



Tyne & Wear Archives & Museums

Statement of Accounts 2014/15

TYNE & WEAR
archives &
museums

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Preface

Introduction to the Statement of Accounts by Councillor Ged Bell, Chair of the Tyne & Wear Archives & Museums Joint Committee 2014/15

Tyne & Wear Archives & Museums' (TWAM) mission is to help people determine their place in the world and define their identities, so enhancing their self-respect and their respect for others.

Despite ongoing challenges in public funding, TWAM remains committed to this mission as set out in our Corporate Plan. These accounts demonstrate the high standard of financial management and governance required by the Joint Committee and implemented by the staff of TWAM.



I would like to use this Preface to thank all the members of both the Joint Committee and Audit Committee for their contribution over the year 2014/15, the Trustees of the TWAM Development Trust for their support in fund-raising, finance and governance staff for their careful management of our finances and to highlight the work of TWAM staff and volunteers right across the organisation in delivering excellent performance, of outstanding quality and to budget.

TWAM continues to be one of the country's leading regional museum and archive services and a national and international exemplar of good practice.

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1. Explanatory Foreword

1.1 Explanatory Foreword from the Head of Finance, Governance & Resources, Jackie Reynolds

Welcome to the Tyne & Wear Archives & Museums' Joint Committee's Statement of Accounts 2014/15.

Over the last 18 months, TWAM has embarked on an ambitious income generation programme that has required sound and consistent financial management practices throughout the year. As TWAM identifies new income streams and actively pursues all prospects to improve future sustainability, this provides the Finance Team with an opportunity to continuously respond very positively to the ever-changing, challenging and complex financial environment and provide valuable support to teams across TWAM.



The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance & Accountancy (CIPFA). It therefore aims to provide information so that members of the public, including visitors, residents across Tyne and Wear, Joint Committee Members, stakeholders and other interested parties can:

- Understand the overarching financial position of TWAM;
- Have confidence that the public money with which TWAM has been entrusted and has used, has been accounted for in an appropriate manner; and
- Be assured that the financial position of TWAM is sound and secure.

The Explanatory Foreword provides some information about TWAM as well as the key issues affecting TWAM and the accounts. It also provides a summary of the financial position at the 31 March 2015.

I have prepared the Explanatory Foreword so that it is structured as follows:

1. An introduction to TWAM
2. Key Achievements 2014/15
3. Summary of Financial Performance 2014/15
4. Looking ahead 2015/16
5. Explanation of the Financial Statements
6. Acknowledgements

1.1.1 An Introduction to TWAM

TWAM is a large and successful archive and museums service which receives 1.4m visits per annum to the nine venues which it manages on behalf of four local authorities (Gateshead, Newcastle, North Tyneside and South Tyneside) and Newcastle University. TWAM has a strong reputation for innovative thinking and for the quality of access, inclusion and learning work. TWAM is increasingly recognised for its entrepreneurial approach. TWAM has a wider network of local, regional, national and international partnerships across the educational, community, business and cultural sectors. TWAM also manages a 'county' Archive for Tyne and Wear.

TWAM venues are:

Venue	Funder & Owner
Shipley Art Gallery (founded 1915)	Gateshead Council
Discovery Museum (founded 1934) Laing Art Gallery (founded 1901)	Newcastle City Council
Segedunum Roman Fort, Baths & Museum (founded 2000) Stephenson Railway Museum (founded 1986)	North Tyneside Council
South Shields Museum & Art Gallery (founded 1876) Arbeia Roman Fort & Museum (founded 1953)	South Tyneside Council
Great North Museum: Hancock (founded 1829) Hatton Gallery (founded 1926)	Newcastle University
Tyne and Wear Archives (based at Discovery Museum, est. 1974)	Five councils in Tyne & Wear

TWAM is governed by a Joint Committee consisting of 12 members drawn from the four Tyneside councils. The relationship between the four partners is set out in a Joint Agreement. The relationship with Newcastle University in respect of the Great North Museum sites lies outside the Joint Agreement and is the subject of a separate agreement between Newcastle City Council (as lead authority for TWAM) and the University.

Sunderland City Council was a partner in the Joint Agreement until 31 March 2013 when they left the partnership to take on direct management of museums in Sunderland. They continue to contribute to the Joint Archive service and TWAM

provides some specialist museum services to Sunderland museums funded by Arts Council.

South Tyneside Council announced in early 2014 that it was considering all options for the future of cultural services in South Tyneside, including the possibility of a Cultural Trust. One option is for South Tyneside Council to withdraw from TWAM. A letter indicating that they will remain part of the Joint arrangements up to 31 March 2016 has been received.

Joint local authority museums and archive services have existed across the Tyne & Wear area since 1974. Joint local authority services have provided democratic accountability, brought economies of scale and allowed a service to develop which is connected regionally, nationally and internationally.

The financial contribution that the Councils make towards management of their museums is significantly multiplied by national funding secured by TWAM. In particular this consists of two tranches of funding from the Arts Council England (ACE). TWAM receives Core Museums Grant and Major Partner Museum (MPM) Grant from ACE. This equates to 30% of TWAM's overall funding. A separate funding arrangement with ACE, under the Museums Development programme (MD), funds TWAM to work with and support those museums in the North East which are not funded through MPM.

The allocation of costs is governed by Service Level Agreements (SLA) enabling the partners to pay agreed charges. Costs are classified under three major headings – Operational, Specialist, and Corporate.

- **Operational costs:** These relate to the basic running costs of individual venues, including employee costs associated with running each building, premises related expenses and supplies and services. The income generated from all forms of trading activity including admissions, shops, venue hire and events is also included within this heading.
- **Specialist costs:** These relate to the provision of specialist services. This includes Archaeology, Conservation, Art, Archivists, Development, History, Communications and Design. Costs are allocated on the basis of the use made of the services within a local authority area and the needs of the collections in each area.
- **Corporate costs:** Are determined by TWAM and financed from Core Museums Grant from ACE. Services include: the Senior Management Team, Administrative, Financial, and Human Resources staff, Lead Authority support services, training and professional development and corporate accommodation at Discovery Museum.

1.1.2 Key Achievements

Priorities

TWAM, through its Joint Committee and its officers, delivers programmes which support its five priorities. These are aligned with the aims of TWAM's key funding stakeholders. For reporting purposes TWAM reports against the five Arts Council goals. These are:

- **Goal 1:** *Excellence is thriving and celebrated in the arts, museums and libraries.*
- **Goal 2:** *Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries.*
- **Goal 3:** *The arts, museums and libraries are resilient and environmentally sustainable.*
- **Goal 4:** *The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled.*
- **Goal 5:** *Every child and young person has the opportunity to experience the richness of the arts, museums and libraries.*

Summary of the year

At a service-wide level performance against management targets has been very strong. TWAM has had over 1.4 million in-person visits, 4% up on the previous year. This makes it again one of the most visited regional museum services in the country. Visits by local people (78%) and repeat visits (65%) remain high whilst TWAM continues to also attract visitors and enquiries from outside the region (22% of visitors from outside region).

Overall, the Joint Committee maintained spend within the agreed budget in respect of foreseeable and manageable budgetary pressures. This performance must be considered in the context of the very challenging external financial environment. The second year of the enterprise project, created to significantly increase levels of self-generated income via a programme of cultural change, has delivered significant improvements in income generation. On-site donations 2014/15 were £54,454 which represents an increase of 4% on 2013/14, Shop Sales exceeded target by 13% and charging exhibitions generated £85,443, exceeding target by 65%. As a result of this performance, TWAM was able to increase its reserves by £48k and closing usable reserves at 31 March 2015 of £1.3m now represents 13% of 2015/16 budgeted expenditure.

The Joint Committee's financial position remains sound in the face of ongoing financial challenges. Savings and additional income generation totalling £603k is planned to be delivered in 2015/16.

Governance

Following the TWAM Review of 2012 and the request by the Tyneside Chief Executives to use 2013/14 as a transitional year, 2014/15 saw the commissioning of a Governance Review from Bond Dickinson. This review identified, in consultation with key stakeholders, that the status quo was not an option for TWAM's governance and recommended two potential options:

1. Restructuring of TWAM's Joint Committee to include commercial expertise together with the establishment of a trading company to maximise the 'enterprise dividend'.
2. Transfer of TWAM to charitable trust, company limited by guarantee.

The impact of VAT and pension costs on the second option meant that Tyneside Chief Executives have asked the Director to investigate further Option 1.

Pressures on the Joint Committee budgets

Following five consecutive years of efficiency savings, totalling £3.5m, further significant reductions have been made in local authority revenue contributions to the Joint Committee for 2014/15. There have also been reductions in both MPM and Core Museum funding from ACE (in line with national funding settlements). These have been addressed by TWAM via a programme of efficiency savings, income generation, workforce planning and, where unavoidable, in some areas, reduction in opening hours. The cost of redundancies associated with these savings has been addressed and funded from TWAM reserves.

External funding prospects

The world recession has impacted on every aspect of our business. The depth and length of the recession is critical here. There will continue to be challenges in terms of raising funds from corporate and charitable sources. Similarly, commercial activity will be increasingly hard won and TWAM's success in increasing net income from these activities is notable.

The Trustees of the TWAM Development Trust continue to be strong advocates for TWAM's fund raising activity, using their skills and knowledge to support the work of TWAM's Development Team.

Sunderland Museums and Heritage

On 1 April 2013 Sunderland City Council took on direct management of museums in Sunderland. Throughout 2014/15 TWAM continued to provide specialist museum

services to Sunderland, funded by Arts Council through a Core Museums Grant. This work has supported the provision of major exhibitions in Sunderland, alongside continuing work on collections management, conservation and a variety of other specialist areas. Sunderland continued to be part of the joint archives service, and the Archives Service has been actively involved with community engagement activity in the City.

Key achievements for 2014/15

- Signature of Memorandum of Understanding with Northumbria University and launch partnership including Henry Rothschild/Northumbria University Bursary scheme. This will increase public engagement and encourage research collaborations.
- Successful applications to Arts Council in respect of Museum Development, Bridge and MPM funding.
- Completion of the DCMS/Wolfson Improvement Fund financed Roman Gallery, Segedunum.
- Implementation of Treasures programme in South Tyneside in partnership with South Tyneside Council and Bede's World to promote exhibitions of national heritage significance.
- Successful national and international work including
 - Development of partnership with Norwich and Sheffield museums to deliver a programme of exhibitions;
 - Partnership with Tate to deliver an exhibition and programme about Basic Design – the innovative method of art school training developed in Newcastle;
 - Partnership with the Science Museum Group to show key exhibitions in TWAM venues;
 - Teaching of partnerships module to international students at University College London Museum Training school;
 - Hosting of placements for international museums staff as part of British Museum – International Training Programme;
 - Delivering of invited papers at national and international conferences: Museums Australia; Museum Association (MA) Conference, Liverpool; International Council of Museums (ICOM) Goteborg; Helsinki, Finland; University of Brighton;

- Commencement of project to benchmark enterprise performance with Bristol and Birmingham museums;
 - Participate in two European Union funded international programmes relating to work with children and young people.
- Completion of year 1 of WW1 commemoration programme.
- Delivered Great North Museum: Hancock (GNM) 5th Birthday event and 130th anniversary event Hancock Museum.
- Relocation of challenger 2 tank to Discovery Museum Plaza.
- Completed year 1 of Great North Run Culture (GNRC) Great North Great's project showcasing sporting and scientific heroes across Tyneside.
- Introduced new Voice Over Internet Protocol (VOIP) telephone system.

1.1.3 Summary of Financial Performance

Revenue Outturn: The Statement of Accounts sets out TWAM's spending and funding in line with accounting requirements. The outturn for TWAM is a net contribution to general reserves of £48,811. This has been allocated to earmarked reserves to address future years risk requirements, particularly with the greater potential of further cuts in funding and the income generation programme the Joint Committee is embarking on.

Table 1 and the following pie chart illustrate, in broad terms, where the money comes from:

Table 1: Where the Money comes from			
2013/14 £000	2014/15 £000	%	(Increase)/ Decrease in income £000
(£4,207) Client Contributions	(£4,011)	38.4%	£196
(£3,727) Arts Council England	(£3,692)	35.3%	£35
(£969) Other Grants & Contributions	(£1,210)	11.6%	(£241)
(£1,180) Trading Activity	(£1,280)	12.2%	(£100)
(£293) Other Income	(£264)	2.5%	£29
(£10,376)	(£10,457)	100%	(£81)

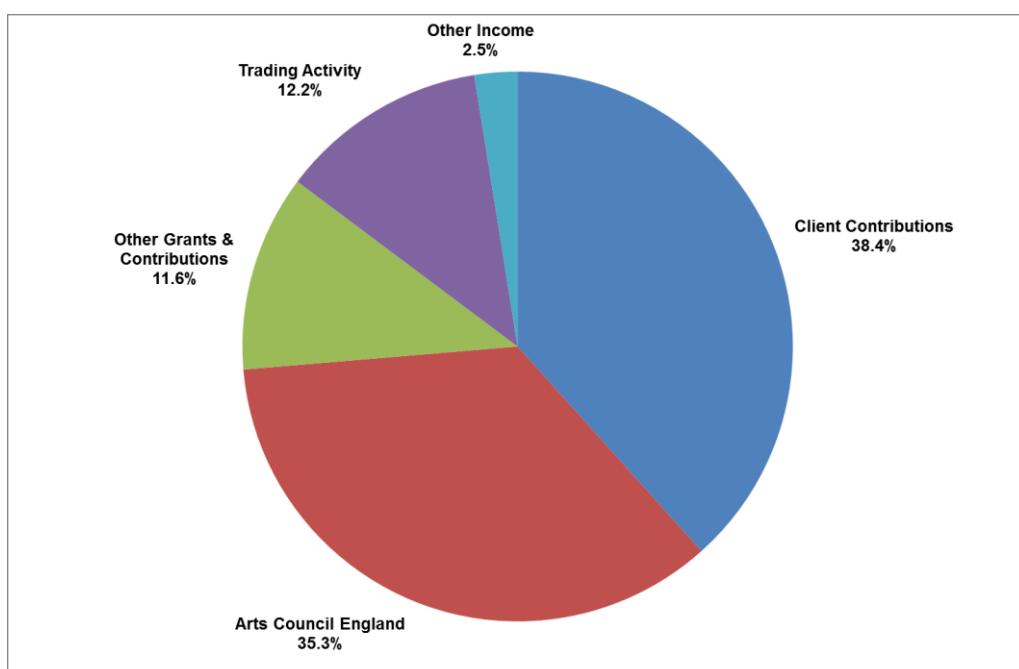


Table 2 and the following pie chart illustrate, in broad terms, what the money was spent on:

Table 2: What the Money was spent on				
2013/14		2014/15		Increase/ (Decrease) in costs
	£000	£000	%	
£6,299	Employees	£6,250	60.0%	(£49)
£3,542	Running Costs	£3,544	34.1%	£2
£580	Trading Activity	£614	5.9%	£34
£10,421		£10,408	100%	(£13)

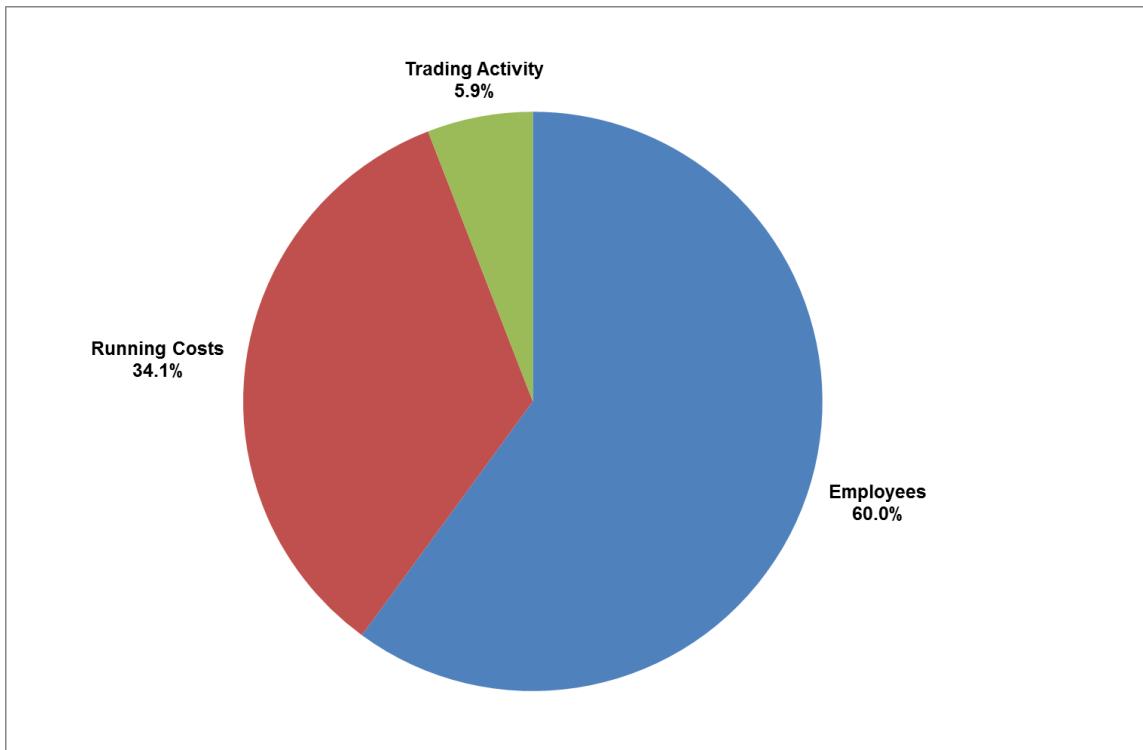
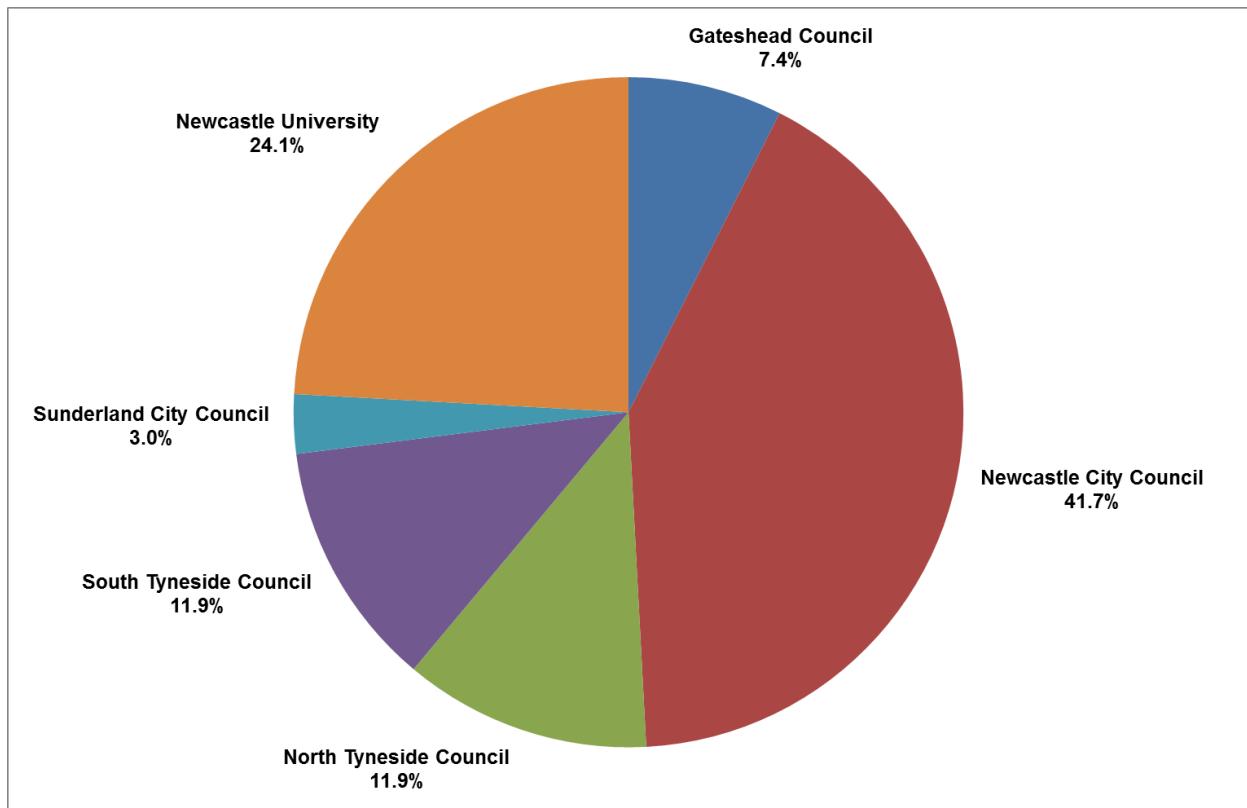


Table 3 and the following pie chart provide an analysis of individual client contributions:

Table 3: Analysis of Client Contributions			
2013/14 £000	2014/15 £000	(Increase)/ Decrease in income %	£000
(£347) Gateshead Council	(298)	7.4%	£49
(£1,759) Newcastle City Council	(1,673)	41.7%	£86
(£572) North Tyneside Council	(479)	11.9%	£93
(£497) South Tyneside Council	(478)	11.9%	£19
(£145) Sunderland City Council	(115)	3.0%	£30
(£887) Newcastle University	(968)	24.1%	(£81)
(£4,207)	(£4,011)	100%	£196



Budget Comparison: The Joint Committee's budget for core activities required client contributions of £3,927,860. The outturn required additional contributions of £85,446 to finance equal pay claims and a single status appeal. Gateshead Council also achieved savings in its directly incurred expenditure which is reflected in the figures reported below. With regard to Newcastle University, which provides funding based on the academic year (August to July), this represents a mid-year position. It is expected that the outturn at 31 July 2015, will be consistent with the budgeted contribution.

Client Contributions	Estimate £	Actual £	Variance £
Gateshead Council	306,520	298,859	(7,661)
Newcastle City Council	1,639,310	1,672,851	33,541
North Tyneside Council	466,990	478,766	11,776
South Tyneside Council	466,210	477,983	11,773
Sunderland City Council	113,220	114,698	1,478
Newcastle University	935,610	968,065	32,455
Total	3,927,860	4,011,222	83,362

Capital Expenditure: In 2014/15 TWAM received an allocation of ACE Core Capital Funding of £580k including £50k carried forward from 2013/14 which has been utilised to refurbish galleries, improve access to collections, develop digital strategies and to advance the work of the enterprise project in generating income. Discussions are underway with ACE to allocate the underspend of £15k to finance an extension and improvement to the Laing CCTV (closed-circuit television) including a link to the intruder alarm system.

Actual 2013/14	Category	Actual 2014/15
£		£
30,038	Access to Collections	38,518
69,413	Audience Development	82,137
270,747	Gallery Development	372,299
90,510	ICT/Digital	39,616
39,292	Income Generation	32,940
500,000		565,510

Claims under the Equal Pay Act 1970: The Joint Committee has a number of equal pay claims. Terms of settlement have been agreed between the Lead Authority Newcastle City Council and the solicitor acting on behalf of the claimants. This has been recognised in 2014/15. Previously a contingent liability had been shown, due to the uncertainty of the settlement conditions.

1.1.4 Looking Ahead to 2015/16

2015/16 is the first year of a three programme in terms of TWAM's Arts Council funding. At the time of writing the financial impact on both Arts Council and local authority funding of 8 July 'Emergency Budget' and an autumn 'Spending Review' are unclear. It is likely however that there will be further significant reductions in funding over the three year period.

TWAM will address any further funding reductions by continuing to review services to ensure they are targeted to meet need, are in line with the policy direction of key funding stakeholders, are delivered in as efficient and effective a manner as possible and wherever possible contribute to the sustainability of the organisation.

Common elements

Across TWAM's nine museums and archives there are a number of common strands of activity in 2015/16:

- Delivery of a strong and varied exhibition programme, the preservation of collections and the development of international relationships.
- Research and development of the 'Museum in the Cloud' – an innovative programme to increase real and virtual interaction between TWAM, its visitors and each other.
- Promotion of TWAM's presence through development of the web presence, loyalty scheme, marketing etc.
- Delivery of a strong public events programme, development of community engagement projects, and delivery of adult learning experiences.
- Further development of commercial awareness and increasing income through the development of the retail offer, increased donations, corporate hire etc.
- Deliver a strong and focused school offer linked to the national curriculum, and a strong programme of informal learning.
- Embedding of quality principles, development of educational programmes (formal and informal), and resources (Boxes of Delight), development of young people through Arts Award etc. and development of training programmes for the education sector.

Specific plans set out TWAM's activity within the three programme led strands of Arts Council funding:

The **MPM Plan** reflects TWAM's activity and ambition as one of the UK's leading museum services. It captures TWAM's leadership role in the sector through its experience of:

- caring for its excellent collections.
- using collections to engage large and diverse audiences.

- co-producing with communities and engaging people meaningfully with shaping TWAM's activity and direction.
- supporting learning and engagement through wide-ranging and bespoke programmes.
- supporting and learning from research and innovation.
- working with a range of creative practitioners.

TWAM's measurement of its success against the plan shows how TWAM has built sustainability into all of its activity packages and demonstrates the delivery of high quality accessible services for children and young people.

The **Museum Development Programme** is a comprehensive, effective and collaborative response to the needs of museums in the North East and the communities they serve. It seeks to ensure that museums deliver excellence in the management and interpretation of collections, that they understand and respond to the needs of their audiences, increasing the size and reach of this engagement and that they are resilient and sustainable.

TWAM will draw in expertise and learning from within and outside the sector to stimulate and embed new approaches. Outcomes will be delivered in accordance with local needs and agendas to enable museums to demonstrate and articulate their value to the communities they serve. Museum development support will result in more confident museums, which are outward looking, entrepreneurial in their thinking, sustainable and self-reliant.

The **Bridge Plan** is structured according to the eight Bridge programme roles set out by Arts Council England. It is recognised that all these areas interact, and that at the centre are the Local Education and Culture Partnerships (LECPs).

Our ambition is that through the programme:

- Children and young people will better understand, engage and stay engaged with high quality arts and cultural experiences which develop creative skills, build resilience and broaden their experiences.
- Arts and cultural organisations will better understand the role the cultural offer has in supporting children and young people and will better evidence and celebrate the impacts that engagement with the cultural offer can achieve.
- The learning, social and business sectors will understand, respect and value the positive contribution that arts and culture engagement has on children and young people – and therefore delivering the priorities and aspirations of the North East.

Performance for 2015/16

TWAM has a performance framework to monitor venue performance on a monthly basis; and reported upon on a bi-monthly basis. There are a variety of different indicators being monitored, bracketed broadly under 'visitors', 'satisfaction', 'income', and 'costs'. The Framework's focus is on what can be done to influence current and future performance informed by reviewing what has happened in the past and involves monthly meetings of relevant officers.

2014/15 Actual	Visitors	2015/16 Target
1,427,691	In-person visits	1,430,454
80,441	School visits	76,513
	Satisfaction	
81%	Service	90%
92%	Cleanliness	90%
94%	Maintenance	90%
	Income	
£563,308	Retail sales	£575,460
£114,445	Venue hire	£137,440
£68,201	Catering commission	£82,960
£54,454	Donations	£118,800
£68,201	Facilitated learning visits	£62,080
£124,958	Events, talks, tours and experiences	£134,940
£163,055	Admissions	£270,000
	Costs	
£1,574,533	Front of House payroll	£1,570,240

1.1.5 Explanation of the Financial Statements

The Accounts and Audit Regulations (England) 2011 require the Joint Committee to produce a Statement of Accounts for each financial year. These Accounts contain a number of different elements which are explained below.

Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Joint Committee and the Treasurer to the Joint Committee in respect of the Statement of Accounts.

Auditor's Report gives the auditor's opinion of the financial statements

Annual Governance Statement sets out the Joint Committee's approach to both corporate governance and internal control.

Core Financial Statements

Movement in Reserves Statement shows the total movement in the year into and out of Reserves. Reserves are of two kinds, Usable and Unusable Reserves.

- Usable Reserves are where the Joint Committee has in previous years made a reserve for certain eventualities that were quantifiable and likely to happen. They may also be made up of Grants received but not spent in the current year. When the expenditure occurs then a transfer is made from reserves to match that expenditure so that there will be nil impact on the Income/Expenditure Statement in that financial year. Similarly, the Joint Committee may wish to increase a reserve on the basis of what is likely to happen in the next year and that will be a charge on the current Income/ Expenditure Account.
- Unusable Reserves are usually 'accounting entry related' and comprise the Accumulated Absences Account and Capital Adjustment Account.

Comprehensive Income and Expenditure Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices.

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. The reserves are reported in two categories as outlined above, Usable Reserves and Unusable Reserves.

Cash Flow Statement shows the movement in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how cash was generated or utilised by the organisation's activities and the net effect of this on the cash/cash equivalents held by the Joint Committee.

The amount of net cash flow is a key indicator of the extent to which Joint Committee's operations have been funded by either grant income or earned income.

Notes to the Core Financial Statements provide the reader of the accounts with more details on the financial transactions of the Joint Committee and also include accounting policies significant to the understanding of the annual accounts.

1.1.6 Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across TWAM. I would like to express my gratitude to all colleagues, from the Finance team and Governance team, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

1.2 Statement of Responsibilities for the Statement of Accounts

The Joint Committee's Responsibilities

The Joint Committee is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In TWAM, that officer is the Treasurer to the Joint Committee;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Treasurer to the Joint Committee's Responsibilities

The Treasurer to the Joint Committee is responsible for the preparation of TWAM's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer to the Joint Committee has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;

The Treasurer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Joint Committee at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Tony Kirkham, Treasurer to the Joint Committee
24 September 2015

Approval of the Accounts

I confirm that the Joint Committee has approved the attached Statement of Accounts.

Councillor, Ged Bell, Chair of Joint Committee
24 September 2015

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1.3 Independent Auditor's Report to the Members of the Tyne & Wear Archives & Museums Joint Committee

Opinion on the Joint Committee financial statements

We have audited the financial statements of the Tyne & Wear Archives & Museums Joint Committee for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the Tyne & Wear Archives & Museums Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Joint Committee those matters we are required to state to them in an auditors' 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 Joint Committee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the Joint Committee's Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Joint Committee; and the overall presentation of the financial statements. In

addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the accounting statements:

- give a true and fair view of the financial position of the Tyne & Wear Archives & Museums Joint Committee as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Joint Committee to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work as necessary.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the Tyne & Wear Archives & Museums Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Celia Craig ACA

Engagement Lead

For and on behalf of Deloitte LLP

Appointed Auditor

Newcastle, United Kingdom

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1.4 Annual Governance Statement

Tyne & Wear Archives & Museums (TWAM) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Annual Governance Statement (AGS) is a public report which accompanies the Annual Statement of Accounts and details the extent to which TWAM complies with its own local governance code. This includes how TWAM has monitored the effectiveness of the governance arrangements in the year 2014/15 and sets out actions for any improvements required for the coming year. This Statement provides an assurance to the Joint Committee and its stakeholders that good governance arrangements are in place.

The AGS relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of the Audit Committee, and external audit. It is a positive statement for the financial year 2014/15 with no significant governance issues to report.

External audit is undertaken by Deloitte LLP. If the auditor identifies weaknesses in TWAM's arrangements, these are highlighted in the Annual Audit Letter. TWAM received an unqualified audit opinion on its 2013/14 accounts, the latest published.

In 2014/15 TWAM continued to perform strongly, delivering corporate priorities and maintaining service quality. This has been achieved whilst implementing significant financial savings as a result of public sector funding reductions. Wherever possible these have been mitigated by increased income generation.

During 2014/15 TWAM implemented the following actions to strengthen its corporate governance environment:

- Reviewed the TWAM governance model;
- Introduced an annual staff survey;
- Introduced annual review meetings with Council partners;
- Encouraged more active participation by all audit committee members;
- Reviewed and updated the Ethics Policy.

Good governance also involves looking at ongoing and emerging issues and ensuring the framework is in place to manage them effectively.

Since 2009/10 TWAM has experienced a reduction of 36% in local authority revenue and an equivalent reduction of 18% in total public 'core' funding. A further reduction in public funding of 7% will be implemented in 2015/16. This is compounded by cost pressures. In common with other publicly funded archives and museums, TWAM faces a challenging year in 2015/16 as it seeks to manage the implications of these budget reductions.

The annual review of effectiveness has highlighted the following improvement areas to further enhance our governance arrangements which will be the focus of the organisation's improvement plan for 2015/16.

- Consider the implications for TWAM of the Local Audit and Accountability Act 2014 and agree a new external scrutiny regime and AGS framework;
- Document as simply as possible what 'Governance' is and circulate to staff and stakeholders with key briefings for each group;
- Develop and implement the recommendations of the governance review to strengthen TWAM's governance;
- Work with Arts Council (ACE) and the Culture Bridge North East Strategic Board to establish procedures and processes to ensure effective delivery of the Bridge Programme;
- Analyse the recommendations of the Investors in People (IiP) assessment and the feedback from the staff survey to identify opportunities for development.

The AGS shows TWAM has a strong system of internal control and action plans are in place to address the 2015/16 priorities for improvement.

1.4.1 Scope of responsibility

Tyne & Wear Archives & Museums (TWAM) has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code can be viewed on TWAM's website at <https://twmuseums.org.uk/files/5053-tyne-and-wear-archives-and-museums-local-code-of-governance.pdf> or can be obtained from the Head of Finance, Governance and Resources, Tyne & Wear Archives & Museums, Discovery Museum, Blandford Square, Newcastle upon Tyne, NE1 4JA. The Code evidences our commitment to achieving good governance and demonstrates how we comply with the governance standards recommended by CIPFA.

TWAM also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having due regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility TWAM is responsible for putting in place proper arrangements for the governance of its affairs, including arrangements for the management of risk to a reasonable level, thereby facilitating the effective exercise of its functions. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This statement explains how TWAM has complied with the Code and how it meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control. It builds on last year's Annual Governance Statement (AGS); changes outlined within this statement have been made to enhance, not replace, existing arrangements for governance.

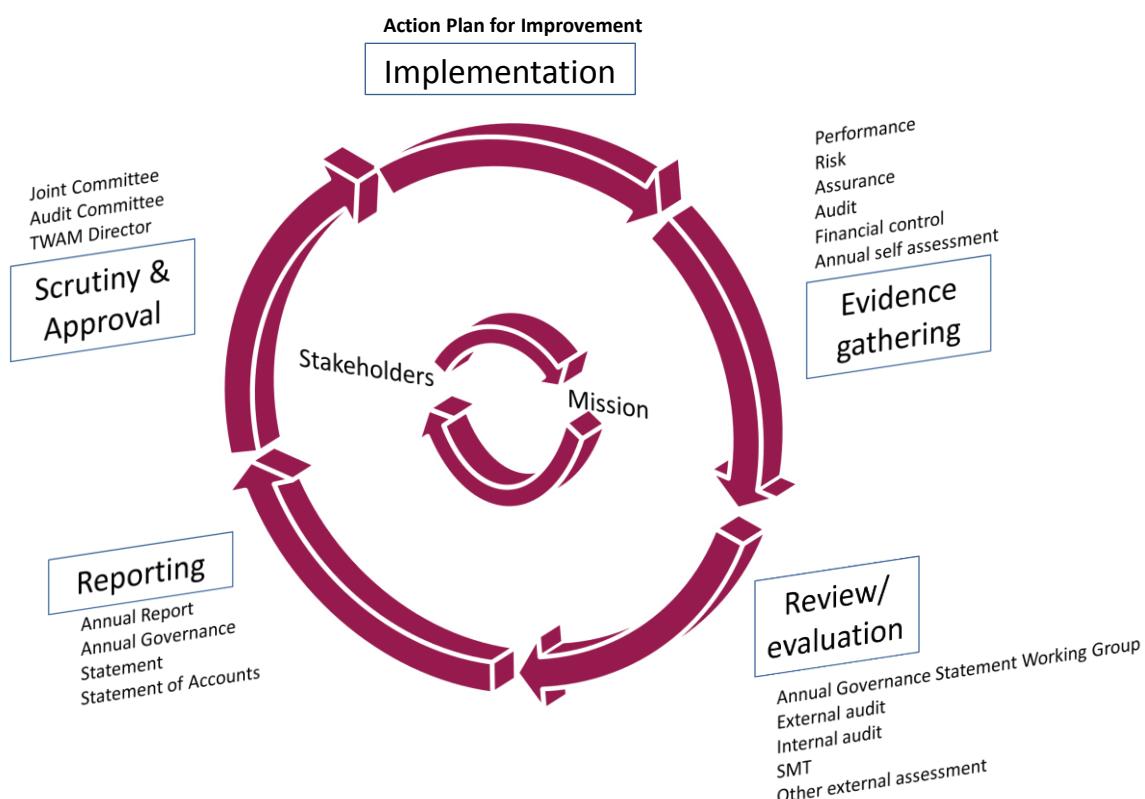
1.4.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which TWAM is governed and managed. It also covers the ways in which TWAM engages with communities and is held accountable by users. It enables TWAM to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level.

The quality of governance arrangements underpins the levels of trust in public services and is therefore a fundamental building block upon which the organisation can build its commitment to users and stakeholders. Trust in public services is also influenced by the quality of services received, and also by how open and honest an organisation is about its performance. Good governance, and a framework for its implementation, allows the Joint Committee to be clear about its approach to discharging its responsibilities as outlined above and to promote this widely both internally, to officers and members, and externally to partners, stakeholders and most importantly the users of our services.

The arrangements required for gathering assurances for the preparation of the AGS provide an opportunity for the Joint Committee to consider the robustness of the governance arrangements in place and to consider this as a corporate issue that affects all parts of the organisation. It also helps to highlight those areas where improvement is required.

The governance framework and relationships for TWAM are summarised in the following diagram:



This governance framework has been in place at TWAM for the year ended 31 March 2015 and up to the date of approval of the Accounts.

1.4.3 The Governance Framework

The key elements of the systems and processes that comprise TWAM's governance arrangements are described in the Code and are summarised below.

1.4.3.1 Identifying and communicating TWAM's vision of its purpose and intended outcomes for citizens and service users

TWAM has a commitment to maximise engagement with audiences. This is articulated through its mission, which has been generated through wide consultation amongst stakeholders and staff and is endorsed by the Joint Committee.

Mission Statement

Our mission is to help people determine their place in the world and define their identities, so enhancing their self-respect and their respect for others.

1.4.3.2 Reviewing TWAM's mission and its implications for TWAM's governance arrangements

TWAM reviews its mission through the review of its Corporate Plan produced in consultation with key stakeholders and staff. The Plan sets out approaches to delivering excellent services and demonstrates key strategic objectives.

There is continual review through 'Action Plan for Improvement' reports to Audit Committee, internal and external audits, close working relationships with key partners and stakeholders and the risk review and monitoring process.

TWAM conducts an annual review of the effectiveness of its system of internal control and governance arrangements and publishes the results in the AGS.

In 2015/16, as part of the national 'Our Museum' programme funded by the Paul Hamlyn Foundation, TWAM will review how its mission is understood and implemented by staff.

1.4.3.3 Measuring the quality of services for users, ensuring they are delivered in accordance with TWAM's objectives and ensuring that they represent the best use of resources

TWAM continued to perform strongly, delivering corporate priorities and maintaining service quality despite having delivered a £452k cost reduction programme in response to funding reductions in 2014/15 and undergoing significant levels of organisational change. This has not been an easy task and has been achieved by focussing on modernising, streamlining, consolidating, and specific reductions in some functions no longer considered essential. External endorsement of the value for money provided by the Joint Committee was contained in the external auditor's opinion 2013/14.

Service quality is a TWAM-wide priority. Measures of service quality include benchmarking of visitors, performance indicators, Visitor Attraction Quality Assurance Service (VAQAS), mystery shoppers, Customer Comments, Compliments and Complaints and the work of the Our Museum team.

Progress towards the achievement of objectives is monitored regularly by the Performance Group, by the Senior Management Team (SMT) and by regular meetings with client officers and the Arts Council Relationship Manager. An annual review is reported to the Joint Committee and included in the Annual Report.

The annual budget process includes an efficiency review, considers the impact on service users of all proposals and identifies specific actions required to improve Value for Money (VFM) which are then built into our budget.

TWAM benchmarks costs and income through a partnership with two peer services.

By adopting a formal VFM Strategy, TWAM made a commitment to:

- Promote VFM throughout the organisation; and
- Ensure that the appropriate mechanisms to support the VFM process are in place and regularly reviewed.

Successful delivery of these commitments required clarity throughout the organisation about the:

- Aims and objectives of the VFM Strategy
- Tools for embedding and delivering the strategy
- Allocation of responsibilities and the management of the process
- Engagement of TWAM staff, volunteers, Members and service users in the delivery of the VFM Strategy

As part of the Regional Museums Development Programme which TWAM manages on behalf of Arts Council, TWAM has conducted an Economic Impact Study of museums in the North East. This has found that the sector supports 1,218 jobs with an associated Gross Value Added (GVA) impact of £45.4m. For every £1 invested there is a return of £4.12.

TWAM's Procurement Strategy ensures we procure goods and services in the most efficient and effective way. In 2014/15 performance measurement and management information included targets set in association with Activity Plans agreed with ACE and the Joint Committee for Core Activity and MPM Activity. These were monitored by ACE on a quarterly and annual basis through the use of management performance indicators. Target setting for all indicators includes analysis of past and current performance, comparative performance and priorities identified through consultation with stakeholders, users and staff and checks applied to ensure achievability.

In April 2013, TWAM implemented, in partnership with Black Radley Consulting, a Museum Rapid Enterprise project and established a Performance Group, led by the Director. Monthly meetings are held to review and challenge performance in service usage and income generation. This was further improved in 2014/15 to include monthly profit and loss accounting for major income centres and ensure greater efficiency in service delivery.

1.4.3.4 Defining and documenting the roles and responsibilities of the Joint Committee, Audit Committee and officer functions, with clear delegation arrangements and protocols for effective communication

Following Sunderland City Council's decision to leave the Joint Archives and Museums Service, a new joint agreement has been agreed by the four Tyneside councils of: North Tyneside, South Tyneside, Gateshead and Newcastle. This agreement is based on the previous agreement developed in 2009 when the former Archives and Museums Services were merged.

TWAM and Sunderland City Council have signed two year agreements setting out museum and archives services respectively to be delivered to Sunderland Museums and Heritage.

TWAM has a separate management agreement with Newcastle University, to manage the Great North Museum.

During 2014/15, TWAM managed nine museums and galleries on behalf of the four Tyneside Councils and Newcastle University and the archives for Tyne & Wear, on behalf of its clients; however, it is an autonomous body,

client-centred, but with its own management committee of elected members from the four councils.

TWAM receives funding from the ACE MPM Programme as well as Core funding from ACE. This funding recognises TWAM's regional and national role, supports free admission (at 8 sites) and supports TWAM in delivering excellence in every aspect of its work, using its collections, venues and staff resources to ensure that the communities of Tyne and Wear, and indeed the wider North East, continue to benefit from excellent museum provision. The funding also allows TWAM to achieve its commitment to innovation and development across all areas of its work. A separate funding arrangement with ACE, under the Museums Development Programme, funds TWAM to work with and support those museums in the North East which are not funded through MPM.

Policy and decision making is undertaken by the Joint Committee and an approved plan of objectives for the forthcoming year is outlined in the Corporate Plan. Extensive consultation with stakeholders on priorities and options shapes the budget decisions that are made.

The Joint Committee has delegated certain responsibilities to the Director which are set out in the Financial Handbook.

Decisions taken under delegated powers are reported on a regular basis to the Chair of the Joint Committee.

1.4.3.5 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The standards of conduct and behaviour expected of members and officers are set out in the Code of Conduct provided by Newcastle City Council, TWAM's lead body, and are supported by training programmes for both members and staff.

Employees contracts of employment, Induction Plans, Appraisals, Members Training Programmes, Trustee induction programmes (for members of TWAM's Development Trust) and the Dignity at Work Policy further support high standards of behaviour.

To prevent members and employees from being influenced by prejudice, bias or conflicts of interest, we maintain and perform regular checks on our Register of Interests and Register of Gifts and Hospitality for both members and officers. This is supplemented by a Confidential Reporting Policy, an Ethics Policy and a Counter Fraud Policy.

The roles of the Joint Committee and the members of the SMT are published on the TWAM website.

The Financial Regulations set out procedures to ensure objectivity, fairness and probity in the procurement process.

1.4.3.6 Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

In order to ensure that decision makers have followed a proper process, all decisions are documented and taken with regard to all relevant considerations. Members and officers have all relevant information before decisions are made, including the outcome of thorough scrutiny and a detailed assessment of the risks to ensure that resources are used legally and efficiently.

The system is based on a framework of annual budgeting and accounting, regular management information, financial regulations and procedure notes, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

TWAM has adopted a Risk Management Strategy in order to help provide assurance that aims will be met, resources are effectively used and areas of weakness are highlighted at an early stage. This is subject to regular review and requires the consideration of risks in relation to the achievement of delivery priorities (whether through services, projects or partnerships). TWAM maintains a Strategic Risk Register which contains the most significant risks that may affect the future strategic direction of TWAM. This is a dynamic document and as such it is subject to structured regular review. Regular updates on individual risks identified in the Strategic Risk Register are considered by Audit Committee.

TWAM purchases appropriate levels of insurance cover from the insurance market, and participates in the Government Indemnity Scheme.

1.4.3.7 Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Councils

The Audit Committee is embedded within TWAM's overall governance framework. Membership includes an independent chair, vice-chair and

another independent member in addition to the local council members nominated by the Joint Committee. The Audit Committee's key responsibility is to seek evidence and obtain independent assurance on behalf of the Joint Committee that a comprehensive, coordinated and effective framework of internal control and corporate governance is maintained across the organisation.

During 2014/15, the Audit Committee has considered the Head of Audit and Strategic Risk's annual report and opinion. It has received regular updates on internal audit activity and kept up to date with the progress made against the Action Plan for Improvement. In respect of the Statement of Accounts 2014/15 it considered whether appropriate accounting policies have been followed. It also considered whether there are concerns arising from the financial statements or from the external audit that need to be brought to the attention of the Joint Committee.

The Audit Committee undertakes periodic self-assessments of its effectiveness, most recently in 2013/14 and reports on the outcome to the Joint Committee. In 2013/14 the self-assessment concluded that there is considerable compliance with best practice guidance as advocated by CIPFA.

Regular training is provided for members to support the effective implementation of their *Terms of Reference*, which are reviewed and updated annually. The work of the Audit Committee is demonstrated through its agendas and minutes which are available on TWAM's website.

1.4.3.8 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Director has primary responsibility for ensuring compliance with established policies and procedures, breach of which could lead to legal challenge and loss for TWAM.

TWAM has a service level agreement with Newcastle City Council's Legal Services department which advises managers to ensure the lawfulness and fairness of decision making. Advice is also provided to members and officers on the likely impact of new legislation affecting TWAM and the legal implications of key decisions are highlighted.

TWAM is subject to internal and external audit and inspection regimes. The Audit Committee's role is to give oversight to standards of conduct throughout TWAM and it oversees issues relating to governance and internal control.

The Joint Committee's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Director of Resources at Newcastle City Council is the designated Chief Financial Officer (CFO) for the Joint Committee. He has seconded an officer, the Head of Finance, Governance & Resources, to the Joint Committee. She is a key member of the SMT and is responsible for ensuring the proper administration of the Joint Committee's financial arrangements. She leads a fully resourced and suitably qualified Finance Function. The CFO is actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, are fully considered and in alignment with the Corporate Plan. The CFO is also responsible for ensuring compliance with the requirements of the Accounts and Audit (England) Regulations 2011 relating to accounting records, control systems and audit.

TWAM has an SLA with Newcastle City Council's internal audit service. The Joint Committee's internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Local Government. The Head of Audit and Strategic Risk (HoA&SR), at Newcastle City Council, works with key members of the TWAM SMT to give advice and promote good governance throughout TWAM. The HoA&SR leads and directs the Internal Audit provision so that it makes a full contribution to and meets the needs of the Joint Committee and external stakeholders, escalating any concerns and giving assurance on the Joint Committee's control environment.

TWAM's financial regulations (and detailed financial procedure notes) set out the key features of TWAM's system of internal financial control. Bi-monthly budget and performance monitoring reports are submitted to the Joint Committee setting out any significant decisions that require approval.

The Director is the Accounting Officer in respect of the annual grant provided by ACE.

1.4.3.9 Whistle-blowing and receiving / investigating complaints from the public

TWAM has a Confidential Reporting Policy enabling anyone, who may have serious concerns about TWAM operations, to voice those concerns with the knowledge that they will be addressed fairly and in confidence. The Policy is available on the website and provides advice on how to raise concerns.

TWAM has a Counter Fraud and Corruption Policy approved by the Joint Committee. In addition to providing advice, information and support to officers,

a Fraud Response Plan is included, clearly detailing how concerns regarding suspected instances of fraud and corruption can be reported, and how investigations into suspicions will be conducted and concluded.

TWAM has a Customer Comments, Compliments and Complaints Procedure. Matters raised through this process are reviewed regularly by the SMT.

TWAM also has a Staff Suggestions Scheme allowing staff to comment and make suggestions. All comments are discussed at SMT meetings and where appropriate, a written response is provided for staff via monthly updates.

1.4.3.10 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

TWAM values its staff as one of its greatest assets and is committed to identifying and fulfilling the learning and development needs of officers, volunteers and members.

In October 2014 TWAM achieved re-accreditation at Silver Standard under the Investors in People assessment. TWAM's Workforce Development Plan is continually monitored to ensure both staff (and volunteers) develop their skills and knowledge to be effective in carrying out their responsibilities. For new staff, there is a corporate induction by the TWAM Training Officer in addition to the local induction with the line manager.

Feedback from the staff survey revealed that 68% believed their job makes good use of their skills and abilities and 52% felt encouraged to develop their skills at work.

TWAM has established an appraisal system designed to ensure each member of staff understands their role and how they fit into the wider organisation, making sure that staff know what they are responsible for, how they are expected to deliver this and what resources or support are needed to enable staff to carry out their work effectively.

Whilst elected members are supported via their individual council through an induction programme, training needs assessments, mentoring and their own Learning and Development Plans, TWAM also provides specific induction and ongoing development opportunities.

The Audit Committee carries out periodic self-assessment of its effectiveness and agrees an action plan which includes addressing training needs.

1.4.3.11 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

TWAM has a long history of community consultation and participation. Our work with users and other stakeholders has assisted with the design of services and informed programme development. Methods of communication with the public and stakeholders include:

- The annual Corporate Plan which sets out TWAM's strategic objectives.
- The Impact Report provides a record of activities and achievements in the previous year.
- Regular review meetings with the four Tyneside councils, Newcastle University, ACE, Sunderland City Council and other stakeholders.
- Established consultation frameworks including: The Museums and Galleries Disabled Access Group: a group of disabled people serving as an advisory body and critical friend to TWAM; young people's groups informing programme development; gathering customer satisfaction data through surveys, comments and mystery shopping.
- Publication of Joint Committee and Audit Committee agendas and papers on the website in advance of meetings, which are held in public unless there are specific reasons for confidentiality.
- Project specific consultation and evaluation.

In 2014/15 TWAM completed year 2 of 'Our Museum', a three year programme, funded by the Paul Hamlyn Foundation to develop organisational change within museums and galleries that are committed to active partnership with their communities, with the ambition of affecting the museum sector more widely. The programme at TWAM is led by a Core Engagement Team made up of equal numbers of staff and community members and has established an 'Alternative Management Team' for TWAM made up of non-senior staff, community members and volunteers whose remit is to consider and make recommendations on issues facing the organisation. Year 3 of the programme, in 2015/16, includes clarifying and embedding the mechanisms by which the Alternative Management Team can influence TWAM's policies and practice, and also developing and making publicly available a Community Engagement Framework that will make explicit how individuals and communities can engage with TWAM on a variety of different levels.

TWAM maintains a close working relationship with key partners. Stakeholders also ensure that TWAM continues to reflect upon its priorities and its governance arrangements.

1.4.3.12 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in TWAM's overall governance arrangements

TWAM is working in partnership with a wide range of other organisations and has compiled a partnership register to record all significant partnerships in which it is involved.

Our partnership working is governed by a Significant Partnerships Code of Practice. This Code of Practice aims to provide advice and guidance for partnership arrangements in which TWAM is involved. Its purpose is to ensure that good practice is embedded and practised throughout our partnership working.

The most significant funding partnerships during 2014/15 were with:

- The four councils on Tyneside which provided core funding;
- ACE, which provided Core Museums Funding and MPM funding;
- Newcastle University which core funded the Great North Museum.

In addition key partners included:

- The National Archives;
- National Portrait Gallery;
- British Museum;
- Tate;
- National Gallery;
- Northumbria University;
- Sunderland Museums & Heritage;
- TWAM Business Partners;
- Science Museum Group.

1.4.4 Review of effectiveness

TWAM has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within TWAM who have responsibility for the development and maintenance of the governance environment, the HoA&SR's annual report, and also by comments made by the Audit Committee, external auditors and other review agencies and inspectorates.

The review process includes:

- The Archives & Museums Joint Committee as the primary source of scrutiny.
- Annual reviews of TWAM's financial accounts and supporting systems by the external auditor leading to their opinion as published in the year-end statements.
- The Annual Audit letter from the external auditor, reported to the Joint Committee in November 2014.
- Views and comments from the Audit Committee, which oversees internal control arrangements and helps to secure improvements in these systems.
- The Annual Internal Audit Opinion, informed by the work of the Internal Audit Section operating under the requirements and standards of the Public Sector Internal Audit Standards (2013) and a risk-based audit plan which is informed by the Joint Committee's risk management strategy. The plan is approved by the Audit Committee annually. The HoA&SR has carried out an independent review of the internal control environment, which is reported to the Audit Committee. He has concluded that the state of the internal control environment is 'satisfactory'.
- The Value for Money conclusion issued by external auditor – in 2013/14 Deloitte LLP issued an unqualified VFM conclusion.
- The annual assurance statements confirming the adequacy of governance arrangements within service areas completed by TWAM SMT.
- TWAM's Strategic Risk Register, which identifies the most significant risks to TWAM's objectives.
- The Review of the Joint Committee's arrangements on Internal Audit. This review, required by the Accounts and Audit (England) Regulations 2011 requires the Joint Committee to review the effectiveness of its system of Internal Audit once a year. The 2014/15 Review concluded that Internal

Audit complies with all the organisational standards set out in the Public Sector Internal Audit Standards (2013).

- VAQAS assessment.
- Investors in People assessment 2014.
- Regular surveys of visitors by TWAM; and visitors to British Archives carried out by the Public Services Quality Group.

A working group comprising members of the Audit Committee and TWAM officers reviewed the sources of assurance in place during 2014/15, considered the effectiveness of the current governance framework and highlighted improvement areas for 2015/16 designed to ensure that continuous improvement of the system is in place.

1.4.5 Significant governance issues

The system of governance (including the system of internal control) can only provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of TWAM's objectives have been mitigated. The 2014/15 review has not identified any items which are considered to represent a significant internal control issue and therefore require disclosure in the 2014/15 Annual Governance Statement.

The only significant governance issue raised in the 2013/14 AGS was the notification from South Tyneside Council that it is considering all options for the future of cultural services in South Tyneside, including the possibility of a Cultural Trust. During 2014/15 South Tyneside Council confirmed that it would remain part of the Joint Arrangements until 31 March 2016. No decisions on the position post 1 April 2016 have been notified at this stage.

1.4.6 Continual improvement in the governance and internal control environment

In order to develop and maintain an effective governance and control environment, there is a need for continuous review, reflection and improvement in an environment that is constantly changing and presenting new risks. The annual review of effectiveness in 2013/14 highlighted the following improvement areas which were the focus of the action plan during 2014/15. Progress against these specific improvement areas is summarised below.

Improvement Area & Action	Improvements Implemented
<p>Review of TWAM governance model: The Joint committee have authorised TWAM to conduct a study into alternative governance models for TWAM following the initial financial appraisal of a move to trust status carried out last year.</p>	<ul style="list-style-type: none"> • Bond Dickinson appointed to carry out the governance review. • The Consultants recommended two preferred options: <ul style="list-style-type: none"> ◦ Option 2(b) – retaining the status quo but with a developed governance structure and the creation of a trading arm. ◦ Option 3 – the transfer of the TWAM operation and undertaking in its entirety into a separate legal entity. • Additional costs associated with pension liabilities and VAT mean that, 'in the short term at least' option 3 would result in significant additional costs and therefore the consultants' recommendation is to pursue option 2b. • The Director has met with all Chief Executives and is working with Lead Authority solicitors to confirm information around pension position before a final decision is made.
<p>Staff Survey: The aim of the survey is to provide a snapshot of the thoughts, feelings and opinions of staff in order to help identify areas where attention is required as we move forward. The survey will also explore the issues important to staff and the impact of these issues on their working life.</p>	<ul style="list-style-type: none"> • The staff survey was circulated in March and included questions on the following areas: <ul style="list-style-type: none"> • Your Job • Your Team • Communication • Leadership • Learning & Development • Diversity • Mission & Beliefs • Overall perception of TWAM • Carbon Awareness • Travel • In total 125 members of staff (60%) responded to the survey. • The results are now being analysed and feedback sessions led by the Director will take place in summer 2015.

Improvement Area & Action	Improvements Implemented
Council Partnerships: Developing relationships with Local Council Cultural Leads and Cabinet Members through the exploration of more effective means of communication.	<ul style="list-style-type: none"> • Annual review meetings were held with Cabinet members and the lead officer from each council in April & May 2014. • The new approach has received very positive feedback. • Briefing seminars were delivered to each council partner.
Audit Committee: Encourage more active participation by all committee members and investigate improvements to communication of key issues to members between meetings.	<ul style="list-style-type: none"> • All members have been contacted to ascertain current & future training needs. • Attendance at meetings has increased.

During 2014/15 TWAM also implemented the following actions to strengthen its corporate governance environment:

- Reviewed and updated the Ethics Policy;
- Retained its Museums Accreditation status and the Archives is now one of the first fully accredited Archives Services in the country. The Accreditation panel reported: 'Tyne & Wear Archives are an outward-looking service which seizes opportunities as they arise. They have maximized the benefits of their position integrated with museums services to offer an admirable range of ways to access archives'. However, they also noted the physical limitations of the current building, adding 'without [the] supporting measures and evidence of constant proactive preservation management, it would not have been possible to accredit the service';
- Retained the Creative Industry Green Standard, an environmental certification scheme for the creative sector;
- TWAM has won a Green Apple Award for work supporting regional museums to achieve a greater level of environmental sustainability as part of the Make Carbon History initiative.

The annual review of effectiveness has highlighted the following additional improvement areas to further enhance our governance arrangements which will be the focus of the organisation's improvement plan for 2015/16.

Improvement Area	Action	Responsible Officer
Changes to audit requirements	Consider the implications of the Local Audit and Accountability Act 2014 and agree a new external scrutiny regime and appoint a suitable auditor.	Jackie Reynolds
What is Governance?	Document as simply as possible what 'Governance' is and circulate to staff and stakeholders with key briefings for each group.	Jackie Reynolds
Annual Governance Statement	The removal of the requirement to undertake a statutory audit affords the opportunity to review the AGS and develop a document that is tailored to best help TWAM improve its governance.	Jackie Reynolds
Governance Review	Develop and implement the recommendations of the governance review to strengthen TWAM's governance.	Iain Watson
Bridge Programme	Work with ACE and the Culture Bridge North East Strategic Board to establish procedures and processes to ensure effective delivery of the Bridge Programme.	Bill Griffiths
LiP Assessment and Staff survey	Analyse the recommendations of the LiP assessment and the feedback from the staff survey to identify opportunities for development.	Iain Watson

1.4.7 Conclusion

The governance and internal control environment operating during 2014/15 is considered to have provided reasonable and objective assurance that any significant risks impacting on the achievement of TWAM's principal objectives were identified and actions taken to avoid or mitigate their impact.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Tony Kirkham Treasurer to the Joint Archives & Museums Committee 24 September 2015	Iain Watson Director of Tyne & Wear Archives & Museums 24 September 2015	Councillor Ged Bell, Chair of the Joint Archives & Museums Committee 24 September 2015
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2. Core Financial Statements

2.1 Movement in Reserves Statement as at 31 March 2015

	General Fund £	Earmarked General Fund (Note 3.7) £	Grants Unapplied Earmarked Reserve [Note 3.7] £	Total Usable Reserves £	Unusable Reserves [Note 3.19] £	Total Reserves £
Balance at 31 March 2013 carried forward	0	(1,007,972)	(274,959)	(1,282,931)	63,345	(1,219,586)
<u>Movement in Reserves during 2013/14</u>						
(Surplus) or deficit on the provision of services	45,420	0	0	45,420	0	45,420
Other Comprehensive income and expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	45,420	0	0	45,420	0	45,420
Adjustments between accounting basis & funding basis under regulations (Note 3.4)	(10,355)	0	0	(10,355)	10,355	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	35,065	0	0	35,065	10,355	45,420
Transfers (to)/from Earmarked Reserves (Note 3.7)	(35,065)	(113,589)	148,654	0	0	0
(Increase)/Decrease in 2013/14	0	(113,589)	148,654	35,065	10,355	45,420
Balance at 31 March 2014 carried forward	0	(1,121,561)	(126,305)	(1,247,866)	73,700	(1,174,166)
<u>Movement in Reserves during 2014/15</u>						
(Surplus) or deficit on the provision of services	(48,811)	0	0	(48,811)	0	(48,811)
Other Comprehensive income and expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	(48,811)	0	0	(48,811)	0	(48,811)
Adjustments between accounting basis & funding basis under regulations (Note 3.4)	(35,555)	0	0	(35,555)	35,555	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	(84,366)	0	0	(84,366)	35,555	(48,811)
Transfers (to)/from Earmarked Reserves (Note 3.7)	84,366	(90,654)	6,288	0	0	0
(Increase)/Decrease in 2014/15	0	(90,654)	6,288	(84,366)	35,555	(48,811)
Balance at 31 March 2015 carried forward	0	(1,212,215)	(120,017)	(1,332,232)	109,255	(1,222,977)

2.2 Comprehensive Income & Expenditure Statement for the year ended 31 March 2015

2013/14			2014/15		
Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
9,841,496	(4,980,548)	4,860,948	Museums, Galleries & Archives ¹ (Note 3.21)	9,794,581	(5,154,507) 4,640,074
9,841,496	(4,980,548)	4,860,948	Cost of Services	9,794,581	(5,154,507) 4,640,074
579,889	(1,180,301)	(600,412)	Other Operating Expenditure (Note 3.8 & Note 3.22)	613,808	(1,280,197) (666,389)
0	(7,915)	(7,915)	Financing & Investment Income and Expenditure (Note 3.9)	0	(11,274) (11,274)
0	(4,207,201)	(4,207,201)	Non-Specific Grant Income (Note 3.10 & Note 3.25)	0	(4,011,222) (4,011,222)
10,421,385	(10,375,965)	45,420	Deficit / (Surplus) on Provision of Services	10,408,389	(10,457,200) (48,811)
0	0	0	Other Comprehensive Income and Expenditure	0	0 0
10,421,385	(10,375,965)	45,420	Total Comprehensive Income and Expenditure	10,408,389	(10,457,200) (48,811)

¹ Under SeRCOP Museums, Galleries & Archives would be classed as Cultural, Environmental, Regulatory and Planning Services.

2.3 Balance Sheet as at 31 March 2015

31 March 2014		31 March 2015	Notes
	£	£	
54,063	Intangible Assets	27,031	3.13
54,063	Long Term Assets	27,031	
241,653	Inventories	282,077	3.14
1,580,838	Short Term Debtors	1,842,701	3.15
140,543	Cash and Cash Equivalents	0	3.16
1,963,034	Current Assets	2,124,778	
(842,931)	Short Term Creditors	(872,769)	3.17
0	Overdraft	(56,063)	3.16
(842,931)	Current Liabilities	(928,832)	
0	Long Term Liabilities	0	
1,174,166	Net Assets	1,222,977	
(1,247,866)	Usable Reserves	(1,332,232)	3.7
73,700	Unusable Reserves	109,255	3.19
(1,174,166)	Total Reserves	(1,222,977)	

Treasurer to the Joint Committee Certificate

I certify that the accounts set out on pages 49 to 88 give a true and fair view of the financial position of the Joint Committee as at 31 March 2015.

Signed Tony Kirkham

Treasurer to the Joint Committee

Date 24 September 2015

2.4 Cash Flow Statement for the year ended 31 March 2015

2013/14 £		2014/15 £
(45,420)	Net surplus or (deficit) on the provision of services	48,811
(762,531)	Adjustments to net (deficit) on the provision of services for non cash movements	(245,417)
0	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	0
(807,951)	Net cash flows (to) / from Operating Activities (Note 3.20)	(196,606)
0	Investing Activities	0
0	Financing Activities	0
(807,951)	Net (decrease) / Increase in cash and cash equivalents	(196,606)
948,494	Cash and cash equivalents at the beginning of the reporting period	140,543
140,543	Cash and cash equivalents at the end of the reporting period (Note 3.16)	(56,063)

3. Notes to the Core Financial Statements

3.1 Heritage Assets

The Code requires heritage assets, to be disclosed separately in the Balance Sheet. The Joint Committee's legal status does not allow ownership of assets, therefore, heritage assets will be included in the balance sheets of the five local authorities, alongside any other appropriate disclosures required under FRS 30. Assets have been allocated to the five local authorities based on the methodology laid out in the Joint Agreement.

The Joint Committee's policy for acquisition, preservation, management and disposal of heritage assets can be referenced on the TWAM website
<https://twmuseums.org.uk/files/5029-acquisitions-and-disposal-policy.pdf>

Heritage Assets are assets that are managed by the Joint Committee 'principally for their contribution to knowledge or culture'. The heritage assets held and managed by the Joint Committee are the collections of assets and artefacts either exhibited or stored in:

- Shipley Art Gallery (founded 1915)
- Discovery Museum (founded 1934)
- Tyne and Wear Archives (based at Discovery Museum, est. 1974)
- Great North Museum: Hancock (founded 1829)
- Great North Museum: Resource Centre (based at Discovery Museum, est 2009)
- Hatton Gallery: Great North Museum (founded 1926)
- Laing Art Gallery (founded 1901)
- Segedunum Roman Fort, Baths & Museum (founded 2000)
- Stephenson Railway Museum (founded 1986)
- Arbeia Roman Fort & Museum (founded 1953)
- South Shields Museum & Art Gallery (founded 1876)
- Regional Museums Store (in partnership with and based at Beamish Open Air Museum (est. 2002))

In addition, under the terms of the Partnership Agreement and contract for the provision of Archive Services between Sunderland City Council and Newcastle City Council on behalf of TWAM, TWAM manages the asset register relating to the collections of assets and artefacts either exhibited or stored in:

- Monkwearmouth Station Museum (founded 1973)
- Sunderland Museum & Winter Gardens (founded 1846)
- Washington F Pit (founded 1976)

The collections held by the Joint Committee are diverse, covering six principal fields. The collection ranges in medium and materials, and includes objects,

specimens, documents, digital media and film. The total collection size is estimated at approximately 1.1m museum objects and approximately 1.6k cubic meters of archive material. It reflects a period of collecting of over 200 years by the archives, museums and their predecessor bodies. The definition of numbers in the collection follows museum and archive best practice but, in terms of valuing the asset, is fairly arbitrary as single items accessioned may comprise a wide range of objects, artefacts, components or supporting papers. However, the following table indicates the estimated number of objects/records held within each field:

Category	Estimated number of objects/records as at 31 March 2014	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2015
Art (including fine art, decorative art, contemporary craft and design)	43,514	1,209	44,723
Archaeology	226,697	21	226,718
Ethnography	7,109	0	7,109
History (including social history, costume, maritime history and engineering, science and industry)	197,293	1,844	199,137
Natural Sciences (including geology and biology)	642,357	291	642,648
Total	1,116,970	3,365	1,120,335
	Cubic Metres		Cubic Metres
Archives	1,579		1,582

The value of the art collection is based on detailed insurance valuations (based on market values). Items in the Art collection estimated to be worth in excess of £10k are identified separately for insurance purposes. From these records the valuation of this collection as at 1 April 2015 is £130m.

We believe it is not practicable to value the remaining collections as this would incur a disproportionate cost, even if it were possible, and that cost would not be commensurate with any benefits to the organisation or its users. This exemption is permitted by the Code.

The Joint Committee considers that the heritage assets will have indeterminate lives and a high residual value; hence depreciation is not charged on these assets within the balance sheets of the five local authorities in which they are recognised.

The following table sets out the statement of heritage assets as per the requirements of the Code. The increase in Assets in the Balance Sheet is offset

by an increase in the Revaluation Reserve. All valuations were carried out internally by qualified TWAM staff.

District	Estimated No. of Art objects valued at £10k as at 1 April 2014	Additional Objects recognised in the year	Estimated No. of Art objects valued at £10k as at 31 March 2015	Heritage Assets recognised at valuation as at 1 April 2014	Revaluation of Art objects	Carrying Value as at 31 March 2015
Gateshead	167	16	183	£13.86m	£0.33m	£14.19m
Newcastle	714	9	723	£103.18m	£1.88m	£105.06m
North Tyneside	0	0	0	£0m	£0m	£0m
South Tyneside	13	0	13	£0.49m	£0m	£0.49m
Sunderland	133	0	133	£9.13m	£0.85m	£9.98m
Total	1,027	25	1,052	£126.66m	£3.06m	£129.72m

A five year summary of transactions relating to Heritage Assets is provided in the table below.

	Five year financial summary of Heritage Assets transactions				
	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Additions					
Art Purchases					
Gateshead	14,989	15,260	7,700	19,071	74,282
Newcastle	28,932	12,000	58,500	2,678	40,182
North Tyneside	-	-	-	-	-
South Tyneside	-	-	-	115	-
Sunderland	14,719	6,800	-	-	-
Total	58,640	34,060	66,200	21,864	114,464
Other Purchases					
Gateshead	4,147	461	719	-	-
Newcastle	6,581	972	1,047	-	167
North Tyneside	2,359	6,364	-	19	-
South Tyneside	8,473	120	454	56	119
Sunderland	7,879	-	2,713	-	-
Total	29,439	7,917	4,933	75	286
Donations					
Gateshead	-	-	-	-	265,000
Newcastle	2,470	28,000	-	65,000	1,464,750
North Tyneside	-	-	-	-	-
South Tyneside	300	-	-	-	-
Sunderland	-	-	-	-	-
Total	2,770	28,000	-	65,000	1,729,750
Disposals					
Total	-	-	-	-	-

Donations 2014/15

- Gateshead: the donation of £265,000 relates to 12 items of ceramic pottery allocated under the Acceptance in Lieu scheme from the estate of Henry Rothschild.
- Newcastle: the donation of £1,464,750 relates to 2 paintings by Frank Auerbach allocated by the Acceptance in Lieu Panel, Secretary of State for Culture Media and Sport from the Estate of Lucian Michael Freud.

3.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3.32, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future levels of funding from local government. The concept of a going concern assumes that the Joint Committee and its services will continue in operational existence for the foreseeable future. Although contributions from the four local authorities in Tyneside will be cut significantly in 2015/16 and future years, this decision will have no effect on the Joint Committee being a going concern. In addition, whilst South Tyneside Council have only confirmed their continuing membership of the Joint arrangements until 31 March 2016, again there is no evidence that this will prevent the Joint Committee continuing to be a going concern;
- Possible impairment of investments. Note 3.12, Nature & Extent of Risks Arising from Financial Instruments, details the Joint Committee's arrangements for investments and the Lead Authority's strategy and approach to managing risk. None of the Lead Authority's investments are impaired;
- The Joint Committee has no relationships with subsidiaries, associates or jointly controlled entities. The Joint Committee's relationship with the five local authorities has been assessed and judged to be that of a joint operation. As the Joint Committee, is not a separate entity, the assets, liabilities, income, expenditure and cash flows of the Joint Committee are not consolidated into the five local authorities Group Accounts. Instead, each local authority in the arrangement accounts for its own transactions arising within the agreement including the assets, liabilities, income, expenditure and cash flows in its single entity financial statements;
- Whether contracts need to be accounted for as service concessions or with embedded leases. The Joint Committee's significant contracts have

been reviewed and no embedded finance leases or service concessions found;

- The potential outcome of legal claims by or against the Joint Committee. There are no material outstanding legal claims against the Joint Committee.

3.3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Joint Committee's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Inventories	The Joint Committee holds stock for later sale in the museum's shops. This stock includes jewellery, gifts, toys, stationery, printed materials and books. The value of this stock at 31 March 2015 was £282k. If the underlying assumptions surrounding the future saleability of this stock were incorrect it would affect the profitability of trading activities.	The Joint Committee makes no provision for obsolete or slow-moving stock. If 5% of the stock were to be assessed as obsolete this would require a write-down to the trading activities of £14k.
Arrears	At 31 March 2015, the Joint Committee had amounts owed to it of £1.838m. A review of significant balances suggested that an impairment of doubtful debts of £3.4k was appropriate. However, in the current	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £3.4k to be set aside as an allowance.

	economic climate it is not certain that such an allowance would be sufficient.	
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This list does not include assets and liabilities that are carried at fair value based on a recently observed market price. Note 3.11 includes a disclosure of financial instruments.

3.4 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Joint Committee in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future expenditure. This includes adjustments for accrued but not taken holiday pay, intangible assets purchased and revenue expenditure funded from capital grants.

2013/14	<----- Usable Reserves ----->					Movement in Unusable Reserves £
	General Fund £	Museums Earmarked Reserve £	Unapplied Earmarked Reserve £	Total Usable Reserves £		
Adjustment involving the Capital Adjustment Account:						
Amortisation of intangible assets	(27,032)	0	0	(27,032)	27,032	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Grants and contributions applied	500,000	0	0	500,000	(500,000)	
Revenue expenditure funded from capital under statute	(500,000)	0	0	(500,000)	500,000	
Adjustment involving the Accumulated Absences Account						
Difference between officer remuneration charged to Comprehensive Income & Expenditure Statement and that accrued but not taken	16,677	0	0	16,677	(16,677)	
Total Adjustments	(10,355)	0	0	(10,355)	10,355	

2014/15	<----- Usable Reserves ----->					Movement in Unusable Reserves £
	General Fund £	Museums Earmarked Reserve £	Unapplied Earmarked Reserve £	Total Usable Reserves £		
Adjustment involving the Capital Adjustment Account:						
Amortisation of intangible assets	(27,032)	0	0	(27,032)	27,032	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Grants and contributions applied	565,510	0	0	565,510	(565,510)	
Revenue expenditure funded from capital under statute	(565,510)	0	0	(565,510)	565,510	
Adjustment involving the Accumulated Absences Account						
Difference between officer remuneration charged to Comprehensive Income & Expenditure Statement and that accrued but not taken	(8,523)	0	0	(8,523)	8,523	
Total Adjustments	(35,555)	0	0	(35,555)	35,555	

3.5 Events after the Balance Sheet date

Events happening between the balance sheet date and the date the accounts are authorised for issue are classified as post balance sheet events. There have been no such events requiring disclosure since the balance sheet date.

3.6 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Joint Committee has not identified any such events as at 31 March 2015.

3.7 Usable Reserves

The health of the Joint Committee's finances is determined by more than the in-year performance. The various provisions and balances within the Joint Committee's balance sheet are also of vital importance to TWAM. It is the existence of these provisions and balances which help TWAM maintain stability and withstand unexpected financial events.

	Balance at 1 April 2014 £	Reserve Applied £	Contribution to Reserves £	Balance at 31 March 2015 £
Acquisitions Reserve	(193,146)	0	0	(193,146)
Renewals Reserve	(11,612)	0	(1,000)	(12,612)
Business Partners Reserve	(80,494)	15,682	0	(64,812)
Museums Earmarked Balances	(728,423)	126,692	(232,028)	(833,759)
Future Repairs & Maintenance Reserve	(107,886)	0	0	(107,886)
Earmarked General Fund	(1,121,561)	142,374	(233,028)	(1,212,215)
Grants Unapplied Earmarked Reserve	(126,305)	19,066	(12,778)	(120,017)
Total	(1,247,866)	161,440	(245,806)	(1,332,232)

Acquisitions Reserve: A reserve to acquire objects for the collections.

Renewals Reserve - Regional Museums Store Sinking Fund: the Agreement in respect of the Regional Museum Store (RMS) of 4 June 2001 between Beamish Museum and TWAM obliged each partner to establish a sinking fund for periodic major repairs.

Business Partners Reserve: Funds generated by businesses that support TWAM's work through the Connecting through Culture programme.

Museums Earmarked Balances: The funds within this reserve have been earmarked to support revenue expenditure and projects in future years. It should be emphasised, that balances sit within the budgets of individual stakeholders and there is, of course, no transfer between budgets of separate stakeholders. Equally, balances on central funds are allocated centrally.

Future Repairs and Maintenance Reserve: This reserve holds sums required to carry out essential repairs to museums.

Grants Unapplied Earmarked Reserve: This reserve holds grants received either with no conditions attached or the conditions have been satisfied so will not be clawed back by the Grant funder.

3.8 Other Operating Expenditure

The other operating expenditure shown in the Comprehensive Income & Expenditure Statement (CIES) consists of:

2013/14		2014/15
	£	£
47,823	Trading - Archaeology	0
(648,235)	Other Trading Operations	(666,389)
(600,412)	Total	(666,389)

3.9 Financing and Investment Income and Expenditure

The financing and investment income & expenditure shown in the CIES consists of:

2013/14		2014/15
	£	£
	Interest receivable and similar income	
(217)	Revenue operations	(5,659)
(7,698)	Cash held Reserves	(5,615)
(7,915)	Total	(11,274)

3.10 Non Specific Grant Income

The non-specific grant income shown in the CIES consists of:

2013/14		2014/15
	£	£
(4,207,201)	Client contributions	(4,011,222)
(4,207,201)	Total	(4,011,222)

Further detail is provided in Note 3.25.

3.11 Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

	31 March 2014	31 March 2015
	£	£
Debtors:		
Current debtors	1,543,410	1,834,853
Total debtors	1,543,410	1,834,853
Creditors:		
Financial liabilities carried at contract amount falling due within 1 year	(697,586)	(641,742)
Total creditors	(697,586)	(641,742)

Income, Expense, Gains and Losses

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of liabilities and other payables is taken to be the invoiced or billed amount; and
- The fair value of assets and other receivables is the debt due to the Joint Committee minus the provision for doubtful debts.

The fair values are calculated as follows:

Financial Liabilities

	31 March 2014	31 March 2015		
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Creditors falling due with 1 year	(697,586)	(697,586)	(641,742)	(641,742)
	(697,586)	(697,586)	(641,742)	(641,742)

Financial Assets

	31 March 2014	31 March 2015		
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Debtors	1,543,410	1,543,410	1,834,853	1,834,853
	1,543,410	1,543,410	1,834,853	1,834,853

3.12 Nature & Extent of Risks Arising from Financial Instruments

The Joint Committee's activities expose it to a variety of financial risks:

- **Credit risk:** the possibility that other parties might fail to pay amounts due to the Joint Committee;
- **Liquidity risk:** the possibility that the Joint Committee might not have funds available to meet its commitments to make payments; and
- **Market risk:** the possibility that financial loss might arise for the Joint Committee as a result of changes in such measures as interest rates, market prices, foreign currency exchange rates etc.

The Joint Committee has a SLA with the Lead Authority for its treasury management. The Lead Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Lead Authority in the Annual Treasury Management Strategy Statement. This Statement provides written principles for overall financial risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk - arises from deposits with banks and financial institutions, as well as credit exposure to the Joint Committee's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Joint Committee. Deposits are not made with banks and financial institutions unless they meet the relevant criteria as adopted within the Lead Authority's Treasury Management Strategy. The Lead Authority's investment priorities are the security of capital and the liquidity of its investments. The Lead Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The following analysis summarises the Joint Committee's potential maximum exposure to credit risk on other financial assets, which for the Joint Committee is comprised of short-term debtors only, based on experience of default and recovery history over the last five financial years, adjusted to reflect current market conditions.

Amount at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure at 31 March 2015	Estimated maximum exposure at 31 March 2014
£ 1,846,090	0.119%	0.008%	£ 142	£ 582

However, as stated in Note 3.3, a review of significant balances suggested that an impairment of doubtful debts of £3.4k was more appropriate.

Liquidity risk - as the Joint Committee has ready access to its investments, there is no significant risk that it will be unable to access finance to meet its commitments under financial instruments.

Market risk - the Joint Committee is exposed to risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Joint Committee. For instance a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Income & Expenditure Account would rise;
- investments at fixed rates – the fair value of the assets would fall.

Treasury Management officers in the Lead Authority, in conjunction with external advisers, continually monitor both the prevailing interest rates and market forecasts and adopt the following responses to changes:

- if it were felt there was a significant risk of a sharp rise in long and short term rates then the portfolio position would be re-appraised with the likely action that fixed rate funding would be drawn whilst interest rates were still relatively cheap.
- if it were felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

Sensitivity to market interest rates: Changes in market interest rates affecting the fair value of financial assets and liabilities would have no impact on their carrying values as the Joint Committee currently has no financial instruments carried at fair value. However, the Joint Committee is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. The extent to which the Joint Committee's interest receivable would have been different had market interest rates during the year been 0.2% higher than they actually were,

calculated based on the investments that the Joint Committee held during the year is as follows:

Interest Rate Sensitivity

	Actual Interest Recognised in Comprehensive I&E Account at 31 March 2015	Interest receivable assuming 0.2% increase in interest rates	Change
Interest receivable on investments	(11,274)	(16,273)	(4,999)

Foreign Exchange Risk

The Joint Committee has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

3.13 Intangible Assets

The Joint Committee accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible asset relates to purchased licenses and installation charges and will be written-off over a period of five years. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charge in 2014/15 is equivalent to one fifth of the total cost of the software and was charged to the Cost of Service in the CIES.

The Movement on Intangible Asset balances during the year is as follows:

	2013/14	2014/15
	Purchased Licences	Purchased Licences
	£	£
Net carrying amount at start of year	81,095	54,063
Additions: Purchases	0	0
Amortisation for the period	(27,032)	(27,032)
Net carrying amount at end of	54,063	27,031
Comprising:		
Gross carrying amounts	133,159	133,159
Accumulated amortisation	(79,096)	(106,128)
	54,063	27,031

3.14 Inventories

Inventories represent the value of stock held in respect of the museums' shops.

31 March 2014 Central & Council	31 March 2015
£	£
198,871 Balance outstanding at start of year	209,446
264,274 Purchases	303,199
(233,265) Recognised as an expense in the year	(273,191)
(20,434) Stock relating to Sunderland City Council	0
209,446 Balance outstanding at year end	239,454

31 March 2014 University	31 March 2015
£	£
39,689 Balance outstanding at start of year	32,207
29,017 Purchases	98,550
(36,499) Recognised as an expense in the year	(88,134)
32,207 Balance outstanding at year end	42,623

31 March 2014 Total	31 March 2015
£	£
238,560 Balance outstanding at start of year	241,653
293,291 Purchases	401,749
(269,764) Recognised as an expense in the year	(361,325)
(20,434) Stock relating to Sunderland City Council	0
241,653 Balance outstanding at year end	282,077

Following Sunderland City Council's withdrawal from the Joint Agreement at 31 March 2013, the stock relating to Sunderland was purchased by Sunderland.

3.15 Short Term Debtors

31 March 2014		31 March 2015
£		£
141,221	Central government bodies	366,646
183,883	Other local authorities	65,085
1,219,372	Other entities and individuals	1,406,511
(1,066)	Bad Debt provision	(3,389)
1,543,410		1,834,853
37,428	Payments in advance	7,848
1,580,838		1,842,701

3.16 Cash and Cash Equivalents

31 March 2014		31 March 2015
£		£
8,170	Cash and Bank Balances	8,014
	Cash Investment - regarded as:	
1,121,562	cash equivalents	1,212,216
(989,189)	Bank Overdraft	(1,276,293)
140,543		(56,063)

3.17 Short Term Creditors

31 March 2014		31 March 2015
£		£
0	Central government bodies	(5,374)
(109,915)	Other local authorities	(96,527)
(25,727)	Other public bodies	(16,815)
(561,944)	Other entities and individuals	(523,026)
(697,586)		(641,742)
(145,345)	Grants received in advance (Note 3.25)	(231,027)
(842,931)		(872,769)

3.18 Provisions

At 31 March 2015, the Joint Committee had no other provisions with the exception of the provision for doubtful debts.

3.19 Unusable Reserves

31 March 2014 £	31 March 2015 £
127,763 Accumulated Absences Account	136,286
(54,063) Capital Adjustment Account	(27,031)
73,700	109,255

- 3.19.1 Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

2013/14 £	2014/15 £
144,440 Balance at 1 April	127,763
(16,677) Difference between officer remuneration charged to CIES and that accrued but not taken	8,523
127,763 Balance at 31 March	136,286

- 3.19.2 Capital Adjustment Account** absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of the acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES. The account is also reduced by the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

2013/14 £	2014/15 £
(81,095) Balance at 1 April	(54,063)
27,032 Amortisation on intangible assets	27,032
Capital financing applied in the year:	
(500,000) Capital grants and contributions applied	(565,510)
500,000 Revenue expenditure funded from capital under statute	565,510
(54,063) Balance at 31 March	(27,031)

To improve the disclosure in the current year we have included the gross figures in relation to capital grants applied and revenue expenditure funded from capital under statute (REFCUS) rather than showing the net effect.

3.20 Cash Flow Statement

Adjustments to net surplus or deficit on the provision of services for non-cash movements

	2013/14	2014/15
	£	£
(45,420)	Net Surplus or (Deficit) on the Provision of Services	48,811
	Adjustments to Surplus/(Deficit) on Provision of Services for Non-Cash Movements	
27,032	Amortisation	27,032
(78,945)	Increase / (Decrease) in Creditors	29,838
(707,525)	(Increase) / Decrease in Debtors	(261,863)
(3,093)	(Increase) / Decrease in Inventories	(40,424)
(807,951)		(196,606)

Operating Activities: The cash flows for operating activities include the following items:

	2013/14	2014/15
	£	£
(7,915)	Interest received	(11,274)

There were no investing or finance activities in the year.

3.21 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service expenditure for the year is as follows:

2013/14	Core Activity £	MPM / MD £	Projects £	Total £
Income				
Government grants and contributions				
Arts Council England	(1,322,000)	(1,782,589)	(622,392)	(3,726,981)
Other Grants/Contributions	(113,632)	(13,367)	(841,467)	(968,466)
Other Income	(82,397)	(388)	(202,316)	(285,101)
Total Income	(1,518,029)	(1,796,344)	(1,666,175)	(4,980,548)
Expenditure				
Employee expenses	4,342,628	1,365,673	591,267	6,299,568
Other service expenses	1,755,608	387,937	1,123,612	3,267,157
Central Support Services	164,109	32,287	21,382	217,778
Recharges	56,993	0	0	56,993
Total Expenditure	6,319,338	1,785,897	1,736,261	9,841,496
Net Cost of Service	4,801,309	(10,447)	70,086	4,860,948
2014/15	Core Activity £	MPM / MD £	Projects £	Total £
Income				
Government grants and contributions				
Arts Council England	(1,256,764)	(1,756,582)	(678,522)	(3,691,868)
Other Grants/Contributions	(68,782)	(25,831)	(1,115,714)	(1,210,327)
Other Income	(91,698)	(10,802)	(149,812)	(252,312)
Total Income	(1,417,244)	(1,793,215)	(1,944,048)	(5,154,507)
Expenditure				
Employee expenses	4,107,871	1,404,498	737,808	6,250,177
Other service expenses	1,699,244	368,697	1,215,051	3,282,992
Central Support Services	168,672	31,680	4,595	204,947
Recharges	56,465	0	0	56,465
Total Expenditure	6,032,252	1,804,875	1,957,454	9,794,581
Net Cost of Service	4,615,008	11,660	13,406	4,640,074

Reconciliation of Museums Income and Expenditure to Cost of Services in the CIES.

All items included in the Segmental Income and Expenditure statements are included in the CIES.

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Archives and Museums income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the CIES.

	Segmental Analysis £	Trading activities outside the Joint Committee £	Interest and investment income £	Contributions from Constituent Bodies £	Total £
2013/14					
Income					
Fees, charges & other service income	0	(583,360)	0	0	(583,360)
Interest and investment income	0	0	(7,915)	0	(7,915)
Government grants and contributions:					
Arts Council England	(3,726,981)	0	0	0	(3,726,981)
Other Grants/Contributions	(968,466)	(33,020)	0	(4,207,201)	(5,208,687)
Other Income	(285,101)	(563,921)	0	0	(849,022)
Total Income	(4,980,548)	(1,180,301)	(7,915)	(4,207,201)	(10,375,965)
Expenditure					
Employee expenses	6,299,568	216,742	0	0	6,516,310
Other service expenses	3,267,157	354,282	0	0	3,621,439
Central Support Services	217,778	8,865	0	0	226,643
Recharges	56,993	0	0	0	56,993
Total Expenditure	9,841,496	579,889	0	0	10,421,385
(Surplus) or deficit on the provision of services	4,860,948	(600,412)	(7,915)	(4,207,201)	45,420
2014/15					
Income					
Fees, charges & other service income	0	(683,085)	0	0	(683,085)
Interest and investment income	0	0	(11,274)	0	(11,274)
Government grants and contributions:					
Arts Council England	(3,691,868)	0	0	0	(3,691,868)
Other Grants/Contributions	(1,210,327)	(53,410)	0	(4,011,222)	(5,274,959)
Other Income	(252,312)	(543,702)	0	0	(796,014)
Total Income	(5,154,507)	(1,280,197)	(11,274)	(4,011,222)	(10,457,200)
Expenditure					
Employee expenses	6,250,177	138,788	0	0	6,388,965
Other service expenses	3,282,992	475,020	0	0	3,758,012
Central Support Services	204,947	0	0	0	204,947
Recharges	56,465	0	0	0	56,465
Total Expenditure	9,794,581	613,808	0	0	10,408,389
(Surplus) or deficit on the provision of services	4,640,074	(666,389)	(11,274)	(4,011,222)	(48,811)

3.22 Trading Operations

TWAM has established trading units where the service is required to operate in a commercial environment and generate income from other organisations or service users. Trading operations are incorporated into the CIES as Other Operating Expenditure.

		2013/14	2014/15	Change
		£	£	£
TWM Archaeology	Turnover	(54,331)	0	54,331
	Expenditure	102,154	0	(102,154)
	Deficit	47,823	0	(47,823)
Other trading operations	Turnover	(1,125,970)	(1,280,197)	(154,227)
	Expenditure	477,735	613,808	136,073
	Surplus	(648,235)	(666,389)	(18,154)
Net deficit/(surplus) on external trading		(600,412)	(666,389)	(65,977)

TWM Archaeology: In March 2013, the Joint Committee agreed to close TWM Archaeology on 30 June 2013. The net deficit following closure was financed from reserves.

Other Trading Operations: Trading units include museum shops, archives activity, venue hire and café franchises.

3.23 Officers' Remuneration

The remuneration paid to the Joint Committee's senior officer was as follows:

Employment Period	Salary	Taxable Expenses	Employers Pension Contributions	Total Remuneration	
				£	£
Director of TWAM	2013/14	84,531	105	12,342	96,978
Director of TWAM	2014/15	84,954	113	13,847	98,914

Other employees: The table below shows the number of staff whose total remuneration exceeded £50,000 in bands of £5,000. To aid transparency the bracketed figures under 'Other employees' indicates those whose total remuneration was affected by receipt of a redundancy payment. It should be noted that the individuals reported in this table for each year may not be the same.

Remuneration Band	Number of Officers	
	2013/14	2014/15
£50,000 - £54,999	4 (1)	3
£55,000 - £59,999	1 (1)	1 (1)
£60,000 - £64,999	1	1
	6 (2)	5 (1)

3.24 External Audit Costs

The Joint Committee has incurred the following costs in relation to the audit of the Statement of Accounts.

2013/14 £		2014/15 £
14,564	Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year.	14,564
(1,993)	Rebate of fees received from the Audit Commission	(1,497)
12,571		13,067

3.25 Grant Income

The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

Credited to Non Specific Grant Income:	2013/14 £	2014/15 £
Contributions from:		
Gateshead Council	(347,041)	(298,859)
Newcastle City Council	(1,759,310)	(1,672,851)
North Tyneside Council	(572,191)	(478,766)
South Tyneside Council	(496,887)	(477,983)
Sunderland City Council	(145,063)	(114,698)
Newcastle University	(886,709)	(968,065)
Total	(4,207,201)	(4,011,222)

Credited to Services:	2013/14	2014/15
	£	£
Arts Council England	(3,726,981)	(3,691,868)
Heritage Lottery Fund	(488,182)	(645,309)
Trust Funds	(146,371)	(271,532)
Other Grants	(188,458)	(138,108)
DCMS Wolfson	0	(60,000)
Acquisitions Grants	(15,225)	(58,921)
Donations	(10,406)	(42,818)
Sponsorship	(39,224)	(31,343)
Other Council Contributions	(30,518)	(15,707)
Newcastle University	(50,082)	0
Total	(4,695,447)	(4,955,606)

The Joint Committee has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the funder. These balances are included within short-term creditors (Note 3.17). The balances at the year-end are as follows:

Revenue Grants Receipts In Advance	2013/14	2014/15
	£	£
Heritage Lottery Fund	(72,294)	(135,468)
Other Grants	(11,950)	(81,882)
North Music Trust	(5,944)	0
Paul Hamlyn Foundation	(53,457)	(13,676)
Newcastle University	(1,700)	0
Total	(145,345)	(231,027)

3.26 Related Parties

The Joint Committee is required to disclose material transactions with related parties – those are bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have constrained another party's ability to bargain freely with the Joint Committee.

Central government has effective control over the general operations of the Joint Committee – it is responsible for providing the statutory framework within which the Joint Committee operates, provides significant funding in the form of grants and prescribes the terms of many transactions which the Joint Committee has with other parties. The four Tyneside councils provide significant funding in the form of contributions and appoint members to the Joint Committee. Details of income received from government departments and the councils are set out in Note 3.25.

Members of the Joint Committee have direct control over the Joint Committee's financial and operating policies. During 2014/15, works and services to the value of £31,389 (£43,442 in 2013/14) and income totalling £47,920 (£59,029 in 2013/14) were received from organisations in which members had an interest.

Officers of the Joint Committee declared pecuniary interest in accordance with section 117 of the Local Government Act 1972 in transactions with 6 organisations. The value of works and services was £53,955 (£25,648 in 2013/14) and income totalling £1,118,946 (£826,753 in 2013/14) was received.

Contracts were entered into in full compliance with the Joint Committee's standing orders. Grants were received with proper consideration of the declarations of interest. The relevant members did not take part in any discussion or decision relating to these transactions.

The tables below summarises the value of any related party transactions greater than £5,000.

	2013/14		
	Receipts £	Expenditure £	Total £
Beamish Museum	(134)	16,492	16,358
Gateshead Council	(21,511)	9,686	(11,825)
Newcastle Citizens Advice Bureau	(7,418)	0	(7,418)
Newcastle University	(824,226)	11,624	(812,602)
Northern Stage	0	7,959	7,959
Northumbrian Water	(13,055)	313	(12,742)
Hadrian's Wall Trust	0	7,446	7,446
Newcastle Gateshead Initiative	(7,973)	8,379	406
Tyne & Wear Fire & Rescue Service	(6,408)	0	(6,408)
Total	(880,725)	61,899	(818,826)
	2014/15		
	Receipts £	Expenditure £	Total £
Beamish Museum	(33)	12,443	12,410
Tyne & Wear Fire & Rescue Service	(6,455)	0	(6,455)
Newcastle Citizens Advice Bureau	(7,616)	0	(7,616)
Newcastle Gateshead Initiative	(12,886)	5,110	(7,776)
Newcastle University	(1,115,296)	45,470	(1,069,826)
Northumbrian Water	(13,240)	573	(12,667)
Tyne Port Health Authority	(5,620)	0	(5,620)
Tyne & Wear Pensions Committee	0	9,157	9,157
Total	(1,161,146)	72,753	(1,088,393)

Amounts owed to the Joint Committee or by the Joint Committee to related parties at 31 March 2015 are shown in the table below.

Owed to the Joint Committee as at 31 March 2014 £	Owed to the Joint Committee as at 31 March 2015 £
(24,084) Gateshead Council	0
(144,397) Newcastle University	(552,232)
(5,568) Newcastle Gateshead Initiative	(5,974)
0 Northumbrian Water	(2,828)
(174,049)	(561,034)
Owed by the Joint Committee as at 31 March 2014 £	Owed by the Joint Committee as at 31 March 2015 £
12,443 Beamish Museum	7,880
746 Newcastle University	1,327
6,458 Northumbrian Water	0
19,647	9,207

3.27 Leases

Joint Committee as Lessee:

Finance Leases

TWAM does not hold any material finance leases.

Operating Leases

The Joint Committee has entered into operating leases for equipment.

The future minimum lease payments due under non-cancellable leases in future years are:

2013/14		2014/15
	£	
1,735	Not later than one year	1,402
6,080	Later than one year and not later than five years	3,307
7,815		4,709

The expenditure charged to the CIES during the year in relation to these leases was:

2013/14		2014/15
	£	
3,066	Minimum lease payments	1,817
3,066		1,817

3.28 Termination Benefits

The Joint Committee terminated the contracts of 5 employees in 2014/15 (11 in 2013/14), incurring liabilities of £44,312 including £0 Strain on the Fund payments (Liabilities of £236,810 including £61,388 Strain on the Fund in 2013/14). This was payable to employees who were made redundant as part of the Joint Committee's rationalisation of services or the result of the ending of grant funded projects. Strain on the Fund payments are charged to the CIES over three years.

The table below includes costs for employees whose contracts have been terminated and contracts of those the Joint Committee are demonstrably committed to terminate.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band (including Special payments)	Number of Compulsory Redundancies		Number of Other Departures agreed		Total number of Exit Packages agreed		Total cost of Exit Packages agreed	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £	2014/15 £
£0 - £20,000	2	3	4	1	6	4	73,779	21,621
£20,001 - £40,000	0	0	4	1	4	1	97,740	22,691
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	1	0	1	0	65,291	0
	2	3	9	2	11	5	236,810	44,312

In some cases the exit packages, in the table above, have been agreed, accrued for in 2014/15 but the payment to the recipient actually occurred in 2015/16.

3.29 Defined Benefit Pension

Newcastle City Council employs all the Joint Committee's staff. The IAS19 liabilities relating to these staff are therefore included in Newcastle City Council's accounts and it is not practical to identify the liability relating to staff working for the Joint Committee separately. As a result, although the pension scheme is a defined benefit scheme, it has been accounted for in the Joint Committee's accounts as a defined contribution scheme. The details of the recharges are set out below:

	2013/14	2014/15	Change
Ordinary employers contributions (payable to the Tyne and Wear Superannuation Fund)	£581,326	£667,574	£86,248
being percentage of pensionable pay	14.6%	16.3%	1.7%
Added years benefits and related increases	£64,255	£70,236	£5,981
being percentage of pensionable pay	1.6%	1.7%	0.1%
Number of employees in scheme	230	234	4

- The contribution rate in 2014/15 was determined by the Fund's actuary based on the latest valuation as at 31 March 2013.
- The above figures have been provided by the actuaries to the Tyne & Wear Pension Fund using information provided by the scheme and assumptions determined by Newcastle City Council in conjunction with the actuary.

- Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.
- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- The total contributions expected to be made to the Local Government Pension Scheme by the Joint Committee in the year to 31 March 2016 is £711k.
- Further information can be found in the Tyne and Wear Pension Fund Annual Report which is available upon request from South Tyneside Council, Town Hall and Civic Offices, Westoe Road, South Shields, NE33 2RL.

3.30 Central Support Services

Newcastle City Council as the 'lead' authority provides the Joint Committee with support services principally in the areas of internal audit, ICT, human resources, health and safety, democratic and legal services. The charges are allocated on the basis of SLA. The amounts payable in 2014/15 were £195,348 (2013/14 £195,314).

3.31 Impact of the adoption of the new accounting standards on the 2014/15 financial statements

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) has introduced changes in accounting policy in relation to the following IFRS (International Financial Reporting Standard) statements:

- **IFRS 13 Fair Value Measurement.** This introduces a requirement for the concept of fair value measurement to be applied to all assets and liabilities which use fair value as a measurement basis.
- **IFRIC 21 Levies.** This clarifies the recognition point for payment of levies as the activity which triggers the payment of the levy.
- **Annual Improvements to IFRSs 2011-2013 Cycle.** These improvements are minor, principally providing clarification.

The amendments to the accounting policies have been reviewed and it has been concluded that the changes will not impact on the Joint Committee's Statement of Accounts.

3.32 Accounting Policies

General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. The Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost.

Reserves and Provisions

Reserves

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge against current year contributions for the expenditure.

Certain reserves are kept to manage the accounting processes for financial instruments, retirement and employee benefits and do not represent usable resources for the Joint Committee. These reserves are explained in the relevant notes.

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Joint

Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a settlement will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received.

Accruals of Income & Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that consideration will flow to the Joint Committee;
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage completion of the transaction and it is probable that consideration will flow to the Joint Committee;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the balance sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. The Joint Committee has adopted a de minimis level of £500 for creditors which means that they are not included in the accounting statements below this level. Generally a full year's charge is included in the accounts for those supplies and services used continuously and charged on a periodic basis (e.g. gas, electricity and water), but the period covered by the payments does not always coincide with the financial year.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- The Joint Committee will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. A condition exists where there are stipulations that grant money can be clawed back by the funder if the terms of the grant are not adhered to.

Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Joint Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Joint Committee.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Joint Committee can be determined by reference to an active market. In practice, no intangible asset held by the Joint Committee meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

The only category of intangible assets for the Joint Committee is software; the asset life used for software is 5 years.

Fixed Assets

The buildings in which the Archives and Museums are housed are the property of the stakeholders, and are therefore excluded from TWAM's balance sheet.

Museum exhibits purchased before local government re-organisation in 1974 are the property of the constituent authority, which succeeded the local authority owning the exhibit prior to re-organisation. Exhibits purchased by the former Tyne and Wear Metropolitan County Council and the Joint Committee are held by Newcastle City Council and are placed at the disposal of the Joint Committee in the interests of all the constituent authorities.

All records and archives acquired on behalf of the Joint Committee together with the records and archives acquired by the former Tyne and Wear Metropolitan County Council and the Joint Committee are held by Newcastle City Council as Trustee for the joint use and benefit of all of the Constituent Councils.

The value of records, archives and exhibits is excluded from the balance sheet because the Joint Committee's legal status does not allow ownership.

Heritage Assets

Heritage assets are assets that are held 'principally for their contribution to knowledge or culture'. The collections are not currently valued in their entirety with only the Art collection being valued within the Joint Committee's financial statements for 2014/15. This is due to a number of factors such as the lack of information on purchase price, the unavailability of comparable market values, the diverse nature of the objects and the volume of objects held. The collections are held in the asset register of the Joint Committee.

The standard requires that a separate class of asset, heritage assets, is disclosed in an entity's balance sheet. The Joint Committee's legal status does not allow ownership of 'assets', therefore, heritage assets will be included in the balance sheets of the local authorities, alongside any other appropriate disclosures required under FRS 30. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

Although TWAM does not own these assets, and therefore does not include them in its balance sheet, it does hold these heritage assets and consequently these accounts make the disclosures required of FRS30.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases

The Joint Committee does not hold any material finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Employee Costs

The Joint Committee employees are employed by the Lead Authority, Newcastle City Council. Employee costs in the Comprehensive Income and Expenditure Statement include all direct salaries and wages, employers' contributions for both National Insurance and pension costs. The Joint Committee's employees consist of curators, archivists, officers, drivers, and visitor services personnel. The costs of certain technical and professional staff are charged initially to various holding accounts from which a recharge is made to the appropriate service such as transport or premises, to capital projects or to an outside agency.

Benefits Payable during Employment

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in

the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Cost of Service line in the Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Local Government Pension Scheme

Employees of TWAM are admitted to the Tyne and Wear Pension Fund, which is administered by South Tyneside Council under the Local Government Pension Regulations 1997. The scheme is a defined benefit type whereby benefits are based on employee pensionable remuneration and length of service. The scheme's assets are held within the Tyne and Wear Pension Fund. Contributions to the scheme are set by an independent actuary at a rate designed to eliminate any surplus or deficit in the fund, based on a three yearly valuation. The funds website may be visited at www.twpf.info

IAS19 requires that the cost of services should bear the current service cost of employees. However, as stated above, the Joint Committee employees are employed by the Lead Authority, Newcastle City Council, therefore, current service cost of these employees is borne by Newcastle City Council and disclosed in Newcastle City Council's accounts.

Recharges

As the buildings in which the Archives and Museums are housed are the property of the constituent authorities, any financing charges due in respect of the Archives and Museums are paid by the individual authorities and appear as recharges to the Joint Committee.

Inventories and Work in Progress

Inventories and work in progress are valued at the lower of cost or net realisable value. Cost is based on 'latest invoice price' and issues have been charged into the accounts on the same basis.

Cost of Support Services

The costs of central support e.g. Human Resources and Legal Services, have been allocated to the Joint Committee on the basis of SLAs in accordance with the guidance given by CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). In line with CIPFA guidance, the cost of corporate management is not charged to services.

Insurance

The insurance for the Joint Committee is arranged through Newcastle City Council, and is a separate bespoke policy. All premiums relating to the cover are charged to the Joint Committee's revenue account.

Deficit/Surplus for the year

The deficit/surplus represents the position before transfers to and from reserves, which are required to meet commitments. Under the Joint Committee's current budgetary framework, which has been in place for many years, the opportunity exists to carry forward surpluses and deficits into the following year. It is considered prudent to allow surpluses to be carried forward in this way as it promotes planned spending of resources rather than forced spending within the constraints of any given financial year.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue & Customs. VAT receivable is excluded from income.

Former Tyne and Wear County Council Debt

The Joint Committee's revenue accounts include a recharge from the constituent authorities for the share of the debt of the former County Council relating to Archives and Museums. Principal, interest and debt management expenses are recharged to the successor districts on a population basis.

Investments

Investments are limited to approved investments in accordance with Department for Communities & Local Government Guidance on Local Government Investments and CIPFA's Treasury Management Code. Such investments are shown in the Balance Sheet at fair value.

Interest

Interest is earned by the Joint Committee in respect of the investment of reserves which are invested in the money market until required.

Bad Debt Provision

The Joint Committee maintains a bad debt provision to meet the cost of invoices not paid. The provision is calculated on the basis of age because this is the single biggest risk factor.

Doubtful Debts

The write-off of debt is part of the normal accounting process. Write-off can occur in circumstances where the debts are unlikely to be collected for a number of reasons, e.g. the death of the debtor, uneconomical to collect, on legal advice or where the debtor is untraceable. Although it is good accounting practice for debts to be written off in the accounts to reflect a more accurate view of the fair value of trade debtors, they will still be pursued and recovered if the opportunity arises.

The Treasurer to the Joint Committee may write-off amounts under £2,000 using delegated powers. A report is submitted annually to the Audit Committee summarising the items written-off under delegated powers. Accounts written off in excess of £2,000 are submitted to the Joint Committee for approval once TWAM is satisfied that all appropriate measures have been taken to try to recover the debt. The cost of the write-off is met from the provision for doubtful debts.

Financial Instruments

Financial Assets

The financial assets of the Joint Committee are all held at fair value and are:

- Sundry Debtors
- Cash and Cash Equivalents

Financial Liabilities

The financial liabilities of the Joint Committee are all held at fair value and are:

- Sundry Creditors

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the

occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that a settlement of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Carbon Reduction Commitment Scheme

The Joint Committee is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The four local authorities for whom the Joint Committee manages archives, museums and art galleries are required to purchase allowances, retrospectively, and surrender them, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Joint Committee is recognised and reported in the costs of the Joint Committee's services and is apportioned to services on the basis of energy consumption.

4. Glossary & Contacts

4.1 Glossary of Terms

Abbreviations	The symbol “K” following a figure represents thousand. The symbol “m” following a figure represents million.
Accruals	Income and expenditure is recognised as it is earned or incurred, not as money is received or paid.
Accounting policies	Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.
ACE	Arts Council England.
Actuarial gains or losses (Pensions)	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise either because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or the actuarial assumptions themselves have changed.
AGS	Annual Governance Statement.
AHRC	Arts & Humanities Research Council.
Assets	Items of worth which are measurable in terms of money as at 31 March.
Balances	The total level of surplus funds the Joint Committee has accumulated over the years as at 31 March.
Budgets	A statement of the Joint Committee’s forecast expenditure, that is, net revenue expenditure for the year.
Capital Adjustment Account	An account that reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
Capital Expenditure	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
Cash and Cash Equivalents	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CIPFA Code of Practice (The Code)	The Code sets out the accounting concepts and accounting principles which underpin the Statement of Accounts.
Comprehensive Income & Expenditure Account (CIES)	This account summarises the resources that have been generated and consumed in providing services and managing the Joint Committee during the financial year.
Consistency	The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Core Activity	Income and expenditure incurred in the day to day running of the archives, museums and galleries, including exhibitions, learning, collections care, building costs and the corporate centre. It is primarily funded by the four councils, ACE and Newcastle University.
Core Museums Grant	Grant from ACE.
Creditors	An amount owed by the Joint Committee for work completed, goods received or services rendered, but for which payment has not been made at the balance sheet date of the 31 March.
Current Service Cost (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
Debtors	Monies owed to the Joint Committee but not received at the balance sheet date of the 31 March.
Defined Benefit Scheme (Pensions)	A pension or other retirement scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.
DCMS	Department for Culture, Media & Sport.
Earmarked Reserve	A sum set aside for a specific purpose.
Emoluments	Payments received in cash and benefits for employment.
Events after the Balance Sheet Date	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of

	Accounts is authorised for issue.
Expected Rate of Return on Pensions Assets	This is an actuarially calculated estimate of the return on the scheme's investment assets during the year.
Fair Value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction (a transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of a conflict of interest) less, where applicable, any grants receivable towards the purchase or use of the assets.
Fees and Charges	Income arising from the provision of services, for example, charges for research enquiries or group tours.
Financial Handbook	Practical guide to the Financial Regulations for officers of TWAM.
Financial Instrument	Document (such as a cheque, draft, bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Financial Regulations	Procedures ensuring objectivity, fairness and probity in financial systems and transactions.
FRS	Financial Reporting Standard issued by the Accounting Standards Board.
Going Concern	The concept that the Joint Committee will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.
Heritage Assets	Assets held and managed by the Joint Committee principally for their contribution to knowledge or culture.
IAS	International Accounting Standards.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standard issued by the International Accounting Standards Board.
Impairment	The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by

	the asset or from a general fall in prices.
KE-EMu	Collections management software.
KPI	Key Performance Indicators.
LA7	The LA7 comprises Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Councils.
Liabilities	Any amounts owed to individuals or organisations, as at 31 March, which will have to be paid at some time in the future.
Liquid Resources	Current asset investments that are readily disposable by the Joint Committee without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.
MPM	Major Partners Museums.
MD	Museums Development Programme.
Materiality	An item is material if its omission, non-disclosure or mis-statement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.
Movement in Reserves Statement	Shows the movement of reserves held by the Joint Committee analysed into Usable and Unusable reserves.
MREA	Museums Rapid Enterprise Assessment.
Provisions	These are sums set aside to meet liabilities or losses which have been incurred but where the amount and/ or timing of such costs are uncertain.
Related Party Transactions	A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. An example could be the purchase, sale, lease, rental or hire of assets between related parties. A related party indicates two parties who are joined by a special relationship prior to the transaction or deal.
Reserves	These represent specific amounts set aside for future policy purposes or to cover contingencies.

Revenue Expenditure	Expenditure on providing day-to-day services, for example employees' costs and premises costs.
REFCUS	Revenue expenditure funded from capital under statute.
SeRCOP	Service Reporting Code of Practice issued by CIPFA.
SLA	Service Level Agreement.
SMT	Senior Management Team.
SOLACE	Society of Local Authority Chief Executives.
Strain on the Fund	Pension strain is a concept for the management of the pension fund finances arising from an employee retiring early, without actuarial reduction of pension. This causes lost contribution income and creates an interest cost arising from the associated earlier, increased cash flow.
Tax Incremental Financing	Financing for infrastructure projects.
TUPE	Transfer of Undertakings (Protection of Employment).
TWAM	Tyne & Wear Archives & Museums.
Usable Reserves	A reserve that can be applied to fund expenditure, e.g. Earmarked Reserves.
Useful Life	This is the period over which the Joint Committee derives benefit from the use of a fixed asset.
Unusable Reserves	A reserve that cannot be applied to fund expenditure, e.g. Accumulating Absences Account.
Use of Brackets	Brackets are used to indicate income, decreases in assets or increases in liabilities or increases in the reserves.
VAQAS	Visitor Attraction Quality Assurance Scheme.

4.2 Further Information

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press. When the accounts are published copies are available for consultation in the Customer Service Centre located on the ground floor at Newcastle Civic Centre, Newcastle upon Tyne, NE1 8QH and on the Tyne & Wear Archives & Museums website at <http://www.twmuseums.org.uk/about-us/corporate-publications-and-policies/impact-report-and-accounts.html>

If, however, you wish to purchase a copy of this printed booklet, a nominal charge of £5.00 is usually made to cover printing costs. If this information is needed in another format or language please contact the Finance Department at finance@twmuseums.org.uk

Enquiries on the accounts, or other general financial matters, should be addressed in the first instance to Jackie Reynolds, Head of Finance, Governance & Resources, Tyne & Wear Archives & Museums on 0191 277 2158 or e-mail jackie.reynolds@twmuseums.org.uk

As part of a programme of continuous improvement we are striving to improve our system of reporting back to users of services. If you have any problems understanding this publication, or have any suggestions on how it may be improved, please contact either:-

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