINING MUSEUM SCOTLAND TRUST**

**Management Information**

**For the year ended 31 March 2016**

**The following pages do not form part of the statutory financial statements,  
which are the subject of the Independent Auditor's Report on pages 13 and 14.**

# **NATIONAL MINING MUSEUM SCOTLAND TRUST**

## **Detailed statement of financial activities**

**For the year ended 31 March 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Donations	12,925	2,646
Midlothian Council	40,000	40,000
Scottish Government	410,000	435,000
Museums Galleries Scotland	950	5,000
AIM Pilgrim Trust	-	4,106
Scottish Mining Museum Collections Trust	15,000	15,000
Mining Institute of Scotland Trust	-	24,500
Museum Association	21,550	1,000
Other grants	1,000	-
Bank interest receivable	158	145
Shop sales	25,375	26,192
Admissions	78,572	75,576
Rental and hospitality income	122,591	131,367
Other income	6,262	5,411
<b>Total Income</b>	<b>734,383</b>	<b>765,943</b>

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Detailed statement of financial activities – continued

For the year ended 31 March 2016

	2016	2015
	£	£
<b>RAISING FUNDS:</b>		
Wages and salaries	136,898	143,524
Visitor Centre's management expenses	510	587
Opening stocks	16,159	16,623
Purchases	14,492	15,814
Closing stocks	(11,852)	(16,159)
	<hr/> 156,207	<hr/> 160,389
<b>CHARITABLE EXPENDITURE:</b>		
Wages, salaries and pension costs	286,316	296,564
Pension scheme adjustments	-	(1,000)
	<hr/> 286,316	<hr/> 295,564
<b>Marketing</b>		
Marketing staff expenses	156	367
Advertising	4,570	3,994
Design and photography	623	907
Printing	1,996	2,398
Distribution and mailing	2,863	2,055
Events and promotion	7,659	6,922
	<hr/> 17,867	<hr/> 16,643
<b>Property</b>		
Rates and water	8,005	7,119
Electricity	41,794	40,513
Gas	8,832	9,482
Insurance	25,465	25,449
Repairs and maintenance	30,140	27,724
Security & clean up	1,165	2,499
Cleaning materials	1,729	2,299
Depreciation	26,560	26,241
	<hr/> 143,690	<hr/> 141,326
<b>Collections</b>		
Education expenditure	25	755
Equipment maintenance	1,665	2,177
Collections Trust	10,000	10,000
Storage	-	56
Conservation	409	489
Casual staff	55	50
Prevention Conservation project	-	9,106
I.M.S.	1,000	1,013
Project Matched funding	1,200	-
Crafting the Mine project	2,152	-
Boiler House Project	12,614	-
Transformer Microfund	-	710
Memorial Room project	-	3,512
Miscellaneous	9,699	6,434
	<hr/> 38,819	<hr/> 34,302

# NATIONAL MINING MUSEUM SCOTLAND TRUST

## Detailed statement of financial activities - continued

For the year ended 31 March 2016

	2016 £	2015 £
<b>Education</b>		
Effective Collections	154	773
Cairn Energy costs	227	1,984
	<u>381</u>	<u>2,757</u>
<b>Visitor services</b>		
Visitor services sundry costs	6,366	9,179
	<u>6,366</u>	<u>9,179</u>
<b>Technical services</b>		
Technical services staff expenses and equipment	231	309
	<u>231</u>	<u>309</u>
<b>Director</b>		
Director's expenses	1,291	1,313
	<u>1,291</u>	<u>1,313</u>
<b>Administration</b>		
Office equipment repairs and maintenance	7,989	8,695
Recruitment	16,755	152
Redundancy	6,696	-
Staff development	575	761
Telephone	2,625	4,083
Postage	1,347	1,563
Printing and stationery	1,477	2,367
Subscriptions	1,370	1,219
Health and safety	500	-
Hospitality	1,892	957
Miscellaneous	27	1,924
Bank charges	3,154	3,189
Credit card commissions	(111)	111
Licenses	316	315
Bad debts	1,500	-
Net finance expense	-	2,000
	<u>46,112</u>	<u>27,336</u>
<b>Governance Costs</b>		
Legal and professional fees	18,413	47,906
Audit	5,999	4,207
Staff costs	3,164	4,033
	<u>27,576</u>	<u>56,146</u>
<b>Loss on LPF cessation</b>	183,000	-
	<u>183,000</u>	<u>-</u>
<b>Total expenditure</b>	<u>907,856</u>	<u>745,264</u>
<b>Actuarial loss on defined benefit pension schemes</b>	-	40,000
	<u>-</u>	<u>40,000</u>
<b>Net expenditure for the year</b>	<u>(173,473)</u>	<u>(19,321)</u>
<b>Allocation between funds:</b>		
Unrestricted	(168,036)	(58,338)
Restricted	(5,437)	39,017
	<u>(173,473)</u>	<u>(19,321)</u>