



# Tyne & Wear Archives & Museums

## Statement of Accounts 2020/21

TYNE & WEAR  
archives &  
museums

# **Tyne & Wear Archives & Museums**

## **Contents**

Reference and Administrative Details	1
Explanatory Foreword	2 to 19
Independent Auditors' Report	20 to 22
Statement of Financial Activities	23 to 24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Financial Statements	27 to 46

## **Reference and Administration Details of Tyne & Wear Archives & Museums for the period ended 31 March 2021**

### **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 Joan Atkinson	South Tyneside Council
Cllr Linda Wright	Newcastle City Council (Rotating Member)
Cllr Leigh Kirton	Gateshead Council (Rotating Member)
Jonathan Blackie	Independent Member
Sarah Green	Independent Member
Helen Cadzow	Independent Member

**Director:** Iain Watson (Retired 31 March 2021)

Keith Merrin (Appointed 19 April 2021)

**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**

During 2020/21 all meetings were held remotely. Inductions were held by Teams and 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.

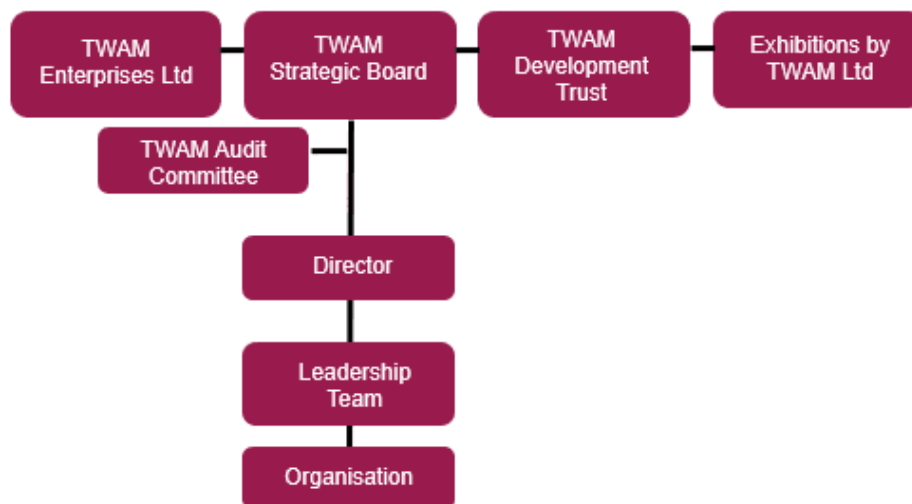
Regular strategic updates are provided at all meetings.

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

## 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.

During 2020/21, TWAM maintained a specific Covid-19 Risk Register which was reviewed by Audit Committee to ensure focus was on immediate risks emerging as a result of the Covid-19 pandemic. As a result of the UK Government's Road Map to recovery, as well as robust controls in place at TWAM, the specific Covid-19 risk register has been closed as a standalone register and all outstanding risks or actions have been incorporated into TWAM's Strategic Risk Register.

As of September 2021, there are 18 risks on the Strategic Risk Register, of which 1 is scored as having a residual rating of High (Red), 13 are scored as Medium (Amber) and 3 as Low (Green). 1 risk is yet to be assessed.

Overall risk scores remain static 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 table below summarises the Strategic Risk Register as of September 2021

<b>Risk reference</b>	<b>Risk Description</b>	<b>Risk score</b>	<b>Status</b>
SR0001	Major Incident at a TWAM venue	Low / High 8 AMBER	static
SR0022	Failure to maintain the Health Safety and Wellbeing of public/ workforce / customers/ clients.	Low / High 8 AMBER	static
SR0032	Failure to sustain a robust 5 year financial strategy due to Covid-19, CSR, Brexit, ACE 10 year strategy	Med / Med 9 AMBER	static
SR0034	TWAM is unable to deliver the current agreed budget due to ongoing impact of Covid-19 leading to failure to achieve income targets or requirement to increase expenditure	Med / Med 9 AMBER	static

SR0035	Fraud, financial impropriety or improper business practices increase as internal controls are weakened as resources become severely stretched	Low / Med 6 GREEN	static
SR0038	Failure to deliver successful 'Bridge' programme and museum Development Programme for North East 2018-2023	Low / Med 6 GREEN	static
SR0043	Impact on staff resilience (availability, capacity, stress and motivation) as a result of Covid-19, major projects and increased workload.	Med / Med 9 AMBER	static
SR0046	Data Protection failure	Low / Med 6 GREEN	static
SR0047	Fundraising strategy fails to deliver significant increase in contributed income included in Business Plan 2018 - 2023	Med / Med 9 AMBER	static
SR0048	TWAM Enterprises fails to deliver generated income included in Business Plan 2018 - 2023	High / Med 12 RED	increased
SR0051	Reducing R and M budgets lead to catastrophic building failure.	Med / Med 9 AMBER	static
SR0052	Blandford House project fails to deliver successful plan	Med / Med 9 AMBER	static
SR0054	Failure to deliver a successful Lindisfarne Gospels programme	Med / Med 9 AMBER	static
SR0055	Failure to build the diversity of TWAM (workforce, board, audiences, stakeholders, practitioners, researchers, and cultural partners)	Med / Med 9 AMBER	static
SR0056	Failure to submit a successful ACE NPO Application 23-26	Med / Med 9	static

		AMBER	
SR0057	TWAM does not adapt to changes required as a result of Covid-19 Pandemic	Med / Med 9 AMBER	static
SR0058	Failure to deliver successful Segedunum Redevelopment project	Med / Med 9 AMBER	New
SR0059	Catering – failure to successfully implement new catering provision at Discovery, GNM and Laing	Yet to be assessed	New

## 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. Whilst we couldn't invite our loyal volunteers into most of our venues, we made sure to keep in touch with them whilst venues were closed. We are also developing a programme of remote volunteering opportunities. One group of volunteers who were able to continue volunteering were the members of the North Tyneside Steam Railway Association who support the maintenance and running of the trains at Stephenson Steam Railway. In 2020/21 TWAM had 138 volunteers contributing 7,302 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 2020/21 is available in TWAM's Impact Report.

## **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 2020/21 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. In 2020-21 most of our engagement was digital or through community work. In the period our venues were able to open between July and November 2020 we had 44,866 visitors, significantly lower than normal due to social distancing restrictions.

Further details are available in TWAM's Impact Report.

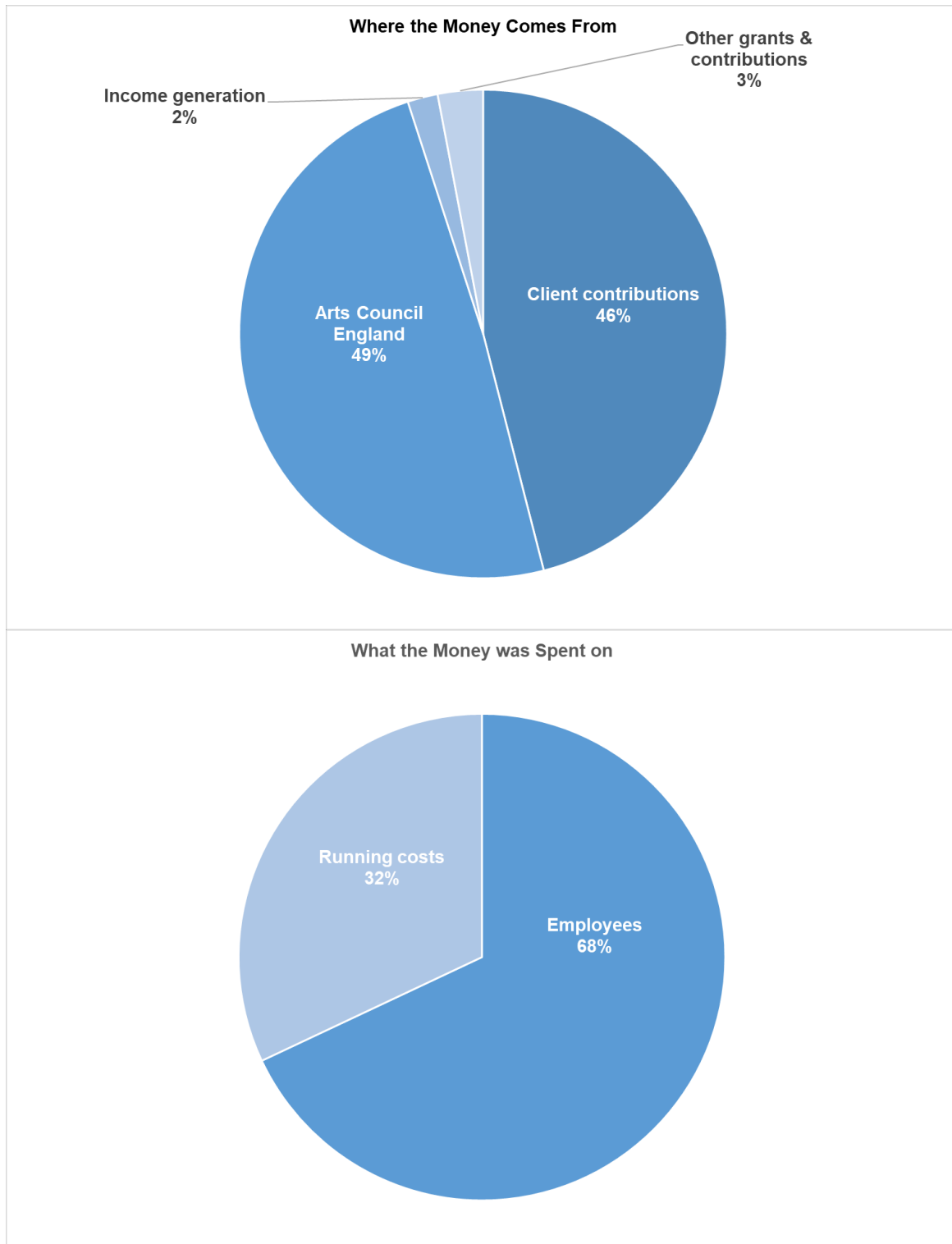
## **FINANCIAL REVIEW**

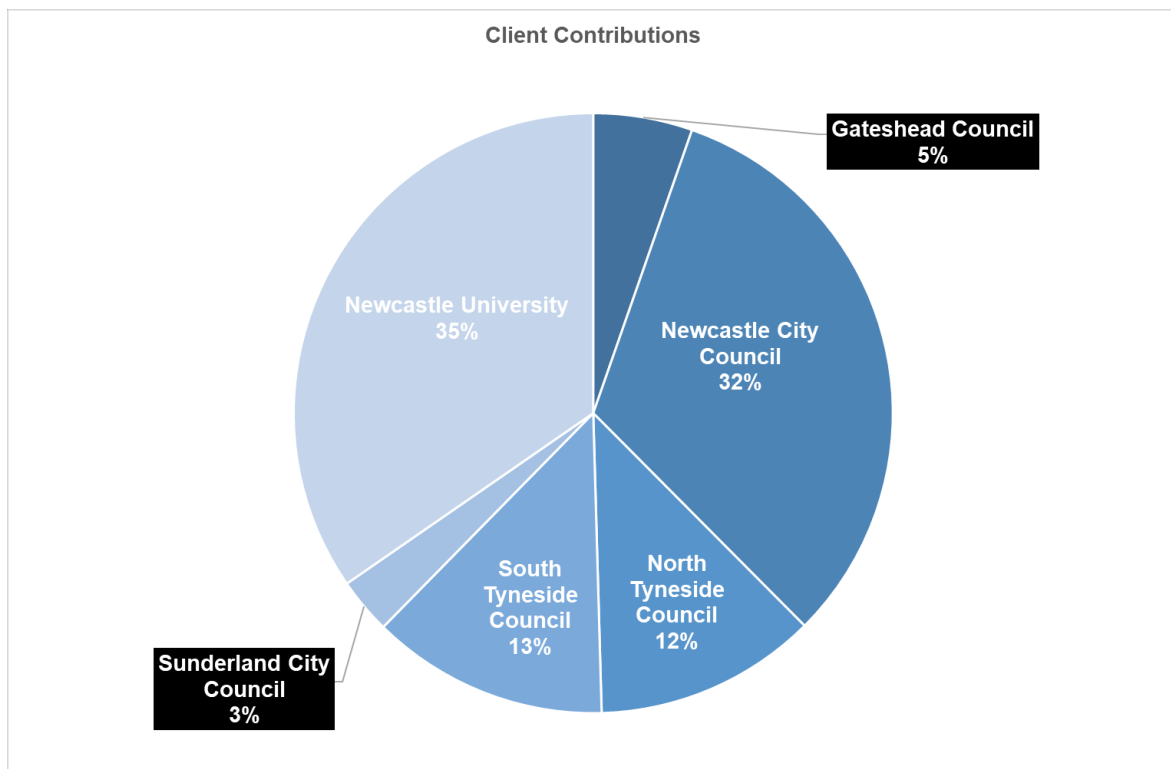
TWAM's financial position remains sound in the face of ongoing financial challenges. The outturn 2020/21 for TWAM was a net contribution to reserves of £1,840,293.

TWAM's appeal against the 2010 National Non-Domestic Rate valuations for four of TWAM's venues was upheld by the tribunal on 6 November 2020. As a consequence, the rating list was updated to reflect the decision of the tribunal and refunds relating to over payments since 2010, totaling £1.4m were received during 2020/21. However, as the Valuation Office has appealed the decision in respect of three venues, the refunds have been placed in a restricted reserve pending the

outcome. The remaining transfer related to restricted grants, predominantly from the Arts Council for Bridge and Museums Development.

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:





## 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 Board's assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan.

The business plans for both 2021/22 and 2022/23 build 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.

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 Strategic Board has previously agreed that the minimum level of reserve that should be maintained is 7% of turnover.

The Statement of Funds at 31 March 2021 shows total funds available of £3,001,861. The increase includes a refund in respect of National Non-Domestic Rates (NNDR) of £1,426,676, a large proportion of which is ring-fenced pending the outcome of the appeals process.

Unrestricted reserves stand at £340,460 of which £271,053 is represented by Fixed Assets meaning that unrestricted free reserves are £69,407. This reflects the fact that most of TWAM's reserves are restricted by venue or local authority area.

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>

Strategic Board approved a revised business plan for the year 2021/22 which took into account venues reopening from May 21 onwards and visitor numbers and visitor spend at reduced levels throughout the year.

Conditions for our trading operations will continue to be challenging and we will be seeking to support that area with grants and funding as it becomes available.

Whilst many exhibitions have been extended to allow more visitors to see them, there are also new, ambitious shows planned for Laing Art Gallery, Hatton Gallery and South Shields Museum along with a vibrant public programme at all venues from the summer onwards. Our programme will continue to reflect the communities that we serve and maintain our commitment to the creative case for diversity.

Our learning programmes will gradually return to being more in-venue activity but it is likely that an element of the digital delivery, which has been very popular with schools, will remain.

Our work with communities will focus on health and wellbeing, older people and communities who otherwise would not have access to culture. The Pea Green Boat project which offers opportunities for refugees and asylum seekers to volunteer in our venues will be relaunched and expanded thanks to funding from Esmée Fairbairn Foundation.

During the year we will also be launching work on some major projects which will come to fruition in 2022. These include plans for an exhibition of the Lindisfarne Gospels at Laing Art Gallery and working with partners to celebrate the 1900<sup>th</sup> anniversary of Hadrian's Wall at Arbeia, Segedunum and Great North Museum.

We will also be progressing plans for new capital investments at Segedunum, in partnership with North Tyneside Council, Arbeia, in partnership with South Tyneside Council and Discovery Museum in partnership with Newcastle City Council.

We will be building on the success of the Must See Museums programme with a new membership scheme to encourage a deeper level of engagement from visitors and generate additional funds. We will also be expanding our Must See Stories programme which reaches an even wider audience through digital and new media channels.

Tyne and Wear Archives will be operating a searchroom service for the first time in over 12 months alongside project work working with specific communities including a new project exploring the heritage of the Jewish community of Tyneside. We will also be exploring options to rationalise and improve storage of collections and increase digital access.

We are entering a new phase in our work as the Culture Bridge Organisation for the North East which puts greater emphasis on supporting Local Cultural Education Partnerships. This is vital work as much greater emphasis for arts education passes to the cultural sector. We will also be continuing to support other museums in the region through our Museums Development North East function.

TWAM is continuing to take specific action to be an anti racist organisation through the publication of an anti-racism plan for the organisation. We will also be working with University of Newcastle to progress plans on decolonising our collections at Great North Museum.

The appointment of a new Director in April 2021 will bring renewed focus on the future and in particular developing new business plans for 2022/23 and then from 2023 onwards. In doing so we will be refreshing the mission and objectives of TWAM for the coming period to reflect the needs of our communities and strategic partners

and ensure that we are delivering maximum impact. In doing so we will continue to be ambitious, dynamic, inclusive and environmentally responsible.

This will be backed up by a business model which responds to the ongoing pressures on local authority funding, continued growth of our own income generation strands and a bid for the renewal of our Arts Council England National Portfolio Organisation status.

We remain grateful to our Local Authority and University partners, Arts Council England and other public and private funders for their commitment to fund and support all of this activity over the coming year.

## 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 2020	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2021
Art (including fine art, decorative art, contemporary craft and design)	45,772	281	46,053
Archaeology	226,858	11	226,869
Ethnography	7,117	0	7,117
History (including social history, costume, maritime history and engineering, science and industry)	209,578	65	209,643
Natural Sciences (including geology and biology)	644,770	0	644,770
Total	1,134,095	357	1,134,452
	<b>Cubic Metres</b>		<b>Cubic Metres</b>
Archives	1,598		1,599

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 2021 is £133 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 2020	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2021	Heritage Assets recognised at valuation as at 1 April 2020	Revaluation of Art objects	Carrying Value as at 31 March 2021
Gateshead	742	0	742	£14.69m	£0m	£14.69m
Newcastle	740	0	740	£107.27m	£0.2m	£107.47m
North Tyneside	0	25	25	0	0.01m	£0.01m
South Tyneside	13	0	13	£0.54m	£0m	£0.54m
Sunderland	133	0	133	£9.98m	£0m	£9.98m
<b>Total</b>	<b>1,628</b>	<b>25</b>	<b>1,653</b>	<b>£132.48m</b>	<b>£0.21m</b>	<b>£132.69m</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 07920 295748 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 Keith Merrin

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.



Tony Kirkham  
Treasurer to TWAM Strategic Board

### **Approval of the Accounts**

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



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 2021, 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 2021 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**

In auditing the financial statements, we have concluded that the Strategic Board use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Strategic Board with respect to going concern are described in the relevant sections of this report.

### **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 18), 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## Tyne & Wear Archives & Museums

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business'.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety and employment law (including the Working Time Directive).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available 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.

#### 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: 21-9-2021

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 2021

	Note	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
<b>Income and Endowments from:</b>					
Donations and grants	2	3,221,442	4,534,974	7,756,416	8,151,201
Museum activities	3	2,209	-	2,209	101,418
Other trading activities	4	221,641	146,596	368,237	952,495
Investment income	5	-	-	-	2,776
Total Income		3,445,292	4,681,570	8,126,862	9,207,890
<b>Expenditure on:</b>					
Raising funds	6	(170,942)	-	(170,942)	(269,437)
Museum activities	7	(1,776,593)	(4,339,034)	(6,115,627)	(8,910,877)
Total Expenditure		(1,947,535)	(4,339,034)	(6,286,569)	(9,180,314)
Net income		1,497,757	342,536	1,840,293	27,576
Gross transfers between funds		(1,352,114)	1,352,114	-	-
Net movement in funds		145,643	1,694,650	1,840,293	27,576
<b>Reconciliation of funds</b>					
Total funds brought forward		194,817	966,751	1,161,568	1,133,992
Total funds carried forward	20	340,460	2,661,401	3,001,861	1,161,568

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

The funds breakdown for 2020 is shown in note 20.

Included within the above net income figure of £1,840,293 for the year is exceptional income of £1,426,676, relating to a rates appeal and subsequent refund, and a further £163,495, relating to monies received from the Cultural Recovery Fund.

Without this exceptional income in the year, net income would have been £250,122 compared to £27,576 in the prior year.

# Tyne & Wear Archives & Museums

## Statement of Financial Activities for the Year Ended 31 March 2021

### Comparative Year Ending 31 March 2020 Statement of Financial Activity

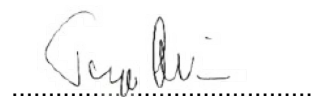
	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income and Endowments from:</b>				
Donations and legacies		3,755,949	4,395,252	8,151,201
Charitable activities		101,418	-	101,418
Other trading activities		683,327	269,168	952,495
Investment income	5	<u>2,776</u>	<u>-</u>	<u>2,776</u>
Total income		4,543,470	4,664,420	9,207,890
<b>Expenditure on:</b>				
Raising funds		(269,437)	-	(269,437)
Charitable activities		<u>(4,430,988)</u>	<u>(4,479,889)</u>	<u>(8,910,877)</u>
Total expenditure		<u>(4,700,425)</u>	<u>(4,479,889)</u>	<u>(9,180,314)</u>
Net (expenditure)/income		(156,955)	184,531	27,576
Gross transfers between funds		<u>128,912</u>	<u>(128,912)</u>	<u>-</u>
Net movement in funds		(28,043)	55,619	27,576
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>222,860</u>	<u>911,132</u>	<u>1,133,992</u>
Total funds carried forward	20	<u><u>194,817</u></u>	<u><u>966,751</u></u>	<u><u>1,161,568</u></u>

# Tyne & Wear Archives & Museums

## Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	12	-	-
Investments	13	271,053	271,053
		<u>271,053</u>	<u>271,053</u>
<b>Current assets</b>			
Debtors	14	768,943	1,916,189
Cash at bank and in hand	15	2,577,689	7,170
		<u>3,346,632</u>	<u>1,923,359</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(514,854)</u>	<u>(931,874)</u>
<b>Net current assets</b>		<u>2,831,778</u>	<u>991,485</u>
<b>Total assets less current liabilities</b>		3,102,831	1,262,538
<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>3,001,861</u>	<u>1,161,568</u>
<b>Funds of the entity:</b>			
<b>Restricted</b>		2,661,401	966,751
<b>Unrestricted income funds</b>			
Unrestricted		<u>340,460</u>	<u>194,817</u>
<b>Total funds</b>	20	<u>3,001,861</u>	<u>1,161,568</u>

The financial statements on pages 23 to 46 were approved by the TWAM Strategic Board, and authorised for issue on 17 September 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 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash income		1,840,293	27,576
<b>Adjustments to cash flows from non-cash items</b>			
Investment income	5	-	(2,776)
		1,840,293	24,800
<b>Working capital adjustments</b>			
Decrease in debtors	14	1,147,246	536,855
Decrease in creditors	16	(413,212)	(58,998)
Net cash flows from operating activities		2,574,327	502,657
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	5	-	2,776
Net increase in cash and cash equivalents		2,574,327	505,433
Cash and cash equivalents at 1 April		3,362	(502,071)
Cash and cash equivalents at 31 March	15	2,577,689	3,362

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 2021

### 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 2021**

### **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 Board's assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan.

The business plans for both 2021/22 and 2022/23 build 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.

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 2021**

### **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 2021**

### **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 2021**

### **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).

### **Governance costs**

These include the costs attributable to the entity's compliance with constitutional and statutory requirements, including audit, strategic management and Strategic Board's meetings and reimbursed expenses.

### **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 2021

### 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

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 2021**

### **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 2021

### 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		Total	Total
	General	Restricted	2021	2020
	£	£	£	£
Donations and grants;				
Donations and sponsorship	77,735	52,863	130,598	422,024
Other grants	10,035	374,960	384,995	524,204
Core contributions				
Client contributions	3,133,672	-	3,133,672	3,336,410
Arts Council England	-	4,107,151	4,107,151	3,868,563
	<u>3,221,442</u>	<u>4,534,974</u>	<u>7,756,416</u>	<u>8,151,201</u>

Total income in 2020 of £8,151,201 comprised unrestricted income of £3,755,949 and restricted income of £4,395,252.

Included within Arts Council England is £163,495 from the Cultural Recovery Fund.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 3 Income from museum activities

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Museum activities	<u>2,209</u>	<u>2,209</u>	<u>101,418</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

	Unrestricted		Total 2021 £	Total 2020 £
	General £	Restricted £		
Trading income;				
Museums admissions and exhibitions	37,817	-	37,817	200,317
Other generated income	<u>183,824</u>	<u>146,596</u>	<u>330,420</u>	<u>752,178</u>
	<u>221,641</u>	<u>146,596</u>	<u>368,237</u>	<u>952,495</u>

Trading income in 2020 of £952,495 comprised unrestricted income of £683,327 and restricted income of £269,168.

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

### 5 Investment income

	Total 2021 £	Total 2020 £
Interest receivable and similar income;		
Interest receivable on bank deposits	<u>-</u>	<u>2,776</u>

All investment income in 2020 was unrestricted.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 6 Expenditure on raising funds

#### a) Costs of trading activities

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Costs of trading activities	170,942	170,942	269,437
	<u>170,942</u>	<u>170,942</u>	<u>269,437</u>

All trading expenditure in 2020 was unrestricted.

### 7 Expenditure on museum activities

#### Direct costs

	Unrestricted funds General £	Restricted funds £	Total funds £
Museum Activities	442,580	4,339,034	4,781,614
Support Costs	1,334,013	-	1,334,013
<b>Total for 2021</b>	<u>1,776,593</u>	<u>4,339,034</u>	<u>6,115,627</u>
<b>Total for 2020</b>	<u>4,430,988</u>	<u>4,479,889</u>	<u>8,910,877</u>

	Museum Activities £	Total 2021 £	Total 2020 £
Premises	(525,667)	(525,667)	1,212,323
Transport	29,411	29,411	99,992
Supplies and services	851,288	851,288	1,349,661
Employee costs	4,426,582	4,426,582	4,957,673
	<u>4,781,614</u>	<u>4,781,614</u>	<u>7,619,649</u>

Included within premises costs is a £1,426,676 rates refund given in the year with £140,760 being under appeal and £1,285,916 no longer subject to appeal.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 8 Analysis of governance and support costs

#### Support costs allocated to charitable activities

	Allocated to Museum Activities £	Total 2021 £	Total 2020 £
Premises	112,760	112,760	112,760
Transport	446	446	10,160
Supplies and services	140,849	140,849	128,572
Central administration	246,377	246,377	211,341
Financing charges	44,158	44,158	50,919
Employee costs	789,423	789,423	777,476
	<u>1,334,013</u>	<u>1,334,013</u>	<u>1,291,228</u>

### 9 Auditors remuneration

	2021 £	2020 £
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 £3,333 (2020 - one member £5,000).

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

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 11 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
<b>Staff costs during the year were:</b>		
Wages and salaries	4,115,559	4,576,290
Social security costs	329,731	367,224
Pension costs	793,487	816,673
	<u>5,238,777</u>	<u>5,760,187</u>

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

	2021 No	2020 No
Operations and management of TWAM	<u>138</u>	<u>151</u>

During the year, the entity made redundancy and/or termination payments which totalled £11,787 (2020 - £98,423).

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

	2021 No	2020 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	<u>1</u>	<u>-</u>

The total employee benefits of the key management personnel of the entity were £252,876 (2020 - £243,496).

### 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 2020/21 TWAM had 138 volunteers who contributed a total 7,302 hours (2019/20 359 volunteers and 22,231 hours).

## Tyne & Wear Archives & Museums

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 12 Intangible fixed assets

	Software £	Total £
<b>Cost</b>		
At 1 April 2020	<u>133,159</u>	<u>133,159</u>
At 31 March 2021	133,159	133,159
<b>Amortisation</b>		
At 1 April 2020	<u>133,159</u>	<u>133,159</u>
At 31 March 2021	<u>133,159</u>	<u>133,159</u>
<b>Net book value</b>		
At 31 March 2021	<u>-</u>	<u>-</u>
At 31 March 2020	<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 2021

### 13 Fixed asset investments

#### Other investments

	Unlisted investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2020	<u>271,053</u>	<u>271,053</u>
At 31 March 2021	<u>271,053</u>	<u>271,053</u>
<b>Net book value</b>		
At 31 March 2021	<u>271,053</u>	<u>271,053</u>
At 31 March 2020	<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

	2021 £	2020 £
Prepayments and accrued income	14,040	-
Grants receivable	106,056	763,243
Other debtors	<u>648,847</u>	<u>1,152,946</u>
	<u>768,943</u>	<u>1,916,189</u>

### 15 Cash at bank and in hand

	2021 £	2020 £
Cash at bank	2,577,689	7,170
Bank overdrafts	<u>-</u>	<u>(3,808)</u>
Cash and cash equivalents in statement of cash flows	<u>2,577,689</u>	<u>3,362</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 2021

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

	2021 £	2020 £
Bank overdrafts	-	3,808
Trade creditors	168,530	164,822
Accruals	346,324	763,244
	<u>514,854</u>	<u>931,874</u>

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

	2021 £	2020 £
Other creditors	<u>100,970</u>	<u>100,970</u>

A £100,000 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. The loan bears interest at a rate of 4.5% and is repayable over a period of 50 years.

### 18 Pension and other schemes

#### Defined contribution pension scheme

The Lead Authority operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Lead Authority in respect of the organisation to the scheme and amounted to £793,487 (2020 - £816,673).

### 19 Commitments

The total amount contracted for but not provided in the financial statements was £1,492 (2020 - £7,460).

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 20 Funds

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>					
<i><b>General</b></i>					
General fund	(100,042)	3,445,292	(1,947,535)	(1,540,614)	(142,899)
<i><b>Designated</b></i>					
Acquisitions reserve	133,146	-	-	-	133,146
Renewals reserve	17,612	-	-	1,000	18,612
Business partner reserve	29,741	-	-	-	29,741
Budget deficit fund	114,360	-	-	-	114,360
TWAME Loan	-	-	-	90,000	90,000
NNDR Legal Fees	-	-	-	97,500	97,500
	<u>294,859</u>	<u>-</u>	<u>-</u>	<u>188,500</u>	<u>483,359</u>
<b>Total unrestricted funds</b>	<u>194,817</u>	<u>3,445,292</u>	<u>(1,947,535)</u>	<u>(1,352,114)</u>	<u>340,460</u>
<b>Restricted funds</b>					
ACE National Portfolio Organisation	-	3,194,648	(3,194,648)	-	-
ACE Bridge	343,633	555,133	(423,096)	-	475,670
ACE Museum Development	108,391	159,824	(137,080)	-	131,135
ACE Capital and other non-core grants	39,615	197,546	(168,131)	-	69,030
Museums earmarked balances	441,914	-	-	1,211,354	1,653,268
Other restricted grants and contributions	33,198	574,419	(416,079)	-	191,538
NNDR Reserve	-	-	-	140,760	140,760
	<u>966,751</u>	<u>4,681,570</u>	<u>(4,339,034)</u>	<u>1,352,114</u>	<u>2,661,401</u>
<b>Total restricted funds</b>	<u>966,751</u>	<u>4,681,570</u>	<u>(4,339,034)</u>	<u>1,352,114</u>	<u>2,661,401</u>
<b>Total funds</b>	<u>1,161,568</u>	<u>8,126,862</u>	<u>(6,286,569)</u>	<u>-</u>	<u>3,001,861</u>

# **Tyne & Wear Archives & Museums**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

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.

TWAME Loan: TWAME shareholders have agreed to make available a loan facility to TWAME of up to £100,000 to underwrite cashflow, to be funded from TWAM reserves.

NNDR Legal Fees : A fund, initially financed from the NNDR refunds to cover the legal costs of defending against the VOA appeal.

### **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.

NNDR Reserve : The refunds are subject to an appeal by the VOA. This has been ringfenced pending the outcome.

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

Following the Valuation Office decision, on 16 March 2021, to withdraw its appeal of the tribunal decision for Discovery Museum, TWAM have settled the debtor of £436k to Newcastle relating to the cash flowing of NNDR since 2017 decision, from the refund backdated to 2010 for Discovery. The remaining funds are held as potential match funding for the Blandford House redevelopment project, which is currently part of a wider Discovery Museum feasibility study.

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.

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 21 Analysis of net assets between funds

	Unrestricted funds		Restricted funds	Total funds at 31 March 2021
	General	Designated		
	£	£	£	£
Fixed asset investments	271,053	-	-	271,053
Current assets	201,872	483,359	2,661,401	3,346,632
Current liabilities	(514,854)	-	-	(514,854)
Creditors over 1 year	(100,970)	-	-	(100,970)
Total net assets	<u>(142,899)</u>	<u>483,359</u>	<u>2,661,401</u>	<u>3,001,861</u>

	Unrestricted funds		Restricted funds	Total funds at 31 March 2020
	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>

### 22 Analysis of net funds

	At 1 April 2020	Financing cash flows	At 31 March 2021
	£	£	£
Cash at bank and in hand	7,170	-	7,170
Bank overdraft	<u>(3,808)</u>	<u>3,808</u>	<u>-</u>
	3,362	3,808	7,170
Debt due after more than one year	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net debt	<u>(96,638)</u>	<u>3,808</u>	<u>(92,830)</u>

# Tyne & Wear Archives & Museums

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 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 £Nil (2020 - £Nil)

Incurred expenditure in the year of £Nil (2020 - £19,547) At the balance sheet date the amount due to/from Customs House was £Nil (2020 - £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 (2020 - £Nil)

Incurred expenditure in the year of £25,628 (2020 - £2,759) At the balance sheet date the amount due to/from Durham University was £Nil (2020 - £Nil).

#### Newcastle University

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

Received income in the year of £1,309,585 (2020 - £1,044,578)

Incurred expenditure in the year of £13,450 (2020 - £10,389) At the balance sheet date the amount due to/from Newcastle University was £Nil (2020 - £Nil).

#### Groundworks South Tyneside & Newcastle

(A Strategic Board member of TWAM is an employee)

Received income in the year of £Nil (2020 - £11,674) At the balance sheet date the amount due to/from Groundworks South Tyneside & Newcastle was £Nil (2020 - £Nil).

#### Newcastle Gateshead Initiative

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

Incurred expenditure in the year of £Nil (2020 - £3,291) At the balance sheet date the amount due to/from Newcastle Gateshead Initiative was £Nil (2020 - £Nil).

#### University of Northumbria

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

Received income in the year of £6,600 (2020 - £1,680)

At the balance sheet date the amount due to/from University of Northumbria was £Nil (2020 - £Nil).

#### Sunderland City Council

(A staff member of TWAM is a councillor.)

Received income in the year of £Nil (2020 - £38,649)

Incurred expenditure in the year of £Nil (2020 - £159) At the balance sheet date the amount due to/from Sunderland City Council was £Nil (2020 - £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 £78,263 (2020 - £260,314)

Incurred expenditure in the year of £86,387 (2020 - £2,487)

TWAM has approved a loan of up to £100,000 which can be drawn by TWAM Enterprises Ltd. During the year £10,000 was drawn by TWAM Enterprises Ltd

At the balance sheet date the amount due from TWAM Enterprises Ltd was £10,000 (2020 - £Nil).

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

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **Exhibitions by TWAM**

(Two members of the senior management of TWAM are board members)

Received income in the year of £11,667 (2020 - £Nil)

Incurred expenditure in the year of £132,948 (2020 - £Nil)

At the balance sheet date the amount due to/from Exhibitions by TWAM was £Nil (2020 - £Nil).