



Tyne & Wear Archives & Museums

Statement of Accounts 2018/19

TYNE & WEAR
archives &
museums

Tyne & Wear Archives & Museums

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**Reference and Administration Details of Tyne & Wear Archives & Museums for the period
ended 31 March 2019**

Strategic Board Members:

Rt. Hon Baroness Joyce Quin (Chair)	Independent
Cllr Kim McGuinness (Joint Vice Chair)	Newcastle City Council
Cllr Angela Douglas (Joint Vice Chair)	Gateshead Council
Professor Vee Pollock	Newcastle University
Cllr Sarah Day	North Tyneside Council
Cllr Alan Kerr	South Tyneside Council
Cllr Neil Weatherley	Gateshead Council (Rotating Member)
Cllr Linda Wright	Newcastle City Council (Rotating Member)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Ian Renwick	Independent Member (Resigned 01/02/2019)

Director: Iain Watson

Senior Management Team: Jackie Reynolds, Head of Finance, Governance & Resources: Bill Griffiths, Head of Programmes

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

Auditors: MHA Tait Walker, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS

Solicitors: John Softly, Newcastle City Council, Civic Centre, Newcastle upon Tyne, NE1 8QH

TYNE & WEAR ARCHIVES & MUSEUMS

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document

Tyne & Wear Archives & Museums (TWAM) is a joint service of the four local authorities on Tyneside: Newcastle (which acts as lead authority and legal body), South Tyneside, North Tyneside, and Gateshead, with additional support and contributions from the Arts Council England (ACE).

The relationship between, and commitment of, the partners is enshrined in the Tyne & Wear Archives & Museums Joint Agreement. The Joint Agreement lays out the terms and conditions of the relationship.

Policy and decision making is undertaken by the Strategic Board and key decisions are outlined in the Corporate Plan 2018-2022. Appropriate consultation takes place about budget priorities and budget proposals, which shapes the budget decisions that are made.

Recruitment and appointment of strategic board members

TWAM is governed by a 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 Strategic Board meets a minimum of four times a year and the annual meeting is in June. The Chair is appointed for a term of three years and is an independent appointee. The vice-chairs are appointed annually from amongst the elected members.

The Strategic Board was created to enable TWAM to explore new ways of working and engage with a wider sector; and to ensure a sustainable, resilient and positive future for TWAM, particularly in light of significant reductions in public sector funding.

Independent members are recruited via advertisement, with the Lead Authority coordinating the appointment, in partnership with the other three councils.

Induction and training of trustees

In December 2018, TWAM held a joint induction session for strategic board members and trustees of all four of TWAM's boards and advisory committees, to enable a better understanding of TWAM's wider governance arrangements and for members and trustees to meet. Topics covered included how TWAM is funded, a brief introduction to: Strategic Board; TWAM Development Trust, TWAM Enterprises and Audit Committee and discussion of role clarity re these four bodies.

Regular strategic updates are provided at all meetings and a monthly email from the Director is circulated.

Arrangements for setting key management personnel remuneration

All TWAM employees are employed by Newcastle City Council. The pay and terms of conditions of employment is determined by the National Joint Council (NJC) for Local Government Services.

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Organisational structure

The Governance structure is set out in the diagram below:



Relationships with related parties

In addition to being a joint service of the four local authorities on Tyneside: Newcastle (which acts as lead authority and legal body), South Tyneside, North Tyneside, and Gateshead, TWAM has separate agreements with Sunderland City Council to manage its archives and with Newcastle University, to manage the Great North Museum: Hancock and Hatton Gallery.

TWAM is also supported by the Tyne & Wear Archives & Museums Development Trust, (Charity Number 1137867) which was established on 1 December 2010 to raise funds from individual donors, trusts and foundations to support a wide variety of archives and museum activities.

TWAM Enterprises Ltd (Company number 10940488) was established on 1 May 2018 following a major review of TWAM’s governance structures. Its purpose is to allow TWAM to capitalise on the expertise it has already developed in relation to commercial activity by assuming responsibility for activity previously delivered through TWAM’s trading team including retail operation, venue hire and catering. It will donate/gift aid its profit to TWAM Development Trust to further its charitable objectives.

The company limited by shares is wholly owned by the five ‘partners’; Gateshead Council, Newcastle City Council, North Tyneside Council, South Tyneside Council and the University of Newcastle.

In July 2019, TWAM created Exhibitions by TWAM Limited to enable TWAM to benefit from Museums and Galleries Exhibition Tax Relief (MGETR). Exhibitions by TWAM Limited is a company limited by guarantee, wholly owned by Newcastle City Council. TWAM will contract out exhibition management production activities to Exhibitions by TWAM.

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TWAM manages the following venues on behalf of its partners.

Venue	Funder & Owner
Shibley 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

Major risks and management of those risks

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.

During 2018/19, TWAM undertook a review of risk management reporting, prompted by the decision to widen the scope of TWAM's Audit Committee to incorporate TWAM Development Trust and TWAM Enterprises Ltd, as part of that remit will involve advice in respect of each entity's risk management. New reporting tools have been developed and implemented, consisting of:

- Risk Reporting flowchart.
- A Risk Radar, highlighting non-Business As Usual (BAU) risks and proposed actions across TWAM 'Group'.
- A Risk Dashboard, highlighting BAU risks and proposed actions across TWAM 'Group'.
- A Brexit Risk Assessment, evaluating potential impact of both soft and hard Brexit outcomes.

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There are currently 14 risks on the strategic risk register, of which 7 are evaluated as having a residual rating of medium (Amber) and 7 as low (Green).

2 Risks have been removed since the 2017/18 accounts were published:

- 'SR0041 - Accreditation: TWAM is unable to retain Accreditation status for one or more of its venues' – as TWAM has now been awarded full accreditation from ACE.
- 'SR0044 - Failure to deliver a successful Great Exhibition of the North' as the Great Exhibition of the North was delivered in the summer of 2018.

Risk 'SR0029 - Failure to develop a diverse business base with an entrepreneurial culture and engaged audience' was merged with 'SR0032/42 - Failure to sustain a robust 5 year financial strategy' as the former was considered a control of the latter.

SR0046 – 'GDPR – failure to comply with legislation' has been renamed 'Data Protection Failure' to reflect the fact that specific risks around the launch of GDPR (May 2018) were mitigated and now form part of overall data protection risks encompassing both GDPR and the Data Protection Act 2018.

Overall risk scores have reduced during 2018/19 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.

The following table shows current Amber risks.

Risk reference	Risk Description	Status	Risk score
SR0001	Major Incident at a TWAM venue		static
SR0022	Failure to maintain the Health Safety and Wellbeing of public/ workforce / customers/ clients.		static
SR0029 / SR0032 / SR0042	Failure to sustain a robust 5 year financial strategy due to CSR, Brexit, ACE 10 year strategy and ongoing public sector budget pressures.		increasing
SR0043	Impact on staff resilience (stress and motivation) of organisational change & budget reductions		increasing
SR0050	Failure to successfully exploit the MGETR following creation of Exhibitions by TWAM		New
SR0051	Reducing R&M budgets lead to catastrophic building failure		New
SR0052	Blandford House project fails to deliver successful plan for redevelopment		New

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OBJECTIVES AND ACTIVITIES

Objects and aims

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 creative vision: Working together to make sense of the world through compelling stories of heritage, art, culture and science.

Use of volunteers

Volunteers are essential to the work that we do! Volunteers help to ensure that all of our museums and galleries are innovative, imaginative, creative, totally inclusive, secure and sustainable. In 2018/19 TWAM had 798 volunteers contributing 43,983 hours.

FUNDRAISING DISCLOSURES

TWAM is required to report how it deals with fundraising from the public. TWAM does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

PUBLIC BENEFIT

Evidence of the Public Benefit of the work undertaken by TWAM during 2018/19 is available in TWAM's Impact Report <https://www.twmuseums.org.uk/corporate-publications-and-policies/impact-report-and-accounts>

ACHIEVEMENTS & PERFORMANCE

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.*

Overall visitor figures for TWAM for 2018/19 were, 1,289,763 compared to 1,336,296 in 2017/18, a decrease of 3%. Performance has varied across different venues. The strongest performances were Discovery Museum, due to the success of Stephenson's Rocket, Laing Art Gallery, with a very successful summer programme including Glenn Brown and the Enchanted Garden and Stephenson

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Railway Museum as a result of extra train running days. Visits by school children were up 7% compared to the previous year and the highest total in five years.

We engage a wide range of audiences through our venues and other projects and initiatives. We have a loyal local audience - 82% of TWAM's UK visitors are from North East England and of those 76% are from Tyne and Wear. We're particularly popular with families - 66% visit with children aged under 16 years and we attract audiences from all economic backgrounds - 32% are from socio economic groups C2DE. Research into our visitors' experience shows that levels of satisfaction are very high: 98% rated their visit to our museums and galleries as good or very good and 63% of visits are repeat visits.

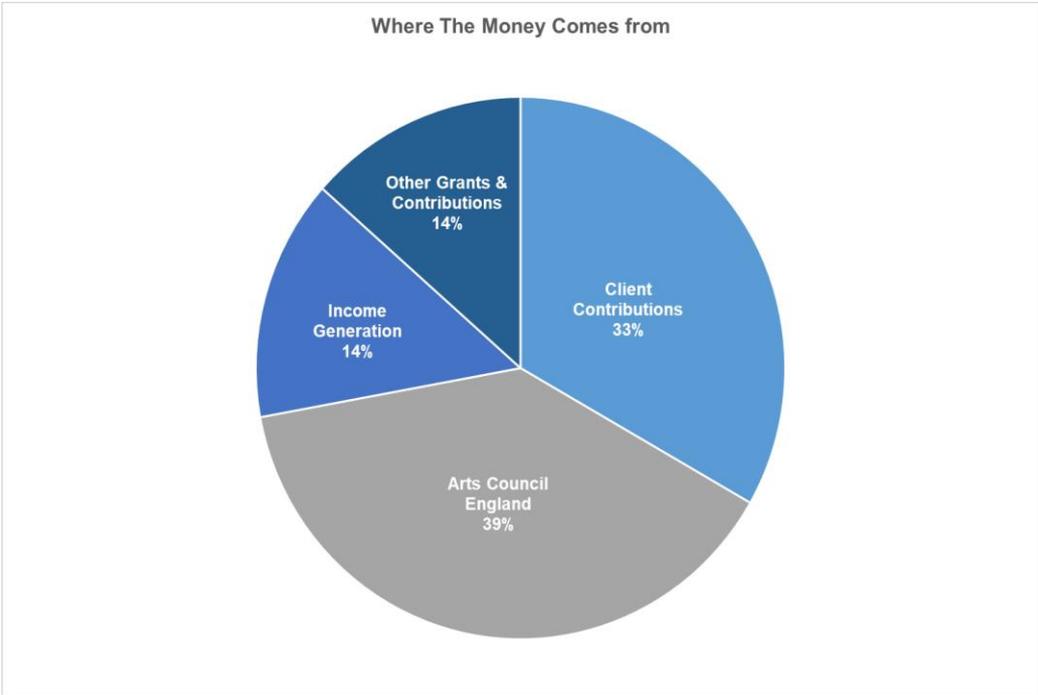
Further details are available in TWAM's Impact Report <https://www.twmuseums.org.uk/corporate-publications-and-policies/impact-report-and-accounts>

FINANCIAL REVIEW

TWAM's financial position remains sound in the face of ongoing financial challenges. The outturn 2018/19 for TWAM was a net contribution to reserves of £81,952.

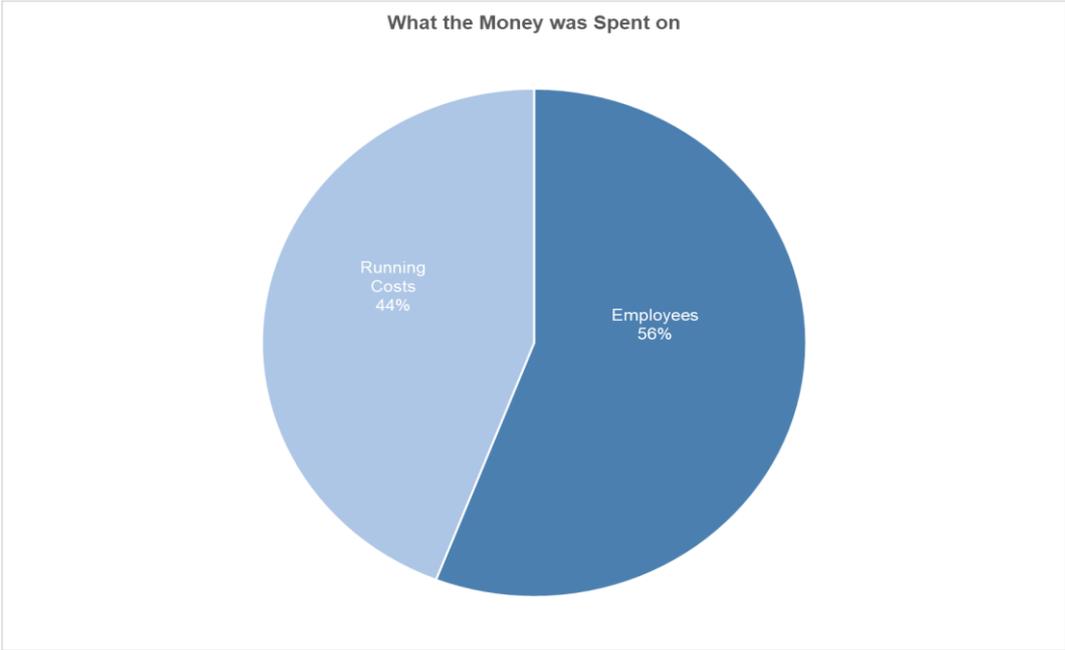
Continuous budget monitoring throughout the year highlighted the financial pressures in terms of increased costs and reductions in sources of income arising from both service pressure and the current economic conditions which enabled TWAM to react in a timely and appropriate manner obviating the need for additional client contributions. The following pie charts illustrate, in broad terms:

- where the money comes from:

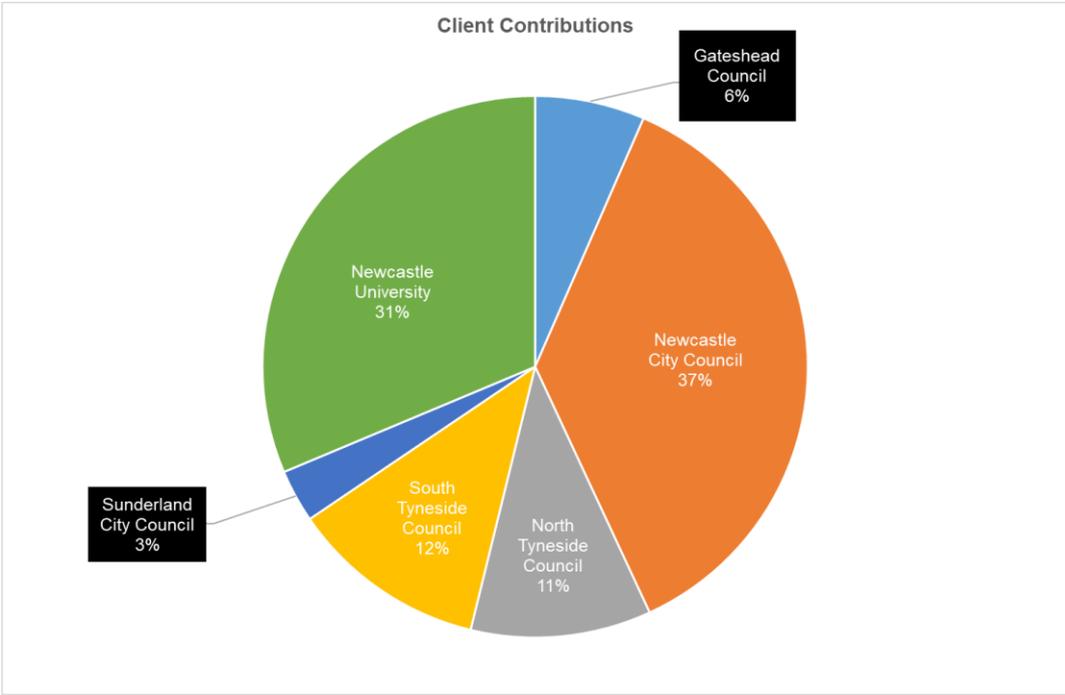


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- what the money was spent on:



- an analysis of individual client contributions:



Further savings and additional income generation totalling £600,000 are planned to be delivered in 2019/20. In order to meet the budget target for 2019/20 and to address the impact of public sector funding reductions as a result of central government cuts TWAM is consulting staff on a restructure affecting a number of teams across the organisation. This restructure is designed to ensure TWAM can achieve its mission and strategic objectives whilst also realising necessary savings.

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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.

Policy on Reserves

The objectives of TWAM's risk-based reserves strategy are to:

- **Be Forward Looking:** Hold Designated Funds for specific, known strategic initiatives.
- **Deliver funder objectives:** TWAM holds Restricted Funds where funders have placed conditions on how TWAM uses the funds.
- **Provide Financial Resilience:** ensure an adequate level of reserves to cover the financial risks faced by TWAM (e.g. mitigate the impact on the revenue budget of unexpected events or emergencies or uneven cash flows), and provide an element of temporary cover and flexibility which may be used during the year to deliver business as usual.

The Statement of Funds at 31 March 2019 shows total funds available of £1,136,929. As part of the budget setting process for 2019/20 the Strategic Board has agreed with a number of councils to use an element of their general reserves of £114,360 to maintain service levels.

This reserves policy is monitored and reviewed by the Strategic Board annually.

Key Management Personnel

The Chair of the Strategic Board received remuneration of £4,583 reflecting the work involved with the role of Founding Chair of the new Strategic Board and establishing new working relationships. The board, who give their time freely, other than the Chair, have considered who the Key Management Personnel (KMP) of TWAM, as noted in the Reference and Administration section. Together with the Board, these KMP are those in charge of directing and controlling, running and operating the activities of TWAM on a day to day basis. The pay of the KMP is determined by the National Joint Council (NJC) for Local Government Services on an annual basis.

PLANS FOR FUTURE PERIODS

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.

Whilst TWAM has maintained the level of funding it receives from Arts Council 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 transferred to the new organisation. It will donate/gift aid its profit to TWAM Development Trust to further its charitable objectives.

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In July 2019, TWAM created Exhibitions by TWAM Limited to enable TWAM to benefit from Museums and Galleries Exhibition Tax Relief (MGETR). Exhibitions by TWAM Limited is a company limited by guarantee, wholly owned by Newcastle City Council. TWAM will contract out exhibition management production activities to Exhibitions by TWAM.

The government have announced a 1 year autumn Comprehensive Spending Review (CSR). This could impact on public funding which TWAM receives. Through the English Civic Museum Network TWAM has been working to make the case for investment in regional museums.

The Arts Council (ACE) is currently consulting on a 10 Year strategy. As ACE is TWAM's largest single funder the outcome of this strategy could have a significant impact on the organisation. TWAM is actively involved in the consultation.

TWAM and its partners are currently involved in developing ideas for three significant capital projects. Newcastle City Council have funded a project team to explore the feasibility of a development at Blandford House (which houses both TWAM's head office, Discovery Museum and Tyne & Wear Archives) to address urgent repairs and maintenance issues through freeing up and commercialising space within the building. At Segedunum Roman Fort, Hemingway Design have been contracted to carry out a feasibility study for significant enhancement and development of the site as part of the World Heritage Site. At Arbeia Roman Fort, following the successful completion of the Phase 1 project, ideas for a Phase 2 project to create a new visitor centre and new access are being developed.

TWAM is a member of Newcastle Gateshead Cultural Venues who are leading the City of Dreams (COD) project. COD was launched in September 2018, aiming to earn NewcastleGateshead a reputation as the "best place to young". The project has three primary aims:

- all children and young people (CYP) are able to engage with cultural activity.
- CYP have a say in what cultural organisations do, and a platform for their civic voice in the City.
- CYP grow confidence, skills and personal resilience through engagement with creative activity.

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)

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- 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 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 2018	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2019
Art (including fine art, decorative art, contemporary craft and design)	45,653	50	45,703
Archaeology	226,831	12	226,843
Ethnography	7,112	0	7,112
History (including social history, costume, maritime history and engineering, science and industry)	206,718	1,179	207,897
Natural Sciences (including geology and biology)	643,890	585	644,475
Total	1,130,204	1,826	1,132,030
	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 2019 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.

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Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2018	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2019	Heritage Assets recognised at valuation as at 1 April 2018	Revaluation of Art objects	Carrying Value as at 31 March 2019
Gateshead	187	555	742	£14.41m	£0.28m	£14.69m
Newcastle	732	4	736	£106.73m	£0.13m	£106.86m
North Tyneside	0	0	0	£0m	£0m	£0m
South Tyneside	13	0	13	£0.54m	£0m	£0.54m
Sunderland	133	0	133	£9.98m	£0m	£9.98m
Total	1,065	559	1,624	£131.66m	£0.41m	£132.07m

REAPPOINTMENT OF AUDITOR

In 2018/19, the TWAM Strategic Board appointed MHA Tait Walker as auditor of the TWAM 'Group' for a four year period.

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.

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

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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
- 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.

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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 2019 and its income and expenditure for the year ended 31 March 2019.

Tony Kirkham, Treasurer to the Strategic Board

17 September 2019

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

17 September 2019

Tyne & Wear Archives & Museums

Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums

Opinion

We have audited the financial statements of Tyne & Wear Archives & Museums (the 'entity') for the year ended 31 March 2019, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 to 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the entity'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.

Other information

The Strategic Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums

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

In the light of our knowledge and understanding of the entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Explanatory Foreword.

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

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

Responsibilities of Strategic Board

As explained more fully in the Statement of Strategic Board's Responsibilities (set out on page 13), the Strategic Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 the entity'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 the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Tyne & Wear Archives & Museums

Independent Auditor's Report to the Strategic Board of Tyne & Wear Archives & Museums

Use of our report

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

.....
Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date:.....

MHA Tait Walker is a trading name of Tait Walker LLP.

Tyne & Wear Archives & Museums

Statement of Financial Activities for the Year Ended 31 March 2019

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income and Endowments from:					
Donations and grants	2	3,542,994	5,209,768	8,752,762	9,312,765
Museum activities	3	103,655	-	103,655	121,269
Other trading activities	4	1,249,584	-	1,249,584	1,429,359
Investment income	5	2,651	-	2,651	6,305
Total Income		4,898,884	5,209,768	10,108,652	10,869,698
Expenditure on:					
Raising funds	6	(366,364)	-	(366,364)	(898,776)
Museum activities	7	(4,446,055)	(5,217,218)	(9,663,273)	(10,437,092)
Total Expenditure		(4,812,419)	(5,217,218)	(10,029,637)	(11,335,868)
Net income/(expenditure)		86,465	(7,450)	79,015	(466,170)
Gross transfers between funds		(76,965)	76,965	-	-
Net movement in funds		9,500	69,515	79,015	(466,170)
Reconciliation of funds					
Total funds brought forward		213,360	841,617	1,054,977	1,521,147
Total funds carried forward	20	222,860	911,132	1,133,992	1,054,977

All of the entity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2018 is shown in note 20.

Tyne & Wear Archives & Museums

Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	-	-
Investments	13	<u>271,053</u>	<u>-</u>
		271,053	-
Current assets			
Stocks	14	-	273,013
Debtors	15	2,453,044	2,343,340
Cash at bank and in hand	16	<u>7,270</u>	<u>11,307</u>
		2,460,314	2,627,660
Creditors: Amounts falling due within one year	17	<u>(1,496,405)</u>	<u>(1,572,683)</u>
Net current assets		<u>963,909</u>	<u>1,054,977</u>
Total assets less current liabilities		1,234,962	1,054,977
Creditors: Amounts falling due after more than one year	18	<u>(100,970)</u>	<u>-</u>
Net assets		<u><u>1,133,992</u></u>	<u><u>1,054,977</u></u>
Funds of the entity:			
Restricted funds		911,132	841,617
Unrestricted income funds			
Unrestricted funds		<u>222,860</u>	<u>213,360</u>
Total funds	20	<u><u>1,133,992</u></u>	<u><u>1,054,977</u></u>

The financial statements on pages 18 to 39 were approved by the TWAM Strategic Board, and authorised for issue on 17 September 2019 and signed on their behalf by:

.....
Baroness Joyce Quin
Chair of TWAM Strategic Board

Tyne & Wear Archives & Museums

Cash Flow Statement for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash income/(expenditure)		79,015	(466,170)
Adjustments to cash flows from non-cash items			
Investment income	5	<u>(2,651)</u>	<u>(6,305)</u>
		76,364	(472,475)
Working capital adjustments			
Decrease in stocks	14	273,013	45,470
Increase in debtors	15	(109,704)	(425,621)
Increase in creditors	17	<u>276,061</u>	<u>124,526</u>
Net cash flows from operating activities		<u>515,734</u>	<u>(728,100)</u>
Cash flows from investing activities			
Interest receivable and similar income	5	2,651	6,305
Purchase of investments	13	<u>(271,053)</u>	<u>-</u>
Net cash flows from investing activities		<u>(268,402)</u>	<u>6,305</u>
Net increase/(decrease) in cash and cash equivalents		247,332	(721,795)
Cash and cash equivalents at 1 April		<u>(749,403)</u>	<u>(27,608)</u>
Cash and cash equivalents at 31 March	16	<u><u>(502,071)</u></u>	<u><u>(749,403)</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies

Statement of compliance

As a result of the implementation of the Local Audit and Accountability Act 2014, Tyne & Wear Archives & Museums (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) and the Financial Reporting Standard FRS102.

Basis of preparation

TWAM meets the definition of a public benefit entity under FRS 102.

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

The functional currency is sterling.

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.

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

Management have provided depreciation, prepayments, accruals and other cut-off adjustments. Whilst management believe that these estimates and judgements are accurate, there is every likelihood that they will not be exact.

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

Income and endowments

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.

Grants receivable

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.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

Expenditure

Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party and 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.

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 Legal Agreements with Newcastle City Council.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

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.

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 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.

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).

Intangible assets

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.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

Tangible 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.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	5 years straight line

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Investments

During the year ended 31 March 2019 the entity made an investment in TWAM Enterprises Limited through the transfer of its stock, as part of a restructure of TWAM's charitable and trading activities.

The investment is measured at cost less impairment.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

Stock

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.

During the year ended 31 March 2019 all stock was transferred to TWAM Enterprises Limited with an investment equal to the value of the stock transferred being recognised on the balance sheet of TWAM.

Trade debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered.

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 when 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.

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.

Trade creditors

Creditors and provisions are recognised where TWAM has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting policies (continued)

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 against 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.

Fund structure

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

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.

Pensions and other post retirement obligations

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 2019

1 Accounting policies (continued)

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

2 Income from donations and grants

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	General £	£	£	£
Donations and grants;				
Donations and sponsorship	105,505	103,355	208,860	221,286
Other grants	113,495	1,142,402	1,255,897	1,609,561
Core contributions				
Client contributions	3,323,994	40,000	3,363,994	3,569,767
Arts Council England	-	3,924,011	3,924,011	3,912,151
	<u>3,542,994</u>	<u>5,209,768</u>	<u>8,752,762</u>	<u>9,312,765</u>

Total income in 2018 of £9,312,765 comprised unrestricted income of £5,026,737 and restricted income of £4,286,028.

3 Income from museum activities

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Museum Activities	<u>103,655</u>	<u>103,655</u>	<u>121,269</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 2019

4 Income from other trading activities

	Unrestricted funds		
	General £	Total 2019 £	Total 2018 £
Trading income;			
Shop sales and franchise income	90,015	90,015	553,753
Museums admissions and exhibitions	214,636	214,636	172,191
Other generated income	944,933	944,933	703,415
	<u>1,249,584</u>	<u>1,249,584</u>	<u>1,429,359</u>

All trading income in 2018 was unrestricted.

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

From May 2018 the trade in relation to shop sales was transferred to TWAM Enterprises Limited. No further shop income was received by TWAM from this date.

5 Investment income

	Unrestricted funds		
	General £	Total 2019 £	Total 2018 £
Interest receivable and similar income;			
Interest receivable on bank deposits	2,651	2,651	6,305
	<u>2,651</u>	<u>2,651</u>	<u>6,305</u>

All investment income in 2018 was unrestricted.

6 Expenditure on raising funds

a) Costs of trading activities

	Unrestricted funds		
	£	Total 2019 £	Total 2018 £
Costs of trading activities	366,364	366,364	898,776
	<u>366,364</u>	<u>366,364</u>	<u>898,776</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

6 Expenditure on raising funds (continued)

All trading expenditure in 2018 was unrestricted.

In May 2018 TWAM Enterprises Limited took over the running of the shops. All expenditure in relation to shop sales would be incurred by TWAM Enterprises Limited from this date.

7 Expenditure on museum activities

	Unrestricted funds			
	General £	Restricted funds £	Total 2019 £	Total 2018 £
Museum Activities	3,211,449	5,217,218	8,428,667	9,083,601
Support Costs	<u>1,234,606</u>	-	<u>1,234,606</u>	<u>1,353,491</u>
	<u>4,446,055</u>	<u>5,217,218</u>	<u>9,663,273</u>	<u>10,437,092</u>

Direct costs

	Museum Activities £	Total 2019 £	Total 2018 £
Premises	1,579,158	1,579,158	1,531,252
Transport	79,898	79,898	79,688
Supplies and services	1,972,917	1,972,917	2,376,717
Employee costs	<u>4,796,694</u>	<u>4,796,694</u>	<u>5,095,944</u>
	<u>8,428,667</u>	<u>8,428,667</u>	<u>9,083,601</u>

£4,446,055 (2018 - £5,802,487) of the above expenditure was attributable to unrestricted funds and £5,217,218 (2018 - £4,634,605) to restricted funds.

8 Analysis of support costs

Support costs allocated to charitable activities

	Allocated to Museum Activities £	Total 2019 £	Total 2018 £
Premises	108,550	108,550	108,550
Transport	10,156	10,156	4,583
Supplies and services	93,146	93,146	150,178
Central administration	207,801	207,801	227,250
Financing charges	55,571	55,571	55,165
Employee costs	<u>759,382</u>	<u>759,382</u>	<u>807,765</u>
	<u>1,234,606</u>	<u>1,234,606</u>	<u>1,353,491</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

9 Auditors remuneration

	2019 £	2018 £
Audit fees	8,000	7,950
Other non-audit services	-	1,950
	<u> </u>	<u> </u>

10 Strategic board members remuneration and expenses

Last year, one member of the Joint Committee received a special responsibility allowance of £698.

During the year one member of the Strategic Board received remuneration allowance for the post of £4,583 (2018 - one member £1,669).

No other member received any remuneration or benefits in kind in the current or prior year.

During the year, one Strategic Board member received reimbursement of expenses of £269 (2018 - 0 members of £NIL).

11 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	4,420,657	4,979,885
Social security costs	363,951	382,017
Pension costs	817,484	812,937
	<u>5,602,092</u>	<u>6,174,839</u>

The monthly average number of persons (including senior management team) employed by the entity during the year expressed as full time equivalents was as follows:

	2019 No	2018 No
Operations and management of TWAM	<u>156</u>	<u>166</u>

During the year, the entity made redundancy and/or termination payments which totalled £Nil (2018 - £168,264).

The number of employees whose emoluments fell within the following bands was:

	2019 No	2018 No
£80,001 - £90,000	<u>1</u>	<u>1</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

11 Staff costs (continued)

The total employee benefits of the key management personnel of the entity were £238,715 (2018 - £326,289).

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 2018/19 TWAM had 798 volunteers who contributed a total 43,983 hours.

12 Intangible fixed assets

	Software £	Total £
Cost		
At 1 April 2018	<u>133,159</u>	<u>133,159</u>
At 31 March 2019	133,159	133,159
Amortisation		
At 1 April 2018	<u>133,159</u>	<u>133,159</u>
At 31 March 2019	<u>133,159</u>	<u>133,159</u>
Net book value		
At 31 March 2019	<u><u>-</u></u>	<u><u>-</u></u>
At 31 March 2018	<u><u>-</u></u>	<u><u>-</u></u>

The software continues to be used by TWAM.

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

13 Fixed asset investments

Other investments

	Unlisted investments £	Total £
Cost or Valuation		
Additions	<u>271,053</u>	<u>271,053</u>
At 31 March 2019	<u>271,053</u>	<u>271,053</u>
Net book value		
At 31 March 2019	<u><u>271,053</u></u>	<u><u>271,053</u></u>

During the year the stock held by TWAM was gifted to TWAM Enterprises Limited a company related through common control. This company was formed to undertake commercial and enterprise activity to increase self-generated income. Any profits of TWAM Enterprises Limited are to be gift aided back to TWAM Development Trust.

The value of stock at the date of transfer has been transferred to long term investments.

14 Stock

	2019 £	2018 £
Goods for resale	<u>-</u>	<u>273,013</u>

15 Debtors

	2019 £	2018 £
Prepayments and accrued income	15,831	9,341
Grants receivable	1,347,649	1,398,248
Other debtors	<u>1,089,564</u>	<u>935,751</u>
	<u><u>2,453,044</u></u>	<u><u>2,343,340</u></u>

16 Cash at bank and in hand

	2019 £	2018 £
Cash at bank	7,270	11,307
Bank overdrafts	<u>(509,341)</u>	<u>(760,710)</u>
Cash and cash equivalents in statement of cash flows	<u><u>(502,071)</u></u>	<u><u>(749,403)</u></u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Cash at bank and in hand (continued)

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

17 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	509,341	760,710
Trade creditors	331,358	334,355
Other creditors	-	129,739
Accruals	655,706	347,879
	<u>1,496,405</u>	<u>1,572,683</u>

18 Creditors: amounts falling due after one year

	2019	2018
	£	£
Other creditors	<u>100,970</u>	<u>-</u>

A loan from the public loans board was made towards the cost of the replacement of the doors at Discovery Museum in advance of a wider redevelopment scheme for the building.

Principal repayments are based on 4% per annum.

19 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £13,428 (2018 - £19,396).

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Funds

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
Unrestricted funds					
<i>General</i>					
General fund	(155,139)	4,898,884	(4,812,419)	(10,145)	(78,819)
<i>Designated</i>					
Acquisitions reserve	193,146	-	-	(60,000)	133,146
Renewals reserve	15,612	-	-	1,000	16,612
Business partner reserve	45,381	-	-	(7,820)	37,561
Budget deficit fund	114,360	-	-	-	114,360
	<u>368,499</u>	<u>-</u>	<u>-</u>	<u>(66,820)</u>	<u>301,679</u>
Total unrestricted funds	<u>213,360</u>	<u>4,898,884</u>	<u>(4,812,419)</u>	<u>(76,965)</u>	<u>222,860</u>
Restricted funds					
ACE Major Partners Museums	-	3,136,929	(3,136,929)	-	-
ACE Bridge	167,175	530,933	(464,131)	-	233,977
ACE Museum Development	10,583	246,936	(203,960)	-	53,559
ACE Capital and other non-core grants	9,391	9,213	(12,954)	-	5,650
Museums earmarked balances	493,861	-	-	76,965	570,826
Other restricted grants and contributions	160,607	1,285,757	(1,399,244)	-	47,120
	<u>841,617</u>	<u>5,209,768</u>	<u>(5,217,218)</u>	<u>76,965</u>	<u>911,132</u>
Total restricted funds	<u>841,617</u>	<u>5,209,768</u>	<u>(5,217,218)</u>	<u>76,965</u>	<u>911,132</u>
Total funds	<u>1,054,977</u>	<u>10,108,652</u>	<u>(10,029,637)</u>	<u>-</u>	<u>1,133,992</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Funds (continued)

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2018 £
Unrestricted funds					
<i>General</i>					
General fund	(5,909)	6,583,670	(6,642,557)	(90,343)	(155,139)
<i>Designated</i>					
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>
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 restricted funds	<u>1,215,211</u>	<u>4,286,028</u>	<u>(4,634,605)</u>	<u>(25,017)</u>	<u>841,617</u>
Total funds	<u>1,521,147</u>	<u>10,869,698</u>	<u>(11,335,868)</u>	<u>-</u>	<u>1,054,977</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Funds (continued)

The specific purposes for which the funds are to be applied are as follows:

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.

Unrestricted fund

General fund: This fund comprises 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

21 Analysis of net assets between funds

	Unrestricted funds		Restricted funds £	Total funds £
	General £	Designated £		
Fixed asset investments	271,053	-	-	271,053
Current assets	-	1,549,182	911,132	2,460,314
Current liabilities	(248,902)	(1,247,503)	-	(1,496,405)
Creditors over 1 year	(100,970)	-	-	(100,970)
Total net assets	<u>(78,819)</u>	<u>301,679</u>	<u>911,132</u>	<u>1,133,992</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

21 Analysis of net assets between funds (continued)

	Unrestricted funds			Total funds at 31 March 2018 £
	General £	Designated £	Restricted funds £	
Current assets	-	1,025,333	841,617	1,866,950
Current liabilities	(155,139)	(656,834)	-	(811,973)
Total net assets	<u>(155,139)</u>	<u>368,499</u>	<u>841,617</u>	<u>1,054,977</u>

22 Analysis of net funds

	At 1 April 2018 £	Cash flow £	At 31 March 2019 £
Cash at bank and in hand	11,307	(4,037)	7,270
Bank overdraft	(760,710)	251,369	(509,341)
	<u>(749,403)</u>	<u>247,332</u>	<u>(502,071)</u>
Net debt	<u>(749,403)</u>	<u>247,332</u>	<u>(502,071)</u>

Tyne & Wear Archives & Museums

Notes to the Financial Statements for the Year Ended 31 March 2019

23 Related party transactions

During the year the entity made the following related party transactions:

Customs House

(Share a Joint Committee Member)

Received income in the year of £720 (2018 - £Nil)

Incurred expenditure in the year of £25,000 (2018 - £38,848). At the balance sheet date the amount due to/from Customs House was £Nil (2018 - £Nil).

Durham University

(An employee of TWAM is an honorary research associate within a department of the University)

Received income in the year of £362 (2018 - £Nil)

Incurred expenditure in the year of £4,032 (2018 - £2,528). At the balance sheet date the amount due to/from Durham University was £Nil (2018 - £Nil).

Newcastle University

(A Strategic Board member of TWAM is a Member of the Court of the University)

Received income in the year off £1,495,988 (2018 - £1,115,550)

Incurred expenditure in the year of £4,161 (2018 - £130,993). At the balance sheet date the amount due to/from Newcastle University was £Nil (2018 - £Nil).

Groundworks South Tyneside & Newcastle

(A Strategic Board member of TWAM is an employee)

Received income in the year of £24,037 (2018 - £Nil). At the balance sheet date the amount due to/from Groundworks South Tyneside & Newcastle was £Nil (2018 - £Nil).

Newcastle Gateshead Initiative

(A Strategic Board member of TWAM is a representative.)

Received income in the year of £73,220 (2018 - £Nil)

Incurred expenditure in the year of £5,855 (2018 - £Nil). At the balance sheet date the amount due to/from Newcastle Gateshead Initiative was £Nil (2018 - £Nil).

University of Northumbria

(A Strategic Board member of TWAM is a visiting professor)

Received income in the year of £13,456 (2018 - £Nil)

Incurred expenditure in the year of £1,451 (2018 - £Nil). At the balance sheet date the amount due to/from University of Northumbria was £Nil (2018 - £Nil).

Sunderland City Council

(A staff member of TWAM is a councillor.)

Received income in the year of £13,823 (2018 - £Nil)

Incurred expenditure in the year of £1,067 (2018 - £Nil). At the balance sheet date the amount due to/from Sunderland City Council was £Nil (2018 - £Nil).

TWAM Enterprises Ltd

(Two members of the senior management of TWAM and one Strategic Board member of TWAM are board members)

Received income in the year of £89,041 (2018 - £Nil)

Incurred expenditure in the year of £29,344 (2018 - £Nil)

Gifted stock in the year of 271,053 (2018 - £Nil). At the balance sheet date the amount due to/from TWAM Enterprises Ltd was £Nil (2018 - £Nil).