

Presented to Parliament pursuant to paragraph 8(7) of the Schedule to The Merseyside Museums and Galleries Order 1986 (SI 1986/226).

## National Museums and Galleries on Merseyside Annual Report and Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 15 DECEMBER 2009

HC128

LONDON: The Stationery Office

£13.50

Presented to Parliament pursuant to paragraph 8(7) of the Schedule to The Merseyside Museums and Galleries Order 1986 (SI 1986/226).

## National Museums and Galleries on Merseyside Annual Report and Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 15 DECEMBER 2009

HC128

LONDON: The Stationery Office

£13.50

**© Crown Copyright 2009**

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please contact the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gsi.gov.uk](mailto:licensing@opsi.gsi.gov.uk).

ISBN: 9780102964028

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID 2341765 12/09 19585 1100

Printed on paper containing 75% recycled fibre content minimum.

## **Contents**

	Page
<b>Annual Report</b>	<b>2</b>
<b>Statement of Trustees' and Director's responsibilities</b>	<b>34</b>
<b>Statement on Internal Control</b>	<b>35</b>
<b>The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament</b>	<b>41</b>
<b>Consolidated Statement of Financial Activities</b>	<b>43</b>
<b>Consolidated Balance Sheet</b>	<b>44</b>
<b>Museum Balance Sheet</b>	<b>45</b>
<b>Consolidated Cash Flow Statement</b>	<b>46</b>
<b>Notes forming part of the Financial Statements</b>	<b>47</b>

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

**Annual Report**  
**Legal and Administrative Information**

**Name of the  
Charity**

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 Financial Statements.

The Annual Report and Account represents the ARA for the museum consolidated with the wholly owned subsidiary trading company.

**Governing  
instrument and  
constitution of  
NML.**

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 is a Non Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS).

The financial statements have been drawn up in accordance with the Accounts Direction and are in compliance with the Charities SORP 2005 and the HM Treasury Financial Reporting Manual (FReM).

**Trustees**

The Board of Trustees during the year comprised:

Loyd Grossman OBE, Chairman (until 1 July 2008)  
Professor Phil Redmond CBE Chairman (from 1 August 2008)  
Sir Neil Cossons OBE  
Sir Robert Crawford CBE (from 16 March 2009)  
Jonathan Falkingham  
Bryan Gray MBE  
Professor Chris Green  
Nisha Katona (from 16 March 2009)  
Norman A Kurland  
Professor Margaret MacKeith CBE (term expired 31 January 2009)  
Professor Sarah Palmer (term expired 31 January 2009)  
Alexis Redmond  
Gillian Reynolds MBE (until 12 September 2009)  
Lorraine Rogers (term expired 28 July 2008)  
Anil Ruia OBE JP  
Eva Wisemark  
Brian Wong

Loyd Grossman OBE resigned as a trustee, and therefore, as Chairman of Trustees with effect from 1 July 2008 and was succeeded by Professor Phil Redmond CBE, who took up the post from 1 August 2008.

**Trustee  
Committees**

The following Trustee committees met during the year: -

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

	<p>Audit Committee, Chair – Professor Margaret MacKeith CBE (until 31 January 2009), replaced by Bryan Gray  Capital Programme Committee, Chair - Jonathan Falkingham  Development Trust, Chair – Gillian Reynolds MBE (until September 2008)  Finance Committee, Chair – Alexis Redmond  Human Resources Committee, Chair – Eva Wisemark  Remuneration Committee, Chair – Loyd Grossman (until 1 July 2008), replaced by Bryan Gray</p>			
<b>Register of Interests</b>	<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 69-71.</p>			
<b>Open Government</b>	<p>NML complied with the requirements of the <i>Freedom of Information Act 2000</i>. NML’s publication scheme can be found at <a href="http://www.liverpoolmuseums.org.uk/about/foia/ps_museuminfo.asp">www.liverpoolmuseums.org.uk/about/foia/ps_museuminfo.asp</a>.</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>			
<b>Principal and Registered Office of NML</b>	<p>World Museum Liverpool (formerly Liverpool Museum)  William Brown Street  Liverpool  L3 8EN</p>			
<b>Bankers</b>	<p>National Westminster Bank Plc  PO Box 138  22 Castle Street  Liverpool  L69 2BE</p>			
<b>Auditors</b>	<p><b>Consolidated Account</b>  The Comptroller and Auditor General  National Audit Office  151 Buckingham Palace Road  London  SW1W 9SS</p>		<p><b>Trading Company</b>  MacFarlane &amp; Co  Cunard Building  Water Street  Liverpool  L3 1DS</p>	
<b>Solicitors</b>	<p>Halliwells LLP  100 Old Hall Street  Liverpool  L3 9TD</p>	<p>Mace and Jones  19 Water Street  Liverpool  L2 0RP  for employment law</p>	<p>E Rex Makin &amp; Co  Whitechapel  Liverpool  L11HQ  for compensation claims</p>	<p>Hill Dickinson LLP  No.1  St Paul’s Square  Liverpool  L3 9SJ</p>
<b>Friends</b>	<p>The Friends of National Museums Liverpool supported the acquisition of a Shortt Regulator Clock.</p> <p>The Friends of National Museums Liverpool disbanded on 22 January 2009.</p>			

## **Operating and Financial Review**

### **Operating Review**

#### ***Business Objectives and Strategy***

NML is one of a number of national museums sponsored by the DCMS; its activities impact upon several economic sectors, locally, regionally and nationally.

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
- make a contribution to the economic regeneration strategies of the city.

#### ***Structure, Governance and Management***

The DCMS provide the majority of revenue funding to NML. Trustees 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.

Trustees monitor 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.

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 (Michael Lawrie-Simmons and succeeded by Tony Allen);

The Executive Director of the Museum of Liverpool Project (Sharon Granville);

The Executive Director of Collections Management (John Millard);

The Executive Director of Visitor Management (Carol Rogers) and  
The Director of Human Resources (Maxine Carden).

There is an Executive Team which comprises the Directors, and the Secretary to the Board of Trustees.

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

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

Trustee committee meeting.

There are two further strategic management levels below the Executive Team, namely, the Senior Management Team and the Strategy Forum.

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

- World Museum Liverpool (formerly Liverpool Museum) – William Brown Street, Liverpool;
  - Walker Art Gallery - William Brown Street, Liverpool;
  - Merseyside Maritime Museum – Albert Dock, Liverpool;
  - International Slavery Museum;
  - National Conservation Centre – Whitechapel, Liverpool;
  - Lady Lever Art Gallery – Port Sunlight Village, Bebington, Wirral;
  - Sudley House – Mossley Hill Road, Liverpool; and
- in addition; the forthcoming Museum of Liverpool.

### **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. There has been continued significant investment in Management Development with some 268 managers having completed the programme by the end of June 2009.

NML recruits staff through fair and open competition and, are committed to selection on merit.

In 2008/9 a total of 112 appointments were made and of these: -

- 65% were women;
- 2.7% were disabled people; and
- 6.25% were non-white British.

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

### **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.

NML formally recognises two trade unions: Prospect and the Public and Commercial Services Union.

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.

### **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

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

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 35 full-time equivalent employees, who consider themselves disabled; employed by NML during the year.

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.

The staff Access Action Group monitors the organisation's provision for disabled people. 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 425 volunteers, contributing over 64,000 hours which is the equivalent of approximately 34 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 learning activities.

NML's "v" (Volunteering Opportunities for Young People) funded volunteer programme has enabled us to inspire 79 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 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,

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

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.

#### **Research**

Numerous collections projects are delivered in partnership with Higher Education Institutions. Students from John Moores University, Liverpool Community College, Edge Hill University, University of Liverpool and the University of Central Lancashire undertook a range of collections-based activities as part of their courses, and among one-off partnerships were a three-month student placement from Gottingen University, Germany, and internships from conservation courses across northern Europe.

In collaboration with NML and funded by the Arts & Humanities Research Council (AHRC), the University of Liverpool is offering a doctorate to research *The Lost Hittite Gallery: John Garstang and Turkey*. Conservation science staff are working on a collaborative Science and Heritage PhD with Bradford University on sustainable radiography of museum collections. In partnership with Glasgow University and funded by AHRC, the Lady Lever Art Gallery hosted a researcher to catalogue its Chinese collections.

Conservation science staff are involved in Science and Heritage Research Clusters: Researching Ivory and Environmental Guidelines. NML is in partnership with the University of Liverpool for the Centre for Port & Maritime History, and for the Centre for International Slavery Studies.

#### **Review of Activities**

#### **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, research, and CRM (Customer Relationship Management) 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 quantum 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.

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

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 2008/2009 and still 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 and fundraising for the International Slavery Museum Education and Exhibition Centre continue to be National Museums Liverpool's priority for fundraising and the Development Office.

The smaller capital schemes included the completion of the Lady Lever Art Gallery and the completion and launch of the new Ancient Egypt gallery.

#### **Annual Programmes**

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

#### **Collections**

Museum staff conserved 2,900 objects for exhibitions, loans and capital projects – including the early railway locomotive *Lion* and the *Liverpool Overhead Railway Carriage* for the new Museum of Liverpool, 1,300 Egyptian artefacts for the *Ancient Egypt* display, and John Lennon and Yoko Ono's bedspread from the Montreal Bed-in for the exhibition *The Beat Goes On*.

Several capital projects which opened during the year across NML's museums, greatly improving the visitor offer. These include the new HM Revenue and Customs National Museum's gallery *Seized!* (opened May 2008); the *Lever the Collector* gallery at the Lady Lever Art Gallery (opened July 2008); and a new *Ancient Egypt* gallery at World Museum (opened in December 2008).

An ambitious exhibitions programme produced record visitor numbers and unprecedented media interest – including the major exhibitions *Art in the Age of Steam*, Ben Johnson's *Liverpool Cityscape and the World Panorama Series*, the *John Moores Contemporary Painting Prize* at the Walker Art Gallery; *The Beat Goes on* and *Only A Game?* at the Walker; and *Magical History Tour* at the Merseyside Maritime Museum.

Work continues on a number of research projects, including a Getty and British Academy funded project relating to Caribbean wooden arts in collaboration with Oxford University, United States Forestry Commission and several other international museums and universities.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

The two volume book *The Upholstered Furniture in the Lady Lever Art Gallery* was launched at Christie's, London, on 20 January 2009. The author Lucy Wood began work on the book some years ago when employed by NML, and completed it at the V&A, where she now works.

**Acquisitions**

This sample of the numerous gifts to the collections represents the range of collections held by National Museums Liverpool, and includes one of two Superlambananas acquired to represent *Go Superlambananas 2008*, one of the most popular events of Liverpool's year as European Capital of Culture.

- *'Mandy' Mandala Superlambanana*, by Patricia Lee, purchased by an anonymous donor and presented to National Museums Liverpool by Professor Phil Redmond and Mrs. Alexis Redmond.
- 40 items relating to the Dockers' Dispute 1994–1998, presented by Mr. B. Ritchie, Liverpool.
- A Bound volume containing bonds passed under the seal of the Trustees of the Liverpool Docks, 1816-1850, presented by Mr. J. Kerrigan, Liverpool.
- Switchblade knife and leather cosh, presented by G. Bruce, Wirral
- U-boat sextant in box with instruction manuals and accessories, presented by G.N. Penney, Bishop's Castle, Shropshire.
- Banner, *Everton!*, taken to 1966 FA Cup Final, presented by R. Houghton, Liverpool.
- Voyage journal of passenger William Driffield. Liverpool to Melbourne, Australia and return trip, 1877, presented by Mrs. P.A. Smith, Lymm.
- Personal log book of Mersey pilot Ellis Hughes 1848-1855, presented by M.A. Bennett-Green.
- Collection of items relating to Littlewoods including a neck tie, store badge, membership badge and plastic carrier bag, presented by Atrium 100 Stores, Liverpool.
- Collection of 50 various flyers, posters and booklets showing the Unity Theatre's Spring 2008 season, presented by R. Treacher, Liverpool.
- Papers relating to Margaret (Margi) Ballantyne, passenger on the last voyage of the Lusitania 1915, presented by James Evans, Preston.
- Hand written notes and voice recording by Ronald Ferguson on his career as a Marconi Radio Officer and on the *Empress of Ireland* disaster, presented by Hugh Ferguson, London.
- Dinosaur egg identified as *Dendrolithus*, presented by Ellesmere Port Specialist School for Performing Arts.
- Dr C.G. Butler collection of 3,825 spirit-preserved British spiders, presented by Mr David Nellist, St. Albans.

These highlight purchases for the collection are led by the largest purchase of the year, the commission of Ben Johnson's *Liverpool Cityscape*. The commission celebrated Liverpool's year as European Capital of Culture. More than 210,000 visited the Walker Art Gallery to see the painting, and it will be displayed in the Museum of Liverpool.

- *The Liverpool Cityscape*, by Ben Johnson (acrylic on canvas), commissioned for £500,000, with financial support from the Liverpool Culture Company, David M Robinson, Liverpool Vision, Northwest Regional Development Agency, Ethel Austin Property Group, Barbara A McVey and Rensburg Sheppards.
- *Super Five-a-daybanana*, purchased for £9,000;

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

- William Shortt Regulator clock, purchased for £72,217;
- Hunting Knife, commemorating the 1881 dock gates opening; purchased for £8,353;
- Five items relating to Aintree Motor racing circuit: a BARC plaque, ashtray, cigarette lighter, tie clip and trophy, purchased for £3,693.43 at an art auction.
- A collection of 27 Madhubani drawings and Patachitra story scrolls, commissioned in partnership with The Earth and Grass Workshop, India, for £2,910
- Black and white photographic print of The Quarrymen skiffle group performing at St Peters Church Fete, Woolton, 6 July 1957 – purchased for £400

Selection of 39 vinyl records and CD's of Merseyside artists for inclusion in The Beat Goes On exhibition and the Museum of Liverpool, purchased for £318.55.

### **Loans**

Exhibition loans were made to Louvre, Paris; Grand Palais, Paris; National Gallery of Canada, Ontario; Museo del Prado, Madrid; Musée de la Civilisation, Quebec; Palazzos in Mantova and Ferrara; Canolfan Hanes Getty Museum, Los Angeles; Yale Center for British Art, New Haven; Nationalmuseum, Stockholm; Schirn Kunsthalle, Frankfurt; Crawford Municipal Art Gallery, Cork; Uwchgwfai, Carnaerfon; National Gallery of Scotland, Edinburgh; Fitzwilliam Museum, Cambridge; Leeds City Museum; Southampton Art Gallery; Abbot Hall Art Gallery, Kendal; Birmingham Museum and Art Gallery; Royal Academy of Arts, London; BBC at Lord's Cricket Ground, London; Geffrye Museum, London; British Museum, London; Dulwich Picture Gallery, London; Gwynnedd Museum and Art Gallery, Bangor; Herbert Art Gallery and Museum, Coventry; Mercer Art Gallery, Harrogate; Penlee House Gallery and Museum, Penzance; Wolverhampton Art Gallery; Valentine's Mansion, Essex; Wrexham County Borough Museum; Salt Museum, Northwich; Manchester City Art Gallery; Lancaster Museum; Victoria Gallery & Museum, Liverpool; Prescott Museum; Museum of Hatting, Stockport; Princes' Park Synagogue, Liverpool; Atkinson Art Gallery, Southport; Williamson Art Gallery and Museum, Birkenhead; Grosvenor Museum, Chester; New Park School, Kensington, Liverpool; Kensington CP Junior School, Liverpool; St. Michael's Catholic School, Liverpool; and People's Centre, Liverpool.

New long loans were made to Albert Dock Residents Association; William Herschel Museum, Bath; and Rolls Royce Derby

Research loans went from antiquities collections to University of Liverpool, and from natural history collections to Natural History Museum, London; National Museum of Wales, Cardiff; John Moores University; University of Liverpool; Montford Field Centre, Shropshire; Jonathan Latimer, Lancashire; Michael Edwards; Dipterists Forum, Wolverhampton; Paul Westrich; and University of Hull.

Towards the end of the year National Museums Liverpool announced that work on the new Museum of Liverpool prevents us considering new loan requests received between April 2009 and October 2011. However institutions in the North West and institutions with whom we have a partnership arrangement are exempted from this loans moratorium, as are research loans.

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

**Exhibitions**  
**April 2008 – March**  
**2009**

For the first time during 2008-9 we produced a programme of special exhibitions across all NML's venues and staged some of our most ambitious shows to date, working with partners at a local, regional, national and international level. The programme ranged in scale from major international art exhibitions at the Walker to small community led displays at Sudley House and the International Slavery Museum. The programme as a whole contributed to record visitor figures across NML.

#### **World Museum Liverpool**

From 17 May to 17 August 2008 World Museum played host to **RESPECTacles** in partnership with Liverpool Town Hall. This exhibition was a thought provoking piece of artwork inspired by images of the Holocaust created using second hand spectacles, some donated by celebrities such as Yoko Ono, Steven Fry, Jerry Springer and Liverpool's own Roger Phillips. This unique project aimed to put across the message that all individuals, particularly young people, can play their part in genocide prevention simply by having, showing and insisting upon respect for other human beings and for their differences. RESPECTacles was part of a series of events planned in connection with National Holocaust Memorial Day.

During the summer months, and coinciding with Science Week, from 27 June to 22 September 2008, the World Museum played host to **BIG BANG!**, a touring exhibition created by the Science Museum London, offering an explanation about the world's most powerful particle accelerator – the Large Hadron Collider – at CERN in Switzerland. The exhibition investigated how smashing particles together could answer some of the biggest scientific questions of our time.

The highlight of the exhibition programme at World Museum was '**The Beat Goes On**' which opened on 12 July 2008 and continues until 1 November 2009'. This exhibition is a celebration of Liverpool's edginess, energy and creativity. Visitors are able to find out about the city's rich musical heritage beginning with the early influences from across the Atlantic during the 1940s and 1950s, to the phenomenal success of Merseybeat and the continuing popularity of Merseyside musicians today. There is rare Beatles material and many other amazing artefacts on show. The exhibition was created in partnership with the University of Liverpool through the Institute of Popular Music and was supported by the Liverpool Culture Company as part of the 2008 European Capital of Culture programme, SAE Institute and the media partner Juice FM.

From October 2008 we were delighted to host '**Only A Game**' as part of the European Capital of Culture Programme. This exhibition which continued until the end of April 2009 explored Europe through the lens of football. Designed with everyone in mind - young and old, fans of football, and even those who were not – the exhibition encouraged visitors to immerse themselves in great stories featuring star players and rare football memorabilia. It was fully funded by UEFA and NWDA, with curatorial support from the National Football Museum in Preston. The exhibition attracted almost 80,000 visits.

### **Merseyside Maritime Museum**

Celebrating the amazing rollercoaster story of Liverpool, our special exhibition **Magical History Tour**, was shown throughout 2008 at the Maritime Museum and made a major contribution to Liverpool's year as European Capital of Culture. Magical History Tour takes visitors on a fast paced, dynamic journey of discovery, with help from a time travelling taxi driver. Told through the lives of Liverpool people across the ages, the exhibition charts the city's growth from a tiny fishing village to a busy international port. The story is brought up to date with the challenges faced by those living in the city during the nineteenth and twentieth centuries, before finally considering the evolving perceptions of Liverpool and Liverpudlians in the recent past. Iconic objects on display include the Liverpool charters and a reconstruction of the long-lost Liverpool Castle. The exhibition, which was supported by the Liverpool Culture Company, continued to 27 September and has already attracted over half a million visitors since opening in July 2007.

### **Walker Art Gallery**

We began the year with one of the finest exhibitions we have ever staged at the Walker Art Gallery, **Art in the Age of Steam**, which was opened by Michael Palin and ran from 18 April to 10 August 2008. This international exhibition included some of the greatest names of European and North American art such as Manet, Monet, Van Gogh, Tissot and Hopper.

Its aim was to show how artists and photographers of the 19th and 20th centuries responded to the introduction of the Railway. It included early watercolours and lithographs showing great feats of engineering, social interaction depicted in colourful and realistic detail, beautiful impressionist landscapes as well as unconventional images by Futurists and Surrealists. The subject was brought into the 20th century with photographers of the Machine Age such as Alfred Stieglitz and Bill Brandt contrasting strongly with Art Deco poster designs depicting the speed and glamour of rail travel, concluding in the 1950s and 60s with the remarkable photographs of Winston Link and the paintings of Terence Cuneo expressing a mood of nostalgia for the vanishing Age of Steam.

The exhibition, which included a beautifully illustrated publication of essays and images, was produced in collaboration with the Nelson-Atkins Museum of Art, Kansas City, Missouri and was supported by the Liverpool Culture Company as part of the 2008 European Capital of Culture programme, Merseytravel, Howard and Roberta Ahmanson, the JP Jacobs Charitable Trust, Rex and Shirley Makin and the Terra Foundation for American Art. There was a lively public programme which ran alongside the exhibition, catering for families as well as those with a specialist interest in art. The exhibition, which received outstanding reviews in both national and local press, attracted 25% visitors from outside the Merseyside region and more than 113,000 visits in total.

Following a very successful residency at the Walker Art Gallery, we launched **Ben Johnson's Liverpool Cityscape and the World Panorama Series** which ran from 24 May to 2 November 2008. The completed Liverpool Cityscape was unveiled and shown for the first time alongside some of Ben's other great city panoramas including Zurich, Hong Kong and Jerusalem. Visitors also had the chance to see some historic views of

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

Liverpool alongside work produced by community groups inspired by Ben's masterpiece. There was a lively public programme and the exhibition received excellent press reviews, attracting more than 161,000 visits.

The Liverpool Cityscape was commissioned for 2008 by National Museums Liverpool, with the Liverpool Culture Company, and supported by David M Robinson Ltd, Liverpool Vision, Northwest Regional Development Agency, Ethel Austin Property Group, Barbara A McVey and Rensburg Sheppards Investment Management. The exhibition was sponsored by the University of Liverpool.

During 2008 we also celebrated the 50th anniversary of the John Moores Painting Prize. Created by the late Sir John Moores to encourage young painters and to bring the best of contemporary art to Liverpool, this year the competition saw a record number of entries. The **John Moores Painting Prize (25)** ran from 20 September 2008 to 4 January 2009, was a major strand of the Liverpool Biennial and a key part of the Capital of Culture arts programme. The competition which has a track record for spotting rising talent continues to be delivered in partnership with the John Moores Liverpool Exhibition Trust, and was supported by the A Foundation, Rathbone Investment Management, the Radisson SAS Hotel, Liverpool and AN magazine as media partner. Celebrity judges included Jake and Dinos Chapman. The education programme, targeted at secondary schools and colleges was particularly successful and overall the exhibition attracted 37,298 visits.

Alongside the John Moores Painting Prize we staged the **John Moores Prizewinners 1957 - 2006** show. The paintings in this exhibition are all drawn from the Walker Art Gallery's permanent collection and were all main prizewinners in the John Moores Liverpool exhibitions held, approximately every two years at the Gallery, since 1957. This exhibition has proved popular with schools and general visitors and will run throughout 2009.

Keeping a contemporary theme we opened 2009 with **Fashion V Sport**, a stylish fashion exhibition on tour from the Victoria and Albert Museum which ran from 13 February to 31 May 2009. Exploring the relationship between contemporary fashion and global sportswear brands over the last 20 years, the exhibition included 50 outfits and 120 objects featuring contemporary sportswear, streetwear, accessories and shoes. The exhibition appealed particularly to younger audiences between 13 and 24 years.

We teamed Fashion V Sport with work by the celebrated artist and sculptor, Maggi Hambling. The subject of Maggi's exhibition was George Melly, Liverpool-born jazz performer, writer and critic. **George Always: Portraits of George Melly by Maggi Hambling** ran from 27 February to 31 May 2009 and featured ink drawings from life, oil paintings executed during his final days and a series of portraits painted after George's death. Together with Fashion V Sport this exhibition attracted almost 27,000 visits.

The headline programme at the Walker was supported by two smaller displays showcasing the work of local and national artists. The first of these was **Standing Stones by Terry Duffy** which ran from 26 April to 8 June 2008. The exhibit included recent developments by this Liverpool-born international artist and the first showing of the diptych: *Somewhere between life and death we make decisions*.

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

This was followed by **The Botanic Garden** from 20 September 2008 to 4 January 2009, a new installation of large scale back-lit photographic works by the artist Jyll Bradley. The piece was a response to her year long exploration of Liverpool's botanic history strongly identified with William Roscoe, one of Liverpool's best-loved figures who in 1803 founded the first Liverpool Botanic Garden.

### **Lady Lever Art Gallery**

To celebrate the European Capital of Culture Year at the Lady Lever Art Gallery we staged an exhibition of the finest watercolours and drawings from the Lever collection, most of which had never been seen on display before. **Masterpiece Watercolours and Drawings** ran from 28 June to 9 November 2008 and featured works by Julius Caesar Ibbetson, Francis Wheatley, John Robert Cozens, JMW Turner, David Cox, Peter de Wint, Edward Burne-Jones and Dante Gabriel Rossetti. The exhibition was sponsored by Rathbone Investment Management and attracted almost 40,000 visits.

In an international exchange between the National Museum Stockholm and National Museums Liverpool, the Lady Lever Art Gallery launched a display of **French Impressionists** on 20 February 2009 which ran until 31 May. The exhibition included a selection of Impressionist and Post-Impressionist pieces by Renoir, Monet, Degas and Rodin. This was a rare opportunity to see paintings and sculptures that are usually only on display in Sweden's capital alongside key works from NML's collections. The exhibition attracted more than 43,000 visits.

### **National Conservation Centre**

At the National Conservation Centre we have continued to build on our successful programme of photographic exhibitions showcasing both regional and international artists with a strong focus on Liverpool's history. This year we also hosted an exhibition showcasing the best of Merseyside's contemporary artists.

The first exhibition in the series was **Metropolis: Capturing Modern Liverpool** from 21 March to 10 August 2008. This photographic exhibition was created from the collection of Stewart Bale Ltd, a Liverpool family run photographic practice specialising in commercial and industrial photography. Monumental in scale and beautifully composed the images in the exhibition reflected a Victorian city embracing modernity and the industrial 20th century, as such they had particular resonance for the Capital of Culture Year.

Towards the end of the summer the venue played host to the **Best of Merseyside**, as part of the celebrations for Capital of Culture. The exhibition, which ran from 22 August to 5 October 2008, showcased the work of fifty Merseyside artists selected through open competitions held throughout the summer in Wirral, Sefton, Knowsley, St Helens and Halton boroughs. The exhibition was produced by the Merseyside Artists Group and supported by the Arts Council.

The final exhibition in the series at the National Conservation Centre was **Recollections**, shown between 17 October 2008 and 13 April 2009. This photographic exhibition featured the work of Philip Jones Griffiths, one

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

of the most celebrated war photographers and photojournalists of his day and former President of Magnum. Although best known for his photographs in Vietnam he also took images much closer to home capturing the social and political upheaval of Britain from the 50s to the 70s. It is these photographs which formed the subject of this humorous and inspiring exhibition.

#### **International Slavery Museum**

**Shoot Nations**, a touring exhibition from Plan International on the theme of 'Young people in a changing climate' launched our special exhibition programme at the International Slavery Museum. The images which were selected by competition from over 1500 photographs and drawings covering 106 countries, were sent in by young people aged between 11 and 24 years. The exhibition was first shown at the World Youth Congress in 2008 to raise the voice and opinions of young people in environmental debates and opened at ISM on 17 January and ran until 13 April 2009.

Shortly afterwards we opened **My Life, My Words**, a community exhibition recording the memories and experiences of three members of Liverpool's Black Community who tell their own stories about the City and the legacy of the transatlantic slave trade. The exhibition opened on 2 February 2009 and closed on 26 July.

#### **Sudley House**

At Sudley House we opened 2008 with **Merchant Palaces: Liverpool and Wirral Mansions photographed by Bedford Lemere** which continued until 31 August. This photographic exhibition featured mansions and villas that graced the fashionable suburbs of Liverpool and Wirral during the boom years of the Victorian and Edwardian eras. The images were taken by Harry Bedford Lemere a London-based specialist architectural photographer. He travelled the country recording the homes of the wealthy, for owners, architects and designers.

This was followed with an artist-led community exhibition, **Unfolding**, which developed out of a project with the Brain Injury Rehabilitation Centre at Mossley Hill Hospital, Liverpool. It was shown between 18 October 2008 and 22 February 2009. For the exhibition, five of Sudley's main rooms were connected with key areas of the brain through the creation of large scale paper sculptures produced by Liverpool artists Steve Rooney and Sue Williams in collaboration with designer Damian Cruikshank. Also on display were 36 paintings, photographs and other artworks created by participants at the brain injury centre following recent visits to Sudley as part of the project.

#### **Learning and Outreach**

##### **Developing our partnerships**

*Make the Link, Break the Chain*, NML's international school twinning project, won the International Award at the UK Museums and Heritage Awards for Excellence. The success of this project has led to the development of further international strategic partnerships involving the Gilder Lehrman Institute (US), Kokrobitey Institute (Ghana) and in the UK, the University of Liverpool and Hope University.

In a further development of our partnership with Plan UK, throughout 2008/2009 we have delivered the international schools twinning project, *Make the Link, Be the Change*, focusing on climate change. Over 20

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2009**

teachers from regional schools participated in training to deliver the project syllabus and schools now have access to a secure online network and almost 3,000 young people from 12 different countries are engaged in the project.

An additional two years' of funding through the *Understanding Slavery Initiative* will allow us to continue developing educational resources focusing on transatlantic slavery and its legacy. Partners in this project include the National Maritime Museum, British Empire & Commonwealth Museum, Bristol City Museums, Galleries and Archives, and Hull Museum and Art Gallery.

We have received continued strategic commissioning funding for the *Engaging Refugees and Asylum Seekers* projects (ERAS) which will enable us to develop our ESOL resources and volunteering project together with our partners Leicester City Museums, Tyne & Wear Museums and Salford Museum.

The NML Learning team coordinated a partnership programme with Tate Liverpool, the Foundation for Art and Creative Technology (FACT), the Liverpool Culture Company, the Bluecoat and Alder Hey Children's Hospital to deliver the Liverpool's biggest ever Big Draw. 1700 people participated in activities over the main weekend 11/12 October 2008. The programme at the Walker focused on events relating to Ben Johnson's *Liverpool Cityscape*.

#### **Developing our People**

Throughout the year we worked with the Liverpool Arts Regeneration Campaign (LARC) and Liverpool City College, supported by funding from the MLA and Paul Hamlyn Foundation, to develop a Creative Apprentice programme for young people. In August we recruited our first two Creative Apprentices who started on the Community Arts Management pathway. The programme generated wide interest and a Learning and Skills Council celebration event was held at World Museum Liverpool in January with the then Secretary of State for Culture, Media and Sport, Andy Burnham MP, attending to meet the apprentices.

In May, the Visitor Services team embarked upon a Positive Action Trainee programme for two trainees over a 12 month training programme. A structured training programme was developed for the trainees that will involve completion of a NVQ level 2 in Heritage Care and Visitor Services. We have also been in discussion with the Prince's Trust to collaborate with their "Get into" training programme for young people wishing to become employment ready.

Special Educational Needs (SEN) Training for Learning staff was delivered by the SEN advisor for Wirral Children and Young People's Service. The training took place at Lyndale Special School and we will develop this training partnership through the year ahead.

Sue Linton, Lady Lever Art Gallery Assistant Gallery Manager was named as Wirral Tourism Awards Unseen Hero of 2008. Other Lady Lever Art Gallery staff commended after making the shortlist were Gallery Learning Officer, Lauren Gould, for the Family Friendly award and Arthur and

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

Frances Edwards for Heritage Volunteer of the Year. At the Academy Ambassador Awards in February 2009, Jackie Ross was highly commended in the category of Arts/Culture Staff.

### **Developing Educational Initiatives**

The then Secretary of State for Culture, Media and Sport, Andy Burnham MP visited the World Museum to launch the DCMS *Find your Talent* Scheme. Liverpool has been selected as one of ten pilot areas around the country. The Government's £25 million programme is aimed at giving young people the chance to encounter a range of cultural experiences for five hours a week both in and outside of school. The project is a cultural arts partnership led by NML

Following the launch of the Key Stage 4+ Learning Communications Network in partnership with Wirral LEA in late October, seven schools have worked with staff at all NML venues to help develop our offer for GCSE and A-level students. Teachers participated in placements at NML, while NML members of staff visited schools. The outputs from this project included an exhibition of work completed by the students involved, which was exhibited in April at the World Museum Liverpool, as well as seven new sessions to be offered to all schools at this level starting in the new school year.

### **World Museum Liverpool**

During the British Association meeting in September 2008, WML hosted a *Family Science Fair* with participants from many organizations engaging with our visitors. In the course of the weekend over 9,000 visitors came to the museum. We also launched a new KS4 Hominid evolution session at the BA Festival. During *National Science Week*, the Learning team ran a session entitled *Dinosaur Detectives*. We also organised Cool Science sessions in the Treasure House Theatre.

The World Museum Liverpool aquarium team supported *European Shark Week* by producing a large display of shark materials in the CNHC, delivering 4 Treasure House Theatre performances on shark biology & conservation and running a number of children's activities with over 400 people participated over 2 weekends in October.

The museum hosted 120 Initial Teacher Training students on a study day where they evaluated KS2 sessions as part of NML's commitment to supporting the out of the classroom syllabus.

The 2009 Charles Darwin anniversary at World Museum began with a Darwin trail and display in the Clore Natural History Centre. Paul Netterfield, Treasure House Theatre Demonstrator, appeared around the museum as Charles Darwin, and prepared a Darwin show for summer 2009 when community events and an exhibition also ran.

During March volunteers from the Arabic Cultural Foundation worked with the Weston Discovery Centre team to run events promoting understanding of their culture. Over 1200 visitors attended, including significant numbers from the Arabic community.

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

Participation in learning activities at World Museum Liverpool has continued to grow. The Planetarium had a record audience year while the Weston Discovery Centre recorded a 23% increase in attendance.

### **National conservation Centre (NCC)**

During the year, Learning figures at the National Conservation Centre grew by 14% with a particular highlight being the Reveal laboratory events, undertaken in collaboration with conservator staff. Other events ranged from *Heritage Open Days* where we engaged with adults over 6 afternoon sessions, looking at the architecture, history and changes of use of the building and its site to *Scary week at NCC* in October half term where we made woolly spiders, bats and witches. This was attended by 120 scary children and 100 adults

### **Art Galleries**

A major highlight was the *Peoples Panorama* event as part of *Big Draw*. The artists Ben and Sheila Johnson were there to encourage participants and made this a very special event. A fantastic atmosphere was created in the gallery with people from 9 months-81 years, novice to professional artist keen to join in and create drawings. As part of the *Big Draw* programme we also commissioned artist Sally Olding to develop an online resource pack for teachers and group leaders which is now being used by Campaign for Drawing as an example of good practice.

Learning activities, developed to support the *John Moore's 25* exhibition, targeted the 11-18 age range and the Walker Learning team trained 25 volunteers as information assistants to support the exhibition. During the "Long Night" of the biennial, the Walker Art Gallery was open to visitors until 11pm and over 600 visitors attended.

The first training day for the 2008-2009 *Take One Picture* event took place in October with ten Initial Teacher Training students from Edge Hill University. The paintings chosen for the event were Edward Atkinson Hornel, *Summer*, David Teniers the younger, *A Guardroom with Soldier* and William Collins *Returning from the Haunts of the Seafowl*.

A new book aimed at primary school children, *Something Wild at the Walker Art Gallery* was officially launched at the Walker Art Gallery on 19 March. The new book was published by NML in partnership with Liverpool Childcare and Family Information Service. Children from St Columbas and St Pascal Baylon Out of School Clubs, were invited along with their families as a thank you for their help and contribution. The event was attended by approximately 100 guests and the Lord Mayor, Councillor Steve Rotheram was also in attendance.

At the Lady Lever Art Gallery (LLAG) a total of 778 visitors were engaged in learning programmes during the *Victorian Visions* temporary exhibition. A higher proportion of children were engaged with the programme than anticipated, continuing the development of the family offer.

The junior guides training programme at LLAG started again in October.

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

Five junior guides who were involved in the scheme in 2007/08 were involved in planning the delivery of the training programme for this year's group. This formed part of their Silver Arts Award with the Arts Council and was great to have kept their involvement to assist with training their peers.

At Sudley Art Gallery, the opening of the temporary exhibition *Unfolding* in October was a highlight, it featured artworks created by the community that were inspired by the Sudley collections displayed in the house. This, together with growing numbers of adults taking part in tours & other events, as well as higher than anticipated numbers of Key Stage 1 school visits, mean that nearly 5,000 people have participated in learning programmes at Sudley House since its opening.

### **Merseyside Maritime Museum**

African musicians Pierre and Chaba led a new music workshop. This was a pilot session and has proven so successful that we are looking at setting up similar events in the future. The workshop is aimed at KS4/5 students and helps them learn about African Music and how it has impacted upon forms of music they are familiar with today – such as R&B and Hip Hop. The students all used traditional African instruments with modern technology to produce a CD, which could then be taken back to school.

The Merseyside Maritime Museum educational activity, 'Gun, Knife Crime and Substance Abuse', delivered a showcase for weapons awareness which was attended by the 35 Police Officers and Fire Officers attached to Liverpool schools. Following this the 'Rush' drug awareness programme was attended by 900 school children.

The Academy of St Francis of Assisi School won the Clapperboard "Best Film" award! For *Cousins in Arms*. NML sponsored, the school's project. The awards ceremony was a fantastic celebration of all the student's work.

The American Studies Conference was the best attended ever due to the election, with more than 200 in the lecture theatre.

"What's your poison?" was delivered as a family workshop for the BA Festival of Science.

### **International Slavery Museum (ISM)**

In addition to *Make the Link, Break the Chain*, NML's international school twinning described above, ISM's learning programme continued to deliver very significant projects during 2008/09.

During Black History Month ISM was host to a series of themed sessions and performances "*African Batik*", "*Destination Freedom*", "*Being Black in Britain*". These included various workshops and activities engaging with diverse audiences.

The first temporary exhibition to be displayed at the International Slavery Museum was also opened. Called "*We Are One*", it depicted visitors' responses to the museum since its opening in 2007. The lead image for the exhibition was created by a student from St. Mary's Catholic College, Wirral and was painted as part of the Key Stage 4 network communications project.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2009**

### Community Partnerships

NML took part in the '*Inspired by....*' competition for adults studying Arts & Craft on a part-time basis. Groups and individuals were supported by the reminiscence volunteers to create works of art inspired by Sudley House and its collections. Their exhibition, '*Inspired by....*' was displayed at Sudley House during Adult Learners Week.

The Community Partnerships exhibition '*My Life, My Words*' opened in January 09 at the International Slavery Museum. The exhibition explored the lives and experiences of individuals from the Black Communities within Liverpool and helped develop a more diverse cultural audience. The team also delivered a workshop at the Liverpool Archdiocese Centre for Evangelisation (LACE) to the Liverpool Schools Parliament, to help promote our learning clubs at NML. The event was well received with excellent feedback which resulted in the introduction of a Capoeira Club to our portfolio of learning clubs. The team also set up training programmes to support English Speakers of Other Languages (ESOL) provision, as part of the Engaging Refugees and Asylum Seekers (ERAS) project. We also worked with '*Stop the Traffic*' to deliver training for Museums staff and other agencies including the local police and fire services to support victims of child trafficking.

January saw the development of our partnership with Claire House Children's Hospice, which provides specialist care for children and young adults with life-limiting conditions, as well as support for the whole family. The partnership created art works and multi sensory programmes to engage the most vulnerable and disabled children with the museum's collections. We are planning to continue this work with Claire House and develop a longer term relationship with the children.

Throughout the year, a major element of the Community Partnerships programme has been to support the development of the Museum of Liverpool (MoL). To date almost 10,000 people have taken part in community engagement events in support of the developing MoL plans. These have included workshops, presentations, public update sessions and evening debates. The programme involves opportunities for community groups and others to meet the MoL project team to hear about the latest developments, contribute ideas, and share concerns. The Community Partnerships team also participated in the *Entrepreneurial Cultures in European Cities* conference in Amsterdam, part of a project with seven other European cities looking at migration and entrepreneurs.

### **Developing efficiencies and effectiveness**

During the year, a series of staff consultation workshops concerning the development of the Visitor Services Department were held. Feedback from the workshops helped inform the planning of a new Visitor Host role which will focus solely on the expectations and needs of the visitor. The proposals received a very positive response from Gallery Services staff and interviews for the posts took place at the beginning of January. The new Visitor Hosts took up their posts on 2 March 2009 and immediately embarked on a training programme to provide them with the skills to deliver an enhanced visitor service.

In parallel to this development, the Head of Operational Visitor Services

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

carried out extensive consultation, including individual face to face consultation with staff at Sudley House in preparation for the piloting of a single shift system there. This has been well received by those staff involved. At the same time a mobile patrol system was introduced at the Walker Art Gallery. The system enables more efficient use of staff resources while providing more interesting and varied work routines.

**Fundraising**

We continued to attract support from a wide variety of sources receiving many gifts from trusts, foundations, the public and private sector and individuals.

Large grant payments, or pledges of grant assistance, were received from:

- DCMS towards Find Your Talent (FYT) – A Liverpool City Region Pilot on behalf of the Liverpool Arts and Regeneration Campaign (LARC)
- The Northwest Regional Development Agency for the new Museum of Liverpool building
- The European Regional Development Fund for the new Museum of Liverpool building
- The Northwest Regional Development Agency to purchase the Dock Traffic Office
- Heritage Lottery Fund for the new Museum of Liverpool
- DCMS towards the new Museum of Liverpool
- Arts Council England towards Find your Talent
- DCMS/Wolfson Museums & Galleries Improvement Fund towards the Egyptian Gallery improvements
- Anonymous pledge towards the new Museum of Liverpool
- National Heritage Memorial Fund Lady Lever Art Gallery Improvements - Lever as a Collector.
- DCMS/DCSF Strategic Commissioning Programme towards the Engaging Refugees and Asylum Seekers project, with a further pledge for 2009/2010.
- The Molly Tomlinson Bequest funds for the Maritime Park project
- Culture Liverpool for exhibition support and towards Slavery Remembrance Day events

Many other charitable trusts and foundations gave smaller donations, in particular the American Friends of National Museums Liverpool Inc., John Moores Liverpool Exhibition Trust, the Rank Foundation, the University of Liverpool and those who wished their support to remain anonymous.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

We continued to attract generous support from local businesses and worked hard to extend our relationship with the business community. 14 organisations were members of NML's corporate members scheme; Business2008 –Brabners Chaffe Street LLP, Cains Brewery, Conductix-Wampfler Limited, David M Robinson Ltd, DLA Piper UK LLP, Ethel Austin Property Group, Finch Advertising, Halliwells LLP, Hill Dickinson LLP, Liverpool Vision, Northwest Regional Development Agency, Rensburg Sheppards Investment Management, The Mersey Docks & Harbour Company – Peel Ports, The University of Liverpool.

**Development Trust**

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

Duke of Westminster KG OBE TD DL Patron (stepped down December 2008)

Loyd Grossman OBE FSA Chairman (stepped down June 2008)

Neil Ashbridge Vice Chairman (stepped down September 2008)

John Bodie OBE Vice Chairman

Sir Jack Baer (stepped down April 2008)

Colette Bowe (stepped down October 2008)

Jo Bowen-Jones

Paige deShong Earlam (stepped down September 2008)

Barry Flynn

Niall Hobhouse (stepped down April 2008)

Rt Hon Baroness Gloria Hooper CMG

Norman Kurland

Mark McNamee

Julian Rathbone

Gillian Reynolds MBE (stepped down September 2008)

The International Slavery Museum Council continued to assist with fundraising for the International Slavery Museum.

Norman Kurland (Chair) co-opted

Theresa Roberts (Co Chair) co-opted

Paige deShong Earlam co-opted (stepped down September 2008)

Dorothy Kuya co-opted

**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.

In total, we would estimate 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.

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2009**

### **Remuneration Report**

The membership of the Remuneration Committee is comprised of the Chairs of the NML Committees. For the year ending 31 March 2009, these were:-

Board of Trustees – Prof Phil Redmond CBE (Chair)  
Finance Committee, Chair – Alexis Redmond  
Audit Committee, Chair – Bryan Gray  
MoL Project Monitoring Committee, Chair – Jonathan Falkingham

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. Currently NML's multi-year pay remit period expired on 30 September 2008. NML's recent three year pay remit, approved by HM Treasury was effective from 1 October 2008. 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 eight 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 2008 to 31 March 2009. In line with NML's pay year, any payments will be made from 1 October 2009.

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

The Director's performance review took place on 29 September 2009. The Chairman's recommendations on the Director's performance for 2008-2009 was submitted to the meeting of the Remuneration Committee.

The average number of days lost due to sickness during the year was 10 days; 4.9 days excluding long-term sickness.

The staff cost for all employees is contained within Note 5 (p53)

The trustees of NML receive no remuneration.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2009**

There are seven Directorships within NML, these are: -

The Director and Accounting Officer  
The Executive Director of Development & Communications  
The Executive Director of Finance  
The Executive Director of the Museum of Liverpool Project  
The Executive Director of Collections Management  
The Executive Director of Visitor Management, and  
The 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  
The Strategy 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 Strategy 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 the National Museums & Galleries on Merseyside.

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

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. All NMGM 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) were as follows: -

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

	Salary Including performance pay 2008/09 £'000	Salary Including performance pay 2007/08 £'000	Accrued pension at age 60 as at 31/03/09 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/03/09 £'000	CETV <sup>1</sup> at 31/03/08 £'000	Real increase in CETV £'000
D Fleming Director	100-105 plus non consolidated bonus 5-10	95-100 plus non consolidated bonus 5-10	30 - 35 plus lump sum of 90 - 95	0 - 2.5 plus lump sum of 2.5 - 5	688	612	19
S Granville Executive Director of Museum of Liverpool Project	65-70	65-70	15 - 20 plus lump sum of 55 - 60	0 - 2.5 plus lump sum of 0 - 2.5	311	282	6
A de Joia Executive Director of Development & Communications	65-70	65-70	15 - 20 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 0 - 2.5	260	232	6
John Millard Executive Director of Collections Management	60-65	55-60	30 - 35	-2.5 - 0	620	575	-3
Carol Rogers Executive Director of Visitor Management	60-65	55-60	5 - 10	0 - 2.5	72	57	8
Irene Newton Director of Human Resources (left 20 July 2008)	15-20 <sup>2</sup> (50-55)	50-55	15 - 20 plus lump sum of 55 - 60	-2.5 - 0 plus lump sum of -2.5 - 0	404	382	-12
Maxine Carden Director of Human Resources (Appointment as of 21 July 2008)	45-50 <sup>2</sup> (50-55)		10 - 15 plus lump sum of 40 - 45	0 - 2.5 plus lump sum of 5 - 10	218	172	33
Michael Simmons Executive Director of Finance (Appointment as of 1 October 2007 left 31 December 2008)	45-50 <sup>2</sup> (60-65)	30-35 <sup>2</sup> (60-65)	0 - 2.5	0 - 2.5	22	13	7
Tony Allen Executive Director of Finance (Appointment as of 5 January 2009)	15-20 <sup>2</sup> (60-65)		0 - 2.5	0 - 2.5	4	0	4

- <sup>1</sup>The 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.
- The large CETV for Maxine Carden is due to her long service with NML prior to being a director.
- <sup>2</sup> 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 Civil Service Pension (CSP) arrangements. From 30 July 2007 staff may be in one of four statutory based schemes, three "final salary" defined benefit schemes

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2009**

(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 changes in the Retail Price Index. 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 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

### **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 CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include 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 two special (out of court settlement) payments during the financial year (£2,500). Approval was given by HM Treasury in January 2009. Employees received no benefits in kind during the year.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

**Financial Review**

**Account** The account is prepared in a form directed by the Secretary of State for Culture, Media and Sport, in accordance with Sections 8(1) to 8(8) of Schedule to the Merseyside Museums and Galleries Order 1986 and complies with the Charities Act 1993, the Charities (Accounts and Reports) regulations 1995, the Statement of Recommended Practice: Accounting by Charities (SORP), and the HM Treasury Financial Reporting Manual (FRoM).

**Result** NML receives the majority of its revenue funding from the DCMS, in the form of grant-in-aid. Net incoming resources, before transfers and gross indexation of tangible fixed assets, for the year were £19,128,000. An indexation of buildings as at 31 March 2009 produced a revaluation loss of £3,671,000. A revaluation of investments produced a deficit of £49,000, resulting in a total increase in funds of £15,408,000.

Included within the above was a net increase in free funds of £1,076,000 before transfers to capital and designated funds of £1,370,000. The closing balance on free income funds was £2,250,000.(p75)

A transfer from General Fund to General Capital Fund of £1,307,000 was made to cover general capital expenditure and a transfer of £474,000 from the Revenue Development Fund to Development Fund Capital accounts was made to fund the associated eligible expenditure.

**Reserves Policy** The free income reserve available at 31 March 2009 was £2,250,000.(p76)

NML needs to hold reserves in order to cover the risks associated with its operational and capital programmes.

NML has its operational expenditure under strict control in relation to its operational income (as demonstrated by the recent savings and transfers to capital); however the trustees remain concerned about the issues associated with the current position within the wider economy and the volatility of utility costs. Because of the potential pressures on all of NML's income streams, the trustees recognise that the level of reserves needs to be under constant review.

The NML capital programme is virtually fully funded and the expectation is that any future funding requirement will be met by the continuing revenue savings if further donations are not achieved.

The Trustees have determined that the current level of reserves will be adequate in respect of 2009-10 and 2010-11 where GiA has been confirmed, however subsequent GiA settlements may reflect a greater pressure on public expenditure; the increase of the reserve to approximately £3,000,000 by the end of 2010-11 would provide a level of reactive capacity should public expenditure settlements be under pressure. This will be achieved at the current rate of savings from the revenue General Fund. 2011-12 will also see the final completion and opening of the Museum of Liverpool.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

<b>Fixed Assets</b>	<p>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.</p> <p>Historically NML has held an unapplied receipt from the disposal of a property within its capital reserve account;</p> <p>£215,393 in respect of 63/65 Blundell Street, Liverpool, continues to be held unapplied.</p> <p>Application consents were received from DCMS In March 2002.</p> <p>NML commissioned Drivers Jonas to carry out a full “red book” valuation of its land and buildings as at 31 March 2007.</p> <p>The indexation movement on asset categories other than buildings was such that no adjustment was required as they were not deemed to be material.</p>
<b>Trading Subsidiary</b>	<p>NML wholly owns a subsidiary trading company, NML Trading Limited, which provides a range of catering, retail, conferencing and general support services.</p> <p>The gross merchandising income and the associated revenue costs of the operation are shown within the consolidated Statement of Financial Activities as adjusted for group transactions. The assets and liabilities of the subsidiary trading company are combined with those of NML within the Balance Sheet. A summary of the results and net assets of NML Trading Ltd is shown at note 9 of the account.</p> <p>During the year NML Trading Ltd produced a profit of £221,000. As a result the subsidiary made a gift aid contribution of £178,213 to NML, the parent company, for 2008/09.</p>
<b>Customs &amp; Excise National Museum</b>	<p>In addition to the Grant-in-Aid (GiA) received from the DCMS, NML also receives GiA support from HM Revenue &amp; Customs (HMRC). This arrangement is specifically related to the conservation, study and display of the national collection of HMRC. A summary of the HM Revenue &amp; Customs Account is shown at note 16.</p> <p>A further capital receipt of £155,000 was received during the year in respect of the new HMRC Museum “Seized” opened in May 2008.</p>
<b>Connected Charities</b>	<p>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.</p>
<b>Speke Hall</b>	<p>An agreement entered into by Ministers in 1986 requires NML to make annual GiA payments to the National Trust towards the upkeep of Speke Hall until 2015. The level of this grant is 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, £100,000 was paid during the year and a</p>

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

creditor recognised in the account for £40,000, paid in August 2009. The grant is associated with the revenue activities of Speke Hall and is not capital in nature.

**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 2008/09 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 2008-09, 89% (2007-2008 – 90%) of NML's creditors were paid within 30 days of receipt of the invoice.

NML is committed to the full implementation of the Better Payment Practice Code. There were no payments 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 2008-2009 or prior years, and has made no reports to the Information Commissioner's Office.

**Principal risks and uncertainties**

In 2008-09, £22.5m (47%) of NML's income derived from Grant-in-Aid from the Department for Culture, Media and Sport. In addition revenue GIA of £389k and a capital grant of £155k was received from HM Revenue and Customs. 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. However, this risk is mitigated by the reserves policy.

Going forward there is a liquidity risk for the 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.

Without a well managed planned maintenance programme and without continued capital investment in the estate the basic infrastructure of the buildings (structure, fabric, plant and equipment) will deteriorate. This would affect the quality of the environmental conditions within the buildings, the consumption of utility supplies through the use of inefficient equipment, the visitor experience and may ultimately affect public safety.

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. NML achieved Energy Efficiency Accreditation from the National Energy Foundation in 2002 and this has been re-awarded in 2005 and 2008. NML have also participated in a Carbon Trust project seeking energy efficiency measures through

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

'advanced metering' of gas, electric and water supplies. By means of detailed environmental monitoring and the consideration of new initiatives, NML seek to reduce the consumption of fossil fuels and reduce water consumption.

The energy and environmental policy is reviewed every 2 years and the Senior Management Team is appraised of energy consumption across the venues on a regular basis. Efficiency measures are progressed through information provided to 'energy champions' and work is undertaken to introduce measures through consideration of payback periods (an example of this is the introduction of a new boiler control system at NML's Dale Street building at a cost of £6.6k. This resulted in a reduction in gas consumption and a payback period of less than 12 months).

**Donations made** There were no charitable donations, or political donations paid during the financial year 2008-2009.

**Special payments and losses** NML made two payments during the year in respect of the severance of employment contracts.

HM Treasury approval was sought and confirmed by letter on 20 January 2009.

There were no reportable losses suffered during the year.

**Investments** Investments listed on a recognised stock exchange are re-valued at year-end mid-market price, excluding any applicable accrued interest.

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.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

**Impact of the Capital Programme**

**New Museum of Liverpool**

NML's major capital project is the creation of a new Museum of Liverpool, due to become operational in 2010.

The planning and development period, which ended 30 June 2007, was funded by the Northwest Regional Development Agency (NWDA) through a £6m enabling grant.

The work carried out, with the aid of the development grant, led to the award of a £29.2m project grant from the NWDA.

A £5million grant was also secured from the European Regional Development Fund (ERDF).

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 BREEAM Very Good rating for the building, as required. In addition to the original grant award of £5m decommitment funds of £942,000 were awarded.

As sights are setting on the completion of the main build in summer 2009, preparations have started in earnest to deliver the £22.4m fit out of the new museum. Stage F design was completed and signed off June 2009 and we then moved into the procurement phase. The appointment of Construction Managers to oversee the fit out of the museum is a key appointment and they will be taking up the appointment from May as we move into crystallising the design and into the procurement phase. Fit out of the exhibition installation is due to commence in early 2010 with Phase 1 opening to the public at the end of 2010/11. The longer phasing will allow more time to deliver what is a complex fit out. The extension of the fit out delivery period has allowed NML to apply more of its own funds to the project. It is anticipated that NML will apply £14m of its own funds over the course of the build and fit out.

In September 2008, NML also received confirmation from the Heritage Lottery fund that the MoL project would benefit from an £11m grant towards the cost of fitting out the new museum.

NML has continued to work tirelessly to identify any outstanding funding balance for the new museum. In August 2009 NML received confirmation of additional funding from NWDA for the build phase of the project, to the value of £2.6m.

Confirmation was also received from ERDF that £3.5m would be made available for the Fit Out phase of the capital scheme.

The result of this additional funding is that the £71.7m project is fully funded.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2009**

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 can 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.

**Other Capital  
Projects**

This financial year also saw a number of other major projects reach practical completion.

These included; HM Revenue and Customs "Seized", May 2008; Lady Lever Art Gallery phase 2, July 2008; Egyptian Gallery, November 2008; and World Museum Liverpool Exhibition Gallery, April 2008.

The respective galleries and venues all opened within a short space of time after practical completion.

International Slavery Museum phase 2 (acquisition of the former Dock Traffic Office) was also completed during the year. NML exercised its 'option to purchase' the DTO on 31 March 2008. NML became the proprietors of the long leasehold building in October 2008, with the help of a £1.8m grant from NWDA.

**Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2008/09. The audit fee in respect of this work was £45,000. Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £5,462. Non-audit services were not provided by any of these auditors.

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

*Professor Phil Redmond  
CBE*  
Chairman of Trustees  
Date: 30 November 2009

**National Museums & Galleries on Merseyside**  
**Annex to the Annual Report for the year ended 31 March 2009**

**KEY PERFORMANCE INDICATORS – 2009 OUTTURN**

Performance Indicator	2007-08 Agreed Targets	2007-08 Out-turn	2008-09 Agreed Targets	2008-09 Out-turn
<b>Core Targets</b>				
<b>KPI (1)</b> Total number of visits	1,700,000	2,167,626	n/a	<b>2,689,889</b>
<b>KPI (2)</b> Number of website visits	3,100,000	3,360,000	n/a	<b>3,192,561</b>
<b>KPI (3)</b> Number of UK adults aged 16 and over from lower socio-economic groups visiting NML	487,000	391,625	n/a	<b>857,866</b>
<b>KPI (4)</b> Number of children aged 15 and under visiting NML	700,000	639,845	n/a	<b>484,180</b>
<b>KPI (5)</b> Number of children aged 15 and under in on and off site organised educational sessions	120,000	375,353	n/a	<b>327,138</b>
<b>KPI (6)</b> Net Income from trading (including corporate hire)	208,000	347,000	n/a	<b>612,400</b>
<b>KPI (7)</b> Efficiency savings	305,300	9,456,000	n/a	<b>n/a</b>

**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)

KPI (7) targets were misstated in the Funding Agreement. No targets were set with the DCMS for 2008-2009.

**National Museums & Galleries on Merseyside**  
**Statement of Trustees' and Director's responsibilities**  
**For the year ended 31 March 2009**

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 State<sup>1</sup>, 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.

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.

*Dr David Fleming OBE*  
Director and Accounting Officer,  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

*Professor Phil Redmond CBE*  
Chairman of Trustees  
Date: 30 November 2009

<sup>1</sup> a copy of which is available from: The Director's Office, World Museum Liverpool (formerly Liverpool Museum), William Brown Street, Liverpool, L3 8EN.

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

**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 the National Museums Liverpool's (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 me in Managing Public Money<sup>1</sup>. 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 non-departmental public body (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 as laid out in the Public Service Agreement (PSA) 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;
- clearly defines roles and responsibilities and allocates accountabilities for the identification and management of risk; and
- aims to foster closer and more flexible working arrangements at all levels of NML.

**2. The purpose of the system of internal control**

The system of internal control is designed to 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 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

---

<sup>1</sup> In NML responsibility for risk management is shared by the Board and the Accounting Officer, therefore the SIC is signed jointly by the Accounting Officer and the Chair of the Board. Some NDPBs may be required to do this under other provisions by which they are governed. For example, the Charities Statement of Recommended Practice (SORP) 2005 requires the trustees of charitable bodies to be jointly responsible for the preparation of accounts and annual reports. Consequently, for charitable NDPBs one or more of the trustees should sign the annual report, the balance sheet and the SIC along with the Accounting Officer.

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

**3. Capacity to handle risk**

The Director and the Executive Team (ET) recognised that progress needed to be made in risk management and internal audit during the year ending 31 March 2009. With this in mind, they commissioned an independent review of the strategic risk management procedures at NML and as a result, fundamental changes to NML's risk management framework and internal audit methodology and processes have been implemented.

**Internal Audit**

Internal Audit has undergone a number of changes in the year, including the resignation of both the Head of Internal Audit and the Senior Internal Auditor. This has led to NML buying in a Head of Internal Audit service, between January and March 2009, and beyond from Deloitte's Internal Audit and Risk Management team. In addition, a co-source arrangement was in place from September 2008 to support the in-house team with three internal audit assignments, which required specialist input:

- corporate governance;
- capital projects; and
- risk management.

Deloitte was also commissioned to complete an internal audit effectiveness review against the requirements of GIAS in November 2008, and reported the findings in December 2008. The **nil assurance** provided has resulted in significant changes being made:

- an internal audit action plan to identify required actions and a timeline for implementation, which has been completed;
- adoption of a risk based approach to audit planning, scoping and assignment completion;
- completion of a follow-up audit of previously raised recommendations; and
- revised reporting format, which clearly identifies recommendations and requires management responses.

**Risk Management**

As a result of the comments made by the National Audit Office (NAO) in their management letter in 2008 and the findings reported by Internal Audit in their Risk Management report in December 2008 (providing **nil assurance** over the risk management system), NML have taken a proactive approach to risk management since January 2009.

During 2008/09 the ET has acted to step-up NML's capacity to handle and contain risk and have:

- commissioned Deloitte to complete an internal audit of the risk management framework, its implementation and ongoing monitoring;
- commissioned Deloitte to develop a new risk management framework in line with good practice
- completed a risk management workshop with ET and Heads of Service to gain

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

their views on risks to NML. The risks were scored on likelihood, impact and control effectiveness;

- evaluated the usefulness of the RiskNetwork<sup>®</sup> in complementing the revised risk management framework and processes;
- identified and documented NML's strategic risks;
- 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 **Strategy 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 Strategy Forum provides an organisation-wide focus group for the identification and control of risk and the allocation of management responsibility and accountability across NML's whole spectrum of diverse activities.

**4. The risk and control framework**

NML have taken a proactive approach to risk management since January 2009 and to this end the ET has:

- continued to operate a formal and transparent budget process;
- continued to monitor, on a regular basis, NML's performance against the

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

operational budget to ensure potential, critical financial risks are highlighted at the earliest opportunity;

- facilitated a workshop with ET and Service Heads to identify NML's key strategic risks and the output has been circulated to management;
- introduced a corporate risk register of NML's most strategic risks, which will be integrated into RiskNetwork<sup>®</sup> in due course;
- working toward compliance with the Hannigan Report in relation to IT security by March 2010;
- 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;
- extended the management development programme to raise risk awareness throughout the management structure;
- 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 our public to ensure that all individuals and groups are included in the scope of our activities.

Although some processes are now well advanced, some further enhancements are required and to this end the Executive Director of Finance has been nominated as NML's sponsor for risk management and operation of the associated processes.

##### **5. Review of effectiveness**

As Accounting Officer and Chair of the Trustee Board, we have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 2008/09 the Audit Committee met four times. NML has an **Internal Audit team**, which provides an independent service to the Accounting Officer and operational managers reviewing and offering recommendations on risk and control related issues. Internal audit have complied with GIAS since the new arrangements which commenced in January 2009, and now 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. Internal audit monitors and provides objective advice and

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

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 Management Statement & Financial Memorandum; and
  - regulatory requirements.

Based on the work undertaken by Internal Audit during the year, the overall assurance for 2008/09 is **limited assurance** as there were weaknesses in the system of internal control design and compliance such as to put the system objectives at risk.

In drawing up this Statement on Internal Control, the Accounting Officer and the Board of Trustees are aware that information used for operational and financial reporting purposes needs to be captured and processed accurately to an appropriate quality standard, especially where it may be used by third parties or other stakeholders.

**Significant control weaknesses**

***Risk management***

An internal audit of risk management highlighted significant failings of the current risk management processes, which included a lack of clarity in the responsibility for managing risk, insufficient framework to measure risk, a lack of risk management guidance, an inconsistent approach to populating the RiskNetwork<sup>®</sup> and no guidance on the risk appetite of NML.

Management has accepted all of the recommendations raised as part of the internal audit and have established a proactive action plan to mitigate the risks identified. While significant progress has been made during the last quarter of the year ending 31 March 2009, management will continue to advance its risk management procedures during 2009/10.

***Internal audit***

NML were served by an in-house internal audit up to 1 January 2009. During this period, in line with good practice, the ET commissioned an independent effectiveness review against GIAS of the internal audit function. As a result of this exercise a number of issues were highlighted, including insufficient linkage between the internal audit plan and NML's risk register, excessive provision of "consultancy" work, non-completion of a follow-up of previous recommendations and insufficient internal audit methodology and quality review.

Again, management has accepted all of the recommendations made as a result of

**National Museums & Galleries on Merseyside  
Statement on Internal Control within NMGM  
For the year ended 31 March 2009**

the review, and implemented an action plan to address all of the issues raised. These have all been addressed during the last quarter of the year ending 31 March 2009.

The Director is assured by his Executive Directors and Senior Management Team that NML's existing governance structure has been effective in controlling and containing risk at acceptable levels during 2008/09.

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

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

**Date: 30 November 2009**

**Date: 30 November 2009**

## **National Museums & Galleries on Merseyside 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 group for the year ended 31 March 2009 under the Merseyside Museums and Galleries Order 1986. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, 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 Director and auditor**

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Merseyside Museums and Galleries Order 1986 and directions made there under by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions funded by parliament. These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and directions made there under by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises the Legal and Administrative information and Operating and Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Museums and Galleries on Merseyside has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the National Museums and Galleries on Merseyside's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Museums and Galleries on Merseyside's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report and the Key Performance Indicators – 2009 Outturn. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions funded by parliament included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation

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

of the financial statements, and of whether the accounting policies are most appropriate to the National Museums and Galleries on Merseyside's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Merseyside Museums and Galleries Order 1986 and directions made hereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of the National Museums and Galleries on Merseyside and the group's affairs as at 31 March 2009 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and directions made hereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- the information, which comprises the Legal and Administrative information and Operating and Financial Review, included in the Annual Report, is consistent with the financial statements.

### **Opinion on Regularity**

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

### **Report**

I have no observations to make on these financial statements.

*Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS*

*Date: 14 December 2009*

**National Museums & Galleries on Merseyside  
Consolidated Statement of Financial Activities  
For the year ended 31 March 2009**

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2009 £000	Total 2008 £000
<b>Incoming resources:</b>					
Grant-in-aid - DCMS	2	22,488	-	22,488	22,326
Grant-in-aid - HMRC	2	-	544	544	475
Incoming resources from generated funds:					
Voluntary income:					
Grants and donations	2a	70	21,628	21,698	20,172
Gifts	6	-	50	50	1,184
Merchandising income of subsidiary company	9	2,295	-	2,295	1,664
Investment Income	7	157	65	222	271
Incoming resources from charitable activities		<u>763</u>	-	<u>763</u>	<u>984</u>
<b>Total incoming resources</b>		<u>25,773</u>	<u>22,287</u>	<u>48,060</u>	<u>47,076</u>
<b>Resources expended:</b>					
Costs of generating funds;					
Fundraising costs		439	-	439	594
Costs of subsidiary company merchandising	9	2,227	-	2,227	1,814
Charitable activities;					
Care of collections		6,070	1,285	7,355	7,154
Care of buildings		6,353	2,434	8,787	9,333
Visitor Services		3,395	561	3,956	3,656
Exhibitions		1,784	408	2,192	1,660
Education and research		2,494	475	2,969	2,792
Other resources expended;					
Grants to third parties		140	-	140	199
Fees and Charges activities of charity staff		582	-	582	810
Disposal of assets		2	-	2	-
Governance costs		<u>283</u>	-	<u>283</u>	<u>276</u>
<b>Total resources expended</b>	4	<u>23,769</u>	<u>5,163</u>	<u>28,932</u>	<u>28,288</u>
<b>Net incoming resources before notional costs and transfers between funds</b>	3	2,004	17,124	19,128	18,788
Notional cost of capital	1(j)	(4,327)	(263)	(4,590)	(4,330)
Transfers between funds		<u>5</u>	<u>(5)</u>	-	-
<b>Net (outgoing)/incoming resources after notional costs and transfers between funds</b>		(2,318)	16,856	14,538	14,458
<b>Movement on assets:</b>					
<b>Unrealised net (loss)/gain on revaluation of fixed assets and investments</b>	6 & 24	(2,252)	(1,468)	(3,720)	13,692
Reversal of notional cost of capital		<u>4,327</u>	<u>263</u>	<u>4,590</u>	<u>4,330</u>
<b>Net movement in funds</b>		<u>(243)</u>	<u>15,651</u>	<u>15,408</u>	<u>32,480</u>
Fund balances brought forward at 1 April		<u>123,754</u>	<u>93,140</u>	<u>216,894</u>	<u>184,414</u>
Fund balances carried forward at 31 March	14	<u>123,511</u>	<u>108,791</u>	<u>232,302</u>	<u>216,894</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 47 to 75 form part of these accounts.

**National Museums & Galleries on Merseyside  
Consolidated Balance Sheet  
As at 31 March 2009**

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	6	215,956	200,594
Heritage assets	6	<u>9,400</u>	<u>8,747</u>
		<b>225,356</b>	209,341
<b>Current assets:</b>			
Stock - goods for re-sale		159	156
Investments	24	502	276
Debtors	10	5,085	8,755
Cash at bank and in hand		<u>4,719</u>	<u>5,211</u>
		<b>10,465</b>	14,398
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,519)</u>	<u>(6,834)</u>
<b>Net current assets</b>		<b><u>6,946</u></b>	<b><u>7,564</u></b>
<b>Total assets less current liabilities</b>		<b><u>232,302</u></b>	<b><u>216,905</u></b>
<b>Creditors: due after more than one year</b>	11 & 12	—	<u>(11)</u>
<b>Total net assets</b>		<b><u>232,302</u></b>	<b><u>216,894</u></b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	108,791	93,140
Unrestricted funds:			
Designated funds	14	121,461	121,566
General funds	14	<u>2,050</u>	<u>2,188</u>
<b>Total funds</b>	14	<b><u>232,302</u></b>	<b><u>216,894</u></b>

The notes on pages 47 to 75 form part of these accounts

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

*Professor Phil Redmond CBE*  
Chairman of Trustees

Date: 30 November 2009

**National Museums & Galleries on Merseyside  
Museum Balance Sheet  
As at 31 March 2009**

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	6	215,863	200,520
Heritage assets	6	9,400	8,747
Investment in NMGM Enterprises Limited	9	<u>380</u>	<u>380</u>
		<b>225,643</b>	209,647
<b>Current assets:</b>			
Stock - goods for re-sale		19	20
Investments	24	502	276
Debtors	10	5,411	8,886
Cash at bank and in hand		<u>4,133</u>	<u>4,711</u>
		<b>10,065</b>	13,893
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,450)</u>	<u>(6,636)</u>
<b>Net current assets</b>		<b><u>6,615</u></b>	<b><u>7,257</u></b>
<b>Total assets less current liabilities</b>		<b><u>232,258</u></b>	<b><u>216,904</u></b>
<b>Creditors: due after more than one year</b>	11 & 12	<u>-</u>	<u>(11)</u>
<b>Total net assets</b>		<b><u>232,258</u></b>	<b><u>216,893</u></b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	14	108,791	93,140
Unrestricted funds:			
Designated funds	14	121,461	121,566
General funds		<u>2,006</u>	<u>2,187</u>
<b>Total funds</b>		<b><u>232,258</u></b>	<b><u>216,893</u></b>

The notes on pages 47 to 75 form part of these accounts

*Dr David Fleming OBE*  
Director and Accounting Officer  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

*Professor Phil Redmond CBE*  
Chairman of Trustees  
National Museums & Galleries on Merseyside  
Date: 30 November 2009

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2009**

---

	<b>Notes</b>	<b>2009</b>	2008
		<b>£000</b>	£000
Net cash inflow from operating activities	<b>19</b>	<b>27,934</b>	17,634
Returns on investments and servicing of finance:			
Interest received		<b>222</b>	271
(Increase) / decrease in investments		<b>(275)</b>	1,189
Investing Activities:			
Capital expenditure and financial investments:			
Purchase of tangible assets adjusted for capital accruals		<b><u>(28,373)</u></b>	<b><u>(20,227)</u></b>
Decrease in cash in the year		<b><u>(492)</u></b>	<b><u>(1,133)</u></b>

The notes on pages 47 to 75 form part of these accounts

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

**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) 2008-2009;
- 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 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 NML Trading Limited. In addition a separate balance sheet has been prepared for NML alone. The Museum investment in NML Trading Limited is shown at book value, less any provision for 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 NML Trading are consolidated on a line-by-line basis.

A number of funds which predate NMGM'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 Department for Culture, Media and Sport is taken to the Statement of Financial Activities in the year in which it is received.

Capital grants with a restricted application, Lottery income 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 includes; rental income, fees and charges commercial contracts, services to the subsidiary trading company 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 outreach. 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.

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 voluntary income 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 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**

Until 31 March 2001 NML's collections have not been capitalised in the balance sheet since they were considered to be inalienable. The costs of additions to the collections were written off in the year of acquisition.

Additions to the collection acquired since 1 April 2001 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.

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.

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

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 years
Motor vehicles	4 years

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

The threshold for capitalisation of gifts in kind 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 subsequent valuations and the appropriate depreciation schedule.

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 BCIS BERR Construction Price and Cost Indices *Online*. Land is subject to an interim revaluation (the next being due in 2009-2010).

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 have 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.

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**

In accordance with Treasury guidance, notional costs of capital are charged in the Statement of Financial Activities in arriving at a net incoming/(outgoing) resources figure. These are reversed so that no provision is included on the balance sheet.

The notional cost of capital is 3.5% of average net assets (2007/08: 3.5%) calculated in accordance with advice issued by HM Treasury. The net values associated with assets funded by donations and by lottery grants are excluded from the notional charge as are the capitalised values of additions to the collections.

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 Section 505 of the Income and Corporation Taxes Act 1988. 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.

l) **Provisions**

NML has made a specific provision in respect of an early retirement scheme. Under this scheme, the Museum bears the cost of these benefits until the normal retirement age. The liability is recognised in NML's account; after the business case has been agreed, and the contract documents signed.

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.

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. However following the changes introduced by the Finance Act 1999 tax credits are no longer available.

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**2. Grant-in-Aid** £22,488,000 of DCMS "Grant-in-Aid" has been received during the year (2008: £22,326,000). This money is available for running costs, capital improvements and collection purchases. During the year Grant-in-aid was allocated to:

	<b>2009</b>	2008
	<b>£000</b>	£000
General Fund	<b>19,388</b>	18,976
Collection purchase fund	<b>100</b>	-
Government Grant Capital Allocation	<b>3,000</b>	3,350
	<b><u>22,488</u></b>	<b><u>22,326</u></b>

NML also receives Grant-in-Aid from the HM Revenue & Customs resource account. The amount received in 2008/09 was £389,212 (2007/08 £329,541;).

A capital amount of £155,000 was also received (2007/08 £145,000). A summary can be seen at Note 16.

**2a.Grants & donations** £21,698,000 was received during the year; of which only £70,000 was unrestricted. The restricted income included the following contributions towards NML's capital programme:-

	<b>2009</b>
	<b>£000</b>
Heritage Lottery Fund	<b>1,539</b>
European Regional Development Fund	<b>4,282</b>
Northwest Regional Development Agency	<b>14,096</b>
	<b><u>19,917</u></b>

The remainder represented contributions to both revenue and capital.

<b>3. Net Incoming Resources</b>	<b>2009</b>	2008
	<b>£000</b>	£000
Net incoming resources before transfers is stated after charging for:		
Travel and Subsistence (including Trustees)	<b>127</b>	176
Hospitality	<b>72</b>	108
Operating lease payments	<b>176</b>	240
Consolidated Audit Fee	<b>45</b>	40
Trading Company Audit Fee	<b>5</b>	5
	<b><u>425</u></b>	<b><u>569</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

<b>4. Total resources expended</b>	<b>Staff Costs £000</b>	<b>Other Costs £000</b>	<b>Depre- ciation £000</b>	<b>2009 Total £000</b>	<b>2008 Total £000</b>	
Costs of generating funds:						
Fundraising costs	357	82	-	439	594	
Cost of subsidiary company merchandising	1,139	1,062	26	2,227	1,814	
Charitable activities;						
Care of collections	5,200	1,134	1,021	7,355	7,154	
Care of buildings	830	4,143	3,814	8,787	9,333	
Visitor services	3,411	161	384	3,956	3,656	
Exhibitions	767	1,146	279	2,192	1,660	
Education and outreach	1,940	704	325	2,969	2,792	
Grants to Third Parties	-	140	-	140	199	
Fees & Charges activities of charity staff	369	213	-	582	810	
Governance costs	139	144	-	283	276	
Disposal of assets	-	2	-	2	-	
<b>Total resources expended</b>	<b><u>14,152</u></b>	<b><u>8,931</u></b>	<b><u>5,849</u></b>	<b><u>28,932</u></b>	<b><u>28,288</u></b>	
<b>Governance costs</b> includes:						
External Audit fees	-	50	-	50	45	
Corporate Governance	49	1	-	50	46	
Internal Audit	55	50	-	105	74	
Legal Advice	-	40	-	40	64	
Finance	35	3	-	38	47	
	<b><u>139</u></b>	<b><u>144</u></b>	<b><u>-</u></b>	<b><u>283</u></b>	<b><u>276</u></b>	
<b>Support costs;</b>	<b>Care of Collections</b>	<b>Care of Buildings</b>	<b>Visitor services</b>	<b>Exhibitions</b>	<b>Education &amp; O'reach</b>	<b>Total</b>
Management	129	49	80	26	50	334
Finance (inc Audit)	219	60	139	38	83	539
ICT	271	194	156	77	112	810
Office services	59	77	29	25	27	217
Human resources	<u>230</u>	<u>137</u>	<u>136</u>	<u>58</u>	<u>93</u>	<u>654</u>
	<b><u>908</u></b>	<b><u>517</u></b>	<b><u>540</u></b>	<b><u>224</u></b>	<b><u>365</u></b>	<b><u>2,554</u></b>

The support costs are contained within the respective charitable activities headings above.  
The Museum depreciation is split between Unrestricted £2.172m and Restricted £3.651m.  
The unrestricted element counts against NML's non-cash g/a allocation.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**5. Staff Costs**

During the year staff costs directly associated with the delivery of NML's major capital projects; a new Museum of Liverpool, an Egyptian Gallery and ISM ph3 - and incremental to the normal operating staff cost base, were capitalised. The amount for the year was £585,584. The following note has been expanded to reflect the capitalisation.

	NML	NML	Total	Total
	Trading Ltd		2009	2008
	£000	£000	£000	£000
Wages and salaries	10,521	1,072	11,593	11,265
Social Security Costs	686	59	745	746
Pension Costs	<u>1,806</u>	<u>8</u>	<u>1,814</u>	<u>1,854</u>
<b>Staff Costs within operating expenditure</b>	<b>13,013</b>	<b>1,139</b>	<b>14,152</b>	<b>13,865</b>
Capitalised Staff Costs	586	-	586	368
Agency staff costs	<u>9</u>	<u>0</u>	<u>9</u>	<u>11</u>
<b>Total Staff Costs</b>	<b><u>13,608</u></b>	<b><u>1,139</u></b>	<b><u>14,747</u></b>	<b><u>14,244</u></b>

The capitalised staff costs related to capital projects include; Basic Pay £459,520, Employers NIC £40,880 and Employers Superannuation £85,184.

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](http://www.civilservice-pensions.gov.uk)).

For 2008-09, employers' contributions of £1,890,714 were payable to the PCSPS (2007-08: £1,860,760) at one of four rates in the range 17.1 per cent to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2007-08 were between 17.1% and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. In 2008-09 the salary bands were revised but the rates remained the same. (from April 2009 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 2008-09 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 £10,736 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 £759.53, 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.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

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 £8,173 (2007-2008; £9,917).

There were three members of the Executive Team in the salary band £60,001 - £65,000; two in the salary band £65,001 - £70,000 and one member in the salary band £100,001 - £105,000.

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

<b>Employee Configuration as at 31 March 2009</b>	<b>2009</b>	<b>Employee Configuration as at 31 March 2008</b>	<b>2008</b>
Director's Office	8	Director's Office	8
Museum Secretary's Office	-	Museum Secretary's Office	-
Development and Communications	54	Development and Communications	63
Public Services:		Public Services:	
Collections Management	114	Collections Management	121
Visitor Services	180	Visitor Services	193
Museum of Liverpool	63	Museum of Liverpool	46
Human Resources	16	Human Resources	14
Finance, ICT & Procurement	40	Finance, ICT & Procurement	36
Cleaning Services	38	Cleaning Services	40
NML Trading Ltd	60	NML Trading Ltd	63
	<u>573</u>		<u>584</u>

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

<b>Employee Configuration as at 31 March 2009</b>	<b>2009</b>	<b>Employee Configuration as at 31 March 2008</b>	<b>2008</b>
Senior Management Team	14	Senior Management Team	14
Staff on permanent contract	477	Staff on permanent contract	516
Staff on secondment	-	Staff on secondment	1
Staff on fixed term contracts	82	Staff on fixed term contracts	53
Total	<u>573</u>	Total	<u>584</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 23.

#### **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 £7,859 (2008: £11,796). Eight trustees were reimbursed in 2008/09 (nine in 2007-2008).

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2009**

<b>6. Tangible fixed assets</b>	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Perm'n't Galleries</b>	<b>Motor Vehicles</b>	<b>Assets in Course of Construction</b>	<b>Sub-total</b>	<b>Heritage Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost/valuation</b>									
Valuation Base at 01-Apr-08	20,730	142,850	21,256	4,100	81	33,310	222,327	8,747	231,074
Additions in Year	-	701	269	848	15	23,052	24,885	653	25,538
Disposals	-	-	(51)	-	-	-	(51)	-	(51)
Revaluation	-	(3,671)	-	-	-	-	(3,671)	-	(3,671)
<b>Valuation</b>	<b>20,730</b>	<b>139,880</b>	<b>21,474</b>	<b>4,948</b>	<b>96</b>	<b>56,362</b>	<b>243,490</b>	<b>9,400</b>	<b>252,890</b>
Transfers to AICC	-	-	-	655	-	(655)	-	-	-
<b>Closing valuation</b>	<b><u>20,730</u></b>	<b><u>139,880</u></b>	<b><u>21,474</u></b>	<b><u>5,603</u></b>	<b><u>96</u></b>	<b><u>55,707</u></b>	<b><u>243,490</u></b>	<b><u>9,400</u></b>	<b><u>252,890</u></b>
<b>Depreciation</b>									
Balance as at 01-Apr-08	-	2,820	18,428	410	75	-	21,733	-	21,733
Base Charge for Year	-	2,798	2,556	560	8	-	5,922	-	5,922
Disposals	-	-	(49)	-	-	-	(49)	-	(49)
Revaluation	-	(72)	-	-	-	-	(72)	-	(72)
Balance as at 31-Mar-09	-	<u>5,546</u>	<u>20,935</u>	<u>970</u>	<u>83</u>	-	<u>27,534</u>	-	<u>27,534</u>
Net book value:									
<b>At 31 March 2009</b>	<b><u>20,730</u></b>	<b><u>134,334</u></b>	<b><u>539</u></b>	<b><u>4,633</u></b>	<b><u>13</u></b>	<b><u>55,707</u></b>	<b><u>215,956</u></b>	<b><u>9,400</u></b>	<b><u>225,356</u></b>
At 31 March 2008	<u>20,730</u>	<u>140,030</u>	<u>2,828</u>	<u>3,690</u>	<u>6</u>	<u>33,310</u>	<u>200,594</u>	<u>8,747</u>	<u>209,341</u>

This note reflects the consolidated position of NML and its subsidiary trading company NML Trading Limited. All of the tangible fixed assets of the trading company are shown within furniture and fittings. The net book value as at 31 March 2009 was made up of:

	<b>2009</b>	<b>2008</b>
National Museums Liverpool tangible fixed assets	215,863	200,520
National Museums Liverpool heritage assets	9,400	8,747
NML Trading Limited	<u>93</u>	<u>74</u>
	<b><u>225,356</u></b>	<b><u>209,341</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2009**

<b>Heritage Assets</b>	These consist wholly of additions to the collections. The additions to the collections are made by purchase and by gift. In 2008-09 the major additions were:	£
	<b>Collection Purchase Fund</b>	
<b>By Purchase</b>	Ben Johnson commission "Liverpool Cityscape"	500,000
	William Shortt Regulator clock	72,217
	Superlambanana from Sutton Kersh	9,000
	Hunting knife commemorating opening of Liverpool North Dock Gates 1881	8,353
<b>By Gift</b>	Spirit preserved spider specimens from Mr David Nellist	19,125
	Petrological collection of geological hand specimens from Dr Rodney Wright	15,000
	Spirit preserved spider specimens from Ms Elizabeth Scott	6,105
	Rigged exhibition waterline model of the "Mimosa"	3,000

The total value of gifts received during the year was £49,900 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 in kind 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 in kind is £500.

The collections of NML comprise objects of fine and decorative art; costume and textiles; ethnology; zoology; botany; physical science; scientific instruments; earth science; antiquities; numismatics; archaeology; social and urban history; industry; land transport; archives; transatlantic slavery; maritime history; ships and boats; and military history.

The collections are held at NML sites in and around Liverpool (Walker Art Gallery; Merseyside Maritime Museum; World Museum Liverpool; 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. NML also holds a number of long term loans including particularly the national collection of HM Revenue and Customs and the King's Regiment collection.

The collections are recorded on paper and within electronic databases which are subject to annual audit inspections.

The condition of the collections is monitored by professional conservators and curators employed by National Museums Liverpool, supported by a collections management training scheme.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**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 indexation applied to buildings.

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	NBV Bldgs	Land Value	NBV Bldgs	
		31-Mar-08	31-Mar-08	31-Mar-09	31-Mar-09	
		£	£	£	£	
<b>Freehold Properties</b>						
Lady Lever Art Gallery	DRC	830,000	6,621,765	830,000	6,557,223	
County Sessions House	DRC	600,000	1,879,520	600,000	1,793,845	
The Walker	DRC	3,550,000	15,850,985	3,550,000	15,128,438	
World Museum Liverpool	DRC	3,500,000	58,378,023	3,500,000	55,784,148	
Sudley House	DRC	210,000	1,933,842	210,000	1,845,690	
Maritime Park:-						
MLL demolished						
MLL retained	}	DRC	320,000	320,000	}	
GWR Building		DRC	390,000	2,110,008		390,000
Dockmaster's House		DRC	100,000			100,000
Canning Docks		DRC	3,460,000			3,460,000
Maritime Car Park:-						
Prospective canal basin (T1A)	}		440,000	-	440,000	
Land abutting canal basin (T2)			152,000	-	152,000	
Canning Docks / Pilotage Amenity Land		EUV / MV	3,726,000	-	3,726,000	
GWR Amenity Land (T7A)			192,000	-	192,000	
Western Steps (T7B)			120,000	-	120,000	
Juniper Street	EUV	-	5,392,674	-	5,146,857	
Dale Street	EUV	-	3,665,065	-	3,497,998	
		<b>17,590,000</b>	<b>95,831,882</b>	<b>17,590,000</b>	<b>91,772,108</b>	
<b>Long Leasehold Properties</b>						
Oratory	DRC	60,000	54,321	60,000	51,845	
Maritime 'D' Block	DRC	1,160,000	23,867,186	1,160,000	23,043,384	
Maritime Piermaster's House	DRC	260,000	532,350	260,000	508,083	
The Walker	DRC	30,000	152,100	30,000	145,167	
Conservation Centre	DRC	1,630,000	17,644,189	1,630,000	16,842,283	
DS (11 North St)	OMV	-	83,112	-	79,323	
Dock Traffic Office	MV	-	1,865,000	-	1,892,248	
		<b>3,140,000</b>	<b>44,198,258</b>	<b>3,140,000</b>	<b>42,562,333</b>	
<b>Totals</b>		<b>20,730,000</b>	<b>140,030,140</b>	<b>20,730,000</b>	<b>134,334,441</b>	

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

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

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

	<b>£000</b>
Land	20,730
Freehold Buildings	91,772
Long Leasehold Buildings	<u>42,562</u>
	<b><u>155,064</u></b>

**Assets in the Course of Construction**

**Assets in the Course of Construction**

Assets in the Course of Construction consist of:

	<b>£000</b>
Museum of Liverpool	48,767
Land associated with assets in the course of construction	<u>6,940</u>
	<b><u>55,707</u></b>

**Disposals in year**

There was £51,000 of furniture and fittings disposals for the subsidiary trading company.

**7. 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.

	<b>2009</b>	2008
	<b>£000</b>	£000
Interest receivable	<b>186</b>	218
Tomlinson dividend receivable	<u>36</u>	<u>53</u>
	<b><u>222</u></b>	<b><u>271</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2009**

**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 2008-09, £22.5m (47%) of NML's income derived from Grant-in-Aid from the Department for Culture, Media and Sport. In addition revenue GIA of £389k and a capital grant of £155k was received from HM Revenue and Customs. 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. However, this risk is mitigated by the reserves policy.

Going forward there is a liquidity risk for the 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	2009
		£000
Trade debtors	10	429
Other debtors	10	4,333
Cash at bank and in hand	per balance sheet	4,719

The above excludes statutory debtors, which relates to VAT due from HM Revenue and Customs; £308,819.

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 2009	429	83	294	52

The Museum's principal exposure to risk is primarily attributable to trade debtors. However this risk is minimised because most major customers are familiar to the Museum. A bad debt provision of £40,000 (£40,000 2007-2008) has been recognised on the balance sheet.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

Financial liabilities by category

	Note	2009
		£000
Trade creditors	11	1,485
Other creditors	11	1,395

The above excludes statutory creditors, which relates to tax and social security due to HM Revenue and Customs; £372,289. 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 2008-2009 was 2.0%.

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.

Investment Risk

NML has £0.502m invested in fixed interest and equity stocks. The investment manager (Rathbone Investment management) works to a low risk profile instruction. The amount invested represents less than 2% 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.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

**9. Trading subsidiary** NML owns the whole of the issued share capital of NML Trading Limited, 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:

Lorraine Rogers (resigned 4 August 2008)

David Fleming OBE

Loyd Grossman (resigned 15 July 2008)

Alexis Redmond

Michael Simmons (appointed 11 June 2008, resigned 12 January 2009)

Phil Redmond (appointed 27 February 2009)

Eva Wisemark (appointed 2 June 2008)

Amy de Joia (appointed 11 June 2008)

All of the Directors 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 2009 and the Company's Balance Sheet are set out below;

**Results**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Sales	2,609	1,979
Cost of sales	<u>(898)</u>	<u>(663)</u>
<b>Gross Profit</b>	<b>1,711</b>	<b>1,316</b>
Administrative expenses	<u>(1,503)</u>	<u>(1,295)</u>
<b>Operating profit</b>	<b>208</b>	<b>21</b>
Interest receivable and similar income	13	12
Profit Gift-Aided to NML	<u>(178)</u>	<u>(38)</u>
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>43</b>	<b>(5)</b>
Tax on profit / (loss) on ordinary activities	<u>-</u>	<u>-</u>
<b>Profit / (loss) for the year</b>	<b><u>43</u></b>	<b><u>(5)</u></b>

To mitigate corporation tax liability the company ensures that the optimum use of both the annual investment allowance and the transfer of profit to NML eliminate the annual charge to tax; by way of a gift aid transfer.

For the year ended 31 March 2009 £178,213 was gifted to NML

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

<b>Balance Sheet</b>	<b>2009</b>	2008
	<b>£000</b>	£000
Fixed assets	93	74
Current assets	797	708
Current liabilities	<u>(466)</u>	<u>(401)</u>
Net Current Assets	<u>331</u>	<u>307</u>
Net assets	<u>424</u>	<u>381</u>
<b>Called up share capital</b>	<b>380</b>	380
Profit and loss account	<u>44</u>	<u>1</u>
	<u>424</u>	<u>381</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 in respect of merchandising income and cost of sales is as follows: -		
	<b>2009</b>	2008
	<b>£000</b>	£000
<b>Merchandising Income of Subsidiary Company</b>		
Merchandising Income of the company as shown in the Statement of Financial Activities	2,295	1,664
plus sales to NML, the parent body	327	327
<b>Equals total NMLT Income</b>	<u>2,622</u>	<u>1,991</u>
<b>Costs of subsidiary company merchandising</b>		
Costs of subsidiary company merchandising as shown in the Statement of Financial Activities	2,227	1,814
Loss on disposal of assets	2	-
plus purchases from NML, the parent body	<u>172</u>	<u>144</u>
	<u>2,401</u>	<u>1,958</u>
<b>Which equates to;</b>		
<b>NMLT cost of sales plus</b>	<b>898</b>	663
<b>NMLT other expenditure</b>	<u>1,503</u>	<u>1,295</u>
	<u>2,401</u>	<u>1,958</u>
	<b>2009</b>	2008
	<b>£000</b>	£000
<b>Amount owed by the parent body to the subsidiary</b>	<u>5</u>	<u>11</u>
<b>Amount owed by the subsidiary to the parent body</b>	<u>392</u>	<u>192</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

10. Debtors	2009	2009	2008	2008
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts due from subsidiary	392	-	192	-
Trade debtors	386	429	308	356
Other debtors	4,310	4,333	7,419	7,432
Prepayments	14	14	454	454
Taxation (VAT) recoverable	309	309	513	513
	<u>5,411</u>	<u>5,085</u>	<u>8,886</u>	<u>8,755</u>

Other debtors includes a balance of £1,708,773 owed by the North West Regional Development Agency, £752,833 by HLF, £47,266 by Department for Children Schools and Families, and £1,461,705 by the European Regional Development Fund. £308,819 is owed by HM Revenue and Customs. There were no further Whole of Government Accounts (WGA) related balances outstanding.

11. Creditors:	2009	2009	2008	2008
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts due to subsidiary	5	-	11	-
Trade creditors	1,473	1,485	1,690	1,747
Other creditors and accruals	1,374	1,395	4,531	4,585
Deferred income	267	267	150	186
Taxation and social security	331	372	254	316
	<u>3,450</u>	<u>3,519</u>	<u>6,636</u>	<u>6,834</u>
Amounts falling due after more than one year:	=	=	11	11
	<u>3,450</u>	<u>3,519</u>	<u>6,647</u>	<u>6,845</u>

Deferred income includes a sum of £35,355 (English Heritage) brought forward from 2007-2008 and £206,634 (Arts Council) funding "Find Your Talent" project. HMRC were owed £372,289. 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.

12. Provision for Early Retirement:	2009	2009	2008	2008
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Balance brought forward	32	32	78	78
Provision in year	-	-	-	-
Less payments in year	(22)	(22)	(46)	(46)
<b>Balance carried forward</b>	<u>10</u>	<u>10</u>	<u>32</u>	<u>32</u>

This represents early retirements prior to 2008-2009. There were no staff members who took early retirement in 2008-2009, nil (2007-2008).

Of the £10,000 provision at 31 March; £10,000 is within amounts falling due within one year and nil within amounts falling due after more than one year.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**13. Financial Commitments** At 31 March 2009 NML had annual commitments under non-cancellable leases as follows:

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within one year:	-	7	70	7
In the second to fifth year	45	-	45	-
More than five years	-	-	-	-
	<u>45</u>	<u>7</u>	<u>115</u>	<u>7</u>

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

<b>14. Statement of Funds</b>	At 1 Apr-08	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-09
	£000	£000	£000	£000	£000	£000
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Collection purchase fund (Free)	72	-	-	-	-	72
Collection purchase fund	635	100	-	-	-	735
C&E admissions (Free)	131	-	-	-	(68)	63
Academic Publications (Free)	153	23	(116)	-	5	65
TFA - Capital reserve	81,242	-	(1,066)	(1,443)	-	78,733
TFA - Government grant ITF*	534	-	(10)	(14)	-	510
TFA - Government grant	31,132	3,000	(661)	(626)	-	32,845
TFA - General capital	3,707	-	(231)	(63)	1,375	4,788
TFA - NMGM ITF*	<u>3,960</u>	<u>-</u>	<u>(204)</u>	<u>(106)</u>	<u>-</u>	<u>3,650</u>
<b>Total designated funds</b>	121,566	3,123	(2,288)	(2,252)	1,312	121,461
<b>General funds (Free)</b>	<u>2,188</u>	<u>22,650</u>	<u>(21,481)</u>	<u>-</u>	<u>(1,307)</u>	<u>2,050</u>
<b>Total unrestricted funds</b>	<u>123,754</u>	<u>25,773</u>	<u>(23,769)</u>	<u>(2,252)</u>	<u>5</u>	<u>123,511</u>

\* Into the Future

Note 14 reconciles to the Consolidated Statement of Financial Activities on page 43.

The significant transfers between funds during the year were £1,307,000 from the General Fund to the General Capital Fund (Fixed Asset Additions), £474,000 from the Revenue Development Fund to the Capital Development 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.

**C & E Admissions fund** for the running costs and special projects associated with the HM Revenue & Customs Museum.

**Academic Publications fund** for the production of professional material.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

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

**Tangible Fixed Asset Funds: Unrestricted**

Within this group are:

<b>TFA - Capital reserve</b>	represents fixed assets transferred to NML. This came into being with the transfer of assets, upon the abolition of Merseyside County Council.
<b>TFA - Government grant</b>	for the purchase and development of fixed assets. The source of this fund is government department grant-in-aid.
<b>TFA - Government grant "Into the Future" (ITF)</b>	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.
<b>TFA - General capital</b>	for the purchase and development of fixed assets. The source of this fund is earned income.
<b>TFA - NMGM ITF</b>	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-08	Income	Expend- iture	Revalua- tions	Transfers	At 31 Mar-09
	£000	£000	£000	£000	£000	£000
<b>Restricted funds</b>						
Collection purchase fund	8,263	458	-	-	-	<b>8,721</b>
Development fund Revenue	1,833	1,876	(1,507)	-	(479)	<b>1,723</b>
Tomlinson Fund	46	36	(5)	-	-	<b>77</b>
TFA - Development fund	24,793	-	(682)	(575)	474	<b>24,010</b>
TFA - Tomlinson	1,493	-	(89)	(50)	-	<b>1,354</b>
TFA - NMGM ITF - Lottery	26,070	-	(1,897)	(651)	-	<b>23,522</b>
TFA - Lottery	1,928	1,539	(157)	-	-	<b>3,310</b>
TFA - ERDF ITF	3,795	-	(74)	(100)	-	<b>3,621</b>
TFA - ERDF	1,661	4,282	-	-	-	<b>5,943</b>
TFA - Development fund ITF	2,027	-	(282)	(45)	-	<b>1,700</b>
TFA - NWDA ITF	420	-	(420)	-	-	<b>-</b>
TFA - NWDA	<u>20,811</u>	<u>14,096</u>	<u>(50)</u>	<u>(47)</u>	<u>-</u>	<b><u>34,810</u></b>
<b>Total restricted funds</b>	<b><u>93,140</u></b>	<b><u>22,287</u></b>	<b><u>(5,163)</u></b>	<b><u>(1,468)</u></b>	<b><u>(5)</u></b>	<b><u>108,791</u></b>

**Restricted Funds:**

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

**Revenue: Restricted**

Within this group are:

<b>Collection purchase fund</b>	for additions to the collections. The source of this fund is charitable donations and investment income derived from unconsolidated separate trust funds.
---------------------------------	---

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**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.

**Tangible Fixed Asset funds: Restricted**

Within this group are:

**TFA - NMGM ITF lottery** for the purchase and development of fixed assets specific to the *NMGM ITF* 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 *NMGM ITF* 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 *NMGM ITF* 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 - NWDA ITF** for the purchase and development of fixed assets, specifically the *NMGM ITF*. 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 Liverpool and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

<b>15. Analysis of group net assets between funds</b>	Fund balances at 31 March 2009 are represented by:	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
	Tangible fixed assets	<b>118,962</b>	<b>106,394</b>	<b>225,356</b>
	Net current assets excluding cash	<b>1,730</b>	<b>497</b>	<b>2,227</b>
	Cash	<b>2,819</b>	<b>1,900</b>	<b>4,719</b>
		<b><u>123,511</u></b>	<b><u>108,791</u></b>	<b><u>232,302</u></b>
	Unrealised losses included above:			
	On tangible fixed assets and investments	<b><u>(2,252)</u></b>	<b><u>(1,468)</u></b>	<b><u>(3,720)</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**16. Customs & Excise National Museum**

The Trustees of NML act as custodians and Trustees of the collections that constitute the National Collections of the Board of HM Revenue and Customs (HMRC).

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 HMRC an annual Grant-in-Aid payment which allows the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by HMRC in respect of grant-in-aid are made from the HM Revenue and Customs Resource Account for 2008-09 which is audited and published separately.

Transactions in respect of the museum are shown within the Restricted Income and Expenditure Funds.

**Capital Grants**

The development of the permanent gallery and associated facilities has taken place 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:

	<b>£000</b>
<b>Application of Funds</b>	
Total funds received as at April 2008	1,314
Funds received in year	155
Virement from Revenue Grant	-
<b>Total funds received as at 31 March 2009</b>	<b><u>1,469</u></b>
Funds applied as at 1 April 2008	(1,253)
Funds applied in year	<u>(216)</u>
<b>Funds applied as at 31 March 2009</b>	<b><u>(1,469)</u></b>
<b>Unapplied capital funding at 31 March 2009</b>	<b><u>—</u></b>

**Running Cost Grant-in Aid**

The funding position for 2008-09 is as follows:

<b>Application of Funds</b>	
Unapplied funds as at 1 April 2008	69
2008-09 Grant-in-Aid	389
Repayment of b/f balance	-
Total Available GiA funds	<u>458</u>
Virement to Capital funds	-
Funds applied to the running of the museum	<u>(369)</u>
<b>Unapplied funds as at 31 March 2009</b>	<b><u>89</u></b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

- 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 was Anthony Tibbles from 18/10/2007, however Mr Tibbles left in June 2009, and the nominated director position has not been filled. 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.
- 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 £78,836.
- 18. Capital Commitments** The Museum of Liverpool dominates NML's recent and anticipated capital programme. Contracts to the value of £58.2m have been let, approximately £48.3m of this amount has been spent and funded with c. £13.4m committed and remaining to be paid. This value represents 91% of NML's outstanding capital commitments which is currently stands at £14.7m.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**19. Cash flow information**

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

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Net incoming resources	19,128	18,788
Depreciation	5,873	5,870
Depreciation revaluation	(72)	-
Loss on disposals	2	4
Interest received	(222)	(271)
Gifts	(50)	(1,184)
(Increase) in stocks	(3)	(21)
Decrease/(increase) in debtors	3,670	(5,393)
(Decrease) in creditors	(392)	(159)
Net cash inflow from operating activities	<u>27,934</u>	<u>17,634</u>

**Reconciliation of net cash flow to movement in net funds**

Increase in cash in the period		
Movement in net funds in the period	(492)	(1,133)
Net funds at 1 April	<u>5,211</u>	<u>6,344</u>
Net funds at 31 March	<u>4,719</u>	<u>5,211</u>

**Analysis of net funds**

	01-Apr 2008 £000	<b>Cash Flow £000</b>	<b>31-Mar 2009 £000</b>
Cash	<u>5,211</u>	<u>(492)</u>	<u>4,719</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

**20 .Related Party Transactions**

National Museums Liverpool is a Non-Departmental 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 transactions.

Additionally NML has conducted material transactions with other Government Departments and other central bodies; specifically the DBERR formerly DTI, Heritage Lottery Fund, National Heritage Memorial Fund, HM Revenue and Customs and the Millennium Commission.

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

<b>Name &amp; Position</b>	<b>Related Party</b>	<b>Position</b>	<b>Income from Related Party £</b>	<b>Payments to Related Party £</b>	<b>Nature of transaction</b>
Loyd Grossman			11,400		Personal donation towards the International Slavery Museum
Phil Redmond	Liverpool Culture Company Ltd	Deputy Chairman	50,089		Sponsorship and donations towards painting commission; and Portrait of a Nation project.
			140,000		Contribution towards the exhibition programme. Of this .£60,000 is debtor balance.
	LJMU	Trustee and Chair of International Centre for Digital Content		2,926	Work on music mixer project/ J Dixon / Conf Fee
Sir Neil Cossons OBE	Museums Association	Fellow	1,403		Staff and security costs for open evening
				12,093	Membership renewals and subscriptions and Conference Fees

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

Bryan Gray MBE, DL	Northwest Regional Development Agency	Chairman	14,096,096		Grant funding for the Museum of Liverpool capital project. Of this £1,708,773 is a debtor balance.
	Liverpool Culture Company Ltd	Chair	50,089		Sponsorship and donations towards painting commission; and Portrait of a Nation project.
			140,000		Contribution towards the exhibition programme. Of this £60,000 is a debtor balance.
Norman Kurland	Scala Publishers	Director		12,950	Publishing of the book, "The Walker Art Gallery"
Mrs Alexis Redmond	FACT	Board member		550	Advert/artwork
	LJMU	Trustee		2,926	Work on music mixer project / J Dixon / Conf fee
Lorraine Rogers (term expired 28 July 2008)	Tranmere Rovers	Chairman		300	Sponsorship of a footballer at the football club
	Royal Liverpool Philharmonic	Chairman		1,450	Advertising, an Early Years Workshop and a performance by a string quartet. £750 represents a creditor balance.
	The Mersey Partnership	Chief Executive		27,716	Visitor Profiling, Exhibition research and table at tourism awards. £24,000 represents a creditor balance.
Anil Ruia OBE	University of Manchester	Trustee		200	Domain names renewal
			5,230		Production of frame and rewiring of rib cage of elephant skeleton. This

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

					represents a debtor balance.
Eva Wisemark	Museums Association	Member	1,403		Staff and security costs for open evening
				12,093	Membership renewals and subscriptions and Conference Fees

(b) Staff

<b>Name &amp; Position</b>	<b>Related Party</b>	<b>Position</b>	<b>Income from Related Party £</b>	<b>Payments to Related Party £</b>	<b>Nature of transaction</b>
Dr David Fleming OBE	Bluecoat Arts centre	Board member		1,200	LAAF Performances

**21. Contingent Liabilities**

There are no contingent liabilities.

**22. Post Balance Sheet Events**

There were no post balance sheet events.

The financial statements were authorised for issue by the Accounting Officer and the Board of Trustees on 14 December 2009.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

---

**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 material.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2009**

<b>Tomlinson Fund</b>				
<b>Statement of Financial Activities</b>	<b>Income</b>	<b>Capital</b>	<b>Total 2009</b>	<b>Total 2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Incoming Resources:</b>				
Legacies	-	-	-	-
Investment income	36	-	36	53
<b>Resources expended:</b>				
Legacy handling costs	-	-	-	-
Governance costs	(5)	-	(5)	(7)
Charitable Activities	-	-	-	-
Depreciation	-	(89)	(89)	(61)
<b>Net incoming / (Outgoing) resources</b>	<b><u>31</u></b>	<b><u>(89)</u></b>	<b><u>(58)</u></b>	<b><u>(15)</u></b>
Gains and losses on sale proceeds	-	-	-	25
Gains and losses on revaluation	-	(50)	(50)	(45)
<b>Net Movement in Funds</b>	<b><u>31</u></b>	<b><u>(139)</u></b>	<b><u>(108)</u></b>	<b><u>(35)</u></b>
Fund Balances at 1 April	46	1,493	1,539	1,574
<b>Fund Balances at 31 March</b>	<b><u>77</u></b>	<b><u>1,354</u></b>	<b><u>1,431</u></b>	<b><u>1,539</u></b>
<b>Balance Sheet</b>				
Fixed Assets	-	813	813	540
Investments	-	502	502	276
Cash at Bank	127	-	127	730
Creditors	(11)	-	(11)	(7)
<b>Total Assets less current liabilities</b>	<b><u>116</u></b>	<b><u>1,315</u></b>	<b><u>1,431</u></b>	<b><u>1,539</u></b>
<b>Fund Balances at 31 March</b>	<b><u>116</u></b>	<b><u>1,315</u></b>	<b><u>1,431</u></b>	<b><u>1,539</u></b>

The Trustees have expended £963,193 in respect of the distribution of capital and income to NML, this consisted of:

	<b>£</b>
Egypt Gallery (WML)	266,583
Temp Exhibition Refurb (WML)	93,489
International Slavery Museum (MMM)	603,121
	<b><u>963,193</u></b>

A sum of £360,072.19 is due to be transferred from the Tomlinson bank account into the Museum main bank account.

**24.**  
**Investments**

**Year ended 31 March 2009**

<b>Summary</b>	<b>£000s</b>
Carrying value (market value) at beginning of year	276
Add:	
Additions to investments at cost	275
Less:	
Disposals at carrying value	-
Add/deduct:	
Net Gain/(Loss) on revaluation	<u>(49)</u>
Carrying value (market value) at end of year	<u>502</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.

## National Museums & Galleries on Merseyside

---

**This page of the financial statements does not fall within the remit of the Comptroller & Auditor General's opinion.**

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.

<b>Consolidated Free Funds income &amp; expenditure 2008-2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
<b>Incoming resources</b>		
Grant-in-aid DCMS	19,388	18,976
Incoming resources from generated funds:		
Other Grants and Donations	70	53
Merchandising Income of subsidiary company	2,295	1,664
Investment Income	157	169
Incoming resources from charitable activities	763	959
<b>Total incoming resources</b>	<b><u>22,673</u></b>	<b><u>21,821</u></b>
<b>Resources expended</b>		
<b>Costs of activities in furtherance of the objects of the charity:</b>		
Fundraising costs	439	594
Costs of subsidiary company merchandising	2,229	1,814
Charitable activities;		
Operating expenditure (excluding depreciation)	17,924	17,445
Grants to third parties	140	199
Fees & Charges activities of charity staff	582	810
Governance costs	283	276
<b>Total resources expended</b>	<b><u>21,597</u></b>	<b><u>21,138</u></b>
<b>Surplus on free income funds before transfers between funds</b>	<b>1,076</b>	<b>683</b>
<b>Transfers to designated funds</b>	<b><u>(1,370)</u></b>	<b><u>(714)</u></b>
(Deficit) on free income funds for the year	(294)	(31)
Balance brought forward at 1 April	<u>2,544</u>	<u>2,575</u>
Balance carried forward at 31 March	<u>2,250</u>	<u>2,544</u>
The balance on free income funds comprised:	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Collection purchase fund	72	72
C & E admissions	63	131
Academic Publications	65	153
General funds	<u>2,050</u>	<u>2,188</u>
Balance at 31 March	<u>2,250</u>	<u>2,544</u>



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from:**

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-296402-8



9 780102 964028