



# **Tyne & Wear Archives & Museums**

## **Statement of Accounts 2019/20**

TYNE & WEAR  
archives &  
museums

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## Reference and Administration Details of Tyne & Wear Archives & Museums for the period ended 31 March 2020

### Strategic Board Members:

Rt. Hon Baroness Joyce Quin (Chair)	Independent
Cllr Ged Bell (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 Cath Davis	North Tyneside Council (Rotating Member)
Cllr Joan Atkinson	South Tyneside Council (Rotating Member)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Helen Cadzow	Independent Member (Appointed 28/06/2019)

**Director:** Iain Watson

**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

# **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 Tyne & Wear Archives & Museums 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 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 board members**

In November 2019, 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 the Strategic Board, TWAM Development Trust, TWAM Enterprises and Audit Committee; and discussion of role clarity re these four bodies.

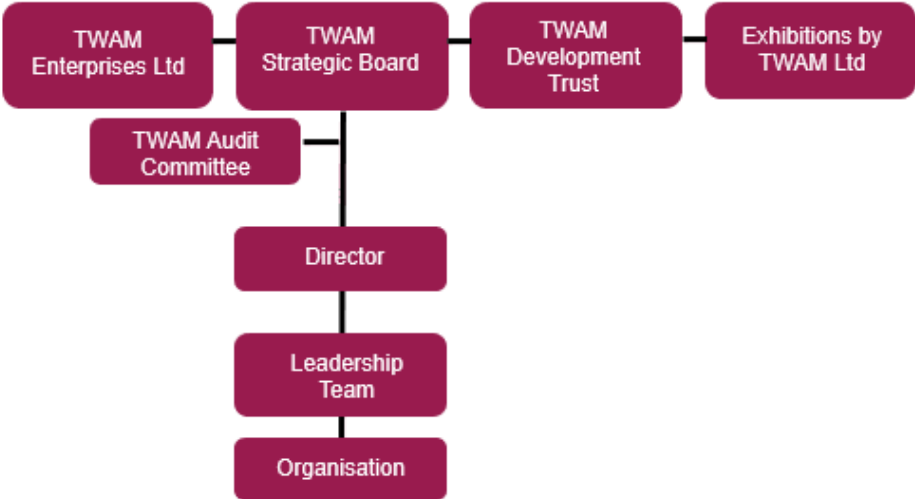
Regular strategic updates are provided at all meetings.

# Arrangements for setting key management personnel remuneration

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

## 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, companies and trusts and foundations to support a wide variety of archive and museum activities.

TWAM Enterprises Ltd (Company number 10940488) was established on 1 May 2018 following a major review of TWAM’s governance structure. 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 management of catering contracts. It donates/gift aids its profit to TWAM Development Trust to further TWAM’s charitable objectives.

Exhibitions by TWAM (Company number 12106351) was launched on 1 September 2020 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 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.

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 the lead authority Newcastle City Council;
- The Audit Committee, which reviews 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.

As of March 2021, there are 15 risks on the strategic risk register, of which 8 are evaluated as having a residual rating of medium (Amber) and 7 as low (Green). Overall risk scores have remained static during 2019/20 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.

One new risk was added in 2019/20: 'Ongoing or New pandemic impacts on TWAM's ability to operate services'.

<b>Risk reference</b>	<b>Risk Description</b>	<b>Status</b>	<b>Risk score</b>
SR0001	Major incident at a TWAM venue		static
SR0022	Failure to maintain the health safety and wellbeing of public/ workforce / customers/ clients.		static
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.		static
SR0034	TWAM is unable to deliver the 2020/21 agreed budget due to failure to achieve income targets or manage expenditure		static
SR0035	Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched		static
SR0038	Failure to deliver successful 'Bridge' programme and Museum Development Programme for North East 2018-2022		static
SR0043	Impact on staff resilience (stress and motivation) of organisational change & budget reductions		static
SR0046	Data Protection failure		static
SR0047	Fundraising strategy fails to deliver significant increase in contributed income included in Business Plan 2018 - 2022		static
SR0048	TWAM Enterprises fails to deliver predicted profit and to maintain positive mutual relationship with TWAM		static
SR0049	Failure to manage the complexity of TWAM's new Governance arrangements		static
SR0050	Failure to successfully exploit the MGETR following creation of Exhibitions by TWAM		static
SR0051	Reducing R&M budgets lead to catastrophic building failure		static
SR0052	Blandford House project fails to deliver successful plan for redevelopment		static
SR0053	Ongoing or new pandemic impacts on TWAM's ability to operate services.		New

Given the significance of risk SR0053, a separate Covid-19 risk register has been developed for review by the Board.

There are currently 9 risks on the Covid-19 risk register, of which 2 are evaluated as having a residual rating of medium (Amber) and 7 as low (Green).

Risk reference	Risk Description	Status
CRV001	Building Closures - Local or national lockdown impacts on TWAM's business continuity resulting in inability to perform critical functions	Green
CRV002	Ongoing need for many staff to continue to work from home, affecting health and wellbeing and productivity	Green
CRV004	ICT - Lack of equipment / infrastructure / knowledge	Green
CRV005	Recruitment and induction process during continued periods of social distancing	Green
CRV006	Failure to maintain the health safety and wellbeing of workforce	Green
CRV007	TWAM Enterprises forced into administration due to lack of income as a result of building closures / public social distancing and/or economic downturn	Amber
CRV008	TWAM is unable to deliver the agreed balanced budget 2020/21 due to lack of income and / or increased cost pressures as a result of building closures / public social distancing and/or economic downturn	Amber
CRV009	TWAM does not adapt to changes in the way culture is consumed in post Covid-19 society	Green
CRV010	Re-opening – TWAM fails to adequately prepare for new patterns of visiting and visitor behaviour after reopening	Green

## 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 2019/20 TWAM had 359 volunteers contributing 22,231 hours.



## FUNDRAISING DISCLOSURES

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

## PUBLIC BENEFIT

Evidence of the Public Benefit of the work undertaken by TWAM during 2019/20 is available in TWAM's Impact Report. <https://www.twmuseums.org.uk/files/359811-impact-report-2019-20-web.pdf>

## 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 in 2019/20 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.*

TWAM venues closed to the public from 18 March 2020 as a result of COVID 19. Comparisons with 2018/19 have therefore been negatively affected by a loss of 13 calendar days. In addition, by the time of closure, visitor numbers had already significantly decreased as many members of the public had begun to self-isolate.

Overall visitor figures for TWAM for 2019/20 were, 1,258,722 compared to 1,289,763 in 2018/19, a decrease of 2% and visits by school children were down 21% compared to the previous year.

The strongest performances were at GNM: Hancock, due to the success of Dippy on Tour: A Natural History Adventure exhibition (+20% against last year) and at Shipley Art Gallery, following a series of successful events (+19% against last year).

We engage a wide range of audiences through our venues and other projects and initiatives. We have a loyal local audience - 84% of TWAM's UK visitors are from North East England and of those 65% are from Tyne and Wear. We're particularly popular with families - 61% visit with children aged under 16 years and we attract audiences from all economic backgrounds - 33% 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 70% of visits are repeat visits.

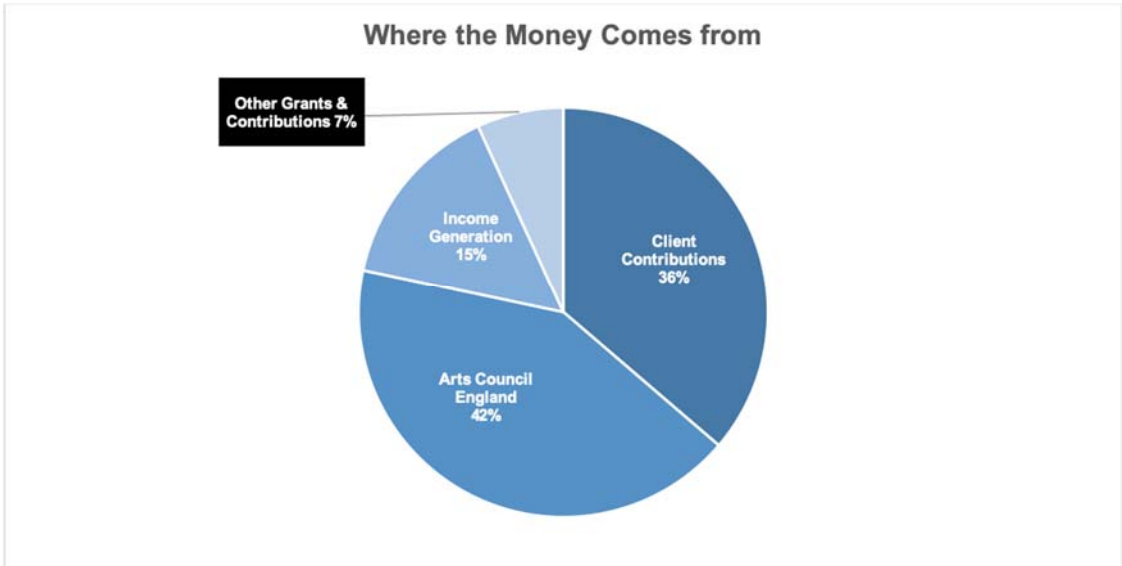
Further details are available in TWAM's Impact Report

<https://www.twmuseums.org.uk/files/359811-impact-report-2019-20-web.pdf>

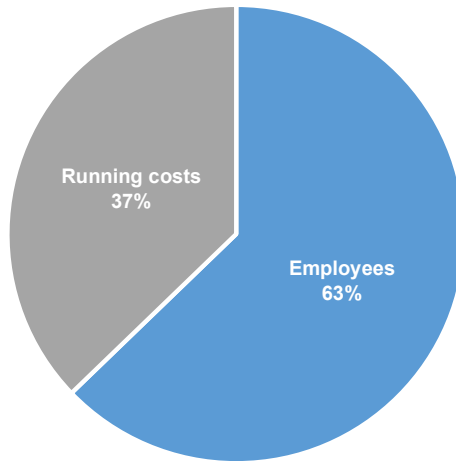
## FINANCIAL REVIEW

TWAM's financial position remains sound in the face of ongoing financial challenges. The outturn 2019/20 for TWAM was a net contribution from reserves of £128,912.

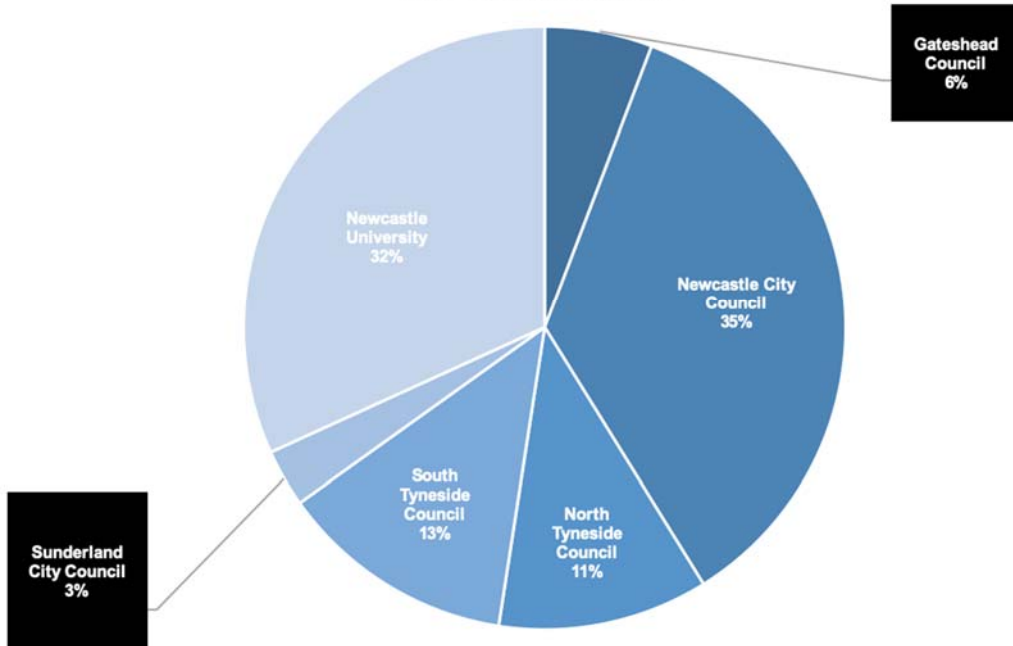
Continuous budget monitoring throughout the year highlighted the financial pressures in terms of increased costs and reductions in sources of income arising from both service pressure and the prevailing economic conditions, which enabled TWAM to react in a timely and appropriate manner obviating the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



### What the Money was Spent on



### Client Contributions



### Going concern

The financial statements have been prepared on a going concern basis.

TWAM's forecasts and projections for the next twelve months show that TWAM should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

TWAM Strategic Boards assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan.

Whilst the budgetary situation continues to change on an almost daily; forecasts are based on best estimates & latest guidance.

The business plan for 2021/22 builds in this flexible approach & includes the risk of consumers being slower to return to cultural venues/activities within the risk analysis. Risks are identified by a 'risk radar' approach undertaken by the Leadership Team and monitored and challenged by TWAM Enterprises Board, Audit Committee and Strategic Board.

To ensure viability we will use:

- Close monitoring of income/expenditure/footfall
- Adapting opening times/seasonally closing some venues
- Stopping recruitment of non-essential posts & non-essential spending
- Scrutiny BY Audit Committee & Boards

Risks are managed via COVID specific and strategic risk registers and using:

- Previous experience & lessons learned during lockdowns in the event of further lockdowns
- TWAM planning sub group enables quick response to change
- Careful monitoring of cash flow & active management of expenditure & staffing
- Continue to explore diversification of funding sources

Throughout the pandemic we have listened, learnt and responded to partners and communities. For example, developing relevant and engaging online content for schools, families, students, adults, educators, health professionals and older people delivered over social media, by email, live streamed, blended learning and downloadable resources; this will continue.

The cash flow projections will be further improved if an application to Arts Council England Cultural Recovery Fund Round two is successful, but TWAM's continued going concern is not dependent on this outcome.

Although the forecast prepared takes account of the matters above to support the ability of TWAM to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying assumptions used in forecasting are judgemental and difficult to predict and could be subject to variation.

Based on the factors set out above, TWAM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

## 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. to 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 2020 shows total funds available of £1,161,568. General reserves, that is those not earmarked for specific purposes, are £655,000 at the start of 2020/21, representing 8.5% of the approved budgeted expenditure for the year. The Strategic Board has previously agreed that the minimum level of reserve that should be maintained is 7%. Therefore, £114,360 has been designated to support the forecast budget deficit in 2020/21.

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

## Key Management Personnel

The Chair of the Strategic Board received remuneration of £5,000 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 and appointed the Director. Other Key Management Personnel (KMP) of TWAM, as noted in the Reference and Administration section are appointed by the Director. 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

TWAM's Business Plan for 2018-22 is available online at <https://www.twmuseums.org.uk/corporate-publications-and-policies/corporate-plan> As a result of COVID 19 it has not been possible to deliver planned activity for the Business Plan as written for 2020/21.

During the closure period:

- TWAM staff have undertaken regular building checks to ensure that all buildings and collections are safe
- TWAM staff have supported partners in Newcastle University by undertaking checks to support estate staff in the University

- TWAM staff have taken on a number of voluntary and redeployed roles to support the most vulnerable people and to support recovery. This has included: supporting food banks, care services, volunteer helplines for vulnerable people and the City Host program in Newcastle, providing advice to shoppers in Northumberland Street.
- Most TWAM staff have been working from home and those who did not have work of their own have been allocated work to support our archives.
- TWAM has continued to provide a service to our users during lockdown although this has of course changed in nature. We have been providing digital services to a general audience and a specific schools audience recognising also the needs of families who are undertaking home schooling. In response to a greater demand for online content TWAM is continuing to develop new digital activity and this will be supported by a grant from the Esmée Fairbairn Foundation to develop TWAM's Must See Stories initiative. New virtual tours of galleries at the Great North Museum have also been launched: <https://greatnorthmuseum.org.uk/visit-us/virtual-tours>
- We've also been working with a number of agencies, where possible, to deliver physical resources, recognising that not all families have access to broadband internet.

From 27 July TWAM venues began to reopen to visitors, with appropriate social distancing measures in place. These measures have reduced numbers and changed the visitor experience, in particular through removal of most hands-on and interactive exhibits. The initial response from visitors was positive as people were very glad to get back to venues which had been closed for 4 months.

TWAM has recognised that society is changing rapidly locally, nationally and globally, and that museums and archives need to respond. For example, the recent energy around the #blacklivesmatter movement has highlighted and made even more urgent the need to address the ways in which history is presented and stories are told. Museums can't just do this on their own but need to do this in partnership with communities, and must also look at internal processes to address inequality. TWAM also recognises the urgent need to address its role in communication around the climate emergency, in particular where collections have direct relevance. In responding to global challenges, to the inequalities highlighted by COVID, to the divisions brought out by the Brexit process, to the financial challenges for public funding as a result of COVID, there is much to work on. TWAM conducted a survey of all staff to seek their views on where internal inequalities existed and has since explored these in four areas: collections, workforce, working practices, stories that we tell. This work is being taken forward in 2020/21 to ensure a more inclusive approach across all areas of operation.

Through two workshops with Peter Latchford, Chief Executive of Black Radley, the Leadership Team have explored the present strengths and weaknesses of TWAM and the opportunities for change. The financial challenge for the whole cultural sector remains very high as public funding is squeezed through a recession and earned and philanthropic income is uncertain, depending, in particular, on how and when visitors are able to return to venues in more significant numbers. TWAM and its

Board will continue to look at diverse approaches to income generation to support the services it provides.

The Leadership Team are working on the development of a strong Business Plan for 2021-22 leading to a Business Plan for 2022/23 to be submitted to Arts Council England (ACE) in June 2021 and an application to ACE for the next round of National Portfolio Organisation funding later in 2021/22.

In early 2020 Arts Council England launched their new 10-year strategy – Let's Create. This includes four key investment principles:

- Ambition and quality
- Dynamism
- Environmental responsibility
- Inclusivity and relevance

TWAM's approach will support the delivery of these investment principles.

## **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 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 2019	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2020
Art (including fine art, decorative art, contemporary craft and design)	45,703	69	45,772
Archaeology	226,843	15	226,858
Ethnography	7,112	5	7,117
History (including social history, costume, maritime history and engineering, science and industry)	207,897	1,681	209,578
Natural Sciences (including geology and biology)	644,475	295	644,770
<b>Total</b>	<b>1,132,030</b>	<b>2,065</b>	<b>1,134,095</b>
	<b>Cubic Metres</b>		<b>Cubic Metres</b>
Archives	1,582		1,598

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 2020 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.



Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2019	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2020	Heritage Assets recognised at valuation as at 1 April 2019	Revaluation of Art objects	Carrying Value as at 31 March 2020
Gateshead	742	0	742	£14.69m	£0m	£14.69m
Newcastle	736	4	740	£106.86m	£0.41m	£107.27m
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
<b>Total</b>	<b>1,624</b>	<b>4</b>	<b>740</b>	<b>£132.07m</b>	<b>£0.41m</b>	<b>£132.48m</b>

## 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 this 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](mailto: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

# Tyne & Wear Archives & Museums

## Explanatory Foreword

### Statement of 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.

# Tyne & Wear Archives & Museums

## Explanatory Foreword

### 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 2020 and its income and expenditure for the year ended 31 March 2020.



26-03-2021

Tony Kirkham  
Treasurer to TWAM Strategic Board

### Approval of the Accounts

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



26-03-2021

Baroness Joyce Quin  
Chair of the TWAM Strategic Board

# 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 2020, 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 2020 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.

## **Tyne & Wear Archives & Museums**

### **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 17), 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](http://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: 29/3/2021

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 2020

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Income and Endowments from:</b>					
Donations and grants	2	3,755,949	4,395,252	8,151,201	8,752,762
Museum activities	3	101,418	-	101,418	103,655
Other trading activities	4	683,327	269,168	952,495	1,249,584
Investment income	5	<u>2,776</u>	<u>-</u>	<u>2,776</u>	<u>2,651</u>
Total Income		4,543,470	4,664,420	9,207,890	10,108,652
<b>Expenditure on:</b>					
Raising funds	6	(269,437)	-	(269,437)	(366,364)
Museum activities	7	<u>(4,430,988)</u>	<u>(4,479,889)</u>	<u>(8,910,877)</u>	<u>(9,663,273)</u>
Total Expenditure		<u>(4,700,425)</u>	<u>(4,479,889)</u>	<u>(9,180,314)</u>	<u>(10,029,637)</u>
Net (expenditure)/income		(156,955)	184,531	27,576	79,015
Gross transfers between funds		<u>128,912</u>	<u>(128,912)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(28,043)	55,619	27,576	79,015
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>222,860</u>	<u>911,132</u>	<u>1,133,992</u>	<u>1,054,977</u>
Total funds carried forward	19	<u><u>194,817</u></u>	<u><u>966,751</u></u>	<u><u>1,161,568</u></u>	<u><u>1,133,992</u></u>

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

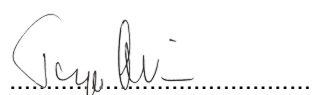
The funds breakdown for 2019 is shown in note 19.

# Tyne & Wear Archives & Museums

## Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	-	-
Investments	13	<u>271,053</u>	<u>271,053</u>
		271,053	271,053
<b>Current assets</b>			
Debtors	14	1,916,189	2,453,044
Cash at bank and in hand	15	<u>7,170</u>	<u>7,270</u>
		1,923,359	2,460,314
<b>Creditors: Amounts falling due within one year</b>	16	<u>(931,874)</u>	<u>(1,496,405)</u>
<b>Net current assets</b>		<u>991,485</u>	<u>963,909</u>
<b>Total assets less current liabilities</b>		1,262,538	1,234,962
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(100,970)</u>	<u>(100,970)</u>
<b>Net assets</b>		<u>1,161,568</u>	<u>1,133,992</u>
<b>Funds of the entity:</b>			
<b>Restricted funds</b>		966,751	911,132
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>194,817</u>	<u>222,860</u>
<b>Total funds</b>	19	<u>1,161,568</u>	<u>1,133,992</u>

The financial statements on pages 22 to 43 were approved by the TWAM Strategic Board, and authorised for issue on 26.03.2021. 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 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash income		27,576	79,015
<b>Adjustments to cash flows from non-cash items</b>			
Investment income	5	<u>(2,776)</u>	<u>(2,651)</u>
		24,800	76,364
<b>Working capital adjustments</b>			
Decrease in stocks		-	273,013
Decrease/(increase) in debtors	14	536,855	(109,704)
(Decrease)/increase in creditors	16	<u>(58,998)</u>	<u>276,061</u>
Net cash flows from operating activities		<u>502,657</u>	<u>515,734</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	5	2,776	2,651
Purchase of investments	13	<u>-</u>	<u>(271,053)</u>
Net cash flows from investing activities		<u>2,776</u>	<u>(268,402)</u>
Net increase in cash and cash equivalents		505,433	247,332
Cash and cash equivalents at 1 April		<u>(502,071)</u>	<u>(749,403)</u>
Cash and cash equivalents at 31 March	15	<u><u>3,362</u></u>	<u><u>(502,071)</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 2020

### 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.

#### 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 2020

### 1 Accounting policies (continued)

#### Going concern

The financial statements have been prepared on a going concern basis.

TWAM's forecasts and projections for the next twelve months show that TWAM should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

TWAM Strategic Boards assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan.

Whilst the budgetary situation continues to change on an almost daily; forecasts are based on best estimates & latest guidance.

The business plan for 2021/22 builds in this flexible approach & includes the risk of consumers being slower to return to cultural venues/activities within the risk analysis. Risks are identified by a 'risk radar' approach undertaken by the Leadership Team and monitored and challenged by TWAM Enterprises Board, Audit Committee and Strategic Board.

To ensure viability we will use:

- Close monitoring of income/expenditure/footfall
- Adapting opening times/seasonally closing some venues
- Stopping recruitment of non-essential posts & non-essential spending
- Scrutiny BY Audit Committee & Boards

Risks are managed via COVID specific and strategic risk registers and using:

- Previous experience & lessons learned during lockdowns in the event of further lockdowns
- TWAM planning sub group enables quick response to change
- Careful monitoring of cash flow & active management of expenditure & staffing
- Continue to explore diversification of funding sources

Throughout the pandemic we have listened, learnt and responded to partners and communities. For example, developing relevant and engaging online content for schools, families, students, adults, educators, health professionals and older people delivered over social media, by email, live streamed, blended learning and downloadable resources; this will continue.

The cash flow projections will be further improved if an application to Arts Council England Cultural Recovery Fund Round two is successful, but TWAM's continued going concern is not dependent on this outcome.

Although the forecast prepared takes account of the matters above to support the ability of TWAM to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying assumptions used in forecasting are judgemental and difficult to predict and could be subject to variation.

Based on the factors set out above, TWAM Strategic Board believe that it remains appropriate to prepare the financial statements on a going concern basis.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 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 2020

### 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 2020

### 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 2020

### 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:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software	5 years straight line

#### Fixed asset 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 2020

### 1 Accounting policies (continued)

#### 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.

#### 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.



# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 1 Accounting policies (continued)

#### 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](http://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.

### 2 Income from donations and grants

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	General £	£	£	£
Donations and grants;				
Donations and sponsorship	337,527	84,497	422,024	208,860
Other grants	82,012	442,192	524,204	1,255,897
Core contributions				
Client contributions	3,336,410	-	3,336,410	3,363,994
Arts Council England	-	3,868,563	3,868,563	3,924,011
	<u>3,755,949</u>	<u>4,395,252</u>	<u>8,151,201</u>	<u>8,752,762</u>

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 2 Income from donations and grants (continued)

Total income in 2019 of £8,752,762 comprised unrestricted income of £3,542,994 and restricted income of £5,209,768.

### 3 Income from museum activities

	<b>Unrestricted funds</b>		
	<b>General £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Museum Activities	<u>101,418</u>	<u>101,418</u>	<u>103,655</u>

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

### 4 Income from other trading activities

	<b>Unrestricted funds</b>			
	<b>General £</b>	<b>Restricted funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Trading income;				
Shop sales and franchise income	-	-	-	90,015
Museums admissions and exhibitions	200,317	-	200,317	214,636
Other generated income	<u>483,010</u>	<u>269,168</u>	<u>752,178</u>	<u>944,933</u>
	<u>683,327</u>	<u>269,168</u>	<u>952,495</u>	<u>1,249,584</u>

All trading income in 2019 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

	<b>Unrestricted funds</b>			
	<b>General £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>	
Interest receivable and similar income;				
Interest receivable on bank deposits	<u>2,776</u>	<u>2,776</u>	<u>2,651</u>	

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 5 Investment income (continued)

All investment income in 2019 was unrestricted.

### 6 Expenditure on raising funds

#### a) Costs of trading activities

	<b>Unrestricted funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Costs of trading activities	<u>269,437</u>	<u>269,437</u>	<u>366,364</u>

All trading expenditure in 2019 was unrestricted.

### 7 Expenditure on museum activities

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Museum Activities	3,139,760	4,479,889	7,619,649	8,428,667
Support Costs	<u>1,291,228</u>	-	<u>1,291,228</u>	<u>1,234,606</u>
	<u>4,430,988</u>	<u>4,479,889</u>	<u>8,910,877</u>	<u>9,663,273</u>

#### Direct costs

	<b>Museum Activities £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Premises	1,212,323	1,212,323	1,579,158
Transport	99,992	99,992	79,898
Supplies and services	1,349,661	1,349,661	1,972,917
Employee costs	<u>4,957,673</u>	<u>4,957,673</u>	<u>4,796,694</u>
	<u>7,619,649</u>	<u>7,619,649</u>	<u>8,428,667</u>

£4,430,988 (2019 - £4,446,055) of the above expenditure was attributable to unrestricted funds and £4,479,889 (2019 - £5,217,218) to restricted funds.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 8 Analysis of support costs

#### Support costs allocated to charitable activities

	Allocated to Museum Activities £	Total 2020 £	Total 2019 £
Premises	112,760	112,760	108,550
Transport	10,160	10,160	10,156
Supplies and services	128,572	128,572	93,146
Central administration	211,341	211,341	207,801
Financing charges	50,919	50,919	55,571
Employee costs	<u>777,476</u>	<u>777,476</u>	<u>759,382</u>
	<u>1,291,228</u>	<u>1,291,228</u>	<u>1,234,606</u>

### 9 Auditors remuneration

	2020 £	2019 £
Audit fees	<u>8,000</u>	<u>8,000</u>

### 10 Strategic board members remuneration and expenses

During the year one member of the Strategic Board received remuneration allowance for the post of £5,000 (2019 - one member £4,583).

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 £Nil (2019 - one member £269).

### 11 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
<b>Staff costs during the year were:</b>		
Wages and salaries	4,576,290	4,420,657
Social security costs	367,224	363,951
Pension costs	<u>816,673</u>	<u>817,484</u>
	<u>5,760,187</u>	<u>5,602,092</u>

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 11 Staff costs (continued)

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:

	2020 No	2019 No
Operations and management of TWAM	<u>151</u>	<u>156</u>

During the year, the entity made redundancy and/or termination payments which totalled £98,423 (2019 - £Nil).

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

	2020 No	2019 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£100,001 - £110,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the entity were £243,496 (2019 - £238,715).

### 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 2019/20 TWAM had 359 volunteers who contributed a total 22,231 hours (2018/19 798 volunteers and 43,983 hours).

### 12 Intangible fixed assets

	Software £	Total £
<b>Cost</b>		
At 1 April 2019	<u>133,159</u>	<u>133,159</u>
At 31 March 2020	133,159	133,159
<b>Amortisation</b>		
At 1 April 2019	<u>133,159</u>	<u>133,159</u>
At 31 March 2020	<u>133,159</u>	<u>133,159</u>
<b>Net book value</b>		
At 31 March 2020	<u>-</u>	<u>-</u>
At 31 March 2019	<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 2020

### 13 Fixed asset investments

#### Other investments

	Unlisted investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2019	<u>271,053</u>	<u>271,053</u>
At 31 March 2020	<u>271,053</u>	<u>271,053</u>
<b>Net book value</b>		
At 31 March 2020	<u>271,053</u>	<u>271,053</u>
At 31 March 2019	<u>271,053</u>	<u>271,053</u>

During the year ended 31 March 2019 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 was transferred to long term investments.

### 14 Debtors

	2020 £	2019 £
Prepayments and accrued income	-	15,831
Grants receivable	763,243	1,347,649
Other debtors	<u>1,152,946</u>	<u>1,089,564</u>
	<u>1,916,189</u>	<u>2,453,044</u>

### 15 Cash at bank and in hand

	2020 £	2019 £
Cash at bank	7,170	7,270
Bank overdrafts	<u>(3,808)</u>	<u>(509,341)</u>
Cash and cash equivalents in statement of cash flows	<u>3,362</u>	<u>(502,071)</u>

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 2020

#### 16 Creditors: amounts falling due within one year

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	3,808	509,341
Trade creditors	164,822	331,358
Accruals	763,244	655,706
	<u>931,874</u>	<u>1,496,405</u>

#### 17 Creditors: amounts falling due after one year

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>100,970</u>	<u>100,970</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.

#### 18 Commitments

The total amount contracted for but not provided in the financial statements was £7,460 (2019 - £13,428).

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 19 Funds

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2020 £
<b>Unrestricted funds</b>					
<i>General</i>					
General fund	(78,819)	4,543,470	(4,700,425)	135,732	(100,042)
<i>Designated</i>					
Acquisitions reserve	133,146	-	-	-	133,146
Renewals reserve	16,612	-	-	1,000	17,612
Business partner reserve	37,561	-	-	(7,820)	29,741
Budget deficit fund	114,360	-	-	-	114,360
	<u>301,679</u>	<u>-</u>	<u>-</u>	<u>(6,820)</u>	<u>294,859</u>
<b>Total unrestricted funds</b>	<u>222,860</u>	<u>4,543,470</u>	<u>(4,700,425)</u>	<u>128,912</u>	<u>194,817</u>
<b>Restricted funds</b>					
ACE Major Partners Museums	-	3,136,929	(3,136,929)	-	-
ACE Bridge	233,977	530,933	(421,277)	-	343,633
ACE Museum Development	53,559	156,936	(102,104)	-	108,391
ACE Capital and other non-core grants	5,650	43,765	(9,800)	-	39,615
Museums earmarked balances	570,826	-	-	(128,912)	441,914
Other restricted grants and contributions	47,120	795,857	(809,779)	-	33,198
	<u>911,132</u>	<u>4,664,420</u>	<u>(4,479,889)</u>	<u>(128,912)</u>	<u>966,751</u>
<b>Total restricted funds</b>	<u>911,132</u>	<u>4,664,420</u>	<u>(4,479,889)</u>	<u>(128,912)</u>	<u>966,751</u>
<b>Total funds</b>	<u>1,133,992</u>	<u>9,207,890</u>	<u>(9,180,314)</u>	<u>-</u>	<u>1,161,568</u>



# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 19 Funds (continued)

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
<b>Unrestricted funds</b>					
<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>
<b>Total unrestricted funds</b>	<u>213,360</u>	<u>4,898,884</u>	<u>(4,812,419)</u>	<u>(76,965)</u>	<u>222,860</u>
<b>Restricted funds</b>					
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>
<b>Total restricted funds</b>	<u>841,617</u>	<u>5,209,768</u>	<u>(5,217,218)</u>	<u>76,965</u>	<u>911,132</u>
<b>Total funds</b>	<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 2020

### 19 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.

The net movement between the general and the Museums earmarked balances fund of £128,912 includes £159,231 to support NNDR pending appeals offset by contribution to reserves at the year-end of £30,318.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 20 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds
	General £	Designated £	£	£
Fixed asset investments	271,053	-	-	271,053
Current assets	-	956,608	966,751	1,923,359
Current liabilities	(270,125)	(661,749)	-	(931,874)
Creditors over 1 year	(100,970)	-	-	(100,970)
Total net assets	<u>(100,042)</u>	<u>294,859</u>	<u>966,751</u>	<u>1,161,568</u>

	Unrestricted funds			Total funds at 31 March 2019
	General £	Designated £	Restricted funds £	£
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>

### 21 Analysis of net funds

	At 1 April 2019 £	Cash flow £	At 31 March 2020 £
Cash at bank and in hand	7,270	(100)	7,170
Bank overdraft	(509,341)	505,533	(3,808)
	<u>(502,071)</u>	<u>505,433</u>	<u>3,362</u>
Net debt	<u>(502,071)</u>	<u>505,433</u>	<u>3,362</u>

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 22 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 £Nil (2019 - £720)

Incurred expenditure in the year of £19,547 (2019 - £25,000). At the balance sheet date the amount due to/from Customs House was £Nil (2019 - £Nil).

#### Durham University

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

Received income in the year of £Nil (2019 - £362)

Incurred expenditure in the year of £2,759 (2019 - £4,032). At the balance sheet date the amount due to/from Durham University was £Nil (2019 - £Nil).

#### Newcastle University

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

Received income in the year of £1,044,578 (2019 - £1,495,988)

Incurred expenditure in the year of £10,389 (2019 - £4,161). At the balance sheet date the amount due to/from Newcastle University was £Nil (2019 - £Nil).

#### Groundworks South Tyneside & Newcastle

(A Strategic Board member of TWAM is an employee)

Received income in the year of £11,674 (2019 - £24,037). At the balance sheet date the amount due to/from Groundworks South Tyneside & Newcastle was £Nil (2019 - £Nil).

#### Newcastle Gateshead Initiative

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

Received income in the year of £Nil (2019 - £73,220)

Incurred expenditure in the year of £3,291 (2019 - £5,855). At the balance sheet date the amount due to/from Newcastle Gateshead Initiative was £Nil (2019 - £Nil).

#### University of Northumbria

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

Received income in the year of £1,680 (2019 - £13,456)

Incurred expenditure in the year of £Nil (2019 - £1,451). At the balance sheet date the amount due to/from University of Northumbria was £Nil (2019 - £Nil).

#### Sunderland City Council

(A staff member of TWAM is a councillor.)

Received income in the year of £38,649 (2019 - £13,823)

Incurred expenditure in the year of £159 (2018 - £1,067). At the balance sheet date the amount due to/from Sunderland City Council was £Nil (2019 - £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 £260,314 (2019 - £89,041)

Incurred expenditure in the year of £2,487 (2019 - £29,344)

Gifted stock in the year of £Nil (2019 - £271,053). At the balance sheet date the amount due to/from TWAM Enterprises Ltd was £Nil (2019 - £Nil).