



Tyne & Wear Archives & Museums Statement of Accounts 2017/18

TYNE & WEAR
archives &
museums

This page has been left intentionally blank.

Section	Contents	Page
Reference and Administrative Details		5
Preface	Introduction by the Director of TWAM	7
1. Explanatory Foreword	1.1 Explanatory Foreword from the Head of Finance, Governance & Resources	9
	1.2 Statement of Responsibilities for the Statement of Accounts	41
	1.3 Independent Auditor's Report to the Strategic Board of the Tyne & Wear Archives & Museums	43
2. Core Financial Statements	Statement of financial activities	46
	Balance sheet	47
	Statement of cash flows	48
3. Notes to the Core Financial Statements		49

This page has been left intentionally blank.

Reference and Administration Details of Tyne & Wear Archives & Museums for the period ended 31 March 2018

Joint Committee Members (de-commissioned 2 June 2017):

Cllr Ged Bell (Chair)	Cllr Kim McGuinness	
Cllr John McElroy (Vice-chair)	Clr Jonathan Wallace	Cllr Neil Weatherley
Cllr Alan Percy	Cllr John O'Shea	
Cllr Alan Kerr	Cllr Fay Cunningham	Cllr Richard Porthouse

Strategic Board Members (Commissioned 3 June 2017):

Rt. Hon Baroness Joyce Quin (Chair)	Independent
Cllr Kim McGuinness (Joint Vice Chair)	Newcastle City Council
Cllr Margaret Meling (Joint Vice Chair)	South Tyneside Council (Rotating Member)
Professor Eric Cross	Newcastle University
Cllr Eddie Darke	North Tyneside Council
Cllr Angela Douglas	Gateshead Council
Cllr David Drummond	North Tyneside Council (Rotating Member)
Cllr Alan Kerr	South Tyneside Council
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Ian Renwick	Independent Member

Director: Iain Watson

Head Office: Discovery Museum, Blandford Street, Newcastle upon Tyne, NE1 4JA

Auditors: Ryecroft Glenton, 32 Portland Terrace, Newcastle upon Tyne, NE2 1QP

Solicitors: John Softly, Newcastle City Council, Civic Centre, Newcastle upon Tyne

This page has been left intentionally blank.

Preface

Introduction to the Statement of Accounts by Iain Watson, Director, Tyne & Wear Archives & Museums

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. Our Cultural Vision is: Working together to make sense of the world through compelling stories of heritage, art, culture and science.



TWAM is committed to this mission and Cultural Vision as set out in our Business Plan.

These accounts demonstrate the high standard of financial management and governance required by those charged with governance and implemented by the staff of TWAM.

I would like to use this Preface to thank all the members of both the Strategic Board and Audit Committee for their contribution over the year 2017/18. I would also like to thank the Trustees of the TWAM Development Trust for their support in fund-raising, and finance and governance staff for their careful management of our finances. Despite the ongoing severe challenges in public sector funding, TWAM has again delivered excellent performance, of outstanding quality and to budget, this is in no small part due to the dedication and commitment of staff and volunteers right across the organisation.

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

This page has been left intentionally blank.

1. Explanatory Foreword

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

Welcome to the Tyne & Wear Archives & Museums' Statement of Accounts 2017/18.

I am delighted that in 2017 the TWAM Finance Team were recognised for their excellence, winning Public Services Finance Team of the Year 2017 in the North East Accountancy Awards.

Following changes in accounting requirements introduced in 2014, TWAM has opted to produce our statement of accounts in a manner consistent with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP) 2015 and the Financial Reporting Standard FRS10. This decision enables us to demonstrate our commitment to transparency and provides all our funding partners, members of the public (including visitors and local residents), stakeholders and other interested parties with the confidence that we are publically accountable.



My aim is to provide information so that, all readers can:

- Understand the overarching financial position of TWAM;
- Have confidence that the public money with which TWAM has been entrusted and which TWAM 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 31 March 2018.

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

1. An introduction to TWAM
2. Review of the Year and Key Achievements 2017/18
3. Summary of Financial Performance 2017/18
4. External Environment and Looking Ahead to 2018/19
5. Principal Risks, Management and Mitigation
6. Governance & Assurance Report
7. Acknowledgements
8. Contact for further information

1.1.1 An Introduction to TWAM

TWAM is a large and successful archive and museums service which receives 1.3m 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
Shingley 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

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.

Our vision... for the future is for everyone to have access to museum and archive provision in Tyne and Wear, to use this access and to value it for the significant and positive impact that it makes upon their lives. We will provide real or virtual, worldwide access to our museums and archives and their collections.

TYNE & WEAR ARCHIVES & MUSEUMS

In 2017/18, the governance of TWAM changed. Following a governance review, the previous Joint Committee was decommissioned on 2 June 2017 and was replaced with the TWAM Strategic Board which comprises between 6 and 11 members. Each Council in Tyneside provides one member from amongst its elected members, Newcastle University appoints one member, each year two different councils appoint one additional member each and there are up to four additional members who are independent appointments.

The relationship between the four Tyneside Councils 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 is a partner in respect of the Joint Archive Service and TWAM provides some specialist museum services to Sunderland museums funded by Arts Council and some services including trading and exhibition design on a commercial basis.

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 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. In addition, under two separate funding arrangements with ACE:

- TWAM has been awarded funding from Arts Council to act as a Bridge organisation. The only museum service to take on a Bridge role, TWAM is one of 10 Bridge organisations across the UK using their experience and expertise to connect children and young people with art and culture.
- TWAM also delivers the Museum Development programme for the North East. The programme is a comprehensive, effective and collaborative response to the needs of museums in the North East and the communities they serve. Through the programme TWAM supports a total of 58 museums across the North East.

The allocation of costs across TWAM 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.

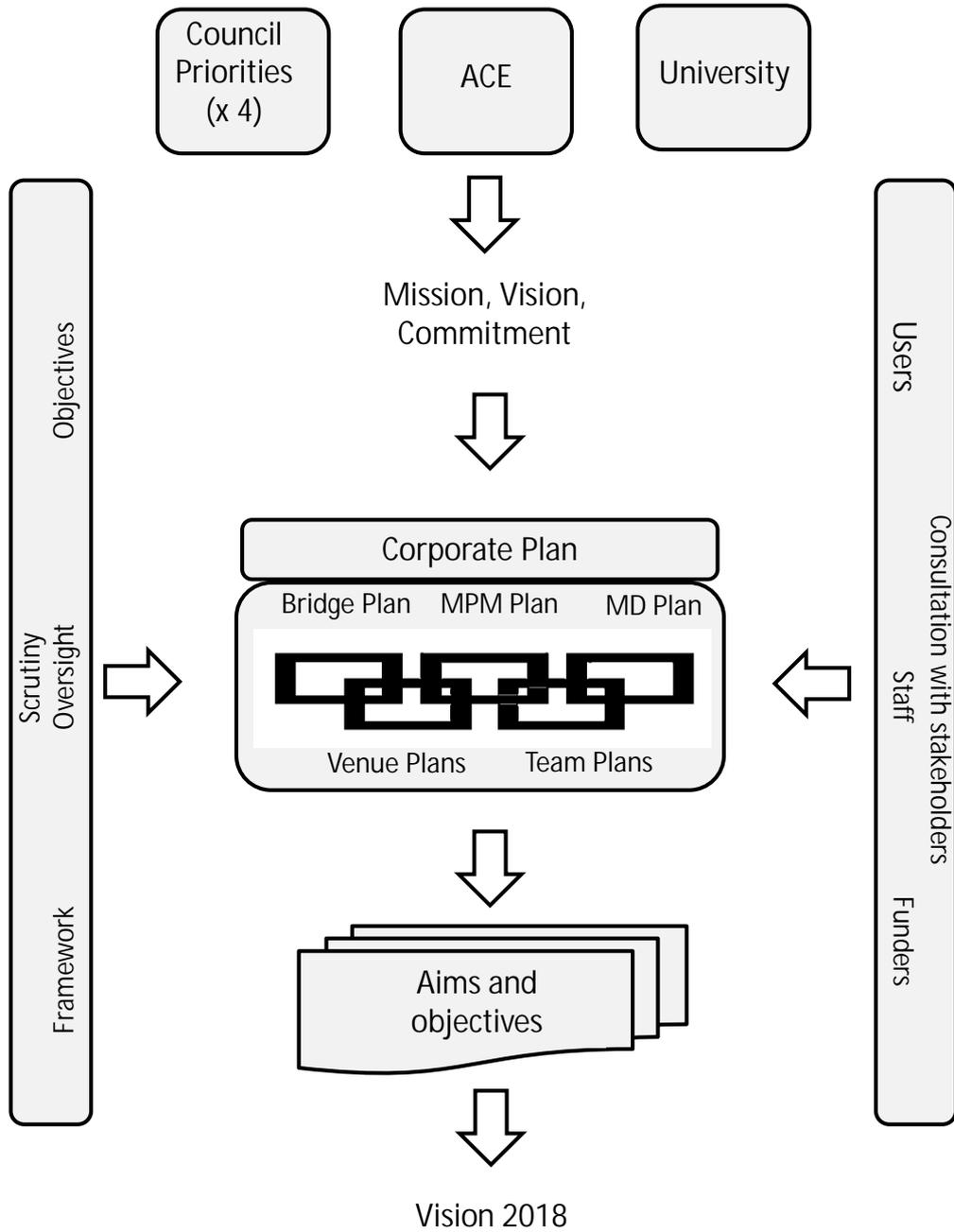
- **Operational costs:** These relate to the basic running costs of individual venues, including employee costs associated with operating each building, premises

TYNE & WEAR ARCHIVES & MUSEUMS

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 which allow the provision of an effective and quality museum and archive service. 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.

TYNE & WEAR ARCHIVES & MUSEUMS



Overview diagram of TWAM's Corporate Plan

1.1.2 Review of the Year and Key Achievements

Priorities

TWAM, through its Strategic Board 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

Overall visitor figures for TWAM for 2017/18 were, 1,336,296 compared to 1,265,135 in 2016/17, an increase of 6%. Performance has varied across different venues, with Gateshead seeing the largest increase, whilst South Tyneside saw no significant change in visitor numbers. Visits by school children recorded the highest total in five years.

The profile of TWAM's audience broadly reflects the demographic profile of the region's population although it varies across our venues. 85% of visitors are from the North East, 48% visit with children aged under 16 years and 44% are from socio economic groups C2DE. Research carried out into our visitors' experience shows that levels of satisfaction are very high: 97% rated their visit to our museums and galleries as good or very good and 56% of visits are repeat visits.

TWAM's financial position remains sound in the face of ongoing financial challenges. In 2017/18 TWAM achieved savings and additional income of £483,970 and further savings and additional income generation totalling £508,000 are planned to be delivered in 2018/19.

Pressures on TWAM's budgets

Following eight consecutive years of efficiency savings, totalling £4.8 million, further significant reductions have been made in the local authority revenue contributions to TWAM for 2018/19. From 1 April 2018, TWAM became an ACE National Portfolio

Organisation (NPO), securing an annual grant of £3,316,930, representing 37% of core funding. Savings have been achieved by TWAM via a programme of efficiency savings, income generation, workforce planning and, where unavoidable, in some areas, reductions in service. The cost of redundancies associated with these savings has been addressed and funded from reserves and additional contributions.

Sunderland Museums and Heritage

Work undertaken for Sunderland City Council has included the support for exhibitions in Sunderland, alongside continuing work on collections management, conservation and a variety of other specialist areas. Sunderland continue 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 2017/18

- HLF funding secured to support programme for Great Exhibition of the North at Great North Museum: Hancock and Discovery Museum as well as digital and learning content.
- The Hatton Gallery reopened in October 2017, following a redevelopment supported by HLF, with Pioneers of Pop which focused on the contribution of Newcastle artists to the global art movement; the exhibition contained around 100 works by some of the leading British artists associated with both Pop and abstract art.
- High profile loans from the British Museum, Museum of London and private collectors exhibited in Mithras: Roman Religion from Thames to Tyne (GNM), Hadrian's Cavalry (Segedunum) and Striking the Emperor (Segedunum) have increased footfall and visitor spend.
- Charge! The Story of England's Northern Cavalry (funded by HLF) opened at Discovery, the new gallery unites the collections of the antecedent regiments of The Light Dragoons and also tells the continuing story of the Northumberland Hussars.
- 'Three Days... a Queen, a Prince and a King' exhibition commemorated heavy weight champion Muhammad Ali's visit to South Shields in 1977 at South Shields Museum & Art Gallery.
- Paul Nash opened at the Laing Art Gallery. Paul Nash was one of the most distinctive British artists of the 20th century and was a key figure in British Surrealism. Sean Scully, a major retrospective was presented across the Laing Art Gallery and the Hatton. Also at the Laing, the Bomberg exhibition marked the 60th anniversary of the death of David Bomberg who was recognized as one of the 20th century's leading British artists.

- The Visit of Dr King: Then and Now/Here and There at Great North Museum: Hancock was a film installation and exhibition that commemorated the 50th Anniversary of the visit of Dr Martin Luther King to Newcastle. This was part of Freedom City 2017 - a city wide programme across Newcastle.
- L.S. Lowry exhibition at South Shields Museum & Art Gallery showcased artworks on loan from a private collector which were centred on South Shields.
- Must-see museums membership scheme, increased to 9,688 users.
- TWAM won Best Event Tyneside for its co-ordination of 'The Late Shows'.
- Completion of a successful centenary year (2017) at the Shipley Art Gallery in Gateshead with visitors up by 12%.
- We continue to work strongly nationally and internationally, including delivering training programmes for museum professionals in Greece and Brazil, and participating in the UK –China Wall to wall initiative, supporting the British Museums International training Programme and speaking at international conferences.
- Dr Tristram Hunt, the Director of the V&A, delivered the third Annual TWAM/Northumbria University public lecture.
- Play + Invent and its Tiny Sparks pre-school programme challenging gender inequality in STEM was winner of the Women's History Network Community History Prize. The Play + Invent programme also included successful Build the Fun Fair of the Future and Playful Pixels events.
- TWAM was awarded £117,000 from the MA Esmée Fairbairn Collections Fund to develop a women's collection and festival of events in 2018/19. Objects across all collection areas have been identified to celebrate the achievements of women in history and stimulate discussions with groups of women and girls around gender inequality.
- In 2017/18 we achieved more than 10,000 engagements with individuals through our community programmes.
- 605 creative sessions were delivered under the four community programmes, co-designed with community / healthcare professionals and participants.
- The Live Well programme working with disadvantaged older people engaged: 44 groups and 486 individual participants through 339 sessions in 2017/18.
- We completed the ACE research grant project Not So Grim up North with Whitworth Art Gallery and UCL and produced the final report and film.

TYNE & WEAR ARCHIVES & MUSEUMS

- We launched the 'Slow Museums' pilot to make our museums Dementia friendly. This has involved delivering training for staff initially at the Shipley Art Gallery, and will be rolled out across all TWAM venues.
- **Museum Development:** More than 50 accredited museums benefited from specialist advice and development opportunities, and ACE awarded TWAM funding to continue to deliver the programme for 2018-22 with Museum Development North East operating as a Sector Support Organisation (SSO).
- **Culture Bridge North East** TWAM manages the North East Bridge organisation, Culture Bridge North East (CBNE), which connects cultural organisations and the education sector so children and young people can have access to great arts and excellent cultural opportunities. A key focus in 2017-18 was supporting the emergence of Local Cultural Education partnerships across the region. ACE awarded TWAM funding to continue to deliver the programme for 2018-22 as a Sector Support Organisation (SSO).

Heritage Assets

Heritage assets are assets that are held 'principally for their contribution to knowledge or culture'. Accounting standards require those organisations who hold heritage assets to disclose the value of these assets in their balance sheet. TWAM's legal status does not allow ownership of 'assets', therefore, heritage assets are included in the balance sheets of the local authorities, alongside any other appropriate disclosures required under FRS 102. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

TWAM'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>

The heritage assets held and managed by TWAM are the collections of assets and artefacts either exhibited or stored in the venues listed on page 9. 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)

Monkwearmouth Station Museum closed on 31 March 2017.

The collections held by TWAM are diverse, covering six principal fields. The collections

TYNE & WEAR ARCHIVES & MUSEUMS

range in medium and materials, and include 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 collecting area:

Category	Estimated number of objects/records as at 31 March 2017	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2018
Art (including fine art, decorative art, contemporary craft and design)	45,637	16	45,653
Archaeology	226,732	99	226,831
Ethnography	7,112	0	7,112
History (including social history, costume, maritime history and engineering, science and industry)	204,150	2,568	206,718
Natural Sciences (including geology and biology)	643,291	599	643,890
Total	1,126,922	3,282	1,130,204
	Cubic Metres		Cubic Metres
Archives	1,582		1,582

These collections are not currently valued in their entirety. 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. Only the value of the art collection is shown in the five local authority Balance Sheets, and 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 31 March 2018 is £132 million. 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 FRS102. This is also in line with best practice in the sector.

TWAM considers that the heritage assets will have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation on these assets.

The following table sets out the statement of heritage assets as per the requirements of FRS102. All valuations were carried out internally by qualified TWAM staff.

TYNE & WEAR ARCHIVES & MUSEUMS

Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2017	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2018	Heritage Assets recognised at valuation as at 1 April 2017	Revaluation of Art objects	Carrying Value as at 31 March 2018
Gateshead	186	1	187	£14.35m	£0.06m	£14.41m
Newcastle	726	6	732	£106.16m	£0.57m	£106.73m
North Tyneside	0	0	0	£0m	£0m	£0m
South Tyneside	13	0	13	£0.53m	£0.01m	£0.54m
Sunderland	133	0	133	£9.98m	£0m	£9.98m
Total	1,058	7	1,065	£131.02m	£0.64m	£131.66m

In 2017/18 we achieved...

Spotlight on TWAM April - March



Delivery of Vision 2018

In 2015 TWAM embarked on a 3 year Major Partner Museum Programme of work supported by ACE and as part of this set a 'Vision 2018,' identifying aspirational targets for achievement over this 3 year period. Having completed the 3 year programme we have briefly reviewed progress against this vision below:

- Created the 'museum in the cloud' (TWAM holds the domain name museuminthecloud.org.uk) providing opportunities for people to engage with us in a virtual environment both from within our venues (which will be fully networked) and from wherever they maybe in the world.
 - TWAM has developed an extensive series of digital activities across our venues including the innovative new approach to collections access (Collections dive developed in partnership with Microsoft Research and Newcastle University). Wifi is now provided in TWAM venues and for much of the programme period TWAM led the Digital Consortium, North Networks.
- Established a 10 (20) year programme of capital development in partnership with funding stakeholders to maximise the opportunity for our venues to create value
 - Major capital developments have been initiated and completed including the Hatton Gallery redevelopment, Saltwell Park Museum at the Shipley Art Gallery and Charge! Gallery at Discovery Museum. Arbeia Phase 1 works are underway with feasibility undertaken for phase 2 works. A masterplan has been completed for development at Segedunum and feasibility work has been undertaken at both Discovery Museum and the Laing Art Gallery.
- Developed a self-sustaining programme of high profile exhibitions ensuring footfall and income at TWAM venues and including self-generated shows which will tour nationally and internationally. For example:
 - The charging exhibition programme at the Laing Art Gallery has been developed and is now built firmly into business plans. The first of the self-generated charging exhibitions will open in 2018-19, this has been developed with support of the John Ellerman Foundation. A new programme of spotlight loans has been established at South Shields Museum with high profile national loans and TWAM led the Hadrian's Cavalry programme, providing a regional distributed exhibition with loans of national and international significance.
- Embedded the work of Our Museum to ensure consistent engagement of local people in shaping and delivering services and ongoing two-way dialogue

between TWAM, its venues and collections and our communities and stakeholders

- We have developed Valuing Voices, a new community engagement framework. Partnerships with communities are long-term, beginning with open conversations about what they might want to do together; ideas are then jointly developed, rather than fixed projects imposed by the museum. Our Community partners report that we give a good balance between support and guidance, and are a responsive, imaginative and creative organisation to work with. Community partners feel like equal partners with agency in decision-making. Some projects are led by community partners: sometimes community partners acquire funding and take the lead, sometimes there are joint bids. Community partners feel they have a lot of influence on TWAM, though around their own agendas. They feel there is mutual learning through working together. We are not complacent and recognise that there is more to do to mainstream this work so that it affects the whole service.
- Worked with DMOs and others to establish TWAM venues as part of international offer to visitors to Tyneside
 - We continue to work on this with all our local authority partners and with NGI. The Great exhibition of the north has provided particular opportunity to showcase our venues to an international audience, through the GREAT campaign.
- Completed the transformation of TWAM to a self supporting and sustainable organisation, part funded by key stakeholders, absolutely customer focussed, and driven by the needs and interests of our visitors
 - The changes of governance, creating a new Strategic Board and an independent trading company have been completed.
 - We have completed a review of front of house staffing and introduced new customer service standards contributing to enhanced service.
- Developed a B2B model building on existing success in delivering consultancy work to have, where possible, a 'create once, sell many' business model
 - Whilst we have undertaken increased amounts of consultancy work, for a range of clients including British Council, Newcastle United Foundation, Newcastle Cathedral, we have not yet developed a 'create once, sell many' business model, but maintain this as an aspiration.

TYNE & WEAR ARCHIVES & MUSEUMS

- Consolidated and integrated regional, national and international leadership role with a broader range of TWAM staff engaged in consultancy and advice work and sharing skills across networks.
 - This area of work has been particularly strong with international consultancy carried out in China, Brazil and Greece, increased international exchanges and programmes and TWAM staff attending and speaking at international conferences. More broadly our leadership role has continued to expand with staff leading and engaged with numerous national and regional bodies including Chairing Creative Case North, membership of Museums Association Board, Art UK Advisory Group, Hadrian's Wall Management Board, and delivery of the regional Bridge and Museum Development programmes for ACE.
- Established (in partnership with HEIs providing teacher training) a framework for cultural learning and measuring the quality of cultural learning which is rolled out and used as a standard for excellence.
 - We have continued to develop our relationship with Teacher training programmes, and through our role as Culture Bridge North East we have worked directly with Newcastle University in particular on the creation of a cultural leaders in education programme which has already delivered its first successful cohort.
- Consolidated TWAM's national leadership role in work with children and young people and maintained excellence of provision for these user groups.
 - A key part of our work here has been the creation of Culture Bridge North East and the successful delivery of its three year programme, both for the region and as part of the national Bridge network. We have been part of the national steering group for the Group for Education in Museums (GEM) ACE funded resilience programme, have supported staff to become school governors, and have strengthened delivery of our real world science participation programme and increased significantly the number of successful Arts Award moderations made through TWAM.

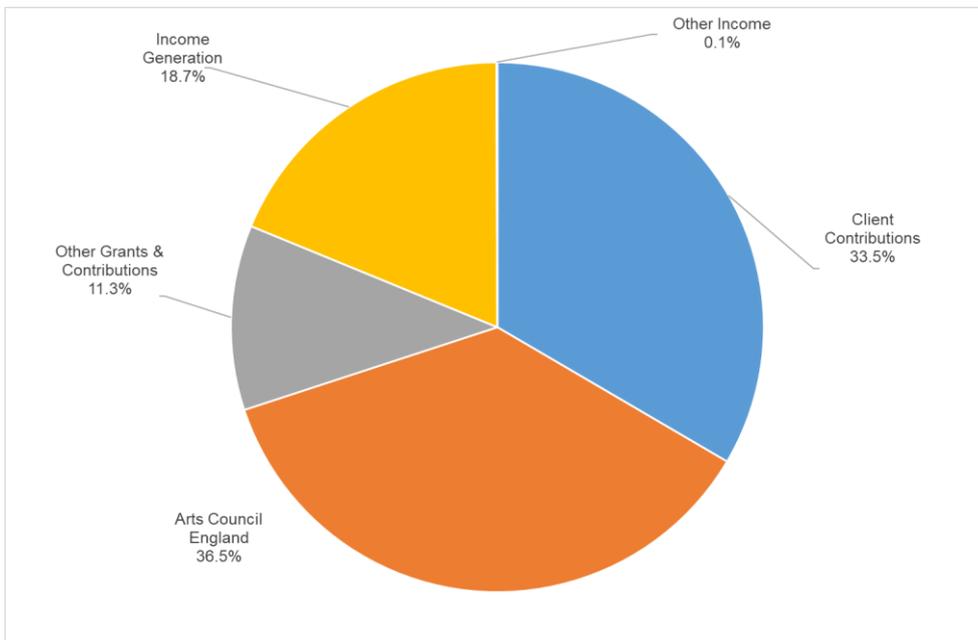
1.1.3 Summary of Financial Performance 2017/18

Revenue Outturn

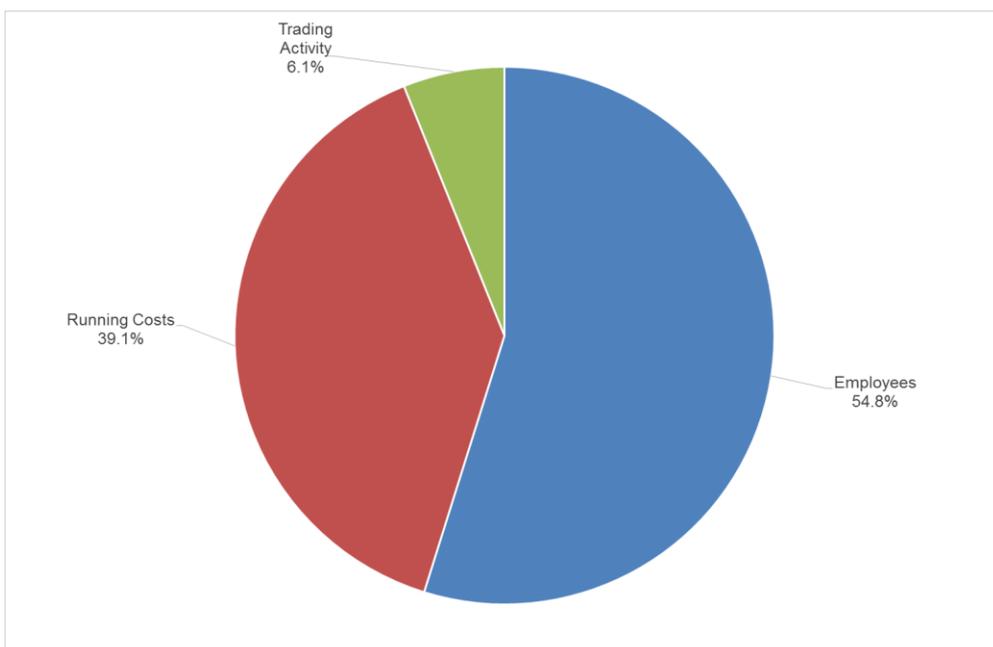
The outturn for TWAM is a net use of funds of £466,170 of which £373,594 relates to funds donated to TWAM for specific purposes.

The following pie charts illustrate, in broad terms:

- where the money comes from:

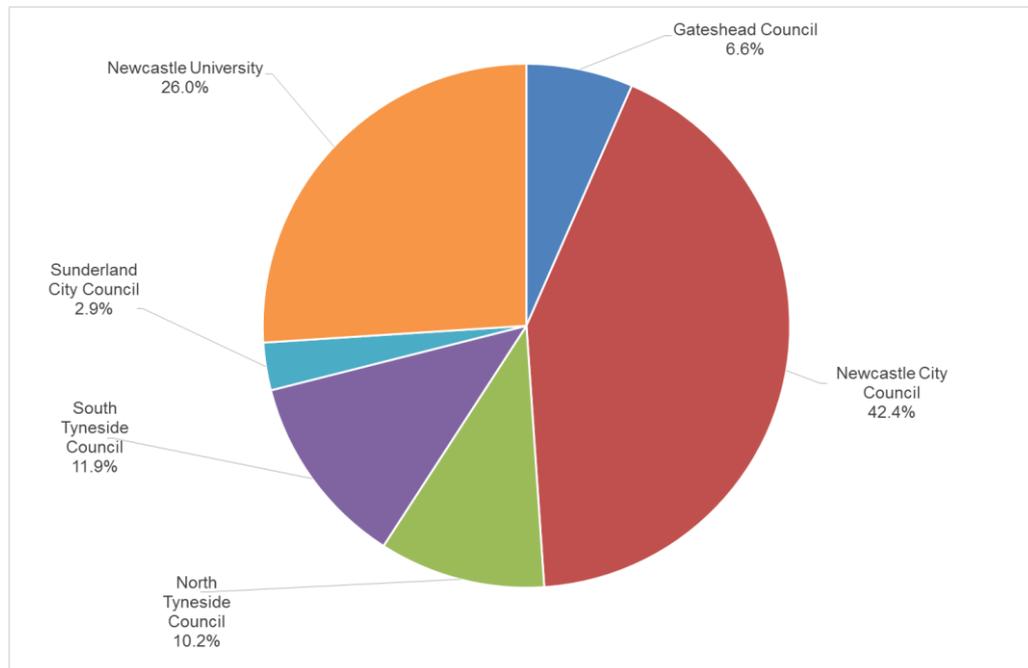


- what the money was spent on:



TYNE & WEAR ARCHIVES & MUSEUMS

- an analysis of individual client contributions:



Budget Comparison

TWAM's budget required client contributions of £3,399,470. The outturn of £3,569,767 represents an increase of £170,297. The main differences are:

- Additional contributions, to finance redundancies associated with the 2018/19 budget proposals were agreed by the TWAM Strategic Board in March 2018. This amounted to £154,210;
- An increase of £25,743 in respect of the contribution from Newcastle University. This funding is based on the academic year (August to July), and therefore this apparent overspend represents a mid-year position. It is expected that the outturn will be consistent with the budgeted contribution.

TYNE & WEAR ARCHIVES & MUSEUMS

Client Contributions	Estimate £	Actual £	Variance £
Gateshead Council	232,400	242,296	9,896
Newcastle City Council	1,308,310	1,438,365	130,055
North Tyneside Council	376,990	376,985	(5)
South Tyneside Council	428,240	440,973	12,733
Sunderland City Council	116,790	108,665	(8,125)
Newcastle University	936,740	962,483	25,743
Total	3,399,470	3,569,767	170,297

Capital Expenditure

In 2017/18, TWAM also received an allocation of ACE Capital Funding of £469,714. The allocation was utilised to refurbish galleries, develop digital strategies and to advance the work of the enterprise project in generating income.

Actual 2016/17 £	Category	Actual 2017/18 £
367,711	Gallery Development	386,710
25,197	ICT/Digital	33,439
8,250	Audience Development/Access to Collections	0
90,640	Sustainability / Income Generation / Enhanced Security	49,565
491,798		469,714

Value for Money

Making the best use of resources is one of the key priorities for TWAM and underpins our aim to deliver services more efficiently whilst not compromising on service quality.

The VFM Strategy not only set out a framework for achieving VFM it also included specific goals for 2017/18. Achievements against these are summarised below:

TYNE & WEAR ARCHIVES & MUSEUMS

- Self-sustaining programme of high profile exhibitions
 - Hadrian's Cavalry at Segedunum Roman Fort attracted 10% more visits compared to the same period last year.
 - Charging exhibitions at the Laing Art Gallery included Paul Nash and David Bomberg.
- Implement the governance changes to create a Strategic Board and a Trading Company
 - TWAM established a new Strategic Board and TWAM Enterprises Ltd. launched on 1st May 2018.
 - Baroness Joyce Quin was appointed as founding Chair of the Strategic Board and Geoff Hodgson as founding Chair of TWAM Enterprises.
 - In early 2018 Peter Judge took over as Chair of the Development Trust.
 - The three boards (Strategic, Enterprise and Development) will work together to ensure that TWAM's corporate planning is closely aligned with strategies for self-generated income and philanthropy.
- Embed the Customer Experience project
 - Delivering an exceptional service within our existing resources across TWAM consistently.
 - Significantly improving front of house income generation.
- Implement the recommendations of the fund-raising report
 - TWAM secured a Heritage Lottery Fund grant of £122,500 from its Resilient Heritage programme.
 - In February 2018, TWAM commissioned David Dixon Associates to produce a Fundraising Strategy for TWAM and to make proposals for use of data for fundraising, including GDPR considerations.
 - A new development team is being recruited.
- Rolling programme of carbon reduction targets
 - TWAM reduced its carbon footprint by 1.8% compared to the previous year.

TYNE & WEAR ARCHIVES & MUSEUMS

- Four TWAM venues, Shipley, Discovery, GNM and Segedunum were awarded 4* Creative Green in the Industry Green Awards, with the other four venues maintaining 3* status.

During 2018/19, TWAM will continue to think creatively and encourage our staff to do the same, to ensure that we deliver on our mission and vision. With a strong set of values, and a dynamic leadership team, we are in a position to deliver efficient and sustainable archives and museum services that will continue to make a difference.

1.1.4 External Environment and Looking Ahead to 2018/19

Looking ahead the financial position continues to be challenging. This section sets out some of the key national issues which are likely to affect TWAM over the next 12 months and beyond.

From 1 April 2018, TWAM became a National Portfolio Organisation, having been successful in securing funding of £15,175,480 from Arts Council for the period 2018-22. This represents a change in the way in which Arts Council funds museums – for the first time they are integrated into the portfolio with the full range of other arts and cultural organisations. This has been a positive move for museums with the number of museums across England receiving regular revenue funding increasing from 21 to 72.

Whilst TWAM has maintained the level of funding it receives from Arts Council in for the period 2018-22 (although there is no allowance for cost of living increases / inflation), continuing pressure on local authority funding means that it is likely that funding contributions from local authority partners will continue to decrease, putting increased pressure on the organisation to deliver more earned income.

TWAM Enterprises began trading on 1 May 2018. Its purpose is to undertake commercial and enterprise activity to increase self-generated income. From 1 May 2018 it assumed responsibility for activity previously delivered through TWAM's trading team including the retail operation, venue hire and catering and 10 members of staff TUPE to the new organisation. It will donate/gift aid its profit to TWAM Development Trust to further TWAM's charitable objectives.

TWAM venues will host a programme of high profile activities and events, including completion of Arbeia Phase 1 Capital works, Glenn Brown and The Enchanted Garden exhibitions at the Laing Art Gallery, Grayson Perry at the Shipley Art Gallery and Saving Face at Segedunum Roman Fort.

The Great Exhibition of the North (GEOTN) will take place in the North East from 22 June – September 2018 and is a free, summer-long celebration of the North of England's pioneering spirit. It is described as the country's biggest event in 2018 and will include a programme of exhibits, live performances, and displays of innovation, new artworks and experiences. In the spirit of the great exhibitions of the past, this will be a showcase of the outstanding and the extraordinary from across the North. The Great North Museum: Hancock is a 'hub venue' for Great Exhibition whilst Discovery Museum will host Robert Stephenson's Rocket – returning home for the first time in 150 years. An exhibition at the Stephenson Railway Museum will showcase George Stephenson's Billy – now known to be the third oldest surviving locomotive in the world.

TWAM is a partner in the official Wall to Wall project linking up Britain and China and seeking to explore themes around the Great Wall of China and Hadrian's Wall. As part

of this project guests from China visited Segedunum and the Great North Museum: Hancock.

TWAM has been a member of the Steering Group for a Thinkpiece on the Future of Civic Museums commissioned by the English Civic Museums Network. This was completed in 2017-18 and will be published in summer 2018. It describes the challenges faced by civic museums and explores governance, staff skills and the broader social and economic landscape in which museums operate. The report suggests museums should look at their collections in new ways, develop a culture of philanthropy and look to contribute to health and wellbeing in society.

The Mendoza Review – An Independent Review of Museums in England – published its findings in November 2017 and made recommendations in the following areas:

- Adapting to today's funding environment
- Growing and diversifying audiences
- Dynamic collection curation and management
- Contributing to placemaking and local priorities
- Delivering cultural education
- Working in museums: developing leaders with appropriate skills & diversifying the workforce
- Digital capacity and innovation
- Working internationally

ECMN's Thinkpiece and the Mendoza Review provide interesting recommendations for TWAM to explore when taking a fresh look at the business model and business plan.

1.1.5 Principal Risks, Management and Mitigation

Going concern

TWAM has reviewed its financial position and financial forecasts, taking into account the levels of reserves, the agreements with key funders and the systems of financial control and risk management. As a result of this review, TWAM believes that it is well placed to manage operational and financial risks successfully. Accordingly, those charged with governance consider that TWAM has adequate resources to continue in operational existence for the foreseeable future. They continue to support the going concern basis in accounting in preparing the annual accounts.

Internal control

The Strategic Board is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the strategic and operational risks TWAM has and could be exposed to.

Processes in place regarding risk management and internal controls include the following:

- A Risk Management Framework;
- An Internal Audit function provided by our lead authority Newcastle City Council;
- The Audit Committee review how and whether TWAM management has followed up on internal audit recommendations. Audit Committee also reviews more detailed reports from senior management on key areas of risk;
- Specific risk management procedures are put in place for all major projects and significant partnerships.

Risk Register

There are currently 14 risks on the strategic risk register, of which 4 have a residual rating of medium (Amber) and 10 low (Green). Overall risk scores have reduced during 2017/18 as controls have been assessed as operating to the extent that, either the likelihood of the risk occurring, or its impact on the organisation, is low, and therefore the risks are being managed within accepted tolerances.

TYNE & WEAR ARCHIVES & MUSEUMS

Principal Risks	Mitigation and Management	Residual Risk Rating
Major Incident at a TWAM venue	<ul style="list-style-type: none"> • Business continuity and emergency plans are in place to minimise disruption to operations from unexpected events • Business Continuity Plan updated & approved by Joint Committee in November 2016 • Command structure for major events 	
Failure to maintain the Health Safety and Wellbeing of public/ workforce/ customers/ clients	<ul style="list-style-type: none"> • Dedicated specialist resource is applied in key areas such as health and safety, risk and assurance and legal that support organisation-wide events and operations • Proactive detection, e.g. through newly established H&S Working Group, to monitor, report, investigate potential adverse events and incidents • Continuing programme of Health and Safety improvements and training delivered to strengthen our safety management system 	
Failure to develop a diverse business base with an entrepreneurial culture	<ul style="list-style-type: none"> • TWAM Enterprises launched 1 May 2018 • Ongoing engagement and approval of major funders with TWAM activity and alignment with funders' strategic objectives • Resilient Heritage Grant secured. 	
Failure to sustain a robust 5 year financial strategy.	<ul style="list-style-type: none"> • Joint Agreement signed for 2017/2027 • Creation of TWAM Enterprises • Secured NPO status 2018/2022 and Business plan in place • Reserves Policy 	
TWAM is unable to deliver the 2018/19 agreed budget due to failure to achieve income targets or manage expenditure	<ul style="list-style-type: none"> • Monthly TWAM Leadership Team meetings to monitor performance, management accounts & P&L • Ongoing engagement of major funders with TWAM activity and alignment with funders' strategic objectives • TWAM Enterprises launched 1 May 2018 • Reimagining Fundraising strategy 	
Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched	<ul style="list-style-type: none"> • Effective Audit Committee • Confidential Reporting Policy and Anti-Bribery & Corruption Policy • Register of Interests, Gifts & hospitality 	

TYNE & WEAR ARCHIVES & MUSEUMS

Failure to deliver successful 'Bridge' programme and Museum Development Programme for North East 2018-2022	<ul style="list-style-type: none"> • Track record of delivery • Culture bridge north East Strategic Board • Strong support from ACE 	
Accreditation: TWAM is unable to retain Accreditation status for one or more of its venues/archives	<ul style="list-style-type: none"> • Current Accreditation Status • Track record and reputation • Relevant policies and procedures in place 	
Impact on staff resilience (stress and motivation) of organisational change & budget reductions.	<ul style="list-style-type: none"> • Investors in People Silver Status • Annual appraisal process for all staff • Monitoring of sickness absence stats by TWAM Leadership Team 	
Failure to deliver a successful Great Exhibition of the North	<ul style="list-style-type: none"> • Partnership with NGI • Funding secured from DCMS & HLF • Dedicated Project Board 	
GDPR – failure to comply with legislation	<ul style="list-style-type: none"> • Data Protection Officer in place • Updated Privacy Policies • Privacy Impact Assessments 	
Fundraising strategy fails to deliver significant increase in contributed income included in Business Plan 2018 - 2022	<ul style="list-style-type: none"> • Resilient Heritage Grant secured • Fundraising Consultants appointed • New Development Team recruited • Database fit for purpose & GDPR compliant • Engaged and effective Fundraising Trust 	
Trading Company fails to deliver predicted profit and to maintain positive mutual relationship with TWAM	<ul style="list-style-type: none"> • Five year business plan • Suite of legal agreements • Shareholder commitment • Knowledgeable and engaged Chair of Board 	
Failure to manage the complexity of TWAM's new Governance arrangements	<ul style="list-style-type: none"> • Joint Agreement 2017-2027 • ACE Funding 2018-2022 • Business Plan 2018-2022 • Strength and commitment of all Board members 	

1.1.6 Governance and Assurance Report

Governance Overview

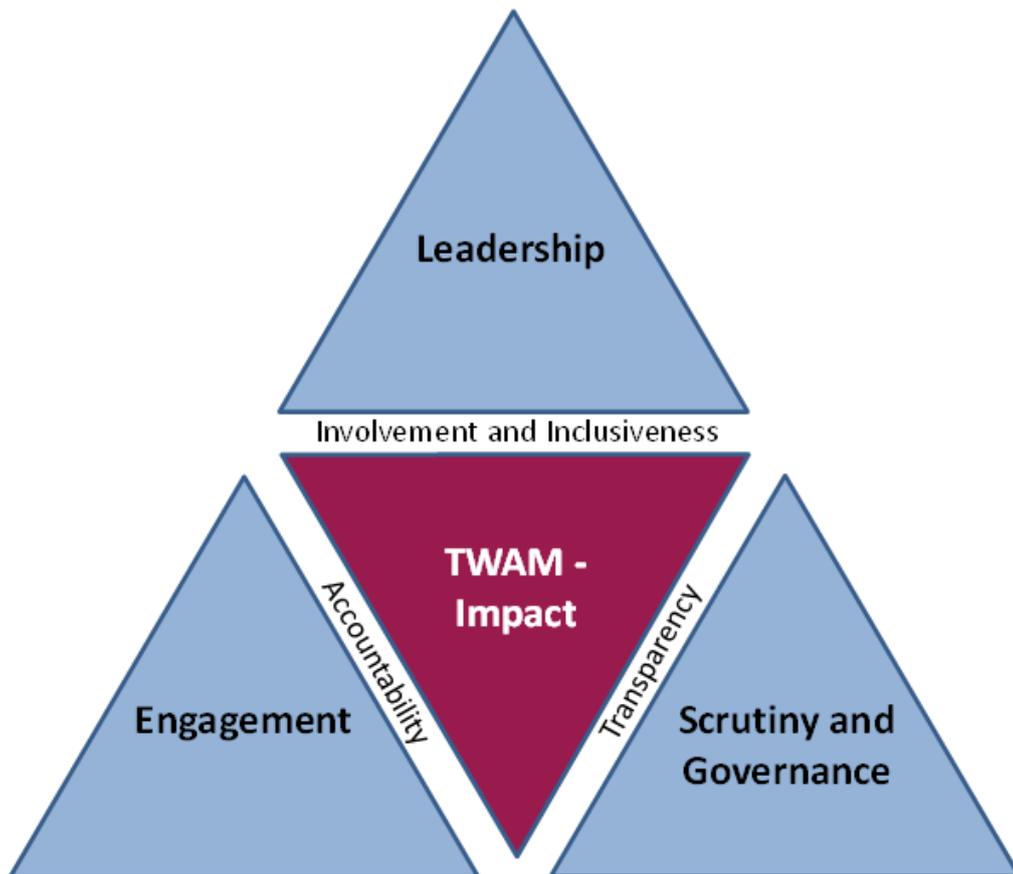
During 2017/18, as a governing body the Strategic Board demonstrated a willingness and ability to act in the best interest of the stakeholders of TWAM.

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.

Purpose of Governance

At TWAM we believe that the fundamental requirements of good governance are: accountability, transparency, lawfulness, responsiveness, equity and inclusivity, effectiveness and efficiency and a participatory approach.

Governance Framework

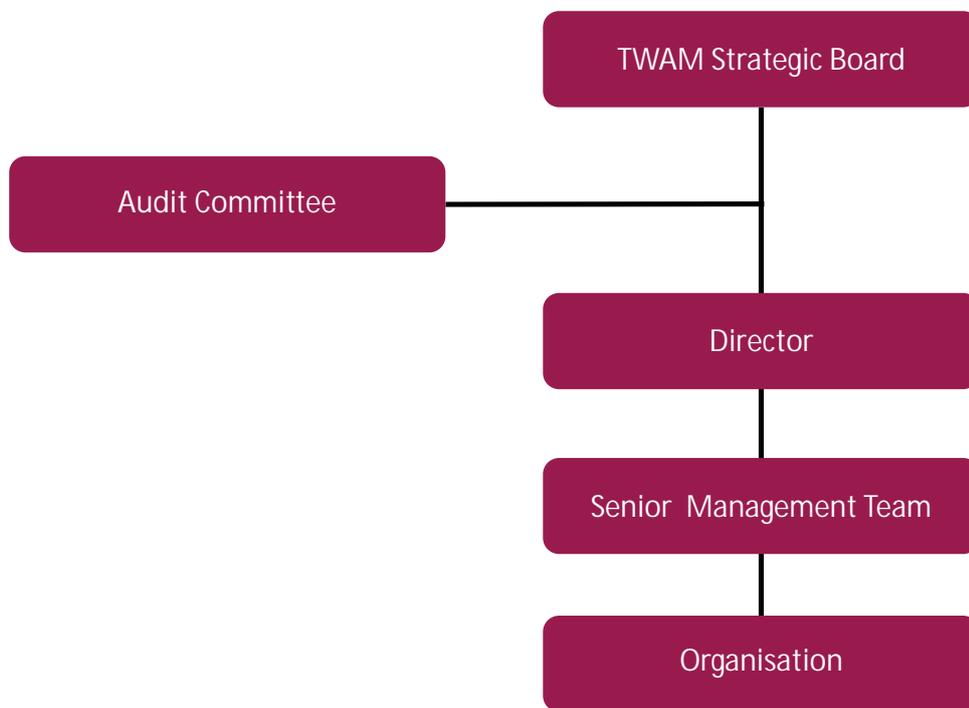


Overview diagram of TWAM's Governance Framework

Leadership and Management

TWAM has an effective management structure which takes collective responsibility for the long-term success of the organisation. There is an appropriate balance of skills, experience, independence and knowledge of TWAM to enable duties and responsibilities to be discharged successfully.

<https://twmuseums.org.uk/governance/senior-management-team>. The governance structure defines and documents the roles and responsibilities of the Strategic Board, Audit Committee and officer functions, with clear delegation arrangements and protocols for effective communication.



Scrutiny and Governance

TWAM has adopted an assurance framework designed to give sufficient, continuous and reliable assurance on the stewardship of TWAM, the management of its major risks to organisational success and the delivery of improved, cost-effective public service.

Engagement

TWAM establishes clear channels of communication with all sections of the community and other stakeholders, through a variety of channels, encouraging open and meaningful consultation and ensuring accountability.

<https://twmuseums.org.uk/corporate-publications-and-policies/policies>

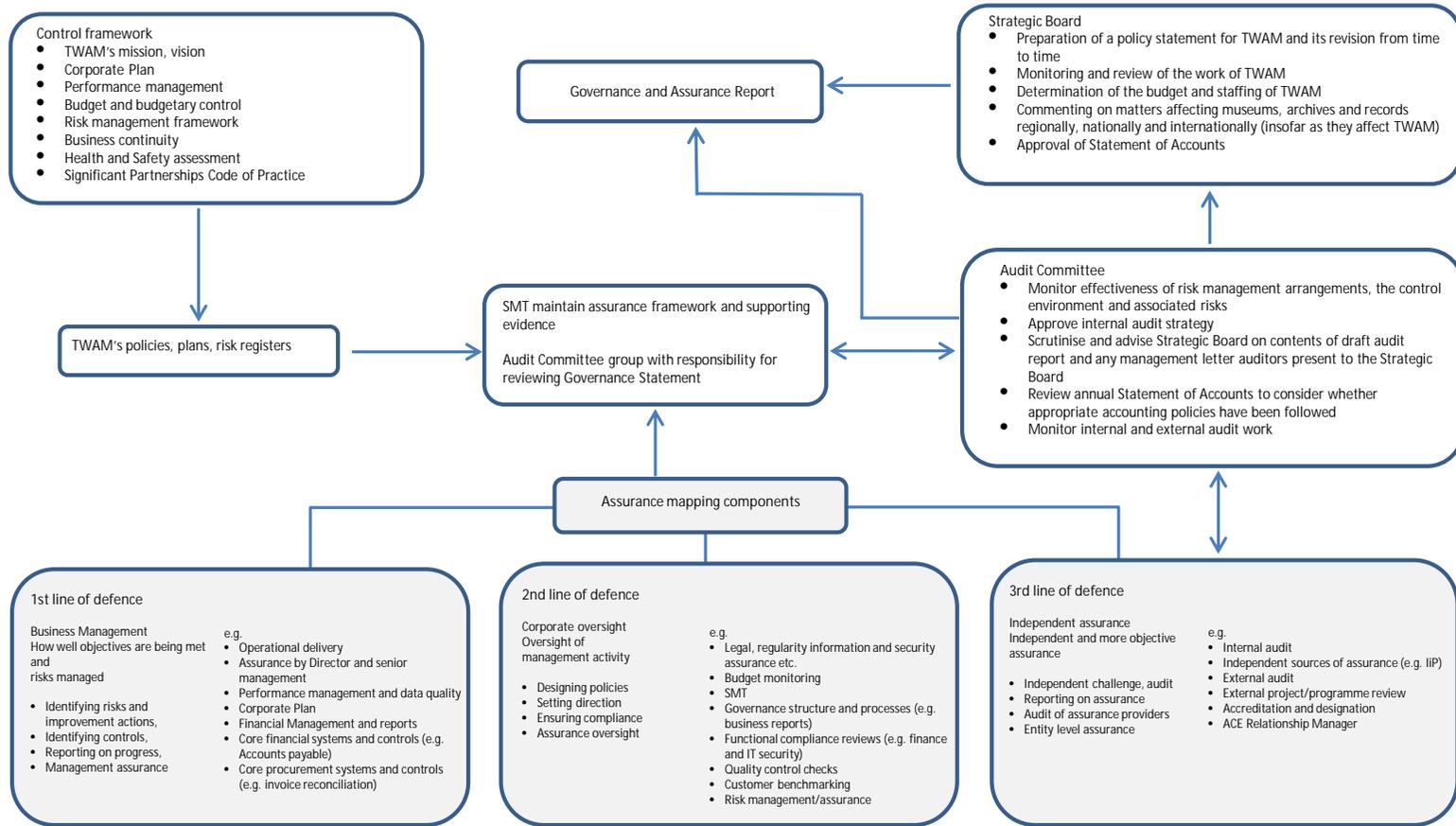
Impact

TWAM has a clear mission and a vision for 2018. Impact is measured via Annual Report, Statement of Accounts, publication of KPIs and achievement of objectives.

Assurance Framework

The following diagram illustrates how the assurance process works within TWAM:

TWAM's Assurance Framework - process overview



Improvements implemented 2017/18

During 2017/18 TWAM implemented the following actions to strengthen its corporate governance environment:

- **National Portfolio Organisation (NPO)**
 - TWAM Business Plan 2018-2022 accepted
- **liP Assessment and Staff survey**
 - TWAM retained Silver Status for liP in September 2017
 - Staff Survey response rate 65%, with overall positive results
- **Governance Review**
 - Launch of TWAM Strategic Board September 2017
 - Suite of legal agreements in place for TWAM Enterprises
- **General Data Protection Regulations (GDPR)**
 - Updated TWAM Privacy Policies

Future proposals

Good governance also involves looking at ongoing and emerging issues and ensuring the framework is in place to manage them effectively. The following measures will be implemented during 2018/19 to strengthen the assurance framework:

- Update TWAM Reserves Strategy
- Review TWAM Risk Management Framework
- Develop protocols to ensure that the TWAM Strategic Board, TWAM Enterprises, TWAM Development Trust and TWAM Audit Committee work together effectively
- Recruit external auditors for the TWAM Group for the period 2018-2022

Conclusion

The Governance and internal control environment during 2017/18 provides 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.

1.1.8 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.

1.1.9 Contact for further information

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:-

Jackie Reynolds	or	Iain Watson
Head of Finance, Governance & Resources		Director
Tyne & Wear Archives & Museums		Tyne & Wear Archives & Museums
Discovery Museum		Discovery Museum
Newcastle upon Tyne		Newcastle upon Tyne
NE1 4JA		NE1 4JA

This page has been left intentionally blank.

1.2 Statement of Responsibilities for the Statement of Accounts

The Strategic Board's Responsibilities

The Strategic Board 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 Strategic Board;
- 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 Strategic Board's Responsibilities

The Treasurer to the Strategic Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In preparing this Statement of Accounts, the Treasurer to the Strategic Board has:

- Selected suitable accounting policies and then applied them consistently;
- Observed the methods and principles in the Charities SORP;
- Made judgements and estimates that were reasonable and prudent;
- Stated whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Strategic Board will continue in business.

The Treasurer has also:

- Kept proper accounting records, which were up to date, that disclose with reasonable accuracy, at any time, the financial position of the Strategic Board; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the Strategic Board are aware at the time of approving our Statement of Accounts:

- There is no relevant information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and

TYNE & WEAR ARCHIVES & MUSEUMS

- Having made enquiries of TWAM management and the auditor that they ought to have individually taken, each have taken all steps that he/she is obliged to take in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Tyne & Wear Archives & Museums at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Tony Kirkham, Treasurer to the Strategic Board
11 September 2018

Approval of the Accounts

I confirm that the Strategic Board has approved the attached Statement of Accounts.

Rt Hon Baroness Joyce Quin,
Chair of the Strategic Board
11 September 2018

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE STRATEGIC BOARD OF TYNE & WEAR ARCHIVES & MUSEUMS

Opinion

We have audited the financial statements of Tyne & Wear Archives & Museums (TWAM) for the year ended 31 March 2018 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the TWAM's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in a manner consistent with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Strategic Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about TWAM's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE STRATEGIC BOARD OF TYNE & WEAR ARCHIVES & MUSEUMS

Other information

The Strategic Board are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where best practice requires us to report to you if, in our opinion:

- the information given in the Strategic Board's report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Strategic Board's responsibilities statement, the Strategic Board are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Strategic Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

TYNE & WEAR ARCHIVES & MUSEUMS

INDEPENDENT AUDITORS' REPORT TO THE STRATEGIC BOARD OF TYNE & WEAR ARCHIVES & MUSEUMS

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Strategic Board as a body. Our audit work has been undertaken so that we might state to the Strategic Board 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 Strategic Board for our audit work, for this report, or for the opinions we have formed.

Ryecroft Glenton

Chartered Accountants
Statutory Auditors

32 Portland Terrace
Newcastle upon Tyne
Tyne & Wear
NE2 1QP
11 September 2018

Ryecroft Glenton are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

TYNE & WEAR ARCHIVES & MUSEUMS

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:					
Donations & grants:					
Client contributions	2	3,569,767	-	3,569,767	3,652,497
Arts Council England	2	1,112,435	2,799,716	3,912,151	4,022,835
Other donations and grants	2	344,535	1,486,312	1,830,847	948,987
Museum activities	3	121,269	-	121,269	200,772
Other trading activities	4	1,429,359	-	1,429,359	1,467,741
Investments	5	6,305	-	6,305	6,039
TOTAL INCOME		6,583,670	4,286,028	10,869,698	10,298,871
EXPENDITURE ON:					
Raising funds	4	898,776	-	898,776	849,683
Museum activities		5,802,487	4,634,605	10,437,092	9,472,894
TOTAL EXPENDITURE	9	6,701,263	4,634,605	11,335,868	10,322,577
NET EXPENDITURE BEFORE TRANSFERS		(117,593)	(348,577)	(466,170)	(23,706)
Transfers between Funds	18	25,017	(25,017)	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(92,576)	(373,594)	(466,170)	(23,706)
NET MOVEMENT IN FUNDS		(92,576)	(373,594)	(466,170)	(23,706)
RECONCILIATION OF FUNDS:					
Total funds brought forward		305,936	1,215,211	1,521,147	1,544,853
TOTAL FUNDS CARRIED FORWARD		213,360	841,617	1,054,977	1,521,147

The notes on pages 49 to 68 form part of these financial statements.

TYNE & WEAR ARCHIVES & MUSEUMS

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	£	2018 £	£	2017 £
CURRENT ASSETS					
Stocks	15	273,013		318,483	
Debtors	16	2,343,340		1,917,719	
Cash at bank and in hand		11,307		11,307	
		<u>2,627,660</u>		<u>2,247,509</u>	
CREDITORS: amounts falling due within one year	17	<u>(1,572,683)</u>		<u>(726,362)</u>	
NET CURRENT ASSETS			<u>1,054,977</u>		<u>1,521,147</u>
NET ASSETS			<u>1,054,977</u>		<u>1,521,147</u>
MEMBERS FUNDS					
Restricted funds	18		841,617		1,215,211
Unrestricted funds	18		213,360		305,936
TOTAL FUNDS			<u>1,054,977</u>		<u>1,521,147</u>

The financial statements were approved by the Strategic Board on 11 September 2018 and signed on their behalf, by:

Tony Kirkham
Treasurer to the Strategic Board

Rt Hon Baroness Joyce Quin, Chair of Strategic Board

The notes on pages 49 to 68 form part of these financial statements.

TYNE & WEAR ARCHIVES & MUSEUMS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	19	<u>(721,795)</u>	<u>(416,448)</u>
Change in cash and cash equivalents in the year		(721,795)	(416,448)
Cash and cash equivalents brought forward		<u>(27,608)</u>	<u>388,840</u>
Cash and cash equivalents carried forward	20	<u>(749,403)</u>	<u>(27,608)</u>

The notes on pages 49 to 68 form part of these financial statements.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

1.1 General Principles

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.2 Basis of Preparation of financial statements and changes in Accounting Policy

As a result of the implementation of the Local Audit and Accountability Act 2014, TWAM is no longer required to comply with the CIPFA Code or be subject to a mandatory external audit. However, in order to ensure that an effective financial and governance framework is maintained, the Strategic Board have opted to produce a Statement of Accounts in a manner consistent with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP) 2015 and the Financial Reporting Standard FRS102.

TWAM constitutes a public benefit entity as defined by FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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 transactions, other events and conditions effecting TWAM'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.

1.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

1.4 Accruals of income and expenditure

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

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. 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.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.5 Income

All income is recognised once the entity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Revenue from the sale of goods is recognised when the entity transfers the significant risks and rewards of ownership to the purchaser and it is probable that consideration will flow to the entity.

Revenue from the provision of services is recognised when the entity can measure reliably the percentage completion of the transaction and it is probable that consideration will flow to the entity.

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.

1.6 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 TWAM when there is reasonable assurance that:

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

Where there are preconditions attached to grants receivable, such as the need to achieve planning consent prior to receipt of a grant, no income is recognised prior to the fulfilment of that condition.

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 Statement of Financial Activities.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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. 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.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the entity. Costs of raising funds are those costs incurred in trading activities that raise funds.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.8 Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Statement of Financial Activities (SoFA) or in the notes to the accounts, depending on how significant the items are to an understanding of TWAM's financial performance.

1.9 Going concern

We confirm that in our opinion, the financial statements of TWAM should be prepared on the going concern basis on the grounds that the current and future sources of funding or support will be more than adequate for TWAM's needs.

1.10 Intangible fixed assets and amortisation

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Strategic Board 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 TWAM.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TWAM can be determined by reference to an active market. In practice, no intangible asset held by TWAM 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 Statement of Financial Activities. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Statement of Financial Activities. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Statement of Financial Activities.

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

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.11 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 reorganisation in 1974 are the property of the constituent authority, which succeeded the local authority owning the exhibit prior to reorganisation. Exhibits purchased by the former Tyne and Wear Metropolitan County Council and the Strategic Board are held by Newcastle City Council and are placed at the disposal of the Strategic Board in the interests of all the constituent authorities.

All records and archives acquired on behalf of TWAM with the records and archives acquired by the former Tyne and Wear Metropolitan County Council and TWAM 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 TWAM'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 standard requires that a separate class of asset, heritage assets, is disclosed in an entity's balance sheet. TWAM'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 102. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities as an expense of 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).

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.13 Employee costs

TWAM employees are employed by the Lead Authority, Newcastle City Council. Employee costs in the Statement of Financial Activities include all direct salaries and wages, employers' contributions for National Insurance and pension costs. TWAM'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 TWAM. 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Strategic Board 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 Statement of Financial Activities when the Strategic Board is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

1.14 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 County 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

As TWAM employees are employed by the Lead Authority, Newcastle City Council, therefore, the current service cost of these employees is borne by Newcastle City Council and disclosed in Newcastle City Council's accounts

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.15 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 TWAM.

Cost of Support Services

The costs of central support e.g. Human Resources and Legal Services, have been allocated to TWAM on the basis of Service Level Agreements with Newcastle City Council.

Insurance

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

1.16 Inventories

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.

1.17 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.

1.18 Former Tyne & Wear County Council Debt

TWAM'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.

1.19 Interest receivable

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.20 Financial instruments

TWAM only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The financial assets of the Strategic Board are:

- Sundry Debtors
- Cash and Cash Equivalents Financial Liabilities

The financial liabilities of the Strategic Board are:

- Sundry Creditors

1.21 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

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.

TWAM's Treasurer 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 Strategic Board 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.

1.22 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 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 TWAM's cash management.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.23 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the entity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are made where an event has taken place that gives TWAM a legal or constructive obligation that probably requires settlement 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 Statement of Financial Activities in the year that the Strategic Board 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.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives TWAM 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 entity. 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.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.24 Fund Accounting

General funds are those funds spent on the day to day activities of TWAM.

Designated Funds: The Strategic Board sets aside specific amounts as designated reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts from General Funds. When expenditure is to be financed from the Designated fund it is charged to the appropriate revenue account in that year against the Surplus or Deficit on the Provision of Services in the Statement of Financial Activities. The designated fund is then appropriated back in the Movement in Funds Statement so that there is no net charge against current year contributions for the expenditure.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the entity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.25 Carbon Reduction Commitment Scheme

TWAM is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the second year of its second phase, which ends on 31 March 2019. The four local authorities for whom TWAM 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 TWAM is recognised and reported in the costs of TWAM's services and is apportioned to services on the basis of energy consumption.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. INCOME FROM GRANTS AND DONATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Client contributions	3,569,767	-	3,569,767	3,652,497
Arts Council England	1,112,435	2,799,716	3,912,151	4,022,835
	<u>4,682,202</u>	<u>2,799,716</u>	<u>7,481,918</u>	<u>7,675,332</u>
Core contributions				
Donations and sponsorship	-	221,286	221,286	122,395
Other grants	344,535	1,265,026	1,609,561	826,592
	<u>344,535</u>	<u>1,486,312</u>	<u>1,830,847</u>	<u>948,987</u>
Subtotal				
Total donations and legacies	<u>5,026,737</u>	<u>4,286,028</u>	<u>9,312,765</u>	<u>8,624,319</u>
<i>Total 2017</i>	<u>4,829,101</u>	<u>3,795,218</u>	<u>8,624,319</u>	

3. INCOME FROM MUSEUM ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Income generated from museum activities	121,269	121,269	200,772
	<u>121,269</u>	<u>121,269</u>	<u>200,772</u>
<i>Total 2017</i>	<u>200,772</u>	<u>200,772</u>	

Income from museum activities is sundry income derived from existing projects and includes income from fees and charges.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. GENERATED INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Trading and other self-generated income			
Shop sales and franchise income	553,753	553,753	586,164
Museums admissions and exhibitions	172,191	172,191	184,027
Other generated income	703,415	703,415	697,550
	<u>1,429,359</u>	<u>1,429,359</u>	<u>1,467,741</u>
Trading expenditure			
Premises costs	5,585	5,585	5,142
Travel	5,756	5,756	2,657
Supplies and services	616,305	616,305	561,691
Employee costs	271,130	271,130	280,193
	<u>898,776</u>	<u>898,776</u>	<u>849,683</u>
Net income from generated income activities	<u>530,583</u>	<u>530,583</u>	<u>618,058</u>

Other generated income includes income derived from venue hire, events and experiences, education and workshops.

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Interest receivable	6,305	6,305	6,039
	<u>6,305</u>	<u>6,305</u>	<u>6,039</u>
<i>Total 2017</i>	<u>6,039</u>	<u>6,039</u>	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Museum Activities	9,083,601	1,353,491	10,437,092	9,472,894
	<u>9,083,601</u>	<u>1,353,491</u>	<u>10,437,092</u>	<u>9,472,894</u>
<i>Total 2017</i>	<u>8,167,372</u>	<u>1,305,522</u>	<u>9,472,894</u>	

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. DIRECT COSTS

	Museum Activities £	Total 2018 £	<i>Total 2017 £</i>
Premises	1,531,252	1,531,252	1,629,330
Transport	79,688	79,688	84,634
Supplies and services	2,376,717	2,376,717	1,639,745
Employee costs	5,095,944	5,095,944	4,813,663
	<u>9,083,601</u>	<u>9,083,601</u>	<u>8,167,372</u>
<i>Total 2017</i>	<u>8,167,372</u>	<u>8,167,372</u>	

8. SUPPORT COSTS

Support costs are costs incurred to facilitate activities. Unlike direct costs, which result directly from undertaking the activity, support costs do not change directly as a result of the activity undertaken. Support costs are as follows:-

	Allocated to Museum Activities £	Total 2018 £	<i>Total 2017 £</i>
Premises	108,550	108,550	107,320
Transport	4,583	4,583	12,115
Supplies and services	150,178	150,178	102,745
Central administration	227,250	227,250	219,312
Financing charges	55,165	55,165	56,644
Employee costs	807,765	807,765	807,386
	<u>1,353,491</u>	<u>1,353,491</u>	<u>1,305,522</u>
<i>Total 2017</i>	<u>1,305,522</u>	<u>1,305,522</u>	

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on self-generated activities	271,130	627,646	898,776	849,683
Costs of generating funds	271,130	627,646	898,776	849,683
Museum Activities	5,903,709	4,533,383	10,437,092	9,472,894
	6,174,839	5,161,029	11,335,868	10,322,577
<i>Total 2017</i>	<i>5,901,242</i>	<i>4,421,335</i>	<i>10,322,577</i>	

10. NET INCOME/(EXPENDITURE)

During the year, one member of the Joint Committee received a special responsibility allowance of £698 (2017 - one member £4,704) and one member of the Strategic Board received remuneration allowance for the post of £1,669. No other member received any remuneration or benefits in kind (2017 - £NIL). During the year, no Strategic Board member received any reimbursement of expenses (2017 - £NIL).

11. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the entity's auditor and its associates for the audit of the entity's annual accounts	7,950	7,950
Fees payable to the entity's auditor and its associates in respect of:		
All other non-audit services not included above	1,950	1,950

12. VOLUNTEERS

TWAM operates an extensive volunteer programme. Volunteers are engaged across many areas of our operation, from collections research and maintenance to visitor welcome. We have volunteers giving any amount of time – from one afternoon to regular attendance throughout the year. Volunteer roles are advertised via our website. In 2017/18 TWAM had 324 volunteers who contributed a total 52,649 hours.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. STAFF COSTS

Staff costs were as follows:

	2018	<i>2017</i>
	£	£
Employee costs	4,979,885	<i>4,777,304</i>
Social security costs	382,017	<i>388,710</i>
Other pension costs	812,937	<i>735,228</i>
	<u>6,174,839</u>	<i><u>5,901,242</u></i>

Included in staff costs above are redundancy payments of £168,264 (2017 - £37,352).

The average number of persons employed by the entity during the year was as follows:

	2018	<i>2017</i>
	No.	No.
Operations and management of TWAM	211	<i>213</i>

Average headcount expressed as a full time equivalent:

	2018	<i>2017</i>
	No.	No.
Operations and management of TWAM	166	<i>172</i>

The number of higher paid employees was:

	2018	<i>2017</i>
	No.	No.
In the band £80,001 - £90,000	1	<i>1</i>

Key management personnel comprise the four members of the senior management team. This team received remuneration including employer's National Insurance and pension contributions and allowances and benefits of £326,289 (2017: £321,800).

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. INTANGIBLE FIXED ASSETS

	Software £
Cost	
At 1 April 2017 and 31 March 2018	133,159
Amortisation	
At 1 April 2017 and 31 March 2018	133,159
Carrying amount	
At 31 March 2018	-
<i>At 31 March 2017</i>	-

The software continues to be used by TWAM.

15. STOCKS

	2018 £	2017 £
Goods for resale	273,013	318,483

16. DEBTORS

	2018 £	2017 £
Grants receivable	1,398,248	1,314,890
Other debtors	935,751	594,982
Prepayments and accrued income	9,341	7,847
	2,343,340	1,917,719

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Overdraft balances (note 20)	760,710	38,915
Trade creditors	334,355	256,120
Other creditors	129,739	-
Accruals and deferred income	347,879	431,327
	1,572,683	726,362

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2018 £
Designated funds					
Acquisitions reserve	193,146	-	-	-	193,146
Renewals reserve	14,612	-	-	1,000	15,612
Business partner reserve	53,201	-	(7,820)	-	45,381
Future repairs and maintenance	50,886	-	(50,886)	-	-
Budget deficit fund	-	-	-	114,360	114,360
	<u>311,845</u>	<u>-</u>	<u>(58,706)</u>	<u>115,360</u>	<u>368,499</u>
General funds					
Other general funds	(5,909)	6,583,670	(6,642,557)	(90,343)	(155,139)
Total Unrestricted funds	<u>305,936</u>	<u>6,583,670</u>	<u>(6,701,263)</u>	<u>25,017</u>	<u>213,360</u>
Restricted funds					
ACE Major Partners Museums	-	1,554,780	(1,554,780)	-	-
ACE Bridge	210,570	555,610	(599,005)	-	167,175
ACE Museum Development	66,513	154,645	(210,575)	-	10,583
ACE Capital and other non-core grants	109,646	534,681	(634,936)	-	9,391
Museums earmarked balances	770,135	-	(251,257)	(25,017)	493,861
Other restricted grants and contributions	58,347	1,486,312	(1,384,052)	-	160,607
	<u>1,215,211</u>	<u>4,286,028</u>	<u>(4,634,605)</u>	<u>(25,017)</u>	<u>841,617</u>
Total of funds	<u><u>1,521,147</u></u>	<u><u>10,869,698</u></u>	<u><u>(11,335,868)</u></u>	<u><u>-</u></u>	<u><u>1,054,977</u></u>

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

18. STATEMENT OF FUNDS (continued)

A description of the funds and their uses is set out below.

Designated funds

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 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.

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

Budget deficit fund: This fund represents monies set aside from earmarked funds to fund a budgeted deficit for the following year.

TWAM makes transfers to reserves from general funds to reflect the underlying purpose of the reserve.

Other general funds

These funds comprise monies received or receivable in respect of grants received for which conditions have been satisfied (or no conditions were attached) and monies held for accumulated absences.

Restricted Funds

Arts Council England ("ACE"): TWAM is in receipt of various income streams from Arts Council England in respect of specific activities or aims. TWAM also receives additional small amounts of funding that is allocated towards these projects.

Museums Earmarked Balances: The funds within this reserve have been earmarked to support revenue expenditure and projects in future years. 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.

Transfers from general funds to Museums earmarked balances are in respect of unused contributions provided by local authorities and other amounts relating to specific projects and remaining unspent at the year end. The subsequent utilisation of those funds may only be used for purposes relevant to the authority providing the funds.

Other Restricted Grants and Contributions are obtained from a variety of donors, Charities and Trusts towards specific purposes.

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2017 £</i>
Designated funds					
Acquisitions reserve	193,146	-	-	-	193,146
Renewals reserve	13,612	-	-	1,000	14,612
Business partner reserve	63,162	-	(9,961)	-	53,201
Future repairs and maintenance	100,886	-	(50,000)	-	50,886
	<u>370,806</u>	<u>-</u>	<u>(59,961)</u>	<u>1,000</u>	<u>311,845</u>
Other general funds	<u>9,617</u>	<u>6,503,653</u>	<u>(6,365,999)</u>	<u>(153,180)</u>	<u>(5,909)</u>
Restricted funds					
ACE Major Partners Museums	-	1,554,780	(1,554,780)	-	-
ACE Bridge	151,310	572,154	(540,155)	27,261	210,570
ACE Museum Development	34,348	208,645	(176,480)	-	66,513
ACE Capital	174,799	528,381	(593,534)	-	109,646
Museums earmarked balances	797,326	-	(152,110)	124,919	770,135
Other restricted grants and contributions	6,647	931,258	(879,558)	-	58,347
	<u>1,164,430</u>	<u>3,795,218</u>	<u>(3,896,617)</u>	<u>152,180</u>	<u>1,215,211</u>
Total of funds	<u><u>1,544,853</u></u>	<u><u>10,298,871</u></u>	<u><u>(10,322,577)</u></u>	<u><u>-</u></u>	<u><u>1,521,147</u></u>

TYNE & WEAR ARCHIVES & MUSEUMS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(466,170)	(23,706)
Adjustment for:		
Decrease in stocks	45,470	5,558
Increase in debtors	(425,621)	(343,030)
Increase/(decrease) in creditors	124,526	(55,270)
Net cash used in operating activities	(721,795)	(416,448)

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	11,307	11,307
Notice deposits (less than 3 months)	990,984	1,081,981
Overdraft facility repayable on demand	(1,751,694)	(1,120,896)
Total	(749,403)	(27,608)

The organisation does not hold a bank account. Cash deposits and overdraft facility are held by Newcastle City Council.

TYNE & WEAR ARCHIVES & MUSEUMS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

21. RELATED PARTY TRANSACTIONS

TWAM conducts business with various organisations in which members of the Joint Committee or members of staff with budgetary control are board members of that organisation or in which family members have an element of interest or control. Set out below are those transactions with related parties and with organisations sharing a member of the Joint Committee, with a cumulative annual value over £10,000 during this period or the prior year.

	2018 £	2017 £
Expenditure incurred with Beamish Museum the Board of which shares a Joint Committee member	-	9,987
Expenditure incurred with Customs House the Board of which shares a Joint Committee member	38,848	32,091
Expenditure incurred with Durham University in which a member of staff is an honorary research associate within a department of the University	2,528	10,653
Expenditure incurred with Newcastle University within which a Strategic Board member is a Member of the Court of the University	130,993	-
Expenditure incurred with the Tyne & Wear Pensions Committee the Board of which shares a Joint Committee member	-	9,286
Income received from Newcastle University within which a Strategic Board member is a Member of the Court of the University	<u>(1,115,550)</u>	<u>-</u>

No member of the Joint Committee or staff member has had control or influence over any of the transactions above.

22. POST BALANCE SHEET EVENTS

On 1 May 2018, the Strategic Board agreed to transfer some of the trading operations of TWAM to a separate limited company, TWAM Enterprises Limited. The assets that were transferred to the new trading entity consisted of stock valued at £285,701.