

National Museums and Galleries on Merseyside
Annual Report and Accounts 2010-2011

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National Museums and Galleries on Merseyside Annual Report and Accounts 2010-2011

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Introduction

Legal and Administration

Status

National Museums Liverpool is one of a number of national museums sponsored by the Department for Culture Media and Sport (DCMS); its activities impact upon several economic sectors, locally, regionally and nationally.

National Museums & Galleries on Merseyside (NMGM). NMGM is an exempt charity by virtue of Schedule 2 to the Charities Act 1993.

On the 16 April 2003 the Board of Trustees adopted the operating name "National Museums Liverpool" (NML). Government reporting protocols require that the statutory name be used to identify the account on the cover and sheet headers. However, where possible the operating name or its abbreviated form has been used throughout the Annual Report and Accounts (ARA).

The ARA has been prepared in accordance with the accounting policies set out in Note 1 and complies with the Charities SORP 2005, HM Treasury Financial Reporting Manual (FRoM), and the applicable standards as modified by the Accounts Direction produced by the Secretary of State for Culture, Media and Sport.

The ARA represents the ARA for the museum consolidated with the wholly owned trading company.

NML: -

- preserves, interprets and exhibits its inherited and acquired cultural assets;
- creates, develops and delivers learning programmes;
- ensures that its museums and galleries are also popular cultural attractions;
- reaches out beyond the confines of its venues to wider social and cultural communities;
- plays its part in wider civic and national initiatives; and
- makes a contribution to the economic regeneration strategies of the city.

Structure, Governance and Management

NMGM was established as an incorporated Trustee Body by the Merseyside Museums and Galleries Order 1986 which was laid before Parliament on the 13 February 1986 by the Chancellor of the Duchy of Lancaster following a recommendation to Her Majesty in Council under section 46 of the Local Government Act 1986 (amended by the Museums and Galleries Act 1992).

NML has status as a Non Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport. The DCMS became the principal regulator of NML on 1 June 2010 and provide the majority of its revenue funding.

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Trustees	<p>NML is governed by a Board of Trustees who are appointed after consultation with the DCMS; the appointment process aims to ensure that appointees reflect a wide range of experience and expertise. Trustees are presented with an induction pack when appointed. Specific issue workshops and a new training programme were developed during the year.</p> <p>The Board of Trustees is responsible for the overall strategy of NML and have due regard to the guidance published by the Charities Commission. The Trustees monitor the risks facing NML, by receiving and considering reports on specific risks, in specific projects, identified within the papers submitted to the Board and Trustee Committees during the year.</p> <p>The Board of Trustees during the year comprised:</p> <p>Professor Phil Redmond CBE Chairman Prof John Ashton CBE (appointed 25 January 2011) Carmel Booth (appointed 25 January 2011) Sir Neil Cossons OBE (term expired 13 November 2010) Sir Robert Crawford CBE Jonathan Falkingham (term expired 21 May 2010) Bryan Gray CBE DL Rt Revd James Jones (resigned 12 May 2011) Nisha Katona Norman A Kurland Alexis Redmond MBE Neil Scales OBE (appointed 25 January 2011) Deborah Shackleton CBE (appointed 25 January 2011) Anil Ruia OBE JP (term expired 23 April 2010) Dr Nicola Thorp (appointed 25 January 2011) Brian Wong</p>
Trustee committees	<p>The following Trustee committees met during the year:</p> <p>Audit Committee, Chair – Bryan Gray CBE DL Museum of Liverpool Project Committee, Chair – Jonathan Falkingham (to 21 May 2010), replaced by Phil Redmond from 22 May 2010 Development Trust, Chair – Professor Phil Redmond CBE Finance Committee, Chair – Alexis Redmond MBE Remuneration Committee, Chair – Bryan Gray CBE DL</p>
Register of interests	<p>A register of interests disclosed by individual Trustees is available on request for inspection at the Principal Office along with minute book entries of disclosures made at Trustee meetings.</p> <p>Related party transactions are shown in note 20 on pages 82-83.</p>
Open government	<p>NML complied with the requirements of the <i>Freedom of Information Act 2000</i>. NML's publication scheme can be found at www.liverpoolmuseums.org.uk/about/foia/ps_museuminfo.asp.</p> <p>Copies of the proceedings of the Board of Trustees, subject to exemption where appropriate under the Freedom of Information Act 2000, are also available on our website (summaries in the case of meetings prior to 2004/05).</p>

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Principal and Registered Office of NML
 World Museum
 William Brown Street
 Liverpool
 L3 8EN

Bankers
 National Westminster Bank Plc
 PO Box 138
 22 Castle Street
 Liverpool
 L69 2BE

Auditors	Consolidated Account	Trading Company
	The Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP	MacFarlane & Co Cunard Building Water Street Liverpool L3 1DS

Solicitors	DWF LLP 1 Scott Place 2 Hardman St Manchester M3 3AA	Mace and Jones 19 Water Street Liverpool L2 0RP for employment law (merged with Weightmans 1 May 2011)	E Rex Makin & Co Whitechapel Liverpool L11HQ for compensation claims
	Gateley 98 King Street Manchester M2 4WU		

Structure and management

At officer level the direction of NML is determined by: -

The Director and Accounting Officer, National Museums Liverpool (David Fleming);
 The Executive Director of Development and Communications (Amy de Joia);
 The Executive Director of Finance (Tony Allen);
 The Executive Director of the Museum of Liverpool Project (Sharon Granville);
 The Executive Director of Collections Management (John Millard retired 30 May 2010, position vacant);
 The Executive Director of Education, Communities and Visitor Services (Carol Rogers) and;
 The Director of Human Resources (Maxine Carden).

The Executive Team reports to the Board of Trustees, and to other committees of Trustees, in accordance with an annual committee cycle; where urgent business requires meetings outside of the meeting cycle these are arranged as required. The Director, David Fleming, attends each Trustee committee meeting.

There are two further strategic management levels below the Executive

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Team, namely, the Senior Management Team and the Managers' Communication Forum. Further information on the composition of these levels can be found in the Remuneration Report.

There are currently six public museums within the NML family. These are: -

- World Museum (formerly Liverpool Museum) – William Brown Street, Liverpool;
- Walker Art Gallery - William Brown Street, Liverpool;
- Merseyside Maritime Museum – Albert Dock, Liverpool;
- International Slavery Museum – Albert Dock, Liverpool;
- Lady Lever Art Gallery – Port Sunlight Village, Bebington, Wirral;
- Sudley House – Mossley Hill Road, Liverpool

The Museum of Liverpool is currently under construction and will open in Summer 2011.

The Midland Railway Building (National Conservation Centre) – Whitechapel, Liverpool was closed to the public on 17 December 2010.

Management of human capital

NML places great importance upon the development of the potential within all staff and constantly seeks to enhance the skills and competencies the organisation needs to be successful. NML recruits staff through fair and open competition and, are committed to selection on merit.

In 2010/11 a total of 61 appointments were made, primarily ancillary support staff and of these: -

- 74% were women;
- 3.27% were disabled people; and
- 8.2% were non-white British.

There were no instances where the “fair and open competition and selection on merit” procedures were by-passed.

Reference to voluntary exits is contained within the Remuneration Report.

Involvement of employees in the affairs, policy-making and performance of NML

All staff are encouraged to become involved in the formation and delivery of policies and to contribute towards the assessment of performance effectiveness within NML.

There is a joint Consultative Committee. NML formally recognises two trade unions: Prospect and the Public and Commercial Services Union.

The impact and our response to the Comprehensive Spending Review has been discussed with staff through individual and collective consultation processes.

The Trustees' deliberations and resolutions are disseminated through the Strategic Plan, Divisional and Departmental meetings and circulation of Board minutes. A newsletter is issued covering current events and activities.

The decisions of the Executive Team and specific working groups are communicated via an agreed briefing process.

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Disabled Persons NML and its subsidiary trading company continued to apply established policies toward the employment, training and development of disabled persons. Staff are actively encouraged to become involved in the assessment of policies affecting the employment, training and personal development of people with disabilities, through NML's Diversity Working Group. NML will facilitate an occupational health and workplace assessment to consider any reasonable adjustments necessary to be able to perform the role for both job applicants and existing employees who have a disability. There are currently 47 full-time equivalent employees of NML, who consider themselves disabled.

Appropriate training is arranged for people with disabilities, including retraining for employees who become disabled, to promote career development within NML. A Disability Working Group actively reviews the requirements of the Disability Discrimination Act.

Access standards for display design and public use of buildings have been produced and are available to staff in electronic form, and supplied to designers on appointment.

The Disability Advisory Group is a group of disabled people who met throughout the year to assess NML's sites and discuss improvements with staff. A Disability Equality Scheme has been developed by staff and the Advisory Group.

Investors in People NML originally received the prestigious Investors in People award in 1994 and then successfully retained this standard in its subsequent triennial re-assessments, in 1997, 2000, 2003, 2006 and June 2009. The standard has provided a framework within which staff are offered the training and development they require and NML's policies and procedures can be constantly reappraised. This award has added to the success, and also raised the profile, of the organisation as a whole. The standard continues to be an important measure of NML's commitment to, and success in, the training and development of its staff.

Staff Resource Strategy NML determines its staffing requirements and associated skill sets over the medium to longer-term through the Executive Team.

NML is aware of the need to maximise efficiency whilst delivering improved performance and is continually assessing the manner in which business is delivered.

Volunteer Programme Volunteers make a significant and diverse contribution to the success of NML. Over the year, we received the support of 605 volunteers, contributing over 84,000 hours which is the equivalent of approximately 44 full time posts. Volunteers support us in all areas of the organisation in roles which range from administrative, curatorial and conservation assistance to assisting with visitor services and education and communities.

NML's v funded youth volunteer programme came to an end in March 2011 and has over the past three years enabled us to inspire 376 young people (aged 16-25) to be involved in the organisation, and has particularly enabled us to specifically target and support young people from hard to

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reach backgrounds.

**Health & Safety
Policy**

NML is committed to providing a safe and healthy working environment for all our employees, including those of the subsidiary trading company for whom this policy applies equally. So far as is reasonably practicable, systems and procedures will be implemented to ensure that all equipment, plant, substances and premises are safe and free from adverse effects to health. It is a key objective of this policy to ensure that employees, the public and others affected by our activities are exposed to the lowest reasonable level of risk.

The health and safety policy is reviewed every 12 months and the Health and Safety Officer plays a lead role in ensuring that Senior Management is kept informed of current and future legislation, that management systems are in place, and that adequate resources, financial or otherwise, are allocated to health and safety. Health and safety statistics and any underlying issues are reviewed on a regular basis by senior management and the Trustees.

Operating Review

Review of Activities

**Research and
Publications**

NML's Research Working Group oversaw research projects throughout the organisation and supported the work of the Head of Research in, for example, obtaining research strategies from each of the curatorial divisions of NML.

The publications produced during the year were:

- *Transatlantic Slavery: An Introduction*. A guide to the subject using the International Slavery Museum's collections to illustrate. With foreword by Rev. Jesse Jackson.
- *British Watercolours and Drawings: Lord Leverhulme's Collection at the Lady Lever Art Gallery* is a detailed and beautiful introduction to the collections.
- *A Collector's Eye: Cranach to Pissarro* to accompany the Walker Art Gallery exhibition of the same name.
- *John Moores 2010 catalogue* to accompany the Walker competition and exhibition.
- *Hitched*, a small catalogue to accompany the exhibition of the same name at Sudley House.
- *The Beat Goes On*, an academic examination of Liverpool, popular music and the changing city.
- *Irby, Wirral*, a report on the excavations on a late prehistoric, Romano-British and medieval site.

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Development Office

The Development Office is structured to meet agreed fundraising objectives with a team of fundraisers (specialising in public sector, trusts and foundations, corporate and major individual giving), supported by a small database and research team, and those co-ordinating and managing cultivation and supporter events. The Development Office sits as part of the Development and Communications Directorate.

The Development Office team identifies the prospect pool and resources required to raise the funds based on a range of criteria including:

- Size of the prospect pool – ratio of ask to success in previous or similar campaigns will help determine the size of the prospect pool – the number and size of ask that needs to be made to meet the fundraising target;
- Resources – applying the years of expertise on prospect research to quantify the number of hours in research and cultivation (e.g. events, stewardship) that will be required for each prospect;
- Moves management – classifying existing contacts into the stages of giving – to determine the likely timescale for giving. This a particularly valuable approach when targeting major individuals or corporates.

The team continually monitor performance against objectives.

National Museums Liverpool had a successful fundraising year in 2010/2011 and remains one of the highest performing museums for fundraising in the UK outside London. We are very grateful to all the individuals and organisations that give in support of NML's work.

Major Capital Schemes

The new Museum of Liverpool continues to be National Museums Liverpool's priority for fundraising within the Development Office. Once the museum has opened later in July 2011, the Development Office will begin to focus on other areas of estate development in line with NML's Strategic Plan 2011-2014.

Annual Programmes

Money raised towards NML's annual programme of activities helps to offset funding that NML needs to open its doors and to add significant value to our service – including exhibitions, education, social inclusion and outreach programmes.

Collections

Work to integrate and develop computer records of the collections has continued. For example, 5,667 Archaeology and 736 Botany records were transferred to NML's collections management database, Mimsy XG.

Following an audit of NML's Collections Management systems, further policies and procedures were updated and improved, including records for access to stored collections and environmental management policy and guidelines for collections.

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International Slavery Museum and the UK Border Agency National Museum were awarded Accredited status by the Museums, Libraries and Archives Council.

More than 5,000 objects have been researched, and over half of these conserved and mounted, for interpretation in the Museum of Liverpool.

The Storage and Decant Group continued to rationalise stored collections and improve NML's storage conditions. This included substantial improvements in using space for land transport collections following repairs to the store roofs. An in-depth clean of another land transport store and all collections therein was carried out to manage microbiological activity.

The 'Superstore' group also continued to look at how to provide more accessible and effective storage for NML's collections by evaluating NML's current stores and advising the Executive Team on improvement options.

A refreshed Collections Management training programme is underway. Opportunities for training places are offered to regional museums.

Heritage Lottery Fund (HLF) Skills For the Future awarded NML funding for six Positive Action Traineeships in Collections Management. The trainees will achieve Conservation Technician qualifications, through working with NML's collections for two years.

HLF funded a Public Engagement and Objects Conservator, who has interpreted objects from NML's collections using conservation and scientific analysis in events for visitors at the National Conservation Centre and the World Museum Liverpool.

Volunteer projects include the documentation of the Capital of Culture Collection, including marking and storing 459 individual items, and cleaning and storage of over 2,000 Stewart Bale glass plate negatives.

NML's Head of Conservation Science joined the Conservation Advisory Panel for the Staffordshire Hoard. The Panel advises the Hoard Conservation Team. Some metal fragments from the Hoard were X-rayed in NML's Reveal laboratory, where new pieces of decorative filigree were identified.

The completion of the online catalogue of the Meols material from five museums (NML, Grosvenor Museum Chester, Williamson Art Gallery and Museum Birkenhead, the British Museum, Warrington Museum and Art Gallery) on the Archaeological Data Service is hosted at http://archaeologydataservice.ac.uk/archives/view/meols_sal_2007/

Conservation Technologies completed various commercial contracts, including mount making for Glasgow Riverside and Cardiff Story Museums, 3D laser scanning a World War II bomb and maintaining the King Edward VII and Alfred Lewis memorials on the Pier Head for Liverpool City Council.

National Conservation Centre notable events

VIP visitors included representatives of Cergy-Pontoise local authority, as

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inspiration for the new Paris museums Collections and Conservation Centre.

X-ray Your Toy events were held in the Reveal gallery laboratory in July and August. Children brought in their toys and some fascinating secrets were uncovered to the delight of all.

A 'Meet the Conservators' event was held in Reveal in September. Interactive demonstrations for visitors included gilding, carving boat models and conserving photographs.

In June, the National Conservation Centre hosted a visit as part of the Italian National Research Council's Mission to the UK on Research for the Conservation of Cultural Heritage, organised by UCL and the Department of Business, Innovation and Skills.

Laser Cleaning courses at National Conservation Centre were attended by delegates from Poland, Korea, USA, Egypt, Lincoln Cathedral and Historic Royal Palaces.

December 2010 marked the closure of the National Conservation Centre public galleries as a result of Government's Spending Review cuts.

Alternative venues are being considered for the permanent exhibition, Reveal, which opened in 2006, and reported as an 'impressive example' of how the heritage sector can make science accessible to the public in the House of Lords Report on Science and Heritage. Reveal was also used in the 2010 National Heritage Science Strategy to illustrate the potential of Heritage Science for public engagement.

Acquisitions

Maritime History continued to add to its holdings of Titanic-related material with the acquisition of a rare Copeland Spode demitasse saucer, which was made exclusively for RMS Titanic. This item will go on display at the Merseyside Maritime Museum, in the forthcoming exhibition commemorating 100 years since the sinking of the ship.

Museum of Liverpool purchased a poster, produced around the time of the Toxteth riots in 1981. The poster, entitled, 'Oxford Out' refers to Kenneth Oxford, Chief Constable of Merseyside at the time.

Fine Art acquired a watercolour by the French artist, James Tissot. *Goodbye, on the Mersey*, 1880, shows a middle-class family saying goodbye to their relatives who are bound for America on a trans-Atlantic liner. The viewpoint is on the deck of a 'tender' craft. The skyline is confirmed as that of Liverpool in 1880. The work combines minutely observed contemporary costume and narrative drama with strong links to Liverpool and its maritime history. They also continued to add to their holdings of contemporary art with the acquisition of the sculpture, *Topocline*, 2005 by Paul Morrison and, *Spectrum Jesus*, 2009 by Keith Coventry.

Botany collections were given 216 plant specimens, collected mainly from the Wirral, which include new records and first occurrences of plants in Merseyside (1998-2002), while Earth and Physical Science collection acquired a collection of highly significant palaeobotanical specimens and

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Carboniferous vertebrate material, some of which are of national importance.

Ethnology department reached the end of its Contemporary Collecting India programme and received a stunning group of works. Of particular note, is work by artists from the Gond people of central India. Some of these works have been used in several Communities Department workshops and it is planned that a selection will go on display in the World Culture Gallery later this year.

Loans

The majority of loans into NML were for inclusion in new displays at the Museum of Liverpool. Highlights include a genuine Ken Dodd Knotty Ash Tickling Stick, an 18th century Delftware plaque depicting the coat of arms of Merchant Taylors and a boxing glove signed by John Conteh.

The Walker borrowed 16 items of clothing constructed out of glass, wire, beads and other materials for the exhibition, *Dare to Wear: Glass Dresses by Diana Dias-Leao*, in the Craft and Design Gallery and *A Collector's Eye, Cranach to Pissaro* shown at the Walker from February 2011 displayed 56 works of art from a major private collection, including works by Rubens, El Greco, Pissaro and Delacroix.

The Italian Cultural Institute lent the World Museum three rare marble heads from recent excavations on the Island of Pantelleria, Italy. Prior to coming to Liverpool, the heads had been on loan to the British Museum.

International Slavery Museum continued its run of powerful exhibitions addressing the themes of repression and racism, with the *Living Apart* exhibition, comprising of over 90 framed photographs from Magnum Photographs featuring the work of photojournalist Ian Berry. Ian Berry photographed some of the most dramatic and iconic events over 40 years of South Africa 's history.

NML continued to lend items from its collections to support natural history research and exhibition programmes in the UK and abroad.

Merseyside Maritime Museum lent a painting and archive items to a touring exhibition in Australia entitled, *On Their Own: Britain's Child Migrants*.

Portrait of Queen Elizabeth I attributed to Nicholas Hilliard, was lent by the Walker to the National Portrait Gallery in the autumn. The painting underwent analysis as part of a research project at the NPG, the results of which formed the exhibition *Making Art in Tudor Britain*.

Ben Johnson's large painting, *The Liverpool Cityscape*, commissioned by NML as part of the 2008 celebrations, was lent to the National Gallery, London, for inclusion in their show, *Modern Perspectives: Ben Johnson*.

Exhibitions

Over the past 12 months we have delivered a diverse programme of exhibitions across seven venues, including the NCC which closed to the public in December 2010. All exhibitions were free to enter.

World Museum Liverpool

Plantastic! (12 February - 5 September 2010). This was a major interactive exhibition exploring the secret world of plants. The exhibition was created in collaboration with the Museon in The Hague, Technopolis in Mechlen, Le Vaisseau in Strasbourg and Bruns in Eindhoven, and is now touring the European partner venues.

Biodiversity (18 February - 5 December 2010) was a small science exhibition, explaining the importance of biodiversity. It was created by the Biotechnology and Biological Sciences Research Council and the Natural Environment Research Council.

Inside DNA: A Genomic Revolution (23 October 2010 - 8 May 2011). The exhibition and supporting education programme explore how contemporary genetics have impacted on our lives by changing our understanding of human biology and development, our evolution, health and identity. The exhibition was developed by At-Bristol on behalf of Ecsite-UK with funding from the Wellcome Trust and the Sanger Institute.

Roman Heads from Pantelleria, Sicily (8 November 2010 - 10 February 2011). was a display of three rare Imperial heads on loan from the Italian Cultural Institute in London. The heads are thought to represent Julius Caesar, Titus Flavius Vespasian and Agrippina the Elder or Antonia the Younger and were found during excavations in 2003.

Table from the Sea's Edge (17 January - April 2011). The table and 12 chairs are made from driftwood collected from around world by artist Silas Birtwistle. The installation was developed to raise awareness of environmental issues and promote conservation of the world's coastal and marine biodiversity as a contribution to the UN International Year of Biological Diversity, 2010. The initiative was sponsored by the Forest Stewardship Council. Liverpool was the first venue on a world-wide tour.

Merseyside Maritime Museum

China: Through the Lens of John Thomson 1868-1872 (5 February - 1 June 2010) was an exhibition of photographs from the John Thomson archive, part of the Wellcome Collection. The archive of photographs is remarkable both because it has survived and because of the range of subject matter and the high quality of the images.

Endurance: Shackleton's Legendary Antarctic Expedition (16 July 2010 - 3 January 2011). The exhibition, on loan from the American Museum of Natural History, documented one of the greatest tales of survival in expedition history: Sir Ernest Shackleton's 1914 voyage to the Antarctic. The exhibition featured more than 150 photographs by expedition photographer Frank Hurley in the most extensive presentation ever mounted on this journey.

International Slavery Museum

Trafficked opened on 31 July 2009 and has remained on display throughout 2010. It closed on 8 May 2011. It was an exhibition highlighting the ongoing struggle to combat human trafficking around the world, through

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the experiences of people whose lives have been affected by this modern day slave trade. This exhibition was put together by the international coalition STOP THE TRAFFIK in partnership with the International Slavery Museum.

Beyond the Boundary (19 March - 12 September 2010) was a photography exhibition, examining the relationship between cricket, culture, class and politics and looked at how cricket can be seen as a legacy of British imperialism and colonialism and, paradoxically, as a means of resistance against it.

Home Alone: End Domestic Slavery (10 September 2010 - 4 September 2011). Home alone, invisible to society and lacking legal protection, domestic workers are among the most exploited and abused workers in the world. Many are in slavery. International action is needed to give them legal protection and end the abuse. Through this exhibition we hope to raise awareness of the issues and gain public support. This is the first exhibition in the new Campaign Zone at ISM. It was produced in partnership with Anti-Slavery International.

42 Women of Sierra Leone (4 March 2011 - 15 April 2011). The exhibition featured work by the British photojournalist and writer Lee Karen Stow who was born in Hull, which has been twinned with Freetown, the capital of Sierra Leone for 30 years. Since February 2007, Lee has been working on an independent, evolving and long-term documentary on photography and written study of women in Sierra Leone.

Walker Art Gallery

High Kicks and Low Life: Toulouse Lautrec Prints (14 May - 8 August 2010). On tour from the British Museum, this was an exhibition of prints that portrayed theatrical life and studies of daily life.

John Moores Painting Prize 2010 (18 September 2010 - 3 January 2011). There were 45 paintings in the exhibition from the UK competition and 5 prize winners from the Chinese competition launched in Shanghai this year. The exhibition was accompanied by a 160-page full colour catalogue which was produced in-house. The John Moores Painting Prize & Exhibition is a partnership between National Museums Liverpool and the John Moores Liverpool Exhibition Trust.

Wolfgang Tillmans (18 September - 12 December 2010) was an exhibition featuring photographic works by the Turner-prize winning artist, recently acquired by the Arts Council Collection, as well as a number of works from Tillmans' own collection. The works were displayed as installations and interventions, curated by Tillmans, around the Walker Art Gallery.

David Jacques, Irlam House Bequest (2 February - 3 April 2011). This was a new installation from David Jacques, the winner of the Liverpool Art Prize 2010. The artist's work is inspired by the history of trade union banners, and commemorates the 1911 General Transport Strike in Liverpool.

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A Collector's Eye: From Cranach to Pissarro (17 February 2010 - 8 May 2011). This was the first major exhibition of the Schorr collection of paintings ranging from 15th century devotional images to 19th century French Impressionist landscapes, built up over the last 35 years by a British collector. This survey exhibition included works from studios as diverse as Cranach, El Greco, Rubens, Delacroix and Impressionist artists such as Pissarro and Sisley. The exhibition was accompanied by a 145 page full colour catalogue.

The department was also responsible for the project management, design and delivery of a new permanent gallery at the Walker as follows:

British Art 1880 to 1950 opened on 28 March 2011. It is a major new interactive gallery exploring the transition from Victorian to modern British Art. The new display includes c.70 paintings, sculptures and pieces of decorative art. Highlights include paintings by Lucian Freud, Paul Nash and LS Lowry displayed alongside Clarice Cliff Art Deco ceramics and furniture from the Museum's Collection.

High Victorian Gallery – the design team produced new interpretation for the paintings and furniture in this permanent gallery.

Lady Lever Art Gallery

Dürer and Italy (28 May - 26 September 2010). Focusing on Dürer's engravings, which spread his ideas and imagery across Europe, this exhibition revealed how influential his prints were by displaying his masterpieces alongside those of his contemporaries. This was a loan exhibition from the Hunterian Museum and Art Gallery, University of Glasgow.

Old Master Drawings (22 October 2010 - 2 May 2011). The exhibition drew on the collections of the Lady Lever Art Gallery and the Walker Art Gallery which together form the finest group of Old Master drawings in the north of England. The exhibition showcased the highlights of the collection and included works by Aspertini, Cambiaso, Farinati, Guercino, Guilio, Mantegna, Rubens and Tintoretto.

Sudley House

Jelly Mould Pavilions (27 March – 6 June 2010). This exhibition was the starting point for a city-wide trail of jelly mould pavilion models created by the artist Lubaina Himid. Lubaina's project questioned how we commemorate people of the African diaspora and their contribution to the city of Liverpool. This exhibition was part of 'Liverpool and the Black Atlantic', a city-wide series of exhibitions and events.

Hitched (23 July 2010 - 2 May 2011) explores the history of marriage, and the customs surrounding it in the UK from Victorian times to the present day, featuring wedding dresses and associated accessories from NML's collections as well as personal stories. A publication was produced for the exhibition, and the exhibition will travel to museums across the north west of England.

National Conservation Centre

Lewis's 5th Floor: A Department Story (26 February - 30 August 2010). This photographic exhibition by Stephen King provided a glimpse of the famous Liverpool store during its heyday when it was a glamorous place to be, attracting the rich and famous.

Art Merseywide: the best of the open competitions (24 September -12 December 2010) showcased some of the best of Merseyside's contemporary art. There were sixty works (a mixture of 2D and 3D) selected from open competitions in Liverpool, Knowsley, Halton, St Helens, Sefton and Wirral. This exhibition was managed by arts development and gallery officers from the six boroughs with support from NML. This was the final exhibition staged at NCC before the venue closed to the public on 17 December 2010.

Museum of Liverpool

NML's Exhibition and Design department has been involved in the tendering and appointment of hardware and software consultants for the Museum of Liverpool and has been directly responsible for the delivery of two audio-visual programmes: *Changing City* and *Talking Heads*. The Design department, working closely with the Museum's joinery team, has produced designs for the museum information desk in response to a brief from the client team.

Touring exhibitions

Eye for Colour a major science interactive exploring the world of colour opened at Le Vaisseau in Strasbourg on 22 September 2009 where it remained until 28 August 2010.

Plantastic! a major interactive science exhibition exploring the secret world of plants, opened at Technopolis in Mechelen, Belgium on 23 September 2010 where it will remain until August 2011. Following this it will tour to Museon, Netherlands and Le Vaisseau, France.

Hello Sailor, an exhibition about the lives of gay seafarers, has been licensed to the Museum of the Atlantic in Nova Scotia. The licence has enabled the museum to produce their own version of the exhibition, based on the original designs, and subject to approval by NML. A future tour of Canada is planned which will be subject to a separate agreement with NML.

Regional touring programme: We have developed a series of free small touring exhibitions in consultation with 12 north west museums and galleries. The programme, focusing on particular aspects of NML's collections, is planned to run from January 2011 to September 2013. The first exhibition in the series is ***Telling Tales: Story Scrolls from India*** - a selection of contemporary Bengali scrolls. These exhibitions are touring to six venues within the North West throughout 2011. The first tour venue is Prescott Museum where the exhibition opened on 16 February and ran until 17 April 2011.

Other exhibition initiatives

Through the Wall (throughout the year). We delivered the second phase of a city wide public art promotional campaign to showcase the City's cultural treasures. The campaign used high impact, trompe l'oeil, images – displayed within major venues, including the Arena and Convention Centre and Lime Street Station and in outdoor locations across the city centre. The project was funded by a grant from the North West Development Agency and managed in-house, with the images developed by our own design team. A wide range of partners and organisations have been involved with the scheme, in particular Merseytravel, Liverpool One, Grosvenor Estates, Liverpool City Council, Mere Park, Tate Liverpool, The Bluecoat, and FACT.

Education, Communities and Visitors

As part of our ongoing Visitor Services Review (VSR) we have renamed our front of house services to form the **Directorate for Education, Communities and Visitor Services (ECV)**.

Our Education and Community programme 2010/11 continued to deliver an exciting and universal programme, which provided access to a wide range of educational activities for early years, primary and secondary schools, special education schools, the Youth Service, FE and HE students, international students, adult learners, voluntary sector organisations and diverse community groups.

Our external partnerships were extended through new collaboration with local education authority providers, the regional cultural sector, voluntary sector partners, national museum partners and international partnerships.

Our 2010/11 programme focused upon:

- Disadvantaged young people (e.g. teenage parents)
- Disability groups (e.g. Dada, Claire House, Alder Hey Hospital)
- BME communities (includes refugees and asylum seekers)
- Isolated/vulnerable older people (e.g. Age UK, Mary Seacole House, Liverpool Primary Care Trust)
- Young Offenders, (e.g. youth inclusion units and long term unemployed)
- Informal adult groups (e.g. WEA, Prison Services, Social services, Liverpool Community College)

A key objective for 2010/11 was the continued growth of our schools and community engagement programmes:

Primary Schools:

794 individual primary schools visited NML on 2990 separate occasions during 2010/11 (approximately 43% of our primary participation from Merseyside with 57% from the North West and UK).

Secondary Schools:

410 individual secondary schools visited NML on 1008 separate occasions during 2010/11 (approximately 22% of our secondary participation from Merseyside with 78% from the North West and UK).

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In total 311,567 children and young people engaged in the NML education programme in 2010/11.

Developing our Audiences

We were successfully awarded regional training provider status for the national Arts Award scheme and hosted the first national museum education training session for Arts Award Assessors.

The Old Dock tours (partnership with Liverpool One) continue to receive a fantastic response from the public. Tours are booked well in advance, with regular congratulations to NML.

We piloted a new education and community programmes in the Campaign Zone within the International Slavery Museum. Activities included partnerships with Anti Slavery International, the Women's Asylum Seekers Together (WAST) and Stop the Traffik for EU Anti Trafficking Day.

Consulted and engaged with 3,650 schools and community groups across Liverpool and the region to develop our educational offer for the Museum of Liverpool. Including the Little Liverpool designers and the curation of community led exhibitions.

Developing our Education Initiatives

The BBC's 'Live and Deadly' programme took over World Museum, bringing adventure to the natural sciences collections with over 5,000 families getting up close and personal to the deadliest of creatures.

We produced a number of new educational resources which included; a family trail for the Seized gallery; information packs for teachers at the Walker Art Gallery; a summer trail at Sudley House; and an English for Speakers of other Languages resources at the Walker.

The Maritime education team delivered a series of events to support Liverpool City Council's 'On the Waterfront' weekend, with 7,000 visitors taking part in activities including maritime crafts and musical performances.

We hosted the second International Slavery Teachers' Institute delivering an eight day training programme for teachers and educators exploring the teaching of transatlantic slavery and its legacy. Delegates attended from across the UK.

As part of the International Year of Biodiversity, we delivered events throughout the summer at the World Museum to highlight 'Wild, Wild Week'. Every child took away a souvenir and 15,000 visitors participated.

We supported seven education and community exhibitions across NML venues including; Time4Families (children's art competition), Isle of My India, Inspired by 2010, Young DaDa, and the Liverpool Irish Festival's Moving Voices.

We successfully completed the eight year DCMS (Strategic Commissioning) which provided additional funding for our *Engaging Refugees and Asylum Seekers* project and *Understanding Slavery Initiative*.

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We also completed our five-year externally funded Rank Foundation *Youth Arts Programme*, which supported the NML Youth Theatre Project – a project which we hope to continue with NML volunteers and small pots of additional external funding.

We increased access to our education and events programme for disabled groups by offering audio described and BSL interpreted events; autism friendly theatre screenings at World Museum and a Learning Disabilities week programming with DaDa Fest.

Developing our Visitor Services

Visitor Services managers at the Walker, have developed new gallery based signage to promote their visitor host led site based tours leading to a marked increase in take up.

Visitor services staff provided additional support to the Conservation department at Juniper Street stores and with the handling team.

The Visitor Services team at Sudley House have received excellent feedback regarding their evolving partnership with MerseyCare Trust.

We introduced the single shift system (night security system) at Sudley House to release visitor services staff from out of hour's duties and become more involved with visitors during public opening hours.

We continue to receive excellent feedback and high levels of participation for our Old Dock tours, developed in partnership and supported by Liverpool One.

Two members of our Visitor Services team were successful at regional tourism awards; Mark Harris at Sudely (Liverpool Tourism) and Cliff Bowden at the Lady Lever (Wirral Tourism) both won awards for 'Outstanding Customer Service'.

Developing our Partnerships

We became a member of the Merseyside Hate Crime Reduction Forum, strengthening NML's profile in tackling human rights abuses. This build on our programming through ISM issue based education and the Seized gallery's Weapon's Awareness.

We developed our health and well-being initiatives, working with the Liverpool Primary Care Trust and MerseyCare, to deliver programmes for adults at risk of mental health issues. We delivered the Walk for Health from National Conservation Centre and the World Museum, and exhibited art work at Sudley House.

We developed our partnership with Edge Hill University, to deliver the *Take One Picture* training for Initial Teachers trainees. The programme was devised by Walker Education staff working alongside Edge Hill tutors.

We successfully bid for national Earlyarts status to develop a regional training programme for cultural partners with local early years (nursery) networks.

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Developing our Advocacy

We were delighted to win the Guardian Public Services Award for our Primary Care Trust funded Active Ageing project with Mary Seacole House.

Developing Efficiencies and Effectiveness

We undertook a review of working practices in the World Museum aquarium which has led to a reduction in water and energy consumption as well as savings on other consumables. This has also released the education team to spend more time on developing displays and programmes.

Economic Impact

A report written by England's Northwest Research Service which specialises in economic development and the tourism industry commented;

The impact of National Museums Liverpool is important not just in terms of the direct and indirect impact on the economy, but on the role their varied venues play in drawing new and repeat visits to the Liverpool City Region. Information from the tourist board suggests that visitors to Liverpool were considerably more satisfied with the range of attractions on offer than was the case for other large towns and cities.

The report estimated that National Museums Liverpool generates £115m for the local economy, supporting 2,273.7 full-time equivalent jobs.

The economic impact was measured in terms of 1) visitors to NML, 2) staffing and 3) use of local suppliers. The additional impact of special events was also taken into consideration.

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Financial Review

Overview

NML receives the majority of its revenue and capital funding from the DCMS, in the form of grant-in-aid. For the year NML received £23,712,000 (£23,463,000 2009-10).

The consolidated revenue free funds are shown on p26. The surplus for the year was £371,000 resulting in a total revenue free fund balance of £3,106,000 as at 31 March 2011.

Net incoming resources, before transfers and gross indexation of tangible fixed assets, for the year were £7,500,000. An indexation of land and buildings as at 31 March 2011 produced a revaluation gain of £2,011,000. A revaluation of investments produced a surplus of £32,000 and gains on sales of investments produced a surplus of £17,000; resulting in a total increase in funds of £9,560,000.

A transfer from General Fund to General Capital Fund of £1,496,795 was made to cover general capital expenditure and a transfer of £542,982 from the Revenue Development Fund to Development Fund Capital accounts was made to fund the associated eligible expenditure.

Reserves Policy

The consolidated free income reserve available at 31 March 2011 was £3,106,000.(p26)

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves appropriate to the scale, complexity, and risk profile of NML. The trustees are committed to holding free fund reserves of between one and three months equivalent grant-in-aid, to protect the Museum against falls in income streams or unpredicted liabilities.

Whilst grant-in-aid represents a significant proportion of NML's income and is therefore less volatile than self-generated income, the Trustees remain concerned about the levels of reserves.

The projections indicate that the current capital programme is substantially fully funded and the expectation is that any future significant capital funding requirement will be met by donations and other alternative sources of finance.

The Trustees have determined that the current level of reserves will be adequate in respect of 2011-12. However, NML's ability to generate any increase in the reserve, which has been a long term objective, will be challenging in the current economic climate.

2011-12 will also see the final completion and opening of the Museum of Liverpool. Although the Museum has attracted additional grant-in-aid, it will require a redeployment of resource from other areas of NML to achieve a satisfactory completion of the project and a successful public launch. This will be monitored by the Trustees.

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Fixed Assets

Progress on the construction of the new Museum of Liverpool continued during the year. Further details of the developments in the year and their impact upon the account are set out later in this Financial Review.

Historically NML has held an unapplied receipt from the disposal of a property within its capital reserve account;

£215,393 in respect of 63/65 Blundell Street, Liverpool, continues to be held unapplied. Application consents were received from DCMS In March 2002.

NML commissioned Drivers Jonas to carry out a full “red book” valuation of its land and buildings as at 31 March 2007. An index was applied to buildings for 2010-2011, and a desktop valuation by Drivers Jonas was also completed to cover the period April 2010 to 31 March 2011.

The indexation movement on asset categories other than land and buildings was such that no adjustment was required as they were not deemed to be material.

Making Choices

As a result of grant-in-aid funding reductions NML embarked upon the Making Choices programme which reviewed activities to identify efficiency savings. This identified efficiency savings as a result of the outsourcing of some activities, the termination or reduction in scale of a number of our programmes, changes to some of our ways of working and a voluntary redundancy and voluntary exit programme. NML will continue to review its operations to ensure that it continually strives to deliver excellent value for money.

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Fundraising

We continued to attract support from a wide variety of sources including trusts, foundations, the public and private sector and individuals. Major grant payments, or pledges of assistance, were received from:

- The European Regional Development Fund, Northwest Regional Development Agency and Heritage Lottery Fund for the new Museum of Liverpool
- The Clore Duffield Foundation for the *Little Liverpool* children's gallery in the new Museum of Liverpool
- The Molly Tomlinson Bequests for the new British Art 1880 – 1950 gallery at the Walker Art Gallery
- Merseytravel towards the new Museum of Liverpool
- Heritage Lottery Fund funded NML's Skills for the Future project for Positive Action Trainees.

Other trusts, foundations, organisations and individuals gave gifts, in particular DCMS/DCSF Strategic Commissioning.

We continued to attract generous support from local businesses and worked hard to extend our relationship with the business community. Seven organisations were members of NML's corporate members scheme during 2010/11 including: Hill Dickinson LLP, Austin: Smith-Lord, David M Robinson Ltd, R S Clare, Mersey Docks & Harbour Company – Peel Ports, Bolland & Lowe and Limehouse Heritage.

NML's Membership Scheme continues to grow with more than 990 members in 2010/11.

We launched two public appeals for the Museum of Liverpool and to date has raised more than £15,000.

NML would like to thank all donors, sponsors and grantors who have contributed throughout 2010-11.

Development Trust

The fundraising activities of NML continued to receive valuable support from members of the Development Trust.

- Professor Phil Redmond CBE (Chairman)
- John Bodie OBE (Vice Chairman)
- Jo Bowen-Jones
- Barry Flynn
- Rt Hon Baroness Gloria Hooper CMG
- Norman Kurland
- Mark McNamee
- Julian Rathbone

Trading Subsidiary

NML wholly owns a subsidiary trading company, NML Trading Limited (NMLT), which provides a range of catering, retail, conferencing and general support services.

NMLT is consolidated within the Statement of Financial Activities and Balance Sheet of NML, adjusted for group transactions. A summary of the

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results and net assets of NMLT is shown at note 9.

In 2010-11 NMLT made a profit of £191,606 and made a Gift Aid contribution to its' parent company NML, of £176,584.

**UK Border Agency
National Museum
(formerly HM
Revenue & Customs
National Museum)**

In addition to the grant-in-aid received from the DCMS, NML also receives grant-in-aid support from UK Border Agency (UKBA). This arrangement is specifically related to the conservation, study and display of the national collection of HMRC and UKBA. A summary of the UK Border Agency transactions is shown at note 16.

There were nil capital grants due or received during the year in respect of the "Seized! Revenue and Customs Uncovered".

With effect from 1 April 2010 the UK Border Agency took on responsibility for the financial responsibilities and ownership of the existing collections within the museum.

The formal name of the museum is "UK Border Agency National Museum" and the visitor name "Seized! Revenue and Customs Uncovered"

Connected Charities

Nine charitable trusts, whose legal existence pre-dates that of NMGM, are connected to NML's activities via a commonality of trusteeship and a close association of charitable purpose. The accounts of the trusts are not consolidated with that of NML.

Speke Hall

An agreement entered into by Ministers in 1986 required NML to make annual grant-in-aid payments to the National Trust towards the upkeep of Speke Hall until 2015. The level of this grant was agreed annually between NML and the National Trust. This year the grant was set at £140,000 and is no longer subject to any inflators. Of this, the full £140,000 was paid during the year. The grant is associated with the revenue activities of Speke Hall and is not capital in nature.

In 2010 a new agreement between NML and The National Trust stated that NML shall continue to make annual payments of £140,000 per annum to the financial year commencing 1 April 2015, without review; and that in consideration for the above, NML transferred to the National Trust all its legal and beneficial title and interest in the objects in the Collections which NML has at Speke Hall. For insurance purposes, the last valuation was circa £200,000. This agreement was signed on 5 October 2010.

**Gower Street
Estates**

NML is a member of Gower Street Estates Limited (GSEL) a company formed to manage those areas within the Albert Dock formerly managed by the Merseyside Development Corporation which ceased to exist as a body on 31 March 1998. The company is limited by guarantee and is non-profit making. The activities of the company are covered by a service charge levied on members which is calculated after taking into consideration any earned income. The service charge applicable to NML for 2010-11 is referred to in note 17.

**Prompt Payment of
Creditors**

NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2010-11, 93% (2009-2010 – 89%) of NML's creditors were paid within 30 days of receipt of the invoice.

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NML is committed to the full implementation of the Better Payment Practice Code. There were no liabilities incurred of statutory interest under the Late Payments of Commercial Debts (Interest) Act 1998 during the year.

Data Loss and Information management

NML has suffered no protected personal data incidents during 2010-2011 or prior years, and has made no reports to the Information Commissioner's Office.

Principal risks and uncertainties

In 2010-11, £23.7m (68%) of NML's income derived from grant-in-aid from the Department for Culture, Media and Sport. In addition revenue grant-in-aid of £337k was received from UK Border Agency. The remaining operating expenditure was financed from self-generated income which tends to be more volatile in nature compared to grant-in-aid. NML is therefore exposed to some liquidity risk.

Any new ongoing capital programme is dependant upon the successful generation of grants and donations; and the receipt of these funds.

A well managed planned maintenance programme is essential to maintain the quality of NML's buildings and ensure that they do not fall into a state of disrepair and place public safety and the collections at risk.

The Making Choices programme identified a number of efficiency savings. NML needs to continue with this programme to ensure that it continues to deliver value for money. However it also needs to ensure that the quality of its services is maintained.

The FRS disclosure on derivatives and other financial instruments is contained in Note 8.

Environment matters

NML acknowledges the impacts of its activities on the environment at local, national and global level and is committed to minimising the impact of its activities via continuous improvement in environmental performance through efficient and effective use of all resources.

Over the past twelve Months we as a NDPB have been requested to line up our environmental outputs, with those of the SDiG (Sustainability in Government targets).

Recognising the difference in our various estates this measurement system evaluates energy usage in relationship to the footprint of the Estate, we have therefore updated our energy trend graphs to incorporate the physical growth of our estate in the same periods, and thus confirmed our year on year energy reduction in both Gas and Electricity consumption per square metre, this not only helps with the reduction in quantity/cost, but also contributes to reducing our CRC costs.

NML has been successful in attaining funding under the Salix Energy Efficiency Funding Scheme for the implementation of energy efficiency measures across the estate. We are the first institution within the DCMS portfolio to secure funding through this scheme.

Benefits of the Voltage Optimiser fitted in the World Museum have come on line since about September 2010, and despite further growth in demand in

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that building we have been able to accurately measure a real reduction in energy charged, without the switch off/isolation of any plant or equipment, NML's use of this innovative technology has been widely discussed within the Museum Sector as a best practice item and is listed in the Sustainable Museums book as a worked case study.

After detailed evaluation of our energy and Utility systems, management and record analysis, NML was awarded the Carbon Trust Standard certificate in April 2010, to run for 2 years..

In 2010 in collaboration with the TUC and in-house unions a "Green Forum" has been established to discuss and involve all matters of sustainability with a wider representation of staff within NML.

Donations made	There were no charitable donations, or political donations paid during the financial year 2010-2011.
Special payments and losses	<p>NML made payments during the year (accrued for in 2009-2010) in respect of commercial settlements, notified to, and approved by the DCMS; some of which are classed as a special payment under Managing Public Money guidance.</p> <p>There were no reportable losses suffered during the year.</p>
Investments	<p>Investments listed on a recognised stock exchange are re-valued at year-end mid-market price, excluding any applicable accrued interest.</p> <p>The investment manager will provide half yearly reports which will include a statement confirming adherence to the investment policy statement or details of exceptions. The report will also include a comparison of the portfolio return in relation to the benchmark.</p>
Investment income	The reported minor increase in investment income represents the movement in cash balances held rather than movements in the interest rate. The average for the year was below 0.5%

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The statement below is to inform the reader of the results of the Free Income revenue funds for the year. This distinguishes the table from the SOFA which includes capital funds in addition to revenue.

Consolidated Free Funds income & expenditure 2010-2011	2011	2010
	£000	£000
Incoming resources		
Grant-in-aid DCMS	21,112	20,015
Incoming resources from generated funds:		
Other grants and donations	51	63
Merchandising income of subsidiary company	2,054	1,974
Investment income	26	19
Incoming resources from charitable activities	594	767
Total incoming resources	<u>23,837</u>	<u>22,838</u>
Resources expended		
Costs of activities in furtherance of the objects of the charity:		
Fundraising costs	425	464
Costs of subsidiary company merchandising	2,046	2,134
Charitable activities;		
Operating expenditure (excluding depreciation)	18,701	18,283
Grants to third parties	140	140
Fees & charges activities of charity staff	422	475
Governance costs	250	292
Total resources expended	<u>21,984</u>	<u>21,788</u>
Surplus on free income funds before transfers between funds	1,853	1,050
Transfers to designated funds	<u>(1,482)</u>	<u>(565)</u>
Surplus on free income funds for the year	371	485
Balance brought forward at 1 April	<u>2,735</u>	<u>2,250</u>
Balance carried forward at 31 March	<u>3,106</u>	<u>2,735</u>
The balance on free income funds comprised:	2011	2010
	£000	£000
Collection purchase fund	-	4
UKBA admissions	83	73
Academic publications	58	61
Miscellaneous	70	84
General funds	<u>2,895</u>	<u>2,513</u>
Balance at 31 March	<u>3,106</u>	<u>2,735</u>

It should be noted that the Fixed Assets of the subsidiary trading company NMLT Ltd (£200k) are contained within the General funds balance.

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New Museum of NML's major capital project is the creation of a new Museum of Liverpool, due to become operational in 2011/12. The new Museum of Liverpool will be one of the world's leading city history museums, setting the global benchmark for museums of its kind and raising social history as a museum discipline to an international scale. The museum will demonstrate Liverpool's unique contribution to the world and will showcase popular culture while tackling social, historical and contemporary issues.

It will also provide a showcase for National Museums Liverpool's outstanding collections, currently held in storage, on a scale that cannot be realised within the existing venues, providing an unprecedented level of access to them.

The museum building and fit out have been funded from a range of sources including; NWDA, ERDF, HLF and other significant donors.

Current projections indicate that the MoL is substantially fully funded due to the confirmation of capital grant-in-aid receivable over the next four years together with other fundraising efforts.

The Main Contract for construction of the museum building commenced in April 2007. The first major milestone, upon which the ERDF funding was predicated, was completion of the external shell of the museum by 31 December 2008. This was achieved and the ERDF outputs completed, including attainment of a BRE Environmental Assessment Method (BREEAM) Very Good rating for the building, as required.

This has been an exciting year during which NML took possession of the Museum of Liverpool building (with the exception of the steps and terraces and adjacent areas). The building is now almost complete with correction of some defects and landscaping remaining to be finished. First phase opening to the public is in July 2011.

The fit out for Phases 1&2 galleries is nearing completion towards an opening in July 2011. Fit out is on time and within budget.

Museum of Liverpool text writing and editing for Phase 3 galleries is underway and will be a major focus for the team in the spring / summer of 2011.

We also completed the CHP (combined heat, power and cooling) tri-generation plant which powers the Museum of Liverpool, and which is housed in the GWR Building. This also provides power and heating to the Pilotage Building and the Edmund Gardner vessel.

**Other Capital
Projects**

This financial year also saw a number of other smaller projects including critical repairs and refurbishments.

The respective galleries and venues all opened within a short space of time after practical completion, where practical completion had been reached.

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Audit

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2010-11. The audit fee in respect of this work was £50,000. Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £6,750. Non-audit services were not provided by any of these auditors.

So far as the Accounting Officer and the Board of Trustees are aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer and the Board of Trustees have taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditors are aware of that information.

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Remuneration Report

The membership of the Remuneration Committee is comprised of the Chairs of the following Committees. For the year ending 31 March 2011 these were:-

Audit Committee, Chair – Bryan Gray CBE DL (Chairman of Remuneration Committee)

Board of Trustees, Chairman – Prof Phil Redmond CBE

Finance Committee, Chair – Alexis Redmond MBE

The role of the remuneration committee is:

- to determine the pay and conditions of the Director including annual performance awards and pay progression;
- to provide, through a panel selected by the chairmen; an appellant recourse in disciplinary and grievance cases concerning senior staff for whom the Director is the reporting officer;
- to keep governance arrangements, including the Committee structure and schemes of delegation, under review;
- to act as a Nominations Committee for the appointment of trustees;
- to provide information about service contracts and compensation payable on early severance to senior staff; and
- to improve accountability and transparency about NML's general remuneration policy.

All staff other than the Director are recruited to pay-bands graded for seniority and approved by the Trustees within the context of the pay remits negotiated with DCMS / Treasury. NML's recent three year pay remit, approved by HM Treasury was effective from 1 October 2008 and will expire on 30 September 2011. The remuneration of senior managers for future years, with the exception of the Director, Dr David Fleming, is determined by the agreed pay remit.

There are nine pay-bands and all staff apart from Dr David Fleming, the Director and Accounting Officer, are covered by these. Recruitments to Pay-band 8 and above are approved by the Trustees.

The Director and Accounting Officer David Fleming's contract was made permanent on 11 July 2006.

In addition to the negotiated salary Dr Fleming can benefit from a performance-related bonus of up to 15% of his consolidated pay. Of this bonus an amount equivalent to the average pay award for all NML staff may be consolidated annually, the remaining entitlement being paid but not consolidated and non-pensionable.

The performance of Dr Fleming is assessed annually by the Trustees and a rate of bonus for the review- year is determined. The reporting period for this performance review is 1 April to 31 March. In line with NML's pay year, any payments were effective from 1 October 2010.

The Director's performance objectives are determined by reference to three categories of performance:

- Personal contribution towards NML's corporate aims
- Quantifiable targets
- Qualitative targets

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The Director's performance review took place on 17 May 2011. The Chairman's recommendations on the Director's performance for 2010-11 were submitted to the meeting of the Remuneration Committee on 27 June 2011.

There will be a pay freeze for all museum staff for the remainder of the CSR period.

The average number of days lost (per employee) due to sickness during the year was 9.6 days, or 4.4 days (excluding long term sick); (12.2 days 2009/10; or 5.1 days 2009/10 excluding long-term sickness).

The staff cost for all employees is contained within Note 5 (p56)

There are seven Directorships within NML, these are: -

- Director and Accounting Officer;
- Executive Director of Development & Communications;
- Executive Director of Finance;
- Executive Director of the Museum of Liverpool Project;
- Executive Director of Collections Management (retired on 30 May 2010);
- Executive Director of Education, Communities and Visitor Services; and
- Director of Human Resources.

The Trustees and the Directors assume the ultimate responsibility for the direction of NML and the associated control mechanisms.

Below the Directors are a series of teams which meet to discuss a range of management issues on a regular basis. These teams, in descending order of seniority are: -

- The Executive Team
- The Senior Management Team, and
- Managers Communication Forum.

The Executive Team consists of seven Directors plus the Secretary to the Board of Trustees. The Secretary to the Board does not have any decision making powers. The annual appraisals of the Executive Team are countersigned by the Trustees.

The Senior Management Team consists of the Executive Team plus a number of Divisional / Operational Heads.

The Managers Communication Forum is the largest managerial grouping and consists of the Senior Management Team plus managers from all disciplines across the museums.

The performance of all managers is assessed by way of an appraisal system.

Policy on Duration of contracts, notice periods, and termination periods

Senior staff are permanent employees of National Museums Liverpool.

The notice periods for staff who wish to resign are:

- Up to Pay-band 7 – 4 weeks minimum
- Pay-band 7 and above – 3 months minimum

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Termination payments are in accordance with the Museum's contractual terms. There were no severance or compensation payments to senior managers or former senior managers in year, other than those shown below.

Voluntary Early Retirement and Voluntary Early Severance was offered to NML staff in September 2010 and February 2011. There was one early retirement of a senior manager. All NML staff are entitled to notice as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

The salary, pension entitlements and the value of any taxable benefits in kind of the Directors of National Museums Liverpool (which has been subject to audit) are detailed overleaf: -

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	Salary Including performance pay 2010/11	Salary Including performance pay 2009/10	Accrued pension at age 60 as at 31/03/11 and related lump sum	Real increase in pension and related lump sum at age 60 at pension age	CETV at 31/03/11	CETV ¹ at 31/03/10	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
D Fleming Director	105-110 plus non consolidated bonus 10-15	100-105 plus non consolidated bonus 10-15	35 - 40 plus lump sum of 105 - 110	0 - 2.5 plus lump sum of 2.5 - 5	816	725	35
S Granville Executive Director of Museum of Liverpool Project	70-75 plus non consolidated bonus 0-5	65-70 plus non consolidated bonus 0-5	20 - 25 plus lump sum of 65 - 70	0 - 2.5 plus lump sum of 0 - 2.5	347	309	10
A de Joia Executive Director of Development & Communications	70-75 plus non consolidated bonus 0-5	65-70 plus non consolidated bonus 0-5	15 - 20 plus lump sum of 55 - 60	0 - 2.5 plus lump sum of 0 - 2.5	289	256	10
John Millard Executive Director of Collections Management – retired 30 May 2010	10-15 ² (60-65)	60-65	35 - 40	0 - 2.5	218	215	1
Carol Rogers Executive Director of Visitor Management	65-70	60-65	5 - 10	0 - 2.5	103	83	11
Maxine Carden Director of Human Resources	50-55	50-55	15 - 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 2.5	253	224	9
Tony Allen Executive Director of Finance	60-65	60-65	0 - 5	0 - 2.5	39	21	16

- ¹The CETV figure may be different from the closing figure in last year's account. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.
- There were no benefits in kind received by the Executive Team members.
- ² Represents annualised salary.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

Pension

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) arrangements. From 30 July 2007 staff may be in one of four statutory based schemes, three "final salary" defined benefit schemes (classic, premium and classic plus) and one occupational defined benefit scheme (nuvos). The schemes are un-funded with the cost of benefits met by monies voted by parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase Legislation. New entrants after 30 July 2007 may choose between membership of nuvos or joining a good quality "money purchase" stakeholder arrangement with a significant employer

National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2011

contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum of three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. Nuvos benefits accrue at 2.3% of pensionable earnings each year, like premium, there is no automatic lump sum but members may commute some of their pension to provide this. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service Pension arrangements can be found at the website <http://www.civilservice.gov.uk/my-civil-service/pensions/pensions/index.aspx>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

There were no special payments to staff during the financial year. Employees received no benefits in kind during the year.

The following information and table has been subject to audit:

- 17 staff left under Voluntary Redundancy terms on 30 September 2010. They received a compensation payment of £286,000. They did not receive any additional compensation.
- 14 staff left, or are due to leave under Voluntary Exit terms. The total compensation payment will be £378,000. They did not receive any additional compensation.

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Annual Report for the year ended 31 March 2011

1	Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
2	> £10,000	nil	11	11
3	£10,000- £25,000	nil	9	9
4	£25,000- £50,000	nil	9	9
5	£50,000- £100,000	nil	2	2
6	Total number of exit packages	nil	31	31
7	Total resource cost / £000s	nil	664	664

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full, in the year in which the departure has been formally agreed and approved irrespective of the leave date. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Dr David Fleming OBE
 Director and Accounting Officer
 National Museums & Galleries on Merseyside
 Date: 6 July 2011

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Annual Report for the year ended 31 March 2011

KEY PERFORMANCE INDICATORS – 2011 OUTTURN

Performance Indicator	2009-10 Out-turn	2010-11 Out-turn
Core Targets		
KPI (1) Total number of visits	2,272,981	2,635,993
KPI (2) Number of website visits	3,338,143	3,176,266
KPI (3) Number of UK adults aged 16 and over from lower socio-economic groups visiting NML	724,201	738,078
KPI (4) Number of children aged 15 and under visiting NML	437,779	500,839
KPI (5) Number of children aged 15 and under in on and off site organised educational sessions	271,487	192,948
KPI (6) Net Income from trading (including corporate hire)	640,376	624,621

Explanatory Note:

KPI 3 includes only visitors over age 16. We are reporting Lower Socio-Economic groups as NS-SEC (categories 5-8).

Children visiting to attend onsite educational programmes are counted solely within KPI (5) and are not counted as part of KPI (4)

No targets were set with the DCMS for 2010-2011.

Dr David Fleming OBE
 Director and Accounting Officer
 National Museums & Galleries on Merseyside
 Date: 6 July 2011

Professor Phil Redmond
CBE
 Chairman of Trustees
 Date: 6 July 2011

National Museums & Galleries on Merseyside
Statement of Trustees' and Director's responsibilities
For the year ended 31 March 2011

Under paragraph 8(2) of the Schedule to the Merseyside Museums and Galleries Order 1986 the Board of Trustees of the National Museums & Galleries on Merseyside is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The account is prepared to show a true and fair view of the National Museums Liverpool's financial activities during the year and of its financial position at the end of the year.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State¹, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the account on the going concern basis, unless it is inappropriate to presume that NML will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the National Museums Liverpool as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.

Dr David Fleming OBE
Director and Accounting Officer,
National Museums & Galleries on Merseyside
Date: 6 July 2011

Professor Phil Redmond CBE
Chairman of Trustees
Date: 6 July 2011

¹ a copy of which is available from: The Director's Office, World Museum Liverpool, William Brown Street, Liverpool, L3 8EN.

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

1. Scope of responsibility

Respectively as Accounting Officer and Chair of the Trustee Board, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of NML's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to us in Managing Public Money. The Accounting Officer is accountable to the Board of Trustees, Finance Committee, Audit Committee and Department for Culture, Media and Sport (DCMS) for managing the risk of NML.

NML is a NDPB sponsored by the DCMS and funded from grant-in-aid. The level of grant-in-aid is allocated on the basis of the Funding Agreement developed jointly between NML and the DCMS and is administered under the terms of a Management Statement and Financial Memorandum (MS & FM) to which both parties are a signatory. NML applies a vision and core set of beliefs that incorporate or take cognisance of Government and Departmental objectives for DCMS. These government objectives are integrated with NML's own corporate objectives as defined in the three year Strategic Plan, the Annual Business Plan, three year Funding Agreement and MS & FM.

To deliver the service desired and specified in these agreements, NML has a management team structure that:

- is empowered by NML's Trustees through a scheme of delegation;
- is defined and whose roles, responsibilities and accountability are communicated appropriately;
- operates a risk-based management approach; and
- clearly defines roles and responsibilities and allocates accountabilities for the identification and management of risk.

2. The purpose of the system of internal control

The system of internal control is designed to promote high standards of corporate governance and manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NML's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NML for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Director and the Executive Team (ET) recognise the importance of leadership to create an environment where risk management is effective, with strategic risk being reviewed at regular intervals during the period and operational risk being reviewed and managed on an ongoing basis. In the year ending 31 March 2011, NML has

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

built on the fundamental changes to the risk management framework in previous years, adopting a full Executive Team annual review of the risk ratings applied to the strategic risks to ensure that they are reflective of the changing environment.

NML also recognises that organisational risk tolerance will vary dependent on circumstances. With this in mind, NML takes a balanced view and are highly risk averse in certain areas of its core operational activities but will tolerate, or even encourage, greater risk-taking in other areas in order to achieve beneficial changes for visitors. This acceptance of a higher level of risk does not, of course, override the need for a full evaluation of risk before such activities is undertaken, nor override the need to take appropriate actions to manage risk effectively within the tolerances adopted.

NML has therefore developed appropriate processes for the systematic identification, evaluation and control of risk. This has enabled NML to respond to potential risks including:

Grant-in-aid funding cuts

Following the Government Spending Review in October 2010, NML was notified by DCMS of a 15% real-terms reduction to its resource budget to be applied by 2014/15. NML had been preparing for the announcement for many months and initiated a voluntary early retirement scheme which enabled selected staff to leave the organisation which, along with other initiatives, provided the required level of savings.

Subsequent years funding is being regularly assessed to ensure NML remains able to continue to provide a world class Museum service.

Museum of Liverpool (MoL) Project – This major capital project is closely monitored by a separate committee comprising trustees and non-executive specialists with members of the Executive Team reporting and third party professionals in attendance where appropriate. The MoL Project Monitoring Committee meets at least quarterly and receives progress reports and detailed operational risk registers. Decisions taken by this committee are recorded and reported to the Board of Trustees. The Committee reviews and monitors the relevant financial reporting which is also received by the Finance Committee. The Audit Committee also monitors the risk registers and receives a regular separate report on the MoL project.

4. The risk and control framework

NML maintained risk management systems throughout 2010/11. To this end the ET has:

- developed individual risk registers with project partners for major capital projects which are OGC Gateway and HMT Orange Book compliant;
- continued to operate a formal and transparent budget process;
- continued to monitor, on a regular basis, NML's performance against the operational budget to ensure potential, critical financial risks are highlighted at the earliest opportunity;

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

- continued to use, regularly review and update a corporate risk register detailing NML's most strategic risks, which have been integrated into RiskNetwork[®];
- has adopted the Treasury's own "Orange Book" and "Orange Booklet for NDPBs" as NML's principal guidance on risk management and has made this available to all staff in an electronic version;
- worked towards compliance with the Cabinet Office guidance in relation to IT security. It is anticipated that full compliance with the Cabinet Office guidance in relation to IT security will be achieved by the end of 2011 and this will be the responsibility of the Head of IT in his capacity as the Senior Information Risk Officer. There have been no data incidents at NML during 2010/11;
- made provision for other supporting guidance to be made available in an electronic form on the IT network including its suite of Financial Control Guidance Notes;
- ensured that rigorous risk assessments are carried out by the responsible officers within the management team to provide the best conditions for the optimum physical health, safety and security of our staff and visitors; and
- put in place a dedicated team to ensure that our activities reach out to the public to ensure that all individuals and groups are included in the scope of our activities.

Internal Audit

Internal Audit was outsourced to Deloitte LLP (Deloitte) from 1 April 2009 on a fixed term contract which has been extended to 5 July 2011. Deloitte has conducted an independent appraisal of key NML activities, financial and operational. The service is carried out to professional standards promulgated by HM Treasury and complies in all material respects with Government Internal Audit Standards (GIAS). The service is responsible for giving assurance to the Board of Trustees through the Audit Committee and NML's Accounting Officer on the adequacy of NML's risk management, control and governance processes. The Board of Trustees determines whether to accept and approve implementation of the audit recommendations or to recognise and accept the risk of inaction.

Deloitte LLP continuously reviews the methodologies it applies to ensure that its service is the most beneficial to NML and contributes effectively to the corporate risk based management approach. Deloitte LLP monitors and provides objective advice and assurance on:

- NML's managers' risk management strategies and measures, proposed and in place, to ensure that their assurances to the Accounting Officer are reliable and sustainable;
- the adequacy and effectiveness of internal control systems and the overall control environment in NML for the containment and management of risk at acceptable levels; and
- arrangements, proposed and in place, to ensure adequate and effective compliance with the NML's own governance requirements including internal policies and objectives, statutory obligations, third party direction such as the MS & FM and regulatory requirements.

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

Risk Management

NML has continued to take a proactive approach to risk management in the year. The main risks during the year continued to be the MoL development and the overall control environment underpinning the project.

During 2010/11 the ET has acted to maintain NML's capacity to handle and contain risk at levels acceptable to its stakeholders and has:

- completed a fraud risk training session for the ET;
- continued to regularly identify and document NML's strategic risks;
- reviewed and acted to ensure NML's corporate priorities and obligations continue to sustain and deliver core activities irrespective of the operating environment;
- maintained and communicated a clear statement of NML's vision and beliefs to underpin all of its fundamental obligations and priorities;
- facilitated committee meetings that link closely to operational areas of responsibility and specifically an Audit Committee which reports to the Board of Trustees on internal control and risks across all areas of activity; and
- continued to apply the principle of determining corporate priorities to the strategic planning process based on Directorates, which links priorities to resource availability in the form of funding and people.

Governance

NML has an established committee structure to ensure close conformity with good governance practice. This allows NML to make best use of Trustees' expertise in areas where they can offer greatest experience and knowledge and introduces external non-executive members to enhance the objectivity of the committees in line with current HM Treasury guidance.

Management team

NML's management team is structured to ensure that key services and obligations are delivered in the most effective and efficient manner. The management team structure comprises three tiers of management:

- the **Executive Team** (ET), who provide the strategic direction of NML's activities and comprise:
- the **Senior Management Team** (SMT), responsible for the implementation of policies to achieve core aims, beliefs and operational objectives comprising the Executive Team and fifteen Divisional Heads (as appropriate); and
- the **Managers Communication Forum**, comprising the ET, SMT and Departmental Heads tasked with the delivery of strategic objectives, corporate priorities and obligations, NML's vision and beliefs whilst managing and containing the NML's risks at an acceptable level.

The Managers Communication Forum provides an organisation-wide focus group for the identification and control of risk and the allocation of management

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

responsibility and accountability across NML's whole spectrum of diverse activities.

The Director is assured by the work and findings of internal audit that NML's existing governance structure has been effective in controlling and containing risk at acceptable levels during 2010/11.

5. Review of effectiveness

The Accounting Officer is responsible for implementing a process for reviewing the effectiveness of the system of internal control. A review of the effectiveness of the system of internal control is informed by the work of:

- internal audit;
- external audit; and
- the ET within NML who have responsibility for the development and maintenance of the internal control framework.

NML has a dedicated Audit Committee constituted in line with HMT guidelines. This Committee meets at least three times a year and the Chairman reports to the full Board of Trustees. During 2010/11 the Audit Committee met three times and NML has determined that this Committee should meet at least four times a year in future on dates closely aligned to the pattern of Board and other committee meetings, as well as to the key reporting dates of the preparation of the financial statements and audit procedures, to help improve the efficient flow of information and consequent required actions.

NML has developed more formal procedures to better evidence all matters that are brought to DCMS attention or require DCMS approval. Quarterly reviews now take place with DCMS and the ET. The first of these reviews was held in April 2011 and reported against a pro forma checklist to the Board of Trustees through the committee structure. The first such Trustee review will take place at the Audit Committee in September 2011 and has been designed to provide a more pro active mechanism for improving regular and in depth communications with DCMS. NML and DCMS are committed to continuing to improve and strengthen the regular dialogue and provision of information between the two bodies.

Museum of Liverpool

As part of the overall control environment underpinning the MoL project, commercial negotiations and disputes that arise with third party contractors engaged with the project are reviewed by the MoL Project Monitoring Committee and are the subject of external legal advice. Action has been taken to address significant internal control weaknesses highlighted by the external auditors in the previous annual report and improvements have been and continue to be made to the reporting procedures to the Audit Committee to ensure regular and systematic written summary notification of all potential, pending and actual litigation is copied directly to the Audit Committee. A summary of the red risks shown on the risk registers included in the standard package of Audit Committee papers has also been added to further highlight all such matters. The successful implementation of these changes will continue to be closely monitored.

**National Museums & Galleries on Merseyside
Statement on Internal Control within NMGM
For the year ended 31 March 2011**

Other assurance mechanisms

A number of financial control processes have been maintained. The Finance department produces monthly management accounts which are reviewed by budget holders and the Executive Team on a monthly basis to identify and act upon departures from the original budget. This is reported to the Finance Committee and Board on a quarterly basis.

Capital expenditure projects are approved on an individual basis through presentation of a business justification, risk assessment and discounted cash flow forecast to the Capital Projects Steering Group, and, where they exceed certain expenditure thresholds, the Board of Trustees.

Executive Directors provide the Audit Committee with a regular update on a cyclical basis in relation to their operation of internal controls for the major areas of risk they are responsible for.

The monitoring of the implications of the results of the review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place to ensure there are satisfactory processes in place for identifying, evaluating and managing the significant risks faced by NML.

Significant Control Weaknesses

NML has addressed the significant control weaknesses including those identified by Deloitte during 2009/10 resulting from specific audits.

Most notably this was within IT, and action plans have been established to mitigate these. Specifically IT has been closely monitored by the ET through the committee structure and significant progress has been reported following work by internal audit in the latter part of 2010/11.

**Dr David Fleming OBE
Director & Accounting Officer
National Museums & Galleries on Merseyside**

Date: 6 July 2011

**Professor Phil Redmond CBE
Chairman of Trustees
National Museums & Galleries
on Merseyside**

Date: 6 July 2011

National Museums & Galleries on Merseyside The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the National Museums and Galleries on Merseyside for the year ended 31 March 2011 under the Merseyside Museums and Galleries Order 1986. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Museum Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Board of Trustees and Director as Accounting Officer, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Merseyside Museums and Galleries Order 1986. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Museums and Galleries on Merseyside's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the National Museums and Galleries on Merseyside's and the group's affairs as at 31

**National Museums & Galleries on Merseyside
The Certificate and Report of the Comptroller and Auditor General to the
Houses of Parliament**

March 2011 and of the incoming resources and application of resources of the group for the year then ended;

- the financial statements have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Merseyside Museums and Galleries Order 1986; and
- the information given in Legal and Administration; Operating Review, and the Financial Review sections of the Annual Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 13 July 2011*

**National Museums & Galleries on Merseyside
Consolidated Statement of Financial Activities
For the year ended 31 March 2011**

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	* Restated Total 2010 £000
Incoming resources:					
Grant-in-aid - DCMS	2	23,712	-	23,712	23,463
Grant-in-aid - HMRC	2	-	337	337	356
Incoming resources from generated funds:					
Voluntary income;					
Grants and donations	2a	51	7,600	7,651	9,368
Gifts	6a	-	322	322	463
Merchandising income of subsidiary company	9	2,054	-	2,054	1,974
Investment income	7b	26	34	60	51
Incoming resources from charitable activities	7a	<u>594</u>	<u>-</u>	<u>594</u>	<u>767</u>
Total incoming resources		<u>26,437</u>	<u>8,293</u>	<u>34,730</u>	<u>36,442</u>
Resources expended:					
Costs of generating funds;					
Fundraising costs in respect of voluntary income		425	-	425	464
Costs of subsidiary company merchandising	9	2,046	-	2,046	2,134
Charitable activities;					
Care of collections		6,136	685	6,821	6,863
Care of buildings		6,818	1,849	8,667	8,019
Visitor Services		3,502	244	3,746	3,909
Exhibitions		1,426	135	1,561	2,021
Education and research		2,907	245	3,152	3,679
Other resources expended;					
Grants to third parties		140	-	140	140
Fees and charges activities of charity staff		422	-	422	475
Governance costs		<u>250</u>	<u>-</u>	<u>250</u>	<u>309</u>
Total resources expended	4	<u>24,072</u>	<u>3,158</u>	<u>27,230</u>	<u>28,013</u>
Net incoming resources before transfers between funds	3	2,365	5,135	7,500	8,429
Transfers between funds		<u>16</u>	<u>(16)</u>	<u>-</u>	<u>-</u>
Net incoming resources after transfers between funds		2,381	5,119	7,500	8,429
Movement on assets:					
Unrealised net surplus/ (loss) on revaluation of fixed assets and investments	6 & 24	<u>820</u>	<u>1,240</u>	<u>2,060</u>	<u>(13,612)</u>
Net movement in funds		<u>3,201</u>	<u>6,359</u>	<u>9,560</u>	<u>(5,183)</u>
Fund balances brought forward at 1 April		<u>115,450</u>	<u>111,669</u>	<u>227,119</u>	<u>232,302</u>
Fund balances carried forward at 31 March	14	<u>118,651</u>	<u>118,028</u>	<u>236,679</u>	<u>227,119</u>

All of NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above. The notes on pages 49 to 86 form part of these accounts.

* 2010 has been restated (see Note 1j).

**National Museums & Galleries on Merseyside
Consolidated Balance Sheet
As at 31 March 2011**

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	6	218,788	210,931
Heritage assets	6a	<u>10,469</u>	<u>10,021</u>
		229,257	220,952
Current assets:			
Stock		169	154
Investments	24	649	809
Debtors	10	5,791	4,569
Cash at bank and in hand		<u>5,658</u>	<u>4,872</u>
		12,267	10,404
Creditors: amounts falling due within one year	11 & 12	<u>(4,185)</u>	<u>(3,668)</u>
Net current assets		<u>8,082</u>	<u>6,736</u>
Total assets less current liabilities		<u>237,339</u>	<u>227,688</u>
Creditors: due after more than one year	11 & 12	<u>(660)</u>	<u>(569)</u>
Total net assets		<u>236,679</u>	<u>227,119</u>
Represented by:			
Income funds			
Restricted funds	14	118,028	111,669
Unrestricted funds:			
Designated funds	14	115,756	112,937
General funds	14	<u>2,895</u>	<u>2,513</u>
Total funds		<u>236,679</u>	<u>227,119</u>

The notes on pages 49 to 86 form part of these accounts

Dr David Fleming OBE
Director and Accounting Officer
National Museums & Galleries on Merseyside
Date: 6 July 2011

Professor Phil Redmond CBE
Chairman of Trustees
National Museums & Galleries on Merseyside
Date: 6 July 2011

**National Museums & Galleries on Merseyside
Museum Balance Sheet
As at 31 March 2011**

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	6	218,588	210,688
Heritage assets	6a	10,469	10,021
Investment in NMGM Enterprises Limited	9	<u>380</u>	<u>380</u>
		229,437	221,089
Current assets:			
Stock		17	17
Investments	24	649	809
Debtors	10	6,089	4,710
Cash at bank and in hand		<u>5,183</u>	<u>4,525</u>
		11,938	10,061
Creditors: amounts falling due within one year	11 & 12	<u>(4,029)</u>	<u>(3,440)</u>
Net current assets		<u>7,909</u>	<u>6,621</u>
Total assets less current liabilities		<u>237,346</u>	<u>227,710</u>
Creditors: amounts due after more than one year	11 & 12	<u>(660)</u>	<u>(569)</u>
Total net assets		<u>236,686</u>	<u>227,141</u>
Represented by:			
Income funds			
Restricted funds	14	118,028	111,669
Unrestricted funds:			
Designated funds	14	115,756	112,937
General funds		<u>2,902</u>	<u>2,535</u>
Total funds		<u>236,686</u>	<u>227,141</u>

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National Museums & Galleries on Merseyside
Consolidated Cash Flow Statement
For the year ended 31 March 2011

	Notes	2011	2010
		£000	£000
Net cash inflow from operating activities	19	9,500	12,574
Returns on investments and servicing of finance:			
Interest and dividends received		60	51
Decrease / (Increase) in investments		209	(218)
Investing Activities:			
Capital expenditure and financial investments:			
Purchase of tangible assets adjusted for capital accruals		<u>(8,983)</u>	<u>(12,254)</u>
Increase in cash in the year	19	<u>786</u>	<u>153</u>

The notes on pages 49 to 86 form part of these accounts

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

1. Accounting policies

a) ***Basis of accounting***

The financial statements have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with Sections 8(1) and 8(8) of the Schedule to the Merseyside Museums and Galleries Order 1986 and in accordance with:

- a. Financial Reporting Manual (FRoM);
- b. other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Secretary of State; and
- d. the provisions of the Charities SORP 2005.

The financial statements are prepared on a going concern basis, and under the historical cost convention as modified by the revaluation of land and buildings and current asset investments. They have also been prepared in accordance with applicable accounting standards and generally accepted accounting practice in the United Kingdom.

Consolidated financial statements have been prepared for NML and its subsidiary company NMLT. In addition a separate balance sheet has been prepared for NML alone. NML's investment in NMLT is shown at book value, less any provision for material impairment.

The income and expenditure lines of the Profit & Loss account of the subsidiary trading company are taken to the consolidated Statement of Financial Activities (SOFA). The SOFA, adjusted for intra-group transactions, and the Balance Sheets of NML and NMLT are consolidated on a line-by-line basis.

A number of funds which predate NML's existence, which share a commonality of Trusteeship, have not been consolidated but are declared in full, as in note 23.

b) ***Incoming resources***

Grant-in-Aid from the DCMS is taken to the SOFA in the year in which it is received.

Capital grants with a restricted application, Lottery income, European Development Fund and income from the Northwest Regional Development Agency is recognised as and when the conditions for its receipt have been met.

Legacies are treated as receivable as and when they are received unless there is sufficient evidence to provide the necessary certainty that the legacy will be received and that the value of the incoming resource can be measured with sufficient reliability.

A small amount of commercial income has been deferred under the receivable convention; this will be matched and released as and when the contractual obligations have been discharged.

All other income is accounted for on a receivable basis. Income from charitable activities primarily includes; rental income, fees and charges commercial contracts, exhibitions and car parking income.

Incoming resources of a similar nature are grouped together in line with SORP 2005 requirements.

Gifts are recognised in the account as ownership passes from the donor to NML and are valued either by NML staff or, where a relationship with a taxation agreement exists, by reference to a Capital Taxes Office valuation.

c) **Expenditure**

Resources expended of a similar nature are also grouped together in line with SORP 2005.

The charitable activity groupings are; care of collections, care of buildings, visitor services, exhibitions, and education and research. Expenditure has been allocated on a direct basis where applicable and by apportionment for administration and other costs. The apportionment method is based upon a pro-rata relationship of indirect costs to total direct costs.

Liabilities are recognised on an accruals basis.

Depreciation costs are allocated on a direct basis where applicable and the remainder based upon the same pro-rata basis as above; within the charity heads. NMLT Ltd depreciation is allocated directly to the costs of the subsidiary company.

Costs of generating funds includes fundraising; seeking contributions, charitable donations and grant income. It also includes the costs of the wholly owned subsidiary trading company.

Governance costs are; external audit fees, corporate governance (including internal audit), legal advice on governance issues and an apportionment of Finance Department costs associated with governance.

Support costs are; management, finance, information technology, office services and human resources. Apportionment is calculated on the same basis as administration costs.

d) **Heritage assets**

There were no valuations available for items acquired before 1 April 2001. All heritage assets where cost or valuation information is available are capitalised and recognised in the Balance Sheet, at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable and reliable. Such items are not depreciated or revalued as a matter of routine since the carrying values of many of the assets are affected by market demand.

Donated assets are valued by internal experts within the museum at an estimate of fair market value. Items allocated by HM Treasury under the acceptance in lieu of inheritance tax scheme are included in the accounts at their current valuation.

The recent accounting and disclosure requirements under FRS30 are addressed at note 6. The Trustees have considered the cost of valuing the non-capitalised heritage assets, but the Trustees believe that the cost of doing so is disproportionate and not an appropriate use of the charity's funds.

e) **Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of NML.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. These are described in more detail in Note 14.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of an appeal.

Transfers between funds occur when small amounts of general funds are designated; general revenue funds are applied to capital expenditure and similarly when restricted funds are applied to major capital schemes.

f) **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation. Depreciation is provided on all tangible assets, except land and heritage assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	50 years
Long leasehold buildings	over the lease term up to a maximum of 50 years
Furniture and fittings	4 years (museum) 8 years (subsidiary)
Permanent Galleries	10-15 years
Motor vehicles	4 years

The capitalisation threshold for all categories of depreciated fixed assets is £2,000 (subsidiary £500).

The threshold for capitalisation of gifts is £500.

Assets in the course of construction are stated at cost in tangible fixed assets, but are not depreciated until the asset becomes operational. The asset will then become subject to valuation, impairment review and depreciation.

Land and buildings are professionally revalued every five years. The last full quinquennial external valuation of all NML's land and buildings was undertaken as at 31 March 2007. In the intervening years a Modified Historical Cost Accounting (MHCA) index is used for buildings; the indices are taken from the BIS Price Tender Index for Public Sector Building (non-housing) and are applied to the gross brought forward balances for the year. Land is subject to an interim revaluation which took place in 2010-2011.

Within the subsidiary trading company, the depreciation policy and financial threshold for asset recognition is different to that of NML and therefore there is an inconsistency within the Group. This is not material within the context of these statements.

Where NML becomes aware that the carrying value of its tangible fixed assets has suffered from impairment, steps are taken to ensure that the carrying value is restated.

g) **Stock**

Stock is valued at the lower of cost and net realisable value and comprises goods for resale.

h) **Leases**

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

i) **Pensions**

NML's staff are employed on terms, conditions and rates of pay determined by the Trustees. Staff who meet the eligibility requirements are entitled to membership of the Principal Civil Service Pension Scheme (PCSPS) and the conditions of the Superannuation Acts, 1965 and 1972 apply.

The Museum recognises the expected costs of these elements on a systematic and rational basis over the period during which benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the Museum recognises the contribution

payable for the year.

The full cost of the accrued liability for annual compensation payments under early retirement arrangements, are recognised in the year of departure or where applicable in the year of the obligating event.

The subsidiary trading company operates a defined contribution scheme. The cost of the scheme to the company is limited to the employer's contributions payable.

j) **Notional costs**

Up to and including 2009-2010 a notional cost of capital charge has been included in these accounts, in accordance with the Financial Reporting Manual. From 2010-2011, HM Treasury's Clear Line of Sight project has meant this charge is no longer required to be included. This is a change in accounting policy and so a prior year adjustment has been made in the accounts. The SOFA has been restated accordingly, although there is no impact on the Balance Sheet.

The notional cost of capital in 2009-2010 was 3.5% of average net assets £4.513m.

k) **Taxation**

NML is an exempt charity by virtue of schedule 2 to the Charities Act 1993 and its primary purpose activity is exempt from Corporation Tax under the Income Tax Act 2007. The profits of the trading company are passed annually to the charity in such a way that any tax liability is mitigated in line with HMRC guidance.

By virtue of section 33A of the Value Added Tax Act 1994 NML receives refunds of VAT incurred on the purchase of goods and services, or on the acquisition or importation of goods used in connection with the free right of admission to the public. Ordinarily this VAT cannot be recovered because it is attributable to the non-business activity of free admission.

A potential tax liability is detailed in the Contingent Liability note, (Note 21).

l) **Provisions**

NML had made a specific provision, in respect of an early retirement scheme where appropriate in the year of the obligating event. Under this scheme, the Museum bears the cost of these benefits until the normal retirement age. The liability is recognised in NML's account.

The total pension liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement and an increase in the provision for pension payments is made. Funds are released from the provision annually to fund pension payments to the retired employee until normal retiring age.

An additional provision of £176,000 has been made for legal fees in relation to the new Museum of Liverpool. The estimates were quantified by the respective solicitors.

m) ***Investments***

The investment manager (Rathbone Investment Management) is required to avoid exposure to investments, which, are deemed to be unsuitable in the context of the trustees' objectives, when considering the portfolio as a whole.

Investment income from securities includes dividends and distributions declared as payable during the year and are treated as restricted funds.

Investments listed on a recognised stock exchange are re-valued at year-end market value price, excluding any applicable accrued interest. Unrealised and realised gains and/or losses are recognised in the Statement of Financial Activities.

The Museum investment in NML Trading Limited is shown at book value, less any provision for material impairment.

n) ***Long-term Creditors***

The Museum received a payment from the operator of the Combined Heat and Power scheme in relation to the Museum of Liverpool, prior to the operation of this equipment, as a contribution towards the Museum's necessary start-up costs. The amount received has been accrued for and will be released to the Statement of Financial Activities over the duration of the contract; 17 years. The first year was 2010-2011.

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

2. Grant-in-Aid £23,712,000 of DCMS Grant-in-Aid has been received during the year (2010: £23,463,000). This money is available for running costs, capital improvements and collection purchases. During the year Grant-in-Aid was allocated to:

	2011	2010
	£000	£000
General fund	21,112	20,015
Government grant capital allocation	<u>2,600</u>	<u>3,448</u>
	<u>23,712</u>	<u>23,463</u>

NML also receives Grant-in-Aid from the UK Border Agency (UKBA). The amount received in 2010/11 was £336,697 (2009/10 £356,338;). No Capital GiA was received from UKBA in 2010-2011 (2009/10 £nil). A summary can be seen at Note 16.

2a.Grants & donations £7,651,000 (£9,368,000 2009-2010) was received during the year; of which only £51,000 (£63,000 2009-2010) was unrestricted. The restricted income included the following contributions towards NML's capital programme:-

	2011	2010
	£000	£000
Heritage Lottery Fund	3,471	1,527
European Regional Development Fund	1,518	187
Northwest Regional Development Agency	104	4,592
Other revenue and capital grants and donations	<u>2,507</u>	<u>2,999</u>
	<u>7,600</u>	<u>9,305</u>

3. Net incoming resources

	2011	2010
	£000	£000
Net incoming resources before transfers is stated after charging for:		
Travel and subsistence (including Trustees)	127	104
Hospitality	34	67
Operating lease payments (Ener-G CHP scheme)	230	-
Operating lease payments (Other)	52	59
Consolidated audit fee	50	65
Trading company audit fee	7	6
Depreciation	3,641	3,507

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

4. Total resources expended	Staff Costs £000	Other Costs £000	Depreciation £000	2011 Total £000	2010 Total £000
Costs of generating funds:					
Fundraising costs	377	48	-	425	464
Cost of subsidiary company merchandising	1,135	866	45	2,046	2,134
Charitable activities;					
Care of collections	5,401	1,033	387	6,821	6,863
Care of buildings	861	4,691	3,115	8,667	8,019
Visitor services	3,636	73	37	3,746	3,909
Exhibitions	803	738	20	1,561	2,021
Education and research	2,193	922	37	3,152	3,679
Grants to third parties	-	140	-	140	140
Fees & charges activities of charity staff	289	133	-	422	475
Governance costs	<u>85</u>	<u>165</u>	<u>-</u>	<u>250</u>	<u>309</u>
Total resources expended	<u>14,780</u>	<u>8,809</u>	<u>3,641</u>	<u>27,230</u>	<u>28,013</u>
Governance costs includes:					
External audit fees	-	57	-	57	71
Corporate governance	53	-	-	53	49
Internal audit	-	38	-	38	84
Legal advice	-	67	-	67	72
Finance	<u>32</u>	<u>3</u>	<u>-</u>	<u>35</u>	<u>33</u>
	<u>85</u>	<u>165</u>	<u>-</u>	<u>250</u>	<u>309</u>

The External audit fees do not include fees for non-audit work.

Support costs;	Care of Collections	Care of Buildings	Visitor services	Exhibitions	Education & research	Total
Management	103	48	65	19	45	280
Finance (inc Audit)	255	92	164	45	109	665
ICT	262	234	150	64	128	838
Office services	54	76	27	17	30	204
Human resources	<u>343</u>	<u>618</u>	<u>153</u>	<u>124</u>	<u>202</u>	<u>1,440</u>
	<u>1,017</u>	<u>1,068</u>	<u>559</u>	<u>269</u>	<u>514</u>	<u>3,427</u>

The support costs are contained within the respective charitable activities headings above.
The Museum depreciation is split between Unrestricted £2.088m and Restricted £1.508m.
The unrestricted element counts against NML's non-cash gia allocation.

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

5. Staff costs

During the year staff costs directly associated with the delivery of NML's major capital projects were capitalised; a new Museum of Liverpool, International Slavery Museum ph3, Canning Dock, Lady Lever ph3, Room 11 Walker Art Gallery. The amount for the year was £876,230. The following Staff cost note has been expanded to disclose the capitalisation of these amounts.

	NML	NML	Total	Total
	Trading Ltd		2011	2010
	£000	£000	£000	£000
Wages and salaries	11,137	1,066	12,203	12,267
Social security costs	745	59	804	804
Pension costs	<u>1,763</u>	<u>10</u>	<u>1,773</u>	<u>1,804</u>
Staff Costs within operating expenditure	13,645	1,135	14,780	14,875
Capitalised staff costs	876	-	876	851
Agency staff costs	<u>22</u>	<u>-</u>	<u>22</u>	<u>50</u>
Total staff costs	<u>14,543</u>	<u>1,135</u>	<u>15,678</u>	<u>15,776</u>

The capitalised staff costs related to capital projects include; Basic Pay £682,954 Employers NIC £63,515 and Employers Superannuation costs £129,761.

All NML employments are covered by the Principal Civil Service Pension Scheme. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but NML is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (**Hewitt Bacon Woodrow**) valued the scheme as at 31 March 2007. You can find details in the resource accounts of the **Cabinet Office: Civil Superannuation** (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £1,865,209 were payable to the PCSPS (2009-10: £1,902,980) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands (the rates in 2009-10 were between 16.7% and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. In 2010-11 the salary bands were revised and the rates revised as above. From 2011-12, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £27,992 were paid to one or more of a panel of three appointed **stakeholder** pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £2,287.47, 0.8 per cent of pensionable pay, were payable to the **PCSPS** to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

There were no early retirements on **ill-health** grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

The subsidiary trading company previously operated a defined contribution scheme. The current pension arrangement means that the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT makes a contribution of 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employer's contribution amounted to £9,557 (2009-20110; £11,620).

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

There were three members of staff in the salary band £55,001 - £65,000; one member in the salary band £65,001 - £70,000; two in the salary band £70,001 - £75,000 and one member in the salary band £105,001 - £110,000.

The average number of 'Full-Time Equivalent' employees analysed by directorate were:

Employee Configuration as at 31 March 2011	2011	Employee Configuration as at 31 March 2010	2010
Director's Office	7	Director's Office	6
Museum Secretary's Office	1	Museum Secretary's Office	1
Development and Communications	53	Development and Communications	57
Public Services:		Public Services:	
Collections Management	104	Collections Management	113
Education, Communities & Visitors	196	Education, Communities & Visitors	203
Museum of Liverpool	65	Museum of Liverpool	66
Human Resources	16	Human Resources	17
Finance, ICT & Procurement	37	Finance, ICT & Procurement	41
Cleaning Services	41	Cleaning Services	39
NML Trading Ltd	58	NML Trading Ltd	60
	<u>578</u>		<u>603</u>

The average number of 'Full-Time Equivalent' employees analysed by category of staff were:

Employee Configuration as at 31 March 2011	2011	Employee Configuration as at 31 March 2010	2010
Senior Management Team	22	Senior Management Team	22
Staff on permanent contract	416	Staff on permanent contract	435
Staff on fixed term contracts	140	Staff on fixed term contracts	146
Total	<u>578</u>	Total	<u>603</u>

NML does not have data available to analyse over the organisation's "Charitable Activities" as required by the SORP.

The average number of 'Full-Time Equivalents' capitalised is 34.

Trustees

The Trustees neither received nor waived any emoluments during the year. Payments to reimburse Trustees' travel and subsistence costs associated with the attendance of meetings amounted to £1,250 (2009-2010: £2,925). Five trustees were reimbursed in 2010-2011 (five in 2009-2010).

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

6. Tangible fixed assets	Land	Buildings	Furniture & Fittings	Permn't Galleries	Motor Vehicles	Assets in Course of Construction	Sub-total	Heritage Assets (note 6a)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost/valuation									
Valuation base at 01-Apr-10	15,090	132,433	21,771	5,981	96	66,557	241,928	10,021	251,949
Additions in year	-	811	257	415	-	8,004	9,487	448	9,935
Disposals	-	-	(12)	-	-	-	(12)	-	(12)
Revaluation	(195)	2,206	-	-	-	-	2,011	-	2,011
Closing valuation	14,895	135,450	22,016	6,396	96	74,561	253,414	10,469	263,883
Depreciation									
Balance as at 01-Apr-10	-	8,135	21,207	1,568	87	-	30,997	-	30,997
Base charge for year	-	2,712	290	635	4	-	3,641	-	3,641
Disposals	-	-	(12)	-	-	-	(12)	-	(12)
Revaluation	-	-	-	-	-	-	-	-	-
Balance as at 31-Mar-11	-	10,847	21,485	2,203	91	-	34,626	-	34,626
Net book value:									
At 31 March 2011	14,895	124,603	531	4,193	5	74,561	218,788	10,469	229,257
At 31 March 2010	15,090	124,298	564	4,413	9	66,557	210,931	10,021	220,952

This note reflects the consolidated position of NML and its subsidiary trading company NMLT. All of the tangible fixed assets of the trading company are shown within furniture and fittings. The net book value as at 31 March 2011 was made up of:

	2011	2010
	£000	£000
NML tangible fixed assets	218,588	210,688
NML heritage assets	10,469	10,021
NMLT tangible fixed assets	200	243
	229,257	220,952

Further information on heritage assets is set out in Note 6a.

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

Net Book Value of Land and Buildings.

NML has operated a revaluation policy in relation to its land and buildings since its formation in 1986. Under the valuation conventions of the Royal Institute of Chartered Surveyors a full revaluation is carried out every five years, an appropriate index is used for buildings to cover the intervening periods.

NML instructed Drivers Jonas, chartered surveyors, to carry out a full valuation of its land and buildings as at 31 March 2007 and the results of the valuation are reflected in the financial statements. The table reflects a reduction this year in net book value due to the desktop revaluation of land and EUV and MV assets (from April 2007 to March 2011). The yearly application of an index to buildings produced a small increase in nbv.

The Mann Island Site and the Maritime Park are affected by the construction of the New Museum of Liverpool and the extension of the Leeds- Liverpool Canal. In restating the land values the area of land upon which the new museum has been built has been treated as land associated with Assets in the Course of Construction and the post balance sheet disposal areas separately identified.

The results, and the basis of the valuation, across all sites are shown below: -

Property	Basis	Land Value 31-Mar-10 £	NBV Bldgs 31-Mar-10 £	Land Value 31-Mar-11 £	NBV Bldgs 31-Mar-11 £	
Freehold Properties						
Lady Lever Art Gallery	DRC	500,000	6,038,013	485,000	6,159,931	
County Sessions House	DRC	450,000	1,651,806	436,500	1,685,130	
The Walker	DRC	2,660,000	13,987,261	2,580,200	14,415,705	
World Museum	DRC	2,630,000	51,398,494	2,551,100	52,599,195	
Sudley House	DRC	130,000	1,699,546	124,800	1,733,833	
Maritime Park:-						
MLL demolished						
MLL retained	}	DRC	220,000	220,000	}	
GWR Building		DRC	270,000	270,000		
Dockmaster's House		DRC	70,000	70,000		
Canning Docks		DRC	2,420,000	2,420,000		
Maritime Car Park:-						
Prospective canal basin (T1A)	}		330,000	-	330,000	
Land abutting canal basin (T2)			110,000	-	110,000	
Canning Docks / Pilotage Amenity Land		EUV / MV		2,790,000	-	2,790,000
GWR Amenity Land (T7A)				140,000	-	140,000
Western Steps (T7B)				90,000	-	90,000
Juniper Street		EUV	-	4,875,125	-	3,151,333
Dale Street		EUV	-	3,221,022	-	2,206,641
		12,810,000	84,862,852	12,617,600	84,093,467	
Long Leasehold Properties						
Oratory	DRC	50,000	47,740	48,000	48,703	
Maritime 'D' Block	DRC	810,000	21,300,672	810,000	21,769,746	
Maritime Piermaster's House	DRC	180,000	467,853	180,000	477,291	
The Walker	DRC	20,000	133,672	20,000	136,369	
Conservation Centre	DRC	1,220,000	15,508,689	1,220,000	15,821,567	
DS (11 North St)	OMV	-	73,042	-	74,516	
Dock Traffic Office	MV	-	1,904,319	-	2,181,779	
		2,280,000	39,435,987	2,278,000	40,509,971	
Totals		15,090,000	124,298,839	14,895,600	124,603,438	

National Museums & Galleries on Merseyside
Notes forming part of the financial statements for the year ended 31 March
2011

DRC – Depreciated Replacement Cost
 EUV – Existing Use Value
 OMV – Open Market Value
 MV – Market Value

After the buildings indexation and the desktop land revaluation the net book value of land and buildings comprises:

	£000
Land	14,895
Freehold buildings	84,093
Long leasehold buildings	<u>40,510</u>
	<u>139,498</u>

**Assets in the
 Course of
 Construction**

Assets in the Course of Construction

	£000
Assets in the Course of Construction consist of:	
Museum of Liverpool	67,621
Land associated with assets in the course of construction	<u>6,940</u>
	<u>74,561</u>

Disposals in year

There were £12,005 (historic cost) of furniture and fittings disposals for the subsidiary trading company.

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6a. Heritage

Assets

NML's collections are among the most diverse of the national collections, encompassing the fine and decorative art, ethnology, antiquities, physical sciences, social history, maritime history, transatlantic slavery, regional archaeology, maritime archives, botany, geology and zoology and UK Border Agency collections spread across the organisation.

The collections are held at NML sites in and around Liverpool (Walker Art Gallery; Merseyside Maritime Museum; World Museum; Lady Lever Art Gallery; Transatlantic Slavery Museum; Sudley House; Oratory; and Juniper Street stores 1 and 2), and at sites around Britain with long-term loans from the collections.

Overall collection total is within the region of 4 million items. The quantification of the collections is complex, particularly taking into account collection areas such as Maritime Archives which quantifies by linear metre (or boxes) rather than individual items. Similarly, the natural science collections within World Museum are extremely diverse and a specimen may comprise of more than one item. Regional archaeological collections, comprising of the products of archaeological excavations (bulk finds such as ceramics, building materials, animal bone etc) are not easily quantified by object numbers, and have been assessed on the basis of the number of boxes. The following provides an approximation of the spread and extent of the collections:

- 68,000 fine and decorative art collections
- 12,000 maritime history items
- C.80,000 social history items
- C.10,251 boxes (or 3,768 linear metres) maritime archives, comprising between 1 – 2 million items
- 449 boxes of finds, 21 units of paper archives and c.78,000 photographs from regional archaeological excavations
- 82,500 antiquities items, 1015 boxes of finds, 67 units of paper archives from archaeological excavations
- 400,000 botanical specimens
- 55,000 earth science specimens
- 24,000 physical science and horology items
- 41,000 ethnographic items
- Over a million entomology and invertebrate zoology specimens
- 74,000 vertebrate zoology specimens
- 5,500 material from UK Border Agency collection
- 104,000 books

Valuing the collections

Past practice has been a policy of non-valuation of the collections while they are within the NML estate. Valuations have been provided for items being lent from NML to another institution for insurance purposes. In such circumstances, valuations are provided by the relevant curatorial department, who base their valuations on current market prices for similar items at that particular point in time.

The Trustees have considered the cost of valuing the non-capitalised heritage assets, but the Trustees believe that the cost of doing so is disproportionate and not an appropriate use of the charity's funds.

In order to value the non-capitalised heritage assets, NML would need to seek valuations for all of the above collections (excluding those acquired since the introduction of the capitalisation of the collections in April 2001). It is worth bearing in mind the following factors:

- The range of NML's collections is so great that in-house curatorial expertise is not available in all collection areas;
- There is variation in the expertise of curators in valuing collections and for some collections, it may not be available or exist.
- Large parts of the collections do not themselves have an inherent market value (for example, parts of the natural science collections), their 'value' being the information about them
- Professional practice in some collections, such as archives, is not to catalogue to item level and this would affect our ability to value this type of collection.
- In order to obtain meaningful valuations, curatorial research into the current market values of collection areas would be required and this would present a significant resource implication both in terms of time and access to on-line auction catalogues. This is particularly true for collection areas where items rarely come onto the open market.
- Market values go up and down, therefore, once valued, in order to retain meaningful and useful valuations, it would be necessary to continuously review prices achieved at auction for collection areas. This would have an impact on existing work programmes.

In summary NML would have to embark upon a major project of researching the market value of its collections. It is difficult to estimate the amount of time that this would take, as it would vary from collection to collection and between items. It would also depend upon the availability of information relating to market values for collection items and may require significant research time to achieve meaningful and realistic valuations. Recent experience has shown that for some collection areas that rarely come on the open market in the UK, advice has had to be sought from expert valuers in the US, at a cost. In addition to research time, there would be handling and access requirements, data entry and project management, all of which would significantly add to the time involved. It is also likely that there may be collection areas where NML may have to buy in expertise in order to provide meaningful values.

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Capitalised Heritage Assets

Since 1 April 2001, heritage assets acquired by NML have been reported in the balance sheet where cost / valuation information is available.

For collections acquired prior to the introduction of the Capitalisation of the Collections, NML has demonstrated that this information cannot be obtained at a cost that would be commensurate with the benefits to the users of the financial statements and that a valuation approach is not practicable.

On-Balance-Sheet Heritage Assets

	Acquisitions at historic cost	Donated assets at valuation	Total
	£000	£000	£000
At 01.04.2010	2,690	7,331	10,021
Additions	126	322	448
At 31.3.2011	2,816	7,653	10,469

Five year financial summary of heritage asset transactions

	2006-07	2007-08	2008-09	2009-10	2010-11
	£000	£000	£000	£000	£000
Additions	321	1,266	653	621	448
Purchases	161	82	603	158	126
Donations	160	1,184	50	463	322

All acquisitions are valued since 2001 and this information is recorded on NML's collections management software.

Only those donations with an attributed value of £500 or more were capitalised.

Valuations of donated items were carried out by NML's curatorial staff, based on their knowledge of the area in which they are collecting and if similar items have been sold recently at auction.

Natural science specimens are difficult to value, as they do not have an intrinsic financial value. NML has placed a figure of £5 per specimen.

Collections Management

NML's *Collections Management Policy* sets out the approach of the Board of Trustees to the management of the collections in its care. The *Collections Management Policy*, provides the broad policy framework for the management of the collections, supported by more detailed policies (where appropriate) and procedures.

Acquisitions Policy

Acquisitions are made in line with NML's *Acquisition and Disposal Policy*, approved by the Board of Trustees in December 2008 and supported by departmental collecting plans. All acquisitions are approved by the appropriate head of collection and reported to the Board of Trustees as a standing agenda item at their meetings (5 times per year). NML's *Acquisition and Disposal Policy* was accepted and approved by the Museums, Libraries and Archives Council as part of the institution's application under the Accreditation Scheme.

Preservation

NML's *Environmental Policy*, sets out the organisation's policy regarding environmental monitoring, climate control, pollution (internal and external), display cases, floor loadings, light and UV radiation, vibration and pests. They reflect the interim environmental guidelines proposed by the National Museums Directors' Conference, and presented to the Bizot Group in 2008. The *Integrated Pest Management Policy and Procedures*, is a more detailed explanation of NML's approach to identifying and dealing with pests that present a risk to collections.

NML also holds archives, including photographs and printed ephemera in line with the Code of Practice on Archives for Museums and Galleries in the United Kingdom (3rd edition, 2002). As an appointed place of deposit for public records, NML also aims to meet the standards for archives outlined in *The National Archives Standard for Records Repositories* (2004).

NML also adheres to the provisions of the Data Protection Act 1998 and the Freedom of Information Act 2000, in its acquisition, care and management of archive collections.

Documentation

Information about the collections is kept according to *Spectrum, the UK Documentation Standard*. NML is Accredited under the Museums, Libraries and Archives Council (MLA) Accreditation Scheme and maintains the following records, in line with the requirements of the scheme.

- Entry records
- Exit records
- Acquisition records
- Catalogue records
- Location records
- Loans in records
- Loan out records

In addition to the above records, the organisation also maintains day books, condition reports, conservation treatment records, photographic records, etc.

The Core Record, developed by NML, contains the minimum information required for all new records created and is based upon Spectrum guidelines.

NML uses Mimsy XG, an Oracle-based collections management software for recording information about and for managing the collections. Some legacy databases remain within Access databases, but it is our intention to migrate them to Mimsy XG over time, as resources permit. Mimsy XG is Spectrum-compliant.

Maritime Archives predominantly use an Access database to store information about the collection. It is intended that this information will be moved into the archive-industry standard software, over time.

Management

NML's approach to the management of its collections is set out in the *Collections Management Policy* and supported by collections management procedures relating to movement and location recording, acquisition, loan, priority lists, access to reserve collections etc. The Emergency Procedures also provide information and guidance in the event of a major or minor incident.

Disposal

NML's enabling legislation, the *Merseyside Museums and Galleries Order 1986* (MMGO), sets out NML's legal basis for disposal and this is further developed and explained in the *Collections Management Policy* and *Acquisition and Disposal Policy*. NML will confirm that it is legally free to dispose of an item and agreements on disposal made with donors will be taken into account. Any decision to dispose of material from the collections will be taken only after due consideration. As laid down in Article (6) of the *Merseyside Museums and Galleries Order 1986* and Section 6 (1) of the *Museums and Galleries Act 1992*, the Trustees may dispose of an object by way of sale, gift or exchange:

- where the object is transferred to another national museum or institution listed in Schedule 5 Part 1 of the Museums and Galleries Act 1992;
- where the object is a duplicate of another item already owned by NML;
- where the object is in the Board's opinion is unsuitable for retention in the collections and can be disposed of without detriment to the interests of students or members of the public;
- where the object has become useless for the purposes of the collections by reason of damage, physical deterioration, or infestation by destructive organisms (in this case, the means of disposal can include destruction;

Access

Access to the collections is provided through:

Permanent galleries spread throughout the public venues, encompassing the collecting divisions – Art Galleries, World Museum, International Slavery Museum, Merseyside Maritime Museum (including UK Border Agency) and Museum of Liverpool. Gallery panels, individual labels, audio points and computer interactives provide immediate sources of information about the objects. Events and formal learning opportunities provide further interpretation.

Temporary special exhibitions allow the opportunity for collection items to be displayed in different contexts and alongside items borrowed from other collections and sources and may be displayed in NML's venues and tour to other venues in the UK and abroad (for example, Doves and Dreams exhibition shown at the Walker Art Gallery and the Hunterian Museum, Glasgow, or Rossetti exhibition shown at the Walker Art Gallery and the Van Gogh Museum, Amsterdam).

Touring exhibitions are developed from NML's collections and made available to other museums and galleries in the UK. Recent examples are Telling Tales: Story Scrolls from India (from World Museum) currently touring to Gallery Oldham and five other venues in the North West and Hitched: Wedding Clothes and Customs touring to Astley Hall, Chorley and two other venues.

Study Centres – within the venues, there are study centres which provide hands-on access to parts of the collections, with the assistance of demonstrator staff. The Clore Natural History Centre and the Weston Discovery Centre provide close encounters with collections drawn from the natural sciences and humanities (antiquities and ethnology); the Bug House and the Aquarium both provide visitors with the opportunity to see and encounter live specimens from the natural world. A recent project in the Aquarium was a new primary school session, Under the Sea. Big Art at the Walker Art Gallery provides younger visitors with the opportunity to see the fine and decorative arts in a different context and to make their own.

Loans – NML lends extensively from the collections to support exhibition programmes in other museums and galleries, both in the UK and abroad. Long term loans are also made to provide items for incorporation within the permanent collections and also for study and research (principally from the natural history and field archaeology collections).

Facilities for research – subject to NML's Terms and Conditions for Access to Reserve Collections, valid researchers are permitted to access collections held in store. This service is essential for parts of the collections, such as the natural science collections, or light sensitive works on paper, where display is not always possible or desirable. Access collections held in store, is reliant upon availability of staff resources and takes into account health and safety aspects relating to collections and any cultural sensitivities (for example, to human remains).

Publications such as exhibition catalogues, catalogues of the collections and papers in scholarly journals all provide detailed information about the collections and are written by NML staff as part of an agreed work programme.

Educational and outreach programmes are developed by the Education and Communities teams who work with collection curators to produce programmes. Collections are used as the basis to develop programmes aimed at a wide range of visitors. Recent examples are the evening observation event in the World Museum Time Gallery and Planetarium, to coincide with the BBC Stargazing Live programmes. Telescopes were available for people to observe the night sky with NML staff available to instruct visitors in their operation.

The outreach programmes extend learning to hard to reach groups and engage people who would not otherwise visit NML's venues. Groups include young people, the elderly, families, ethnic minority communities, refugees and asylum seekers, disabled people and adults with special educational needs. The Community team works with audiences new to museums and builds strong relationships with local communities on Merseyside.

NML's Web site includes images and information about NML's venues, activities and collections. Small parts of the collections are available to be searched and NML is working on adding more records.

Partnerships with other cultural organisations allow us to make the collections more accessible through a number of different initiatives. Collections are extensively used to support undergraduate teaching in universities in Liverpool and in the development of touring exhibitions and targeted loan programmes.

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The additions to the collections are made by purchase and by gift. In 2010-11 the major additions were:

	£
By purchase	
Tissot's "Goodbye on the Mersey"	58,850
N Davenport collection – workers leaving the factory	10,262
Jyll Bradley – Botanic garden light boxes	9,000
"Spectrum Jesus" - 2009	6,400
Liverpool Map project – public art commission	20,668
Life-jacket from the Lusitania	2,411
Copeland Spode demitasse saucer	4,500
By gift	
Geological collection from Wigan and Leigh college	50,000
Collection of 16,111 African flies from Mrs Shirley Woolf	80,555
Paul Morrison's "Topocline", 2005 from Eric and Jean Cass	30,000
Collection of 5,023 Palaeartic noctuid moths from Mike Hull	25,115
Military items from the Liverpool Scottish Museum Trust	18,935

The total value of gifts received during the year was £321,990 of which the main ones are shown above.

Collection Acquisitions

All additions to the collections since 1 April 2001 have been capitalised and shown on the Balance Sheet, at cost or at valuation where the obtainment of such a valuation is cost effective and the valuation reliable. Capitalised costs / values are not depreciated or re-valued as a matter of routine. Additions to the collection by way of gift are recognized as below.

Gifts

Gifts are recognised in the account as ownership passes from the donor to NML and are valued either by NML staff or, where a relationship with a taxation agreement exists, by reference to a Capital Taxes Office valuation.

The threshold for capitalisation of gifts is £500.

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7. Incoming resources:

7a. Incoming resources from charitable activities	2011	2010
	£000	£000
Car parking	72	81
Exhibitions	136	62
Proceeds of insurance claims	-	300
Fees & charges activities	356	265
Photography	30	-
Fundraising event	<u>-</u>	<u>59</u>
	<u>594</u>	<u>767</u>

7b. Investment income

The investment income derives from returns on fixed interest placement with National Westminster Bank plc, and from the Tomlinson investments managed by Rathbone Investment Management Ltd.

	2011	2010
	£000	£000
Interest receivable	31	23
Tomlinson dividend receivable	<u>29</u>	<u>28</u>
	<u>60</u>	<u>51</u>

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8. Financial instruments

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, short-term investments, receivables and payables (Notes 10, 11, 19 and 24). Trade receivables are recognised at fair value less a provision for impairment (bad debt). The provision is made when the Museum is of the view that the debt may not be collectable in full, or in part, in accordance with the terms.

The organisation has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to material liquidity risks.

Liquidity Risks

In 2010-11, £23.7m (68%) of NML's income derived from grant-in-aid from the Department for Culture, Media and Sport. In addition revenue grant-in-aid of £337k was received from UK Border Agency. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk due to uncertainty of the total reserves. However, this risk is mitigated by the regular review of NML's reserves.

Going forward there is a liquidity risk for any ongoing capital programme, to the extent that the funding is dependant upon the successful generation of grant and donations; and the receipt of these funds.

Financial assets by category

	Note	2011
		£000
Trade debtors	10	190
Other debtors	10	4,765
Cash at bank and in hand	per balance sheet	5,658

The above excludes statutory debtors, which relates to VAT due from HM Revenue and Customs; £779,166.

An analysis of the ageing of the non impaired trade debtors is shown below;

	Trade Debtors	Less than 30 days	30-90 days	More than 90
	£000	£000	£000	£000
As at March 2011	235	146	34	55

The Museum's principal exposure to risk is primarily attributable to trade debtors. However this risk is minimised because most major customers are longstanding organisations with a history of working

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with the Museum. A bad debt provision of £45,000 (£40,000 2009-2010) has been recognised on the balance sheet.

Financial liabilities by category

	Note	2011
		£000
Trade creditors	11	1,914
Other creditors	11	1,821
Repayable grants	11	159

The above excludes statutory creditors, which relates to tax and social security due to HM Revenue and Customs; £324,997. All liabilities are non-interest bearing.

Interest Rate Risks

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2010-2011 was no more than 0.5%.

Foreign Exchange Risks

NML does not engage in market dealings in respect of foreign currencies and the Trustees are therefore not exposed to any foreign exchange risks. However NML does have a Euro bank account with a small deposit balance. There was a minor "gain" at year end of c.£7,000.

Investment Risk

NML has £0.649m invested in fixed interest and equity stocks. The investment manager (Rathbone Investment Management) works to a low risk profile instruction. The amount invested represents approximately 1.9% of total incoming resources.

The Trustees recognise the risk associated with investment in mainstream financial markets and accept the risk in return for the prospect of additional returns over longer periods of time. As such, they wish to remain largely invested at all times, subject to cash reserves being held as part of the investment management process and to cover liabilities.

Repayable Grants

Repayable grants have fixed repayments and are not tradeable. They have not been recognised at fair value, as this is not significantly different from the amount at which they are stated.

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9. Trading subsidiary NML owns all of the issued share capital of NMLT, a company registered in England and Wales. The company's principal activities consist of the provision of catering, retailing, conferencing and other services to NML's visitors.

The Directors of the company during the year were:

- Dr David Fleming OBE
- Mrs Alexis Redmond MBE
- Mr Tony Allen
- Prof. Phil Redmond CBE
- Ms Amy de Joia
- Mrs Carmel Booth (appointed 18 April 2011)
- Prof. John Ashton CBE (appointed 18 April 2011)

The Directors who are not employees of NML serve on a voluntary, unpaid basis.

The registered office of the company is situated at 127 Dale Street, Liverpool.

The trading performance for the year ended 31 March 2011 and the Company's Balance Sheet are set out below;

Profit and Loss

	2011	2010
	£000	£000
Sales	2,435	2,334
Cost of sales	(786)	(794)
Gross profit	1,649	1,540
Administrative expenses	(1,458)	(1,607)
Operating profit / (loss)	191	(67)
Interest receivable and similar income	1	1
Profit gift-aided to NML	(177)	-
Profit / (loss) on ordinary activities before taxation	15	(66)
Taxation on profit / (loss) on ordinary activities	-	-
	15	(66)

For tax planning purposes, NML makes an annual gift aid transfer to NML.

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Balance Sheet	2011	2010
	£000	£000
Fixed assets	200	243
Current assets	687	579
Current liabilities	(514)	(464)
Net current assets	<u>173</u>	<u>115</u>
Net assets	<u>373</u>	<u>358</u>
Called up share capital	380	380
Profit and loss reserve	(7)	(22)
	<u>373</u>	<u>358</u>
The authorised share capital of the company is £500,000 in £1 shares of which 380,000 shares have been allotted, called up and fully paid.		
The reconciliation to the Consolidated Statement of Financial Activities is as follows: -		
	2011	2010
	£000	£000
NMLT sales		
Non group sales as shown in the Statement of Financial Activities	2,054	1,974
Intergroup sales	381	360
Equals total NMLT Income	<u>2,435</u>	<u>2,334</u>
NMLT costs		
Non group costs as shown in the Statement of Financial Activities	2,046	2,134
Intergroup costs	198	267
	<u>2,244</u>	<u>2,401</u>
	2011	2010
	£000	£000
Amount owed by NML to NMLT	<u>7</u>	<u>16</u>
Amount owed by NMLT to NML	<u>351</u>	<u>220</u>

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10. Debtors	2011	2011	2010	2010
	Museum £000	Group £000	Museum £000	Group £000
Amounts due from subsidiary	351	-	220	-
Trade debtors	150	190	392	679
Other debtors	4,752	4,765	3,401	3,193
Prepayments	57	57	283	283
Taxation (VAT) recoverable	779	779	414	414
	<u>6,089</u>	<u>5,791</u>	<u>4,710</u>	<u>4,569</u>

Other debtors above include a balance of £299,374 owed by the North West Regional Development Agency (£1,323,694 2009-2010), £2,878,797 by HLF (£892,009 2009-2010), £1,022,195 by the European Regional Development Fund (£55,050 2009-2010), and £779,166 owed by HM Revenue & Customs (£413,821 2009-2010). The total for the year is £4,979,532 (£2,684,574 2009-2010).

There were no further Whole of Government Accounts (WGA) related balances outstanding as at 31 March 2011.

11. Creditors	2011	2011	2010	2010
	Museum £000	Group £000	Museum £000	Group £000
Amounts falling due within one year:				
Amounts due to subsidiary	7	-	16	-
Trade creditors	1,878	1,914	1,303	1,332
Other creditors and accruals	1,830	1,889	1,567	1,730
Deferred income	57	57	283	283
Taxation and social security	257	325	271	323
	<u>4,029</u>	<u>4,185</u>	<u>3,440</u>	<u>3,668</u>
Amounts falling due after one year:				
Accrual for CHP and Annual compensation	660	660	569	569

HMRC were owed £324,997 (£323,224 2009-2010).

There were no further WGA related balances outstanding.

Amounts relating to provisions for early retirement are included in Other creditors within creditors falling due within one year. Further detail is included in Note 12 below.

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12. Provision for early retirement	2011	2011	2010	2010
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Balance brought forward	-	-	10	10
Provision in year	30	30	-	-
Less payments in year	-	-	(10)	(10)
Balance carried forward	30	30	-	-

Of the £30,000 provision at 31 March £23,000 falls within amounts falling due within one year and £7,000 within amounts falling due after one year.

This represents early retirements in 2010-2011. There were two staff members who took early retirement in 2010-2011, (nil 2009-2010).

13. Financial commitments	At 31 March 2011 NML had annual commitments under non-cancellable leases as follows:			
	2011	2011	2010	2010
	Land & Buildings	Other	Land & Buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within one year:	-	7	-	7
In the second to fifth year	54	2	65	-
More than five years	-	460	-	460
	<u>54</u>	<u>467</u>	<u>65</u>	<u>467</u>

The Land & Buildings commitment is an operating lease; Juniper Street 2 building.

NML entered into a contractual arrangement with Ener-G Limited for the provision of a Combined Heat and Power ('CHP') plant. The equipment was designed, manufactured, supplied and installed by Ener-G Limited, and NML make quarterly unitary payments for the provision of energy services over the 17 year period of the Agreement. Ener-G Limited has agreed energy savings targets with NML which are designed to be at least the value of the Unitary Payment and the Agreement provides for "service credits" to be granted to NML should the guaranteed savings not be realised. Compensation will also be payable should there be periods of service failure. The Agreement is based on the standard form of PFI contract and the CHP assets came into use in October 2010.

Commitments

Total payments over the remaining period of the contract, assuming an inflation rate of 2.5% are expected to be:

	Within 1 year (£000)	2 nd to 5 th year (£000)	6 th to 10 th year (£000)	11 th to 16 th year (£000)
Payment commitments	460	1,958	2,736	4,214

The estimated capital value is £3,646,000 and the contract start and end dates are; 30 June 2009 and 29 June 2026 respectively.

The Museum has performed an analysis of the risks and rewards of the contract and has determined, after obtaining third party professional advice, that the equipment should not be accounted for on the Museum's balance sheet.

The supplier of the equipment has made a payment of £605k which will be released against the annual unitary payment due over the duration of the contract, which is 17 years.

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14. Statement of funds	At 1 Apr-10	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-11
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
Designated funds						
Collection purchase fund (Free)	4	-	-	-	(4)	-
Collection purchase fund	805	-	-	-	4	809
UKBA admissions (Free)	73	-	-	-	10	83
Academic publications (Free)	61	28	(46)	-	15	58
Miscellaneous (Free)	84	-	-	-	(14)	70
TFA - Capital reserve *	69,423	-	(1,075)	1,862	(2)	70,208
TFA - Government grant ITF**	470	-	(10)	20	-	480
TFA - Government grant	33,736	2,600	(679)	(1,050)	-	34,607
TFA - General capital	5,001	-	(250)	81	1,496	6,328
TFA - NMGM ITF	<u>3,280</u>	<u>-</u>	<u>(74)</u>	<u>(93)</u>	<u>-</u>	<u>3,113</u>
Total designated funds	112,937	2,628	(2,134)	820	1,505	115,756
General funds (Free)	<u>2,513</u>	<u>23,809</u>	<u>(21,938)</u>	<u>-</u>	<u>(1,489)</u>	<u>2,895</u>
Total unrestricted funds	<u>115,450</u>	<u>26,437</u>	<u>(24,072)</u>	<u>820</u>	<u>16</u>	<u>118,651</u>

* Tangible Fixed Assets ** Into the Future

Note 14 reconciles to the Consolidated Statement of Financial Activities on page 45.

The significant transfer between funds during the year was £1,496,795 from the General Fund to the General Capital Fund (Fixed Asset Additions).

Unrestricted designated funds:

Comprise funds which have been set aside at the discretion of the Trustees for specific purposes.

Revenue: Unrestricted designated

Within this group are:

Collection purchase fund	for additions to the collections.
UKBA Admissions fund	for the running costs and special projects associated with the UK Border Agency National Museum.
Academic publications fund	for the production of professional material.
Miscellaneous	for minor contributions to revenue and capital projects

The source of these funds is both government department grant-in-aid and earned income.

Tangible fixed asset funds (TFA): Unrestricted

Within this group are:

TFA - Capital reserve	represents fixed assets transferred to NML. This came into being with the transfer of assets, upon the abolition of Merseyside County Council.
TFA - Government grant	for the purchase and development of fixed assets. The source of this fund is government department grant-in-aid.

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TFA - Government grant "Into the Future" (ITF)	a fund with a finite life created to reflect the special grant-in-aid assistance provided by the DCMS to address the clearance of asbestos specific to the <i>NMGM ITF</i> project.
TFA - General capital	for the purchase and development of fixed assets. The source of this fund is earned income.
TFA - NMGM ITF	for the purchase and development of fixed assets specific to the <i>NMGM ITF</i> project. The source of this fund is transfers from the General fund.

Unrestricted general funds:

Comprise funds available for use of the Trustees in furtherance of the general objectives of NML.

	At 1 Apr-10	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-11
	£000	£000	£000	£000	£000	£000
Restricted funds						
Collection purchase fund	9,329	435	-	-	-	9,764
Development fund revenue	1,698	2,736	(1,647)	-	(558)	2,229
Tomlinson fund	101	29	(3)	-	-	127
TFA - Development fund	22,583	-	(631)	579	543	23,074
TFA - Tomlinson	1,347	-	(103)	52	-	1,296
TFA - NMGM ITF - Lottery	21,476	-	(632)	337	-	21,181
TFA - Lottery	4,837	3,471	-	-	-	8,308
TFA - ERDF ITF	3,334	-	(74)	141	-	3,401
TFA - ERDF	6,130	1,518	-	-	-	7,648
TFA - Development fund ITF	1,569	-	(34)	64	-	1,599
TFA - NWDA	<u>39,265</u>	<u>104</u>	<u>(34)</u>	<u>67</u>	<u>(1)</u>	<u>39,401</u>
Total restricted funds	<u>111,669</u>	<u>8,293</u>	<u>(3,158)</u>	<u>1,240</u>	<u>(16)</u>	<u>118,028</u>

Restricted funds:

Are funds subject to specific restriction imposed on them by donors or by the purpose of the appeal.

The significant transfer between funds during the year was £542,982 from the Revenue Development Fund to the Capital Development Fund (Fixed Asset Additions).

Revenue: restricted

Within this group are:

Collection purchase fund	for additions to the collections. The source of this fund is charitable donations and investment income derived from unconsolidated separate trust funds.
Development fund	for the financing of running costs of projects, curatorial activities and the museums and galleries exhibitions programme. The source of the funds is grants and charitable donations.
Tomlinson fund	for the purchase and development of fixed assets for the Merseyside Maritime Museum, World Museum and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

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Tangible fixed asset funds: Restricted

Within this group are:

TFA - NMGM ITF lottery	for the purchase and development of fixed assets specific to the <i>NMGM ITF</i> project. The source of this fund is the Heritage Lottery Fund.
TFA - NMGM ITF ERDF	for the purchase and development of fixed assets specific to the <i>NMGM ITF</i> project. The source of this fund is the European Regional Development Fund.
TFA - ERDF	for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the European Regional Development Fund.
TFA - Development fund / Development fund ITF	for the purchase and development of fixed assets, including the <i>NMGM ITF</i> project. The source of this fund is charitable donations.
TFA - NWDA	for the purchase and development of fixed assets, specifically the Museum of Liverpool, International Slavery Museum and the Dock Traffic Office. The source of this fund is the Northwest Regional Development Agency.
TFA - Lottery	for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the Heritage Lottery Fund.
TFA - Tomlinson fund	for the purchase and development of fixed assets for the Merseyside Maritime Museum, World Museum and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

The respective revaluation reserves can be found within the individual Fixed Asset (TFA) funds.

15. Analysis of group net assets between funds	Fund balances at 31 March 2011 are represented by:	Unrestricted Funds	Restricted Funds	Total
		£000	£000	£000
	Tangible fixed assets	114,219	115,038	229,257
	Net current assets excluding cash	1,175	589	1,764
	Cash	3,257	2,401	5,658
		<u>118,651</u>	<u>118,028</u>	<u>236,679</u>
	Unrealised gains included above:			
	On tangible fixed assets and investments	820	1,240	2,060

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**16. UK
Border
Agency
National
Museum**

The Trustees of NML act as custodians and Trustees of the collections that constitute the National Collections of the Board of UK Border Agency.

Possession of the National Collection has passed to NML under a deed of trust which allows NML to hold and display the National Collection for a period not exceeding 21 years from April 1994.

NML receives from the UKBA annual grant-in-aid payment which allows the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by UKBA in respect of grant-in-aid are made from the UKBA for 2010-11 which is audited and published separately.

Transactions in respect of the museum are shown within the Restricted Income and Expenditure Funds (Note 14).

With effect from 1 April 2010 the UKBA took on responsibility for the financial responsibilities and ownership of the existing collections within the museum.

The formal name of the museum is "UK Border Agency National Museum" and the visitor name "Seized! Revenue and Customs Uncovered"

Capital grants

The development of the permanent gallery and associated facilities has taken place over the years with the assistance of capital grants from HMRC. These grants are held within restricted funds and are applied as authorised expenditure is made.

The funding position as regards capital grant-in-aid is as follows:

	£000
Application of funds	
Total funds received as at April 2010	1,469
Funds received in year	-
Virement from Revenue Grant	-
Total funds received as at 31 March 2011	<u>1,469</u>
Funds applied as at 1 April 2010	(1,469)
Funds applied in year	-
Funds applied as at 31 March 2011	<u>(1,469)</u>
Unapplied capital funding at 31 March 2011	<u>-</u>

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Running Cost Grant-in-Aid

The funding position for 2010-11 is as follows:

Application of funds

Unapplied funds as at 1 April 2010	86
2010-11 grant-in-aid	337
	—
Total Available grant-in-aid funds	<u>423</u>
Funds applied to the running of the museum	<u>(365)</u>
Unapplied funds as at 31 March 2011	<u>58</u>

**17. Gower St
Estates
Ltd.**

NML is a member of Gower Street Estates Limited a company formed to manage the areas within the Albert Dock formerly managed by the Merseyside Development Corporation (MDC).

GSEL is a company limited by guarantee, the other members being the lessees within the Albert Dock Estate also affected by the abolition of the MDC, together with new lessees within the estate.

The company is managed by a Board of Directors all of whom are appointed by the members. NML's nominated director is Rachel Mulhearn from 28/01/2010. Directors of the company are not remunerated.

There are no employees of the company, the practical management of the estate being delegated to CB Richard Ellis (commercial real estate advisors).

The gross expenditure of the company is netted down by any income generated, with the residual amount being covered by a service charge to members calculated by reference to an agreed cost sharing formula.

NML's contribution for the year, under this arrangement, was £98,691.

**18. Capital
Commit-
ments**

NML has two major capital projects. The Museum of Liverpool is due to open in Summer 2011. Expenditure of £74m has been approved for the project with only £0.165m worth of contracts still to be let. Approximately £67m of this budget has been spent and funded to the balance sheet date.

ISM phase 2 represents NML's other main capital commitment. To date £0.453m has been spent against an approved budget of £0.750m.

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19. Cash flow information

Reconciliation of net incoming resources to net cash inflow from operating activities

	2011	2010
	£000	£000
Net incoming resources	7,500	8,429
Depreciation	3,629	3,463
Interest received	(60)	(51)
Gifts	(322)	(463)
(Increase) / decrease in stocks	(15)	5
(Increase) / decrease in debtors	(1,222)	516
(Decrease) / increase in creditors	(10)	<u>675</u>
Net cash inflow from operating activities	<u>9,500</u>	<u>12,574</u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period		
Movement in net funds in the period	786	153
Net funds at 1 April	<u>4,872</u>	<u>4,719</u>
Net funds at 31 March	<u>5,658</u>	<u>4,872</u>

Analysis of net funds

	01-Apr 2010 £000	Cash Flow £000	31-Mar 2011 £000
Cash	<u>4,872</u>	<u>786</u>	<u>5,658</u>

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20. Related Party Transactions

National Museums Liverpool is a Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party with which, during the year, NML conducted a number of material transactions.

Additionally NML has conducted material transactions with other Government Departments and other central bodies; specifically the Department for Education (DfE) formerly the Department for Children, Schools and Families(DCSF), Heritage Lottery Fund, National Heritage Memorial Fund, and the UK Border Agency.

Trustees and senior staff took no part in any discussion which concerned organisations or bodies that trustees and senior staff have connections with as reported in the Register of Members Interests.

During the year none of the Trustees or senior staff has undertaken any material connected party transactions apart from those detailed below.

(a) Board members

Related Party	Relationship	Transactions	Income for the year £000	Expend for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
Liverpool John Moores University	Prof Phil Redmond CBE is chair of the International Centre for Digital Content	Inside DNA exhibitions to schools Online Game Research Project S Fletcher-Jones Personnel/Dev		2 5 2		
National Maritime Museum	Sir Robert Crawford – Trustee	Staff travel expenses for training in London	1			
Northwest Regional Development Agency	Bryan Gray MBE, DL Chairman retired Aug 2009	Through The Wall Grant Waterfront 2 Landscaping	141 158			141 158
Liverpool Hope University	Rt Revd James Jones Co-President	Funding for outreach work	4			
Scala Publishing	Norman Kurland Director	“The Walker” – Advance copies		8		
Foundation for Art and Creative Technology (FACT)	Mrs Alexis Redmond MBE Patron	Creation of film piece Find Your Talent partner Cultural Portfolio		2 23 12		
Liverpool John Moores University	Mrs Alexis Redmond MBE Governor	Inside DNA exhibitions to schools Online Game Research Project S Fletcher-Jones Personnel/Dev		2 5 2		

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Related Party	Relationship	Transactions	Income for the year £000	Expend for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
Merseytravel	Neil Scales OBE Director	Season tickets, Saveaways, Ferry Tickets Funding towards NML's waterfront Support towards the opening of the Riverside Walkway	100 6	30		
The Mersey Partnership	Neil Scales OBE Director	Yearly Membership Research & Reporting Welcome Programme attendance JM26 Evaluation Slavery Remembrance Evaluation Table at MP awards		10 23 1 2 2 1		
Liverpool John Moores University	Deborah Shackleton Governor and Chair of Audit	Inside DNA exhibitions to schools Online Game Research Project S Fletcher-Jones Personnel/Dev		2 5 2		
Trustees	Prof Phil Redmond CBE and Mrs Alexis Redmond MBE	NML Capital Programme and Collection Purchase	250			40

(b) Staff

Related Party	Relationship	Transactions	Income for the year £000	Expenditure for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
The Mersey Partnership	David Fleming Committee Member	Yearly Membership Research & Reporting Welcome Programme attendance JM26 Evaluation Slavery Remembrance Evaluation Table at MP awards		10 23 1 2 2 1		
BBC	Alison Hastings wife of the director David Fleming	BBC Look North Licence Fee CBS 60 minute Licence Fee BBC Wales Today Licence Fee		1 1 2		

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Notes forming part of the financial statements for the year ended 31 March
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21. Contingent Liabilities

NML are currently in discussions with HM Revenue & Customs regarding a potential VAT liability. This relates to Section 33A of the 1994 VAT Act and NML's ability to reclaim or rebate input tax. NML have taken professional advice, however the outcome will not be known for several weeks.

22. Post Balance Sheet Events

On 26 May 2011 part of a suspended ceiling within the new Museum of Liverpool collapsed which will require additional works to repair the damage. The costs of the repair are still being assessed.

The financial statements were authorised for issue by the Accounting Officer and the Board of Trustees on the date shown on the Audit Certificate.

23. Connected Charities

Nine charitable trusts are connected to NML via a commonality of trusteeship and a close association of charitable purpose. The earliest of the trusts was created in 1873 and each one came into existence before NML was formed in 1986. The trusts have a distinct legal identity.

The funds are pooled into expendable capital and non-expendable categories as authorised by the Charity Commissioners.

The Financial Statements of the satellite trusts do not form part of these accounts.

A separate fund; the Tomlinson Fund is managed by Rathbone Investment Management. This legacy forms part of the Museum restricted account and, the results and net assets of the fund are summarised on the next page.

NML will monitor the status of the American Friends of the National Museums Liverpool (AFNML) and the affect it may have on the Museum's accounts in future years. Currently the AFNML account is not consolidated on the grounds that it is not controlled by NML, in addition the transactions are not material.

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Tomlinson Fund				
Statement of Financial Activities	Income	Capital	Total 2011	Total 2010
	£000	£000	£000	£000
Incoming Resources:				
Investment income	29	-	29	28
Resources expended:				
Governance costs	-	-	-	(2)
Charitable Activities	-	(3)	(3)	(2)
Depreciation	-	(100)	(100)	(95)
Net incoming / (Outgoing) resources	29	(103)	(74)	(71)
Gains and losses on sale proceeds	-	17	17	-
Gains and losses on revaluation	-	32	32	64
Net Movement in Funds	29	(54)	(25)	17
Fund Balances at 1 April	104	1,344	1,448	1,431
Fund Balances at 31 March	133	1,290	1,423	1,448

The Trustees have expended £1,111,432 in respect of the distribution of capital and income to NML, this consisted of:

	£
Egypt Gallery (WM)	266,583
Temp Exhibition Refurb (WM)	93,489
International Slavery Museum (MMM)	603,121
Room 11 Walker Art Gallery	6,951
Ancient Greece (WM)	7,263
Room 11 Walker Art Gallery	134,025
	1,111,432

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24. Investments

Year ended 31 March 2011

Summary	£000s
Carrying value (market value) at beginning of year	809
Add:	
Additions to investments at cost	35
Less:	
Disposals at carrying value	(244)
Add:	
Net Gain on sales and revaluation	<u>49</u>
Carrying value (market value) at end of year	<u>649</u>

The above are all listed on the UK stock exchange.

The investments have been treated as current assets as they are not to be held long term, and the intention is to realise the asset without reinvestment of the sale proceeds.



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