

# National Museums and Galleries on Merseyside Annual Report and Accounts 2017-2018

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

Ordered by the House of Commons to be printed on 12 July 2018

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Any enquiries related to this publication should be sent to us at National Museums and Galleries on Merseyside, World Museum, William Brown Street. Liverpool, L3 8EN.

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## **Contents**

	Page
<b>Annual Report:</b>	
<b>Legal and Administration</b>	2
<b>Interim Director's Statement</b>	7
<b>Operating Review</b>	8
<b>Financial Review</b>	20
<b>Sustainability Report</b>	25
<b>Remuneration and Staff Report</b>	30
<b>Key Performance Indicators</b>	39
<b>Statement of Trustees' and Director's responsibilities</b>	40
<b>Governance Statement</b>	41
<b>The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament</b>	47
<b>Consolidated Statement of Financial Activities</b>	50
<b>Consolidated Balance Sheet</b>	51
<b>Museum Balance Sheet</b>	52
<b>Consolidated Cash Flow Statement</b>	53
<b>Notes forming part of the Financial Statements</b>	54

## **Legal and Administration**

### **Status**

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

NMGM is an exempt charity by virtue of Schedule 3 to the Charities Act 2011.

In 2003 the Board of Trustees adopted the operating name “National Museums Liverpool” (NML). NML has status as a Non Departmental Public Body (NDPB), sponsored by the Department for Digital, Culture, Media, and Sport (DCMS). The DCMS became the principal regulator of NML on 1 June 2010, and provides the majority of its revenue funding.

Government reporting protocols require that the statutory name be used to identify the account on the cover and sheet headers. However, where possible, the operating name, or its abbreviated form, has been used throughout the Annual Report and Accounts (ARA).

The ARA has been prepared in accordance with the accounting policies set out in Note 1 to the accounts, and complies with the Charities SORP (FRS102), HM Treasury Financial Reporting Manual (FRM), and the applicable standards as modified by the Accounts Direction, produced by the Secretary of State for Digital, Culture, Media, and Sport.

The ARA consolidates the ARA for the museum and the wholly owned trading company, National Museums Liverpool Trading Ltd (NMLT). Together these form the NML Group.

### **Trustees**

NML is governed by a Board of Trustees appointed by the Secretary of State for Digital, Culture, Media & Sport; the appointment process aims to ensure that appointees reflect a wide range of experience and expertise.

New Trustees receive training via an approved induction process, managed by both NML and DCMS. This includes a full day briefing session at NML with the Chairman, current Trustees and senior staff. The new Trustees are apprised of the current issues being faced by the organisation in each Directorate, and receive a presentation on the visitor demographic for NML, as a whole, and for each venue. Prior to the briefing, Trustees are provided with the documents; Trustee Code of Practice, Managing Public Money, and the Charity Commission Guidance for Charitable Museums and Galleries. NML’s Strategic Plan, prior year Annual Report and Accounts, Asset Register, and Trustee Committee Terms of Reference, are also given as key information documents. Individual meetings with senior staff, and tours of venues, are provided on an ongoing basis following formal induction.

The Board of Trustees is responsible for the overall strategy of NML and has due regard to the guidance published by the Charities Commission. The Trustees monitor the risks facing NML, by receiving and considering reports on specific risks, in specific projects, identified within the papers submitted to the Board and Trustee Committees during the year.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

The Board of Trustees during the year comprised:

Sir David Henshaw (Chair)  
Carmel Booth  
Laura Carstensen  
James Chapman  
Heather Lauder  
Andrew McCluskey  
Philip Price  
Ian Rosenblatt OBE  
Virginia Tandy OBE  
Dr Nicola Thorp  
Clive Wilson (retired 31 December 2017)

**Trustee Committees**

The following Trustee Committees met during the year:

Audit Committee  
Finance Committee  
Remuneration Committee

**Register of Interests**

A register of interests disclosed by individual Trustees is available on request for inspection at the Principal Office along with minute book entries of disclosures made at Trustee meetings.

Related party transactions are shown in note 20.

**Open Government**

NML complied with the requirements of the *Freedom of Information Act 2000*. NML's publication scheme can be found at

<http://www.liverpoolmuseums.org.uk/about/corporate/freedom-of-information/>

Copies of the proceedings of the Board of Trustees, subject to exemption where appropriate under the Freedom of Information Act 2000, are also available on our website.

In line with paragraph 5.3.4 of the FReM, the auditors will review the Annual Report for consistency with other information in the financial statements and provide an opinion on the following disclosures:

- Regularity of expenditure;
- Single total figure of remuneration for each Executive Director (Remuneration and Staff Report);
- CETV figures for each Executive Director (Remuneration and Staff Report);
- Fair pay disclosures (Remuneration and Staff Report);
- Exit packages (Remuneration and Staff Report); and
- Analysis of staff numbers and costs (Remuneration and Staff Report, and Note 5).

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Registered Office and Professional Advisers**

**Principal and Registered Office of NML**

World Museum  
William Brown Street  
Liverpool  
L3 8EN

**Bankers**

National Westminster Bank Plc  
2-8 Church Street  
Liverpool  
L1 3BG

Lloyds Bank Plc  
Faryners House  
25 Monument Street  
London  
EC3R 8BQ

**Auditors**

**Consolidated Account**

The Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
London  
SW1W 9SP

**Trading Company**

BWMacFarlane & Co  
Castle Chambers  
43 Castle Street  
Liverpool  
L2 9SH

**Solicitors**

DWF LLP  
1 Scott Place  
2 Hardman St  
Manchester  
M3 3AA

Weightmans  
100 Old Hall Street  
Liverpool  
L3 9QJ  
*(for employment law)*

Wilson Gunn  
Patent and Trademark Attorneys  
5th Floor  
Blackfriars House  
The Parsonage  
Manchester  
M3 2JA

**Management**

During the year the senior management of NML was:

Director and Accounting Officer, National Museums Liverpool (David Fleming - retired 31 March 2018);

Interim Director and Accounting Officer (Louise Parnell - appointed 1 March 2018)

Executive Director of Finance (Louise Parnell);

Interim Executive Director of Finance (David Spilsbury - appointed 26 February 2018);

Executive Director of Collections and Estates (Sharon Granville);

Executive Director of Education and Visitors (Carol Rogers);

Director of Development (Andrew Evans – appointed 5 June 2017), and

Director of Human Resources (James Best).

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2018**

There are currently eight public museums within the NML Group. These are: -

- World Museum - William Brown Street, Liverpool;
- Walker Art Gallery - William Brown Street, Liverpool;
- Merseyside Maritime Museum - Albert Dock, Liverpool;
- International Slavery Museum - Albert Dock, Liverpool;
- Lady Lever Art Gallery - Port Sunlight Village, Bebington, Wirral;
- Sudley House - Mossley Hill Road, Liverpool;
- Museum of Liverpool – Mann Island; and
- Border Force National Museum (“Seized! The Border and Customs Uncovered”) - Albert Dock, Liverpool.

### **Human Resources**

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

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

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

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

The Trustees’ strategic direction and resolutions are disseminated through the Strategic Plan, divisional and departmental meetings, and circulation of Board minutes. A weekly e-newsletter is issued covering current events and activities.

### ***Persons with Access Requirements***

NML and its subsidiary trading company continue to apply established policies toward the employment, training, and development, to enable everyone to access the same opportunities. Staff are actively encouraged to become involved in the assessment of policies affecting the employment, training, and personal development, of people with disabilities, through NML’s Equality, Diversity and Inclusion Group. NML facilitates an occupational health and workplace assessment to consider any reasonable adjustments necessary to be able to perform the role for both job applicants, and existing employees, who have a disability.

Appropriate training is arranged for people with disabilities, including retraining for employees who become disabled.

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

### ***Staff Resource Strategy***

NML determines its staffing requirements, and associated skill sets, over the medium to longer-term.

NML continually reviews what we do, and how we work, across all functions, in order to ensure we are resourced appropriately.

### ***Volunteer Programme***

Volunteers make a significant and diverse contribution to the success of NML. They support us in all areas of the organisation, in roles ranging from administrative, curatorial, and



**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

conservation assistance, to assisting with visitor services, education, and communities.

NML currently engaged 210 volunteers in 2017/18 (2016/17 - 194).

***Health & Safety Policy***

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

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

## **Interim Director's Statement**

NML has had an incredible year in 2017/18.

In February we brought the Terracotta Warriors to Liverpool with our extraordinary "China's First Emperor and the Terracotta Warriors" exhibition at the World Museum. Our expectations for a successful exhibition were surpassed when more than 60% of the tickets for the nine month run were sold within the months of February and March. I am proud that the exhibition was designed by our own internal team, who combined breath-taking historic collections from China with inspired immersive projections to tell the story of 1,000 years of the warring states in the Qin and Han dynasties. Our visitors have expressed great enjoyment and we are excited to beat all our previous exhibition records within the next few months.

In March 2018 we announced the world's first exhibition that charts Yoko Ono's and John Lennon's lives together. *Double Fantasy* opened in May 2018 at the Museum of Liverpool and we are expecting a high level of visitor engagement. These two iconic exhibitions demonstrate the significance of National Museums Liverpool in the City Region, the UK and internationally. Our reputation in the museum world recognises that we are a popular, critically-acclaimed and innovative museum service, and that we continue to garner plaudits and awards for our work.

Undoubtedly our success stems from our incredibly passionate and hardworking workforce, without whom, our world class collections, exemplary engagement programmes and impressive venues could not deliver such an amazing museum experience to our visitors. I also recognise that it is challenging to maintain this commitment when our Government funding is static, so we continue to seek new ways to utilise our team skills and assets, to deliver income generating projects that will enable us to continue to pursue visitor experiences that deliver high value social impact.

We continue to pursue our unique mission to be an inclusive museum service that aims to attract large diverse audiences, from the most isolated and hard to reach communities. We work hard to ensure that our work has significant social impact, for example:

- Our exhibition and education programme at the International Slavery Museum which explores the history of the slave trade and modern day slavery.
- Our renowned *House of Memories* programme that utilises our collections to support people living with dementia, their families and carers. The programme now extends beyond the UK to Minnesota in the US, with plans to roll out in Singapore.
- Our excellent collaboration with community partners e.g. *Homotopia* supporting LGTBQ+, education and awareness.

In March 2018 our Director of 17 years, David Fleming, retired from NML, having increased visitor numbers over his tenure from 700,000 to over 3.3million in 2017/18 – our highest visitor numbers ever. Under his leadership we developed our International Slavery Museum which was the foundation for us to cement our international reputation. In 2011, he also oversaw the opening of the new Museum of Liverpool. We wish David every success in the future.

We have many exciting plans to build on in 2018/19, including welcoming our new Director, Laura Pye, in August 2018 who I'm sure will continue to take National Museums Liverpool from strength to strength.

**Louise Parnell**  
**Interim Director and Accounting Officer**

## **Operating Review**

### **Objectives and Activities**

The primary purposes of NMGM are defined by the Merseyside Museums and Galleries Order 1986. They are to:

- care for, preserve and add to the collections of NMGM;
- secure that the collections are exhibited to the public;
- secure that the collections are available to persons seeking to inspect them in connection with study or research; and
- promote generally the public enjoyment and understanding of art, history and science both by means of the collections and by such other means as are considered appropriate.

The mission that shapes our objectives remains “*To be the world’s leading example of an inclusive museum service.*”

A three-year strategic plan was introduced in 2016/17 and was updated in 2017/18. It responds to the changing external environment and sets out NML’s strategic objectives and delivery plan. In developing these objectives, and planning our activities, the Trustees have considered the Charity Commission’s guidance on public benefit.

The strategic objectives for 2017/18 were :-

1. To deliver an excellent, socially inclusive, diverse, motivational and entrepreneurial museum service.
2. To engage with the Liverpool City Region (LCR) to support the wider cultural offer.
3. To reshape our resources to remain financially sustainable.
4. To refine existing income streams, develop new sources of income and increase philanthropic support through corporate partnerships and sponsorships.
5. To develop appropriate partnerships which offer strategic development opportunities, regionally, nationally and internationally.
6. Ensure NML is a place where people want to come to work.

The key drivers in our achieving these objectives are the need to provide an *appropriate level of care to our collections*, and to ensure that the public has *continued access to these collections*, through being able to use our museums. These drivers will remain at the core of our efforts in line with our primary purpose.

We need to continue to focus efforts onto augmenting our income and pursuing productive partnerships; at the same time as doing all we can to maintain morale among our staff and volunteers.

Some of the measures used to assess success are shown on p40.

To achieve the aims and objectives NML :-

- has free access to eight venues in Liverpool and Wirral to share its collections with the public.
- loans and tours its collections around the world.
- uses its collections to support health and social care in relation to dementia, through the House of Memories programme.

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

### **Annual Report for the year ended 31 March 2018**

- holds exhibitions and events developed to attract wider, and more diverse, audiences.
- has an Education and Visitors team that produce a creative and engaging cultural education programme throughout the year for schools, children, and young people, adult learners, older people, families, and community groups.
- has partnerships with educational institutions, public health bodies, and regional, national, and international, museums.
- has a committed workforce, and volunteers, whose departmental and individual objectives, line up to those of the organisation.
- has projects to deliver increased income generation through its Trading subsidiary, and within the core organisation, to improve future sustainability.

Our values below are engrained in everything that we do :

- We are an inclusive and democratic museum service; we aim to maximise social impact and educational benefit for all – museums change lives.
- Museums are fundamentally educational in purpose.
- Museums are places for ideas and dialogue that use collections to inspire people; we do not avoid contemporary issues or controversy.
- Museums help promote good citizenship, and act as agents of social change: NML believes in the concept of, and campaigns for, social justice.
- We believe in sustainable development and we have a role to play in the conservation and protection of the built and natural environment.
- We believe in innovation so as to keep our public offer fresh and challenging, while behaving ethically, and working with partners who support our values.

### **Achievements and Performance**

We made good progress on achieving our six 2017/18 strategic objectives:

#### ***1. To deliver an excellent, socially inclusive, diverse, motivational and entrepreneurial museum service.***

We welcomed 3,305,671 visits to our museums and galleries in 2017/18 – our highest annual visitor figure ever. This is an increase of 9% on last year, a 16% increase on the year before that, and 10% up on target.

Our digital audience also grew, with 3,056,166 website visits in 2017/18, an increase of 44% on 2016/17 (2,129,132 visits). Our social media following grew by 24% to 212,379, and views on YouTube exceeded 4m.

The new Ancient Egypt Gallery at World Museum opened in April after extensive refurbishment and expansion. Showcasing one of the UK's most significant collections of Ancient Egyptian and Nubian antiquities, at 1,000 square metres, it is the UK's second largest Ancient Egypt gallery after the British Museum.

We achieved more than 3,000 mentions of National Museums Liverpool and our exhibitions by the end of the year, compared to over 4,300 mentions in 2016/17. The total value of media coverage for the year 2017/18 was almost £8.2m compared with £6.8m in 2016/17.

China's First Emperor and the Terracotta Warriors, our biggest and most ambitious exhibition to date, opened at World Museum in February 2018. Despite the high volume of visits, staff have managed to maintain an excellent experience for visitors and feedback has been overwhelmingly positive. An imaginative schools programme developed for the exhibition includes The Rise of the Warriors, an immersive theatrical experience, which takes primary

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2018**

school pupils on a magical journey from an archaeological site in modern China back to the terrifying world of the First Emperor.

Chinese communities from across Liverpool participated in a 'Golden Ticket' breakfast event, giving them a unique opportunity to preview the exhibition before it opened to the public. 2,253 tickets were also distributed to communities across the Liverpool City Region that would not normally have the means to access the exhibition. Feedback from participants included the following from a visiting group: 'it was particularly therapeutic for many people who have disabilities and depression and I was told by a few people that this was the best thing to happen to them in a long time and it really lifted them out of their problems'.

More examples of our work on diversity and inclusion include:

- A new House of Memories website and online shop was launched, enabling people to book training and purchase a range of branded products and dementia resources. Digital content - African & Caribbean Life in Britain and Irish Connections – was developed within the My House of Memories app to connect with diverse audiences.
- Black History Month at the International Slavery Museum included a popular Senegalese-themed family day involving drumming and storytelling, a sold out film screening of Hidden Figures and a fascinating talk focused on Nina Simone led by poet Empress Jai. The Black Salt education programme prepared by the Maritime Museum education team included a series of talks.
- Sudley House family events included a Fantastic Mini Beasts family day in April, attended by 351 visitors, and a popular Teddy Bears' picnic for little ones and grown-ups in August, welcoming more than 800 visitors. Activities included storytelling, craft and face-painting activities.
- In November, the Museum of Liverpool worked with Schools OUT! to host the national launch event for LGBT+ History Month. The event, aimed at raising awareness of the importance of LGBT+ histories and visibility in schools, included young people and support workers. They also took part in the preview event for the *Coming Out: Sexuality, Gender and Identity* exhibition, part of the Arts Council Collection National Partnership Programme at the Walker.
- The public programme for *Coming Out* involved 36 events, engaging with 3,000 adults and children. An education resource pack was developed to support teachers in exploring PSHE/SMSC through key artworks in the exhibition with a focus on judgement, empathy and equality. This will travel with the exhibition to Birmingham Museums and Art Gallery, and be adapted for future use at the Walker with our permanent collections.
- At World Museum 1,600 visitors attended the event *Discover Islam* delivered by local voluntary organisation, Meet your Muslim Neighbours. It was an opportunity to find out more about the world's fastest growing religion and to talk to community members about misconceptions concerning Islam and terrorism. Visitors sampled henna hand painting and Arabic calligraphy.
- National Museums Liverpool, working with partners Autism Together, has signed up to the Autism Charter. To support visitors and staff living with autism, ear defenders, sensory tents and 'quiet mornings' have been made available across the museums and galleries.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2018**

During the year, our ability to deliver excellence was recognised in winning the following awards:

- *House of Memories* won The Northern Lights Dementia QI Awards in the Living Well category for the Train the Trainer pilot programme.
- The Lady Lever Art Gallery won Attraction of the Year at the Wirral Tourism Awards.
- NML Trading won the Excellence in Business Tourism category in the Liverpool City Region Tourism Awards.
- VisitEngland completed their visits and assessments for 2017 and the Museum of Liverpool was awarded a VisitEngland 'Gold Accolade', designating attractions that demonstrate excellence across all areas.

The following collections were made accessible online in 2017/18:

- The Sankofa project, presenting objects from our collections which represent the themes of Activism and the Legacies of Transatlantic Slavery together with a record of past exhibitions and community blogs relating to the social history of Black Liverpool: [www.liverpoolmuseums.org.uk/sankofa](http://www.liverpoolmuseums.org.uk/sankofa)
- The Pride & Prejudice online collections, which feature objects with an LGBT+ connection from the Museum of Liverpool and Walker Art Gallery. New themes explore: Faith and Belief, Gender Identity, Health and Wellbeing and Icons. We also launched our first digital trail of LGBT+ collections. <http://www.liverpoolmuseums.org.uk/collections/lgbt/trail/index.aspx>
- Ancient Near East collection: <http://www.liverpoolmuseums.org.uk/wml/collections/antiquities/ancient-near-east/index.aspx>
- The ancient Cyprus collection: <http://www.liverpoolmuseums.org.uk/wml/collections/antiquities/ancient-cyprus/index.aspx>

### ***2. To engage with the Liverpool City Region (LCR) to support the wider cultural offer.***

Throughout the year we worked on cultural initiatives across the Liverpool City Region. We made a strong contribution to the visitor economy, by growing our visitor numbers and providing an attractive offer to people wishing to make an extended visit to the city. We worked with Marketing Liverpool to promote the city region at travel trade events and helped to boost Liverpool's growing popularity as a UK visitor destination.

We formed a marketing partnership with the Atkinson in Southport, to support the promotion of their Vikings exhibition, during the *China's First Emperor and the Terracotta Warriors* exhibition. This is the first in an ongoing collaboration aimed at growing audiences to both organisations. National Museums Liverpool also supported the city-wide China Dream season in 2018 working with the Open Eye Gallery and Liverpool City Council. Meetings to discuss future China collaborations also involved Arts Council England, British Council, Liverpool John Moores University and the University of Liverpool, exploring potential opportunities arising from the Terracotta Warriors exhibition.

We have continued to engage with Liverpool City Council and its various partners in relation to design proposals being developed for the link bridge that will connect Albert Dock to Mann Island via our maritime park. We remain open and committed to supporting suitable proposals that work for all partners and visitors.

We continued our strategic partnership with Liverpool Hope University for a fifth year, delivering a museum-based programme for MA Museum and Heritage Studies and elements

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2018**

of the MA Art History and Curating.

The Walker Art Gallery education team continue to work in partnership with Edge Hill University, who brought 250 students from their Initial Teacher Training course to the Gallery and World Museum. Six workshops focused on Learning Outside the Classroom and the Primary education offer.

In addition, we worked collaboratively with colleagues in the six districts of the Liverpool City Region, to support the wider cultural offer, for example:

- As part of HLF Young Roots initiative, education staff from the Maritime Museum delivered a project with the Inclusion Network to encourage 14-16 year olds from the Bootle area to take part in a series of activities exploring Liverpool's docks.
- The Lady Lever Art Gallery will be supporting the Port Sunlight Village Trust (PSVT) in their bid to produce a digital online resource of architectural drawings of buildings in the Village. We hold several hundred drawings which relate to the Lady Lever Art Gallery. PSVT will be submitting a funding bid at the end of the year.
- The Walker Art Gallery hosted a leadership briefing for the Liverpool School Improvement Service. The Education team at the Walker spoke about the Early Years offer and gave practitioners – many of whom had never visited the Gallery with their children - a tour of Big Art for Little Artists.

### ***3. To reshape our resources to remain financially sustainable.***

While we recruit for a new Director, investment in our commercial and business development areas is continuing in order to ensure that we continue to embed a more entrepreneurial culture across National Museums Liverpool and to help ensure the successful development of new innovations, products and services.

Meanwhile we have invested in Leadership skills training to ensure that the organisation is in the best condition to deliver an ambitious, high quality, efficient, sustainable and inclusive museum service. As it is essential to have leaders with the right abilities in the right structure, working together to ensure the successful delivery of our strategic aims and objectives, we have invested in training and team building to ensure that our capacity to realise opportunities is maximised.

In order to ensure National Museums Liverpool is best positioned to deliver our key priorities, in addition to meeting financial challenges we are preparing to review the structure to:

- allow us to remain ambitious and innovative, capable of delivering social and economic value and to position National Museums Liverpool as the National Museum in the North,
- support our increased focus on commercial income and fundraising,
- be lean in its cost structure, with the ability to scale up or down dependant on available financial resources,
- be flexible enough to react to opportunities and challenges as they present themselves, and
- support our ambition to ensure we are a place where people want to come to work.

Elsewhere across National Museums Liverpool we have introduced several initiatives to improve efficiency and effectiveness. For example:

- A new finance system was implemented as part of increasing the efficiency of

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

### **Annual Report for the year ended 31 March 2018**

business processes and improving the quality and availability of financial information in support of management decision making, whilst reducing reliance upon paper-based processes.

- To ensure we are ready for the new General Data Protection Regulation (GDPR), a staff group was formed to see through an agreed action plan. We are also working across National Museums Liverpool and NMLT to ensure we are Fundraising Regulator compliant.
- A new ticketing solution was implemented in time for the launch of Terracotta Warrior exhibition ticket sales. We aim to use its capabilities to offer solutions in other areas.

#### ***4. To refine existing income streams, develop new sources of income and increase philanthropic support through corporate partnerships and sponsorships.***

To support the continued operation and growth of our services, we are developing ways to fund what we do, with an emphasis on growing both our philanthropic and commercial activities.

#### **Growing philanthropic support**

Donations, grants and sponsorship play an increasingly important part in the sustainability of National Museums Liverpool and we are extremely grateful to all of our patrons, members, donors and supporters for their gifts over the last year.

Our visitors gave a record amount of donations in our venues and our membership scheme grew from 1,500 to over 4,500 members during the year.

Our acclaimed exhibition China's First Emperor and the Terracotta Warriors has been supported by Tianjin Airlines and we are thankful for the support of our Headline Partner Wendy Wu Tours and Major Partners Unilever, the Foyle Foundation and Swire Charitable Trust. London Stock Exchange Group, Duchy of Lancaster Benevolent Fund and Quilter Cheviot are also Terracotta Warriors partners.

The House of Memories programme has been supported by Barnett Waddingham, J B Leitch, Castanea Trust, Financial Planning Corporation and Cecil Pilkington Charitable Trust.

We are delighted to partner with Liverpool School of Tropical Medicine on the project Galkoff's and the Secret Life of Pembroke Place which has received major support from Heritage Lottery Fund and grants from Rothschild Hanadiv Europe Foundation and the Jonathan Ruffer Curatorial Grants Programme.

Significant grants and donations have also been received this year from the Art Fund, the Sir John Fisher Foundation, The Liverpool Mayoral Fund, the Eleanor Rathbone Charitable Trust, BWMacfarlane and Rathbones.

We received legacies from the estates of George Hodson, Raymond Holdman and Charles Elston.

#### **Commercial income growth**

Commercial performance in 2017/18 improved compared to previous years, which was largely due to two main projects. The first project was an investment in the café, shop and welcome area of World Museum which enabled the venue to significantly increase its income. The project encompassed a dual purpose space for the café and events; expanding



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

### **Annual Report for the year ended 31 March 2018**

capacities and bringing some back of house areas into the public domain. The second major commercial project was opening of the major exhibition, China's First Emperor and the Terracotta Warriors, which was a ticketed event projected to sell 500,000 tickets. Opening towards the end of 2017/18 financial year, the exhibition has delivered significant income and surpassed all targets.

Strategically, the organisation has invested in the Commercial and Business Development departments this year which has enabled a more structured approach to generating commercial growth and business efficiencies for the medium to long term. The Business Development department have created a masterplan cycle and process for the entire organisation which has led to an Income Action Plan. This all supports investment and growth in many areas of the organisation.

This year saw the introduction of a new ticketing and membership sales system. This enabled NML to deliver ticketing in-house and develop new products and services, which will deliver increased income and efficiencies.

#### ***5. To develop appropriate partnerships which offer strategic development opportunities regionally, nationally and internationally.***

The eighth conference of the Federation of International Human Rights Museums led by National Museums Liverpool took place in November hosted by the Museum for International Democracy in Rosario, Argentina. More than 120 delegates attended the event with contributions from 15 countries.

In December, the International Slavery Museum hosted the Global Curatorial Project annual meeting and workshops. Representatives attended from Centre for the Study of Slavery and Justice, Brown University, the Smithsonian National Museum of African American History and Culture, Musée Royal de l'Afrique Centrale, Belgium and Iziko Museums, South Africa.

October 2017 marked the first anniversary of our Arts Council Collection National Partners Programme, the Walker Art Gallery. In one year of programme delivery we exceeded our target of 200,000 visitors to engage with the ACC collection, while more than 20,000 school children experienced the displays and adults attending informal learning activity numbered more than 4,000. As part of the education programme, 60 young people have obtained Arts Award Discover. The Gallery has also made gains in under-represented areas such as BAME visitors, those aged 75+ and people from lower socio-economic groups. The scheme has also allowed us to build on our leading work looking at LGBT+ issues and visual art through the *Coming Out* exhibition. This alone had 62,000 visits.

Partnerships with Higher Education institutions included a visit by 160 PGCE students from Liverpool Hope University, who participated in activities led by the Museum of Liverpool Education Team. Hugh Baird College held their first of several visits to the Museum of Liverpool to support students in childcare studies.

Dr David Fleming and Liz Stewart, Curator of Archaeology and the Historic Environment, presented papers at a World Heritage Site seminar, 'Heritage Curation and Regeneration' hosted at the Merseyside Maritime Museum in June. This event was organised as a partnership between NML, the University of Liverpool and Liverpool City Council to facilitate debate about the value of World Heritage Site status for the city and how that can be preserved as the city develops.

***6. Ensure NML is a place where people want to come to work.***

Our aim has been to create a positive climate within NML, focusing on five key areas:

- Clarity, where people feel they are clear about the purpose of the organisation;
- Performance Focus, where people feel that the organisation sees delivery of high performance as important;
- Freedom to Act where people feel they have ownership of the outcomes of their work;
- Collaboration, where people feel there is a sense of belonging to the organisation and to the team; and
- Trust, where people feel that there is harmony between what we say to each other, what we believe and what we do.

We have launched THRIVE, a cultural change programme, for all staff. The themes identified in its Trustee-approved action plan were identified as: Team, High performance, Recognition, Interaction, Values and Engagement. The forum consists of colleagues from across NML and NMLT who have volunteered to act as THRIVE Champions, supporting the cultural change programme and representing their colleagues' views.

An independent review of equality, diversity and inclusion within National Museums Liverpool was undertaken with external consultants PNM People. Focusing on Entry / Recruitment, Working Conditions and Governance, it has led to a detailed action plan being implemented. In line with the review's recommendations, the Diversity Working Group has been reconstituted as a new Equality, Inclusion and Diversity Group (EDIG). Applications were invited from colleagues across NML with the aim of ensuring a broad representation of grades and roles and as wide a representation of colleagues who are covered by a protected characteristic as possible. The newly-formed EDIG is now meeting monthly and will be overseeing the response to the recommendations from the equality review.

In September we launched a new Performance Development Review programme, including a new Behavioural Framework. The new system was reviewed and refined during a 6 month trial programme concluding in March 2018.

We have successfully tendered for a new occupational health and employee assistance programme provider, to deliver a more holistic approach to wellbeing for our staff. Working with the new provider over the next twelve months we will deliver a programme of wellbeing events which, alongside the Employee Assistance Programme (EAP) provision, will assist staff in better managing their health and in seeking early intervention before health and life challenges result in absence from work. Occupational health will work more closely with the HR team, and line managers, to deliver appropriate and timely advice and recommendations to support staff in returning to work, and in improving attendance.

As it is essential to have people with the right abilities in the right structure, working together to ensure the successful delivery of our strategic aims and objectives, we have continued to invest in training and team building to ensure that our capacity to realise opportunities is maximised.

Our volunteer opportunities continue to be successful, including support for exhibitions such as the Terracotta Warriors and research programmes like the Galkoff's and the Secret Life of Pembroke Place project. This is in addition to our award winning programme that continues to deliver vital support to the work we carry out across NML.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Exhibitions**

The following exhibitions opened during the year:

**Walker Art Gallery, *Transparency*, 24 March to 18 June 2017**

*Transparency* looked at how artists have used transparent materials, forms and ideas to explore how we experience the world. Part of the Arts Council Collection National Partners programme, it showcased work by artists including Damien Hirst, Christine Borland and Yinka Shonibare MBE.

**Sudley House, *Transformations*, 31 March 2017 to March 2018**

This exhibition, which was previously shown at the Walker from October 2015 to February 2017 and originally launched to coincide with the Homotopia Festival, features 21 garments from Peter Farrer's collection of cross-dressing clothes.

**Museum of Liverpool, *Look 17: Reflections of China and Hong Kong*, 27 April to 2 July 2017**

This exhibition focused on Liverpool and Hong Kong, their similarities and differences, featuring historic photographs of Ho Fan taken in Hong Kong, alongside work selected by illustrator and curator Charlotte Tsang who grew up in Liverpool. The exhibition was developed by Open Eye Gallery with the Museum of Liverpool and was part of the LOOK17 International Photography Festival.

**Lady Lever Art Gallery, *Edo Pop: Japanese Prints*, 26 May to 24 September 2017**

The energy and spirit of 19th century Edo (now Tokyo) was brought to life in this exhibition of 50 woodblock prints, on loan from local collector Frank Milner. The vibrant and colourful prints were 'mass produced' by hand and depicted a time of great change and modernisation.

**Walker Art Gallery, *Alphonse Mucha: In Quest of Beauty*, 16 June to 29 October 2017**

This major touring exhibition from the Mucha Foundation explored the work of one of the most prominent artists of the Art Nouveau movement. A number of key 'aesthetic' and art nouveau works from National Museum Liverpool's own collections also featured within the exhibition.

**Museum of Liverpool, *Gerry and the Pacemakers*, 14 July 2017 to 7 January 2018**

Featuring more than 30 photographs curated entirely from the Museum's collection, which capture the wit, warmth and energy of Merseybeat group on their rapid rise to fame. Taken by local photographers Graham Spencer and Peter Kaye, these images explore the excitement of the period and the group's enduring bond with Liverpool.

**Walker Art Gallery, *Coming Out: Sexuality, Gender and Identity*, 28 July to 5 November 2017**

The exhibition marked the 50th anniversary of the partial decriminalisation of male homosexual acts in England and Wales (1967 Sexual Offences Act). Drawn from the Arts Council Collection and from NML's own collection, it brought together a diverse range of work, produced by artists over the last few decades to explore issues of sexuality and gender. The exhibition toured to Birmingham Museum and Art Gallery in December 2017.

**International Slavery Museum, *Ink & Blood: stories of Abolition*, 21 August 2017 to 8 April 2018**

This exhibition, marking the 10<sup>th</sup> anniversary of the International Slavery Museum, explores the personal stories of previously enslaved people and the lasting legacies of, and contemporary responses to, abolition.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Maritime Museum, *Black Salt: the story of Black British seafarers*, 29 September 2017 to 2 September 2018**

Based on the book by historian Dr Ray Costello '*Black Salt: Seafarers of African Descent on British Ships*', the exhibition shows the significant contribution Black seafarers have made to Britain's maritime industry.

**Walker Art Gallery, *Lubaina Himid: Meticulous Observations and Naming the Money*, 7 October 2017 to 18 March 2018**

2017 Turner Prize winner Lubaina Himid MBE featured her own work alongside pieces selected from the Arts Council Collection. Accompanying her own major installations *Naming the Money and Scenes from the Life of Toussaint L 'Overture'*, were works by artists including Bridget Riley and Claudette Johnson.

**Museum of Liverpool, *Tales from the City*, opened 13 October 2017**

This powerful exhibition marks the 50th anniversary of the 1967 Sexual Offences Act with stories from Liverpool's lesbian, gay, bisexual and trans (LGBT+) community over the past five decades.

**Lady Lever Art Gallery, *Model Image*, 20 October 2017 to 15 April 2018**

The elegance and glamour of the 1950s was captured in this exhibition exploring the life of one of the top British models of the era, Liverpool-born June Duncan, who appeared regularly in the pages of Vogue, Harper's Bazaar and Tatler. It also featured 1950s evening dresses and accessories from our decorative arts collection.

**Walker Art Gallery, *Making Himself Claire*, 4 November 2017 to 4 February 2018**

This display features a number of dresses owned by the artist and activist Grayson Perry. The selection includes the dress worn by Grayson when he won the Turner Prize in 2003, as well as a number of dresses designed for the artist by students at the Central Saint Martins College.

**Walker Art Gallery, *Slaves of Fashion: new artwork by the Singh twins*, 19 January to 20 May 2018**

This exhibition explores the history of Indian textiles, covering themes such as Empire, enslavement, luxury consumerism, and the contemporary relevance of these issues in the world today. Also included are 40 objects across National Museums Liverpool's collection, which inspired the exhibition.

**Museum of Liverpool, *The Blind School: pioneering people and places*, 26 January to 15 April 2018**

Liverpool's Royal School for the Blind was the first such school in Britain and the second blind school in the world. The exhibition explores what life was like for pupils over its 227 year history, as well as the design and location of different buildings that housed it. It is one of three exhibitions curated by History of Place, a national project run by Accentuate, exploring 800 years of disability history at eight different UK sites.

**World Museum, *China's First Emperor and the Terracotta Warriors*, 9 February to 28 October 2018**

Showcasing objects from one of the world's greatest archaeological discoveries, this exhibition spans almost 1,000 years of Chinese history; from the conflicts and chaos of the Warring States period, to the achievements and legacy of the Qin and Han dynasties. The exhibition was organised by National Museums Liverpool together with the Shaanxi Provincial Cultural Relics Bureau and Shaanxi History Museum (Shaanxi Cultural Heritage Promotion Centre), People's Republic of China.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2018**

### **Walker Art Gallery, *Kaleidoscope*, 24 February to 3 June 2018**

This exhibition explores the relationship between colour and form, rationality and irrationality, sequence and symmetry. It is drawn from the Arts Council collection and other significant UK collections, and is part of the Arts Council Collection National Partners Programme. More than 20 artists are represented in the exhibition, including Eduardo Paolozzi, Anthony Caro and Bridget Riley.

The following exhibitions are part of our current tour programme:

***A Legacy of Black Achievement*** was developed in partnership with the United Nations Remember Slavery programme (RSP) and was shown at the UN in New York in March 2017, before touring to the Medgar Evers College of The City University of New York (CUNY) in October 2017.

**Picasso Linocuts** was developed in collaboration with the British Museum and had a successful showing at the Lady Lever Art Gallery in 2016. The British Museum has toured the exhibition to Barnsley and Coventry with National Museums Liverpool credited as a tour partner.

The interactive science exhibition ***Eye for Colour*** is currently showing at the Horniman Museum in London until October 2018.

We are currently exploring potential international tour partners for our popular exhibitions.

### **Fundraising Approach**

Fundraising is led by the Executive Team, Senior Management and the Development Office, supported by NML Trustees. The Development Office supports the fundraising function across the organisation and raises income from the public sector, trusts and foundations, companies and individuals (including major donors, public appeals, donation boxes, legacies and NML's Patrons' and Membership Schemes).

We have engaged the services of a professional fundraiser, Martin Kaufman, Principal of Martin Kaufman Philanthropy. Martin has been commissioned to lead the fundraising campaign for our major exhibition in 2018, China's First Emperor and the Terracotta Warriors. To ensure his effective approach and ongoing compliance with the Code of Fundraising Practice our professional fundraiser is monitored through direct reports to, NML's Executive Director of Collections and Estate, NML Executive Team and NML Trustees. NML and Martin Kaufman abide by the Fundraising Regulator's Code of Fundraising Practice.

NML is ensuring compliance with the Code of Fundraising Practice and is closely monitoring any changes, developments and outcomes of on-going consultation.

NML follows the Fundraising Regulator's Code of Fundraising Practice and all current UK and EU data protection law. We do not make unreasonably persistent approaches for donations or apply undue pressure to give to the organisation. We record contact we have had with individuals so that we can assess this before making further contact, thereby ensuring there is no intrusion on a person's privacy. If we have perceived that a person may be vulnerable we do not approach them for any fundraising activities. We use a sensitive and common sense approach to fundraising, treating our donors fairly and making sure they can make informed decisions about donations. In addition, neither NML, nor anyone acting on our behalf, has received any complaints regarding fundraising.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Plans for Future Periods**

Our strategic objectives remain in line with those of 2017/18 and we will continue to reshape and reorganise our service to ensure NML is healthy and fit for the future with a particular focus on financial sustainability due to the uncertain economic outlook for the UK. At the same time we want to remain ambitious and innovative ensuring we deliver social and economic value to our region and beyond.

Key plans include:

- 1) Develop the International Slavery Museum.
- 2) Build upon the House of Memories model to explore wider engagement.
- 3) Develop an exciting exhibitions programme, maximising opportunities to build audiences, profile and secure income.
- 4) Begin our estates rationalisation programme.
- 5) Continue to invest in our staff through our “Thrive” programme.
- 6) Expand our fundraising efforts to secure corporate and private sector support, and implement the new fundraising strategy, in particular increasing income from visitor donations and memberships.
- 7) Continue to review our curriculum programme to engage more schoolchildren across the museums and galleries.
- 8) Complete the DCMS/Wolfson-funded Sea Galleries as the first phase of the Merseyside Maritime Museum’s refurbishment plan.
- 9) Continue to build National Museums Liverpool’s relationships with local, regional and national stakeholders.
- 10) Explore new opportunities to generate income.
- 11) Develop our plans to refurbish the Aquarium at the World Museum.

## **Financial Review**

### **Overview**

NML receives the majority of its revenue and capital funding from the DCMS, in the form of Grant-in-Aid (GiA). For the year NML received revenue GiA funding of £18.3m (£18.3m 2016/17).

The consolidated revenue free funds are shown on page 24. The loss for the year was £0.5m resulting in a total revenue free fund balance of £5.5m as at 31 March 2018.

Net expenditure, before transfers and gross indexation of tangible fixed assets for the year, showed a deficit of £3.8m. The unrealised surplus on revaluation of land and buildings as at 31 March 2018 produced a gain of £23.789m. A revaluation of investments produced a loss of £27k resulting in a total increase in revaluation funds of £23.762m.

NML commissioned a desktop valuation of our estate in 2017/18 in line with our accounting policy.

### **Reserves Policy**

The consolidated free income revenue reserve available at 31 March 2018 was £5.5m (£6.0m 2016/17). This is inclusive of designated funds of £0.3m, (£1.2m 2016/17) and the general fund £5.2m (£4.8m 2016/17). The General fund includes £0.3m (£0.3m 2016/17) which is the fixed asset representation of the subsidiary trading company. The resulting free income revenue reserve representation is £4.9m (£4.6m 2016/17).

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves appropriate to the scale, complexity, and risk profile of NML. Historically, Trustees have been committed to holding free fund reserves of between one and three months equivalent Grant-in-Aid (GiA) to manage uncertainty.

NML has an inherent financial uncertainty as 31% (2016/17 40%) of our income is from a range of income streams which are less predictable and more volatile than GiA. In addition there are financial risks associated with capital projects and unforeseen liabilities, for example within our deteriorating estate.

Any reduction in GiA funding would increase our exposure to this volatility in addition to the loss of income in itself. Therefore the potential for future reductions remains a significant risk. Adequate free reserves need to be held to ensure NML can manage these uncertainties.

The Trustees therefore remain committed to holding free fund reserves of between one and three months (£1.6m - £5.0m) equivalent Grant-in-Aid.

The Trustees have determined that the current level of reserves remains adequate in respect of 2018/19 although this should continue to be reviewed during the year so that any issues are identified at the earliest opportunity. NML's ability to generate any increase in the general reserve will continue to be an area of focus to provide contingency for any further reductions to funding.

In the year the Trustees have used £1.0m of the designated NML special project fund for upfront costs associated with the Terracotta Warriors exhibition. The intention is to replenish this in 2018/19 from income from the same exhibition. This is a fund held for projects planned over the next few years which can include major capital works, exhibitions, research and educational projects.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Capital Programme**

The main projects have been the completion of the Egypt Gallery which opened in March, the significantly improved catering, retail and events facilities in World Museum, the preparation works associated with the Terracotta Warriors exhibition and the rectification of the steps, terraces at the Museum of Liverpool that were funded through the awards made under the successful High Court action.

The remainder of the capital programme was focussed on smaller projects the majority of which were critical repairs and refurbishments.

In compliance with the Charities SORP (FRS102), NML appointed Deloitte LLP to carry out a desktop “red book” valuation of its land and buildings, as at 31 March 2018.

NML holds an unapplied receipt from the disposal of a property within its capital reserve account of £0.2m in respect of 63/65 Blundell Street, Liverpool. Application consents were received from DCMS in March 2002 so that NML could keep this receipt.

**Trading Subsidiary**

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

NMLT is consolidated within the Statement of Financial Activities and Balance Sheet of NML, adjusted for group transactions. A summary of the results and net assets of NMLT is shown at note 9.

In 2017/18 NMLT made an operating profit of £417k (after Finance lease interest payable), which will be distributed to NML from reserves.

**Border Force National Museum**

In addition to the Grant-in-Aid received from the DCMS, NML also receives Grant-in-Aid support from Border Force. This arrangement is specifically related to the conservation, study and display of the national collection of HMRC and Border Force. A summary of the Border Force transactions is shown at note 16.

The formal name of the museum is “Border Force National Museum” and the visitor name “*Seized! The Border and Customs Uncovered*”.

There were nil capital grants due or received during the year in respect of the “*Seized! The Border and Customs Uncovered*”.

With effect from September 2012 the Border Force took on responsibility for the financial responsibilities and ownership of the existing collections within the museum.

**Connected Charities**

Nine charitable trusts, whose legal existence pre-dates that of NMGM, are connected to NML’s activities via a commonality of trusteeship and a close association of charitable purpose. The accounts of the trusts are not consolidated with that of NML (note 23).

**Gower Street Estates**

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



**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

charge applicable to NML for 2017/18 is referred to in note 17.

**Prompt Payment of Creditors**

NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2017/18 88% (2016/17 88%) of NML's creditors were paid within 30 days of receipt of the invoice.

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

**Principal Risks and Uncertainties**

In 2017/18, £19.8m (69%) of NML's gross income derived from Grant-in-Aid from the DCMS. In addition revenue Grant-in-Aid of £247k was received from Border Force. The remaining operating expenditure was financed from self-generated income which tends to be more volatile in nature compared to Grant-in-Aid. NML is therefore exposed to some liquidity risk.

Any new on-going capital programme is dependent upon the successful generation of grants and donations and the receipt of these funds.

DCMS commissioned a survey of the NML estate which was undertaken by Faithful and Gould in 2015/16 and updated in 2016/17. This identified a £24m backlog of repairs that are required to address both the legacy of past under-investment and also low quality repairs that were undertaken in the 1980s and 90s and which still continue to have an impact; as well as the normal wear and tear on service infrastructures and building fabrics. In the absence of the full sum being available to address these issues a risk-based approach is undertaken to help prioritise the works programme in any one year to maintain operations across all sites and venues, and meet statutory obligations to ensure public safety and security of the collections.

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

There are no material uncertainties within the annual report and accounts.

**Donations made**

There were no charitable donations, or political donations paid during the financial year 2017/18.

**Investments**

Investments listed on a recognised stock exchange are re-valued at year-end mid-market price, excluding any applicable accrued interest. The investment manager provides quarterly reports which include a statement confirming adherence to the investment policy statement or details of exceptions. The report also includes a comparison of the portfolio return in relation to the benchmark.

The Trustees manage the investment portfolio biannually through the Finance Committee. They consider the level of risk of the portfolio, the social and ethical policy for investments, the portfolio performance and the balance of investments in the light of liquidity requirements. Annually the investment manager, Rathbones, present a report to the committee demonstrating the performance of the investments against the market, recommendations for review and market conditions.

**Investment income**

The reported minor movement in investment income represents the movement in cash balances held rather than movements in the interest rate. The average for the year was approximately 0.5%.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

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

**Consolidated free funds income & expenditure 2017/18**

<b><u>Income and endowments from</u></b>	<b>2018</b>	2017
	<b>£000</b>	£000
Grant in aid DCMS	<b>18,266</b>	18,266
Donations and legacies	<b>308</b>	250
Charitable activities	<b>2,242</b>	508
Other trading activities	<b>4,248</b>	3,598
Investment income	<b>23</b>	39
Other	<b>-</b>	-
<b>Total</b>	<b><u>25,087</u></b>	<u>22,661</u>
<b><u>Expenditure on:</u></b>		
Raising funds	<b>459</b>	336
Operating expenditure (excl depreciation)	<b>20,885</b>	18,309
Grants to Third Parties	<b>-</b>	-
Fees & charges activities of charity staff	<b>446</b>	149
Other trading activities	<b>3,816</b>	3,289
<b>Total</b>	<b><u>25,606</u></b>	<u>22,083</u>
<b>Net gains/ (losses) on investments</b>	<b>-</b>	-
<b>Net (expenditure)/income</b>	<b>(519)</b>	578
<b>Transfers between funds</b>	<b>(25)</b>	-
<b>Net movement in funds</b>	<b>(544)</b>	578
Fund balances brought forward at 1 April	<b>6,043</b>	<u>5,465</u>
<b>Balances carried forward at 31 March</b>	<b><u>5,499</u></b>	<u>6,043</u>
<b>The balance on free income funds comprised:</b>		
	<b>2018</b>	2017
	<b>£000</b>	£000
Collection purchase fund	3	3
Border force admissions	74	74
Academic publications	199	187
Special Projects	0	950
General funds	<u>5,223</u>	<u>4,829</u>
<b>Balance at 31 March</b>	<b><u>5,499</u></b>	<u>6,043</u>

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

It should be noted that the Fixed Assets of the subsidiary trading company NMLT Ltd £291k (£274k 2016/17) is contained within the General funds balance. The full NMLT representation within the total funds is £685k (£684k 2016/17).

**Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2017/18. The audit fee in respect of this work was £52k. BWMacfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £6k plus £4k for the production of the financial statements. The production of the financial statements was the only non-audit service provided by either of these auditors.

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

## **Sustainability Report**

NML is committed to sustainability, and sustainable development, and has been working hard for many years to understand, manage, and reduce, energy consumption across its estate, and in doing so, reduce the carbon impact on society.

NML continues to invest, year on year, in replacing its utilities, with more efficient and effective heating, lighting, and cooling systems. In this reporting year, we have continued to replace our heavy usage pumps and motors to modern variable speed units, replacing several units at the World Museum and Merseyside Maritime Museum. We continue with our commitment to install and replace energy efficient lighting and we have recently completed the installation of a new energy efficient external LED lighting system at the World Museum. We have continued to replace defective space lighting across several of our venues and have recently completed LED controllable lighting upgrades to Lady Lever Art Gallery entrance foyer and the Lever “The Collector” Gallery. The event space lighting at Merseyside Maritime Museum has also been upgraded to an LED controllable system.

Our Museum of Liverpool (MoL) runs on a tri-generation state of the art, combined heating and power (CHP) plant, using only self-generated electricity for 12 hours a day, with surplus electrical power being sold on through the national grid. This CHP system also feeds the Edmund Gardner and the Pilotage building with heat and electrical power. Water usage is kept to a minimum in the MoL with the use of a rain water harvesting system, which supplies ‘grey’ water to the museum’s toilets.

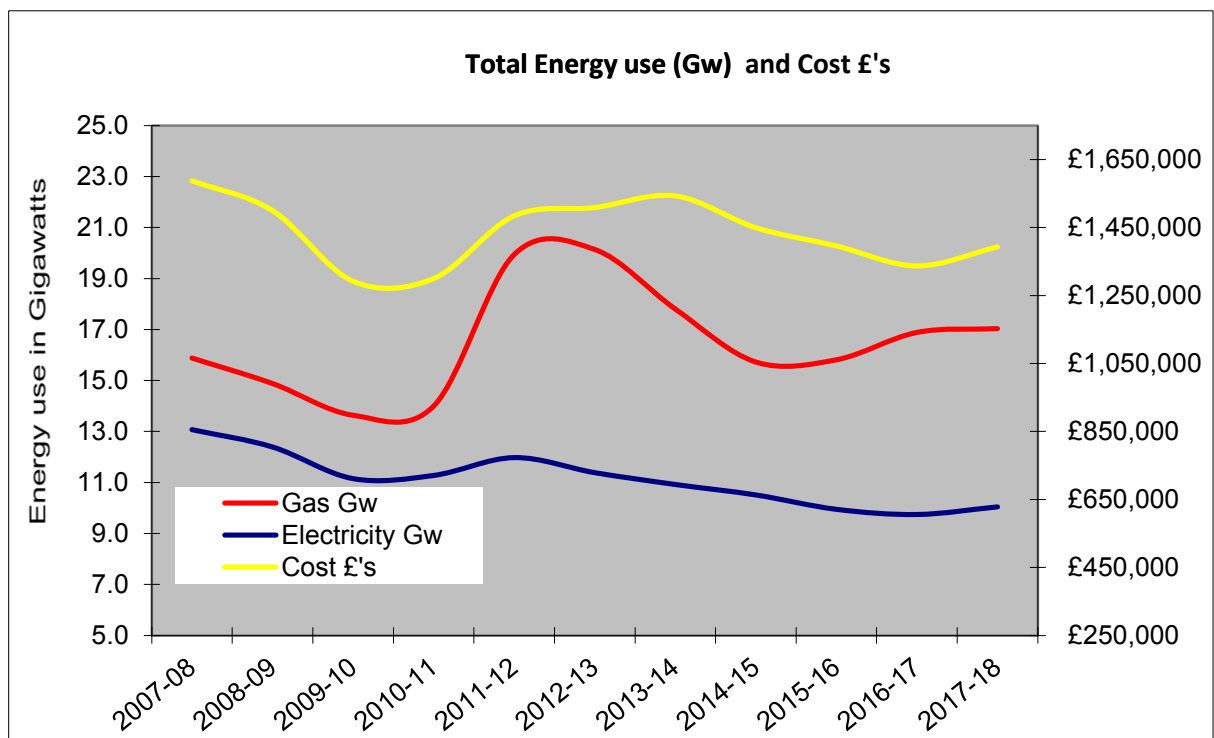
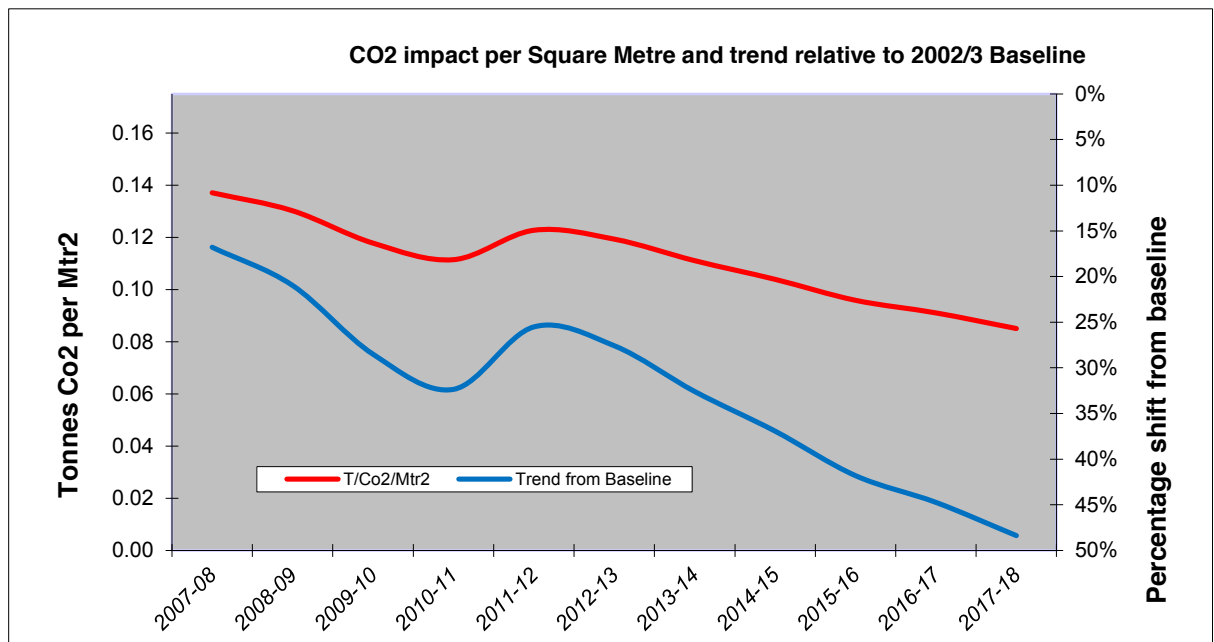
We have continued to install heating and cooling systems buffered with fresh air supplies; this allows us to maintain conditions which are still suitable for our most sensitive collections.

We have recently installed a new heating and cooling system within the temporary exhibition space at the World Museum. The space is being used as a waiting and queuing area for visitors to the Terracotta Warriors exhibition. Although the Terracotta Warriors exhibition is temporary the newly installed heating and cooling system will allow us to make better use of the space allowing to bring in more temporary exhibitions in future years thereby enhancing the offer we provide for our visitors.

**National Museums & Galleries on Merseyside  
Annual Report for the year ended 31 March 2018**

**Greenhouse gas emissions**

The Carbon Reduction Commitment Energy Efficiency Scheme (CRC) is the regulatory incentive to improve energy efficiency in large public and private sector organisations. This mandatory scheme aims not only to improve energy efficiency, but also to reduce the amount of carbon dioxide (CO<sub>2</sub>) emitted in the UK. We have this year seen a slight increase in our Gas and Electricity usage compared to the previous two years. However, each year the government issue amended CO<sub>2</sub> per kWh conversion factors which represent the changing energy mix in the UK, as we move away from coal fired power stations towards gas fired and cleaner wind and solar renewables. For the year 2017/18 there was a 15% reduction in the conversion factor which decreases our annual CRC payment and continues to show the reduction in CO<sub>2</sub> in line with the general trend of the last 6 years. The actual kWh increase incurred was due to the exceptionally prolonged cold period at the start of 2018.



**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Estate wide Carbon (CO<sub>2</sub>e) impact**

Area		2015/16	2016/17	2017/18
<b>Greenhouse Gas Emissions*</b> (t CO <sub>2</sub> e)	Scope 1 – Gas**	7,682	2,364	2,246
	Scope 2 – Electric**		4,332	3,832
	Scope 3 - Travel			12
	CRC expenditure	£ 122,998	£ 115,102	£ 107,598
<b>Estate energy</b>	Electricity consumption kWh	9,943,644	9,745,249	10,053,210
	Expenditure	£ 1,009,755	£ 975,641	£1,031,773
	Gas consumption kWh	15,619,180	16,885,980	17,285,109
	Expenditure	£ 395,003	£ 361,218	£ 360,446
<p><i>* NML has a new travel provider and has collected Scope 3 emissions for business travel from April 2017.</i></p> <p><i>** Figures for 2016/17 Scope 1 &amp; 2 have been restated to correct a reporting error. 2016/17 CRC is now an actual.</i></p>				
<b>Estate Waste</b>	Total Amount - tonnes	213.7	221.0	193.4
	Total Expenditure	£ 52,033	£ 46,988	£ 45,268
	ICT Waste (at zero cost) -tonnes	1.6	0.5	0.0
	Waste incinerated with energy recovery -tonnes	71.4	93.8	107.1
	Waste to Landfill -tonnes	0.4	0.5	0.0
	Waste Recycled -tonnes	140.3	126.2	86.3
<b>Estate Water***</b>	Consumption	34,682 m <sup>3</sup>	34,682 m <sup>3</sup>	23,056 m <sup>3</sup>
	Expenditure	£ 60,010	£ 60,010	£ 40,744
<p><i>*** Water records for 2015/16 and 2016/17 were estimated due to a lack of credible data, however in 2017/18 the records from our Energy and Water monitoring bureau are considered to be more accurate the previous years approximations.</i></p>				

**Waste minimisation and management**

NML is committed to minimising waste to landfill and to this end work closely with Bagnall & Morris and Veolia (following Veolia's appointment as waste contractor in December 2017) to ensure that as much waste as possible is diverted from landfill, and recycled. NML actively

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

### **Annual Report for the year ended 31 March 2018**

segregates waste at a venue based level into general waste and recyclable waste. Once waste is removed from the buildings, the waste service provider further segregates the waste in order to divert as much of it as possible from landfill. Bagnall & Morris and Veolia provide quarterly environmental reports.

99.9% of total waste is recycled /recovered. Bagnall & Morris/Veolia have confirmed that NML is doing all that is practically possible to maximise recycling efficiency at all sites, and that the current practice falls in line with 'TEEP' legislation. This states that individual waste stream collections should be provided if it is 'Technically, Environmentally, Economically, and Practically', beneficial.

#### **Biodiversity and Natural Environment**

NML has an important role to play in the conservation and protection of the natural environment. By adopting policies on the sustainable procurement of goods and services, NML can reduce its impact on the natural world.

It is important that visitors understand the role played in supporting the protection of the natural world. This is communicated through messages in our Endangered Planet gallery at World Museum, and through formal, and informal, education programmes. Staff in the Clore Natural History Centre, Aquarium, and Bug House, at World Museum in particular, take the opportunity to talk to visitors about issues such as climate change, and the importance of natural resources.

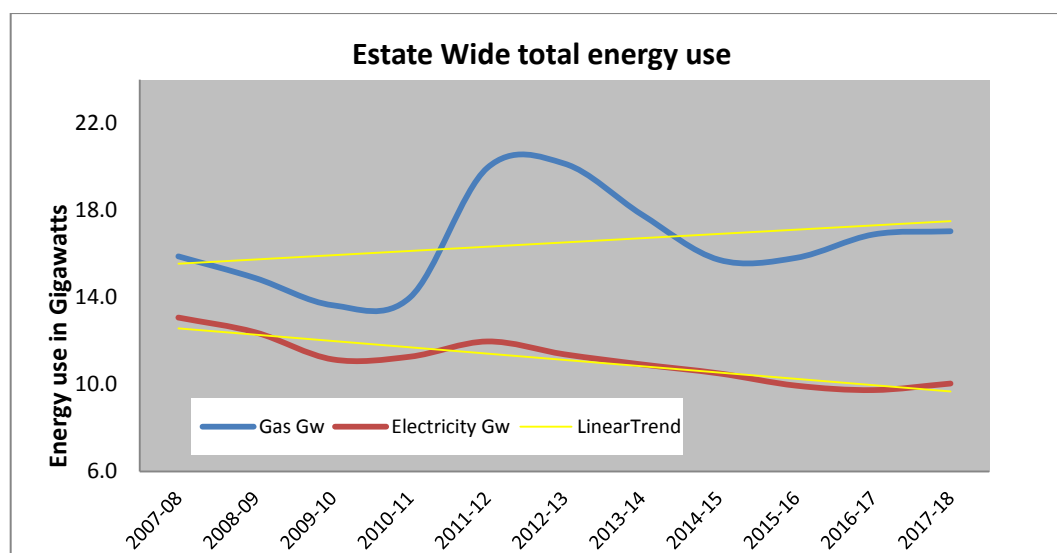
The biodiversity advisory services supplied by NML's scientists help to support people's enjoyment of the natural environment. This research informs species conservation and general site management, locally, nationally, and internationally. The work contributes towards major national issues that affect the quality of all peoples' lives e.g. sustainable resource management, environmental protection, landscape preservation, and the development of energy, transport, and other infrastructures.

#### **Resource consumption**

NML has a proactive approach to resource consumption, monitoring and managing its energy consuming plant. We have again seen an increase in gas consumption across the estate due to the particularly long winter and sustained colder periods with heating typically being kept on until late April and this has been the case for the past 2 years.

Our management and investment in electrical plant and energy efficient consumables continues to deliver benefits however both consumption and costs of electricity increased due to the particularly inclement weather.

## National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2018



### Climate change adaptation and mitigation

NML is committed to reducing energy usage and waste to help play its part in climate change mitigation. NML encourages the use of public transport for visitors and staff, as well as cycling, with secure racks provided at all museums. In addition showers, lockers, and bicycle loan schemes, are available for staff.

### Sustainable procurement and construction

NML aims to procure and manage its assets in the most effective way possible, for the procurement of utilities NML uses the government procurement solution operated by the Crown Commercial Service.

Within our in-house production and trades teams procurement of materials is sourced from local wholesalers, with all timber products being Forest Stewardship Council certified, paints being low in Volatile Organic Compounds, electrical goods, including lamps, being of the lower energy category.

All new exhibition systems are bought with flexibility as a key requirement, reducing future obsolescence.

### Governance

NML invested in a comprehensive collections-focused Environmental Monitoring System, which is common in all buildings. The provision of 200+ sensors across our estate can be accessed by key staff throughout the venues, giving closer control of the conditions. This system and information is accessible by HVAC contractors alongside the Building Management System, and thus more accurately control, and improve, energy efficiency. NML has comprehensive remote monitoring of energy consumption, with half-hourly data fed back to a TEAM Sigma energy management system. All half-hour data (gas, electricity, and water) is imported into the intelligent system, collating and analysing information from all sources, and sites, into one reporting database.



## **Remuneration and Staff Report**

NML has prepared this Remuneration Report in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration where "director" is interpreted to mean those having authority or responsibility for directing, or controlling, the major activities of NML as a whole. In NML's opinion it is the Trustees and the five Directorships described below, who are responsible for directing and controlling the major activities of NML as a whole.

There are six Directorships within NML, these are:

- Director and Accounting Officer;
- Executive Director of Collections and Estates;
- Executive Director of Education and Visitors;
- Executive Director of Finance;
- Director of Development and
- Director of Human Resources.

Further details on staff costs can be found in Note 5 of the financial statements.

The Chair and Board of Trustees neither received nor waived any remuneration for their services during the year (2016/17: nil). The emoluments of the Directorships are shown in the table on page 32.

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

- Executive Team;
- Senior Management Team.

The Executive Team consists of the six Directorships plus the Director of Commercial Operations and Business Development employed by NMLT. The annual appraisals of the Executive Team are countersigned by the Remuneration Committee.

The Senior Management Team consists of the Executive Team plus a number of Venue and Operational Directors and their deputies.

The membership of the Remuneration Committee for the year ending 31 March 2018 comprised:

- Chair of Audit Committee,
- Chair of Board of Trustees,
- Chair of Finance Committee.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

During the year, the role of the Remuneration Committee is to:

- determine the pay and conditions of the Director, including annual performance awards and pay progression;
- provide, through a panel selected by the chairmen; an appellant recourse in disciplinary and grievance cases concerning senior staff for whom the Director is the reporting officer;
- ensure accountability and transparency about NML's general remuneration policy.

All staff, other than the Director, are recruited to pay-bands graded for seniority, and approved by the Trustees within the context of the pay remits negotiated with DCMS/HM Treasury. The remuneration of senior managers, with the exception of the Director, is determined by the agreed pay remit.

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

The performance of the Director is assessed annually by the Trustees, and a rate of bonus for the review year is determined. The reporting period for this performance review is 1 April to 31 March. In line with NML's pay year, any payments are effective from 1 April 2017.

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

- personal contribution towards NML's corporate aims;
- quantifiable targets; and
- qualitative targets.

The Director was awarded a non-consolidated bonus of £14,497 (for 2016/17) which was paid in 2017/18.

On average a 2.7% pay increase was awarded to most staff in line with the government's pay remit. The pay award was allowable under the 'Museums Freedoms' contained within the current management agreement.

The average number of days lost (per employee) due to sickness during the year was 11.51 days, or 4.46 days, excluding long term sick, in 2017/18, (11.4 days, or 4.3 days, excluding long term sick, in 2016/17).

The staff cost for all employees is contained within note 5.

There was nil expenditure on consultancy fees during 2017/18 (2016/17: £8k).

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

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

**Single total figure of remuneration (£5k bands)**

	Salary Including Performance pay 2017/18 £'000	Salary Including Performance pay 2016/17 £'000	Pension Benefits <sup>1</sup> 2017/18 £'000	Pension Benefits <sup>1</sup> 2016/17 £'000	Total 2017/18 £'000	Total 2016/17 £'000
David Fleming Director	120-125 Plus non-consolidated bonus 10-15	115-120 Plus non-consolidated bonus 10-15	200-205	60-65	335-340	190-195
Louise Parnell Interim Director/Executive Director of Finance	75-80	70-75	25-30	25-30	105-110	95-100
Sharon Granville Executive Director of Collections and Estates	85-90	90-95	15-20	40-45	105-110	130-135
Carol Rogers Executive Director of Education and Visitors	85-90	90-95	20-25	50-55	105-110	135-140
James Best Director Of Human Resources	50-55	50-55	20-25	20-25	70-75	70-75
Andrew Evans Director of Development	45-50 (55-60) <sup>2</sup>	-	15-20	-	60-65	-
David Spilsbury Interim Director of Finance	5-10 (70-75) <sup>2</sup>	-	0-5	-	5-10	-

*Notes*

<sup>1</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation, or any increase or decreases due to a transfer of pension rights.

<sup>2</sup> Represents annualised salary as not employed for a full year in 2017/18.

There were no benefits in kind received by the Directors.

**Salary**

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation, and the median remuneration of the organisation's workforce.

	<u>2017/18</u>	<u>2016/17</u>
<i>Mid-point of Band of Highest Paid Director's Total Remuneration</i>	£137,500	£127,500
<i>Median Total Remuneration</i>	£ 19,260	£19,681
<i>Remuneration Ratio</i>	7.14	6.48

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

In 2017/18, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,302 to £137,500 (2016/17, £15,916 - £128,500).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in kind (of which there are none). It does not include employer pension contributions, and the cash equivalent transfer value of pensions.

The following pension benefits information and table has been subject to audit:

	Accrued pension at normal retirement age as at 31/03/18 and related lump sum £'000	Real increase in pension and related lump sum at normal retirement age £'000	CETV at 31/03/18 £'000	CETV <sup>1</sup> at 31/03/17 £'000	Real increase in CETV £'000
David Fleming Director	60-65 plus a lump sum of 180-185	7.5-10 plus a lump sum of 27.5-30	1,253	1,051	183
Louise Parnell Interim Director/ Executive Director of Finance	5-10	0-2.5	60	40	13
Sharon Granville Executive Director of Collections and Estates	30-35 plus a lump sum of 100-105	0-2.5 plus a lump sum of 2.5-5	727	665	18
Carol Rogers Executive Director of Education and Visitors	20-25	0-2.5	363	329	8
James Best Director Of Human Resources	10-15 Plus lump sum 30-35	0-2.5 Plus lump sum 0-2.5	192	172	7
Andrew Evans Director of Development	0-5	0-2.5	10	-	7
David Spilsbury Interim Director of Finance	5-10	0-2.5	97	94	2

*Note: <sup>1</sup>The CETV figure may be different from the closing figure in last year's account. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.*

**Pension**

Pension benefits are provided through the Civil Service pension arrangements.

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service, joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus, nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in

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

### **Annual Report for the year ended 31 March 2018**

the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2017/18, employers' contributions of £1,948,106 were payable to the PCSPS (2016/17: £1,884,380) at one of four rates in the range 20% to 24.5% of pensionable pay, based on salary bands (the rates in 2016/17 were between 20.0% and 24.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. In 2013/14 the salary bands were revised and the rates remained as above. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers, for 2017/18 employers' contributions of £13,493 were paid. The employee does not have to contribute, but where they do make contributions, employee contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

In addition, employer contributions of £512, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures quoted show pension earned in PCSPS or **alpha** – as appropriate. Where the employee has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.

## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2018**

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

There was one early retirement on ill-health grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

The Scheme Actuary (Government Actuary's Department) last valued the scheme as at 31 March 2012. The next quadrennial valuation of the Scheme as at 31 March 2016 is under way and is expected to be published by Summer 2018. This includes a long-term financial projection for the Scheme and will influence the contributions needed to fund it. Changes to contribution rates arising from the valuation are expected to be implemented in April 2019.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits, and any contingent spouse's pension, payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement, to secure pension benefits in another pension scheme, or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service, in a senior capacity, to which the disclosure applies. The figures include the value of any pension benefit in another scheme, or arrangement, which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

### **Real increase in CETV**

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

Employees received no benefits in kind during the year.

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

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

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

Senior staff are established employees of National Museums Liverpool.

The notice periods for staff who wish to resign are:

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

Termination payments are in accordance with the Museum's contractual terms.

The following table has been subject to audit

1	Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band	
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
2	< £10,000	nil	nil	nil	nil	nil	nil
3	£10,000-£25,000	nil	nil	nil	4	nil	4
4	£25,000-£50,000	nil	nil	nil	2	nil	2
5	£50,000-£100,000	nil	nil	nil	nil	nil	1
6	Total number of exit packages	nil	nil	nil	6	nil	7
7	Total resource cost / £000s	nil	nil	nil	155	nil	250

Analysis of Staff Members with annual salaries over £60,000:-

Annual Salary Band	2017/18 Number of FTE	2016/17 Number of FTE
£60,001-£70,000	-	-
£70,001-£80,000	1	1
£80,001-£90,000	2	-
£90,001-£100,000	-	2
£100,001-£110,000	-	-
£110,001-£120,000	-	1
£120,001-£130,000	1	-

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

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

<b>Employee Configuration as at 31 March 2018</b>		<b>Employee Configuration as at 31 March 2017</b>	
Director's Office	5	Director's Office (Inc. Museum Secretary)	5
Development Office	10	Development Office	n./a
Collections Management	131	Collections Management	126
Education, Communities & Visitors	221	Education, Communities & Visitors	223
Human Resources	10	Human Resources	9
Finance, IS & Procurement (Inc. Museums Secretary)	34	Finance, IS & Procurement	34
NML Trading Ltd	<u>85</u>	NML Trading Ltd	<u>78</u>
	<u>496</u>		<u>475</u>

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

<b>Employee Configuration as at 31 March 2018</b>		<b>Employee Configuration as at 31 March 2017</b>	
Senior Management Team	34	Senior Management Team	32
Staff on permanent contract	416	Staff on permanent contract	412
Staff on fixed term contracts	<u>46</u>	Staff on fixed term contracts	<u>31</u>
Total	<u>496</u>	Total	<u>475</u>

Of the 34 Senior Management Team 2 are on fixed term contracts. The remainder are permanent. NML does not have data available to analyse over the organisation's "Charitable Activities" as required by the SORP.

The average number of "Full-Time Equivalents" capitalised is 4.

A further analysis of the composition of 'Full-Time Equivalent' employees as at 31<sup>st</sup> March 2018 is as follows:

	<b>Female</b>	<b>Male</b>	<b>Total</b>
NML Directors	3	4	7
Employees	304	185	489
Senior Civil Servants	-	-	-
Total	307	189	496

The Trustees neither received nor waived any emoluments during the year. Payments to reimburse Trustees' travel and subsistence costs associated with the attendance of meetings amounted to £302 (2016/17:£115). Two Trustees were reimbursed in 2017/18 (one in 2016/17). Travel and subsistence costs waived by Trustees were not material.



**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2018**

**Trade Union Facility Time**

There is a new requirement for 2017-18 - effective 1 April 2017 - that requires relevant public sector organisations to report on trade union facility time in their organisations. Facility time is paid time off for union representatives to carry out trade union activities.

**Table 1**  
**Relevant union officials**

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
20	16.7

**Table 2**  
**Percentage of time spent on facility time**

<i>Percentage of time</i>	<i>Number of employees</i>
0%	2
1-50%	18
51%-99%	
100%	

**Table 3**  
**Percentage of pay bill spent on facility time**

	<i>Amount</i>
Total cost of facility time	£5,393.12
Total pay bill	£12,771,386.91
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

**Table 4**  
**Paid trade union activities**

<i>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:</i>	
<i>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</i>	30.50%

**Louise Parnell**  
**Director and Accounting Officer**  
**Date: 26 June 2018**

## KEY PERFORMANCE INDICATORS

NML has stated below performance against both key and other indicators. No targets were set by DCMS for 2017/18.

**KPI** represents Key Performance Indicators. **OPI** represents Other Performance Indicators.

Performance Indicator	2017/18 Out-turn	2016/17 Out-turn Restated
<b>Core Targets</b>		
<b>KPI (1)</b> Total number of visits	<b>3,305,671</b>	<b>3,033,228</b>
<b>KPI (2)</b> Charitable giving - fundraising including donated assets; <sup>1</sup>	<b>£1,770,893</b>	<b>£9,062,000</b>
Donated Assets included above:	<b>£60,415</b>	<b>£5,652,000</b>
<b>OPI (1)</b> Number of unique website visits	<b>3,056,167</b>	<b>2,129,132</b>
<b>OPI (2)</b> Number of visits by children under 16	<b>568,575</b>	<b>518,682</b>
<b>OPI (3)</b> Number of overseas visits	<b>462,794</b>	<b>421,618</b>
<b>OPI (4)</b> Number of facilitated & self-directed visits to the museum/gallery by visitors under 18 in formal education	<b>151,094</b>	<b>186,764</b>
<b>OPI (5)</b> Number of instances of visitors under 18 participating in on-site organised activities <sup>2</sup>	<b>163,608</b>	<b>182,229</b>
<b>OPI (6)</b> Percentage (%) of visitors who would recommend a visit	<b>97%</b>	<b>96%</b>
<b>OPI (7)</b> Admissions income (gross income)	<b>£1,707,400</b>	<b>£305,878</b>
<b>OPI (8)</b> Trading income (net income)	<b>£2,458,800</b>	<b>£670,934</b>
<b>OPI (9)</b> Number of UK loan venues <sup>3</sup>	<b>151</b>	<b>149</b>

### Explanatory Note:

<sup>1</sup> The reduction in charitable giving was due to unusually high levels of donated heritage assets and grants supporting major projects in 2016/17, both of which can vary significantly from year to year.

<sup>2</sup> The 2016/17 total has been restated to correct a counting error in 2016.

<sup>3</sup> The numbers of objects on loan in the UK and abroad was 6,404 (2016/17- 5,833.)

Louise Parnell  
 Director and Accounting Officer  
 Date: 26 June 2018

Sir David Henshaw  
 Chairman of Trustees  
 Date: 26 June 2018

**National Museums & Galleries on Merseyside**  
**Statement of Trustees' and Director's responsibilities**  
**For the year ended 31 March 2018**

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

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State<sup>1</sup>, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the account on the going concern basis, unless it is inappropriate to presume that NML will continue in operation;
- confirm that so far as they are aware, there is no relevant audit information of which NML's auditors are unaware; and
- confirm that the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that NML's auditors are aware of that information.

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

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Louise Parnell  
Director and Accounting Officer  
Date: 26 June 2018

Sir David Henshaw  
Chairman of Trustees  
Date: 26 June 2018

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

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2018**

**Governance Framework**

NML is governed by the Board of Trustees who are accountable for the overall direction and strategy of NML, and have due regard for the guidance published by the Charities Commission, and the Merseyside Museums and Galleries Order 1986. The Trustees monitor the risks facing NML, as identified in papers submitted to the Board and Trustee Committees during the year.

Following the retirement of David Fleming as the Director, the Principal Accounting Officer of DCMS has appointed the Director of Finance as Interim Director and Accounting Officer for the organisation from 1 March 2018. Their relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the safeguarding of NML's assets and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in *Managing Public Money*. The Director, who is the Accounting Officer, is responsible for the day to day running of the organisation, and ensuring that a sound system of Governance, and Internal Control, are in place, and, in doing so, aims to secure continuous improvement in the way in which NML's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

The Director formally handed over responsibility as Accounting Officer to the Interim Director on 1 March, having briefed the Interim Director on all relevant governance, internal control and operational matters. This combined with the Interim Director's knowledge of such matters as Director of Finance enables her to sign these accounts as Accounting Officer.

The Comptroller & Auditor General (C&AG), is the statutory auditor of NML and has full rights of inspection to NML's records. The Accounting Officer of NML can be called upon to give evidence to the Public Accounts Committee, and may also be called to give evidence before any of Parliament's Select Committees.

Accountability to NML's sponsoring department, DCMS, is exercised through a framework document and management agreement issued by DCMS which lays out the regulatory and accounting framework, along with details of the delegations of responsibility, and the accountabilities of NML.

The Merseyside Museums and Galleries Order 1986 sets out the statutory framework for what NML does, and also lays out the general functions of the Board.

**The Board of Trustees**

During the year the Trustees have approved the Strategic Plan, the Annual Report and Accounts for the previous year, and have provided challenge and support to the Executive Team in planning, and preparation, for the impact of reduced public funding.

The Board met four times during the year for formal board meetings and once for an informal board session and received reports including, but not limited to, the following:

- management overview summary of key activities and highlights, in line with strategic objectives;
- minutes of activity, and reports, from Audit, Finance, and Remuneration, Committees, and NML Trading Ltd.'s Board of Directors;

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2018**

- financial performance;
- business development plans;
- Terracotta Warriors exhibition plans, and then subsequent updates on performance;
- items accessioned;
- loans agreed;
- performance metrics;
- risk management;
- digital strategy;
- legal and fraud registers (where applicable) and
- health and safety.

Although the Director is responsible for the day to day running of the organisation certain matters are reserved to Trustees for consideration and decision. The Trustees are consulted on major strategic issues, or where it is foreseeable that a decision, or action, could damage the reputation of NML, as designated within the Schedule of Matters Reserved to Trustees.

In order to carry out its responsibilities the Board delegates to a number of committees;

The **Finance Committee** met four times during the year. The meetings review, as an example, issues such as the forward financial plan, performance against budget, the capital project budget, accounting policy, the Annual Report and Accounts, and the work of the IS department.

The **Audit Committee** met four times during the year to review the control environment. This included, amongst other items, a review of the risks of the organisation as a whole, and a deep dive into specific directorates at each meeting, the work of internal and external audit, progress against actions identified from internal and external audit recommendations, progress towards compliance with General Data Protection Regulations, and the Annual Report and Accounts, including NAO's audit planning process and Audit Completion Report. The Trustees on the Audit Committee have the opportunity to meet with the External and Internal Auditors without the presence of management, to enable frank discussions on any issues to take place, prior to, and aside from, formal meeting proceedings. Although this did not happen during 2017/18, it is anticipated in 2018/19 and future years.

The **Remuneration Committee** met once during the year to review the performance of the Director (and to consider any performance-related pay), and other members of the Executive Team.

The **Nominations Committee** was formalised with approved Terms of Reference, in year, though did not meet.

The Chairman of the Board is an ex-officio member of all Committees but is not expected to attend the Audit Committee. The Chairman may attend Audit Committee meetings if he judges it appropriate. The Committees consist of Board members, and, in some cases, Associate Trustees, to ensure that the appropriate skills are in place.

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
For the year ended 31 March 2018

**Compliance with the Corporate Governance Code**

The 'Corporate governance in central government departments: Code of good practice 2017' was developed specifically to support corporate governance in ministerial departments. NML has adopted the practices set out in this code where applicable.

In line with the code of good practice, the Board supports the Director in leading NML through strategic direction, monitoring activity, achievement of objectives, and ensuring good governance is in place. The work of the Board is well supported by strong management at Committee level. Board of Trustee minutes are available on NML's website.

**Board and Committee Attendance**

Attendance records for the Board and Committees are set out below. Trustees in post at year end are denoted by an asterisk.

Name	Board (4)	Audit (4)	Finance (4)	Remuneration (1)
<u>Trustees</u>				
*D Henshaw	100%			
* C Booth	75%	100%	100%	100%
* L Carstensen	50%			
J Chapman	75%			
* H Lauder	75%	50%		100%
* A McCluskey	0%			
* P Price	100%		75%	
* I Rosenblatt	100%			
* V Tandy	100%			
* N Thorp	75%	100%		
C Wilson	33%			
Name	Board (4)	Audit (4)	Finance (4)	Remuneration (1)
<u>Associate Trustees</u>				
* D Appleton		75%		

The number of meetings held in the year is shown in brackets next to the meeting name. Where Trustees are not members of the Committee, the respective column is left blank. Where Trustees have joined/left the Board, or a Committee, during the year, their attendance has been adjusted to account for the total number of meetings that they were eligible to attend.

**Control Environment**

All aspects of the control environment are covered by the Governance Framework, from the culture and values of the organisation, to the systems and processes that are in place to ensure that the activities, and business, of NML, are properly controlled. It is in place to ensure that NML is able to deliver its strategic plan through agreed objectives, and that this is achieved through the consideration and delivery of cost effective, and appropriate, decision making, as is required by the "managing public money" guidance, issued by HM Treasury.

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2018**

The system of internal control is a significant part of the Governance Framework and is designed to manage risk to a tolerable level. It cannot eliminate all risk of failure to achieve policies, aims, and objectives, and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based upon an on-going process designed to identify, and prioritise, the risks to the delivery of NML's policies, aims, and objectives, being realised, and the impact should they be realised, and to manage them efficiently, effectively, and economically.

NML has in place a Whistleblowing policy and associated procedures, although no instances of it having being used in this year have been recorded. The policy is effective as the associated procedures have been used in the past and resulted in action being taken.

Register of Interests are kept for Trustees and the Executive Team, and conflicts of interest are an agenda item at every Trustee meeting.

Each year the Internal Audit Plan for the upcoming financial year is approved by the Audit Committee. The Internal Audit Plan for the coming year will review internal controls in key areas, and identify any areas for improvement.

**Quality of information presented to the Board**

A standard reporting set has been agreed with the Chair and the Secretary to the Board and feedback is taken into account regarding on-going changes to requirements.

Financial reporting is scrutinised by the Finance Committee prior to submission to the Board. Risk and Audit information is reviewed in detail by the Audit Committee before reporting to the Board. The reporting of regular performance information has been standardised and, where practical, requests for improvements are responded to.

The Trustees are satisfied that the level and quality of information they are provided with is satisfactory to enable them to fulfil their duties.

**Governance of Trading Subsidiary**

The governance and monitoring arrangements of NML's trading subsidiary, NML Trading Limited (NMLT), are reflected by representation on the Board of NMLT and the consequent ability to provide strategic direction; receipt and scrutiny of regular financial and operational reports; receipt and scrutiny of the findings of internal and external audit through submitted reports; and review of the Risk Register of NMLT.

**Review of the Effectiveness of Governance**

The Board believes that it is effective and is currently obtaining external assurance via a comprehensive review of the Governance Framework and a review of the effectiveness of the Board by Mazars, which commenced in 2017/18. The outcome of that work will be reviewed and areas for improvement identified. The process to undertake formal appraisals of the Chair and Trustees began late 2017/18 and will conclude by June 2018. The Chair's appraisal is being conducted by a newly appointed Lead Non-Executive, in consultation with Trustees and the Director.

The level of assurance in the process of internal control and risk management is informed by the work of internal audit, the Executive Team, and other senior

**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2018**

managers within NML. In addition, assurance is also informed by External Audit, in the form of specific reports, and their management letter.

NML has suffered no protected personal data incidents during 2017/18, and has made no reports to the Information Commissioner's Office.

**Internal Audit**

NML's internal audit function for 2017/18 was outsourced to Mazars who were appointed in April 2017 on a three year contract following the Government's Internal Audit Agency Framework process. The Audit Committee approved the internal audit plan in June 2017 for the period to March 2018. The Audit Committee are regularly informed of, and challenge, progress against the Internal Audit programme of work. This, in turn, has enabled the appropriate level of prioritisation to be given to the completion of Internal Audit reports, and the implementation of recommendations.

During the year internal audit reviews have been carried out in the following areas, according to the internal audit plan: Security, Health and Safety, Contract Management, new finance system, Data Protection and Data Security, Corporate Governance, Collections Management, NML Trading Ltd and Visitor Services. In addition, a rolling programme of venue-based reviews is carried out, which focuses on compliance.

**Head of Internal Audit's opinion**

On the basis of our audit work, we consider that the NML's governance, risk management and internal control arrangements are generally adequate and effective. Certain weaknesses and exceptions were highlighted by our audit work, one of which was fundamental in nature regarding the completion of Fire Risk Assessment actions. We also noted an overall recommendations implementation rate of 52% which requires improvement. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

**Risk Management**

In order to evaluate and monitor the level of risk in the organisation a risk register is maintained which documents the manner in which identified risks are being managed. The risk register is regularly reviewed by the Executive Team. Emerging risks are added to the risk register, and are considered against the wider implications for the organisation. The Audit Committee review the risk register at each meeting, and the full register is presented to the Board for consideration and discussion on an annual basis.

The Accounting Officer is ultimately responsible for the Risk Management process, ensuring that responsibilities are discharged as follows:

- providing leadership and direction to the Risk Management process;
- ensuring that the Risk Management strategy is understood, and is applied consistently;
- regular review of the risk register, and the actions agreed to manage identified risk;
- ensuring that an appropriate level of review is in place to provide assurance that NML is operating an effective internal control environment; and
- ensuring that each risk is assigned to a member of the Executive Team who



**National Museums & Galleries on Merseyside**  
**Governance Statement**  
**For the year ended 31 March 2018**

is responsible for the implementation and monitoring of actions identified to manage the risk. The Executive Team member cascades risk management within its directorate via its senior managers.

During the year NML has updated its strategic risks to the organisation and managed accordingly the relevant controls in place, and detailed reviews presented to, and discussed, with the Audit Committee.

In terms of risk profile, the Board consider that the organisation works in a relatively stable environment where the main risks to the organisation have been identified, mitigated and managed.

The organisation has experienced in recent years a significant reduction in Grant-in-Aid (GiA) funding, and has adapted to this without loss of ambition. As part of that change, the Board now tolerates a slightly higher degree of risk arising from our increasing reliance upon funding from our commercial activities, which is closely managed through the process which has been described. Although alternative sources of income are growing, NML is still mainly funded by government grant. This degree of reliance upon one source of funding and past experience of that being significantly reduced, has led to the risk of a reduction in GiA funding being identified as a critical risk, as it has been in recent years. We are working to grow other sources of income but we do not control decisions over the level of GiA funding or the pace at which it might change.

A second critical risk is that governance arrangements may become ineffective if insufficient Trustees are appointed to govern the organisation. We are currently working with DCMS to assist them in a new round of trustee recruitment which is essential to mitigating this risk.

All other risks are considered to have been managed to tolerable levels.

Louise Parnell  
Director & Accounting Officer  
Date: 26 June 2018

Sir David Henshaw  
Chairman of Trustees  
Date: 26 June 2018

# **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

## **Opinion on financial statements**

I certify that I have audited the financial statements of National Museums and Galleries on Merseyside for the year ended 31 March 2018 under the Merseyside Museums and Galleries Order 1986. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statements and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Charities SORP and FRS 102. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the National Museums and Galleries on Merseyside's affairs as at 31 March 2018 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State directions issued thereunder.

## **Opinion on regularity**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Museums and Galleries on Merseyside in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Board of Trustees and Accounting Officer**

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

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Merseyside Museums and Galleries Order 1986. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Museums and Galleries on Merseyside's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Museums and Galleries on Merseyside's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

The Board of Trustees and Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Merseyside Museums and Galleries Order 1986;
- in the light of the knowledge and understanding of the National Museums and Galleries on Merseyside and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

- I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**Date 2 July 2018**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**National Museums & Galleries on Merseyside  
Consolidated Statement of Financial Activities  
As at 31 March 2018**

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
<b>Income and endowments from:</b>							
Donations, grants and legacies	2,2a,6a	20,069	1,996	22,065	20,300	9,061	29,361
Charitable activities	7a	2,242	-	2,242	508	-	508
Other trading activities	9	4,248	-	4,248	3,598	-	3,598
Investments	7b	23	34	57	39	32	71
<b>Total</b>		<b>26,582</b>	<b>2,030</b>	<b>28,612</b>	<b>24,445</b>	<b>9,093</b>	<b>33,538</b>
<b>Expenditure on:</b>							
Raising funds		459	-	459	336	-	336
Charitable activities;							
Care of collections		4,990	825	5,815	4,663	1,038	5,701
Care of buildings		8,978	2,801	11,779	7,855	3,034	10,889
Visitor services		4,194	175	4,369	4,996	248	5,244
Exhibitions		3,235	152	3,387	1,539	84	1,623
Education and research		2,187	90	2,277	2,248	102	2,350
Fees & Charges activities of charity staff		446	-	446	149	-	149
Other trading activities	9	3,816	-	3,816	3,289	-	3,289
<b>Total</b>	<b>4</b>	<b>28,305</b>	<b>4,043</b>	<b>32,348</b>	<b>25,075</b>	<b>4,506</b>	<b>29,581</b>
<b>Net (loss)/gains on investments</b>	<b>24</b>	<b>-</b>	<b>(27)</b>	<b>(27)</b>	<b>-</b>	<b>41</b>	<b>41</b>
<b>Net (expenditure)/income</b>		<b>(1,723)</b>	<b>(2,040)</b>	<b>(3,763)</b>	<b>(630)</b>	<b>4,628</b>	<b>3,998</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Gains on revaluation of fixed assets</b>	<b>6</b>	<b>11,884</b>	<b>11,905</b>	<b>23,789</b>	<b>8,151</b>	<b>3,499</b>	<b>11,650</b>
<b>Other gains/(losses)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>10,161</b>	<b>9,865</b>	<b>20,026</b>	<b>7,521</b>	<b>8,127</b>	<b>15,648</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 April		126,198	126,266	252,464	118,677	118,139	236,816
<b>Fund balances carried forward at 31 March</b>	<b>14</b>	<b>136,359</b>	<b>136,131</b>	<b>272,490</b>	<b>126,198</b>	<b>126,266</b>	<b>252,464</b>

All of NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above. The notes on pages 54 to 83 form part of these accounts.

**National Museums & Galleries on Merseyside**  
**Consolidated Balance Sheet**  
**As at 31 March 2018**

	Notes	2018 £000	2017 £000 Restated
<b>Fixed assets</b>			
Tangible assets	6	241,140	221,191
Heritage assets	6a	<u>20,314</u>	<u>20,104</u>
		261,454	241,295
<b>Current assets:</b>			
Stock - goods for re-sale		297	212
Investments	24	1,692	1,524
Debtors	10	1,769	1,597
Cash at bank and in hand	19	<u>12,357</u>	<u>12,100</u>
		16,115	15,433
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,770)</u>	<u>(3,632)</u>
<b>Net current assets</b>		<u>11,345</u>	<u>11,801</u>
<b>Total assets less current liabilities</b>		<u>272,799</u>	<u>253,096</u>
<b>Creditors: due after more than one year</b>	11	(309)	(383)
<b>Provisions</b>	12	<u>-</u>	<u>(249)</u>
<b>Total net assets</b>		<u>272,490</u>	<u>252,464</u>
<b>Represented by:</b>			
<b>Income funds</b>			
Revaluation reserve restricted	14	34,284	22,379
Restricted funds	14	101,847	103,887
Unrestricted funds:			
Revaluation reserve unrestricted	14	63,198	51,314
Designated funds	14	67,938	70,055
General funds	14	<u>5,223</u>	<u>4,829</u>
<b>Total funds</b>		<u>272,490</u>	<u>252,464</u>

The notes on pages 54 to 83 form part of these accounts

Louise Parnell  
 Director and Accounting Officer  
 Date: 26 June 2018

Sir David Henshaw  
 Chairman of Trustees  
 Date: 26 June 2018

**National Museums & Galleries on Merseyside  
Museum Balance Sheet  
As at 31 March 2018**

	Notes	2018 £000	2017 £000 Restated
<b>Fixed assets</b>			
Tangible assets	6	240,849	220,917
Heritage assets	6a	20,314	20,104
Investment in NML Trading Limited	9	<u>610</u>	<u>610</u>
		<b>261,773</b>	241,631
<b>Current assets:</b>			
Stock - goods for re-sale		-	-
Investments	24	1,692	1,524
Debtors	10	4,259	1,730
Cash at bank and in hand		<u>9,196</u>	<u>11,441</u>
		<b>15,147</b>	14,695
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,220)</u>	<u>(3,367)</u>
<b>Net current assets</b>		<u><b>10,927</b></u>	<u><b>11,328</b></u>
<b>Total assets less current liabilities</b>		<u><b>272,700</b></u>	<u><b>252,959</b></u>
<b>Creditors: due after more than one year</b>	11	(284)	(320)
<b>Provisions</b>	12	<u>-</u>	<u>(249)</u>
<b>Total net assets</b>		<u><b>272,416</b></u>	<u><b>252,390</b></u>
<b>Represented by:</b>			
<b>Income funds</b>			
Revaluation reserve	14	34,284	22,379
Restricted funds	14	101,847	103,887
Unrestricted funds:			
Revaluation reserve	14	63,198	51,314
Designated funds	14	67,939	70,055
General funds	14	<u>5,148</u>	<u>4,755</u>
<b>Total funds</b>		<u><b>272,416</b></u>	<u><b>252,390</b></u>

The notes on pages 54 to 83 form part of these accounts

Louise Parnell  
Director and Accounting Officer  
Date: 26 June 2018

Sir David Henshaw  
Chairman of Trustees  
Date: 26 June 2018

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2018**

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<b>Consolidated Cash Flow</b>		<b>2018</b>	2017
		<b>£000</b>	£000
Cash used in operating activities	<b>19</b>	<b>597</b>	(1,574)
Cash flows from investing activities			
Interest and dividends receivable	<b>7b</b>	<b>57</b>	71
(Increase) in investments	<b>24</b>	<b>(195)</b>	(821)
Net losses/(gains) on investments		<b>27</b>	(41)
Purchase of tangible fixed assets adjusted for capital accruals		<u><b>(229)</b></u>	<u>3,382</u>
Cash used in investing activities		<u><b>(340)</b></u>	<u>2,591</u>
<b>Increase in cash in year</b>	<b>19</b>	<u><b>257</b></u>	<u>1,017</u>

The notes on pages 54 to 83 form part of these accounts



## **1. Accounting policies**

### **a) Basis of accounting**

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

- a) Financial Reporting Manual (FRmM);
- b) Other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c) Any other specific disclosures required by the Secretary of State; and
- d) The provisions of the Charities SORP (FRS102).

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

There are no material uncertainties related to events or conditions that cast significant doubt on the ability of NML to continue as a going concern. NML currently receives formal funding notification over the spending review period, to 2019/20.

Consolidated financial statements have been prepared for NML and its subsidiary company NMLT. In addition a separate Balance Sheet and Statement of Financial Activities (SOFA) at Note 26, has been prepared for NML alone. NML's investment in NMLT is shown at book value, less any provision for material impairment.

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

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

### **b) Income and Endowments**

Grant-in-Aid from the DCMS is taken to the SOFA in the year in which it is received. It is recognised under the performance model underpinned by a Management Agreement and a Funding Agreement with the sponsor Department.

Capital grants with a restricted application, for example, Heritage Lottery Fund income and European Regional Development Fund are recognised as and when the conditions for their receipt have been met.

In line with the Charities SORP (FRS102), other income is recognised in the SOFA when the following criteria are met:-

- There is entitlement to the income,
- It is probable that it will be received,
- The income and associated costs can be measured reliably.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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An amount of commercial income has been deferred where all of the three criteria for income recognition (entitlement, probable, measurement) have not been met. This will be matched and released as and when the contractual obligations have been discharged.

Income from charitable activities primarily includes; rental income, car parking income, exhibitions, special projects and fees and charges under commercial contracts.

Incoming resources of a similar nature are grouped together in line with Charities SORP (FRS102) requirements.

**c) Expenditure**

Resources expended of a similar nature are also grouped together in line with the Charities SORP (FRS102).

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

Liabilities are recognised on an accruals basis.

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

Expenditure also includes fundraising; seeking contributions, charitable donations and grant income and, fees and charges activities. It also includes the costs of the wholly owned subsidiary trading company.

Governance costs are; external audit fees, corporate governance (including internal audit), legal advice on governance issues and an apportionment of Finance Department costs associated with governance. These costs are apportioned over the charitable activities within the SOFA as per FRS102.

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

**d) Heritage assets**

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

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

The accounting and disclosure requirements under FRS102 are addressed at note 6a. The Trustees have considered the cost of valuing the non-capitalised heritage assets, but the

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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Trustees believe that the cost of doing so is disproportionate and not an appropriate use of the charity's funds.

The threshold for capitalisation of donated items is £500.

**e) Fund accounting**

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

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

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

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

**f) Tangible fixed assets**

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

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

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

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

Land and buildings are professionally re-valued every five years. The last full quinquennial external valuation of all NML's land and buildings was undertaken as at 31 March 2017. In the intervening years an external desktop valuation is undertaken.

The permanent galleries within the new Museum of Liverpool are subject to modified historical cost accounting.

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

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

**g) Stock**

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

**h) Leases**

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. NML has one significant operating lease associated with the Combined Heat and Power plant. NML continues to treat this transaction as off-balance sheet because it does not meet the definition of a service concession in that it is not explicit in the areas of control and regulation (substance over form). Also NML does not have a significant interest in the asset at the expiry date.

NML holds a number of finance leases at nil cost which are valued within fixed assets (land and buildings leaseholds) on the balance sheet. These finance leases are on a peppercorn rent basis.

**i) Pensions**

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

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

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

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

**j) Taxation**

NML is an exempt charity by virtue of schedule 3 to the Charities Act 2011 and therefore is not registered with the Charity Commission.

NML's primary purpose activity is exempt from Corporation Tax under the Income Tax Act 2007. The profits of the trading company are passed annually to the charity in such a way that any tax liability is mitigated in line with HMRC guidance.

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

**k) Provisions**

NML makes a specific provision in respect of an early retirement scheme where appropriate, in the year of the obligating event. Under this scheme, the Museum bears the cost of these benefits until the normal retirement age.

The total pension liability up to normal retiring age in respect of each employee is charged to the Statement of Financial Activities in the year in which the employee takes early retirement and an increase in the provision for pension payments is made. Funds are released from the provision annually to fund pension payments to the retired employee until normal retiring age. There is no such liability recognised in this year's accounts.

Where a constructive obligation exists at 31 March a provision is made for voluntary severance in line with the accounting standard FRS102. The estimates are quantified by MYCSP.

Other provisions are made when constructive obligations as a result of past events, existing at 31 March, are identified. There is no such liability recognised in this year's accounts.

***l) Investments***

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

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

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

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

***m) Cash and Cash Equivalents***

Cash and Cash Equivalents include cash in hand and deposits held at commercial banks.

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

The Museum received a payment from the operator of the Combined Heat and Power scheme in relation to the Museum of Liverpool, prior to the operation of this equipment, as a contribution towards the Museum's necessary start-up costs. The amount received has been accrued for and will be released to the Statement of Financial Activities over the duration of the contract; 17 years. The first year was 2010/11.

***o) Significant Judgements and Estimates***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

Land and Buildings represents a significant proportion of the asset base and therefore estimates and assumptions made to determine their carrying value and depreciation are critical to the financial statements. Full revaluation of land and buildings are undertaken every five years and a professional desktop exercise is undertaken in the intervening years. Carrying values are shown in note 6 to the financial statements.

**2. Grant-in-Aid and voluntary contributions**

£19,761,000 of DCMS Grant-in-Aid has been received during the year (2016/17: £20,050,000). This money is available for running costs, capital improvement and collection purchases. During the year Grant-in-Aid was allocated to :

	<b>2018</b>	2017
	<b>£000</b>	£000
General fund	<b>18,266</b>	18,266
Government grant capital allocation	<b><u>1,495</u></b>	<u>1,784</u>
Total GiA	<b>19,761</b>	20,050
Voluntary contribution	<b><u>308</u></b>	<u>250</u>
	<b><u>20,069</u></b>	<u>20,300</u>

NML also receives Grant-in-Aid from the Border Force. The amount received in 2017/2018 was £247,000 (2016/17 £247,000). No capital GiA was received from Border Force in 2017/18 (2016/17 £nil). A summary can be seen at note 16

**2a. Donations and grants**

£1,996,000 (£9,061,000 2016/17) was recognised during the year; of which £60,415 (£5,652,000 2016/17) was gifted. The restricted income included the following HLF contributions towards NML's capital programme.

	<b>2018</b>	2017
	<b>£000</b>	£000
Heritage Lottery Fund	<b>121</b>	113
Other revenue and capital grants and donations	<b>1,568</b>	3,049
Border Force	<b>247</b>	247
Gifts	<b><u>60</u></b>	<u>5,652</u>
	<b><u>1,996</u></b>	<u>9,061</u>

**3. Net expenditure**

	<b>2018</b>	2017
	<b>£000</b>	£000
Net expenditure before transfers is stated after charging for:		
Travel and subsistence (including trustees)	<b>144</b>	127
Hospitality	<b>129</b>	42
Operating lease payments (Ener-G CHP scheme)	<b>561</b>	543
Operating lease payments (Other)	<b>87</b>	88
Consolidated audit fee	<b>52</b>	45
Trading company audit & accountancy fee	<b>10</b>	10
Depreciation	<b>5,884</b>	6,279
Loss on disposals	<b>25</b>	330

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**4. Total expenditure on**

	<b>Staff costs</b>	<b>Other costs</b>	<b>Depreciation</b>	<b>2018 Total</b>	<b>2017 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Raising funds	365	94	-	459	336
Charitable activities;					Restated
Care of Collections	4,059	763	993	5,815	5,701
Care of Buildings	1,888	5,073	4,818	11,779	10,889
Visitor services	3,377	987	5	4,369	5,244
Exhibitions	927	2,456	4	3,387	1,623
Education and research	1,882	393	2	2,277	2,350
Charitable activities of charity staff	223	223	-	446	149
Other trading activities	<u>2,068</u>	<u>1,661</u>	<u>87</u>	<u>3,816</u>	<u>3,289</u>
Total expenditure	<u>14,789</u>	<u>11,650</u>	<u>5,909</u>	<u>32,348</u>	<u>29,581</u>
<b>Governance costs</b>					
External audit fees	-	63	-	63	66
Corporate governance	59	5	-	64	57
Internal audit	-	46	-	46	56
Legal advice	-	58	-	58	27
Finance	<u>56</u>	<u>3</u>	<u>-</u>	<u>59</u>	<u>56</u>
	115	175	-	290	262

The External audit fees include fees for non-audit work. BWMacfarlane and Co produce the financial statements of the subsidiary.

<b>Support Costs</b>	<b>Care of Collections</b>	<b>Care of Buildings</b>	<b>Visitor services</b>	<b>Exhibitions</b>	<b>Education &amp; research</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Management	103	63	87	31	48	332	313
Finance	257	246	224	119	120	966	940
ICT	198	281	179	136	93	887	844
Office services	16	7	13	4	7	47	53
Human resources	<u>143</u>	<u>180</u>	<u>127</u>	<u>87</u>	<u>67</u>	<u>604</u>	<u>465</u>
	<u>717</u>	<u>777</u>	<u>630</u>	<u>377</u>	<u>335</u>	<u>2,836</u>	<u>2,615</u>

The governance and support costs are contained within the respective charitable activities headings above.

The Museum depreciation is split between Unrestricted £2,674m and Restricted £3,123m. The loss on disposals of £25k is included in the depreciation column in this note.

The unrestricted element counts against NML's non-cash Resource Departmental Expenditure Limit (RDEL) allocation.

Fundraising costs increased by 36% (£123k) largely due to the Terracotta Warriors Exhibition which realised £1.2m in commercial income and £0.1m in charitable donations in 2017/18.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**5. Staff Costs**

During the year staff costs directly associated with the delivery of NML's major capital projects were capitalised; Sea Galleries. The amount for the year was £32k. The following Staff cost note has been expanded to disclose the capitalisation of this amount.

	NML	NML	Total	Total
	Trading Ltd		2018	2017
	£000	£000	£000	£000
Wages and salaries	9,934	1,891	11,825	11,266
Social security costs	830	116	946	885
Pension costs	<u>1,957</u>	<u>61</u>	<u>2,018</u>	<u>1,955</u>
<b>Staff costs within expenditure</b>	<b>12,721</b>	<b>2,068</b>	<b>14,789</b>	<b>14,106</b>
Capitalised staff costs	32	-	32	99
Agency staff costs	<u>80</u>	-	<u>80</u>	<u>23</u>
<b>Total staff costs</b>	<b><u>12,833</u></b>	<b><u>2,068</u></b>	<b><u>14,901</u></b>	<b><u>14,228</u></b>

The capitalised staff costs related to capital projects include; Basic Pay £24,499 Employers NIC £2,265 and Employers Superannuation costs £4,926.

The subsidiary trading company previously operated a defined contribution scheme. The current pension arrangement means that the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT makes a contribution of 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employers' contribution amounted to £61,420 (2016/17: £48,708).

<b>6. Tangible Fixed Assets</b>	<b>Land Buildings</b>	<b>Furniture</b>	<b>Permanent</b>	<b>Motor</b>	<b>Sub-total</b>	<b>Heritage</b>	<b>Total</b>	
	<b>&amp; Fittings</b>	<b>&amp; Fittings</b>	<b>Galleries</b>	<b>Vehicles</b>		<b>Assets</b>		
	<b>(note 6a)</b>							
<b>Cost/valuation</b>								
<b>Valuation base at</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
01-Apr-17	15,535	190,110	17,050	28,472	56	251,223	20,104	271,327
Additions in year	-	983	209	877	-	2,069	210	2,279
Disposals	-	-	(2,981)	(42)	-	(3,023)	-	(3,023)
Revaluation	-	<u>19,967</u>	-	-	-	<u>19,967</u>	-	<u>19,967</u>
<b>Closing valuation</b>	<u>15,535</u>	<u>211,060</u>	<u>14,278</u>	<u>29,307</u>	<u>56</u>	<u>270,236</u>	<u>20,314</u>	<u>290,550</u>
<b>Depreciation</b>								
Balance as at								
01-Apr-17	-	-	16,609	13,367	56	30,032	-	30,032
Base charge for year	-	3,822	187	1,875	-	5,884	-	5,884
Disposals	-	-	(2,981)	(17)	-	(2,998)	-	(2,998)
Revaluation	-	<u>(3,822)</u>	-	-	-	<u>(3,822)</u>	-	<u>(3,822)</u>
<b>Balance as at 31-Mar-18</b>	<b>:-</b>	<b>:-</b>	<b><u>13,815</u></b>	<b><u>15,225</u></b>	<b><u>56</u></b>	<b><u>29,096</u></b>	<b>:-</b>	<b><u>29,096</u></b>
<b>Net book value:</b>								
<b>At 31 March 2018</b>	<b><u>15,535</u></b>	<b><u>211,060</u></b>	<b><u>463</u></b>	<b><u>14,082</u></b>	<b>-</b>	<b><u>241,140</u></b>	<b><u>20,314</u></b>	<b><u>261,454</u></b>
At 31 March 2017	<u>15,535</u>	<u>190,110</u>	<u>441</u>	<u>15,105</u>	-	<u>221,191</u>	<u>20,104</u>	<u>241,295</u>



**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

This note reflects the consolidated position of NML and its subsidiary trading company NMLT. All of the tangible fixed assets of the trading company are shown within furniture and fittings. The net book value as at 31 March 2018 was made up of:

	<b>2018</b>	2017
	<b>£000</b>	£000
NML tangible fixed assets	<b>240,849</b>	220,917
NML heritage assets	<b>20,314</b>	20,104
NMLT tangible fixed assets	<b><u>291</u></b>	<u>274</u>
	<b><u>261,454</u></b>	<u>241,295</u>

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

**Net Book Value of Land and Buildings**

NML has operated a revaluation policy in relation to its land and buildings since its formation in 1986. Under the valuation conventions of the Royal Institute of Chartered Surveyors a full revaluation is carried out every five years, an appropriate index, or, a professional desktop valuation is used for land & buildings to cover the intervening periods. The historic cost of land and buildings is not known.

NML instructed Deloitte LLP, external chartered surveyors, to carry out a full valuation of its land and buildings as at 31 March 2017 and the results of the valuation are reflected in the financial statements. The table reflects an increase this year in net book value. This is the result of the land and buildings desktop valuation by Deloitte LLP as at 31 March 2018. The valuation complies fully with the RICS Valuation – Professional Standards January 2014 known as the ‘Red Book’.

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

Property	Basis	Land Value	NBV Bldgs	Land Value	NBV Bldgs
		31-Mar-17	31-Mar-17	31-Mar-18	31-Mar-18
		£	£	£	£
<b>Freehold Properties;</b>					
Lady Lever Art Gallery	DRC	440,000	8,550,000	440,000	9,500,000
County Sessions House	DRC	600,000	1,550,000	600,000	1,650,000
The Walker	DRC	2,400,000	18,140,000	2,400,000	20,185,000
World Museum	DRC	3,600,000	71,800,000	3,600,000	79,800,000
Sudley House	DRC	240,000	1,750,000	240,000	1,950,000
Juniper Street	EUV	315,000	2,135,000	315,000	1,885,000
Dale Street	EUV	1,563,000	1,047,000	1,563,000	1,047,000
Maritime Park (Yellow Zone):-					
Great Western Railway (GWR) Building	EUV	132,000	273,000	132,000	273,000
Canning Docks	DRC	1,600,000	1,600,000	1,600,000	1,700,000
Museum of Lpool Life retained / Pilotage building	EUV/MV	448,000	862,000	448,000	862,000
Maritime Park (Red Zone):-					
Museum of Liverpool	DRC	2,400,000	47,410,000	2,400,000	53,330,000
		<b>13,738,000</b>	<b>155,117,000</b>	<b>13,738,000</b>	<b>172,182,000</b>
<b>Long Leasehold Properties:</b>					
Oratory	DRC	70,000	80,000	70,000	90,000
Maritime 'D' Block	DRC	450,000	21,100,000	450,000	23,500,000
Maritime Piermaster's House	DRC	70,000	240,000	70,000	260,000
Piermaster's office and Cooperage	DRC	70,000	265,000	70,000	265,000
Dockmaster's House	EUV	30,000	105,000	30,000	105,000
The Walker (Clayton Stack)	DRC	0	160,000	0	215,000
National Conservation Centre	DRC	890,000	11,800,000	890,000	13,200,000
Dale Street (11 North St)	EUV	0	85,000	0	85,000
Dock Traffic Office	EUV	217,000	1,158,000	217,000	1,158,000
		<b>1,797,000</b>	<b>34,993,000</b>	<b>1,797,000</b>	<b>38,878,000</b>
<b>Totals</b>		<b>15,535,000</b>	<b>190,110,000</b>	<b>15,535,000</b>	<b>211,060,000</b>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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

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

	<b>£000</b>
Land	15,535
Freehold buildings	172,287
Long leasehold buildings	<u>38,773</u>
	<b><u>226,595</u></b>

**Disposals in year**

There was £3,023k (historic cost), furniture and fittings & permanent gallery disposals for NML and the subsidiary trading company.

**6a. Heritage Assets**

NML's collections are among the most diverse of the national collections, encompassing fine and decorative art, ethnology, antiquities, physical sciences, urban history, maritime history, military history, international slavery, regional archaeology, maritime archives, botany, geology, zoology and the Border Force National Museum collections. Overall collection size is in the region of over four million.

The collections are held at NML sites in and around Liverpool (Museum of Liverpool, Walker Art Gallery; Merseyside Maritime Museum; World Museum; Lady Lever Art Gallery; International Slavery Museum; Border Force National Museum; Sudley House; the Oratory; North Street Warehouse, Midland Railway Building and Juniper Street Stores 1 and 2). Long term and short term loans from NML's collections are also on display at other museums and galleries and sites in the UK and abroad.

**Accreditation**

In 2015 eight venues (Museum of Liverpool, Merseyside Maritime Museum, International Slavery Museum, Border Force National Museum, Sudley House, Lady Lever Art Gallery, Walker Art Gallery and World Museum), were granted Accredited status through the Arts Council Accreditation Scheme for Museums and Galleries in the United Kingdom. This national standards scheme assesses museums across the complete range of their activities, including collections management. Applicant organisations must meet the standards set for each area of activity to achieve accreditation.

**Valuation**

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

In relation to collections acquired by NML prior to the requirement to capitalise collections, NML judges that this information cannot be obtained at a cost that would be commensurate with the benefit to users of the financial statements and that a valuation approach to earlier acquisitions is not practicable. In addition to the number of assets involved, this is based on the fact that valuation is complicated by the quantity and nature of such assets. They are rarely sold and often have a value enhanced above the intrinsic through their association with a person, event or collection, there are a very limited number of buyers, no homogeneous population of assets on the market and there is often imperfect information about the items.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

Since 2001, all new acquisitions have been valued and this information has been recorded in NML's collection management software. Only those acquisitions with an attributed value of £500 or more were capitalised.

New acquisitions are valued by NML's curatorial staff, based on their specialist knowledge of the area in which they are collecting and of recent auction and sale prices of similar items.

The valuation of natural history specimens is problematic, as in the main, they do not have an intrinsic financial value. NML has placed a figure of £5 per specimen.

**On-Balance-Sheet Heritage Assets**

	Acquisitions at historic cost	Donated assets at valuation	Total
	£000	£000	£000
At 01.4.2017	3,161	16,943	20,104
Additions	150	60	210
At 31.3.2018	3,311	17,003	20,314

**Five year financial summary of heritage asset transactions**

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Additions	485	2,105	281	5,719	210
Purchases	56	1	167	67	150
Donations	429	2,104	114	5,652	60

**Collections Management**

The approach of the Board of Trustees to the management of the collections in its care is articulated in the Collections Management Policy (approved by the Board of Trustees May 2014). The Collections Management Policy provides the broad policy framework for the management of the collections and is supported by more detailed policies (where appropriate) and procedures.

**Acquisitions**

Acquisitions are made in line with NML's Collections Development Policy (approved by the Board of Trustees in May 2014), supported by more detailed departmental collecting plans. All acquisitions are approved by the appropriate head of collection and reported to the Board of Trustees as a standing agenda item at their meetings (4 times per year). NML's Collections Development Policy was accepted and approved by Arts Council England as part of the institution's application under the Accreditation Scheme.

**Preservation**

NML's Environmental Guidelines for Collections, sets out the organisation's approach to environmental monitoring, climate control, pollution (internal and external), display cases, floor loadings, light and UV radiation, vibration and pests. They reflect the interim environmental guidelines proposed by the National Museums Directors' Conference, and presented to the Bizot Group in 2008. The Integrated Pest Management Policy and Procedure is a more detailed

## National Museums & Galleries on Merseyside

### Notes forming part of the financial statements for the year ended 31 March 2018

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explanation of NML's approach to identifying and dealing with pests that present a risk to collections.

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

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

#### Documentation

Information about the collections is kept according to Spectrum, the UK Documentation Standard. NML's eight venues are accredited under the Accreditation Scheme, administered by Arts Council England and entry and exit records, acquisition and catalogue records, location and inward and outward loans records are maintained and recorded on NML's collections management software, in line with the requirements of the scheme.

#### Disposal

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

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

Furthermore, provided that they do not affect any trust or condition relating to the proposed items Section 47 (1) and 47 (2) of the Human Tissue Act 2004 provides NML with the additional power:

- to de-accession human remains '*which they reasonably believe to be remains of a person who died less than one thousand years ago...if it appears to be appropriate to do so for any reason.*'
- to transfer any human remains that are, '*mixed or bound up with something other than human remains, and that it is undesirable, or impracticable, to separate them...to transfer the thing with which the human remains are mixed or bound up.*'

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**Access**

NML provides access to the collections through permanent galleries, special temporary and touring exhibitions, interactive centres, education and outreach programmes, provision of facilities for external researchers to examine and study collections, catalogues and other publications, loans (short and long term) to museums and galleries in the UK and abroad, through partnerships with other cultural organisations and collections on-line on NML's website.

The additions to the collections are made by purchase and by gift. In 2017/18 the major additions were:

	£
<b>Donated Items:</b>	
<i>Portrait Bust of Robert Tressell</i> by Nigel Sales, 2016 Portland stone sculpture	£10,000
Leeds Philosophical & Literary Society Herbarium collection, comprising six bound volumes and a folder of loose specimens.	£10,810
Collection of parasitic wasps from the Isle of Man.	£11,150 (based on £5 per specimen)
Bound collection of approximately 150 specimens of Ferns and Lycopods entitled 'Ferns of New Zealand' by Eric Craig. The collection is bound with wooden 'Kauri' ( <i>Agathis australis</i> ) covers.	£4,000
Herculaneum Pottery porcelain plaque. Painted by William Dixon, 1812.	£3,000
1728 tubes of British spiders collected in South of England.	£8,640

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

	£
<b>Purchases:</b>	
<i>Am Not I A Man And A Brother</i> By unknown artist 1800 about Oil on canvas (purchased with funds from HLF and Art Fund)	£50,000
<i>Squint (19)</i> By Michael Simpson, 2015 Oil on canvas (purchased with Art Fund support (£14,000)).	£28,000
<i>UK Diaspora</i> By Kimathi Donkor Mixed media on canvas (purchased with funds from the Heritage Lottery Collecting Cultures Fund)	£16,500
<i>I Want</i> by Pauline Boudry / Renate Lorenz, 2015, Installation comprising twin channel projection with stage and LED lights. (purchased with funds from the Art Fund)	£15,484
<i>UK Gay Bar Directory</i> by Hannah Quinlan and Rosie Hastings Single channel video	£12,000
<i>Olaudah Equiano</i> by Christy Symington Bronze portrait sculpture	£10,340

The total value of heritage donated items received during the year was £60,415 of which the main ones are shown above.

**Collection Acquisitions**

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

**Donated Items**

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

The threshold for capitalisation of donated items is £500.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**7. Income**

<b>7a. Income from charitable activities</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
		Restated
Admissions (excl Vol Donations)	1,499	129
Exhibitions (excl admission)	131	23
Fees and charges activities	525	215
Photography	16	30
Projects income	<u>71</u>	<u>111</u>
	<u>2,242</u>	<u>508</u>

**7b. Investment income**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Interest receivable	30	47
Tomlinson dividend receivable	<u>27</u>	<u>24</u>
	<u>57</u>	<u>71</u>

**8. Financial instruments**

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, cash, short-term investments, (Notes 10, 11, 12, 19 and 24). Trade receivables are recognised at fair value less a provision for impairment (bad debt). The provision is made when the Museum is of the view that the debt may not be collectable in full, or in part, in accordance with the terms. The organisation has no borrowings and relies primarily on government grants for its cash requirements.

**Liquidity Risks**

In 2017/18 NML's total income was £28.612m. £19.761m (69%) of NML's income derived from Grant-in-Aid from the Department for Digital, Culture, Media and Sport. In addition a revenue Grant-in-Aid of £247k was received from Border Force. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk due to uncertainty of the total reserves. However, this risk is mitigated by the regular review of NML's reserves. Going forward there is a liquidity risk for any on-going capital programme, to the extent that the funding is dependent upon the successful generation of grant and donations, and the receipt of these funds.

**Financial assets by category**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Trade debtors	10	246	185
Other debtors	10	1,158	770
Cash at bank and in hand	19	12,357	12,100

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

The above excludes statutory debtors, which relates to VAT due from HM Revenue and Customs: £255,670 (2016/17, £569,015)

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

	Less Than 30 days £000	30-60 days £000	60-90 days £000	More than 90 £000
As at March 2018	161	5	80	0
As at March 2017	0	113	14	58

The Museum's principal exposure to risk is primarily attributable to trade debtors. However this risk is minimised because most major customers are longstanding organisations with a history of working with the Museum. A bad debt provision of £13,906 (£22,540 2016/17) has been recognised on the balance sheet. The majority of other debtors are capital grants receivable and are therefore considered to be low risk.

**Financial liabilities by category**

	Note	2018 £000	2017 £000
Trade creditors	11	1,283	1,442
Other creditors & accruals	11	1,533	1,653
Provisions	12	-	249
Repayable grants	11	-	-

The above excludes statutory creditors, which relates to tax and social security due to HM Revenue and Customs: £390,762 (2016/17, £302,427). All liabilities are non-interest bearing.

**Interest Rate Risks**

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2017/18 was no more than 0.5%.

**Foreign Exchange Risks**

NML does not engage in market dealings in respect of foreign currencies and the Trustees are therefore not exposed to any foreign exchange risks. However NML does have a Euro bank account with a small deposit balance. There was a minor cumulative "gain" at year end of £7,681.

**Investment Risk**

NML has £1.692m invested in fixed interest and equity stocks. The investment manager (Rathbone Investment Management) works to a low risk profile instruction. The amount invested represents approximately 5.9% of total income.

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



## 9. Trading subsidiary

The reconciliation to the Consolidated Statement of Financial Activities is as follows:

	2018	2017
	£000	£000
<b>NMLT income</b>		
Non group income as shown in the Statement of Financial Activities	4,259	3,598
Intergroup sales	334	165
<b>Equals total NMLT income in P&amp;L</b>	<u>4,593</u>	<u>3,763</u>
<b>NMLT costs</b>		
Non group costs as shown in the Statement of Financial Activities excluding gift aided transfer to NML	3,827	3,289
Intergroup costs	<u>349</u>	<u>326</u>
<b>Equals total NMLT Costs before gift aided transfer</b>	<u>4,176</u>	<u>3,615</u>
Reserves transfer to NML	<u>417</u>	<u>75</u>
<b>Equals total NMLT Costs in P&amp;L</b>	<u>4,593</u>	<u>3,690</u>
	2018	2017
	£000	£000
Amount owed by the parent company to the subsidiary	148	27
Amount owed by the subsidiary to the parent company	2,666	275
	<u>2,814</u>	<u>302</u>

NML owns the whole of the issued share capital of NML Trading Limited. NMLT is a company registered company in England and Wales, Company Registration No.02676330. The company's principal activities consist of

- Catering and retailing for NML and its visitors;
- Provision of hospitality and corporate events to third party companies and clients;
- Facilitating the needs of the NML visitor by assisting to deliver other services such as events, commercial filming, publishing and membership and
- Assisting the parent body to realise commercial and income generation opportunities.

The Directors of the company during the year were:

- Dr David Fleming OBE (retired 1 April 2018)
- Mrs C Booth
- Mr G A McCluskey
- Mr P C Price;
- Mrs L E Parnell
- Mrs M Lewis
- Mr I I Rosenblatt

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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The Directors who are not employees of NML serve on a voluntary, unpaid basis. The registered office of the company is situated at 127 Dale Street, Liverpool.

The trading performance for the year ended 31 March 2018 and the Company's Balance Sheet are set out below;

<b>Profit and Loss (P&amp;L)</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Sales	4,593	3,695
Cost of Sales	(1,405)	(1,105)
<b>Gross Profit</b>	<b>3,188</b>	<b>2,590</b>
Administrative expenses	(2,764)	(2,500)
Other operating income	-	65
<b>Operating Profit</b>	<b>424</b>	<b>155</b>
Interest receivable and similar income	1	3
Interest payable and similar charges	(425)	(85)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>-</b>	<b>73</b>
Taxation on profit on ordinary activities	-	-
<b>(Loss)/profit for the year</b>	<b>-</b>	<b>73</b>

NMLT Ltd distributes its annual profit to NML. This year the figure is £417k and is shown in "Interest payable and similar charges" above.

<b>Balance Sheet</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fixed Assets	<b>291</b>	<b>274</b>
Current assets	<b>3782</b>	<b>1040</b>
Current liabilities	(3,364)	(567)
Net Current Assets	<b>418</b>	<b>473</b>
Total assets less current liabilities	<b>709</b>	<b>746</b>
Creditors: amounts falling after more than one year	(25)	(62)
Total net assets	<b>684</b>	<b>684</b>
Called up share capital	<b>610</b>	<b>610</b>
Profit & Loss reserve	<b>74</b>	<b>74</b>
	<b>684</b>	<b>684</b>

The authorised share capital of the company is £610,000 in £1 shares of which 610,000 shares have been allotted, called up and fully paid.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

10. Debtors	2018	2018	2017	2017
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts due from subsidiary	2,666	-	275	-
Trade debtors	116	246	84	185
Other debtors	1,155	1,172	744	770
Prepayments	66	95	58	73
Taxation (VAT) recoverable	<u>256</u>	<u>256</u>	<u>569</u>	<u>569</u>
	<u>4,259</u>	<u>1,769</u>	<u>1,730</u>	<u>1,597</u>

The Debtors balance above includes £121,300 owed by HLF (£113,200 2016/17) and £255,670 owed by HM Revenue & Customs (£569,015 2016/17).

There were no further Whole of Government Accounts (WGA) related balances outstanding as at 31 March 2018.

11. Creditors	2018	2018	2017	2017
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts due to subsidiary	148		27	-
Trade creditors	1,047	1,283	1,400	1,442
Other creditors and accruals	1,495	1,533	1,626	1,653
Deferred income	1,320	1,563	90	235
Taxation and social security	210	<u>391</u>	<u>224</u>	<u>302</u>
	<u>4,220</u>	<u>4,770</u>	<u>3,367</u>	<u>3,632</u>
Amounts falling due after one year:				
Accrual for CHP and finance lease	<u>284</u>	<u>309</u>	<u>320</u>	<u>383</u>

HMRC were owed £390,762 (£302,427 2016/17).

There were no further WGA related balances outstanding.

Deferred income has significantly increased this year, representing the receipts held for future admission to the Terracotta Warriors exhibition.

12. Provisions	2018	2018	2017	2017
	Museum	Group	Museum	Group
	£000	£000	£000	£000
Balance brought forward	249	249	-	-
Provision in year	-	-	249	249
Payments in year	(154)	(154)	-	-
Releases in year	(95)	(95)	-	-
<b>Balance carried forward</b>	<u>0</u>	<u>0</u>	<u>249</u>	<u>249</u>

The provision represents the voluntary severance constructive obligation that existed at 31 March 2018.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

All voluntary exits have occurred in 2017/18 except one which takes place in June 2018. The exits will be funded from General Funds.

The releases in the previous financial year represent provisions not taken up and moves to accruals.

No staff members took early retirement in 2017/18 (nil 2016/17).

13. Financial commitments	2018	2018	2017	2017
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within one year	50	611	54	588
In the second to fifth year	108	2,479	162	2,425
More than five years	-	2,700	-	3,312
	<u>158</u>	<u>5,790</u>	<u>216</u>	<u>6,325</u>

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

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

**Commitments**

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

	Within 1 year (£000)	2 <sup>nd</sup> to 5 <sup>th</sup> year (£000)	6 <sup>th</sup> to 10 <sup>th</sup> year (£000)	11 <sup>th</sup> to 12 <sup>th</sup> year (£000)
Payment commitments	575	2,446	2,700	nil

The estimated capital value is £3.6m and the contract start and end dates are 30 June 2009 and 29 June 2026 respectively.

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

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

14. Statement of Funds		Income	Expenditure	Revaluation	Transfers	At 31 March
<u>Unrestricted funds</u>	01-Apr-17					2018
	£000	£000	£000	£000	£000	£000
<b>Designated funds:</b>						
Collection purchase fund (free)	3	-	-	-	-	<b>3</b>
Collection purchase fund - capital	809	-	-	-	-	<b>809</b>
Border Force admissions fund (free)	74	-	(10)	-	10	<b>74</b>
Academic publications (free)	187	13	(1)	-	-	<b>199</b>
Special Projects (free)	950	-	-	-	(950)	<b>0</b>
TFA Capital reserve	35,556	-	(1,136)	-	-	<b>34,420</b>
TFA Deferred govt grant ITF	388	-	(13)	-	-	<b>375</b>
TFA Deferred govt grant	23,133	1,495	(1,207)	-	-	<b>23,421</b>
TFA General capital	5,561	-	(257)	-	25	<b>5,329</b>
TFA NMGM ITF	<u>3,394</u>	-	<u>(86)</u>	-	-	<b><u>3,308</u></b>
<b>Total designated funds</b>	<b>70,055</b>	<b>1,508</b>	<b>(2,710)</b>	-	<b>(915)</b>	<b>67,938</b>
<b>General funds (free)</b>	<b>4,829</b>	<b>25,074</b>	<b>(25,595)</b>	-	<b>915</b>	<b>5,223</b>
<b>sub-total</b>	<b>74,884</b>	<b>26,582</b>	<b>(28,305)</b>	-	-	<b>73,161</b>
<b>Revaluation Reserve</b>	<b>51,314</b>	-	-	<b>11,884</b>	-	<b>63,198</b>
<b>Total unrestricted funds</b>	<b><u>126,198</u></b>	<b><u>26,582</u></b>	<b><u>(28,305)</u></b>	<b><u>11,884</u></b>	<b>-</b>	<b><u>136,359</u></b>

\* Tangible Fixed Assets \*\* Into the Future

Note 14 reconciles to the Consolidated Statement of Financial Activities on page 50.

The significant transfer between funds during the year was £950,000 from the Special Projects Fund to the General Fund which is set aside to fund the Terracotta Warriors Exhibition.

**Unrestricted designated funds:**

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

**Revenue: Unrestricted designated**

Within this group are:

**Collection purchase fund**

for additions to the collections.

**Border Force Admissions fund**

for the running costs and special projects associated with the Border Force National Museum.

**Academic publications fund**

for the production of professional material.

**Special Projects Fund**

for major contributions to revenue and capital projects

The source of these funds is earned income.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**Tangible fixed asset funds (TFA): Unrestricted**

Within this group are:

**TFA - Capital reserve**

represents fixed assets transferred to NML. This came into being with the transfer of assets, upon the abolition of Merseyside County Council.

**TFA - Government grant "Into the Future" (ITF)**

a fund with a finite life created to reflect the special Grant-in-Aid assistance provided by the DCMS to address the clearance of asbestos specific to the NMGM ITF project.

**TFA - Government grant**

for the purchase and development of fixed assets. The source of this fund is government department Grant-in-Aid from DCMS.

**TFA - General capital**

for the purchase and development of fixed assets. The source of this fund is earned income.

**TFA - NMGM ITF**

for the purchase and development of fixed assets specific to the NMGM ITF project. The source of this fund is transfers from the General fund.

**Unrestricted general funds:**

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

	01-Apr-17	Income	Expenditure	Revaluation	Transfers	At 31 March
<b><u>Restricted funds</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>2018</b>
						<b>£000</b>
Collection purchase fund	19,543	126	-	-	120	<b>19,789</b>
Development fund revenue	2,534	1,382	(915)	-	(220)	<b>2,781</b>
Tomlinson fund	244	27	(5)	-	-	<b>266</b>
New share capital	230	-	-	-	-	<b>230</b>
TFA Development fund	9,813	495	(786)	-	100	<b>9,622</b>
TFA Tomlinson Capital	837	-	(17)	(27)	-	<b>793</b>
TFA NMGM ITF - Lottery	15,870	-	(575)	-	-	<b>15,295</b>
TFA Lottery	7,683	-	(700)	-	-	<b>6,983</b>
TFA ERDF ITF	2,734	-	(91)	-	-	<b>2,643</b>
TFA ERDF Capital	7,420	-	(316)	-	-	<b>7,104</b>
TFA Development fund ITF	1,375	-	(41)	-	-	<b>1,334</b>
TFA NWDA Cap	<u>35,604</u>	-	<u>(597)</u>	-	-	<b><u>35,007</u></b>
<b>sub-total</b>	<b>103,887</b>	<b>2,030</b>	<b>(4,043)</b>	<b>(27)</b>	-	<b>101,847</b>
<b>Revaluation Reserve</b>	<u>22,379</u>	-	-	<u>11,905</u>	-	<b><u>34,284</u></b>
<b>Total restricted funds</b>	<b><u>126,266</u></b>	<b><u>2,030</u></b>	<b><u>(4,043)</u></b>	<b><u>11,878</u></b>	-	<b><u>136,131</u></b>
<b>Total funds</b>	<b>252,464</b>	<b>28,612</b>	<b><u>(32,348)</u></b>	<b>23,762</b>	-	<b>272,490</b>

The significant transfer between funds during the year was £220,000 from the revenue Development Fund to the capital Development Fund to cover capital spend on the Museum of Liverpool Steps and Terraces, and, the World Museum Ancient Egypt Gallery. There were also transfers to the Collection Purchase Fund to cover spend on acquisitions.

**Restricted funds:**

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

**Revenue: restricted**

Within this group are:

**Collection purchase fund**

for additions to the collections. The source of this fund is charitable donations and investment income derived from unconsolidated separate trust funds.

**Development fund**

for the financing of running costs of projects, curatorial activities and the museums and galleries exhibitions programme. The source of the funds is grants and charitable donations.

**Tomlinson fund**

for the purchase and development of fixed assets for the Merseyside Maritime Museum, World Museum and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

**Share Capital fund**

for the additional purchase of shares in the wholly owned trading company NML Trading Ltd. The source of the fund is the NML Foundation Trust.

**Tangible fixed asset funds: Restricted**

Within this group are:

**TFA - NMGM ITF lottery**

for the purchase and development of fixed assets specific to the NMGM ITF project. The source of this fund is the Heritage Lottery Fund.

**TFA - NMGM ITF ERDF**

for the purchase and development of fixed assets specific to the NMGM ITF project. The source of this fund is the European Regional Development Fund.

**TFA - ERDF**

for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the European Regional Development Fund.

**TFA - Development fund / Development fund ITF**

for the purchase and development of fixed assets, including the NMGM ITF project. The source of this fund is charitable donations.

**TFA - NWDA**

for the purchase and development of fixed assets, specifically the Museum of Liverpool, International Slavery Museum and the Dock Traffic Office. The source of this fund was the Northwest Regional Development Agency.

**TFA - Lottery**

for the purchase and development of fixed assets, specifically the Museum of Liverpool project. The source of this fund is the Heritage Lottery Fund.

**TFA - Tomlinson fund**

for the purchase and development of fixed assets for the Merseyside Maritime Museum, World Museum and the Walker Art Gallery in accordance with the legacy of Mrs E M Tomlinson.

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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NML has reinstated the Revaluation Reserve, which was previously subsumed within the respective TFA unrestricted and restricted funds. The adjustments have been made to reflect the fund movements recorded in the historical statutory accounts, where there has been a revaluation. These would have been full land & buildings, desktop or indexation valuations.

**15. Analysis of group net assets between funds**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Total £000</b>
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	129,589	131,865	261,454
Investments	1,024	668	1,692
Net assets (excl fixed assets) and cash	<u>5,746</u>	<u>3,598</u>	<u>9,344</u>
	<b><u>136,359</u></b>	<b><u>136,131</u></b>	<b><u>272,490</u></b>
Unrealised gains included above:			
On tangible fixed assets and investments	<b><u>11,884</u></b>	<b><u>11,878</u></b>	<b><u>23,762</u></b>

**16. Border Force National Museum**

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

Possession of the National Collection has passed to NML under a deed of trust which allows NML to hold and display the National Collection for a period not exceeding 20 years from October 2014.

NML receives from the Border Force annual Grant-in-Aid payments which allows the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by Border Force in respect of Grant-in-Aid are made from the Home Office Border Force 2017/18 account, which is audited and published separately.

Transactions in respect of the museum are shown within the Restricted Income and Expenditure Funds – Development Fund revenue (note 14).

With effect from 1 April 2010 the Border Agency took on responsibility for the financial responsibilities and ownership of the existing collections within the museum. Subsequently this has passed on again to the Border Force with effect from September 2012.

The formal name of the museum is "Border Force National Museum" and the visitor name is "Seized! The Border and Customs Uncovered".

**Capital grants**

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

The funding position as regards capital Grant-in-Aid is as follows:



**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

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	£000
<b>Application of funds</b>	
Total funds received as at April 2017	1,469
Funds received in year	-
Virement from Revenue Grant	-
<b>Total funds received as at 31 March 2018</b>	<u>1,469</u>
Funds applied as at 1 April 2017	(1,469)
Funds applied in year	-
<b>Funds applied as at 31 March 2018</b>	<u>(1,469)</u>
<b>Unapplied capital funding at 31 March 2018</b>	<u>-</u>

**Running Cost Grant-in-Aid** £000

The funding position for 2017/18 is as follows:

**Application of funds**

Unapplied funds as at 1 April 2017	-
2017/18 Grant-in-Aid	247
	<u>247</u>
Total Available Grant-in-Aid funds	<u>247</u>
Funds applied to the running of the Museum	<u>(247)</u>
<b>Unapplied funds as at 31 March 2018</b>	<u>-</u>

**17. Gower St Estates Ltd**

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

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

The company is managed by a Board of Directors all of whom are appointed by the members. NML's nominated directors are Ian Murphy and Janet Dugdale. Directors of the company are not remunerated.

The practical management of the estate is delegated to Savills UK Limited.

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

NML's contribution for the year, under this arrangement, was £143,162.

## 18. Capital Commitments

There are a small number of capital projects that are committed beyond 2017/18 and as a result capital commitments as at 31/03/2018 amount to £124k.

<b>19. Cash flow information</b>	<b>2018</b>	<b>2017</b>	
	<b>£000</b>	<b>£000</b>	
<b>a) Reconciliation of changes in resources to net cash inflow from operating activities</b>			
Net incoming resources	(3,763)	3,998	
Depreciation ( <i>less disposals</i> )	2,886	(522)	
Interest received	(57)	(71)	
Gifts	(60)	(5,652)	
(Increase)/decrease in stock	(85)	14	
(Increase)/decrease in debtors	(172)	654	
(Decrease)/increase in creditors	2,097	(244)	
(Decrease)/increase in provisions	<u>(249)</u>	<u>249</u>	
Net cash inflow from operating activities	<u>597</u>	<u>(1,574)</u>	
<b>b) Analysis of cash flows</b>			
Capital expenditure and financial investment:			
Payments to acquire tangible fixed assets	229	(3,382)	
Returns on investments and servicing of finance	57	71	
(Increase) in investments	(195)	(821)	
Net losses/(gains) on investments	27	(41)	
Management of liquid resources:			
Increase in cash	<u>257</u>	<u>1,017</u>	
<b>c) Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash and movement in net funds in the year	257	1,017	
Net funds at 1 April	<u>12,100</u>	<u>11,083</u>	
Net funds at 31 March	<u>12,357</u>	<u>12,100</u>	
<b>d) Analysis of net funds</b>			
	1 April	Cash	31 March
	2017	Flow	2018
	£000	£000	£000
Cash	<u>12,100</u>	<u>257</u>	<u>12,357</u>

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March 2018**

**20. Related Party Transactions**

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

Additionally NML has conducted material transactions with other Government Departments and other central bodies; specifically the Department for Business, Energy and Industrial Strategy, Arts Council of England Lottery, Heritage Lottery Fund, Horniman Public Museum and Public Park Trust and the Border Force.

Key management personnel are considered to be Trustees and six Directors described in the Remuneration Report. The key management personnel took no part in any discussion which concerned organisations or bodies that they have connections with as reported in the Register of Members Interests.

Total remuneration of key NML management personnel was £654,413. This includes gross pay, bonus, employer's national insurance and employers pension contributions.

During the year none of the key management personnel undertook any material related party transactions apart from those detailed below.

**Trustees**

Related Party	Relationship	Transactions	Income for the year £000	Expenditure for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
NML Foundation Trust	Carmel Booth – Trustee	Museum of Liverpool Steps and Terraces rectification work	300			
NML Foundation Trust	Heather Lauder -Trustee	Museum of Liverpool Steps and Terraces rectification work	300			
Museums Associations Grant (Esmée Fairbairn)	Virginia Tandy – Consultant to Esmée Fairbairn Foundation	Grants for Pride and Prejudice Sankofa Connections and Collections	33 43			

**Staff**

Related Party	Relationship	Transactions	Income for the year £000	Expenditure for the year £000	Creditor at 31 March £000	Debtor at 31 March £000
American Friends of National Museums Liverpool	David Fleming - Director	International Slavery Museum	5			
Hope Street (Trading) Limited	Carol Rogers – Director	Delivery of Terracotta Warriors "True Colours" Education Programme		38	1	
International Council of Museums	David Fleming Chair – Finance and Resources Committee	Membership Fee		1	1	
Museums Association	David Fleming President/ Associate	Subscriptions / Membership fees/ seminars & conferences		8		
Museums Associations Grant (Esmée Fairbairn)	David Fleming President/ Associate	Grants for Pride and Prejudice Sankofa Connections and Collections	33 43			

## **21. Contingent Assets and Liabilities**

There are no contingent assets or liabilities.

## **22. Post Balance Sheet Events**

Our Director of 17 years Dr David Fleming OBE retired from NML 1 April 2018. A new Director, Laura Pye, has been appointed and will take up her position on the 13<sup>th</sup> August 2018.

There were no other reportable Post Balance Sheet Events.

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

## **23. Connected Charities**

Nine charitable trusts are connected to NML via a commonality of trusteeship and a close association for charitable purpose. The earliest of the trusts was created in 1873 and each one came into existence before NML was formed in 1986. The trusts therefore have a distinct legal identity. The Charity Commission schemes approved in 1989/90 recognised the status of the original 11 independent charities when the creation of two common investment funds was agreed. The Financial Statements of the satellite trust funds do not form part of these accounts.

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

The respective funds are:

### **Non-expendable Capital**

Lady Lever Bequest  
Jones Bequest  
Mayor Bequest  
Holt Bequest  
Derby Bequest

### **Expendable Capital**

McQuie Mather Bequest  
Museum Coin Purchase Fund  
Bowring Bequest  
Gladstone Bequest

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2018**

**Tomlinson fund**

Statement of Financial Activities	Income £000	Capital £000	Total 2018 £000	Total 2017 £000
<b>Income and endowments from:</b>				
Investments	27	-	27	24
<b>Expenditure on:</b>				
Governance costs	(1)	-	(1)	(1)
Charitable activities	(3)	-	(3)	(3)
Depreciation/revaluation	-	(17)	(17)	(124)
<b>Total</b>	<b>23</b>	<b>(17)</b>	<b>6</b>	<b>(104)</b>
(Losses) on sale proceeds	-	-	-	(4)
(Losses)/gains on revaluation of investments	-	(27)	(27)	45
<b>Net movement in funds</b>	<b>23</b>	<b>(44)</b>	<b>(21)</b>	<b>(63)</b>
Fund Balances at 1 April	244	838	1,082	1,195
<b>Fund Balances at 31 March</b>	<b>267</b>	<b>794</b>	<b>1,061</b>	<b>1,132</b>

**24. Investments**

**Year ended 31 March 2018**

Summary	£000s
Carrying value (market value) at beginning of year	1,524
Add:	
Additions to investments at cost	229
Less:	
Disposals at carrying value	(69)
Add:	
Net Gain on sales and revaluation	<u>8</u>
Carrying value (market value) at end of year	<u>1,692</u>

The above are all listed on the UK stock exchange.

The investments as at 31 March 2018 are categorised as follows:-

Fixed Interest	£223k
UK Equities	£1,056k
Overseas Equities	£367k
Alternatives	£46k

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

**National Museums & Galleries on Merseyside**  
**Notes forming part of the financial statements for the year ended 31 March**  
**2018**

**25. Special payments and losses**

NML have not made any payments or incurred losses during the year in respect of commercial settlements and compromise agreements, which may be classed as a special payment under Managing Public Money guidance. Therefore none were to be disclosed within the remuneration report. Where required, approval is obtained from the DCMS and/or HM Treasury. Under the current Management Framework agreement NML is required to disclose separately any special payments of an individual value above £100,000.

The total value of special payments in the year amounted to £nil (2016/17 £nil zero transactions).

<b>26. Museum Statement of Financial Activities</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2018</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Income and endowments from:</u></b>						
Donations, grants and legacies	20,069	1,996	22,065	20,300	9,061	29,361
Charitable activities	2,591	-	2,591	836	-	836
Other trading activities	417	-	417	74	-	74
Investments	23	34	57	39	32	71
<b>Total</b>	<b>23,100</b>	<b>2,030</b>	<b>25,130</b>	<b>21,249</b>	<b>9,093</b>	<b>30,342</b>
<b><u>Expenditure on:</u></b>						
Raising funds	459	-	459	336	-	336
Charitable activities;						
Care of collections	5,080	825	5,905	4,694	1,038	5,732
Care of buildings	9,020	2,801	11,821	7,917	3,034	10,951
Visitor services	4,267	175	4,442	5,037	248	5,285
Exhibitions	3,310	152	3,462	1,553	84	1,637
Education and research	2,241	90	2,331	2,265	102	2,367
Fees & Charges activities of charity staff	446	-	446	149	-	149
Other trading activities	-	-	-	-	-	-
<b>Total</b>	<b>24,823</b>	<b>4,043</b>	<b>28,866</b>	<b>21,951</b>	<b>4,506</b>	<b>26,457</b>
<b>Net (loss)/gains on investments</b>	-	(27)	(27)	-	41	41
<b>Net (expenditure)/income</b>	(1,723)	(2,040)	(3,763)	(702)	4,628	3,926
<b>Transfers between funds</b>	-	-	-	-	-	-
<b>Gains on revaluation of fixed assets</b>	11,884	11,905	23,789	8,151	3,499	11,650
<b>Other gains/(losses)</b>	-	-	-	-	-	-
<b>Net movement in funds</b>	<b>10,161</b>	<b>9,865</b>	<b>20,026</b>	<b>7,449</b>	<b>8,127</b>	<b>15,576</b>
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 April	126,124	126,266	252,390	118,675	118,139	236,814
<b>Fund balances carried forward at 31 March</b>	<b>136,285</b>	<b>136,131</b>	<b>272,416</b>	<b>126,124</b>	<b>126,266</b>	<b>252,390</b>

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