

The Museums, Libraries and Archives Council

**(a company limited by guarantee)
Annual Report and Financial Statements
For the year ended 31 March 2010**

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Archives Council**
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The MLA is the government's agency for developing and improving England's museums, libraries and archives. We enable them to provide more and more people with high quality experiences that enrich their lives.

Leading strategically, the Museums, Libraries and Archives Council promotes best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

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INTRODUCTION

We are pleased to introduce the Museums, Libraries and Archives Council's (MLA) Annual Report and Financial Statements for 2009/2010.

This is a time of significant challenge for museums, libraries and archives. An economy only slowly emerging from recession and pressures on public spending provide the spur to make even greater efforts to deliver social, economic and environmental benefits for people and communities.

Cultural and artistic activities are at the heart of Britain's recovery from recession. Museums, libraries, archives and other places of art and creativity are nourishment for the spirit and encouragement for everyone in times of adversity; these are vital components for tourism, the economy, quality of life and a personal sense of well-being.

Reflecting the times, MLA has completed its national transformation with the creation of a regional team for London and the closure of its last regional agency. These changes have enabled the MLA to increase effectiveness, using newly-focused resources and expertise to support every locality throughout England, whilst continuing to reduce operating costs. Our overheads costs now stand at an impressive 4.1% of turnover.

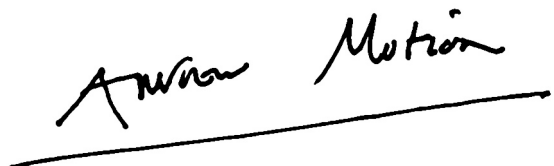
Cuts to museums, libraries and other cultural services are a significant risk in the years ahead. The MLA is responding to a pressing need for more creative planning to ensure the public get the most out of the sector. The prospectus that we launched this year, 'Sharper Investment for Changing Times', recognises that around three quarters of the £2bn-plus that is spent on cultural services in England is in the control of local, not central, government. Armed with practical solutions and examples, our field team can support local government in re-thinking systems of delivery, based on planning around the needs of people, communities and places.

The MLA now has capabilities that can be effective catalysts for change, working closely with a wide range of partners to help make the cultural sector's ambitions a reality. Shortly before publication of this annual report the Secretary of State for Culture, Olympics, Media and Sport announced that the MLA would be wound up and its functions transferred to other organisations by 2012. The MLA will work with DCMS over the coming months to ensure that these valuable capabilities are not lost.

Finally, and most importantly, this report highlights the significant progress we have made in a wide variety of professional areas and lists a number of notable achievements in 2009/2010. We extend our most sincere gratitude to the staff in the MLA at all levels, whose commitment and endeavour have been so crucial to achieving these. Alongside the volunteers on the MLA Board, these people are making all the difference.



Roy Clare
MLA Chief Executive



Andrew Motion
MLA Chair of the Board of Trustees

ANNUAL REPORT OF THE BOARD OF TRUSTEES

REVIEW OF THE YEAR

The MLA is the government's agency for developing and improving England's museums, libraries and archives. We enable them to provide more and more people with high quality experiences that enrich their lives.

Our vision is straightforward - through strategic leadership, we seek to promote best practice in museums, libraries and archives to inspire integrated, innovative and sustainable services for all.

We work as an agency which targets its resources to where they will be most effective in order to support the improvement agenda. Working across government, and with 150 local authorities, 3000 public libraries, 300 archives and 1200 museums, we develop targeted services for communities and the people that live in them. We have funding relationships with more than 80 bodies of varying sizes, and collaborate with other Non Departmental Public Bodies (NDPBs), regional funding and improvement agencies, and various sector and public bodies.

This enables us to empower museums, libraries and archives to make measurable and substantial improvements to the quality of life of local people through a range of programmes and policies. These are underpinned by four strategic priorities: continuous improvement; learning and skills; sustainable communities; and effective leadership and strong advocacy.

Key achievements for each area of work in 2009/2010 are outlined below.

Local government improvement

MLA is a member of a partnership which aims to develop support for local service improvement. Other members include Arts Council England, Sport England, English Heritage and the Department for Culture, Media and Sport (DCMS). The partners work with the Local Government Association (LGA), the Chief Cultural and Leisure Officers Association (CLOA) and other local government stakeholders in seeking to implement commitments set out in 'A Passion for Excellence - An improvement strategy for culture and sport'. In 2009/2010 DCMS allocated £78,000 to contribute to developing a programme of support which was delivered on the partners' behalf by the Improvement and Development Agency (IDeA). This included:

- consultancy support for those authorities with culture and sport indicators in their Local Area Agreements
- the development and publication of guidance on strategic commissioning for culture and sport, including a report on commissioning to deliver outcomes for children and young people
- guidance on how to manage performance effectively in local cultural services
- guidance on how to build and maintain good partnerships in local cultural services
- the first phase of a research project into developing mechanisms for capturing the local outcomes delivered by cultural services.

In addition, MLA has developed its own improvement support, rolling out its Light Touch Peer Review programme. This builds on the MLA's past experience of facilitating peer reviews, working with organisations such as the IDeA to develop an approach that supports improvement; is light on bureaucracy; and can be adapted to local circumstance. It helps museums, libraries and archives learn from each other and have access to best practice - outlining how to conduct a peer review. It was successfully piloted in conjunction with Plymouth and St Albans councils.

Working across the country

During this year the MLA's new regional field teams have been formed following the closure of eight of the nine independent MLA regional agencies. MLA London continued to operate as an independent agency until the end of March 2010 when it became a regional team in the MLA's national team of experts. Regional field teams were formed in the North, East and West; hitting the ground running, and

developing teams in certain areas, such as Yorkshire, from scratch. They quickly integrated the Renaissance and Strategic Commissioning programmes into their remit, and started a programme of active engagement to drive the improvement of museum, library and archive services across the country, working particularly closely with local government.

The field team in the North focused on engaging with local authorities and listening to the sector in order to respond to their emerging needs. Key areas of work from 2009/2010 are listed below.

- Under the new regional arrangements, partnerships with Arts Council England, English Heritage and Sport England gave added value to work on place shaping. In Pennine Lancashire the Living Places programme, led by MLA, built on the previous cultural mapping work and in conjunction with Elevate, the Pennine Lancashire economic development company, it established a post to ensure that culture is embedded into the regeneration of the area going forward.
- The team worked on the local inquiry into the library service provided by Wirral Metropolitan Borough Council which resulted in the council abandoning its plans to shut 11 libraries. Following this they worked across the North to support other library authorities to review their services, including modelling service development in Northumberland and reviewing service provision in Bradford and South Tyneside. This directly benefited the authorities; modelled best practice for sharing across the country; and significantly informed national policy. The team also developed 'Library Change' information, advice and guidance, as well as best practice case studies, produced in partnership with the Society of Chief Librarians, in response to the Inquiry report.
- Working with new partners, Team North commissioned and delivered projects to develop good practice exemplars. In Durham they worked with Safe Ground, archives services and Deebolt Young Offenders Institution to promote dialogue between young people, prisoners and older adults in the community. This created community archives that successfully built bridges between different and often isolated groups. It increased the sense of community and helped to create an enthusiasm for other educational and cultural experiences amongst participants.

In the East the MLA has had active discussions with 23 of the Upper Tier authorities and a number of second tier authorities in their area resulting in 18 specific improvements projects. Major projects from 2009/2010 are listed below.

- Team East conducted Light Touch Peer Reviews with Derby City Council, Milton Keynes Council and St Albans City and District Council.
- In conjunction with a range of partners, they started work on the Cultural and Sports Strategic Dialogues programme, providing a focus for future strategic engagement with Derby City Council, and Kent and Leicestershire County Councils.
- The team were invited to comment upon the development of the Local Economic Assessment for Lincolnshire leading to a stronger positioning of culture in the economic regeneration agenda. They also brokered a relationship between culture and economic development officers to develop the evidence base for emerging strategies.
- Team East covers all of the Milton Keynes South Midlands (mksm) Growth Area, and the team became an active member of the mksm inter-regional board. This represents all four Cultural Agencies – MLA, Sport England, Arts Council and English Heritage - and led to the creation of an overarching 'Plan for Culture'.
- Working with Southend on Sea Borough Council (SBC), the team acted as a key broker for the innovative new library at Elmer Square and helped them refocus their museum service. MLA has facilitated peer learning opportunities with other authorities and provided critical challenge for their 2010/2011 service plans.
- They part-funded the development of the East of England's Culture First improvement network as well as the SPINE project which supports library collaboration and efficiency through shared management services and delivery infrastructure in several of the region's library services.

Team West worked closely with local authorities across the South West and West Midlands, driving improvement and efficiency across the museums, libraries and archives sector. Significant achievements in 2009/2010 are listed below.

- Team West engaged with Swindon Borough Council after they announced the closure of four branch libraries to instigate a complete reassessment by the council. The council postponed the closure of three of the four libraries and started to develop a libraries strategy in close consultation with the local community.
- Working in partnership with Worcestershire County Council and Worcester City Council, the team contributed to the development of the Worcestershire Joint Museums Board, bringing the two museum services together and realising significant savings.
- The team made a significant contribution to the successful purchase of the Staffordshire Hoard by fulfilling key roles in the partnership as a broker between the five local authorities and chair of the fundraising group.
- By organising major stakeholder events in Cornwall and Devon, the team progressed the place shaping agenda significantly in the South West. The events involved Chief Executives of local authorities, key cultural organisations, the South West Regional Development Agency, the **Government Office for the South West** and national organisations such as Visit England. They illustrated how the cultural sector plays a key role in delivering place shaping.

MLA is currently engaged in improvement support activity with 52 local authorities.

Living Places

MLA is the lead agency for the Living Places partnership, which includes Arts Council England, the Commission for Architecture and the Built Environment (CABE), English Heritage, Sport England, DCMS and Communities and Local Government (CLG). Living Places helps to create thriving and vibrant communities in places experiencing regeneration and growth. In 2009/2010, MLA took this work forward by:

- raising awareness of the Culture and Sport Planning Toolkit; promoting and supporting its use through a series of regional seminars
- leading a partnership of regional NDPBs in working with the five Priority Places (Corby, the South West, Partnership for Urban South Hampshire, Pennine Lancashire and the Thames Gateway). This work involved defining how Living Places would support those places in using culture and sport to build sustainable communities, and to use this experience to inform national policy making. In addition, MLA has worked with the places as a collective to enable them to work together
- pushing forward the Priority Place initiative. MLA undertook two pilot projects, in Corby and Pennine Lancashire, looking at the impacts of community archives on communities undergoing regeneration. MLA also led the 'Our Place' project, where creative and learning centres were set up in empty shops in Taunton and Blackburn's high streets to help to introduce informal adult learning to a broader audience. This was funded by £100,000 from the Department for Business, Innovation and Skills' (BIS) Learning Revolution Transformation Fund
- leading Living Places engagement with CLG to ensure that culture and sport are integrated within the plans for the Eco towns
- working in conjunction with the Arts Council to develop a standard charge approach to securing developers' contributions for arts and museums.

Renaissance and regional museums

Renaissance is the MLA's ground-breaking programme which is transforming England's non-national museums. It strives for excellence, and through targeted investment and cultivation of local, regional and national partnerships, it is realising the sector's potential to make a real difference to people's lives.

In May 2009 the MLA received the report of the independent review of Renaissance. This was the first major evaluation of the programme since its launch and endorsed the flagship funding programme as the most important intervention in English non-national museums since the Museums Act of 1845. It was published in full in July 2009 alongside an initial response from the MLA and 'Leading Museums', our national action plan for the sector. This plan outlines three objectives for museums: supporting excellence, promoting partnerships and building capacity. Since the review was published, the MLA has been consulting over which recommendations to take forward and planning for the delivery of Renaissance from April 2011 onwards.

2009/2010 has seen continued improvement to the programme management of Renaissance, in many instances pre-empting the recommendations of the Renaissance Review. The major development has been around establishing a robust performance management framework.

The Renaissance programme is constructed around nine 'Hubs', one for each MLA English region, which have responsibility for transforming their own services as well as supporting the improvement of the museums sector in their region. Renaissance Hubs have responded well to the Stage 2 priorities of: developing capability within the workforce; exploiting collections for wider benefit; sustainability; partnerships; and excellence this year. These were introduced in March 2009, and a 20-25 percent funding incentive for Hubs demonstrating commitment to these principles led to more new and innovative work across the sector.

Renaissance funding has enabled the delivery/development of many successful programmes and initiatives over 2009/2010. The main achievements from each strand of work are outlined below.

- **The Portable Antiquities Scheme (PAS).** The PAS is funded by MLA and received £1 million in Renaissance funding this year. It played a crucial part in helping to secure the Staffordshire Hoard for the nation when a metal detectorist reported the find to the scheme in July 2009. The PAS helped to ensure that the Hoard could be cared for locally and meant that regional heritage was protected for the benefit of everyone.
Renaissance funding has also helped to ensure that Birmingham Museum and Art Gallery and the Potteries Museum and Gallery in Stoke were in a position to be able to acquire and display the Hoard. Significant support from Renaissance West Midlands led to their storage, conservation and curatorial capacity, and expertise being increased which were all important factors in securing a collection of this size and significance.
- **Our Sporting Life (OSL).** OSL, a programme of exhibitions developed by the Sports Heritage Network in part to tie in with the build up to 2012, was launched this year. National funding from Renaissance has been used to:
 - design an exhibition template
 - develop a modular exhibition system
 - launch the first OSL community exhibition in Henley
 - launch the national project
 - upload trial data to the People's Record digital platform.
- **The Innovation Fund.** This particular strand of Renaissance funding exists to support innovative regional museum projects that meet Renaissance priorities. Over £400,000 was allocated in 2009/2010 for a wide variety of projects and initiatives. The summer saw the enormously popular Banksy exhibition at Bristol Museum increase its outreach with help from Renaissance South West. In order to meet increased demand, Renaissance funding was used to extend the opening hours of the museum in the last two weeks of the exhibition until 8.00pm. This allowed an extra 10,000 visitors to see the collection.
- **Museums at Night.** This is an annual national campaign which sees night time events taking place in museums across the UK. The 2009/2010 campaign was supported by a total budget of £23,000, £15,000 of which came from MLA. Over 150 events took place with 34,000 people attending across the UK. Over 80 percent of visitors rated their experience as eight or above out of 10.
- **Kids in Museums.** A grant from the MLA, received in March 2009, has been central to the achievements of this campaign over the past 12 months. It encourages museums to do more to attract family visits and has used MLA funding to employ temporary staff, develop projects and create a marketing and promotional strategy for the campaign. To promote and reward best practice, Kids in Museums gives an annual Family Friendly Museum award based on nominations from children. Three Renaissance Hub museums were on the shortlist for the award in 2010: The Herbert Museum and Art Gallery, Coventry; The Potteries, Stoke on Trent; and The Great North Museum, Newcastle, with The Herbert Museum and Art Gallery being announced as the 1 winner. The re-development of the Herbert Art Gallery and Museum in Coventry was part funded by Renaissance West Midlands and has enabled the gallery to host touring exhibitions from national museums and has seen visitor numbers rise from 80,000 to over 300,000 a year.
- **The Public Catalogue Foundation (PCF).** In October MLA agreed to support PCF's ongoing work to digitise the collections of all oil paintings in public ownership in the UK with Renaissance funding.

This funding has specifically provided for the digitisation of works held in Manchester, Devon and some of the London Boroughs. In this period 1,661 paintings have been photographed.

Accreditation and Designation

MLA's Accreditation Scheme sets nationally agreed standards for UK museums, helping them identify areas for further improvement.

In 2009/2010 Accreditation entered an exciting phase of completion and redevelopment. The rollout of the Accreditation Scheme, which began in 2005, will be completed in September 2010. MLA has therefore been engaged in advocating this work to the sector and encouraging all remaining registered museums to apply on time, as well as supporting any new applicants. In 2009/2010 MLA received a total of 359 applications for Accreditation. 153 museums were awarded Full Accreditation, and a further 28 received Provisional Accreditation.

During 2009/2010 the development of a new Accreditation standard moved on at pace. The first meeting of the Advisory Panel steering group in May 2009 reflected on the scoping work that had been undertaken and looked to provide a steer on the consultation phase. Consultants were commissioned to facilitate 10 UK workshops and produce an online survey to get reactions from the sector about the proposed changes to the standard. In addition to this, three years' worth of impact questionnaire data about the value of the standard was analysed. These pieces of work resulted in two reports: 'The Development of Accreditation – Gauging the museum sector's response' and 'Impact of the Museum Accreditation Scheme'. Both of these, and MLA's response: 'Accreditation: The Way Forward', are available on the MLA website.

Following the second meeting of the Advisory Panel in September 2009, 11 working parties of sector experts looked in detail at what the requirements should be for the 2010 standard. The new and developed requirements were consulted on between May and June 2010 via an online survey, and a piloting phase will follow. The developed standard is on track to be launched in autumn 2010.

The MLA's Designation Scheme identifies the pre-eminent collections of national and international importance held in England's non-national museums, libraries and archives. These inspiring collections represent a vital part of our national cultural and artistic heritage and help raise standards across the sector. This year five exceptional collections gained Designated status:

- Bradford Industrial Museum – the Worsted collection
- Unilever Archives and Records Management – all permanent archive collections
- Porthcurno Telegraph Museum – the core collection of submarine telegraphy objects, and the historic archive collections of key international telegraph cable companies
- Kensington Royal Palace – the Royal Ceremonial Dress collection
- Baring Archive – all collections

This year, the MLA commissioned an independent review of the Designation Scheme and the findings were published in July 2009. The recommendations within this report led to the creation of the Designation Value Statement to inform future investment. A competitive funding round was announced in December 2009 which prompted 52 expressions of interest; 25 of these were invited to full submission and 25 grants to the value of £1.55m have been awarded for payment in 2010/11. This funding (Designation Development Fund) is provided by Renaissance to improve the management and accessibility of Designated collections in museums.

Digital

This is a key focus of MLA's work. Over the course of the year, MLA has improved the help and support it has to offer museums, libraries and archives so that they can make full use of digital opportunities and strengthen links with their communities. During the course of 2009/2010, MLA published a Digital Position Statement, and identified a number of priority projects for digital. The main areas of focus are listed below:

- **Development of digital infrastructure.** Projects in this area include:
 - **Culture Grid.** This is a website that has been developed to enable cultural content to be made available to mainstream search engines. It features a showcase of current culture-sector applications built from the Culture Grid platform. This includes a fully accessible public search of all Grid content based on the V&A museum's collections browser. The microsite is due to go live in 2010.
 - **Culture24 portal.** This provides a single route to information about cultural venues, events and programmes all over the country. Working in partnership with Culture24, MLA completed a successful pilot on the cataloguing of teaching and learning resources, looking at how to feed these through to other relevant digital platforms. This pilot will be extended more widely during 2010/2011.
 - **JANET.** Further work has been undertaken this year on the advocacy and brokerage of opportunities for public libraries to link to the JANET network which enables access to a much improved broadband service for library users.
- **Content creation and management.** Over the year, MLA has focused on:
 - developing library reference material online, through working with existing suppliers to add new products to the Reference Online suite
 - supporting communities of practice within libraries to increase the range of e-books available to the public.
- **Bridging the digital divide.** A key project which contributed to this was the People's Record, which is part of the MLA's 2012 programme. Through this project, people have been involved in the creation of digital archives of community records about the London **2012 Olympic** and Paralympic Games, improving their digital skills as a consequence.
- **Workforce support and development:** Over 2009/2010, MLA commissioned:
 - sector training in web 2.0 and social networking to help sector organisations increase their skills in order to engage more users and involve users in different ways
 - the Collections Link re-launch, to improve the online support, advice and resources available for the sector in collections management and collections standards.

Reference Online is a subscription-based electronic service for English public libraries brokered by the MLA. The Reference Online Milestone Report was published in July 2009 and concluded that the first three years of the service have realised £5.6m of efficiency savings for public libraries. It also showed that more people access online library reference resources from home than in the library.

In terms of future digital strategy, the National Plan for Digital Participation, announced in the Digital Britain White Paper, was launched in March 2010. It set out an ambitious target to reduce the 12 million people currently digitally excluded by 60 percent by 2013. We are an active member of the consortium leading the plan and have ensured strong recognition in it for the role of public libraries in supporting digital participation.

Libraries Action Plan

Our five-year Action Plan for Libraries, 'towards 2013', was published in May 2008 with the aim of making every library a great library. In support of this agenda, throughout 2009/2010 MLA has:

- published research on a range of subjects: Promoting Health Literacy in Libraries; The Role of Libraries in Supporting and Promoting Digital Participation; the Book Ahead and Boys into Books Programmes; Feasibility study on Library Loans Online; and the Reference Online Milestone report
- published eight further best practice case studies to the MLA website covering subjects such as e-books, mobile libraries, and JANET connectivity
- jointly established a Digital Working Group with the Society of Chief Librarians
- established a Community of Practice for public library e-book services
- helped sign up over 2000 libraries to the Adult Learning Pledge
- expanded the range of libraries featured on the Designing Libraries service
- continued to support library openings, renovations and extensions so that they can offer a broader range of activities to their communities through the £80m Community Libraries Programme – an idea developed by MLA and supported by the Big Lottery Fund

- run a series of regional workshops on new reference resources for public libraries in partnership with JISC Collections
- run a series of regional workshops on Web 2.0 for public libraries in partnership with UKOLN.

Archives Strategy

In 2009/2010 MLA worked with The National Archives (TNA) and CyMAL (Museums, Libraries and Archives Wales) to provide a response to the Government's policy on publicly funded archive services, the first such policy to be developed in 10 years. Since it was laid before parliament on 24 November 2009, we have continued working in partnership with TNA to develop a joint plan to implement the policy.

We published 'Archives for the 21st Century in action' in March 2010 to provide leadership and guidance, and to drive successful partnerships in the sector. Created for leaders of local authorities and universities, the publication is a tool to support senior archives professionals engage with funders; showcase the potential of archives; and demonstrate their vital contribution to the public sector.

'Archives for the 21st Century in action' offered clear and practical advice about how to get the most out of archive services, ensuring better value for money for those who run and fund them, plus a higher standard of services for users. It aimed to help the sector develop the five recommendations for archive services set out in the policy. The recommendations were to: develop bigger and better services in partnership – working towards increased sustainability within the sector; strengthen leadership and develop a responsive, skilled workforce; develop a co-ordinated response to the growing challenge of managing digital information so that it is accessible now and remains discoverable in the future; create comprehensive online access for archive discovery through catalogues and enable digitisation of archive content by citizens at a time and place that suits them; and to encourage active participation in cultural and learning partnerships promoting a sense of identity and place within the community.

Research and evidence

Our research team, working closely with researchers in government and other agencies, supports the MLA's improvement work. It does this by building up and sharing evidence of the impact made by museums, libraries and archives, and identifying what works in the programmes and projects we fund. Some examples from this year are listed below.

- **Online resources.** MLA's research website continues to grow in popularity with an approximate four fold increase in publication and case study downloads for 2009/2010. The site provides a database of case studies; research and evaluation documents; briefings; and statistical reports. Our download statistics show that our research briefings continue to be very popular with users. A new set of web pages were created for Renaissance Hubs, allowing users to view important Hub Data Collection and Exit Survey reports.
- **Renaissance research.** MLA conducts research to help museums understand their visitors and the visitor experience, as well as assessing the delivery of programmes and their contribution to the lives of visitors and participants. Work underway includes an evaluation of outcomes from community engagement activities; a newly-commissioned evaluation of sustainability at Hub museums; and a refresh of the research strategy for the programme.
- **Community Libraries evaluation.** Our evaluation of the BIG Lottery Fund Community Libraries Programme has gathered pace throughout the year and will be published in early 2010/2011.
- **Libraries and the digital divide.** MLA research findings highlight the key role of public libraries in opening up free online access and providing support to help people get online.
- **Health and well-being activities in public libraries.** MLA research findings showcase the breadth of library activity supporting local health and well-being.
- **Young people's reading.** Our evaluations of DCSF's Book Ahead and Boys Into Books programmes show more boys at primary schools reading for enjoyment, and strengthened partnerships between primary schools, early years settings and public library services in England.

Promoting good practice

We also support improvement and promote excellence across museums, libraries and archives through our case study database where we highlight examples of good practice in the sector. It is our intention

that these case studies will inspire and challenge others to be more creative and aspirational in what they do and how they do it in order to contribute to improved outcomes for their communities.

Throughout 2009/2010, we have published a wide range of best practice examples on www.mla.gov.uk which demonstrate more collaborative and innovative ways of working in order to unlock funding; provide more cost-effective and customer-focused solutions; and contribute to local priorities.

We also developed and ran five best practice workshops across the country in 2010. These brought practitioners featured in the case studies into conversation with others working in the sector and provided an opportunity for the direct sharing of learning and common issues. Attendees were tasked with developing their own action plan to take back to their organisations, with the goal of improving services for their communities.

2012

2009/2010 marked the second year of MLA's 2012 programme which aims to use the London **2012 Olympic** and Paralympic Games and the Cultural Olympiad to increase participation amongst new audiences. It also aims to transform the way people experience the inspiration, learning and creativity generated by museums, libraries and archives.

- **Stories of the World.** This launched in April 2009 with the aim of reconnecting museum collections with the people and communities that they came from. Five projects were formally approved as part of Stories of the World in March 2010, and licences were issued to the 49 participating museums. Over 1,500 young people are already recruited onto the programme's youth panels to lead the projects, develop creative reinterpretations and gain skills and experience.
- **People's Record.** This involved 30 community projects across England capturing diverse responses to the London **2012 Olympic** and Paralympic Games. Digital records of the responses have been uploaded onto a pilot platform which is being developed into a unique digital legacy. 152 sector staff gained new skills or increased confidence in the areas of project management; disability awareness; engaging new audiences; digital curation; and IT. Total participants in the programme numbered over 2,200 with around 739 of those being young people aged 14-24. Over 2,000 were new to the organisation that they participated at and 88 volunteers were involved. The projects enabled a wide variety of community participation in civic life and several involved intergenerational activity.
- **Festival of Storytelling and Disability Stories.** This involved over 50 projects and attracted over 3,700 participants. Parents and carers learnt storytelling skills to enable families to learn together using multi-sensory tools.
- **Young Cultural Creators (YCC).** There were 27 YCC projects run over the course of this year. They used collections to support young people outside of mainstream education to create poetry and develop their learning and social potential.
- **Paralympic Inspiration.** Work commenced on listing and investigating the archive collections held at Stoke Mandeville using the Revisiting Collections methodology. Stoke Mandeville is where the first competition for people with disabilities took place alongside the London Olympics in 1948 and the listing work aims to foster public understanding of the story of disability in the region. Revisiting Collections projects began alongside 10 other projects relating to disability in the South East as part of the multi-agency Accentuate programme. The CultureLink partnership with the Royal National Institute of Blind People (RNIB) commenced in the West Midlands, linking to tourism and blind sports opportunities.

Strategic Commissioning

Strategic Commissioning is a cultural learning programme, which aims to build capacity within museums and archives to develop and deliver learning activities. It looks to build sustainable partnerships with schools; initial teacher training providers; and local authorities, and position the sector within local and regional education and learning infrastructures.

In 2009/2010 MLA delivered three national strands of activity: an education development programme in partnership with national museums; a workforce skills development programme to upskill sector and teaching staff in the use of cultural resources to support children's learning and the delivery of the curriculum; and regional-specific work focusing on priority areas such as 14-19 diplomas, secondary curriculum, family learning, special educational needs, youth engagement and extended services. As part of the workforce skills development programme over 1,000 trainee teachers participated in placements in museums and archives this year.

Campaign! Make an Impact, MLA's Strategic Commissioning project delivered in partnership with the British Library, has also been recognised by the Association of Citizenship Teachers for its effectiveness in teaching citizenship to young people.

Adult learning

In September 2009, MLA announced the successful bids to its Informal Adult Learning Challenge Fund. The fund of £100,000 was launched to actively support a government target to open up 7,000 free or low cost spaces for self-organised learning by the end of 2010. This was announced in the Learning Revolution White Paper as part of the implementation of a new informal adult learning movement. The fund offered small grants of up to £5,000 to museums, libraries and archives willing to open up their spaces. Those who bid successfully have embraced a new way of working – to act as facilitators rather than deliverers of learning and to allow self-organised groups to run their own activity in their own way.

In October 2009, MLA launched The Learning Revolution Festival in partnership with the BIS. The Festival aimed to demonstrate the value and purpose of learning for personal development and the benefits that it brings to individuals, families, businesses and communities. MLA funded 18 mini festival programmes with a £500,000 investment allowing informal adult learning opportunities to flourish, and positioning museums, libraries and archives as the backbone of local learning infrastructure.

In the same month, MLA also reached its target of encouraging 3,000 individual museums, libraries and archives to sign a pledge committing them to the informal adult learning movement. They achieved this six months ahead of schedule

Workforce development

MLA has an ambitious agenda for workforce development which supports museums, libraries and archives to deliver 21st century services to a range of users and communities. Our priorities for workforce are leadership; widening entry routes into the sector; diversity; and e-skills. MLA works in partnership with a range of organisations to deliver these priorities. In 2009/2010 we worked with the Clore Duffield Foundation offering three funded places on the Clore Fellowship; eight Clore Short Courses; and 10 places on the National Cultural Leadership programme. In addition MLA has supported positive action schemes and continued to promote the widening of entry routes into the sector by supporting the development of apprenticeships and foundation degrees.

MLA has made a commitment to place 50 creative apprentices within the museums sector between 2009 and 2011, and has supported this through an investment of £425,000 from the Renaissance programme. Achievement of this target is well under way, with some 30 apprentices now in post. Several other posts are in the process of being filled and a further round of museum applicants are being offered funding. Museums involved in the scheme cover all MLA regions. They include large and small museums and organisations from within the local authority, independent and national sectors.

Acquisitions, Export & Loans Unit (AELU)

MLA's AELU has five main programmes to facilitate greater public access to the UK's most important cultural objects. The main achievements in 2009/2010 are outlined below.

- The Acceptance in Lieu (AIL) scheme accepts important cultural objects in payment of Inheritance Tax and completed 33 cases with a total value of £15.7m.

- The Export Licensing Unit issued 10,569 licenses. The unit's commitment to issue licenses in five days for recently imported objects was met in 100% of cases.
- The Government Indemnity Scheme (GIS), which provides insurance cover at no cost for loans to UK museums and galleries, provided indemnity for loans valued at almost £6.2billion and saved UK museums an estimated £31m of commercial insurance premiums.
- The MLA PRISM (Preservation of Industrial and Scientific Material) Fund distributed £250,000 of grants and the MLA and V&A Purchase Grant Fund, managed by the Victoria and Albert Museum, awarded 161 grants totalling £881,000. This enabled acquisitions of £2.8 million to go ahead. 96 non-national museums, galleries, archives and specialist libraries received grants - seven for the first time.

The AELU also provides the secretariat for the Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest.

National Security Adviser (NSA)

During the past year a number of major exhibitions have taken place around the UK and the National Security Adviser has been working with contractors and staff on-site to ensure the safety and security of loans. This means that loans from both national institutions and those dealt with under the GIS can be held and exhibited, increasing access for all.

There has only been one loss reported to this office in the period and the object has been recovered. The offender has been apprehended and is pending a court appearance at the time of this submission.

One of the largest exhibitions dealt with under the GIS was the Van Gogh Exhibition held in the Royal Academy and this was shown without incident.

The National Security Adviser was asked by the Republic of Azerbaijan to assist in the development of the Museum of Fine Art in Baku, to allow for displays and exchanges with the V&A and other national British venues in the future. This project was completed in October 2009 and is of a very high standard.

Sustainability

MLA has continued to work on becoming more sustainable as an organisation through: tight controls on consumption, particularly around travel; developing a sustainable procurement policy; and embedding behavioural change in its processes and procedures. Whilst our programmes continue to prioritise carbon baselining, volunteering and income generation as the key themes in developing a more sustainable sector, strategic focus has centred on promoting financially sustainable activity. This has resulted in the publication of a series of online guidance papers and best practice case studies exploring how different delivery models offer opportunities for financial sustainability and innovation.

Equality and Diversity

MLA has continued to prioritise increasing levels of equality and diversity in its work throughout 2009/2010. We are developing a Single Equalities Scheme to increase equality and diversity within the organisation and have introduced a Board secondment scheme to increase levels of diversity at the highest level. An equality and diversity strategy is being developed which will introduce a range of activities to support museums, libraries and archives in promoting the agenda in their own organisations.

To find out more about MLA visit www.mla.gov.uk

STRUCTURE AND GOVERNANCE

Legal status

The Museums, Libraries and Archives Council (MLA) is Government's lead strategic agency for museums, libraries and archives in England. It is a Non-Departmental Body (NDPB), sponsored by the Department for Culture, Media and Sport (DCMS). This Annual Report and Financial Statements have been prepared at the direction of DCMS and will be presented to Parliament pursuant to the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009.

The MLA was incorporated November 1999 on the instruction of the Secretary of State for Culture Media and Sport. It commenced operating in April 2000 under the name "Resource: The Council for Museums, Archives and Libraries" and took responsibility for functions previously undertaken by the Museums and Galleries Commission and the Libraries Information Commission. At the same time its remit was extended to cover Archives in order that DCMS had a single strategic body covering all three sectors, tapping into the potential for collaboration between them. It changed its name to "The Museums, Libraries and Archives Council" in February 2004.

The MLA is a company limited by guarantee (number 03888251) and also a registered charity (1079666). MLA's registered office is at Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. MLA's governing instrument is its Memorandum and Articles of Association. A joint Management Statement and Financial Memorandum set out the framework for the accountability relationship with the DCMS. A Funding Agreement between DCMS and MLA sets out agreed priorities and targets over a three year period. Activities during 2009/10 fell within the scope of the Funding Agreement for the three years from 2008/09 to 2010/11.

Since 1 April 2008 the MLA has exercised dominant influence over the first eight regional agencies listed below. Prior to this date they operated as independent "arms length" organisations with the MLA providing the majority of their funding. At 1 April 2009 all of these organisations had ceased operating activities and during the period to 31 March 2010 they were engaged in transferring activities to the MLA and settling residual liabilities with a view to commencing members' voluntary winding up procedures in 2010/11.

The ninth regional agency, Museum, Libraries and Archives London, which had also previously operated as an independent "arms length" organisation came under MLA's control (by dominant influence) on 24 March 2010. On that date its Trustees resolved to transfer control to the MLA in order that the majority of the activities and staff could transfer to MLA on 31 March 2010. To complete this process the organisation adopted new articles of association defining the MLA Council as its sole member and replaced its Directors with MLA nominees on 12 May 2010. This organisation is now also engaged in settling residual liabilities with a view to commencing members' voluntary winding up procedures in 2010/11. Further information concerning the consolidation of these companies into the MLA's financial statements is provided in note 1.

	Company	Charity
Museums, Libraries and Archives Council, East of England	04148021	1085036
Museums, Libraries and Archives East Midlands	04401317	1092956
Museums, Libraries and Archives North East	04159174	1085565
Museums, Libraries and Archives North West	01554226	511412
Museums, Libraries and Archives South East	04131121	1086030
Museums, Libraries and Archives South West	01626497	284996
MLA West Midlands : The Regional Council for Museums, Libraries and Archives	01688880	513708
Museums, Libraries and Archives Yorkshire	01593054	512249
Museum, Libraries and Archives London	04936620	1101920

Vision and Purpose

Following its restructuring the MLA redefined its Vision and Purpose and identified four priority areas for its work in 2009/10 and beyond. They can be summarised as follows:

Vision

Leading strategically, the MLA promotes best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

Purpose

To enable museums, libraries and archives to provide more and more people in England with high quality experiences that enrich their lives.

Priority 1

To assist those responsible for funding and leading museums, libraries and archives to oversee constant improvement and increased responsiveness to local needs.

Priority 2

To enable museums, libraries and archives to increase their contribution to learning and skills development in order that individuals have improved life and employment opportunities.

Priority 3

To enable museums, libraries and archives to make an increasing contribution to their local economies and communities.

Priority 4

To be a highly effective organisation providing clear leadership and strong advocacy for the sector, respected and valued by all that we work with.

Charity Commission Guidance and Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission including the Commission's general guidance on public benefit when reviewing the charity's aims and objectives as demonstrated in the Vision, Purpose and Priorities set out above.

Our funding and how we spend it

Most of our funding comes from DCMS in the form of Grant in Aid or grants to support specific programmes. We also receive specific grants from other government departments and agencies. We manage Lottery Fund supported programmes and administer awards from other charitable bodies. The money is spent supporting activities by other bodies and institutions through grant awards, on research, advocacy and programme management.

During 2009/10 expenditure on these activities totalled £59.1 million for the consolidation and £58.9 million for the company, split between the principal objectives for the year as follows:

	Consolidation £ million	Company £ million
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs	25.5	25.4
Enable the sector to increase its contribution to learning and skills development	10.0	9.9
Enable the sector to make an increasing contribution to local economies and communities	13.6	13.6
Provide clear leadership and strong advocacy for the sector	10.0	10.0

Further information is available in the Financial Statements on pages 33 to 60.

Grant in Aid Funding

Prior to 2008/09 MLA had, in each year, drawn down all of the annual Grant in Aid it had been awarded by the Secretary of State in its funding agreement. This allowed MLA to hold cash reserves sufficient to meet its contractual obligations as they fell due and comply with Charity and Company law. During the early months of 2010 DCMS advised that in order to comply with government accounting rules, MLA should not draw down funds in advance of need for the financial year 2009/10 and subsequent years. Accordingly, adjustments have been made to Grant in Aid for funds drawn down in advance of need for £3,700k and £11,899k in the financial statements for 2009/10 and 2008/09 respectively.

Grant making policy

It is not MLA's general policy to award grants to individuals, except in the context of specific schemes managed on behalf of other funding bodies. Grants are awarded to non-profit making bodies to further MLA's charitable objectives. The Purchase Grant Funds are open to applications from eligible institutions, as are a number of externally funded grant programmes. Other grant awards are for activities specifically commissioned by MLA under approved programmes.

Where grant schemes are administered on behalf of other funding bodies, broad criteria for the awards are agreed with those bodies and applied by MLA. Where major grant schemes are operated at MLA's full discretion, criteria are determined by the MLA. Grant awards are subject to conditions as to accountability and the demonstration of a commitment to inclusive employment and procurement practices.

Further details of grants and awards made by MLA can be found on the MLA Website www.mla.gov.uk.

Spending the taxpayer's money effectively

There was no indexation of Baseline Grant in Aid between 2000/2001 and 2007/08. Any modest increases during that period were to fund new responsibilities. The cost effective management of this funding and the national programmes Renaissance in the Regions (the regeneration of England's regional museums) and Framework for the Future (a strategy for public libraries in the 21st Century) were achieved by constantly seeking efficiency gains and focussing on the achievement of value for money.

In 2008/9 and 2009/10 the MLA experienced reductions of £0.9 million (5.5%) and £1 million (6.3%) respectively in its Baseline Grant. A further reduction in excess of £1.5 million (10%) will take place in 2010/11.

How we are held to account

We account to DCMS against Funding Agreements which set out how we will help the Department deliver on its Public Service Agreement targets. We comply with Companies House and Charity Commission filing and reporting requirements.

Board minutes and papers are published with other management documents and regular updates on our activities and plans on our website www.mla.gov.uk. As a public authority we are bound by and actively comply with the provisions of the Freedom of Information Act.

Sector and professional bodies

The MLA continues its successful and close collaboration with sector and professional bodies such as the Chartered Institute of Library and Information Professionals, the Society of Chief Librarians, the Museums Association, the National Museums Directors Conference, the National Council on Archives and the Society of Archivists.

Relationships between MLA and related parties

The MLA is one of a number of councils and institutions active in the cultural and related sectors which are sponsored by DCMS. MLA makes grants to and receives services from several of these bodies. All

transactions are conducted on an arm's length basis and on terms no more favourable than those offered to or by other unrelated parties. Full details are set out in note 25 to the financial statements.

Trustees and officers

MLA's Trustees are the statutory directors of the company and trustees of the charity. The following Trustees served during the year:

Geoffrey	Bond		
Professor Patricia	Cullen		Appointed 1 July 2009
Angela	Dean		Appointed 1 February 2010
Nick	Dodd		
Yinnon	Ezra		
Dr Helen	Forde		
John	Hicks		Resigned 31 July 2009
Glen(ville)	Lawes		
Sir Andrew	Motion	Chair	Appointed 3 July 2008
Karen	Tyerman		Appointed 1 July 2009
Robert	Wand		

The following Trustee was appointed after the year end:

Nancy	Bell		Appointed 1 May 2010
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The majority of Trustees and the Chairman are appointed by the Secretary of State for Culture, Olympics, Media and Sport. Following an amendment to the MLA's Articles of Association on 24 January 2008 the Mayor of London has the right to appoint the Chair of MLA London who automatically becomes a Trustee of the MLA. The Mayor of London has used this right to enable the appointment of Ms Nancy Bell.

The composition of the Board of Trustees has changed considerably following the wind down of the regional agencies. Whilst the Articles of Association provide that there can be a maximum of fifteen Trustees the Board has decided that it is beneficial to operate with a smaller Board with no more than twelve Trustees.

The Board of Trustees met six times during the year. Individual Trustees also made a number of visits to museums, galleries, libraries and archives in the UK and beyond. New Trustees are given induction training when they join the MLA.

The Board of Trustees determines MLA's strategy and considers and approves proposals for new policies or variations in existing policies. Annual budgets, Business Plans and the Corporate Plan are subject to Board approval. The Board of Trustees appointed Roy Clare as Chief Executive on 1 September 2007 and Paul Lander as Company Secretary on 3 April 2008.

Trustees are unremunerated, with the exception of the Chairman, Andrew Motion. Details of his remuneration can be found in the Remuneration Report on 21. Details of Board Members travel and subsistence expenses can be found at note 11 to the financial statements.

Register of Interests

The MLA maintains a register of financial interests of its Trustees which is published on MLA's website and is available for public inspection by appointment at its registered office, Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. Copies can also be provided by post.

Staff Establishment and Organisation Structure

The MLA establishment at 31 March 2010 comprised 108 full time equivalents (FTEs) including vacant posts. A further 19 FTEs were also employed in posts funded by programme funding that is in addition to the DCMS baseline grant. This establishment was structured into six divisions, led by the Head of

Communications and Directors of Policy and Sustainability, Programme Delivery, Corporate Services, Engagement East, Engagement West, Engagement North, Engagement London. For the majority of the year, the first seven of these executives, together with the Chief Executive comprised the Executive Board. On 31 March 2010 the Executive Board was extended to include the newly created post of Director of Engagement for London. The four Directors of Engagement lead area teams that take forward the MLA's work in the English Regions replacing the nine Regional Agencies that have closed down.

Other staffing matters

MLA is accredited as an Investor in People and is committed to that standard's principles, including development of its people and effective communication. Teams have regular meetings and major policy and operational issues are presented for discussion at all staff meetings as appropriate. MLA recognises the trade union, Prospect, for the purpose of collective bargaining. The Joint Consultation and Negotiation Committee meets regularly with additional ad hoc meetings as required. MLA is committed to a policy of diversity and equality of opportunity and is currently developing an enhanced single equality scheme that takes account of recent structural changes and emulates best practice.

During 2009/10 there were 309 staff sickness absence days (2008/09 144).

The remuneration report can be found on page 21.

Public sector payment policy

MLA adheres to the Better Payment Practice code. This means that payment terms are agreed at the outset of a contract and explained to suppliers and all payments are made in accordance with those terms. In the year under review, all undisputed invoices were paid within twenty one days of receipt unless the organisation was entitled to earlier settlement.

DCMS Performance indicators

DCMS sets a number of performance indicators for MLA to report on by the end of March 2010.

Performance Indicator	Achievement for 2009/10	
Increase the overall number of visits to Renaissance hub museums above the 2006/07 baseline	Achievement 2009/10	18,317,886
	Baseline 2006/07	13,787,305
Increase the number of visits by adults from priority groups (BME/NS SEC groups 5-8/Disabled People) to Renaissance hub museums above the 2006/07 baseline	Achievement 2009/10	3,788,515
	Baseline 2006/07	3,075,624
Increase the number of participation contacts between school age children in years 1-11 and Renaissance hub museums above the 2006/07 baseline	Achievement 2009/10	1,657,728
	Baseline 2006/07	1,224,863
Increase the number of instances of adults and child visitors to Renaissance hub museums participating in on-site activity above the 2006/07 baseline	Achievement 2009/10	1,449,706
	Baseline 2006/07	1,019,655
Encourage the voluntary reporting of finds recorded through the Portable Antiquities Scheme to be maintained at a similar level to that achieved in 2007/08	Achievement 2009/10	75,886
	Baseline 2007/08	61,732

Risk management

The risks facing MLA are detailed in its risk register and cover External, Operational and Major Change events, each being assessed for Impact and Likelihood. All identified risks have plans which mitigate those risks and are regularly reviewed and monitored by the audit committee. During April and May 2010 the MLA's Risk Management Strategy and management process were subject to extensive review and improvements are currently being implemented in order to ensure that they compare well with "best practice" and meet the organisation's changing needs.

During the financial year the following risks were identified as being most significant:

Supporting Museums through Renaissance

Museums supported with Renaissance funding fail to achieve the planned improvements and outcomes impeding MLA's ability to advocate for further funding after March 2011;

Delivery of Services and Improvement Initiatives

The economic and political challenges faced by Local Authorities restrict their ability to work with MLA to accelerate reform and achieve 'sharper investment' in museum, library and archive services, making the case for 'sharper investment';

Acquisitions, Export & Loans Unit

The relocation of the Acquisitions, Export and Loans Unit to Birmingham, as agreed with Government, experiences unforeseen challenges and the service provided to stakeholders falls below the standard that is required;

Financial Management and Funding

The organisation fails to make satisfactory progress in developing the controls and mechanisms for finance, audit and regularity, including dealing with the complexities of pensions liabilities for the agencies closed in agreement with Government during 2008/09 and 2009/10.

Trustees believe that these will continue to be major risk areas in the year ahead. However, following the general election in May 2010 the Coalition Government's focus on substantially reducing public expenditure over the next four years means that additional risks relating to the operation and financial viability of the MLA are likely to arise.

The Board of Trustees is satisfied that its existing internal controls, which are reviewed annually by its internal auditors, adequately counter the risks of financial loss by fraud, waste or error and that the strategy adopted provides a sound basis for effective risk management.



Roy Clare
Accounting Officer



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
21 July 2010

REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee of the MLA Board meets twice each year and is responsible for reviewing the salary of the CEO and all senior managers employed by MLA. During the year this amounted to 7 managers increasing to 8 from 1 April 2010. The Committee has three members: Andrew Motion (Chair of MLA), Geoffrey Bond (Trustee), Helen Forde (Trustee). The Chief Executive, Roy Clare attends committee meetings except when matters relating to his own pay and performance are being considered. The Committee is supported by Frances Morris, HR Manager and Alan Hurst a specialist in public sector remuneration arrangements.

Remuneration policy of senior managers

The committee pursues a remuneration policy based on principles which aim to ensure that:

- Remuneration is closely tied to the strategic aims of the MLA.
- Remuneration compares appropriately with similar organisations.
- Individual development is allowed for.
- Gender and peer equality principles are embedded.

Senior managers are entitled to membership of the Principal Civil Service Pension Scheme (as are all permanent employees) subject to the PCSPS eligibility criteria. Full Scheme details are available at www.civilservice.gov.uk/pensions

Performance assessment

Assessment of performance of senior managers is carried out during the year in individual sessions with the Chief Executive, and is fully analysed and appraised at the annual appraisal at the end of the financial year. The Chief Executive is similarly assessed by the Chairman of the MLA. The MLA is in the process of introducing a revised performance management framework linked to the business plan objectives.

Performance related remuneration

In addition to their basic salary, senior managers' contracts provide for payment of an annual performance related bonus which is up to 10% of their basic salary (15% for the CEO) of which up to 2% may be consolidated. The remuneration set out in the following table includes any bonus payments made. Senior managers are not entitled to any other allowances or benefits, cash or otherwise.

Senior managers' contractual policy

The Chairman is appointed on a fixed term contract that expires on 2 July 2012. His terms of appointment and salary are fixed by the Secretary of State for Culture, Olympics, Media and Sport. He is not entitled to any compensation for loss of office, any pension benefits or performance related pay. All other senior managers have open-ended contracts of employment and are entitled to compensation for loss of employment under the terms of the Civil Service Compensation Scheme; details are available from the Cabinet Office or at <http://www.civilservice.gov.uk/pensions/compensation-scheme>.

The current senior managers and their roles are:

		Date of appointment	Notice period
Andrew Motion	Chairman	3 July 2008	1 month
Roy Clare	Chief Executive	1 September 2007	3 months
Paul Lander	Director of Corporate Services	19 March 2007	3 months
Sue Wilkinson	Director of Policy & Sustainability	21 June 1999	3 months
Hedley Swain	Director of Programme Delivery	7 June 2007	3 months
Jon Finch	Director of Engagement West	1 January 2009	3 months
Sam Bestwick	Director of Engagement East	1 January 2009	3 months
Keith Bartlett	Director of Engagement North	9 February 2009	3 months
Andrew Holden	Director of Engagement London	1 April 2010	3 months

The table below discloses the senior managers' salaries in bands, together with the pension that each senior manager would receive if 31 March 2010 were his or her last day of service; the real increases in value of pension and lump sum over the year after considering the impact of inflation; and the cash equivalent transfer value as at 31 March 2010 and 2009 and the real increase in the year after the effects of inflation and member contributions have been taken into account. The cash equivalent transfer value (CETV) is an assessment of what it costs the scheme to provide these pension benefits after allowing for inflation and changes in market investment factors. Previous year's salary figures are in brackets. Salaries marked with * are for part year only.

This disclosure has been subject to audit.	Salary, including any bonus or Benefit in kind £'000	Real increase in pension (& related lump sum) at age 60 £'000	Total accrued pension at age 60 at 31 March 2010 (& related lump sum) £'000	Cash equivalent transfer value at 31 March 2009 £'000	Cash equivalent transfer value at 31 March 2010 £'000	Real increase in CETV as funded by MLA £'000
Andrew Motion	25 - 30 (15-20)	n/a	n/a	n/a	n/a	n/a
Roy Clare	140 - 145 (135 -140)	n/a	n/a	n/a	n/a	n/a
Paul Lander	95 - 100 (95 - 100)	0 – 2.5	0 – 5	57	92	32
Sue Wilkinson	85 - 90 (85 – 90)	2.5 – 5 (7.5 – 10)	25 – 30 (80 – 85)	429	508	50
Hedley Swain	75 - 80 (70 – 75)	0 – 2.5	0 – 5	27	49	17
Jon Finch	70- 75 (15 – 20)*	0 – 2.5	0 – 5	3	17	11
Sam Bestwick	70 - 75 (20 – 25)*	0 – 2.5	0 – 5	3	17	11
Keith Bartlett	65 - 70 (5 – 10)*	2.5 – 5 (7.5 – 10)	10 – 15 (30 – 35)	133	194	51
Andrew Holden (appointed 1 April 2010)	Nil	n/a	n/a	n/a	n/a	n/a
Alix Langley (1 May 2009 to 30 October 2009)	30 – 35*	n/a	n/a	n/a	n/a	n/a

The CEO, Roy Clare, is a member of a personal pension scheme to which the MLA contributes at the rate of 8.9% of his basic salary, which is the total liability falling on MLA in respect of these arrangements. During 2009/10 the total cost of the contributions was £11,363 (2008/9: £8,640).

There were no payments made, or payable, in respect of compensation on early retirement or loss of office. There were no non-cash benefits received for 2009/10 (2008/09 £nil). There were no elements of remuneration paid other than in cash.



Roy Clare
Accounting Officer

FINANCIAL REVIEW OF THE YEAR

Introduction

The financial results are set out in the financial statements which comply with the requirements of the Companies Act 2006, the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) and applicable accounting standards. The financial statements also provide additional information in order to comply with the disclosure requirements of the Government Financial Reporting Manual (FReM).

Total incoming resources for the year were £45.4m for the consolidation (2009 £55.4m) and £45.3m for the company (2009: £54.3m). Of these funds, for both company and consolidation £10.5m (2009: £11.2m) was in unrestricted funds. The balance of funds of £34.9m for the consolidation (2009 £44.2m) and £34.9m (2009: £43.1m) for the company was made up of the restricted element of DCMS Grant in Aid and grant income from other sources towards various grant aided schemes and projects. The analysis of resources expended is set out under each of MLA's four strategic objectives for the year (which align with its charitable activities) and under governance costs. Incoming resources from charitable activities have been similarly analysed. Grants awarded in the year, excluding those paid to subsidiaries, totalled £46.2m for the consolidation (2009 £45.3) and £44.8m (2009: £43.9m) for the company.

The cost of charitable activities, excluding grants payable, amounted to £13.0m for the consolidation (2009 £15.9m) and £12.9m for the company (2009: £8.2m). The closure of the regional agencies has necessitated making a provision for exit charges to six local government pension schemes see notes 1h, 13 and 19 for details. This gives rise to exceptional costs of £nil for the consolidation (2009: £14.5m) and £nil for the company (2009: £12.7m) and progress made during the year in agreeing the settlement for one of the regional agencies has enabled trustees to make a small reduction in the overall level of provision of £0.1m.

The deficit for the year, after crediting an adjustment to exceptional costs was £13.9m for the consolidation (2009 deficit £20.7m) and £13.8m (2009 deficit £17.7m) for the company. The balances held at the year end are deficits on unrestricted funds of £13.9m (2009: £13.4m) for both the consolidation and the company and deficits on restricted funds of £16.4m (2009: deficit £3.3m) for the consolidation and £17.3m (2009: deficit £4.0m) for the company.

The deficits have arisen as a consequence of making provision for pension scheme exit charges, as described above, changes in the timing of Renaissance payments to museums and changes to the way in which Grant in Aid is drawn down from MLA's sponsor department DCMS. The Trustees believe that sufficient financial support will be available from DCMS in future periods in order to fund this deficit and therefore the financial statements have been drawn up on a going concern basis (see note 1a Accounting Policies for more details).

Reserves policy

The Trustees' reserves policy has consistently been that MLA should hold sufficient reserves in order to:

1. Provide the MLA with adequate working capital and maintain solvency,
2. Enable the MLA, within reason, to be able to meet any exceptional unforeseen expenditure that might arise, and
3. Provide some resources for the MLA in the event of a short term downturn in non GIA income.

In order to pursue this policy Trustees established a base reserve in 2006/7 of £0.3m with the intention that it should be increased to at least £0.5 million during 2008/9 and reviewed thereafter in the light of the risks and uncertainties to which the MLA was exposed.

The substantial costs incurred during 2008/09 and 2009/10 restructuring the MLA and closing its regional agencies, and the impact of changes to the timing of Renaissance payments to museums have resulted in the MLA holding negative reserves at 31 March 2009 and 2010.

DCMS has given assurances to the Trustees that Grant in Aid funding will be provided in future years, subject to Parliamentary approval, in order to meet these liabilities, including the exit charges for regional agency pension schemes, as they fall due.

At present DCMS provides Grant in Aid to the MLA each month in order to meet actual cash flow need, on the basis that, at the end of each month, MLA will hold a cash balance not exceeding £0.5 million. This means that it is not possible to hold a base reserve in excess of £0.5 million.

The Trustees believe that it is important for the MLA to adhere to its stated reserves policy and therefore it has set the following objectives for 2009/10 and 2010/11:

1. Settle the outstanding liabilities relating to restructuring and closure of the regional agencies using reasonable endeavours to minimise the amount of Grant in Aid used to do so.
2. Seek to develop with DCMS an approach to making and funding Renaissance payments that does not result in significant adverse reserves at the end.
3. Agree with DCMS an appropriate level for the base reserve to be held by MLA.

Advisers

Key advisers to the MLA are:

External Auditors (for MLA Council and Consolidation only)	The Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road Victoria London SW1W 9SP	Solicitors	Bates Wells and Braithwaite 2-6 Cannon Street London EC4M 6YH Pinsent Masons 1 Park Row Leeds LS1 5AB
Internal Auditors	Moore Stephens St Paul's House Warwick Lane London EC4M 7BP	Accounting Advisers	Sayer Vincent 8 Angel Gate City Road London EC1V 2SJ
Bankers	Lloyds TSB plc Lloyds TSB Corporate Public & Community Sector 3 rd Floor, 25 Gresham Street London EC2V 7HN	Consulting Actuaries	Atkin & Co. Oakslade Station Road Hatton Warwickshire CV35 7LH

External Auditors for the subsidiaries:

Museums, Libraries and Archives Council, East of England	Sayer Vincent 8 Angel Gate City Road London EC1V 2SJ
Museums, Libraries and Archives East Midlands	
Museums, Libraries and Archives North East	
Museums, Libraries and Archives North West	
Museums, Libraries and Archives South East	
Museums, Libraries and Archives South West	
MLA West Midlands : The Regional Council for Museums, Libraries and Archives	
Museums, Libraries and Archives Yorkshire Museum, Libraries and Archives London	

Auditors

The Comptroller & Auditor General has been appointed to audit the consolidation and company accounts of the Museums Libraries and Archives Council pursuant to the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009. The audit fee for this work was £63k. Non-audit work was not performed by the auditors.

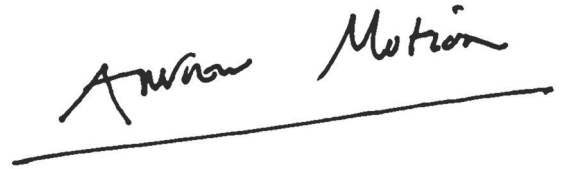
Sayer Vincent have been appointed by the Trustees of the subsidiaries to audit the subsidiary accounts at a cost of £33k. Sayer Vincent also provided accounting advice to the MLA when the accounts for 2008/09 were being prepared. They have not provided any accounting advice to the MLA in respect of the accounts for 2009/10.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements, and the Accounting Officer, have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees, and the Accounting Officer, have confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.



Roy Clare
Accounting Officer



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
21 July 2010

Statement of Trustees' and Chief Executive's responsibilities

The Trustees are required by company law and the Secretary of State for Culture, Olympics, Media and Sport, with the approval of the Treasury, to prepare a statement of accounts for each financial year which gives a true and fair view of the state of affairs of the MLA and of the surplus or deficit for that year. In preparing that statement of accounts the Trustees are required to:

- observe the accounts directions issued by the Secretary of State including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis (a copy of these directions is available on application in writing to the Accounting Officer at MLA);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the statement of accounts; and
- prepare the statement of accounts on the going concern basis unless it is inappropriate to presume that the MLA will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of the MLA as the Accounting Officer for the MLA. 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 HM Treasury and published in "Managing Public Money".



Roy Clare
Accounting Officer



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
21 July 2010

Statement on Internal Control

Scope of Responsibility

As Chairman of the Audit Committee and representative of the Board of Trustees and as Accounting Officer we are responsible for maintaining a sound system of internal control that supports the achievement of MLA's objectives whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in "Managing Public Money". The system of internal control also serves to ensure compliance with the requirements of MLA's Funding Agreement which together with the Financial Memorandum and Management Statement set out the MLA's accountability relationship with the DCMS.

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 principal risks to the achievement of MLA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

Capacity to handle risk

Three Board subcommittees give strong support to the Executive and ensure that appropriate scrutiny is exercised by Trustees - the Finance Committee, the Audit Committee and the Remuneration Committee. Managers use a standard template that encourages them to consider all relevant risks when preparing their contributions to the MLA's annual business plan. These are reviewed by the relevant Director during completion of the plan and on a bi-monthly basis as part of the review of performance considered by the Executive and reported to the Trustees. This process informs Directors' contributions to the Strategic Risk register that is updated bi-monthly by the Executive and presented to Trustees for scrutiny.

A summary of the significant risks currently faced by the MLA is set out in the Report of the Trustees on page 20.

The risk and control framework

- The Board of Trustees determines MLA's strategy and considers and approves proposals for new policies or variations in existing policies. Annual budgets, business plans, corporate plans and annual reports are subject to approval by the Board of Trustees.
- Informed by reports from the Executive Board, Trustees decide upon 'risk appetite' of the organisation at a strategic level. At present the MLA is prepared to experience a moderate level of risk in order to ensure that it operates as a small highly effective improvement agency and leader for its sector, providing that its staff, physical and financial assets are not placed at risk.
- The Executive Board develops plans, budgets and policy proposals and makes key decisions on operational management after considering relevant factors including risk.
- Regular reports are received by the Audit Committee on internal control and risk management. These reports are discussed in detail in order that Committee members have the opportunity to probe and challenge the Director of Corporate Services and Chief Executive before summary briefings are made to the full Board of Trustees.
- Reports are submitted to the Audit Committee by MLA's internal and external auditors who have attended all Audit Committee meetings since March 2009.
- During 2009/10 the internal auditors completed a programme of work that had been agreed with the Audit Committee and complied with Government Internal Audit Standards. This has enabled them to issue a report providing the Accounting Officer with reasonable¹ assurance on the effectiveness of the MLA's risk management, control and governance processes for 2009/10.

¹ Reasonable assurance is given based on completion of a reasonable and representative amount of audit work and the internal auditor's inherent knowledge of the organisation in terms of risk, controls and governance. The assurance provided can only be reasonable rather than absolute as only two categories of assurance are available for an annual audit opinion: "reasonable assurance" and "no assurance"

- Bi-monthly progress reports are submitted to the Finance Committee by the Director of Corporate Services covering the MLA's current financial position, the likelihood that financial plans will be achieved and the risks attached. These reports are discussed in detail in order that Committee members have the opportunity to probe and challenge the Director of Corporate Services and Chief Executive before summary briefings are made to the full Board of Trustees.
- Bi-monthly progress reports from the Chief Executive and Executive Board are presented to the full Board of Trustees covering performance against key objectives, the likelihood that planned outcomes will be achieved and the risks attached. These reports are discussed in detail at Board meetings in order that Trustees have the opportunity to probe and challenge members of the Executive;
- A risk register which identifies strategic risks and allocates responsibility for their management to members of the Executive Board is maintained and presented to the Audit Committee with appropriate reports made to the Board of Trustees. During April and May 2010 the MLA's Risk Management Strategy and management process were reviewed and improvements are currently being implemented in order to ensure that they meet the organisation's needs and identified weaknesses are addressed.

Security of Personal Data

The MLA only holds personal data relating to its employees and a small number of self employed sub-contractors. Procedures are in place to ensure that high levels of security and limited access are in place. The MLA has suffered no protected personal data incidents during 2009/10 or prior years, and has made no reports to the Information Commissioners' office.

Management of Information Risk

The MLA has an approach to managing information risk based upon industry standard security processes. All mobile computing devices use an encrypted format and central data files are held simultaneously at two secure locations. Access to both its premises is controlled by appropriate security systems in order that unauthorised persons do not have access to data or equipment.

The MLA, with support from the Head of Information Management and Assurance at DCMS, has completed a self assessment against the Cabinet Office Security Policy Framework. This identified that 23 of the 70 recommendations in the Framework are not applicable to the MLA. Of the 47 that are applicable, the MLA is already fully compliant with 26 of them. The MLA is working to develop an overarching security policy, improve clarity concerning roles and responsibilities and improve its ability to respond to a major incident (including terrorism). This will enable it to achieve full compliance with the Security Policy Framework by the end of the financial year 2010/11.

Review of effectiveness

As Chairman of the Audit Committee and Accounting Officer we have responsibility for continually reviewing the effectiveness of the system of internal control. Our review is informed by the work of the internal auditors, the executive managers within MLA who have responsibility for the development and maintenance of the internal control framework with regular reports to the Accounting Officer, and comments made by the external auditors in any management letter or other reports. We have been advised on the implications of the result of our 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 (see details below).

This system of internal control has been in place for the year ended 31 March 2010 and up to the date of approval of the annual report and financial statements and accords with Treasury guidance. However, during 2008/09 and 2009/10 the MLA substantially restructured and relocated in order to achieve increased effectiveness, lower operating costs and greater value for money. Further details are provided in the introduction on page 4.

As a consequence of these changes a number of weaknesses in the system of internal control were identified that have necessitated additional work to be undertaken in order that adequate internal control assurances could be provided to the Audit Committee and the Accounting Officer. Details are set out below:

Significant Internal Control Issue	Action Taken To Address Issue
Monitoring of grants awarded to third parties	
<p>As a result of the significant changes in staff, the monitoring of third parties in order to ensure that grant funds are being used for the purposes for which they were awarded was not as thorough as required.</p>	<p>During 2009/10 the MLA commenced the introduction of regular monitoring of grant recipients but as this is not yet fully effective the MLA has undertaken a retrospective review of all grants to third parties where amounts in excess of £10,000 had been drawn down in the year. This exercise has given an appropriate level of retrospective assurance that, in all material respects, funds have been utilised for the purpose for which they were awarded.</p> <p>For 2010/11 MLA will have in place a comprehensive programme for monitoring the performance and financial regularity of all grant recipients to provide MLA with the assurance it requires, and to a standard approved by its external auditors.</p>
Manual journal entries in the accounting system	
<p>The audit trail to support the journals and narratives describing the transactions were not as extensive as the external auditors would recommend. Other control weaknesses identified included a small number of inaccurate postings of journals which were subsequently corrected.</p>	<p>All transactions with a gross value in excess of £0.5m have been reviewed by MLA management and the findings examined by the external auditors. As a result MLA is satisfied that there are no material misstatements of financial records.</p> <p>MLA has revised its procedures for the raising and inputting of manual journals in order to ensure accurate and appropriate posting and to reduce errors. This includes a third party undertaking a review of the supporting evidence and the need for the journal entry, before the entry is posted, and verification of the accuracy of the entries after posting has been undertaken.</p>
Drawing down grant in aid from DCMS	
<p>Prior to 2008/09 MLA drew down its full allocation of grant in aid in order to ensure that, as a charity, it could meet all its liabilities. The MLA's Trustees authorised this approach as they believed that it was the most appropriate way to discharge their responsibilities.</p> <p>MLA and DCMS have now agreed that drawing down grant in aid in this manner was not compliant with the Funding Agreement and Financial Memorandum.</p>	<p>During the course of 2009/10 MLA changed its procedures for drawing down grant-in-aid, in order to be compliant with the Funding Agreement and Financial Memorandum.</p> <p>The majority of the grant in aid that had been drawn down in advance of cash flow need was either repaid to DCMS or offset against grant in aid before 31 March 2010. A balance of £3.7m that existed at 31 March 2010 was offset against grant in aid in May 2010.</p>

Operating outside delegated authority	
<p>During 2009/10 the processing of 13 transactions, funding commitments or payments to third parties (0.2% of the total), were authorised by members of staff who exceeded their delegated authority. The transactions were valid and were subsequently authorised by the MLA Board.</p>	<p>MLA has taken steps to ensure that all transactions are authorised by managers with the correct level of authority. If managers seek to exceed their delegations of authority, then the transaction will not be processed and an appropriate authoriser identified.</p>
Accounting for commitments	
<p>The vast majority of the MLA's expenditure relates to the distribution of grants and payments under contract to suppliers (88.2%). The balance, excluding staff costs, (4.5%) relates to other purchases.</p> <p>MLA has a free standing IT system for keeping track of all grant and contracted commitments but it does not have a purchase order system for other purchases. Moreover the free standing grants and contracts system requires manual reconciliation with the accounting system.</p>	<p>During 2009/10 regular reconciliations between the grants and contracts system and the accounting system has ensured greater control over outstanding commitments. In addition a comprehensive manual verification of outstanding balances at the year end has been undertaken in order to provide the required level of assurance for the financial statements.</p> <p>During 2010/11 MLA will implement an improved grants and contracts management system that will integrate with the accounting system. In addition it will introduce a procurement system for sundry purchases.</p>
Timeliness of financial reporting	
<p>Preparation of the financial statements for 2008/09 presented MLA with a significant challenge for which it did not have an appropriate level of resources. As a consequence MLA was not being able to finalise its financial statements within the statutory deadline with the resources at its disposal.</p>	<p>Additional resources have now been added to the MLA finance team through the use of interim staff whilst permanent employees are recruited. In addition all improvement actions recommended by the MLA's external and internal auditors are being implemented.</p> <p>As a consequence of these improvements the MLA has been able to prepare its financial statements for 2009/10 in sufficient time to be approved and laid before parliament in July 2010.</p>



Roy Clare
Accounting Officer



Glenville Lawes
Chair of the Audit Committee
and Trustee

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE MUSEUMS, LIBRARIES AND ARCHIVES COUNCIL

I certify that I have audited the group and parent company's financial statements of the Museums, Libraries and Archives Council for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Summary Consolidated and Company Income and Expenditure Account, Consolidated and Company Statement of Financial Activities, the Consolidated and Company Balance Sheets, and the Consolidated and Company Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) are responsible for preparing the Annual Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for ensuring the regularity of financial transactions funded by Parliamentary grant-in-aid. These responsibilities are set out in the Statement of Trustees' and Chief Executive's Responsibilities. The trustees are also responsible for preparing the Remuneration Report in accordance with the Government Financial Reporting Manual.

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 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 are properly prepared in accordance with the Companies Act 2006, and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual. I report to you whether, in my opinion, the information given in the Annual Report of the Board of Trustees is consistent with those financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliamentary grant-in-aid 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, in my opinion, the charity 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 law regarding trustees' remuneration and transactions with the charity is not disclosed.

I review whether the Statement on Internal Control reflects the Museums, Libraries and Archives Council'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 Museums, Libraries and Archives Council's corporate governance procedures or its risk and control procedures.

I read other information contained in the Annual Report of the Board of Trustees, and consider whether it is consistent with the audited financial statements. The other information comprises only the Introduction, Review of the Year and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the

group's and the charity'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 other irregularity or error, and that in all material respects the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. 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.

Opinion

In my opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Museums, Libraries and Archives Council group and parent company as at 31 March 2010, and of the group's and parent company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Annual Report of the Board of Trustees is consistent with the financial statements.

Opinion on Regularity

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

Emphasis of matter - Going concern

In forming my opinion, which is not qualified, I have considered the adequacy of the disclosures made in note 1(a) and note 29 to the financial statements concerning the application of the going concern principle in light of the Government's announced intention that the Museums, Libraries and Archives Council would be wound up and its functions transferred to other organisations, subject to Parliamentary approval. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Museums, Libraries and Archives Council to continue as a going concern. The financial statements do not include the adjustments that would result if the Museums, Libraries and Archives Council was unable to continue as a going concern.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
26 July 2010

Summary Consolidated and Company Income and Expenditure Account for the year ended 31 March 2010

	2010	2010	2009	2009
	Consolidation	Company	Consolidation	Company
	£'000	£'000	£'000	£'000
Total income	45,354	45,337	55,363	54,265
Operating expenditure	(59,344)	(59,119)	(61,579)	(59,295)
Exceptional items	112	-	(14,487)	(12,703)
Total deficit	(13,878)	(13,782)	(20,703)	(17,733)

The Museums, Libraries and Archives Council received Grant in Aid in the year ended 31 March 2010 which included the sum of £ nil (2009: £50k) which was applied on capital expenditure.

The operating deficit for the year arises from the company's, and its consolidated subsidiaries', continuing operations.

The notes on pages 39 to 60 form an integral part to these financial statements.

Consolidated Statement of Financial Activities for the year ended 31 March 2010

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2010 £'000	Total 2009 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary Income					
- Grant in Aid	2	10,500	31,765	42,265	49,973
Investment income	3	15	64	79	1,172
Incoming resources from charitable activities	4,5	13	2,997	3,010	4218
Total incoming resources		10,528	34,826	45,354	55,363
Resources expended					
Cost of charitable activities:					
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs					
		3,725	21,780	25,505	22,696
Enable the sector to increase its contribution to learning and skills development					
		2,539	7,447	9,986	14,019
Enable the sector to make an increasing contribution to local economies and communities					
		2,841	10,782	13,623	17,910
Provide clear leadership and strong advocacy for the sector					
		1,494	8,519	10,013	6,599
	6,7	10,599	48,528	59,127	61,224
Governance costs	8	183	34	217	355
Exceptional costs	18		(112)	(112)	14,487
Total resources expended		10,782	48,450	59,232	76,066
Notional cost of capital	22	-	-	-	-
Net (outgoing) resources after notional costs		(254)	(13,624)	(13,878)	(20,703)
Reversal of notional costs	22	-	-	-	-
Net (outgoing) resources		(254)	(13,624)	(13,878)	(20,703)
Transfers between funds	21	(256)	256	-	-
Net /(outgoing) resources after transfers between funds		(510)	(13,368)	(13,878)	(20,703)
Subsidiaries' funds transferred		-	235	235	3717
Net movement in funds		(510)	(13,133)	(13,643)	(16,986)
Total Funds brought forward at 1 April 2009		(13,435)	(3,253)	(16,688)	298
Total Funds carried forward at 31 March 2010	21	(13,945)	(16,386)	(30,331)	(16,688)

All activities are continuing operations. There are no recognised gains or losses other than those shown above.

The notes on pages 39 to 60 form an integral part to these financial statements.

Company Statement of Financial Activities for the year ended 31 March 2010

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2010 £'000	Total 2009 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
- Grant in Aid	2	10,500	31,765	42,265	49,846
Investment income	3	15	47	62	869
Incoming resources from charitable activities	4,5	13	2,997	3,010	3,550
Total incoming resources		10,528	34,809	45,337	54,265
Resources expended					
Cost of charitable activities:					
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs					
		3,725	21,734	25,459	22,067
Enable the sector to increase its contribution to learning and skills development					
		2,539	7,392	9,931	13,390
Enable the sector to make an increasing contribution to local economies and communities					
		2,841	10,712	13,553	17,282
Provide clear leadership and strong advocacy for the sector					
		1,494	8,499	9,993	6,390
	6,7	10,599	48,337	58,936	59,129
Governance costs	8	183	-	183	166
Exceptional costs	18	-	-	-	12,703
Total resources expended		10,782	48,337	59,119	71,998
Notional cost of capital	22	-	-	-	-
Net (outgoing) resources after notional costs		(254)	(13,528)	(13,782)	(17,733)
Reversal of notional costs	22	-	-	-	-
Net (outgoing) resources		(254)	(13,528)	(13,782)	(17,733)
Transfers between funds	21	(256)	256	-	-
Net movement in funds		(510)	(13,272)	(13,782)	(17,733)
Total Funds brought forward at 1 April 2009		(13,435)	(4,000)	(17,435)	298
Total Funds balances carried forward at 31 March 2010	21	(13,945)	(17,272)	(31,217)	(17,435)

All activities are continuing operations. There are no recognised gains or losses other than those shown above.

The notes on pages 39 to 60 form an integral part to these financial statements.

Consolidated Balance Sheet as at 31 March 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14a		485		678
Current assets					
Debtors	15	2,633		1,004	
Cash at bank and in hand		8,184		23,491	
Short term deposits		<u>1,362</u>		<u>2,468</u>	
		12,179		26,963	
Liabilities					
Creditors: amounts falling due within one year	16	<u>26,472</u>		<u>26,808</u>	
Net current (liabilities)/assets			(14,293)		155
Total assets less current liabilities			(13,808)		833
Provisions for liabilities and charges	19		<u>(16,522)</u>		<u>(17,521)</u>
Net (liabilities)/assets			(30,330)		16,688
Represented by reserves:					
Restricted funds	21		(16,385)		(3,253)
Unrestricted funds:					
Designated funds	21	-		-	
General funds	21	<u>(13,945)</u>		<u>(13,435)</u>	
			(13,945)		(13,435)
Total charity funds			<u>(30,330)</u>		<u>(16,688)</u>

The notes on pages 39 to 60 form an integral part to these financial statements.

Approved by the Board of Trustees and signed on their behalf:



Roy Clare
Accounting Officer



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
21 July 2010

Company Balance Sheet as at 31 March 2010

	Notes	2010		2009	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14b		485		678
Current assets					
Debtors	15	3,007		1,038	
Cash at bank and in hand		4,220		20,720	
		<u>7,227</u>		<u>21,758</u>	
Liabilities					
Creditors: amounts falling due within one year	16	<u>38,057</u>		<u>38,925</u>	
Net current (liabilities)/assets			<u>(30,830)</u>		<u>(17,167)</u>
Total assets less current liabilities			<u>(30,345)</u>		<u>(16,489)</u>
Provisions for liabilities and charges	19		(872)		(946)
Net (liabilities)/assets			<u>(31,217)</u>		<u>(17,435)</u>
Represented by reserves:					
Restricted funds	21		(17,272)		(4,000)
Unrestricted funds:					
Designated funds	21	-		-	
General funds	21	<u>(13,945)</u>		<u>(13,435)</u>	
			<u>(13,945)</u>		<u>(13,435)</u>
Total charity funds			<u>(31,217)</u>		<u>(17,435)</u>

The notes on pages 39 to 60 form an integral part to these financial statements.

Approved by the Board of Trustees and signed on their behalf:



Roy Clare
Accounting Officer



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
21 July 2010

Consolidated and Company Cash Flow Statement for the year ended 31 March 2010

	Notes	Consolidation 2010 £'000	Company 2010 £'000	Consolidation 2009 £'000	Company 2009 £'000
Net cash (outflow)/inflow from operating activities	24a	(16,448)	(16,517)	13,777	8,816
Return on investments and servicing of finance	24b	80	62	1,172	869
Capital expenditure and financial investment	24b	(45)	(45)	(726)	(701)
(Decrease)/Increase in cash & short term deposits	24d	(16,413)	(16,500)	14,223	8,984

The notes on pages 39 to 60 form an integral part to these financial statements.

Notes to the financial statements

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention. They meet the requirements of the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) and applicable accounting standards. The financial statements also provide additional information in order to comply with the disclosure requirements of the Government Financial Reporting Manual (FReM).

Given the recently announced intentions of the Government (see note 29) MLA's management has concluded that there exists a material uncertainty that casts significant doubt upon MLA's ability to continue as a going concern. In such circumstances MLA may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

After making enquiries, considering the circumstances described above, considering the letter of assurance from DCMS stating that, subject to Parliamentary approval, DCMS will provide MLA with the resources to discharge the pension liabilities as they fall due, and considering the outcome of their very recent discussions with the DCMS, management has concluded that there is a reasonable expectation that MLA will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, MLA has continued to adopt the going concern basis in preparing the annual report and financial statements.

The accounts do not include the adjustments which would result if MLA were unable to continue as a going concern.

(b) Consolidated accounts

During 2007/08, the MLA undertook a complete review of all its operations, including those promulgated through the regional agencies for which it provided significant funding. This review concluded that the existing structure of regional agencies was not efficient and a new structure was developed which continued the regional reach but did not necessitate the maintenance of separately constituted regional agencies. As a consequence of this decision, negotiations were commenced with the directors of those agencies, which resulted in the first eight of the regional agencies deciding to cease operations by 31 March 2009.

Similar discussions took place with the directors of the ninth regional agency, Museum, Libraries and Archives London, during early 2009. On 2 June 2009 the directors of MLA London decided to collaborate with the MLA in preparing for it to cease operating on 31 March 2010 when a significant part of its operations would transfer to the MLA. The Trustees of MLA consider that MLA exercised dominant influence over the first eight regional agencies for the whole of the financial year ending 31 March 2010 and the ninth agency for the seven days from 24 March 2010 to 31 March 2010.

Therefore the results for the first eight agencies detailed below, have been consolidated on a line-by-line basis in the Statement of Financial Activities and Balance Sheet. The results for the ninth agency, MLA London, have just been consolidated in the Balance Sheet.

Museums, Libraries and Archives Council, East of England
 Museums, Libraries and Archives East Midlands
 Museums, Libraries and Archives North East
 Museums, Libraries and Archives North West
 Museums, Libraries and Archives South East
 Museums, Libraries and Archives South West
 MLA West Midlands: The Regional Council for Museums, Libraries and Archives
 Museums, Libraries and Archives Yorkshire
 Museum, Libraries and Archives London

Notes to the financial statements

(c) Incoming resources

MLA accounts for all Grant in Aid income on a cash received basis. All other income from DCMS or other sources is accounted for on a receivable basis when all conditions within the relevant funding agreement have been met. If funding is received in order that it may be used to finance activities undertaken in a future period it is shown as deferred income.

Since the balance sheet date MLA and DCMS have agreed that the cash held by MLA at 31 March 2010 (£4,220k) was in excess of that required by the MLA for its immediate cash flow needs by £3,700k and that for a Non Departmental Public Body to hold cash reserves of this magnitude is not consistent with Treasury guidance for managing public money. This excess (£3,700k) has been repaid to DCMS in May 2010 by offsetting it against Grant in Aid drawn down.

(d) Resources expended

Grant awards are charged to the Statement of Financial Activities in the year in which the award is made (unless payment of the award is conditional on some uncertain future event). The exception to this is the V&A Purchase Grant Fund which is administered on MLA's behalf by the Victoria and Albert Museum. Grants awarded from this fund are charged to expenditure in the year in which the grants are paid. All other resources expended are charged to the Statement of Financial Activities on an accruals basis.

Resources expended, excluding governance costs and exceptional items are analysed against MLA's four strategic aims:

- To assist those responsible for funding and leading museums, libraries and archives to oversee constant improvement and increased responsiveness to local needs.
- To enable museums, libraries and archives to increase their contribution to learning and skills development in order that individuals have improved life and employment opportunities.
- To enable museums, libraries and archives to make an increasing contribution to their local economies and communities.
- To be a highly effective organisation providing clear leadership and strong advocacy for the sector, respected and valued by all that we work with.

An analysis by type of expense is included in the notes to the financial statements. Costs are directly attributed to the activity on which they are incurred whenever possible.

When this is not possible they are allocated on the basis of informed estimates. Costs grouped under the heading governance relate to the Board of Trustees and legal advice and internal and external audit services procured to ensure that the Board is properly able to satisfy its statutory obligations. Support costs incurred on the management and administration of grant programmes are allocated pro-rata to the value of grant awards attributed to each activity. Other support costs are allocated pro-rata to the value of other direct expenditure attributed to each activity.

All costs charged to the Statement of Financial Activities include VAT, where appropriate. Any VAT recovered is credited back to operating activities when received.

(e) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

General funds are made up of accumulated surpluses and deficits on financial activities. They are available for use at the discretion of the Trustees in furtherance of MLA's objectives. Designated funds are monies set aside from general funds for specific purposes at the discretion of the Trustees.

Notes to the financial statements

The purpose and any application of designated funds are set out in the notes to the financial statements. Unrestricted funds are MLA's reserves and are managed in accordance with the MLA's reserves policy.

(ii) Restricted funds

These are funds subject to specific constraints on their use imposed at the time that the funds were awarded to MLA or subsequently effectively constrained by their application on investment in operational fixed assets. Funds arising from the acquisition of subsidiaries have been treated as follows:

- Funds common to the subsidiaries and MLA have been consolidated in the consolidated financial statements.
- Funds created from income received other than from MLA have been separately maintained and will be disbursed in accordance with the original terms specified by the funding provider, reimbursed to the funding provider or redeployed to similar activities with the agreement of the funding provider,
- Funds which were specific to a geographical area have been separately maintained.

(f) Tangible and Intangible Fixed assets

Fixed assets are stated at historic cost. Items with a value of less than £1,000 are charged to expenses in the year of acquisition. Depreciation is charged on all fixed assets on a straight line basis at rates calculated to write down the cost of these assets to their estimated net residual value, if any, at the end of their expected useful lives. Leasehold improvements are capitalised and depreciated over the period of the lease. The expected useful lives of key groups of tangible fixed assets are:

Software (Intangible)	Three years
Computer equipment	Three years
Office equipment, fixture and fittings	Five years
Leasehold Improvements	Terms of the lease(s)

Expected useful lives and anticipated residual values are reviewed on an annual basis and revised if there is any change in operating circumstances or market values.

(g) Leases

MLA has no finance leases. The cost of operating leases is charged to the Statement of Financial Activities over the term of the lease

(h) Pension costs

Company Scheme: Members of MLA staff are eligible to join the Principal Civil Service Pension Scheme. This is an unfunded multi-employer defined benefit scheme. MLA 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. Details can be found in the resource accounts of the Cabinet Office:

Subsidiary company pension arrangements: Staff members of the subsidiary companies were entitled to join defined benefit pension schemes as follows:

Museums, Libraries and Archives Council, East of England: Oxfordshire County Council Pension Fund
 Museums, Libraries and Archives East Midlands: Nottinghamshire County Council Local Government Superannuation Scheme

Museums, Libraries and Archives North East: Tyne & Wear Pension Fund,

Museums, Libraries and Archives North West: Greater Manchester Pension Fund

Museums, Libraries and Archives South East: Oxfordshire County Council Pension Fund

Museums, Libraries and Archives South West: Avon Pension Fund

Museums, Libraries and Archives West Midlands: West Midlands Pension Fund

Museums, Libraries and Archives Yorkshire: West Yorkshire Pension Fund

Museum, Libraries and Archives London: Oxfordshire County Council Pension Fund

Notes to the financial statements

These subsidiaries have all ceased trading and all employees who did not transfer to MLA have been made redundant or transferred to third parties. Provision for the liabilities arising from the cessation of membership of these schemes has been made in the accounts of the subsidiaries. As each subsidiary is engaged in withdrawing from membership of their pension arrangements it is not appropriate to base these provisions on FRS 17 valuations. The provisions are therefore based upon actuarial advice as to the exit charges likely to be levied by the individual pension schemes which are significantly higher than the deficits arising from previous FRS 17 valuations. Further details are included in notes 13 and 19 of these financial statements and the accounts of the subsidiaries.

Notes to the financial statements

(i) Provisions

Provision is made for liabilities which the Trustees know will arise in future periods but for which there is uncertainty about the amount or timing. The amount provided is based on the best information available as to the likely cost, including when appropriate advice from suitably qualified professionals, with allowance made for inflation, where material.

2 Voluntary income

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Company:				
DCMS Grant in Aid for:				
Core activities	10,500	1,000	11,500	11,018
Renaissance	-	30,765	30,765	38,828
Total Company voluntary income	10,500	31,765	42,265	49,846
Subsidiaries: Grants received	-	-	-	127
Total Consolidated voluntary income	10,500	31,765	42,265	49,973

3 Investment Income

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Company				
Interest receivable on short term bank deposits	15	47	62	869
Subsidiaries				
Interest receivable on short term bank deposits	-	17	17	303
Total Consolidated investment income	15	64	79	1,172

The Company restricted fund interest was earned on the balance of a gift from the Gates Foundation that has not yet been disbursed.

Notes to the financial statements

4 Consolidated & Company Incoming resources from charitable activities

	Unrestricted Funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Specific grants				
DCMS Strategic Commissioning	-	1,792	1,792	2,220
DCMS Framework for the Future	12	-	12	-
Controversial Stock	-	9	9	26
Big Lottery Fund: Their Past Your Future	-	366	366	725
Big Lottery Fund – Community Libraries	-	(9)	(9)	-
Bricks	-	-	-	29
Entitle	-	10	10	8
Michael	-	-	-	25
Michael Plus	-	-	-	14
DCSF – Book Ahead	-	-	-	174
Olympics 2012	-	-	-	23
Living Places External	-	159	159	306
Living Places Partnership	-	75	75	-
BIS Festival of Learning	-	500	500	-
Find Your Talent - West	-	65	65	-
DCMS Kids in Museums	-	30	30	-
Other	1	-	1	-
Total Company Incoming resources from charitable activities	13	2,997	3,010	3,550
Grants received by subsidiaries	-	-	-	668
Total Consolidated incoming resources from charitable activities	13	2,997	3,010	4,218

Notes to the financial statements**5 Incoming resources from charitable activities analysed by charitable activity**

Consolidation	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs	4	413	417	752
Enable the sector to increase its contribution to learning and skills development	2	1,193	1,195	1,585
Enable the sector to make an increasing contribution to local economies and communities	2	845	847	1,059
Provide clear leadership and strong advocacy for the sector	5	546	551	822
	13	2,997	3,010	4,218
Company	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs	4	413	417	552
Enable the sector to increase its contribution to learning and skills development	2	1,193	1,195	1,385
Enable the sector to make an increasing contribution to local economies and communities	2	845	847	858
Provide clear leadership and strong advocacy for the sector	5	546	551	755
	13	2,997	3,010	3,550

Notes to the financial statements

6 Consolidated Cost of charitable activities - grants payable

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Renaissance funding for Hub Museums	-	36,211	36,211	36,526
Renaissance Museum Development	-	860	860	100
Regional Museums, Libraries & Archives Councils	500	-	500	706
Designation Challenge Fund	-	(13)	(13)	285
Social inclusion initiatives	-	-	-	31
Book Ahead	-	(48)	(48)	16
Other Renaissance in the Regions initiatives	-	87	87	984
Framework for the Future	(123)	-	(123)	35
Learning and skills initiatives	178	613	791	553
24 Hour Museum	207	-	207	173
Portable Antiquities Scheme	340	1,040	1,380	1,337
PRISM Purchase Grant Fund	161	-	161	282
V&A Purchase Grant Fund	881	-	881	1,020
Community Library	-	-	-	8
Creative & Culture Skills	90	(11)	79	90
Museum of British History	-	-	-	15
Collections management	225	-	225	387
Information & communications technology initiatives	128	-	128	251
Big Lottery Fund: Their Past Your Future Phase 2	-	351	351	528
2012 Initiatives	-	94	94	24
Clore Foundation	120	-	120	105
Living Places	1	78	79	9
Corporate Subscriptions	118	-	118	183
National Council Archives	81	-	81	78
The British Council	7	-	7	5
Innovative Project Management	-	-	-	48
Sundry small grants	26	10	36	58
Additional funding for Regional MLAs closure costs	-	-	-	11
Action for Archives	75	-	75	-
Archive Sector Improvement	35	-	35	10
Army Museum Ogilby Trust	-	(40)	(40)	-
BMAG Capacity Building Pilot	-	38	38	-
Collections Trust	-	165	165	-
Creative Apprentices in Museums	-	169	169	-
Festival of Learning	-	774	774	-
Find Your Talent – Core Funding and Renaissance	1,000	1,000	2,000	-
Leadership Learning Programme	52	-	52	-
LDAP	50	-	50	-
Lifelong Learning	30	-	30	-
Michael and Michael Plus	-	13	13	-
People's History Museum	-	14	14	-
Public Catalogue Foundation	-	200	200	-
Renaissance Innovation Fund	-	169	169	-
UK Joint Forum	10	-	10	-
Wedgwood Museum	-	200	200	-
Grants paid by subsidiaries	-	(4)	(4)	1,426
Total Consolidated – Grants payable	4,192	41,970	46,162	45,284

Notes to the financial statements

6 Company Cost of charitable activities - grants payable

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Renaissance funding for Hub Museums	-	36,211	36,211	36,526
Renaissance Museum Development	-	860	860	1,139
Regional Museums, Libraries & Archives Councils	500	-	500	5,000
Designation Challenge Fund	-	(13)	(13)	285
Social inclusion initiatives	-	-	-	31
Book Ahead	-	(48)	(48)	16
Other Renaissance in the Regions initiatives	-	87	87	984
Framework for the Future	(123)	-	(123)	35
Learning and skills initiatives	178	613	791	2,034
24 Hour Museum	207	-	207	173
Portable Antiquities Scheme	340	1,040	1,380	1,337
PRISM Purchase Grant Fund	161	-	161	282
V&A Purchase Grant Fund	881	-	881	1,020
Community Library	-	-	-	8
Creative & Culture Skills	90	(11)	79	90
Museum of British History	-	-	-	15
Collections management	225	-	225	387
Information & communications technology initiatives	128	-	128	251
Big Lottery Fund: Their Past Your Future Phase 2	-	300	300	607
2012 Initiatives	-	94	94	24
Clore Foundation	120	-	120	105
Living Places*	1	37	38	89
Corporate Subscriptions	118	-	118	183
National Council Archives	81	-	81	78
The British Council	7	-	7	5
Innovative Project Management	-	-	-	48
Sundry small grants	26	10	36	58
Funding for Regional MLAs closure costs	-	-	-	117
Action for Archives	75	-	75	-
Archive Sector Improvement	35	-	35	10
Army Museum Ogilby Trust	-	(40)	(40)	-
BMAG Capacity Building Pilot	-	38	38	-
Collections Trust	-	165	165	-
Creative Apprentices in Museums	-	169	169	-
Festival of Learning	-	774	774	-
Find Your Talent – Core Funding and Renaissance	1,000	1,000	2,000	-
Leadership Learning Programme	52	-	52	-
LDAP	50	-	50	-
Lifelong Learning	30	-	30	-
Michael and Michael Plus	-	13	13	-
People's History Museum	-	14	14	-
Public Catalogue Foundation	-	200	200	-
Renaissance Innovation Fund	-	169	169	-
UK Joint Forum	10	-	10	-
Wedgewood Museum	-	200	200	-
Total Company - Grants payable	4,192	41,882	46,074	50,937

Notes to the financial statements

6 Company Cost of charitable activities - grants payable - continued

During the year MLA completed a review of outstanding grant liabilities in order to ensure that, at the balance sheet date, they were correctly stated. During this review some liabilities were found to be based on original requests which had been over-estimated, or for requests which did not ultimately meet the required objectives. These amounts have been credited back to the funds from which the grants were originally made. The schedules of grants payable totalling £46,162k (consolidated) and £46,074k (company) are net of these de-commitments totalling £940k.

No grants have been made to individuals.

7 Cost of charitable activities

During the year the MLA redefined its Vision and Purpose and identified four priority areas for its work in 2009/10 and beyond. See the Report of the Trustees, page 16 for more details. The cost of charitable activities for 2009/10 have been analysed against these new priorities and the costs for the previous year restated in order to aid comparison. The restatement has been achieved by examining each project and activity for 2008/9 and assigning it to one of the new priorities using the same principles as those applied to 2009/10.

Consolidated for 2010	Improvement £'000	Learning £'000	Communities £'000	Leadership £'000	Total £'000
Staff costs (note 10 & 8)	2,682	1,382	1,949	853	6,866
Consultancies, professional fees and subscriptions	1,296	605	1,189	568	3,658
Other costs	816	414	613	494	2,337
Depreciation (note 14)	42	21	31	10	104
Grants payable (note 6)	20,669	7,564	9,841	8,088	46,162
Total	25,505	9,986	13,623	10,013	59,127

Other costs include exceptional items

Company for 2010	Improvement £'000	Learning £'000	Communities £'000	Leadership £'000	Total £'000
Staff costs (note 10 & 8)	2,640	1,340	1,907	839	6,726
Consultancies, professional fees and subscriptions	1,295	604	1,188	568	3,655
Other costs	828	426	625	498	2,377
Depreciation (note 14)	42	21	31	10	104
Grants payable (note 6)	20,654	7,540	9,802	8,078	46,074
Total	25,459	9,931	13,553	9,993	58,936

Notes to the financial statements**7 Cost of charitable activities – continued
Consolidated for 2009**

	Improvement £'000	Learning £'000	Communities £'000	Leadership £'000	Total £'000
Staff costs (note 10)	2,919	2,188	2,533	837	8,477
Consultancies, professional fees and subscriptions	776	987	910	444	3,117
Other costs	1,513	1,011	1,240	450	4,214
Depreciation (note 14)	50	29	40	13	132
Grants payable (note 6)	17,438	9,804	13,187	4,855	45,284
Total	22,696	14,019	17,910	6,599	61,224

As shown in 2009 against the previous priorities	Participation £'000	Advocacy £'000	Excellence £'000	Leadership £'000	Total £'000
Total	31,734	6,295	18,077	5,118	61,224

Company for 2009

	Improvement £'000	Learning £'000	Communities £'000	Leadership £'000	Total £'000
Staff costs (note 10)	1,688	958	1,303	426	4,375
Consultancies, professional fees and subscriptions	159	370	294	239	1,062
Other costs	1,044	541	770	293	2,648
Depreciation (note 14)	43	21	32	11	107
Grants payable (note 6)	19,133	11,500	14,883	5,421	50,937
Total	22,067	13,390	17,282	6,390	59,129

As shown in 2009 against the previous priorities	Participation £'000	Advocacy £'000	Excellence £'000	Leadership £'000	Total £'000
Total	31,095	5,773	17,615	4,646	59,129

In 2009 both Consolidated and Company other costs include exceptional items

8 Governance costs

	Consolidation 2010 £'000	Company 2010 £'000	Consolidation 2009 £'000	Company 2009 £'000
Staff costs (incl' remuneration of Chair)	61	61	88	44
Audit and legal fees	96	63	213	93
Internal audit	32	32	9	9
Other costs	28	27	45	20
Total Governance Costs	217	183	355	166

9 VAT Recoverable

VAT amounting to £4,083 (2009: £42,437) was recovered during the year. This has been offset against relevant expenditure.

Notes to the financial statements

10 Staff costs

	Consolidation 2010 £'000	Company 2010 £'000	Consolidation 2009 £'000	Company 2009 £'000
Wages and salaries	4,151	4,045	5,717	3,054
Social security costs	352	352	468	262
Pension costs	853	830	1,825	611
Temporary staff	1,570	1,562	555	491
Total Staff Costs	6,926	6,789	8,565	4,418

The following numbers of employees (including the Chief Executive) received remuneration excluding pension contributions within the following ranges:

	Consolidation 2010	Company 2010	Consolidation 2009	Company 2009
£140,000 to £149,999	1	1	0	0
£130,000 to £139,999	0	0	1	1
£90,000 to £99,999	1	1	2	1
£80,000 to £89,999	1	1	2	1
£70,000 to £79,999	3	3	2	1
£60,000 to £69,999	4	4	4	1

Pension contributions for these employees amounted to £162,372 (2009: £144,000)

The average number of full time equivalent company employees, analysed by function, was:

	2010	2009
Programme Delivery	36.7	30.0
Field Team	30.9	5.3
Corporate Services	25.2	18.2
Policy and Sustainability	16.4	13.4
Communications & External Relations	7.3	7.9
Chief Executive's/Chairman's unit	3.5	2.9
Total	120.0	77.7
Temporary staff included in the full time equivalents	21.2	5.8

In both 2009/10 and the prior year all but one of the company employees was accruing benefits under the defined benefits pension scheme described in note 1h.

For 2009/10 employer's contributions of £793,895 (2009: £611,196) were paid to HM Paymaster General or reimbursed to organisations seconding staff to MLA. The schemes' Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The rates in force during 2009/10 were:

Staff pay within range	Employer contribution rate
£20,500 and under	16.7%
£20,501 to £42,000	18.8%
£42,001 to £72,000	21.8%
£72,001 and over	24.3%

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. One employee has preferred to maintain their own personal pension arrangement and the MLA makes contributions at the rate of 8.9% of their basic salary. During 2009/10 the total cost of these contributions was £11,363 (2008/09: £8,640).

Notes to the financial statements

11 Chairman’s and senior managers’ emoluments, Board Members expenses

Full details of senior managers’ remuneration are included in the Remuneration Report on page 21

Travel and subsistence expenses reimbursed to 10 Board Members (2009: 11) amounted to £5,858 (2009: £4,555).

12 Net (outgoing resources before transfers

The decrease in consolidated resources of £13,748k (2009 £20,703) and company resources £13,215k (2009: £17,733k) are stated after charging:

	Consolidation 2010 £’000	Company 2010 £’000	Consolidation 2009 £’000	Company 2009 £’000
Depreciation charged – owned assets (note 14)	104	104	131	106
Auditors’ remuneration – external audit fees	96	63	125	93
– internal audit fees	32	32	9	9
Operating Lease Rentals (other)	293	274	405	326
Loss on disposal of Fixed Assets	133	133	-	-

13 Subsidiary companies and their activities

The MLA effectively gained control (by dominant influence) over the first eight of the following companies as part of the major restructuring initiative of national activities for Museums Libraries and Archives from 1 April 2008. It gained control of the last company, MLA London, on the same basis, on 24 March 2010.

- Museums, Libraries and Archives Council, East of England
- Museums, Libraries and Archives East Midlands
- Museums, Libraries and Archives North East
- Museums, Libraries and Archives North West
- Museums, Libraries and Archives South East
- Museums, Libraries and Archives South West
- MLA West Midlands: The Regional Council for Museums Libraries and Archives
- Museums, Libraries and Archives Yorkshire
- Museums, Libraries and Archives London

These companies’ summarised results and balance sheets are shown below.

Total income and expenditure

	Income £’000	Expenditure £’000	Net £’000	Funds b/f £’000	Funds c/f £’000
MLA East of England	(60)	50	(10)	17	7
MLA East Midlands	4	(4)	-	19	19
MLA North East	-	(8)	(8)	158	150
MLA North West	223	(244)	(21)	26	5
MLA South East	(143)	114	(29)	306	277
MLA South West	(730)	721	(9)	76	67
MLA West Midlands	(59)	48	(11)	135	124
MLA Yorkshire	(128)	121	(7)	10	3
MLA London	2,432	(2,424)	8	227	235
TOTAL	1,539	(1,626)	(87)	974	887

Notes to the financial statements**13 Subsidiary companies and their activities - continued****Summarised balance sheets**

	Current assets	Current liabilities	Provisions for pension exit charges	Provisions for other closure costs	Net
	£'000	£'000	£'000	£'000	£'000
MLA East of England	686	(29)	(650)	-	7
MLA East Midlands	1,956	(217)	(1,700)	(20)	19
MLA North East	809	(18)	(640)	-	151
MLA North West	4,848	(43)	(4,800)	-	5
MLA South East	1,922	(31)	(1,600)	(14)	277
MLA South West	4,043	(70)	(3,840)	(66)	67
MLA West Midlands	1,271	(47)	(1,100)	-	124
MLA Yorkshire	1,270	(1,148)	(120)	-	2
MLA London	1,676	(341)	(1,100)	-	235
Total	18,481	(1,944)	(15,550)	(100)	887

Financial support provided by the MLA

The MLA has given undertakings to each of the subsidiaries that it will provide financial support by way of additional grant funding in order to enable them to fully discharge their outstanding liabilities. This will enable the subsidiaries to commence members' voluntary winding up processes in due course. At the 31 March 2010 the value of these undertakings has been established as that necessary to ensure that each subsidiary has positive unrestricted reserves and included as a debtor within current assets.

The debtors in each subsidiary reflecting this financial support are listed below:

	£'000
MLA East of England	300
MLA East Midlands	1,393
MLA North East	775
MLA North West	4,578
MLA South East	597
MLA South West	3,100
MLA West Midlands	570
MLA Yorkshire	570
MLA London	820
Total	12,703

Notes to the financial statements**14 Consolidation****14a Consolidation - Tangible fixed assets**

Cost	Software (Intangible) £'000	Fixtures & Equipment £'000	Leasehold Improvements £'000	Total Consolidation £'000
At 1 April 2009	264	618	457	1,339
Additions	-	26	19	45
Disposals	(74)	(589)	(42)	(705)
At 31 March 2010	190	55	434	679
Accumulated depreciation				
At 1 April 2009	61	544	56	661
Charge for the year	59	2	44	105
Disposals	(44)	(498)	(30)	(572)
At 31 March 2010	76	48	70	194
Net book value at 31 March 2010	114	7	364	485
Net book value at 31 March 2009	203	74	401	678

The net book value at 31 March 2010 represents fixed assets used for charitable activities

14b Company - Tangible fixed assets

Cost	Software (Intangible) £'000	Fixtures & Equipment £'000	Leasehold Improvements £'000	Total Company £'000
At 1 April 2009	264	469	426	1,159
Additions	-	26	19	45
Disposals	(74)	(440)	(11)	(525)
At 31 March 2010	190	55	434	679
Accumulated depreciation				
At 1 April 2009	61	395	25	481
Charge for the year	59	2	44	105
Disposals	(44)	(349)	1	(392)
At 31 March 2010	76	48	70	194
Net book value at 31 March 2010	114	7	364	485
Net book value at 31 March 2009	203	74	401	678

The net book value at 31 March 2010 represents fixed assets used for charitable activities

Notes to the financial statements**.15 Debtors**

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Trade debtors	696	627	45	0
Other central government bodies	-	-	90	90
Regional Museums, Libraries and Archives Councils	-	826	-	154
Prepayments and accrued income	473	144	348	318
Other debtors including taxation and social security	1,464	1,410	521	476
	2,633	3,007	1,004	1,038

16 Creditors – amounts falling due within one year

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Bank overdraft			9	-
Grant and other accruals	20,008	19,988	9,059	8,747
Deferred income (see note 17)	81	81	104	104
Trade creditors	899	774	1,755	1,545
Other creditors including tax and social security	1,784	811	401	346
Amounts due to Regional MLAs (see note below)	-	12,703	-	12,703
Amounts due to DCMS relating to Grant-in-aid	3,700	3,700	15,480	15,480
	26,472	38,057	26,808	38,925

The amounts due to Regional MLAs, totalling £12,703k (2009 £12,703), relate to the commitments given by MLA to each of the subsidiaries to provide additional financial support in order for them to settle their pension liabilities. This liability is based on the pension liability provisions recognised in the subsidiary accounts.

17 Deferred income

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Opening balance as at 1 April 09	104	104	313	313
Deferred in current year	-	-	23	23
Released from previous year	(23)	(23)	(232)	(232)
Closing balance as at 31 March 10	81	81	104	104

18 Exceptional costs

	2010	2010	2009	2009
	Consolidation	Company	Consolidation	Company
	£'000	£'000	£'000	£'000
Exceptional costs/(reduction in costs)	(112)	-	14,487	12,703

The exceptional costs disclosed separately on the face of the Statement of Financial Activities relate to the provision made in 2008/09 in respect of the expected exit charges from the local government pension schemes at the eight regional Museums, Libraries and Archives Councils that had wound down their activities in that year. Progress made during the year in agreeing the settlement for one of the regional agencies has enabled trustees to make a small reduction in the overall level of provision.

Notes to the financial statements

19 Provisions for liabilities and charges – Consolidation

	Restructuring	Redundancy/ early retirement	Pension Liabilities	Total
	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2009	265	966	16,290	17,521
Balances transferred from subsidiaries	-	-	1,100	1,100
Charged/(released) during the year	(14)	126	(932)	(820)
Utilised during the year	(171)	(200)	(908)	(1,279)
Balance carried forward at 31 March 2010	80	892	15,550	16,522

Provisions for liabilities and charges – Company

	Restructuring	Redundancy/ early retirement	Pension Liabilities	Total
	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2009	-	946	-	946
Charged/(released) during the year	-	126	-	126
Utilised during the year	-	(200)	-	(200)
Balance carried forward at 31 March 2010	-	872	-	872

The restructuring provision relates to further restructuring and relocation costs of functions from London to Birmingham within the next 24 months.

The redundancy and early retirement provision relates contributions that will be made to the civil service pension scheme in respect of past employees until their retirement date.

The pension liabilities provision relates to the estimated exit charges for the subsidiaries to leave their local government association pension schemes. The provisions are based upon actuarial advice but the timing and exact amount of the settlement will depend upon discussions that are currently ongoing with the 6 individual pension schemes.

20 Financial commitments

At 31 March 2010 the Museums, Libraries and Archives Council had annual commitments under operating leases for Land and Buildings as follows:

	Consolidation 2010 £'000	Company 2010 £'000	Consolidation 2009 £'000	Company 2009 £'000
Expiring between two and five years	13	13	71	-
Expiring between five to ten years	263	263	226	226
Total	276	276	297	226

Notes to the financial statements

21 Statement of funds

Consolidated Statement of funds

	1 April 2009 £'000	Income £'000	Expenditure £'000	Transfers £'000	Transfer from subsidiary £'000	31 March 2010 £'000
Restricted Funds						
Renaissance	(4,948)	30,811	(43,506)	-	3	(17,640)
Strategic Commissioning	412	1,792	(1,679)	-	55	580
Book Ahead	-	-	53	-	-	53
Education Challenge Fund	18	-	-	-	-	18
LASSI	22	-	-	-	-	22
Gates Foundation	87	-	-	-	-	87
Entitle	8	10	(7)	-	-	10
University for Industry	14	-	-	-	-	14
Michael	(6)	-	(295)	-	2	(299)
Michael Plus	7	-	(1)	-	-	6
Bricks	29	-	-	-	-	29
Their Past Your Future 2012	140 (1)	366 -	(400) (222)	-	8 -	114 (223)
Living Places	80	159	(204)	-	-	35
Controversial Stock	(5)	9	-	-	-	4
Fixed asset reserve	678	-	-	(193)	-	485
Kids in Museums	-	30	(30)	-	-	-
Community Libraries	-	(9)	-	-	-	(9)
Find Your Talent - West	-	65	(18)	-	-	47
Find Your Talent - Renaissance	-	1,000	(1,000)	-	-	-
Festival of Learning	-	500	(949)	449	-	-
Living Places Partnership	-	75	(172)	-	-	(97)
EE regional funds	6	1	(2)	-	-	5
EM specific funds	16	-	-	-	-	16
EM regional funds	3	1	(1)	-	-	3
NE specific funds	98	-	-	-	-	98
NE regional funds	1	-	2	-	-	3
NW regional funds	2	-	-	-	-	2
SE regional funds	1	10	(10)	-	-	1
SW specific funds	8	-	-	-	-	8
SW regional funds	2	-	2	-	-	4
WM specific funds	62	-	-	-	-	62
WM regional funds	5	2	(2)	-	-	5
Yorkshire specific funds	1	-	-	-	-	1
Yorkshire regional funds	7	4	(9)	-	-	2
London specific funds	-	-	-	-	166	166
London regional funds	-	-	-	-	1	1
Total restricted funds	(3,253)	34,826	(48,450)	256	235	(16,385)
Unrestricted funds						
General funds	(13,435)	10,528	(10,782)	(256)	-	(13,945)
Total all funds	(16,688)	45,355	(59,232)	-	235	(30,330)

Transfers between Unrestricted and Restricted funds arise from the MLA providing support to subsidiary companies in order that they have the resources to meet their liabilities. Further information is provided at Note 13.

Notes to the financial statements**21 Statement of funds - continued****Company Statement of funds**

	01 April 2009 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2010 £'000
Restricted Funds					
Renaissance	(5,034)	30,811	(43,505)	-	(17,728)
Strategic Commissioning	60	1,793	(1,681)	-	172
Book Ahead	-	-	53	-	53
Education Challenge Fund	18	-	-	-	18
LASSI	22	-	-	-	22
Gates Foundation	87	-	-	-	87
Entitle	8	10	(7)	-	11
University for Industry	14	-	-	-	14
Michael	(6)	-	(295)	-	(301)
Michael Plus	7	-	(1)	-	6
Bricks	28	-	-	-	28
Their Past Your Future	85	366	(345)	-	106
2012	(2)	-	(222)	-	(224)
Living Places External	40	159	(204)	-	(5)
Controversial Stock	(5)	9	-	-	4
Fixed asset reserve	678	-	-	(193)	485
Kids in Museums	-	30	(30)	-	-
Community Libraries	-	(9)	-	-	(9)
Find Your Talent - West	-	65	(18)	-	47
Find Your Talent - Renaissance	-	1,000	(1,000)	-	-
Festival of Learning	-	500	(949)	449	-
Living Places Partnership	-	75	(133)	-	(58)
Total restricted funds	(4,000)	34,809	(48,337)	256	(17,272)
Unrestricted funds					
General funds	(13,435)	10,528	(10,782)	(256)	(13,945)
Total all funds	(17,435)	45,337	(59,119)	-	(31,217)

Funds received from DCMS, other Government Departments, Lottery Funds, the European Union and charitable trusts are restricted by the terms of the award to specific purposes. These elements are accounted for within individual restricted funds named to reflect the purposes to which they have been dedicated. Such incoming resources continue to be accounted for in restricted funds until they have been fully applied in accordance with the terms of their award, repaid to the donor or the donor explicitly withdraws the restriction on the use of the funds not yet applied.

Incoming resources which are applied on the acquisition or improvement of fixed assets are accounted for in the restricted fund, fixed asset reserve. The depreciation and any losses on disposal of fixed assets are charged to unrestricted funds but a transfer is made each year from the fixed asset reserve to unrestricted funds in the amount of the depreciation and losses on disposal charged. The fixed asset reserve thus matches the net book value of fixed assets.

The financial statements show net outgoing resources of £13,877k, net liabilities of £30,330k and a deficit on unrestricted funds of £13,945k because of the substantial provision balance of £15,550k in respect of the pension fund exit charges (see note 19).

Notes to the financial statements

21 Statement of funds - continued

DCMS has given assurances to the Trustees that Grant in Aid funding will be provided in future years in order to meet liabilities, including the exit charges for regional agency pension schemes, as they fall due. The Trustees are of the opinion that in the light of the assurances provided by DCMS the MLA is a going concern and the financial statements have been prepared on that basis. See Note 1 Accounting Policies for more information.

Analysis of Consolidated net assets between funds

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total funds 2010 £'000	Total Funds 2009 £'000
Fund balances at 31 March 2010 are represented by:				
Tangible fixed assets	-	485	485	678
Current assets	6,372	5,807	12,179	26,963
Current liabilities	(19,445)	(7,027)	(26,472)	(26,808)
Provisions for liabilities and charges	(872)	(15,650)	(16,522)	(17,521)
Total net assets	<u>(13,945)</u>	<u>(16,385)</u>	<u>(30,330)</u>	<u>(16,688)</u>

Analysis of Company net assets between funds

	Unrestricted funds 2010 £'000	Restricted funds 2010 £'000	Total Funds 2010 £'000	Total Funds 2009 £'000
Fund balances at 31 March 2010 are represented by:				
Tangible fixed assets	-	485	485	678
Current assets	6,372	855	7,227	21,758
Current liabilities	(19,445)	(18,612)	(38,057)	(38,925)
Provisions for liabilities and charges	(872)	-	(872)	(946)
Total net assets	<u>(13,945)</u>	<u>(17,272)</u>	<u>(31,217)</u>	<u>(17,435)</u>

22 Notional cost of capital

This is calculated as 3.5% on average funds where positive reserves are held.

23 VAT, Income and Corporation Taxes

MLA is VAT registered but is only able to recover VAT incurred on or attributable to its very limited business activities using apportionment methods agreed with HMRC. VAT inclusive costs are charged against the relevant charitable activity. MLA is accepted by the HM Revenue and Customs as a charity for tax purposes and is accordingly exempt from Income and Corporation Tax.

Notes to the financial statements

24 Cash flow information

a) Reconciliation of changes in resources to net (outflow)/inflow from operating activities

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Net (outgoing) resources	(13,878)	(13,782)	(20,703)	(17,733)
Reserves on acquisition of subsidiaries	235	-	3,717	-
Interest received (note 3)	(79)	(62)	(1,172)	(869)
Depreciation (note 14)	105	105	131	106
(Increase)/decrease in debtors	(1,629)	(1,969)	89	55
Loss on disposal of assets	133	133	-	-
(Decrease)/increase in creditors	(336)	(868)	17,004	29,121
Increase/(decrease) in provisions for liabilities and charges	(999)	(74)	14,711	(1,864)
Net cash (outflow)/inflow from operating activities	(16,448)	(16,517)	13,777	8,816

b) Analysis of cash flows

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Capital expenditure				
Payments to acquire tangible fixed assets	(45)	(45)	(878)	(701)
Proceeds from disposal of assets	-	-	152	-
	(45)	(45)	(726)	(701)

Returns on investments:

Interest received	80	62	1,172	869
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c) Reconciliation of net cash flow to movement in net funds and analysis of net funds

	Consolidation	Company	Consolidation	Company
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
(Decrease)/increase in cash and movement in net funds	(16,413)	(16,500)	14,223	8,984
Net funds at 01 April 2009/2008	25,959	20,720	11,736	11,736
Net funds at 31 March 2010/2009	9,546	4,220	25,959	20,720

d) Movement in cash

	At 01 April	Cash flow	At 31 March
	2009		2010
	£'000	£'000	£'000
Consolidation - Cash at bank and short term deposits	25,959	(16,413)	9,546
Company - Cash at bank	20,720	(16,500)	4,220

Notes to the financial statements

25 Related party transactions

The MLA is an executive Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and details of all funding provided by DCMS are disclosed in notes 2 and 4.

During the year, the MLA had a number of material transactions with other bodies sponsored by DCMS. All these transactions were conducted in the normal course of business and at full arm's length. The following DCMS sponsored bodies were awarded grants by the MLA:

British Museum	Museum of London
Geffrye Museum	Museum of Science and Industry in Manchester
Horniman Museum	

The Big Lottery Fund awarded grants to the MLA details of which are included in note 4.

The following Trustees and key managerial staff are involved in organisations which were awarded grants by the MLA as listed below. The MLA has procedures in place to ensure that Trustees and key managerial staff play no part in decisions on the award of grants to organisations with which they are involved.

Trustee	Position	Organisation	Grant £'000	Creditors £'000	Debtors £'000
Geoffrey Bond	Chairman	MLA London	1,003	1,099	150
Nick Dodd	Chief Executive	Sheffield Galleries and Museums Trust	1,926	855	425
Yinnon Ezra	Director of Recreation and Heritage	Hampshire County Council	1,899	1,009	466
Glen Lawes	Advisor	Ironbridge Gorge Museum Trust	884	400	128

Senior Manager	Position	Name, relationship & related party entity	Grant £'000	Creditors £'000	Debtors £'000
Jon Finch	Director of Engagement Team West	Mrs Julie Finch (wife) Head of Museums and Archives for Bristol City Museum & Art Gallery	2,776	928	-

26 Grants payable

A full list of all grants paid in the year ended 31 March 2010 can be found on the MLA website at www.mla.gov.uk

Notes to the financial statements

27 Financial instruments

MLA's use of Financial Instruments is as described below.

Liquidity Risk

The MLA is substantially 93% (2009: 91%) funded by Grant in Aid from the Department for Culture, Media and Sport which is awarded for the current and between one and three forward years. MLA is thus not seriously exposed to sudden fluctuations in income but as it is restricted by DCMS to holding a cash balance of not more than £500k at the end of any month, liquidity is wholly dependent upon the rate at which funding is received from DCMS. Both Trustees and DCMS are mindful that being funded in this manner when the MLA has extremely high net liabilities is an ongoing risk.

Long Term Investments

No long term investments are held.

Interest Rate Risk

As at 31 March 2010, MLA held £4,220k (2009: £20,720k) in cash and bank deposits, of which £4,220k (2009: £20,720k) was held at floating rates, and the remainder in cash. The Group also held £1,362k (2009: £2,468k) in short term deposits. MLA is therefore not exposed to significant interest rate risk.

Foreign Currency Risk

MLA is not exposed to foreign currency risk.

28 Contingent liabilities

In February 2010 DCMS raised with the MLA the matter of interest earned prior to 2009 on cash balances that arose as Grant in Aid had been drawn down in advance of need. Whilst there have been no further discussions on this matter since that time, it is possible that future Grant in Aid settlements may be adjusted in order to reflect, in whole or in part, the interest received. In 2009 there were no contingent liabilities.

As part of the relocation of AELU to Birmingham, four employees were advised that their positions were at risk of redundancy at a date later in the year yet to be agreed. If these employees are made redundant the cost will be in the region of £20,000.

29 Post Balance Sheet Events

In line with commitments set out in the Coalition Document the Rt Hon Jeremy Hunt MP, Secretary of State for Culture, Olympics, Media and Sport, has undertaken a review of public bodies within his sector. On 26 July 2010 he announced that with Parliamentary approval the MLA would be wound up and its functions transferred to other organisations by 2012. Further work will be undertaken by DCMS and the MLA over the summer of 2010 to finalise the details and timing.

In light of this event MLA's management has reviewed the appropriateness of the preparation of the financial statements on a 'going concern' basis. Management notes that MLA will not be wound up until 2012 and that it will be several months before it has clarity on the nature or timing of the activities that may be ceased or transferred. In addition, management is satisfied that during the interim period sufficient funding will be received in order to enable the MLA to continue trading and meeting its obligations as they fall due. Therefore MLA's management has decided that it should continue to adopt the going concern basis in preparing the annual report and financial statements.

The financial statements were authorised for issue by the Accounting Officer on behalf of the Board of Trustees on 26 July 2010.



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